Attachment B)

2013 ANNUAL REPORT

igd SIIQ
SPACES TO BE LIVED IN

LA TORRE

Palermo

Opening 2010

Mall GLA sq.m 14,412

Food anchor GLA sq.m 11,217

3,709,156 visitors in 2013

2013 Annual Report

IGD, spaces to be lived in

CONTENTS

CENTRO D'ABRUZZO
San Giovanni Teatino - Chieti
Opening 2001
Restyling 2013
Mall GLA sq.m 13,276
Food anchor GLA sq.m 114,127

3,677, 881 visitors in 2013

The IGD Group

01

CHAPTER CONTENTS

1.1 Letter to the Shareholders

Dear Shareholders,

Your Company closed 2013 with a net profit of €5 million and FFO – core business Funds from Operations – of €35.5 million. These results were obtained in a particularly challenging environment which sheds an even more positive light on both the strategic choices made, as well as the steps we took to implement them.

Gilberto Coffari, IGD's Chairman and
Claudio Albertini, IGD's Chief Executive Officer

The annual results demonstrate that IGD was able to **limit the pressure on revenue** and keep **operating costs under control** while also **stabilizing** the **net financial debt** and maintaining our asset **quality** high and the value largely stable. In 2013 the Company followed the strategic guidelines of our **2012-2015 Business Plan** which focuses on the medium/long term sustainability of revenue and the cost of capital, as well as on the preservation of our assets' **value** over time.

In the last year the crisis that persists in Italy since 2008 took on even more negative connotations for our business. The significant drop in family spending (-2.5%), along with the high rate of unemployment (12%) and weak expectations for disposable income moving forward, put **pressure on rental income** and reflected in the declining **sales** posted by the retailers present in our shopping centers (-1.6%). The latter figure, however, was more contained than the drop in consumption reported in Italy.

Careful reading of the trends in demand and the ability to interpret the needs of the tenants made it possible to develop effective commercial, as well as asset management, policies. In Italy, with more than 66 million visitors, **footfalls in the year rose** by around **0.9%** with respect to 2012: this dynamic reflects not only the **valid format of our shopping centers**, but also indicates that the Company made the right **choices** in 2013 as both an **investor and as an asset manager**.

If the increase in the footfalls is basic confirmation of the efficacy of IGD's role in this new environment, the commercial performance indicators – namely **consolidated operating revenue**, which rose **3%**, and the **occupancy rate** in Italy which, despite the restyling and fit outs, reached **97.4%** - are testimony to the Company's ability to **limit the impact** of the drop **in consumption**.

How did we manage to produce these results?

In general we realized that we needed to **work with increased flexibility**, reaching a **new balance** with **respect to "lower end" retailers**, above and beyond the trends in the business environment. In the new scenario, **consumer trends** are conditioned not only by reduced available income but are also inspired, to a certain degree, by a new sense of moderation: we have found, in fact, that visitors are paying more attention to not wasting time and money, while also showing greater interest in protecting the environment.

The **contracts** executed in 2013 feature little in terms of standard elements, but were rather adapted to fit **each single profile** based on the tenant's financial sustainability.

The more than 500 **marketing events,** an increase of around 9% with respect to 2012, helped to achieve the objectives to both **maximize footfalls** and enhance **customer loyalty**.

Where possible, the **merchandise mix** was revised to reflect the growing demand for **personal services**: medical and dental offices, gyms and wellness centers. The ability to interpret new trends was also facilitated by the introduction of local bodegas and temporary shops.

All of this, along with a series of other structural changes, made it possible to redesign the space distribution, grouping more stores in mid-size areas in order to introduce new merchandise and new brands.

The restyling and expansions completed up until now, based on a precise strategy designed to maintain the quality of the assets high and revitalize profitability, delivered **results** (Centro d'Abruzzo is one example), which provide a **pay back** in terms of better sales for the tenants which, consequently, helps our rental income.

The **appraisals** of the real estate portfolio at 31 December 2013 carried out by independent experts provide other **reassuring signs**. The fair value of IGD's entire portfolio amounted to **€1,891,283,000** versus €1,906,560,000 at 31 December 2012 with the **hypermarket segment rising 1.1%** and the Italian malls and the Romanian subsidiary falling **3.2% and 2.5%, respectively.**

The hypermarket valuations benefited from the step-ups that took full effect in 2013 at the most recently opened centers. The valuations of the Italian malls were impacted not only by the temporary discounts granted to a few tenants, but also by the increased vacancies caused also by the restyling and fit out work that was underway. The situation in **Romania** was similar as a result of the vacancies needed to accommodate high profile international tenants, including food anchors; the Winmarkt assets were also influenced by increased competition following the opening of new generation shopping centers in a few urban areas, like Ploiesti.

The fair value of the Romanian portfolio fell with respect to 2012 (-2.5%), albeit less than revenue (-10.7%): even the independent appraisers recognize, therefore, that a **better tenant portfolio** undoubtedly has a positive impact on **the revenue streams over time**.

The most significant indicator of IGD's operational performance, namely the **core business EBITDA,** amounted to **€82.8 million,** a drop of **3.5%** with respect to the prior year. EBITDA was impacted by a drop in **operating income** of 2.1%, as well as by higher costs explained primarily by a rise in **IMU** as a result of the broader scope of the assets subject to taxation following the completion of a few investments, and increased property taxes in Romania; the increase in condominium fees reflects the increased vacancies with respect to 2012.

The bottom line of the income statement shows **a Group net profit of €5 million,** down with respect to the €11.3 million posted in the prior year, which reflects both the decline of €2.8 million in consolidated **EBITDA** and the **"property writedowns and fair value adjustments"** of €33.5 million which were about €2,9 million higher than in 2012. The net profit benefited, rather, from a drop in **net financial charges** which fell by **2.5%.** The steps taken **to contain the cost of debt,** which included the successful refinancing of €309 million in debt during the year, and maintain a **stable** level of debt (at year end the net financial position amounted to a negative €1,085 million, in line with respect to the negative €1,090 million posted at the end of 2012) made it possible to reduce financial expenses.

In light of the quality of the results achieved and in accordance with the payout policy outlined in the 2014-2016 Business Plan which links the distribution of earnings to the performance of the indicator, FFO, IGD's Board of Directors decided to **propose a dividend** of **€0.065 per share,** higher than the mandatory payout under the SIIQ regime.

The dividend yield for investors who purchased IGD shares at the end of 2012 at a price of €0.82 amounts to **7.9%.** The yield is even more attractive, at **8.7%,** for the investor who exercised the Dividend Reinvestment Option last June and used part of the 2012 dividend to subscribe new shares issued at €0.75.

As this transaction was so well received by our shareholders both in 2012 and in 2013, **this option will be offered in 2014, as well.**

The year 2013 should also be interpreted as a leg of a longer journey that the Company has begun. IGD managed the perils that characterized the market in this last period methodically and with commitment. It is now time to **look to the near future with a view to development.**

International investors are showing signs of renewed interest in the Italian retail real estate market; from this standpoint, IGD represents an **investment opportunity** with characteristics that are almost unique in terms of **professionalism and transparency,** as well as **capital and credit risk.**

The focus in 2014 will be on **laying the groundwork for a new process of investment and development,** which will impact returns in 2015 and which, in 2016, will have an even greater impact on the balanced financial and asset structure targeted in the 2014-2016 Business Plan. The financial strategy calls for a commitment to providing shareholders with attractive returns through the payment of a dividend. The new business plan also calls for a more dynamic approach to asset management which includes the rotation of working capital also through **disposals.** In the **second part of 2014** the global market conditions are expected to improve with regard, in particular, to consumption which will directly impact IGD's performance; in 2014 the progress that is expected to be made on the **"Porta a Mare"** multipurpose development project in Livorno will translate into increased rental and trading revenue, thanks to the opening of the retail section Piazza Mazzini and an increase in the sale of residential units with respect to the 18 units already sold in 2013.

For the first time in the history of IGD, the 2014-2016 Business **Plan includes targets for sustainability** which will strive to establish mutually beneficial relationships with the stakeholders and will make it possible to render the **results even more explicit and quantifiable** including in terms of IGD's ability to satisfy their needs.

Combining the Business Plan and the Sustainability Plan **reflects** the desire to continuously improve the **quality and efficiency** of the portfolio assets as a result of **increasingly more effective responses to changing demand** through stakeholder engagement and, lastly, by concentrating even more on our concept of the **shopping center as "a space to be lived in",** a perfect reflection of our corporate payoff "IGD – spaces to be lived in".

Just as we are satisfied with the **results** delivered for 2013, that are to be **appreciated** in light of the context in which we achieved them and allow us to offer shareholders an interesting return, we are also **confident about IGD's future developments,** not simply because it is all clearly outlined in the Business Plan, but because management is committed to following it.

The Chairman
Gilberto Coffari

The Chief Executive Officer
Claudio Albertini

1.2 Corporate and Supervisory Bodies

Board of Directors

GILBERTO COFFARI
Chairman
Executive
Chairman's Committee

SERGIO COSTALLI
Vice-Chairman
Non-executive
Chairman's Committee

CLAUDIO ALBERTINI
Chief Executive Officer
Executive
Chairman's Committee

ROBERTO ZAMBONI
Non-executive
Chairman's Committee

ARISTIDE CANOSANI
Non-executive

LEONARDO CAPORIONI
Non-executive

FERNANDO PELLEGRINI
Non-executive

FABIO CARPANELLI
Independent
Nominations and compensation Committee

TAMARA MAGALOTTI
Independent
Nominations and compensation Committee

ANDREA PARENTI
Independent
Nominations and compensation Committee
Committee for related party transaction

RICCARDO SABADINI
Independent
Committee for related party transaction
Lead Indipendent Director

GIORGIO BOLDREGHINI
Independent
Committee for related party transaction

ELISABETTA GUALANDRI
Independent
Control and Risk Committee

MASSIMO FRANZONI
Independent
Control and Risk Committee

LIVIA SALVINI
Independent
Control and Risk Committee

During the meeting held on 19 April 2012 shareholders resolved that the Board of Directors should comprise 15 members. The current members were on the only list submitted jointly by the majority shareholders, Coop Adriatica and Unicoop Tirreno.

A majority of the directors on the Board are independent (8 out of 15).
The Internal Control and Risk Management Committee, the Nominations and Compensation Committee and the Committee for Related Party Transactions comprise solely independent members.
The Directors will be in office through the Annual General Meeting called to approve the financial statements for FY 2014. All the Directors are of Italian nationality.

Board of Statutory Auditors

ROMANO CONTI
Chairman
Standing

ROBERTO CHIUSOLI
Auditor
Standing

PASQUINA CORSI
Auditor
Standing

ISABELLA LANDI
Auditor
Alternate

MONICA MANZINI
Auditor
Alternate

The Board of Statutory Auditors will remain in office for the three-year period 2012-2014.

External Auditors

PRICEWATERHOUSECOOPERS S.P.A.

Corporate Governance Rules

The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. As in the past, for the year that closed on 31 December 2013, IGD hired the consulting company Egon Zehnder International to help with this self-assessment process.

This survey, relating to the year closed on 31 December 2013, was conducted in the months of January and February 2014 in accordance with the most sophisticated international best practices and was carried out on the basis of:

- discussions with each Director, after having completed a questionnaire prepared for this purpose;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

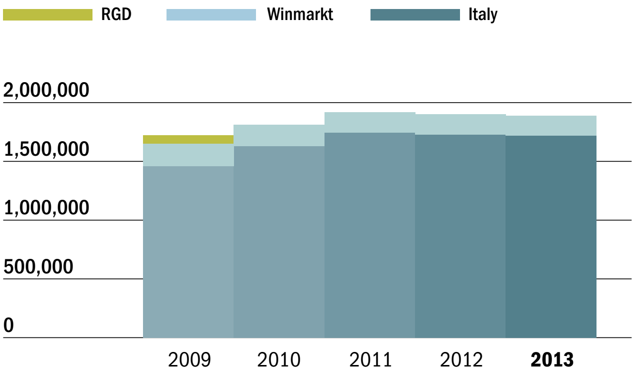
The Board Review results were presented during the Board of Directors' meeting held on 27 February 2014.

More in detail, the Directors expressed their appreciation of the topics that were the focus of this year's self-assessment and, as a whole, the Board:

- was found to be satisfactory in terms of functioning and efficiency, the presence of the necessary expertise and experience and that a majority of directors are independent;
- expressed its willingness to reduce the number of Directors ;
- was satisfied with the involvement of the management team in meetings and the work done, in a constructive environment that also encourages their involvement;
- intends to begin specific training and development programs, as well as with regard to evaluation of skills and results achieved, including with a view to the preparation and optimization of a succession plan;
- continues to be satisfied with the work done by the Chief Executive Officer and the Chairman;
- recognizes, by a vast majority, the need to adopt a succession plan for the key executives over the next three – four years which should be implemented by the Board;
- expressed great satisfaction with how strategic discussions begun in the past were conducted last year.

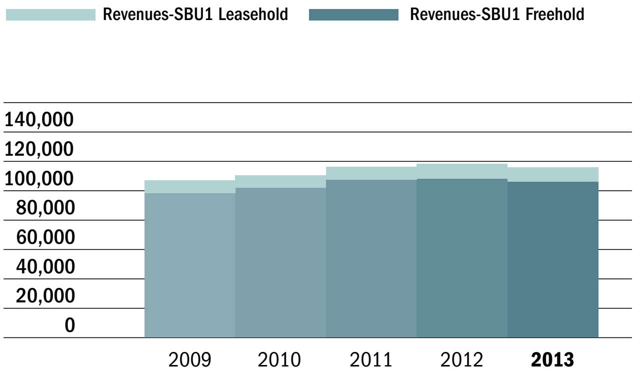
1.3 Highlights

Market value



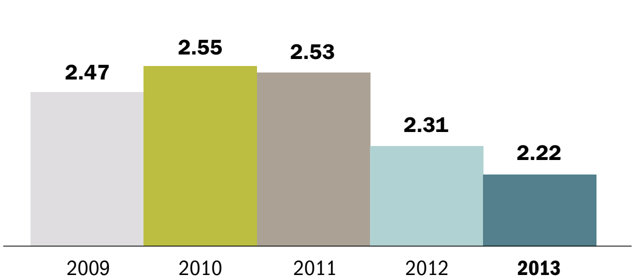
€1,891.28 million

Rental income



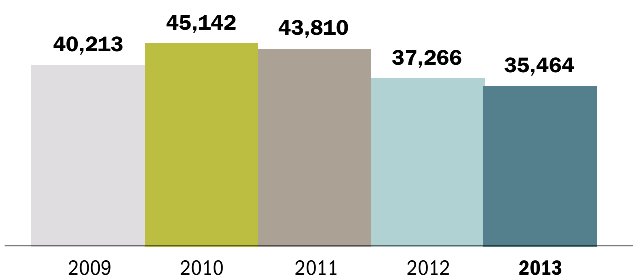
€115.74 million

Nav per share



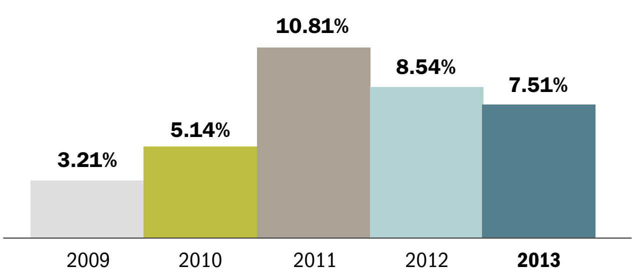
€2.22

Core business FFO



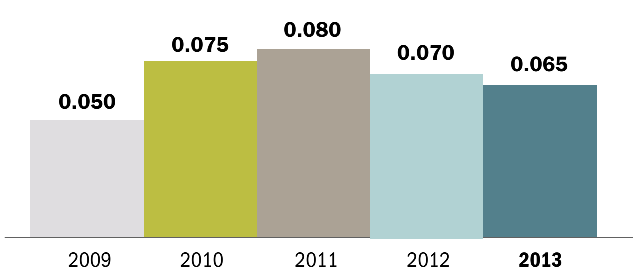
€35.464 million

Dividend yield



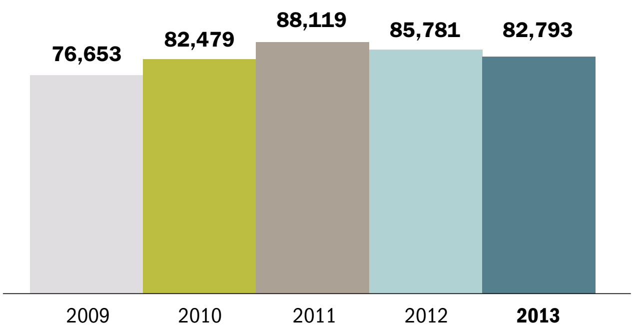
7.51%

Dividend



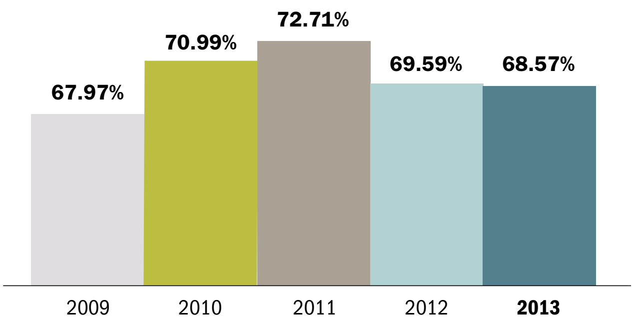
€0.065

Core business Ebitda



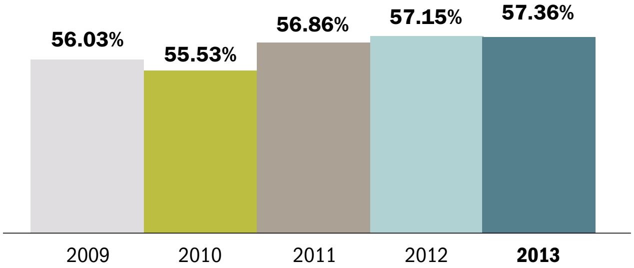
€82.79 million

Ebitda margin



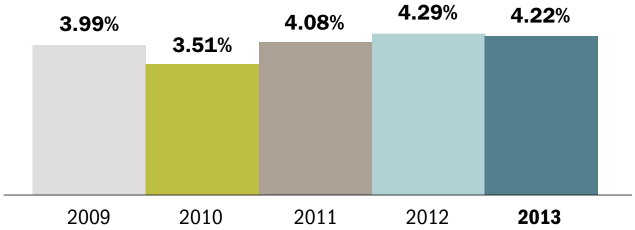
68.57%

Loan to value



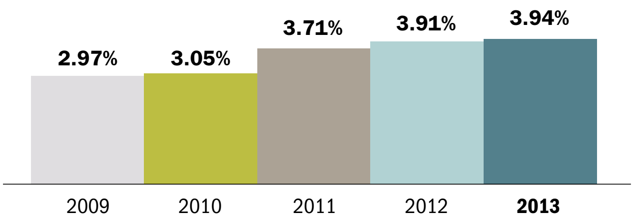
57.36%

Average cost of debt



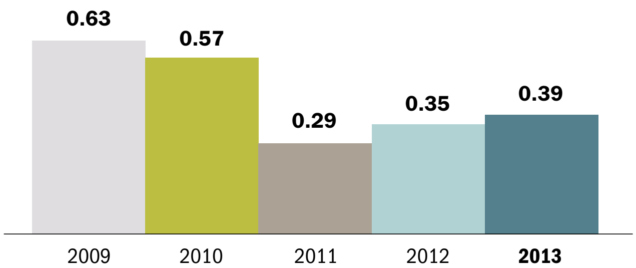
4.22%

Adjusted average cost of debt



3.94%

Stock price/Nnav



0.39

EPRA Financial occupancy

HYPERMARKETS **100%**
MALLS **96.2%**

97.4%	84.5%
average - Italy	Romanian malls

Compound average yield of total portfolio *(gross initial yield)*

6.63%	6.52%	6.44%
Italian hypermarkets	Italian malls	Romanian malls

10 TOP TEN TENANTS

Italy

	Merchandise	% of turnover	Contracts
GRUPPO MIROGLIO (Fiorella Rubino, Oltre, Motivi)	CLOTHING	3.7%	34
Piazza Italia	CLOTHING	3.2%	9
H&M	CLOTHING	1.9%	7
Calzedonia	CLOTHING	1.7%	19
Scarpe & Scarpe	FOOTWEAR	1.6%	4
BBC OBI	BRICOLAGE	1.4%	1
Apple	ELECTRONICS	1.4%	1
GameStop	ENTERTAINMENT	1.4%	20
COMPAR Bata	FOOTWEAR	1.4%	7
Camst	RESTAURANT	1.3%	8

19.1%	110
total - turnover impact	total contracts

Number of contracts

MALLS **1,016** HYPERMAKETS **19**	MALLS **552**
1,035 contracts in Italy	**552** contracts in Romania

10 TOP TEN TENANTS

Romania

	Merchandise	% of turnover	Contracts
Carrefour market	FOOD	9.7%	10
DOMO	ELECTRONICS	6.6%	8
B&B collection	JEWELLERY	3.5%	9
dm	HOUSEHOLD GOODS	2.4%	5
SENSIBLU	PHARMACY	2.3%	5
HOUSE OF ART	CLOTHING (FAMILY)	2.0%	5
ALTEX	ELECTRONICS	2.0%	3
H&M	CLOTHING	1.9%	1
LEONARDO	FOOTWEAR	1.7%	5
BILLA	SUPERMARKETS	1.3%	2

33.4%
total - turnover impact

53
total contracts

CENTRO COMMERCIALE TIBURTINO

Guidonia - Roma

Opening 2009

Mall GLA sq.m 33,419

Food anchor GLA sq.m 7,125

4,481,277 visitors in 2013

Directors' Report

Dear Shareholders,

The directors' report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents.

The consolidated financial statements at 31 December 2013 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ S.p.A. and other Group companies as listed in the paragraph related to 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 clearly specified. These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards.

The indicators deemed significant for the reading of the Group's financial statements include EBITDA, FFO and EBIT the calculations of which are described in the Glossary.

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CHAPTER CONTENTS

2.1 The IGD Group today

IGD is one of Italy's two SIIQ (Società di Investimento Immobiliari Quotate or real estate investment trust) and is the only one focused on the retail segment.

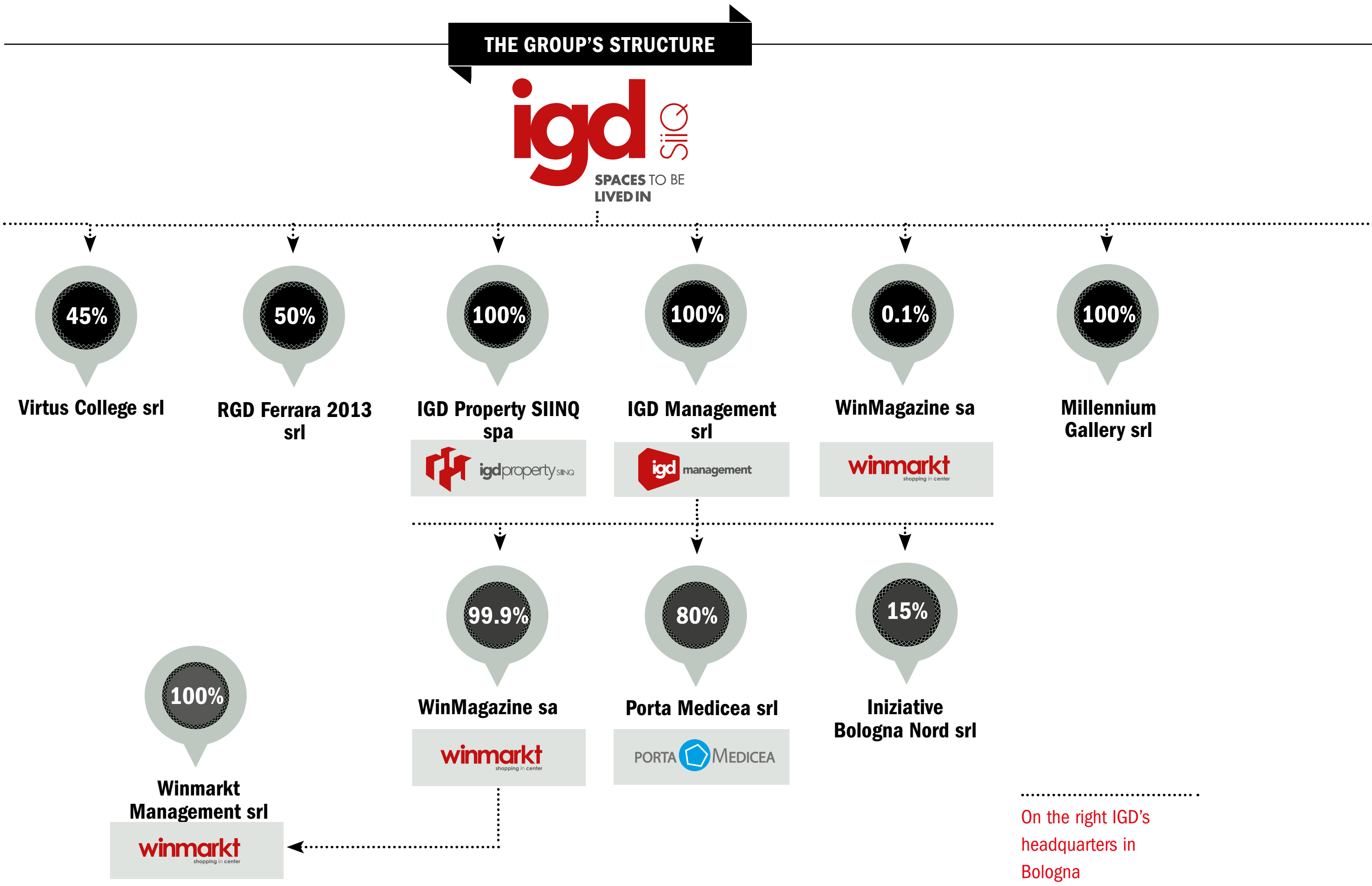
The IGD Group operates primarily in Italy, but is also present in Romania - in 13 different mid-sized cities – where it owns the country's largest change of department stores, Winmarkt, through WinMagazin SA, acquired in April 2008.

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

The Parent Company also controls:

1. 100% of Millennium Gallery (owner of part of the Rovereto shopping mall and a business division in the shopping center in Crema);
2. 100% of IGD Property SIINQ S.p.A., formed on 13 December 2012, a real estate company which is listed on regulated markets;
3. 100% of IGD Management s.r.l. 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, through which it controls 100% of WinMarktManagement, the company responsible for the team of Romanian managers;
    - 80% of Porta Medicea, the requalification and real estate development project of Livorno's waterfront;
    - 15% of Iniziative Bologna Nord, a company currently being liquidated;
    - management of the leasehold properties Centro Nova and Centro Piave;
    - service activities which include mandates for the management of freehold and leasehold properties.
4. 50% of RGD Ferrara 2013, formed on 30 September 2013, to manage a business division in the Darsena City Shopping Center in Ferrara.

The organizational chart below reflects the Group's structure at 31 December 2013.

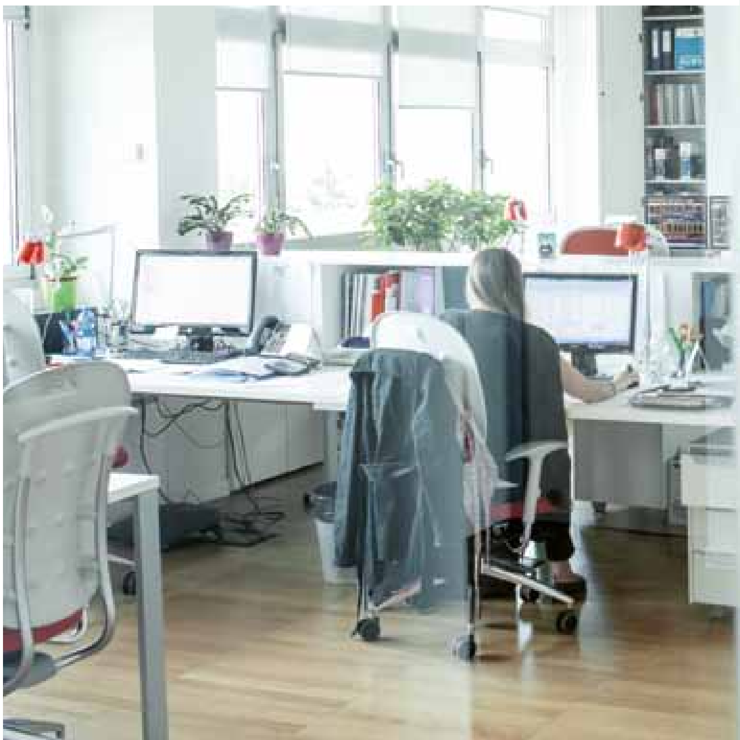


On the right IGD's headquarters in Bologna

The IGD Group's operations can be broken down in to three distinct divisions:

- **Property management and development**
- **Sales, marketing and network management**
- **Romania**

The three divisions report to the **Chief Operating Office**r.



ESP
Ravenna
Opening 1998
Restyling 2012
Mall GLA sq.m 12,038
Food anchor GLA sq.m 16,536

4,184,588 visitors in 2013

WINMARKT PIATRA NEAMT SHOPPING CENTER
Expansion/Restyling 2004
GLA shopping center
sq.m 5.838

1,551 million visitors in 2013

Our activities

The **property management and leasing** of freehold properties, as well as of third party assets, represents IGD's core business. All of the freehold properties are managed directly by the Company.

IGD is also involved in a number of activities related to **services,** such as the mandates for shopping center management and the marketing of new shopping centers.

Property management and leasing

The objective is to enhance the long term value of the portfolio through three distinct activities:

1.
The purchase and leasing of real estate, both existing properties and new initiatives, in which case IGD may also get involved in development;

2
The optimization of the returns from the portfolio, through: commercial policies and initiatives which maintain the shopping center's appeal and occupancy rates at high levels; property enhancement which involves improvements like extensions or restyling, as well as routine and extraordinary maintenance;

3.
The sale of freehold properties which no longer reflect strategic objectives or which have reached an advance life cycle phase.

Services

IGD is typically involved in Agency Management and **Pilotage** operations which entails the promotion of newly opened, expanded or restructured centers; in most recent years even "ordinary" operations call for the rotation of existing retailers in order to maintain the appeal of the merchandise mix as a result of changing consumer trends. IGD is also involved in **Facility Management** services which are linked to marketing and the daily operations of the center such as, for example, security, cleaning and routine maintenance.

Contract management

In Italy at the end of 2013 IGD had 1,016 **contracts with a total of 591 retailers.** During the year the Company signed 196 new contracts, explained for 95 by renewals and the remaining 101 by turnover. The average increase in rent in the new contracts reached 0.5%.

In Romania at the end of 2013 WinMagazin had 552 contracts with a total of 425 retailers. During the year 142 new contracts were executed, in addition to 287 renewals.

The client **portfolio risk** is limited: the ten largest tenants represent only 19.1% of IGD's total rental income from malls in Italy.

IGD's brand portfolio reflects a very **international merchandise** mix: in the Italian malls, international brands account for 17% of the total, while in Romania the percentage is even higher at 29%.

The Marketing Plan

IGD organizes and sponsors advertising initiatives and promotional events that attract interesting traffic flows throughout the Italian network, including through the use of synergic communication strategies.

In 2013 a total of 514 events were held, a decided increase with respect to the 470 recorded in 2012.

IGD, in keeping with its own values, gives precedence to artistic, cultural and social initiatives. This year almost one third of the events involved sports and games with strong local roots. A few formats were replicated in all the shopping centers which resulted in obvious benefits in terms of cost.

IGD focuses on further **increasing the shopping centers'** overall appeal, rather than on maximizing short term revenue. The results reflect the validity of this choice including during this phase of weak consumption which continues to weigh on the most important markets.

Footfalls in 2013 amounted to **66.3 million** in the Italian centers (an increase of 0.9% with respect to 2012), excluding the figures relative to two centers I Bricchi and Gran Rondò due to equipment malfunctions. The average ticket reached €20.59, an increase of 1.1%.

In Romania the footfalls exceeded **31.7 million** in 2013. The comparison with 2013, (which shows a drop of 5.4% year-on-year) is not significant in light of the refurbishment of a few ground floors carried out during the fourth quarter in order to introduce apparel anchors. The decline at the end of September 2013 was, in fact, marginal (-0.4%).

→ Mission

IGD's mission is **to create value for all its stakeholders:** shareholders and financial backers, employees, customers, local communities, retailers, as well as suppliers. We believe this is possible through **sustainable growth.**

→ Vision

IGD has always been focused on the **retail segment of the Italian real estate market.** The results posted over time, including during negative phases of the economic cycle, support the conviction that this market offers interesting possibilities in terms of medium/long term returns.

To make the most of these opportunities, IGD leverages on a real estate portfolio that is adequately segmented and geographically diverse, characterized by midsize shopping centers located near urban centers. This configuration reflects the distribution of wealth in Italy and the presence of densely populated areas including outside of large cities. IGD's shopping centers are also generally strongly positioned in primary catchment areas: this has also been the logic guiding the purchase of new centers, as well as recent and future restyling and expansion projects.

Another characteristic of IGD's centers that makes it possible to fulfill demand has to do with the commercial format: there is, in fact, almost always a food anchor which

is part of the mall where approximately 50 retailers can be found in order to stimulate a solid level of traffic all week long and promote customer loyalty.

The IGD Group is also present in **Romania,** through the subsidiary WinMagazin. The reasoning that led to the 2008 acquisition, namely the desire to pursue international diversification in a country where growth rates were expected to be high and therefore, with higher yields than a mature market like Italy, had to be revisited in light of the changed business environment. The requalification of the brand portfolio of the Winmarkt centers and the introduction of food anchors, along with the investments in redesigning space that this process called for, was undertaken and is still underway while the country has to yet to begin a decided recovery and the competition is quite stiff in different cities following the opening of large shopping centers managed by international players. IGD's decision to adopt operating policies in Romania similar to the ones adopted in Italy, focused on sustainability of returns in the medium/long term even though this resulted in an **inevitable drop in revenue in the short term,** made it possible to give **visibility and quality to future revenue streams,** while also allowing the **appraisals of the Romanian properties to hold well.** Today IGD's strategy, focused primarily on the Italian market, strives to increase the quality and visibility of Winmarkt's medium term rental income in order to ensure an adequate increase in the value of the relative assets.

The crisis that has characterized the business environment since 2008 has, paradoxically, allowed IGD to better develop and substantiate its Vision, which was even further strengthened as a result of the challenges overcome.

Today the Company is even more convinced that **maintaining the high quality of its portfolio is key:** a priority that requires the continuous rethinking of its centers both structurally and commercially in order to meet the needs linked to new consumer trends and reduce the environmental impact.

1. The posters of some of the events held in IGD's shopping centers: "The Talent" in Centronova shopping center, "Parada" in Le Maioliche shopping center and "Star Hunter" in Conè shopping center.

Strategic guidelines

On 19 December 2013 IGD presented the **2014-2016 Business Plan.**

The strategic guidelines included in the new Plan, prepared based on the methodology introduced in 2009 and used ever since, reflect a strategic vision that is very similar to the previous plan but, at the same time, the assumptions used reflect the different business environment. More in detail, if on the one hand the results achieved in 2012 and 2013, despite a decline in consumption that exceeded expectations and a cost of capital in Italy that was decidedly higher with respect to the most important Euro zone countries, validated the solidity of IGD's business model, on the other hand, it also became necessary to revise plans for future development to reflect a more rigorous approach to **sustainability.**

This objective, already part of the Plan's commercial, financial and asset management goals, assumed an even deeper significance insofar as the Company decided to **include the concept of sustainability in its business plan beginning with the 2014-2016 Business Plan.**

In terms of its p&l, IGD, therefore, will continue to focus on the medium-long term sustainability of revenue and the cost of capital. Maintaining the market value of its portfolio assets over time remains the second pillar of the strategy. Based on the results that this type of commercial, financial and property management is able to generate, IGD will strive to offer its shareholders attractive returns through the payment of dividends.

Combining the Business Plan and the Sustainability Plan reflects the desire to continuously improve the quality and energy efficiency of the portfolio assets as a result of increasingly more effective responses to changing demand through stakeholder engagement and, last, but not least, by strengthening the concept of the shopping center as "a space to be lived in", in line with the corporate payoff.

→ The commercial strategy

In order to sustain revenue streams over time and maintain a high occupancy rate, in **Italy** IGD will continue focusing on the sustainability of its tenants' profitability while, at the same time, keeping credit risk under control. The ability to correctly interpret changing consumer demand in order to adjust the merchandising mix and revisit the allocation of space in a timely manner will continue to be key.

In **Romania,** where the arrival of new generation shopping centers has changed the competitive environment, IGD will work on consolidating Winmarkt's position as a market leader, leveraging on the central location of its department stores which, in the meantime, will benefit from the extensive modernization of its formats undertaken to introduce international brands, as well as food and fashion anchors, and the investments made in restructuring the properties.

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→ The real estate strategy

In order to maintain the Company's financial sustainability in what is still a difficult environment, the investments called for in the Plan will remain focused on the **committed pipeline,** namely projects already underway or for which there is a binding commitment.

With a view to maintaining the quality and the appeal of its properties high, IGD will **restyle and expand its prime centers.**

With regard, rather, to development, the focus of **new openings** will be exclusively on centers with clear potential to be local leaders, as was the case in Chioggia, and innovative characteristics, like the Porta a Mare project.

IGD will also reallocate space in the **most recently opened centers** in order to maintain the occupancy rates high, key to reaching full profitability.

IGD will invest in improving **energy efficiency** of both older and new systems in order to both contain general overheads and attract retailers who are sensitive to the concept of eco-sustainability.

The Plan also calls for the possible **disposal** of properties in order to optimize working capital.

→ The financial strategy

The focus of IGD's financial strategy will continue to be on reducing debt over time and on maintaining the level of interest rate risk hedging stable.

In the three-year period 2014-2016 IGD will work to gradually reduce the use of bank facilities through use of debt capital market transactions.

In light of the positive reception received in 2012 and 2013, IGD also plans on offering the Dividend Reinvestment Option again over the time horizon covered by the Plan.

1. IGD made many efforts to minimize the environmental impact of its activities and leave a positive mark on the community in which it operates.

3/4. Restyling of the outside and inside of **Centro d'Abruzzo** shopping center in Chieti.
5/6. Restyling of the outside and inside of **ESP** shopping center in Ravenna.
7. Extension area of **Porto Grande** shopping center in San Benedetto del Tronto.
8. Rendering of the **Retail Park** to be built on the outskirts of Chioggia.

2.2 Performance in 2013

2.2.1 Income Statement Review

The results that we are commenting must be looked at in light of the difficult economic context that also characterized 2013.

In Italy, **GDP** fell by -1.8%[1] year-on-year and only after eight negative quarters was the fall interrupted at the end of year. The weakness of the economic activity and internal demand reflected in a moderate change in consumer prices: inflation in Italy continued to drop, falling to 0.7% in December[2]; the increase in VAT in October also impacted only a small part of the final prices.

Unemployment (12.7% at December 2013[3]) and **family spending** (-2.5%[4]), which have the biggest impact on IGD's business, remained negative albeit with a few signs of improvement with respect to the prior year; consumption fell also as a result of decreased disposable income and for the critical conditions of the labor market. These factors resulted in changes in family consumption patterns, with purchases not strictly necessary being delayed and the substitution of products with lower cost versions.

In light of this particularly complex situation, the Group's operating results are more than satisfactory: 2013 closed with **tenants' sales** in Italian malls falling by -1.6% like-for-like (therefore, noticeably less with respect to the domestic situation in general) and **footfalls** increased (+0.9%). We believe that these results reflect both the timeliness of our business model and our assets, as well as the continuous work done by the Group in terms of marketing and improving the tenant/merchandising mix. The year-end **occupancy** rate in Italy continued to be very good (an average of 97.4% between hyper and malls), taking in account, also, that a part of the vacancies was planned in order to complete restyling or adjust space in order to accommodate new types of products (personal services, temporary shops, kiosks, restaurants, entertainment, sports and well-being): the increase in the average **vacancy** in the year and the commercial policies designed to sustain tenants experiencing difficulties undoubtedly had a negative impact on core business revenue.

In **Romania,** while the macroeconomic indicators appear better than Italy's (GDP excluding agriculture rose +1.8% and unemployment reached 7.1%[5]), consumption continued to grow at a low rate (+0.9%) which indicates that the conditions for a decided recovery have yet to materialize. Despite this, commercial activities progressed (the project which calls for the introduction of 12 international food anchors was completed), as did investments (new facades of 4 properties and 90% of the project to improve energy efficiency were completed) to modernize the assets and improve the risk/return profile. During the year the pipeline 2013-2015 was also updated to include three international non-food anchors (including H&M and DrogerieMarkt) with the signing of 3 more contracts out of a total of 10 (6 of which are already operative).

Different elements seem to indicate that year-end 2013 represents a turning point for Italy's economy, the improvement of which was driven by foreign demand and resumed investment in manufacturing which could also have a positive impact on the public sector's payment of overdue trade payables. The stabilization of the internal conditions and the growth prospects helped to improve the Italian bond market. The **spread** between 10-year BTPs and the German BUND fell to around 200; of note, however, is that in 2013 bank loans to businesses fell further (-5.8% according to Bank of Italy1), and the economic conditions are worse with respect to other European countries. It is also for this reason that we view the average cost of debt posted (3.9%) and, above all, the amount of resources the Group was able to gather during the year (€309 million) as evidence of the Group's good credit profile and the excellent relationships that it has developed with the banks.

Different positive elements have, therefore, emerged in this persistently difficult context and the **Group's results** (though a drop in revenue in EBITDA was posted) should be viewed as amply satisfactory. The year closed, in fact, with a net profit of €4,998 thousand (a drop of 55.72% with respect to 31 December 2012, but impacted by the negative change in fair value of the real estate assets) and a core business Funds from Operations of €35,464 thousand.

The consolidated operating income statement is shown below:

1 Source: Bank of Italy – Economic Bulletin 1/2014
2 Source: Istat – Consumer Prices, December 2013
3 Source: Istat – Employed and unemployed, December 2013
4 Source: IGD's compilation of data taken from various studies prepared by premiere research institutions.
5 Source: Raiffeisen research – Issue 1/2014

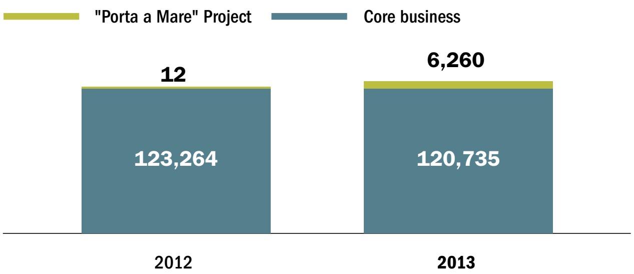
CONSOLIDATED INCOME STATEMENT (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/12	31/12/13	%	31/12/12	31/12/13	%	31/12/12	31/12/13	%
Revenues from freehold properties	107,637	105,653	(1.84)%	107,625	105,556	(1.92)%	12	97	n.a.
Revenues from leasehold properties	10,503	10,183	(3.05)%	10,503	10,183	(3.05)%	0	0	n.a.
Revenues from services	5,136	4,996	(2.74)%	5,136	4,996	(2.74)%	0	0	n.a.
Revenues from trading	0	6,163	n.a.	0	0	n.a.	0	6,163	n.a.
Operating revenues	**123,276**	**126,995**	**3.02%**	**123,264**	**120,735**	**(2.05)%**	**12**	**6,260**	**n.a.**
Direct costs	(24,422)	(24,693)	1.11%	(24,083)	(24,332)	1.03%	(339)	(361)	6.64%
Personnel expenses	(3,665)	(3,679)	0.37%	(3,665)	(3,679)	0.37%	0	0	n.a.
Increases, cost of sales and other costs	663	(5,219)	n.a.	0	0	n.a.	663	(5,219)	n.a.
Gross margin	**95,852**	**93,404**	**(2.55)%**	**95,516**	**92,724**	**(2.92)%**	**336**	**680**	**n.a.**
G&A expenses	(4,373)	(4,518)	3.32%	(4,014)	(4,018)	0.09%	(359)	(500)	39.52%
Headquarters personnel costs	(5,747)	(5,983)	4.11%	(5,721)	(5,913)	3.36%	(26)	(70)	n.a.
EBITDA	**85,732**	**82,903**	**(3.30)%**	**85,781**	**82,793**	**(3.48)%**	**(49)**	**110**	**n.a.**
Ebitda Margin				69.59%	68.57%				
Depreciation	(1,326)	(1,323)	(0.25)%						
Devaluation/Restore work in progress and inventories	(1,211)	1,015	(183.79)%						
Change in FV	(29,383)	(34,502)	17.42%						
Other provisions	(374)	(125)	(66.53)%						
EBIT	**53,438**	**47,968**	**(10.24)%**						
Financial income	554	338	(38.98)%						
Financial charges	(48,279)	(46,888)	(2.88)%						
Net financial income	**(47,725)**	**(46,550)**	**(2.46)%**						
			n.a.						
Income from equity investments	**(746)**	**(498)**	**(33.22)%**						
PRE-TAX INCOME	**4,967**	**920**	**n.a.**						
Income tax for the period	6,185	3,244	(47.55)%						
NET PROFIT	**11,152**	**4,164**	**(62.66)%**						
(Profit)/losses related to third parties	136	834	n.a.						
NET GROUP PROFIT	**11,288**	**4,998**	**(55.72)%**						

Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements (please refer to the information provided for each operating segment).

→ Revenue

Consolidated operating revenue amounted to €126,995 thousand, an increase of 3.02% with respect to the prior year. The core business rental income (€120,735 thousand) included the €97 thousand generated by the Porta a Mare Project (3 units in Palazzo Orlando were rented) and trading revenue of €6,163 thousand relative to the sale of 18 residential units and appurtenances.

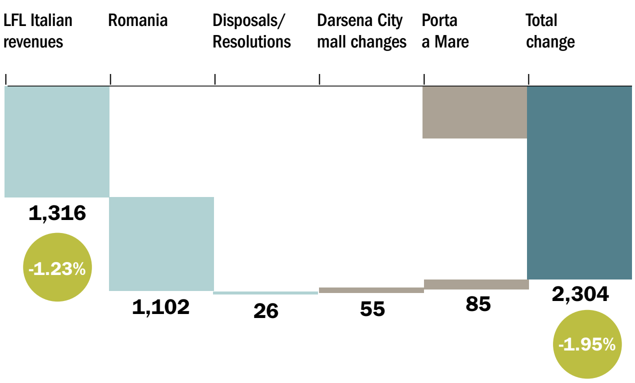
TOTALE REVENUES



More in detail, revenue can be broken down as follows:

- The **revenue from the rental business** fell with respect to 2012 by 1.95%.

GROWTH OF RENTAL INCOME



The decline of €2,304 thousand is attributable to:

- for €1,316 thousand, to like-for-like revenue which fell 1.23%. The positive trend for hypermarkets was confirmed (up +2.17% due to indexing and the step-ups that took full effect in 2013 at the most recently opened hypermarkets). The malls were hit the hardest by the crisis (-3.10%), causing an increase in average vacancy rates with I Bricchi, Città delle Stelle and Mondovì posting the biggest jumps. In a few centers (like La Torre and Tiburtino) the vacancies were necessary in order to complete fit-outs for new openings. There was a rise in the temporary reductions granted in order avoid a further increase in vacancies. During the year 196 contracts, renewals and turnover, were signed with rents largely unchanged (+0.47%);
- for €1,102 thousand by a drop in revenue in Romania (-9.92%) due, in part, to greater vacancies (both planned and as a result of slower turnover) and, in part, to the deteriorating market conditions; more in detail, rents are dropping (with regard, for example, to consumer electronics, footwear and apparel) and greater competitive pressure in Ploiesti as a result of a new opening;
- for €26 thousand to the lack of revenue generated by the management of temporary space rentals following termination of a few mandates in small centers;
- for €85 thousand to the rental income generated by the Porta a Mare project as a result of the rental of two offices units at the end of 2012 and in 2013.

- **Revenue from services** fell slightly with respect to 2012 (-2.74%). Service revenue which consists primarily in revenue from Facility Management (which contributed €4,748 thousand or 95.03% to the total service revenue) was down with respect to the prior year (-2.80%) due to a management mandate which was not renewed (Centro Sesto) and the drop posted in Romania. Revenue from agency and also fell due to a drop in third party mandates with respect to the prior year.

- **Revenue from trading,** which amounted to €6,163 thousand, reflects the sale of 18 apartments and appurtenances closed at year-end.

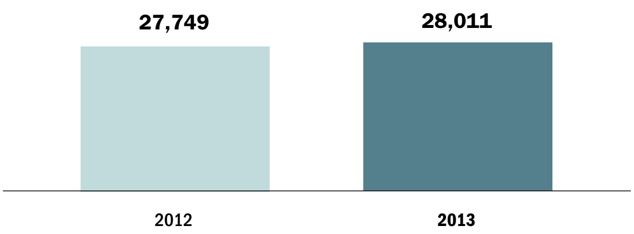
→ Direct costs

The direct costs pertaining to the core business (including personnel expenses), amounted to €28,011 thousand, in line with the prior year. The result is explained by:

- an increase in IMU following an increase in the coefficient applied to large retail areas (category D8) of €7,613 thousand or approximately 27% of the total direct costs pertaining to the core business (versus approximately 26% in 2012);
- higher condominium fees relative to freehold properties as a result of the increased vacancies in the period;
- a drop in provisions for doubtful accounts and in costs relating to technical consultancies and maintenance.

These costs represent 23.20% of core business revenue, an increase with respect to the 22.51% posted in the prior year.

CORE BUSINESS DIRECT COSTS



The direct costs for the Porta a Mare project, which amounted to €361 thousand, consist primarily in the IMU property tax (€307 thousand).

→ Margins

The divisional gross margin fell by 2.55%, dropping from the €95,852 thousand posted at 31 December 2012 to €93,404 thousand at 31 December 2013. The table below shows the income statement highlights and the trend in margins by business unit:

GROSS MARGIN (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/12	31/12/13	%	31/12/12	31/12/13	%	31/12/12	31/12/13	%
Margin from freehold properties	93,653	91,332	(2.48)%	93,648	91,256	(2.55)%	4	76	n.a.
Margin from leasehold properties	1,295	935	(27.83)%	1,295	935	(27.83)%			n.a.
Margin from services	573	533	(7.07)%	573	533	(7.07)%			n.a.
Margin from trading	332	604	81.95%				332	604	81.95%
Gross margin	**95,852**	**93,404**	**(2.55)%**	**95,516**	**92,724**	**(2.92)%**	**336**	**680**	**n.a.**

- **SBU 1 - Property leasing - margin from freehold properties:** this margin amounted to €91,332 thousand versus €93,653 thousand in the prior year. In percentage terms, this activity continues to feature a significant margin of 86.47%, basically in line with the prior year.

- **SBU 1 - Property leasing – margin on leasehold properties:** this margin reached €935 thousand. As a percentage of revenue the margin came to 9.18% (12.33% in 2012) due to the increase in direct costs (the items which had the biggest impact were provisions and condominium fees).

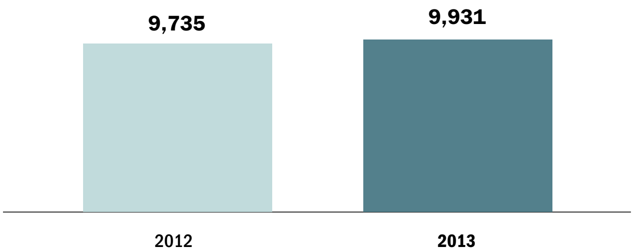
- **Services - Margin from service businesses:** the margin from services amounted to €533 thousand and represents 10.66% of revenue. The slight drop in this margin with respect to 2012 is explained by the decrease in revenue from Agency and Facility services (less marketing and fewer management mandates).

- **SBU 3 – Development and trading – margin from trading:** the margin from the "Porta a Mare" project reached €604 thousand, versus €332 thousand in the prior year, explained by revenue generated by property sales.

General Expenses

General expenses for the core business, including payroll costs at headquarters, amounted to €9,931 thousand, a slight increase of 2.0% with respect to the €9,735 thousand recorded in 2012. These costs represent 8.23% of core business revenue.

CORE BUSINESS GENERAL EXPENSES

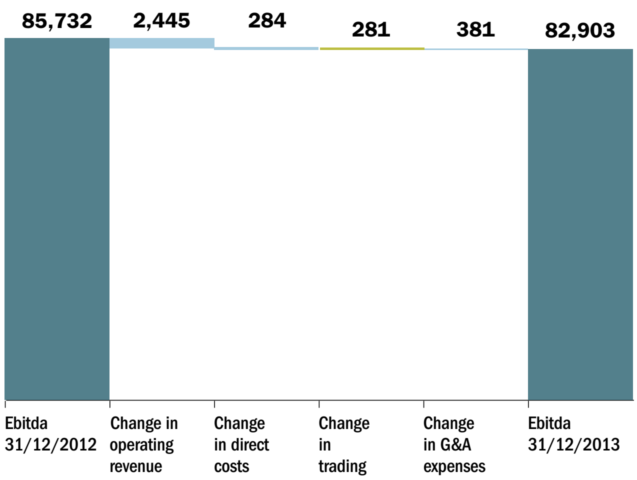


General expenses for the Porta a Mare project, amounted to €570 thousand (including payroll costs), an increase of 48.34% with respect to the prior year explained by new hires and advertising costs.

EBITDA

Core business **EBITDA** at 31 December 2013 amounted to €82,793 thousand, a drop of 3.48% with respect to the prior year while total Ebitda amounted to €82,903 thousand, down 3.30%. The changes in total EBITDA in 2013 are shown below.

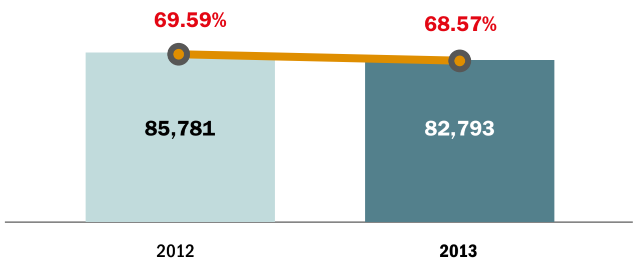
EBITDA



As mentioned before, the EBITDA was influenced substantially by the drop in core business revenue.

The core business **EBITDA MARGIN** came to 68.57%, down with respect to the prior year, due to the drop in revenue and the slight increase in costs.

CORE BUSINESS EBITDA AND EBITDA MARGIN



EBIT

EBIT amounted to €47,968 thousand, a drop of 10.24% explained by the drop in EBITDA described above but, above all, by the negative impact of the change in fair value (+17.42%).

→ Net financial income (charges)

NET FINANCIAL INCOME/ (CHARGES)	31/12/2013	31/12/2012	CHANGE
(financial income)	(134)	(195)	61
financial charges	46,346	47,831	(1,485)
exchange (gains)/losses	116	(66)	182
commissions	222	155	67
Net financial income/(charges)	**46,550**	**47,725**	**(1,175)**

Financial charges dropped from the €47,725 thousand posted in 2012 to €46,550 thousand in 2013, a decrease of approximately –€1,175.

The decline is explained by the lower average cost of debt which fell from the 4.29% recorded at 31 December 2012 to 4.22% while, net of the bond's pro-forma charges, the figure went from 3.91% to 3.94%.

The changes with respect to the prior year are primarily due to:

- a drop in financial charges owed Coop Adriatica due to lower usage of the credit facilities granted;
- the decrease in Euribor which fell from 0.57 (monthly average) in 2012 to 0.22 (monthly average) in 2013, partially offset by a slight increase in the spread on short term borrowings and on refinanced mortgages;
- the lack of charges relating to the call option on the 20% interest in Porta Medicea exercised in April 2012.

→ Tax

INCOME TAX	31/12/2013	31/12/2012	CHANGE
Current taxes	1,232	1,401	(169)
Substitute tax	383	0	383
Deferred tax liabilities	(744)	(3,104)	2,360
Deferred tax assets	(4,088)	(4,351)	263
Contingent assets/liabilities	(27)	(131)	104
Total	**(3,244)**	**(6,185)**	**2,941**

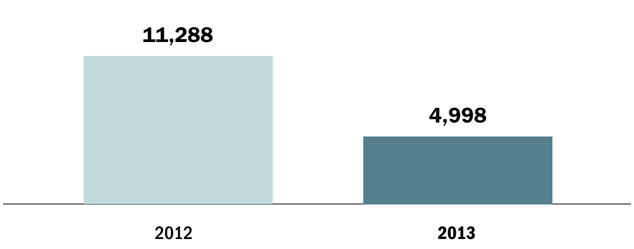
The tax burden, current and deferred, at 31 December 2013 amounted to €3,244 thousand and is primarily attributable to the effect of the fair value adjustments which resulted in the recognition of deferred tax assets and the reversal of deferred tax liabilities which had a positive impact on the total tax rate.

Please note that as a result of further investigation as to the interpretation of the Romanian regulations on the taxation of revaluation reserves, the deferred tax on reserves, which were previously considered tax exempt, was recalculated. Net this effect, the tax rate came to 8.77%, an increase with respect to the in 6.77% posted in the prior year. The substitute tax refers to the capital gain for tax purposes generated by the transfer of the Centro Lame hypermarket.

→ Group net profit

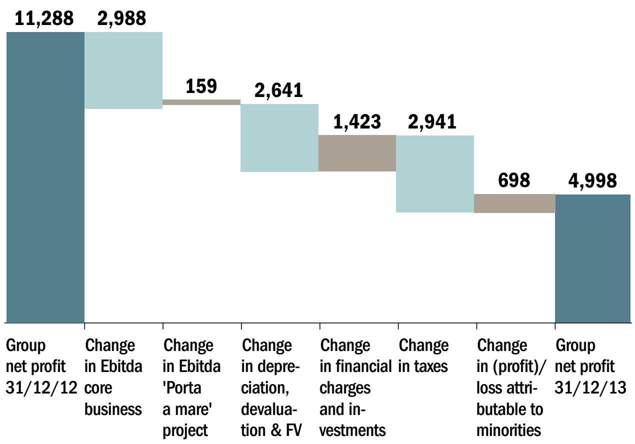
The combined effects of the EBITDA and the change in fair value caused a drop in the Group's net profit (-55.72% with respect to 31 December 2012) which came to €4,998 thousand.

GROUP NET PROFIT



The change in net profit with respect to the same period in the prior year is shown below.

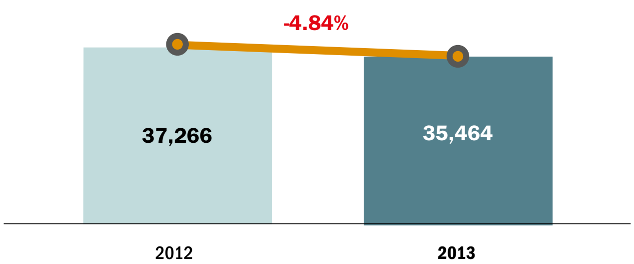
CHANGE IN NET PROFIT BETWEEN 2012 AND 2013



→ Core business FFO

More significant than the comparison with net profit is the trend in **Funds From Operations ("FFO"),** an indicator used widely in the real estate sector (REITs), which defines the cash flow generated by a company's core business by adjusting pre-tax profit by non-monetary items (deferred tax, writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of income from equity investments and revenue from property sales and which, therefore, better represents the trend in the Group's core business. The figure posted at 31 December 2013 shows a decrease of 4.84% against the prior year.

FFO



2.2.2 Statement of Financial Position and Financial Review

The IGD Group's statement of financial position at 31 December 2013 can be summarized as follows:

SOURCES-FUNDS	31/12/2013	31/12/2012	Δ	%
Fixed assets	1,879,129	1,889,979	(10,850)	(0.57%)
NWC	71,271	75,713	(4,442)	(5.87%)
Other long term liabilities	(68,519)	(68,520)	1	(0.00%)
TOTAL USE OF FUNDS	**1,881,881**	**1,897,172**	**(15,291)**	**-0.81%**
Net debt	763,692	753,566	10,126	1.34%
Net (assets) and liabilities for derivative instruments	33,302	53,975	(20,673)	(38.30%)
Shareholders' equity	1,084,887	1,089,631	-4,744	-0.44%
TOTAL SOURCES OF FUNDING	**1,881,881**	**1,897,172**	**(15,291)**	**-0.81%**

The principal changes in 2013, compared to 31 December 2012, are summarized below:

Non-current assets

fell from the €1,889,979 thousand recorded at 31 December 2012 to €1,879,129 thousand at 31 December 2013; the change of -€10,850 thousand is explained by increases and decreases in:

- **Investment property** (–€30,857 thousand). The net change refers primarily to:
  - Increases of +€6,992 thousand attributable to the extraordinary maintenance of primarily the shopping centers Mondovì, La Torre, Centro d'Abruzzo, Casilino, Tiburtino, Esp and a few Romanian shopping centers, where work was completed on a pedestrian bridge connecting the two malls in Grand Center Ploiesti, as well as the restructuring of the facades and refurbishment of the interior layouts including the fit outs at the Buzau shopping center needed to accommodate the H&M store;
  - the reclassification of work completed in a few shopping centers recognized under assets under construction in the previous year of +€539 thousand;
  - the decrease of –€3,886 thousand relating primarily to the adjustment of the potential consideration for a shopping mall;
  - the negative fair value adjustment of the investment property which at 31 December 2013 reached a net total of €34,502.

- **Assets under construction** (+€23,873 thousand). The net increase is explained primarily by:
  - for about €6,407 thousand, progress with the commercial portion of the Porta a Mare project in Livorno, in addition to capitalized interest of approximately €349 thousand;
  - for about €1,002 thousand, progress on the urbanization works and construction relative to the future retail park in Chioggia;
  - for about €5,591 thousand, progress on the expansion of the Abruzzo shopping center which is currently more than 70% complete;
  - for about €462 thousand, the purchase of a plot of land and accessory costs relating to the expansion of Esp;
  - for about €1,220 thousand, the restyling of underground parking and stairs leading to the shopping center at the Sarca shopping center;
  - for about €2,527 thousand, extraordinary maintenance that has yet to be completed at a few Romanian shopping centers.

  For construction in progress (Chioggia, Portogrande and Esp), recognized at adjusted cost, the impairment losses charged in previous years were reversed in the amount of +€1,040 thousand to adjust their carrying amounts to the lower of cost and appraised fair value, while the project to expand Centro d'Abruzzo has been accounted for at fair value considering that construction is now well underway, entailing an adjustment of +€2,289 thousand at 31 December 2013. Likewise, the "Porta a Mare" project in Livorno (retail portion only) has been recognized at fair value due to significant progress with construction; the adjustment to fair value at 31 December amounted to +€2,706 thousand.

The decrease is explained primarily by:
  - for about €446 thousand, the completion of the fit-out works and refurbishment of the facade needed to open the H&M store in Buzau and the consequent reclassification to investment property.

- **Deferred tax assets** (-€1,506 thousand di Euro). The change is explained primarily by:
  - for –€5,677 thousand, the elimination of deferred taxes on mortgage hedging instruments (IRS) as a result of the positive change in fair value;
  - for approximately €287 thousand, the elimination of deferred tax assets arising from the reversal of writedowns charged in previous years on work in progress, and for approximately €1,576 thousand, to the recognition of deferred tax assets on the writedown of Porta a Mare inventory;
  - for approximately €2,600 thousand, the recognition of deferred tax assets on the fair value adjustment of investment property.

  For more information see note 18.

- **Miscellaneous receivables and other non-current assets** (-€1,836 thousand). The change is due primarily to:
  - the decrease of the beneficial interest on the mall at the Città delle Stelle Shopping Center for the amount recognized in the income statement.

Net working capital

(-€4,442 thousand). The change is explained primarily by:

- for -€5,030 thousand, the inventories for construction in progress and down payments The decrease is attributable to the progress made on the Piazza Mazzini area in Livorno, the elimination of inventory as a result of the sale of residential units and the adjustment to the carrying amount of the non-commercial area to the lower of cost and fair value, as expressed in the appraisal.

For more information see note 22;

- for +€558 thousand, the increase in third party and related party trade receivables, net of the provisions for doubtful accounts;
- for +€525 thousand, other current assets attributable primarily to a VAT credit matured at 31 December 2013;
- for -€1,912 thousand, the net increase in third party and related party trade payables pertaining primarily to the work and construction done in the last quarters at Centro d’Abruzzo, Chioggia, Mondovì, CentroSarca and Porta a Mare;
- for -€465 thousand, the increase in current tax liabilities due primarily to the recognition of substitute tax on the capital gain generated by the transfer of the Centro Lame hypermarket;
- for -€1,882 thousand, other current liabilities which decreased due primarily to recognition of security deposits received against the prices paid for the properties sold in Livorno.

Other non-current liabilities:

(€68,519 thousand, in line with 2012). The change is explained primarily by:

- for -€590 thousand, the change in deferred tax liabilities linked primarily to the fair value adjustments of investment property and the change in deferred tax liabilities linked primarily to the fair value adjustment of Centro d’Abruzzo extension and the Porta a Mare retail project. For more information see note 18;
- for +€212 thousand, the increase in the employee severance reserve (TFR);
- for +€142 thousand, the increase in provisions for risks and charges.

Net equity:

at 31 December 2013 amounted to €763,692 thousand. The change of +€10,126 is explained primarily by:

- an increase in the parent company's share capital of €13,483 thousand, approved during the extraordinary general meeting held on 18 April 2013;
- a decrease for derivatives accounted for using the cash flow hedge method (€11,978 thousand for the parent company and €3,257 thousand for the subsidiaries);
- a decrease for transaction costs relating to the capital increase, net of tax effects, in the amount of €407 thousand;
- the recognition of actuarial gains on employee benefits of approximately €41 thousand following application of IAS 19;
- movements in the translation reserve for the translation of foreign currency financial statements, in the amount of -€55 thousand;
- the allocation of the 2012 profit of €22,333 thousand;
- the profit for the period allocable to the Parent Company (€4,998 thousand) and the loss allocable to non-controlling interests (€834 thousand).

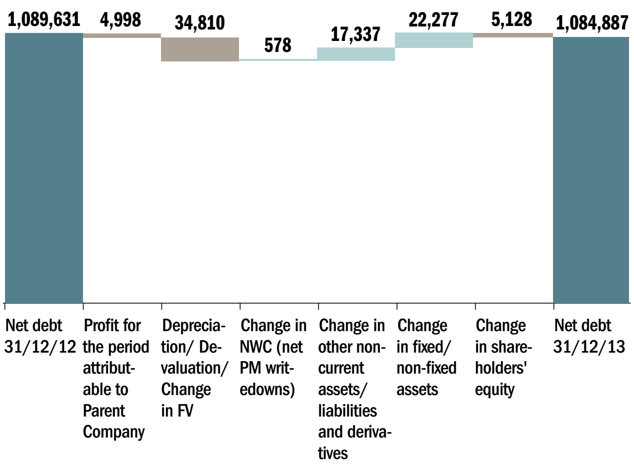
Net assets/(liabilities) for derivatives:

the fair value measurement of hedging instruments at 31 December 2013 rose by €20,673 thousand with respect to the prior year.

Net financial position

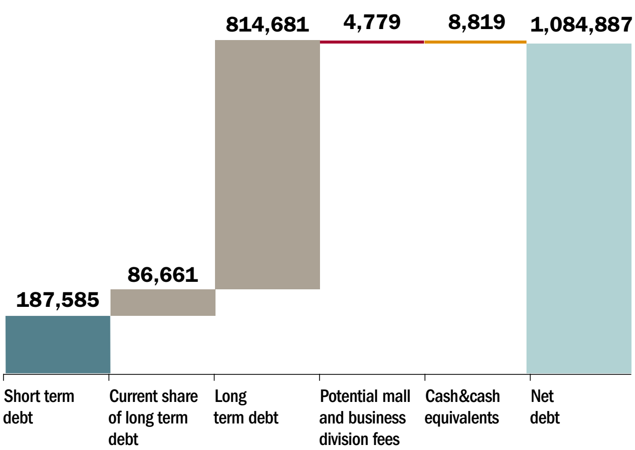
at 31 December 2013 amounted to €1,084,887 thousand, an improvement with respect to the prior year of +€4,744 thousand. The changes are shown below:

RECONCILIATION OF THE NET FINANCIAL POSITION



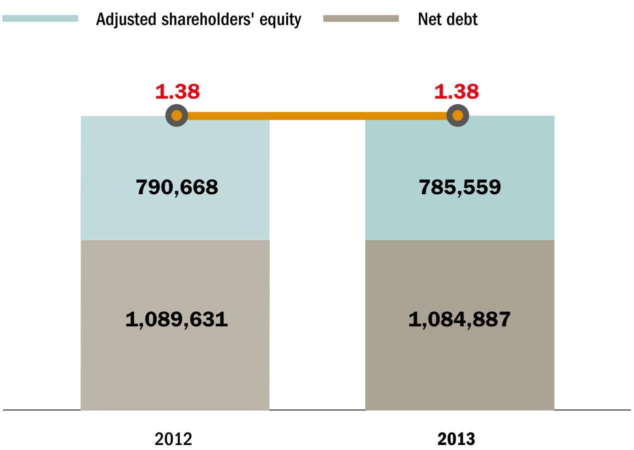
The breakdown of the net financial position is shown below:

BREAKDOWN OF THE NET FINANCIAL POSITION



The gearing ratio, which came to 1.38 at 31 December 2013, reflects the debt to equity ratio, but does not include the accounting (non-monetary) effects of the CFH reserves.

GEARING RATIO



→ NNAV

NNAV PER SHARE		31/12/2013	31/12/2012
Market value owned properties, lands, direct development initiatives and assets held for trading	A	1,891.28	1,906.56
Investment properties, lands and development initiatives, assets held for trading	B	1,890.86	1,905.78
Potential capital gain	**C=A-B**	**0.42**	**0.78**
Shareholders' equity (incl. Third parties)		763.69	753.57
Treasury shares value (incl. Commissions)		22.25	22.25
Adjusted shareholders' equity	**H**	**785.94**	**775.82**
Present IGD stock price	**30/12/2013**	**0.87**	**0.82**
Potential gain/(loss) on treasury shares	**D**	**(12.59)**	**(13.14)**
Total capital gain/(loss)	**E=C+D**	**(12.17)**	**(12.36)**
NAV	**F=E+H**	**773.78**	**763.45**
Number of shares	G	348.00	330.03
NAV per share	***F/G***	**2.22**	**2.31**
Tax rate on asset gain/loss		27.6%	27.6%
Total net capital gain/(loss)	**I**	**(12.29)**	**(12.58)**
NNAV	**L=H+I**	**773.66**	**763.24**
NNAV per share	***M=L/G***	**2.22**	**2.31**

The decrease in the NNAV with respect to the prior year is attributable to:

- the increase in the number of shares outstanding, as a result of the Dividend Reinvestment Option transaction after which the share capital rose to €13,482,324 versus an increase in the number of shares of 17,976,432. After the increase the share capital amounted to €336,028,239.08 versus 348,001,715 shares;
- the drop in net equity which, net of the capital increase, amounted to €3,357 thousand;
- the decrease in the potential capital gain on the difference between market value and real estate investments which dropped from €0.78 million to €0.42 million.

This decrease was partially offset by a rise in IGD's stock price with respect to the prior year.

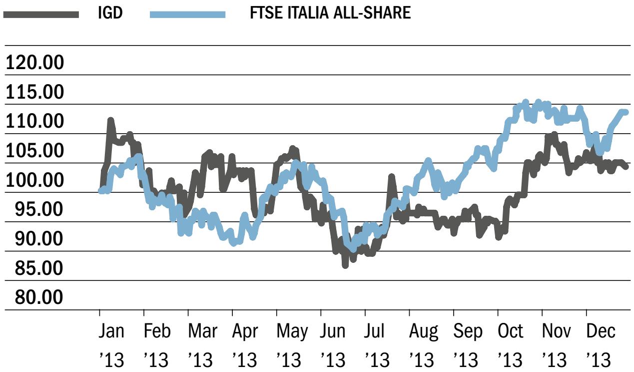
2.3 The Stock

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.

The minimum lot is €1.00 and its specialist is Intermonte.

IGD SIIQ S.p.A. 's share capital subscribed and paid-in at 31 December 2013 amounted to €336,028,239.08, comprised of 348,001,715 shares without a stated par value.

IGD'S STOCK PRICE VS. THE ITALIAN STOCK EXCHANGE INDEX (FTSE ITALIA ALL-SHARE) SINCE 2 JANUARY 2013

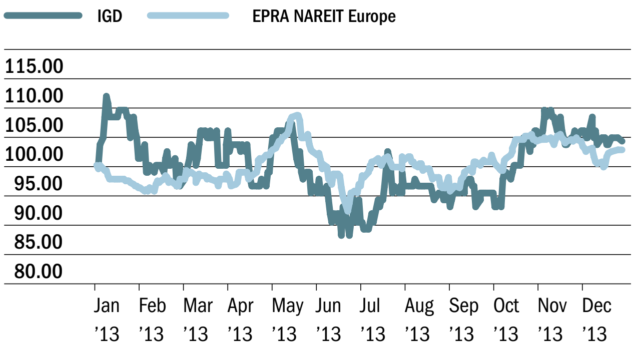


Source: Italian Stock Exchange data compiled by IGD

In 2013, between 2 January and 30 December, IGD's stock price rose by 4.22%, reaching a period high of €0.93 on 9 January and low of €0.73 on 20 June, while the Italian stock exchange rose an average of 13.5% year-on-year. Through the end of August, IGD's performance was strongly correlated with the Italian index but, beginning in the summer the FTSE Italia All-Share began to rise ahead of IGD's stock, which only began to rise significantly in October. The banking sector represents a significant portion of the Italian index in terms of total capitalization and, therefore, the index benefited rapidly and noticeably from the assurances of the authorities that the monetary policy would continue to support the financial sector as it is an important economic driver. IGD's stock, the valuations of which are directly influenced by consumer trends, only began to reflect the improved scenario when the first cautious positive signals indicative of a turnaround in Italy's real economy materialized.

In 2013 IGD's stock slightly outperformed the European sector index, rising 4.22% versus the 2.81% rise of the EPRA Nareit Europe index.

IGD'S STOCK PRICE VS. THE EUROPEAN REAL ESTATE SECTOR INDEX (BASE 2/1/2013 = 100)

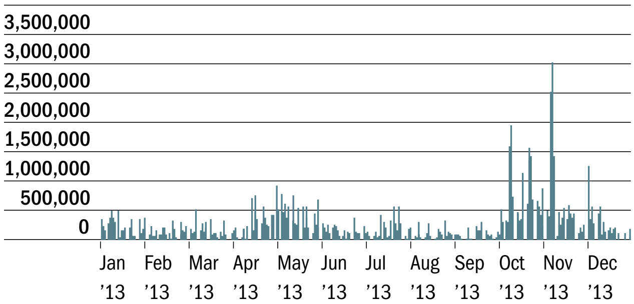


Source: EPRA data compiled by IGD

The performance of the European sector index from September on reflects, in fact, the renewed interest of global investors in the companies with real estate assets located exclusively in Continental Europe, insofar as an investment in real estate stocks makes it possible to ride the wave of the region's economic recovery.

The fact, also, that the concerns about an increase in long term interest rates were abated, at least temporarily, by the European monetary authorities, along with the gradual tapering of the expansive monetary policy announced by the Federal Reserve provided important support to sector stocks.

VOLUME OF IGD STOCK TRADED AS OF 2 JANUARY 2012



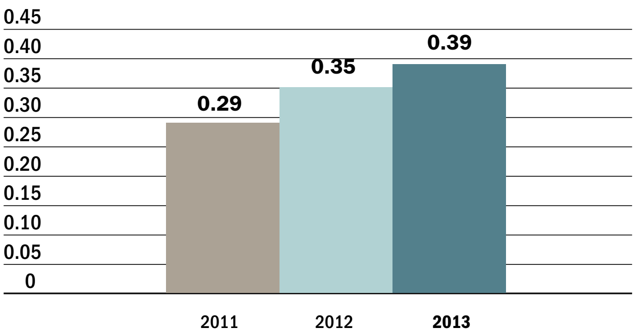
Source: Investis data compiled by IGD

In 2013 an average of approximately 325,000 IGD shares were traded each day, a drop with respect to the average of circa 420,000 shares traded per day in 2012. Volumes were higher in the last quarter of the year.

P/NNAV

The chart below shows the gradual improvement of the stock price (at the last day of the year) and the NNAV over the last three years.

SHARE PRICE/NNAV



Dividend

The dividend for 2012 and the second Dividend Reinvestment Option

During the Annual General Meeting held on 18 April 2013 IGD's shareholders approved a dividend of €0.07 per share. The extraordinary AGM also approved the proposal to increase share capital for cash, by up to 10% of the Company's pre-existing share capital through the issue of ordinary shares reserved exclusively for those entitled to receive the 2012 dividend. The dividend recipients who adhered to the capital increase could reinvest a part, not more 80%, of their dividends in accordance with the Dividend Reinvestment Option offered.

On 16 May 2013 the Board of Directors determined the definitive conditions for the capital increase, setting the subscription price at €0.75 per share and the exchange ratio at two new ordinary shares for every 27 ordinary shares held on which the 2012 dividend was paid.

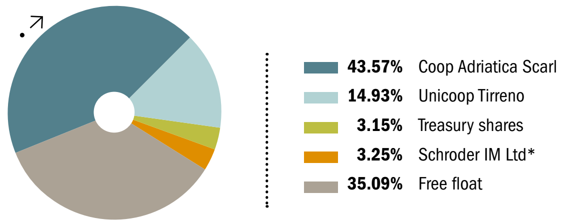
Between 20 and 31 May 2013 a total of 17,976,432 newly issued ordinary shares of IGD were subscribed or 76.064% of the total number of shares offered worth approximately €13.5 million.

The dividend for 2013 and the third Dividend Reinvestment Option

IGD's Board of Directors will propose that shareholders approve a dividend of €0.065 per share during the Annual General Meeting to be held on 15-16 April 2014.

The Board of Directors will also propose that during the AGM shareholders approve a capital increase to service the new Dividend Reinvestment Option.

MAIN SHAREHOLDERS



Source: IGD SIIQ SPA's shareholder register and Consob filings.
* Monitored directly by IGD – updated through 12 February 2014

Investor Relations

In 2013 IGD continued to work on financial communication in order to foster an open dialogue with analysts and investors.

IGD is covered by a qualified independent research firm and 7 brokers, three domestic and four international.

In 2013 IGD organized five conference call presentations:

- 28 February, to discuss the FY 2012 results;
- 9 May, to discuss the results for first quarter 2013;
- 7 August, to discuss results for first half 2013;
- 7 November, to discuss the results for the first nine months of 2013;
- 19 December, to discuss the 2014-2016 Business Plan.

Thanks to the collaboration of different brokers, roadshows were organized in five European financial centers, as well as two reverse roadshows with investors at the Bologna headquarters. For the first time in 2013 IGD participated in the JP Morgan Real Estate Pan European Conference held in London on 9 January 2013. On 26 March 2013 the Company also participated in the STAR Conference organized by Borsa Italiana in Milan and the SocGen European Real Estate Conference which was held in London on 3 October.

In 2013 the Company worked even harder to make the corporate website the financial community's preferred channel of communication. IGD's improved position in the Italian Webranking – the ranking KWD does each year to measure the quality of the listed companies' online communication – is testimony to a job well done. IGD was, in fact, ranked among the top 20 companies in Italy, coming in 20th versus 23rd in 2012. In addition to this type of recognition, IGD has also obtained significant results in terms of traffic: the commitment to rendering www.gruppoigd.it ever more responsive to stakeholders' needs did, in fact, result in an increase in the total number of visitors and unique visits. More in detail, in 2013 visits rose by more than 20% with respect to 2012, with US visitors accounting, on average, for 9.6% of the total.

2013 was the sixth consecutive year in which the investor newsletter was made available on the website in Italian and English on a quarterly basis.

Financial Calendar 2014

27 February: Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2013.

15–16 April: Annual General Meeting, in first and second call, respectively. Approval of the financial statements at 31 December 2013.

8 May: Board of Directors' meeting to examine the Interim Management Statement at 31 March 2014.

7 August: Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2014.

12 November: Board of Directors' meeting to examine the Interim Management Statement at 30 September 2014.

2.4 Significant Events

The main events for the year are described below.

Corporate events

During the Annual General Meeting held on 18 April 2013, IGD’ s shareholders approved the FY 2012 financial statements, as presented during the Board of Directors’ meeting held on 28 February 2013 and resolved to pay a dividend equal to €0.07 per share.

During the ordinary AGM shareholders also renewed the authorization granted to the Board of Directors to buy and sell treasury shares on one or more occasions up to the maximum permitted by law, to undertake trading and hedging transactions and to invest liquidity to allow for the use of treasury shares in transactions related to current operations and business projects in accordance with the strategic guidelines pursued by the Company, in relation to which opportunities arise to exchange, swap, contribute or otherwise dispose of said shares; the authorization to purchase treasury shares will be effective for eighteen months as from the shareholders’ approval of 18 April 2013 while there is no time limit on the authorization to dispose of the shares. The purchases must be done in accordance with Art. 132 of Legislative Decree 58/1998, Art. 144-*bis* of the Regulations for Issuers, and any other applicable regulation, as well as the market practices recognized by Consob and must be done in accordance with Art. 5, par. 1 of the European Commission’s Regulation n. 2273/2003 of 22 December 2003.

The shareholders also approved the granting of the financial audit assignment for the period 2013-2021 to PricewaterhouseCoopers S.p.A. (PwC).

The extraordinary AGM also approved the proposal to increase share capital for cash, pursuant to Art. 2441, fourth paragraph, second sentence, of the Italian Civil Code, excluding pre-emption rights, by up to 10% of the Company’s pre-existing share capital. The capital increase is reserved exclusively for those entitled to receive the dividend paid for 2012.

The Dividend Reinvestment Option calls for:

- an increase in the share capital of up to a maximum of 80% of the paid dividend and, therefore, equal to €17,866,726, through the issue of ordinary shares without any stated nominal value with dividend rights;
- the capital increase may be subscribed exclusively by 2012 dividend recipients who may reinvest up to 80% of their gross dividend;
- the subscription price of the new shares will be set by the Board of Directors closer to the offer launch date based on the criteria established by the shareholders and will be equal to the average stock price recorded during the eight trading sessions prior to the launch date adjusted by (i) subtracting the amount of the 2012 cash dividend and (ii) applying a discount of a maximum of 10% and will not, at any rate, be less than €0.61 (arithmetic average of the stock’s official closing price recorded in the six month period prior to 28 February 2013 adjusted by subtracting the 2012 dividend payment and applying a discount of up to a maximum of 15%).

The purpose of this transaction, which is in line with the best practices adopted by a number of European REITs, is to give 2012 dividend recipients the possibility to reinvest in IGD and IGD to recapitalize itself. The Company intends to launch the capital increase, subject to approval by the relative authorities, when the 2012 dividend is paid.

The extraordinary AGM also approved amendments of Articles 16 (Board of Directors), 26 (Board of Statutory Auditors) and 31 (General provisions) of the corporate bylaws in order to comply with Law n. 120 of 12 July 2011 relating to equal gender opportunities within the administrative and control bodies of listed companies.

18 April 2013

On **18 April 2013** the Board of Directors approved:

- the issue of €230,000,000 million new senior unsecured fixed rate notes expiring May 2017;
- the Exchange Offer to be made to holders of the outstanding convertible bonds issued by IGD as part of the "€230,000,000 3.50 per cent. Convertible Bonds due 2013". The Exchange Offer was presented exclusively to holders of the convertible bonds in Italy and abroad (with the exception of the United States of America, pursuant to Regulation S of the 1933 United States Securities Act, as subsequently amended) who under the applicable law are deemed qualified investors.

22 April 2013

During the Annual General Meeting of Bondholders held on **22 April 2013** bondholders approved the following amendments to the terms and conditions of the "€230.000.000 3,50 per cent. Convertible Bonds due 2013" convertible in ordinary shares of IGD, originally issued by the Company pursuant to a resolution dated 25 June 2007 and subsequently amended in 2010.

More in detail, the amendments approved during the Annual General Meeting of Bondholders include:

- an amendment of the negative pledge clause based on which the Company may issue bonds in the future secured by assets pertaining to the company or subsidiaries;
- the introduction of a put option that bondholders may exercise in the event the Company resolves to issue secured bonds;
- amendments to the bond loan regulations and the Trust Deed.

The purpose of the amendments to the terms and conditions of the convertible bond issue is to grant the Company greater flexibility in refinancing debt as it matures in the future and in gathering the resources needed to make new investments.

29 April 2013

On **29 April 2013** the definitive results of the offer made to holders of the "€230.000.000 3,50 per cent. Convertible Bonds due 2013" to exchange convertible bonds with newly issued senior notes were published. Upon expiration of the Exchange Offer, the Company had received acceptances for a total nominal amount of convertible bonds equal to €122,900,000. Therefore, based on the acceptances received, IGD issued New Notes for a total nominal amount of €122,900,000. The Company also placed residual New Notes with investors deemed qualified under the law in Italy and abroad for a total nominal amount of Euro 22,000,000.

7 May 2013

On **7 May** IGD issued New Notes with nominal unit value of €100,000 for a total nominal amount €144,900,000.

The New Notes will be governed by English law and will have the following characteristics:

- maturity: four years from the issue date;
- issue price equal to 100% of the nominal amount;
- fixed rate coupon of 4.335%,calculated based on the 4-year mid-swap rate as of today plus a spread of 375 bps, to be paid annually in arrears on 7 May of each year;
- redemption at maturity at par, plus accrued and unpaid interest, provided that the Company has not exercised the early redemption option provided in the Terms and Conditions of the New Notes;
- early redemption provisions in certain instances of change of control as per the Terms and Conditions of the New Notes;
- listed on the regulated market of the Luxembourg Stock Exchange.

IGD paid the holders of Convertible Bonds accepted for exchange pursuant to the Exchange Offer accrued interest equal to the unpaid interest matured on the Convertible Bonds as of the prior payment date (included) through 7 May (excluded).

19 December 2013

On **19 December 2013** IGD's Board of Directors examined and approved the 2014 – 2016 Business Plan, updated in light of the changed global market conditions and focused on the sustainable management of both the assets and the existing pipeline, as well as on improving the financial indicators. The Plan also includes, for the first time, the concept of sustainability in the corporate strategies.

Porta a Mare Project:
above Porta Orlando, the entrance of the Porta a Mare area; below panoramic view of Palazzo Orlando and Piazza Mazzini.

Investments, commercial agreements and financing

During the year the IGD Group continued with development of new properties, expansion and restyling of existing shopping centers, in addition to specific measures designed to reduce energy consumption. The main investments are described below:

→ Centro d'Abruzzo (Restyling and expansion)

The restyling of the shopping center was completed in 2013, while work continued on the expansion of the mall.

The restyling consisted in the laying of new flooring, made of recycled materials, along with new ceilings equipped with LED lighting and painting of the exterior. The restyling was done in accordance with the IGD concept guidelines which call for the predominant use of the color red.

The expansion of the shopping center, which is more than 70% complete, consists in 19 stores with a total GLA of approximately 3,300 m^2 and should be opened in the second quarter of 2014. With regard to marketing, pre-letting is currently underway.

→ Porto Grande (expansion)

The building permits were obtained for the midsize stores that will increase the size of the Porto Grande center, in the province of Ascoli Piceno. The total GLA will be increased from 23,387 to 28,387 m^2 explained by 2 midsize external stores of approximately 5,000 m^2, as well as green zones of 1,700 m^2 and new parking of approximately 10,531 m^2.

The beginning of the work was postponed until second half 2014 and should be completed by first half 2016.

→ Centrosarca (Restyling)

Work was begun in 2013, and is currently underway, on the first part of the restyling of the underground parking and the stairs leading to the shopping center. Work on internal restyling of the mall and the façade will start early 2014. The work should be completed by first half 2015.

The choices made reflect the desire to bring light and warmth to the center while giving preference to natural shapes and materials. The lobbies of the underground parking and the ground floor are covered with natural recycled materials and new LED lighting was installed.

The changes made in the malls will seek to optimize visibility between floors, introducing more sophisticated finishing and enhancing the 3 common areas while the area connecting the center with the cinema, which has always been a transit zone, will become a meeting place and rest stop.

→ Fit out

In 2013 work was done on revising the layouts of the Tiburtino (Guidonia) shopping center, the Mondovì mall and the La Torre (Palermo) shopping center, a part of which is still underway, by changing the mix of midsize and smaller stores.

The fit out work done in the shopping centers, by grouping and revamping existing points of sale, involved significant renovation (inside the stores) and work on systems (new systems + changes to existing systems).

→ "Porta a Mare" project

Through the subsidiary **Porta Medicea,** work also continued in 2013 on the **Piazza Mazzini** area (residential and commercial) and work on the foundation of the underground parking of the **Officine area** also started, for a total of some €12 million. In 2012 the pre-letting of the residential units continued resulting in 23 units being pre-let, 18 of which closed in the last quarter of 2013 while the sale of the remaining units should close in 2014.

→ Chioggia retail park

The retail park in Chioggia will include an Ipercoop, 7 midsize stores and 8 points of sale, 2 of which will be used for restaurant services. There will be 1,465 parking places. A request for a variance was filed which would reduce the GLA from 18,343 m^2 to 16,852 m^2 as the first floor of the midsize stores would be eliminated. Contractors for the construction of the buildings were found in the last quarter of the year and work began. The retail park is expected to open in first half 2015.

The Company expects to cover the above investments by requesting long term mortgage loans, in line with the financial strategy which calls for long term financing.

More in detail, these investments will be financed:

- with regard to development of the "Porta a Mare" Project, specifically the Officine Storiche area, by requesting a medium-long term loan from the Parent Company;
- with regard to Chioggia, by requesting a mortgage loan from SAL of approximately €13 million;
- with regard to the expansion of the Abruzzo shopping center, through the use of a medium-long term mortgage loan once the work is completed.

→ Romania

In 2013 extraordinary maintenance amounted to approximately €4.7 million, €2.5 million of which has yet to be completed.

The investments relate to the construction of a pedestrian bridge connecting the two malls of the Grand Center Ploiesti, as well as refurbishment of facades and internal layouts.

In 2013 the first of five H&M stores was opened in the freehold shopping center in Buzau, located on the city's main square. The three story store covers a total area of 1,510 m^2.

On 25 March 2013 IGD SIIQ S.p.A. and the subsidiary IGD MANAGEMENT Srl obtained ISO14001 Certification from DNV Business Assurance, accredited by the Italian Certification Body or ACCREDIA. IGD SIIQ received the ISO14001 environmental certificates for the activities relating to the management of its real estate portfolio and rental assets, as well as the marketing of shopping centers, while IGD MANAGEMENT received them for the management of shopping centers – more specifically, the shopping centers "CentroSarca" in Sesto San Giovanni (MI), "I Bricchi"di Isola d'Asti (AT); "Gran Rondò" in Crema (CR) and "Mondovicino" in Mondovì (CN) were certified.

A roll out plan which calls for the certification over the next five years of the majority of the freehold real estate portfolio has been drafted.

ENVIRONMENTAL SYSTEM CERTIFICATION ISO 14001 DNV

1/2. Restyling of the outside and inside of **Winmarkt Ploiesti** shopping center in Romania.

3/4/5/6/7. IGD Headquarters and 4 shopping centers that already obtained the UNI EN ISO 14001 environmental certification: **I Bricchi** (AT), **Gran Rondò** (CR), **Mondovicino** (CN) and **Centro Sarca** (MI).


4


5


6


7

The investments made in 2013 are shown below:

Investments 2013

Real estate investments	6.99
Assets under construction	18.05
Intangible fixed assets	0.02
Other fixed assets	0.79
Total investments in fixed assets	**25.86**
Work in progress inventory Porta a Mare project	5.74

€31.60 million

Total investments

Loans

At the end of March 2013 the loan granted by Cassa di Risparmio di Bologna was extended for two more years at the 3M Euribor plus a spread of 3.2% along with a fee of 20 basis points calculated based on the residual debt outstanding.

In June the loan granted by Centrobanca (merged with UBI Banca as of 6 May 2013), with a bullet repayment owed on 15 June 2013, was extended through 15 June 2015 at the 3M Euribor plus a spread of 300 basis points.

In August an agreement for a €6,000,000 unsecured loan was stipulated in a pool with Emilbanca Credito Cooperativo, the lead bank, with a bullet payment due on 6 February 2015, at the 3M Euribor plus a spread of 350 basis points.

On 26 November a five-year €135 million secured loan was granted by BNP Paribas's Italian branch at the 3M Euribor plus a spread of 425 basis points. The loan taken out in order to repay the outstanding convertible bonds of €107.1 million on 28 December 2013, as well as finance the Company's development plans, was disbursed 3 December 2013.

As part of the loan guarantee agreements, on 3 December 2013, effective 5 December 2013, the assets and properties forming the binding loan guarantee were transferred to IGD Property SIINQ S.p.A. ("IGD SIINQ"), a wholly-owned subsidiary of IGD SIIQ S.p.A., and 100% of the company's shares were pledged.

On 4 December 2013 an Interest Rate Swap was stipulated at a rate of 1.01% with an "early termination" clause to be exercised in the event the rate of the underlying loan were to change (the BNP Paribas loan).

CONÈ
Conegliano – Treviso
Opening 2010
Mall GLA sq.m 5,961
Food anchor GLA sq.m 9,498

2,949,930 visitors in 2013

WINMARKT BUZAU SHOPPING CENTER
Expansion/Restyling 2005
GLA shopping center
sq.m 5,354

2,121 million visitors in 2013

2.5 The Real Estate Portfolio

→ The real estate market

2013 was characterized by cautious signals of an economic recovery in Italy and, above all, by the renewed interest of foreign investors in southern European markets, including Italy.

The main players were foreign institutional investors and pension funds (primarily European and North American).

While investors continue to show interest in retail properties there is a net preference for prime (and "secondary good") malls versus "tertiary" assets.

The interest in "high street" continues to be very strong.

→ The stock and pipeline

In 2013 the stock of completed retail areas reached a GLA of approximately 260,000 m^2, 85% of which is represented by shopping centers.
At the end of 2013 the stock of retail shopping centers in Italy reached a GLA of 18 million m^2, 12.3 million m^2 of which pertaining to areas of more than 10,000 m^2.
The most important retail projects in Italy completed in 2013 include:

MOST IMPORTANT RETAIL PROJECTS IN ITALY COMPLETED IN 2013

Name	GLA SQM	Date	DATA
Pr Parma Retail (Parma)		42,000	2H2013
C.C. Tiare (Villesse)		92,000	2H2013
C.C. Carmagnola (Torino)		15,000	2H2013
C.C. Emisfero (Bassano del Grappa-Vicenza)		21,700	2H2013
Parco Commerciale La Briosa (Messina)		10,00	2H2013

While there was a slowdown in development in 2013, down 33% with respect to 2012, in the latter part of the year a few international developers showed renewed interest including Ikea (a new Ikea center in Brescia was announced) and Eurocommercial Property (entered into an agreement with Parsitalia for the development of a shopping center in Roma – Pescaccio).
Over the next two years we expect 430,000 m^2 of new retail space to be delivered out of a pipeline under construction of more than 2 million m^2 GLA.
Refurbishment of existing centers in Italy continues to be limited to a few centers, contrary to what is happening in other European countries where this type of activity is becoming key to the repositioning of centers.

MAIN PROJECTS IN THE PIPELINE AT 31/12/2013

PROJECT	CITY	TOTAL GLA (SQM)	TYPE
Cascina Merlata	Milano	60,000	Multipurpose center
Arese	Milano	77,000	Shopping center
Pescaccio	Roma	139,000	Shopping center
Ponte Parodi	Genova	39,000	Shopping center
Porta a Mare	Livorno	20,000	Retail park
Romea	Marghera	39,000	Extension with retail park

→ Investments

2013 was the year of renewed interest of investors, primarily foreign, in Italian retail real estate. Volumes had already picked up in first half 2013 with respect to second half 2012, but in the second half of the year investments accelerated and at year-end 2013 investments totaled €2.2 billion, more than 8 times the volume recorded in 2012.

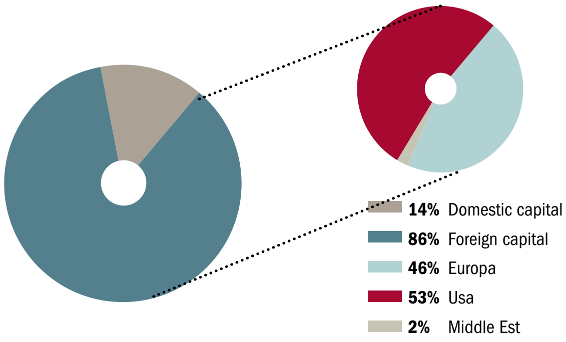
The most important transactions in the first half were the company Passarella s.r.l.'s sale of the building occupied by Vodafone and H&M on corso Vittorio Emanuele in Milan to the closed-end fund Crono for approximately €68 million and H&M's purchase of the building on via del Corso in Rome from the Benetton Group for €180 million.

In the second half Morgan Stanley purchased 60% of Auchan's portfolio, Pradera sold the Meraville Retail Park to the fund Orion, and the fund Blackstone purchased the shopping centers Valle center and Airone di Sonae Sierra, as well as the Franciacorta factory outlet. At the end of 2013 Carrefour shopping mall in Limbiate was sold by a fund managed by CBRE to ING Insurance.

Again in 2013 the Simon Property Group entered into a JV with McArthur Glenn which owns the outlets Marcianise and Noventa di Piave.

The transactions involved, almost exclusively, foreign investors (primarily US and European) and net yields were in a range of between 6.75 and 8.25%.

NVESTMENTS IN THE ITALIAN RETAIL SECTOR BY CAPITAL SOURCE AND REGION OF ORIGIN



The investment pipeline appears strong going forward with the volume of potential assets for sale reaching approximately €4.5 billion in 2014.

→ Retailers and yields

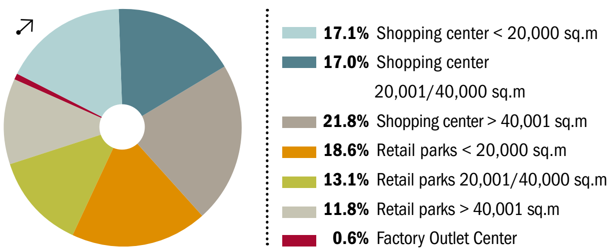
With regard to retailers demand for space, in the last part of 2013 there was renewed interest, above all, in new prime high street and shopping center space.
The most attractive areas continue to be Milan and Rome, followed by Verona, Florence and Bologna.
Yields for prime shopping centers were confirmed at around 7% and at 8.5% for good secondary.
The yields reached 5.50% for prime high street and 7.75% for secondary.
Yields for retail parks reached 8% and 9.25% for prime and secondary, respectively.
Rents continue to be stable with a slowdown in development activity.

Romania

→ Consumer trends and the real estate market

In the end of 2013 retail stock reached a GLA of more than 2.8 million m^2 with new GLA of 124,000 m^2. 57% of the stock is comprised of shopping centers, 42% of retail parks and 1 % of outlets.
50% of the stock is concentrated in Romania's five most important cities, including Bucharest, while the remaining 50% is spread throughout the country.
In 2013 new openings included the shopping center Uvertura Mall Botosani, the AFI Palace in Ploiesti, the Promenada Mall in Bucharest and Shopping City in Galati for total new GLA of 106,000 m^2.

SPLIT OF MODERN RETAIL STOCK IN ROMANIA PER CATEGORY

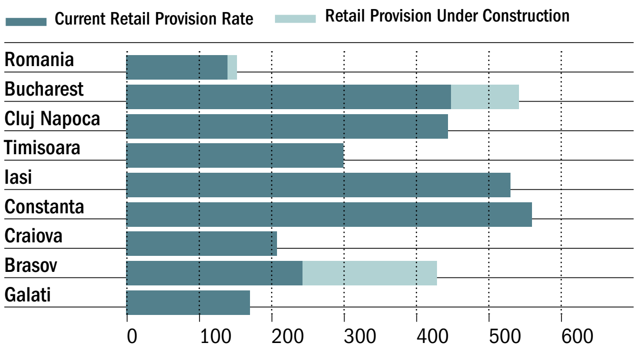


The pipeline under construction expected to open by year-end 2014 amounts to a GLA of approximately 245,000 m^2 and stock is expected to reach a GLA of approximately 2.85 million m^2 by year-end 2014.

Over the next few years the construction projects will be concentrated in the capital Bucharest and the cities of Brasov, Craiova, Timisoara, Sibiu and Arad.

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

RETAIL STOCK PER 1,000 INHABITANTS IN MAJOR CITIES VS RETAIL PROVISION UNDER CONSTRUCTION



Sqm/1,000 in habitants
Source: CBRE Research (04/2013)

In 2013 the prime rents for shopping centers rose by 13% with respect to the prior year (reaching €690/m2), while prime yields dropped 0.25% to 8.25%.

The yields were higher, but down by 0.25% with respect to the end of the prior year, for the on-street spaces in Bucharest where prime yields reached 10% and the rents per m2 €720.

In 2013 brands already present in Romania and new ones opened new spaces driven by the growth and stabilization of a group of local entrepreneurs and franchisees.

The demand for space continues to be focused on prime locations in large shopping centers and on high street locations in the capital and the main Romanian cities.

The new brands that opened in Romania in 2013 include La Martina, Oliver Weber, Patrizia Pepe, BCBG, Pretty Ballerinas, Lego, Napapijri (in shopping malls); Dolce&Gabbana (in the malls of luxury hotels); Anthony Morato, Ladurée, Roberto Bravo (on high street locations).

Freehold Assets

At 31 December 2013 the IGD SIIQ S.p.A. Group's real estate portfolio consisted of commercial (retail) properties and of assets under construction which are part of real estate development initiatives underway.

The IGD SIIQ S.p.A. Group's Italian real estate portfolio was appraised by the independent experts CBRE and REAG Advisory.

In addition to the Italian real estate portfolio, the IGD SIIQ S.p.A. Group also has a portfolio of properties located in Romania comprised primarily of commercial retail assets and appraised entirely by the independent expert CBRE.

The market value of the IGD Group's real estate portfolio at 31 December 2013 came to €1,891,283,000 and included the following asset classes:

- "Hyper and super", 19 properties with a total GLA of about 230,000 m2, found in 8 regions in Italy;
- "Malls and retail parks", 19 properties with a total GLA of about 261,500 m2, found in 11 regions in Italy;
- City center", commercial properties located along the main shopping streets of urban centers.

At 31 December 2013 this asset class comprises a single real estate complex located in downtown Bologna with a GLA of 2,350 m2;

- "Other", seven properties pertaining to freehold shopping centers or office units with a total GLA of 3,140 m2;
- "Assets held for trading", a real estate complex under construction which involves a multi-purpose project covering an area of approximately 70,000 m2 located near Livorno's waterfront;
- Development and plots of land", 4 areas found throughout Italy which are to be used for future expansion and/ or new retail projects with a future total GLA or approximately 48,600 m2;
- "Winmarkt" – a portfolio of 16 properties used primarily for retail purposes found throughout Romania, but not in Bucharest, with a total GLA of approximately 87,300 m2 .

The appraisals of IGD SIIQ S.p.A.'s portfolio split between CBRE and REAG and broken down by percentage of FV and fees paid at 31 December 2013 are shown below:

ASSET CLASS	% PORTFOLIO	APPRAISER
Hypermarkets and supermarkets	13.37%	CBRE
	15.41%	REAG
Shopping malls and retail parks	28.59%	CBRE
	22.78%	REAG
City Center	1.47%	CBRE
Other	0.33%	CBRE
	0.02%	REAG
Porta a Mare	6.03%	CBRE
Development and lands	1.87%	CBRE
	0.96%	REAG
Winmarkt (Romania)	9.17%	CBRE
	100.00%	
TOTAL	**60.83%**	**CBRE**
	38.17%	**REAG**
	100.00%	

FEES AT 31 DECEMBER 2013		€/000
CBRE Valuation SPA	Fees for appraisals	219
	Consulting work relative to Porta a Mare	25
	Total compensation	**244**
REAG Advisory Group Spa	Fees for appraisals	148
	Other compensation	64
	Total compensation	**211**

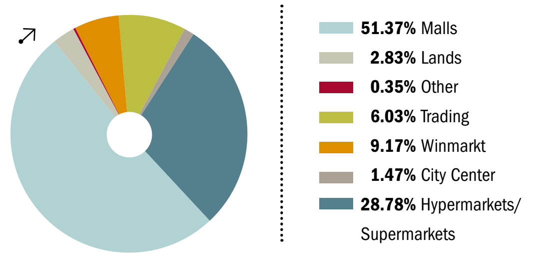
Analysis of the freehold assets

→ Geographical breakdown and composition of the portfolio

The IGD Group's real estate portfolio at 31 December 2013 is unchanged with respect to 31 December 2012 and, based on fair value, can be broken down as follows:

IGD's properties **in Italy** total 51 (including the 50% of the "Darsena" Shopping Center) and can be broken down by asset class as follows:

PORTFOGLIO BREAK DOWN 31/12/2013



PROPERTIES IN ITALY

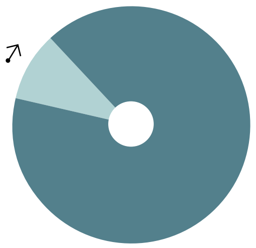
19	shopping malls and retail parks
19	hypermarkets and supermarkets
1	city center
4	plots of land for development
1	asset held for trading
7	other

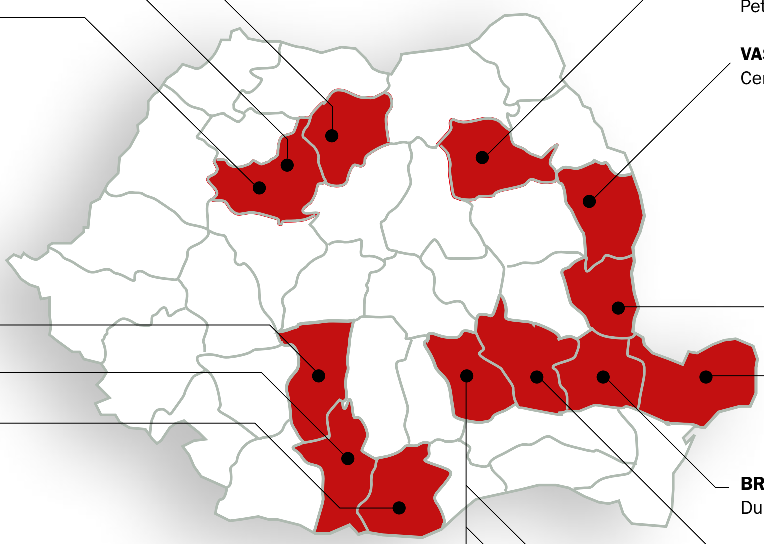
IGD's real estate assets **in Romania** total 16, broken down as follows:

PROPERTIES IN ROMANIA

15	shopping centers
1	office building

PORTFOLIO BREAKDOWN ITALY AND ROMANIA 31/12/2013





Italy

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

SHOPPING CENTER	LOCATION	GLA GALLERIA (M^2)	OTHER (M^2)	OWNER	DATE OPENED	DATE EXPANSION/ RESTYLING	% OWNED
SHOPPPING MALL MONDOVICINO	Mondovì (CN)	7,318	//	IGD SIIQ S.p.A.	2007	//	100
RETAIL PARK MONDOVICINO	Mondovì (CN)	9,660	//	IGD SIIQ S.p.A.	2007	//	100
SHOPPING MALLI BRICCHI	Isola d'Asti (AT)	16,239	//	IGD SIIQ S.p.A.	2009	//	100
SHOPPING MALL SARCA	Sesto S. Giovanni (MI)	22,637	//	IGD SIIQ S.p.A.	2003	//	100
SHOPPING MALL GRAN RONDÒ	Crema (CR)	11,469	//	IGD SIIQ S.p.A.	1994	2006	100
SHOPPING MALL MILLENNIUM	Rovereto (TN)	6,994	674	IGD SIIQ S.p.A.	2004	//	100
CONÈ SHOPPING CENTER	Conegliano (TV)	12,146	//	IGD SIIQ S.p.A.	2010	//	100
RETAIL PARK CONÈ	Conegliano (TV)	5,961	//	IGD SIIQ S.p.A.	2010	//	100
SHOPPING CENTER BORGO	Bologna (BO)	7,074	//	IGD PROPERTY SIINQ SPA	1989	2005	100
SHOPPING CENTER ESP	Ravenna (RA)	12,038	3200	IGD PROPERTY SIINQ SPA	1998	2012	100
SHOPPING CENTER LE MAIOLICHE	Faenza (RA)	21,717	2374	IGD SIIQ S.p.A.	2009	//	100
SHOPPING CENTER LUNGO SAVIO	Cesena FC)	2,908	//	IGD SIIQ S.p.A.	2002	//	100
HYPERMARKET I MALATESTA	Rimini (RN)	11,390	//	IGD SIIQ S.p.A.	2005	//	100
SHOPPING CENTER FONTI DEL CORALLO	Livorno (LI)	7,313	//	IGD SIIQ S.p.A.	2003	//	100
SHOPPING CENTER PORTO GRANDE	Porto d'Ascoli (AP)	8,097	//	IGD SIIQ S.p.A.	2001	//	100
SHOPPING CENTER D'ABRUZZO	San Giovanni Teatino (CH)	13,276	//	IGD SIIQ S.p.A.	2001	2013 (in corso)	100
SHOPPING CENTER TIBURTINO	Guidonia Montecelio (RM)	33,419	//	IGD SIIQ S.p.A.	2009	//	100
SHOPPING CENTER CASILINO	Roma (RM)	5,515	//	IGD PROPERTY SIINQ SPA	2002	//	100
SHOPPING CENTER LE PORTE DI NAPOLI	Afragola (NA)	11,383	//	IGD SIIQ S.p.A.	1999	2008	100
SHOPPING CENTER LA TORRE	Palermo (PA)	14,412	//	IGD SIIQ S.p.A.	2010	//	100
SHOPPING CENTER KATANÈ	Gravina di Catania (CT)	14,912	//	IPER IGD SIIQ S.p.A./GALLERIA IGD PROPERTY SIINQ SPA	2009	//	100
SHOPPING CENTER DARSENA CITY	Ferrara (FE)	16,035	//	IGD SIIQ S.p.A.	2009	//	50
CENTRO PIAVE	San Donà di Piave (VE)	11,600		CSII SPA	1995	2003	//
CENTRO NOVA	Villanova di Castenaso (BO)	12,485		CSII SPA e COPAIN HOLDING SPA	1995	2008	//
CITTÀ DELLE STELLE	Ascoli Piceno (AP)	17,000		COOP ADRIATICA SCARL	2002	//	100

FORM OF OWNERSHIP	N. OF POINTS SALE	N. MIDSIZE STORES	PARKING SPACES	MAIN BRANDS	FOOD ANCHOR	GLA FOOD ANCHOR
Freehold property (excluding the hypermarket)	53	2	4500	Jysk, Bata, Librerie Coop	Ipercoop (not owned)	//
Freehold property	2	6	4500	Brico Io, Pittarello, Casa Terra	//	//
Freehold property (excluding the hypermarket)	25	6	1450	Combipel, Deichamann	Il Gigante (not owned)	//
Freehold property (excluding the hypermarket)	80	7	2500	H&M, Piazza Italia, Skyline cinema, Universo Sport, Promenade calzature, Euronics	Ipercoop (not owned)	//
Freehold property (excluding the hypermarket)	38	3	1280	Oviesse, Promenade calzature	Ipercoop (not owned)	//
Freehold property (excluding the supermarket and a portion of the mall)	47	6	900	Game 7 athletics, Oviesse, Trony	Superstore Coop (not owned)	//
Freehold property	58	5	1550	Combipel, H&M, Librerie Coop, Motivi, Scarpe&Scarpe, Stradivarius	Ipercoop	9,498
Freehold property	//	4	1550	Cisalfa, Maison du Monde, Euronics	//	//
Freehold property	32	5	1550	Librerie Coop, Marco Polo Expert, C6, Scarpe&Scarpe	Ipercoop	11,480
Freehold property	45	6	2456	Deichmann, Game 7 athletics, Librerie Coop, Piazza Italia, Marco Polo Expert, Benetton	Ipercoop	16,536
Freehold property	49	8	2400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	9,277
Freehold property (excluding the hypermarket)	24	1	850	Benetton, Librerie Coop, Motivi	Ipercoop (not owned)	//
Freehold property (hypermarket + wholesale area + fitness area)	36	3	1500	Euronics, Oviesse	Ipercoop	10,232
Freehold property	55	2	1600	Benetton, Oviesse	Ipercoop	15,371
Freehold property	36	2	1730	Decathlon, Deichmann	Ipercoop	15,290
Freehold property	31	3	1730	Decathlon, Euronics, Librerie Coop, Piazza Italia	Ipercoop	14,127
Freehold property	120	11	3800	Azzurra Sport, H&M, Piazza Italia, Obi, Scarpamondo, Tally Weijl, Euronics	Coop	7,125
Freehold property	25	3	1260	Euronics, Piazza Italia	Ipercoop	11,435
Freehold property	61	5	2650	Euronics, Grillo Sport, Piazza Italia	Ipercoop	17,248
Freehold property	58	5	1700	Marco Polo Expert, Scarpe&Scarpe, Piazza Italia, Combipel	Ipercoop	11,217
Freehold property	70	6	1320	Benetton, Combipel, Piazza Italia, Euronics, H&M	Ipercoop	13,663
Owner of 50%	30	2	1320	Deichmann	Despar	3,715
Master Leasing	48	5	1500	Benetton, Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe	Ipercoop	15,800
Master Leasing	55	7	2400	H&M, Librerie Coop, Bershka, Pittarello, Benetton	Ipercoop	18,188
Beneficial interest	46	10	2200	Brico Io, Game 7 athletics, Piazza Italia, Non solo sport, Marco Polo Expert	Ipercoop	12,935

Romania

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

SHOPPING CENTER	LOCATION	GLA SHOPPING CENTER M^2	NET SELLING AREA	CIRCULATION (M^2) RENTED	RENTED WAREHOUSE/OFFICE	OWNER	DATE OPENED
OMNIA	PLOIESTI	7,593	6,443	769	380	Win Magazin SA	1974
GRAND CENTER	PLOIESTI	9,829	9,485	-	344	Win Magazin SA	1986
BIG	PLOIESTI	4,110	2,634	522	954	Win Magazin SA	1976
MODERN	GALATI	7,640	6,758	417	466	Win Magazin SA	1973
COZIA	RAMNICU VALCEA	7,862	7,364	295	203	Win Magazin SA	1973
PETRODAVA	PIATRA NEAMT	5,838	4,516	447	875	Win Magazin SA	1985
DUNAREA	BRAILA	6,898	6,167	238	493	Win Magazin SA	1978
DACIA	BUZAU	5,354	4,837	70	447	Win Magazin SA	1975
DIANA	TULCEA	3,790	3,316	207	267	Win Magazin SA	1972
SOMES	CLUJ NAPOCA	6,883	5,292	105	1,487	Win Magazin SA	1983
MAGURA	BISTRITA	4,838	4,284	93	462	Win Magazin SA	1984
CRINUL NOU	ALEXANDRIA	3,321	3,096	60	165	Win Magazin SA	1978
OLTUL	SLATINA	4,522	3,454	27	1,041	Win Magazin SA	1975
CENTRAL	VASLUI	3,728	3,676	35	17	Win Magazin SA	1973
BIG	TURDA	2,623	2,615	8	-	Win Magazin SA	1981
TOTALE GALLERIE		**84,829**	**73,937**	**3,293**	**7,601**		
JUNIOR	PLOIESTI	2,464	2,155		309	Win Magazin SA	
TOTALE GENERALE		**87,293**	**76,092**	**3,293**	**7,910**		

DATE OF EXPANSION/RESTYLING	AREA OF EXPANSION	% OWNED	FORM OF OWNERSHIP	N. OF POINTS OF SALE	N. OF MIDSIZE STORES	PARKING	MAIN BRANDS
2012		100	Freehold property	84	//		Leonardo, Jolidon, House of Art, Banca Transilvania, KFC, Flanco
2012		100	Freehold property	58	//	400	Adidas, Levi's, Domo, Vodafone, Carrefour Market, Samsonite
2013		100	Freehold property	95	//		Banca Transilvania, Carrefour Market
2005		100	Freehold property	60	//		Domo, B&B, Sevda, Jolidon, Levi's, Manas, Leonardo
2004		100	Freehold property	45	//		B&B Collection, House of Art, Fox, Leonardo, Jolidon, dm Drogerie Markt, Domo
2004		100	Freehold property	70	//		Sensiblu, B&B Collection, Billa, Leonardo
2004		100	Freehold property	46	//		B&B, City Pharma, Credit Europe Bank, Leonardo, House of Art, Jolidon, Domo, Vodafone, Sevda, miniMAX Discount
2005		100	Freehold property	26	//		B&B Collection, Leonardo, KFC, Sensiblu, Carrefour Market
2002		100	Freehold property	44	//		B&B Collection, Leonardo, House of Art, Domo, Minimax, Vodafone
2011		100	Freehold property	34	//		Carrefour Market, dm drogerie markt, Leonardo, Big Fitness
2005		100	Freehold property	27	//		Carrefour, Leonardo, Domo, DM Drogerie Markt, fast-food Pizzamania
2013		100	Freehold property	32	//		B&B Collection, Carrefour Market, Domo, House of Art, Leonardo, Jolidon
2005		100	Freehold property	21	//		Altex, Avenir Telecom, B&B, Jolidon, House of Art, Domo
2006		100	Freehold property	17	//		Electronmedia, B&B Collection, Leonardo, Jolidon Import Export, Domo Retail
2007		100	Freehold property	7	//		ILEX, Robest, Leonardo, Altex
		100	Freehold property				

Analysis by asset class - Italy

In 2013 inflation dropped which reflected in the inflation estimates applied to the DCF relative to both the Italian and the Romanian real estate assets.

The discount rate used in the appraisals for the first half and at year-end was basically stable for the Italian assets, while it fell slightly with respect to the Romanian assets.

Conversely, a slight increase was posted in both halves in the cap rate, primarily in the second half of 2013 with the exception of "Hyper and super" for which the gross exit cap rate fell slightly as it is considered the asset class with the most stable and visible yields.

The property tax IMU was also raised in first half 2013 for large retail properties (category D8) which had the biggest impact on "Hyper and super".

In 2013, as a result of updated zoning, IMU was applied differently to the hypermarkets and malls found in the Tiburtino and Casilino shopping centers which increased the value of the hypermarkets and lowered the value of the malls.

Excluding the Tiburtino and Casilino hypermarkets, the FV of this asset class fell by –€730 thousand with respect 31 December 2012 explained by the lower rate of inflation used in the 2013 DCF model which increased the discount rate applied to net income for the duration.

Rental income for the second and third years of the DCF benefited from the expiration of rent step-ups relative to the Conegliano and Palermo hypermarket. In the two halves of 2013 the impact of the increased gross initial yield was neutralized by the increase in FV and was unchanged at 6.64% with respect to 30 June (+0.05% with respect to 31 December 2012).

A discount rate of 7.04% was applied to hypermarkets at 31 December 2013, unchanged with respect to the two previous six month periods. There was a slight reduction in the gross exit cap rate which came to 6.49% (-0.07% with respect to the prior half).

The occupancy rate of the hyper/supermarkets came to 100%.

→ Hypermarkets and supermarkets

IGD's hypermarkets and supermarkets are leased on a long-term basis to Coop Adriatic Scrl and Unicoop Tirreno Scrl and Ipercoop Sicilia. 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 31 December 2013 by the appraisers CBRE and REAG based on the following percentages of FV:

ASSET CLASS	% PORTFOLIO	APPRAISER
Hypermarkets and supermarkets	46.45%	CBRE
	53.55%	REAG

The DCF method was used by both appraisers for this asset class. In CBRE's DCF model a standard duration of 10 years was used for all asset classes; Reag used a duration of between 15 and 25 years depending on the expiration of the lease held by the retailer.

The total value of this class of property at 31 December 2013 reached €544.39 million, an increase of +1.11% with respect to 31 December 2012 and of +0.52% with respect to the prior half.

The increase recorded in the first half is explained primarily by the different way IMU was applied to the hypermarket and mall found in the Tiburtino Shopping Center in Guidonia which resulted in lower taxes for the hypermarket and higher taxes for the mall. In the second half a similar change in IMU, lower for the hypermarket and higher for the mall, was recorded for the Casilino Shopping Center in Rome. This effect caused the value of the hypermarket at the Tiburtino center to rise by €3.6 million in the first half and the hypermarket at the Casilino center to rise by €4.0 million in the second half for a total increase of €7.6 million.

→ 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, hair salons and beauty centers.

Shopping malls and retail parks were valued at 31 December 2013 by the appraisers CBRE and REAG based on the following percentages of FV:

ASSET CLASS	% PORTFOLIO	APPRAISER
Shopping malls and retail parks	55.66%	CBRE
	44.34%	REAG

The DCF method was used by both appraisers for this asset class. In CBRE's DCF model a standard duration of 10 years was used for all asset classes; Reag used a duration of 18 years for all the assets.

The fair value of this asset class of property reached €971.53 million at 31 December 2013, a decrease of 3.21% or –€32.25 million with respect to 31 December 2012 and of –2.03% or –€20.66 million with respect to the first half of 2013, to which additional capex and investments in restyling should be added. Restyling in 2013 involved primarily the existing mall at Centro di Abruzzo and the fit out work done as part of the important remarketing of the malls at the Tiburtino center and La Torre in Palermo.

As mentioned before, one of the main reasons that the FV of this asset class fell is the different way in which IMU was applied to the Tiburtino mall, in the first half, and the Casilino mall, in the second half. The fair value of the mall at the Tiburtino Shopping Center fell €6 million in the first half and fair value of the mall at the Casilino Shopping fell €4.3 million for a total of €10.3 million.

In addition to the IMU effect, in the first half of 2013 the malls posting the greatest drop in FV were Sarca, Mondovì, Palermo and Borgo due to increased vacancies, which in a few instances were part of remarketing, and the drop in the minimum granted rent (MGR) of the latter.

While the restyling of the Sarca and Borgo malls was completed in the first half, work on Mondovì and Palermo malls also continued in the second half.

The factors described above noticeably impacted this asset class with the gross initial yield for malls coming in at 6.52%, a drop of -0.09% versus 31.12.2012 and of -0.07% versus 30.06.2013.

The discount rate applied to this asset class was largely unchanged at 31.12.2013, coming in at 7.30% or up +0.02% versus 31.12.2012 and down -0.01% versus June 2013.

The gross exit cap rate rose slightly to 7.00% (+0.08% versus the prior half).

At 30 June 2013 the financial occupancy rate, the GLA rented, calculated at market rates and expressed as a percentage of the market value of the total GLA rented at market rates, reached 96.18%, a drop of –0.11% with respect to 31 December 2012, due to the increase in vacant space primarily at the Sarca, Borgo, Palermo and Mondovì centers, but recovering with respect to 30 June (+0.78%). The winner of the tender for the restyling of Borgo was announced in the second half of 2013 and work should be completed in 2015.

→ City center

This asset class comprises a complex of properties which are adjacent and connected to one another located in downtown Bologna.

The City Center property was appraised at 30 June 2013 100% by CBRE based on the DCF method with a standard duration of 10 years. The market value of this class of property at 31 December 2013 amounted to €27.8 million, an increase of +0.36% with respect to 31 December 2012, but unchanged with respect to the first half.

The rise in FV is explained by the increase in revenue following expiration of the last step-up.

The occupancy rate is 100% and the quality of the tenants guarantees solid income for the asset class, the gross initial yield for which came to 5.65% at 31.12.2013, an increase of +0.25% with respect to 31.12.2.12 and of +0.09% with respect to June 2013.

The discount rate and the gross exit cap rate for this asset class were basically unchanged with respect to the two prior six month periods, coming in at 6.20% and 5.95%, respectively.

→ Direct development projects (plots of land)

At 31 December 2013 the class of property “Plots of Land for Development” consisted of four plots of land on which the following retail projects are underway:

- Chioggia Retail park (VE): retail park with a GLA of 16,900 m^2, as per the last variant filed; work on the building began in December 2013 and the retail park should be opening in second half 2015.
- Expansion of ESP: extension of the mall in the ESP Shopping Center in Ravenna by a GLA of 23,400 m^2 for which the planning phase and authorization procedure are currently being completed with work expected to begin in second half 2014 and the opening to take place in second half 2016.
- Expansion of Abruzzo: extension of the mall in the Abruzzo Shopping Center in San Giovanni Teatino (CH) by a GLA of 3,300 m^2. Work began in December 2012 and is currently close to completion. It is expected to be opened in first half 2014.
- Expansion of P.to Grande: extension of the Porto Grande Shopping Center in P.rto d'Ascoli (AP) following the construction of two midsize stores with a GLA of 5,000 m^2. Planning has been completed for this project and all the permits obtained. Work should begin in the second half of 2014 with the opening expected to take place year-end 2015.

Development projects were valued at 31 December 2013 by the appraisers CBRE and REAG based on the following percentages of FV:

ASSET CLASS	% PORTFOLIO	APPRAISER
Development and plots of land	66.06%	CBRE
	33.94%	REAG

Both appraisers used the conversion method to value this asset class.

The total market value of this class of property at 31 December 2013 amounted to €53.59 million, an increase of +24.89% with respect to 31 December 2012 due primarily to the progress made on the expansion of Centro d'Abruzzo.

→ The Porta a Mare project

The assets of Porta Medicea at 30 December 2013, the developer of the multipurpose project in Livorno, were valued entirely by the independent appraiser CBRE using the conversion method.

The project can be broken down into the following areas:

- Piazza Mazzini, retail portion which is expected to open in 2014 and offices and residential portion which have already been completed;
- Officine storiche (retail, residential) which is under construction and is expected to open in 2016;
- Molo Mediceo (retail) where work is expected to begin after 2015
- Lips (retail, tourist services, and accommodations) where work is expected to begin after 2015.
- Arsenale (retail) where work is expected to begin after 2015.

The market value of this asset class at 30 December 2013 reached €114,000,000, an increase of 4.95% with respect to the prior year due to the progression of the work on the Mazzini and Officine Storiche areas net of the sales of the residences and garages pertaining to the Mazzini area that closed in the second half of 2013 with a book value of €4.989 million.

The FV at 31.12.2013 includes the commercial properties that will continued to be owned by the IGD Group.

→ Other

At 31 December 2013 this residual asset class consisted of one store near the supermarket on via Aquileia in Ravenna and offices found inside the P.to Grande hypermarket in Porto D'Ascoli (Ascoli Piceno), an office next to the Miralfiore hypermarket, plus a wholesale zone and a fitness area pertaining to the Malatesta Shopping Center in Rimini.

This category includes the offices located on the second floor of the Centro Direzionale Bologna Business Park office building, where the IGD Group's headquarters are located, leased to the Hera Group, as well as the offices located on the third and last floor which are leased to Librerie Coop.

The class of assets was valued at 31 December 2013 by the appraisers CBRE and REAG based on the following percentages of FV:

ASSET CLASS	% PORTFOLIO	APPRAISER
Other	93.62%	CBRE
	6.38%	REAG

Both appraisers used the DCF method to value this asset class.

The market value of this class of property at 31 December 2013 amounted to €6.58 million, a decrease of –2.62% or €0.177 million with respect to 31 December 2012 relative, above all, to second half 2013.

The discount rate was unchanged with respect to the two prior six month periods, coming in at 7.18%, while the gross exit cap rate rose slightly by +0.05% to 7.31% with respect to the prior half.

Romania

The real estate portfolio of the Romanian company Winmarkt is comprised of 15 shopping centers and an office building for a total GLA of 87,300 m^2. The properties are located in 13 cities in Romania (excluding the country's capital, Bucharest).

Winmarkt was valued at 31 December 2013 entirely by the appraiser CBRE using the DCF method with a standard duration of 10 years.

The total market value of this asset class at 31 December 2013 was €173.4 million, dropping –2.53% or –€4.5 million with respect to 31 December 2012 primarily in the second half. The market value of the 15 malls at 31 December 2013 amounted to €170,000,000, a drop of –2.08% against 31 December 2012.

The drop is explained primarily by the lower MGR as a result of the remarketing involving international retailers that guarantee more stable revenue, and a slight increase in the vacancies, above all of the higher floors of a few malls, as well as the reduced estimates for inflation (1.00% versus 2.20% at 31.12.2012) used in the DCF models and extraordinary maintenance.

The gross initial yield for this group of properties fell by –0.28% with respect to 31.12.2012 and by 0.7% with respect to June 2013 to 6.44%.

The market value at 31 December 2013 of the office building Junior in Ploiesti reached €3,400,000, a drop of –20.93% with respect to 31 December 2012 due to the vacancies resulting from lease terminations.

The gross exit cap yield for this asset class at 31.12.2013 came to 8.84%, an increase of +0.09% with respect to the prior half.

The discount rate applied at 31.12.2013 came to 8.10%, down -0.18% versus 31.12.2012 and -0.15% versus 30 June 2013.

The financial occupancy rate (calculated based on the net selling area) for the Romanian portfolio at 31 December 2013 came to 84.46%, a drop of -4.94% versus 31 December 2012.

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

REAL ESTATE INVESTMENTS IGD GROUP	BOOK VALUE AT 31/12/2013	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2013	DATE OF LAST APPRAISAL
Hypermarkets and Supermarkets	544.39	fair value	544.39	Jan-2014 & Feb-2014
Shopping malls Italy	971.53	fair value	971.53	Jan-2014 & Feb-2014
City Center	27.80	fair value	27.80	Jan-2014 & Feb-2014
Other	6.58	fair value	6.58	Jan-2014 & Feb-2014
Total Italy	**1,550.29**		**1,550.29**	
Shopping malls Romania	170.00	fair value	170.00	Jan-14
Other Romania	3.40	fair value	3.40	Jan-14
Total Romania	**173.40**		**173.40**	
Total IGD Group	**1,723.69**		**1,723.69**	

DIRECT DEVELOPMENT INITIATIVES	BOOK VALUE AT 31/12/2013	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2013	DATE OF LAST APPRAISAL
Projects in advanced stage of construction	14.40	fair value	14.40	Feb-14
Plots of land and anicllary costs	38.77	adjusted cost	39.19	Jan-2014 & Feb-2014
Total direct development initiatives	**53.17**		**53.59**	

PORTA A MARE PROJECT	BOOK VALUE AT 31/12/2013	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2013	DATE OF LAST APPRAISAL
Porta a Mare project*	**114.00**	fair value/adjusted cost	**114.00**	Jan-14

* 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 works in progress and down payments.

TOTAL	INVESTMENT PROPERTY, PLOTS OF LAND, DEVELOPMENT PROJECTS, ASSETS HELD FOR TRADING	MARKET VALUE FREEHOLD PROPERTIES, PLOTS OF LAND, DIRECT DEVELOPMENT PROJECTS, ASSETS HELD FOR TRADING	CHANGE
Total	**1,890.86**	**1,891.28**	**(0.42)**

The details of ongoing projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	ESTIMATED INVESTMENT	BOOK VALUE AT 31.12.2012	% HELD	STATUS
ESP	Expansion	Ravenna	23.400 m^2	IH 2016	ca. €51 MN	17.27	100%	Advance stage of planning and construction permits being finalized
PORTO GRANDE	Expansion	Porto d'Ascoli (AP)	5.000 m^2	2H 2015	ca. €9.9 MN	3.80	100%	Planning stage completed. All of the construction permits have been issued.
CENTRO D'ABRUZZO	Expansion	S.Giovanni Teatino (CH)	3.300 m^2	IH 2014	ca. €16 MN	14.40	100%	Work in progress; advanced stage (more than 70%)
CHIOGGIA RETAIL PARK	New retail park	Chioggia (VE)	16.900 m^2	IH 2015	ca. €39MN	17.70	100%	The first lot of the urbanization works completed and building construction underway
					TOTAL	**53.17**		

2.6 Appraisals

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Milan, January, the 31st 2014

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

CONTRACT N. 6687; N. 6688

Valuation certificate of the assets owned by IGD SIIQ Spa at 31/12/2013

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of owned and operating Shopping Galleries, Hypermarkets, Supermarket, retail and office portions and land lots . The scope of work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio.

Italian Portfolio :

RIF	ASSET	KIND OF ASSET	ADDRESS	TOWN	PROV.
3	ESP	Gallery + Hyper	Via Marco Bussato, 74	Ravenna	RA
4	BORGO	Gallery + Hyper	Via M.E. Lepido, 184	Bologna	BO
5	Iper LAME	Hypermarket	Via Marco Polo, 3	Bologna	BO
6	Iper LEONARDO	Hypermarket	Viale Amendola, 129	Imola	BO
7	Iper LUGO	Hypermarket	Via Concordia, 36	Lugo di Ravenna	RA
10	Super AQUILEJA	Supermarket	Via Aquileja, 110 - 112	Ravenna	RA
14	Iper MALATESTA	Hypermarket	Via Emilia, 150	Rimini	RN
21	LE MAIOLICHE	Gallery + Hyper	Via Bisaura, 1/3	Faenza	RA
15	MILLENNIUM (Subsidiary)	Gallery	Via del Garda, 175	Rovereto	TN
16	SARCA (Subsidiary)	Gallery	Via Milanese, snc	Sesto San Giovanni	MI
17	MONDOVICINO	Gallery + Retail Park	Strada Vicinale Cassanio "Cascina Viotto"	Mondovì	CN
18	LUNGO SAVIO	Gallery	Via Jemolo, 110	Cesena	FC
19	GRAN RONDO'	Gallery	Via G. La Pira, 12	Crema	CR
23	I BRICCHI	Gallery	Via del Prato Boschiero, località Molini	Isola D'Asti	AT
10	Negozio AQUILEJA	Shop	Via Aquileja, 110 - 112	Ravenna	RA
14	Area ingrosso MALATESTA	Shop	Via Emilia, 150	Rimini	RN
14	Area fitness MALATESTA	Shop	Via Emilia, 150	Rimini	RN
25	CONE'	Gallery, Hyper, Retail Park	Via San Giuseppe/Viale Italia	Conegliano Veneto	TV
27	DARSENA CITY	Gallery	Via Darsena 73	Ferrara	FE
28	Via Rizzoli 16/18- Bologna	High Street Retail	Via Rizzoli 16/18	Bologna	BO
29	Bologna - Uffici (Hera)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
30	Bologna – Uffici (Librerie Coop)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
3	Ampliamento Centro Esp	Land lot	Via Marco Bussato, 74	Ravenna	RA
24	Terreno in Chioggia	Land lot	Località Brondolo	Chioggia	VE
LIV	Terreno in Livorno	Land lot	Via del Molo Mediceo	Livorno	LI

Winmarkt Portfolio - Romania, consisting in 16 assets

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2013 on the basis of the criteria expressed herein.

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. 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.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Professional Standards, Latest Italian Edition (2012),* on the basis of "Market Value" which is defined as: "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 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, Hypermarkets, Supermarkets, retail and office portions: Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (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 ones: 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.

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out, that can be summarised as follows.

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.

- The Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions.

- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.

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

- All data relating to the progress of construction works have been supplied to us by the Client.

CBRE

- 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 all the deeds, leases or other documents relating thereto.
- 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 the definition of Market Rent.
- We have not measured the Property but have relied upon the floor areas provided.
- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.

VALUATION

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 31st December 2013 is:

Market Value Euro 1,150,373,000.00 (One Billion One Hundred and Fifty Million Three Hundred Seventy-Three Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis continues to generate stagnation in real estate transactions.

The ongoing uncertainty, the lack of financing and the highly selective approach of liquid investors have the effect of limiting the mobility of the few active operators, which generates the scarce availability of observable benchmarks to estimate the impact of such a situation on market values.

We therefore recommend, especially when the valuation is strategic to your decision making process, to keep under regular review the assumptions and any likely fluctuation since the valuation date.

Yours faithfully

CBRE VALUATION S.p.A.

Mirko Baldini
(Managing Director)

Elena Gramaglia
(Associate Director)

CBRE

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Milan, January, the 31st 2014

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

CONTRACT N. 6687; N. 6688

Valuation certificate of the properties owned by IGD SIIQ Spa at 31/12/2013 – excluding land lots but including Winmarkt Portfolio in Romania and business agreements owned by subsidiary companies

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of the following assets owned by IGD SIIQ SpA:

Portfolio Italia:

RIF	ASSET	KIND OF ASSET	ADDRESS	TOWN	PROV.
3	ESP	Gallery + Hyper	Via Marco Bussato, 74	Ravenna	RA
4	BORGO	Gallery + Hyper	Via M.E. Lepido, 184	Bologna	BO
5	Iper LAME	Hypermarket	Via Marco Polo, 3	Bologna	BO
6	Iper LEONARDO	Hypermarket	Viale Amendola, 129	Imola	BO
7	Iper LUGO	Hypermarket	Via Concordia, 36	Lugo di Ravenna	RA
10	Super AQUILEJA	Supermarket	Via Aquileja, 110 - 112	Ravenna	RA
14	Iper MALATESTA	Hypermarket	Via Emilia, 150	Rimini	RN
21	LE MAIOLICHE	Gallery + Hyper	Via Bisaura, 1/3	Faenza	RA
15	MILLENNIUM (Società controllata)	Gallery	Via del Garda, 175	Rovereto	TN
16	SARCA (Società controllata)	Gallery	Via Milanese, snc	Sesto San Giovanni	MI
17	MONDOVICINO	Gallery + Retail Park	Strada Vicinale Cassanio "Cascina Viotto"	Mondovì	CN
18	LUNGO SAVIO	Gallery	Via Jemolo, 110	Cesena	FC
19	GRAN RONDO'	Gallery	Via G. La Pira, 12	Crema	CR
23	I BRICCHI	Gallery	Via del Prato Boschiero, località Molini	Isola D'Asti	AT
10	Negozio AQUILEJA	Shop	Via Aquileja, 110 - 112	Ravenna	RA
14	Area ingrosso MALATESTA	Shop	Via Emilia, 150	Rimini	RN
14	Area fitness MALATESTA	Shop	Via Emilia, 150	Rimini	RN
25	CONE'	Gallery, Hyper, Retail Park	Via San Giuseppe/Viale Italia	Conegliano Veneto	TV
27	DARSENA CITY	Gallery	Via Darsena 73	Ferrara	FE
28	Via Rizzoli 16/18- Bologna	High Street Retail	Via Rizzoli 16/18	Bologna	BO
29	Bologna - Uffici (Hera)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO
30	Bologna – Uffici (Librerie Coop)	Office unit	Via dei Trattati Comunitari, 13	Bologna	BO

Winmarkt Portfolio - Romania, consisting in 16 assets.

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2013 on the basis of the criteria expressed herein.

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. Specifically, we have been provided with: 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.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Professional Standards, Latest Italian Edition (2012),* on the basis of "Market Value" which is defined as: "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 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:

- Market Value of operating shopping galleries, Hypermarkets and Supermarkets; of office and retail portions; of the leasehold interest of the shopping gallery whose business lease is held by a subsidiary company.

The criterion applied to the above listed assets is the:

- Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (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.

LIMITATIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows.

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.
- The Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions.
- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.
- No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.
- 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 all the deeds, leases or other documents relating

thereto.

- 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 the definition of Market Rent.

- We have not measured the Property but have relied upon the floor areas provided.

- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.

VALUATION

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 in the report, we are of the opinion that the current market value of the properties owned by IGD SIIQ SpA as at 31st December 2013, listed in the introduction is:

Asset owned by **IGD + WINMARKT**:
Market Value Euro 1,000,973,000.00
(One Billion Nine Hundred Seventy Three Thousand Euro/00)

MARKET UNCERTAINTY

The lasting economic and financial crisis continues to generate stagnation in real estate transactions.

The ongoing uncertainty, the lack of financing and the highly selective approach of liquid investors have the effect of limiting the mobility of the few active operators, which generates the scarce availability of observable benchmarks to estimate the impact of such a situation on market values.

We therefore recommend, especially when the valuation is strategic to your decision making process, to keep under regular review the assumptions and any likely fluctuation since the valuation date.

Yours faithfully

CBRE VALUATION S.p.A.

Mirko Baldini
(Managing Director)

Elena Gramaglia
(Associate Director)

CBRE

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Agrate Brianza, 25 February 2014

Pos. n° 6443,09-8754

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

To the kind attention of Roberto Zoia

Determination of the Market Value at 31 December 2013 of a real estate portfolio located in Italy, comprising 12 commercial properties and 2 real estate projects in Italy, owned by IGD Group S.p.A.

Dear Sirs,

In compliance with your terms of engagement, REAG – Real Estate Advisory Group S.p.A. (hereinafter "REAG") has carried out an appraisal of the above real estate portfolio, owned by IGD Group S.p.A. Group (hereinafter the "Client"), in order to determine the Market Value at 31 December 2013.

The valuation was carried out based on the following assumptions:

- disposal of each Property/Real Estate Project as a whole, considering their letting status at the appraisal date.

REAL ESTATE ADVISORY GROUP

Definitions

The terms listed below shall have the following meaning in this Report, unless otherwise indicated in 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 the "Portfolio") denotes the collection of real estate (land, buildings, fixed installations and external building work) covered by the Valuation, with the express exclusion of any other different assets, including movable assets and intangible assets, and indicates the entire group of "Properties" being appraised.

"Property" (hereinafter the "Property") denotes the real estate (land, buildings, fixed installation, external building work) being appraised, with the express exclusion of any other different assets, including movable assets and intangible assets.

"Real Estate Project" denotes the difference between revenues and costs (direct + indirect, excluding the cost of land and the developer's profit) of the real estate project relating to the property, over the period corresponding to its duration. The Project Value is the Net Present Value (NPV) at the date of estimating the above difference.

"Valuation" denotes the opinion of the "(….) value at a property's valuation date. Unless limitations are agreed in the terms of engagement, the opinion 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" (RICS Valuation Standards, Italian edition, 1 March 2009).

"Market Value" denotes "(...) the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".(RICS Valuation Standards, Italian edition, March 2012).

"Market Rent" denotes "(…) the estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". (RICS Valuation Standards, Italian edition, March 2012).

Valuation methods

The Asset by Asset valuations of the entire portfolio were done in light of the terms and conditions found in the drafts of the rental agreements, including for business divisions, and the single rent rolls at December 2013 provided by the owners.

For shopping centers comprising both hypermarkets and malls, as agreed with the Client, REAG separated them into two entities, hyper and mall, carrying out two distinct valuations and on the basis of specific assumptions and valuation methods . For the development projects (San Benedetto del Tronto and the expansion of the shopping center San Giovanni Teatino) the Development Method was used.

When conducting the valuation REAG has adopted generally accepted methods and principles, using in particular the "valuation methods" described below.

- *For the shopping malls, hypermarkets, Pesaro store and office building in San Benedetto del Tronto:*
    - **Comparative or Market Method,** based on a comparison between the Property and other similar properties recently sold or currently offered on the same or competing markets.

- **Income Method:** which uses two different approaches:
  1. Direct Capitalization: based on capitalizing, at an applicable market rate, the future net income generated by the Property.
  2. Discounted Cash Flow Method, based:
     a) on determining the Property's future net rental income for a period of "n" years;
     b) on determining the Property's Market Value by capitalizing the final year's net rental income in perpetuity;
     c) on discounting net cash flows to present value at the valuation date.

• *The Real Estate Projects relating to the land under development in San Benedetto del Tronto and at the Abruzzi shopping mall in San Giovanni Teatino have been valued using the following method:*

- **Development Method:** based on discounting to present value at the valuation date the cash flows generated by the real estate project over the period corresponding to its duration.

  This method is associated with a ***discounted cash flow model*** based on a This method is associated with a discounted cash flow model based on a development project defined in buildable quantities, intended use, conversion costs and sustainable revenue. In other words, a cost/revenue analysis is used to determine the ***Market Value*** of the Property being appraised.

  The model comprises a statement of cash inflows and outflows for the real estate development project. Cash outflows comprise the costs of construction, demolition, urban development, design, project management, the developer's profit and other miscellaneous items; cash inflows comprise revenues from the sale of properties for their intended uses.

  The allocation of these costs and revenues over time produces a pattern of cash flows, net of the developer's profit, that is discounted to present value using an appropriate discount rate that represents the cost of capital. The cost of capital must take into account:

- the percentages of equity and debt financing (financial structure);
- the rates on risk-free investments with a similar duration to the development project;
- the corrective spread to these rates (illiquidity risk, country risk, project risk and zoning risk);
- the cost of debt financing.

Revenue and costs are in a constant currency and positioned at the time in which they occur.

In order for the value determined using the Development Method to be identified with Market Value, the economic transaction associated with the development must refer to an "ordinary" property developer. An "ordinary" property developer is one with "normal" technical and organizational capabilities, meaning one that undertakes an economic transaction with identical or very similar revenues and costs to those that the majority of property developers would have for the same transaction. Any other type of property developer that was not "ordinary" might have higher or lower income, thus affecting the Market Value.

In addition, REAG:

- carried out site inspections at the Senigallia, San Benedetto del Tronto, San Giovanni Teatino, Livorno, Rome, Guidonia, Afragola and Gravina (Catania) shopping centers in December 2013 to obtain, in addition to the information provided by the Client, all the data (such as building size, construction quality, condition and maintenance etc.) needed to prepare the valuations. REAG has not carried out any site inspections of the other properties but has relied on the information already in its possession and on that provided by the Client;

- has analyzed the conditions of the local real estate market, taking into account local economic data and adapting it to the specific characteristics of the Property using appropriate statistical techniques;

- has used the figures on property size, derived from documentation provided by the Client;

- has considered the model draft lease agreement, the individual amounts of the rents as rent roll and the related contractual terms (duration, insurance costs, maintenance costs etc.) provided by the Client;

- has determined the Market Value of the Properties on the assumption of full and optimal use, and therefore considering only those technical, legally permitted and financially viable uses that are potentially capable of maximizing the value of the Properties;

- has updated the analysis of the catchment area relative to all the assets appraised;

- has considered the existing letting status at the date of appraisal, as communicated by the Client.

Contents of the Report

This dossier contains the final report on the conclusions reached by REAG and comprises:

– General letter of introduction to the work, which identifies the properties, describes the type of investigation performed, and presents and certifies the valuation opinion;
– Assumptions and limitations of the valuation;
– General terms of engagement.

Conclusions

REAG has reached its conclusions based on the results obtained after completing all the following steps:

- site inspections of the Properties;
- collection, selection, analysis and evaluation of the data and documents relating to the Properties;
- conduct of appropriate market research;
- technical and financial calculations;

and on the basis of the valuation methods and principles indicated above.

and on the basis of the valuation methods and principles indicated above.

Everything stated and considered

it is our opinion that the **Market Value** of the stated Properties (Properties and Real Estate Projects) at 31 December 2013 can be reasonably estimated as follows:

	CITY	PROVINCE	PROPERTY	TYPE
5	SAN BENEDETTO DEL TRONTO	AP	S.C. PORTO GRAND	MALL+HYPERMARKET
5	SAN BENEDETTO DEL TRONTO	AP	S.C. PORTO GRANDE	OFFICE BUILDING
5		AP	S.C. PORTO GRANDE	DEVELOPMENT
6	LIVORNO	LI	S.C. LE FONTI DEL CORALLO	MALL+HYPERMARKET
7	ROMA	RM	S.C. CASILINO	MALL+HYPERMARKET
8	GUIDONIA MONTECELIO	RM	S.C. TIBURTINO	MALL+HYPERMARKET
10	PESARO	PU	Hypermarket MIRALFIORE	MALL+HYPERMARKET
10	PESARO	PU	Hypermarket MIRALFIORE	SHOP
11	CESANO DI SENIGALLIA	AN	Hypermarket MAESTRALE	MALL+HYPERMARKET
13	SAN GIOVANNI TEATINO	CH	S.C. CENTRO D'ABRUZZO	MALL+HYPERMARKET
13	SAN GIOVANNI TEATINO	CH	S.C. CENTRO D'ABRUZZO	DEVELOPMENT
14	AFRAGOLA	NA	S.C. LE PORTE DI NAPOLI	MALL+HYPERMARKET
22	GRAVINA DI CATANIA	CT	S.C. KATANE'	MALL+HYPERMARKET
23	PALERMO	PA	S.C. LA TORRE	MALL+HYPERMARKET

Euro 740,910,000.00

(seven hundred forty million nine hundred ten thousand euros and zero cents)

Supervision and control:
Signed by:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed by:
Osvaldo Rigamonti
Senior Director

An American Appraisal company

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Agrate Brianza, 25 February 2014

Pos. n° 6443,09-8754

To:

IGD SIIQ S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

To the kind attention of Roberto Zoia

Determination of the Market Value at 31 December 2013 of the real estate portfolio comprising 12 commercial properties located in Italy owned by the IGD SIIQ S.p.A. GROUP, excluding the real estate projects located in San Benedetto del Tronto and San Giovanni Teatino

Dear Sirs,

In compliance with your terms of engagement, REAG – Real Estate Advisory Group S.p.A. (hereinafter "REAG") has carried out an appraisal of the above real estate portfolio, owned by the IGD SIIQ S.p.A. Group (hereinafter the "Client"), in order to determine the Market Value at 31 December 2013.

The valuation was carried out based on the following assumptions:

- disposal of each Property/Real Estate Project as a whole, considering their letting status at the appraisal date,

An American Appraisal company

REAL ESTATE ADVISORY GROUP

Definitions

TThe terms listed below shall have the following meaning in this Report, unless otherwise indicated in 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 the "Portfolio") denotes the collection of real estate (land, buildings, fixed installations and external building work) covered by the Valuation, with the express exclusion of any other different assets, including movable assets and intangible assets, and indicates the entire group of "Properties" being appraised.

"Property" (hereinafter the "Property") denotes the real estate (land, buildings, fixed installation, external building work) being appraised, with the express exclusion of any other different assets, including movable assets and intangible assets.

"Real Estate Project" denotes the difference between revenues and costs (direct + indirect, excluding the cost of land and the developer's profit) of the real estate project relating to the property, over the period corresponding to its duration. The Project Value is the Net Present Value (NPV) at the date of estimating the above difference.

"Valuation" denotes the opinion of the "(….) value at a property's valuation date. Unless limitations are agreed in the terms of engagement, the opinion 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" (RICS Valuation Standards, Italian edition, 1 March 2009).

"Market Value" denotes "(...) the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".(RICS Valuation Standards, Italian edition, March 2012).

"Market Rent" denotes "(…) the estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". (RICS Valuation Standards, Italian edition, 1 March 2012).

Valuation methods

The Asset by Asset valuations of the entire portfolio were done in light of the terms and conditions found in the drafts of the rental agreements, including for business divisions, and the single rent rolls at December 2013 provided by the owners.
For shopping centers comprising both hypermarkets and malls, as agreed with the Client, REAG separated them into two entities, hyper and mall, carrying out two distinct valuations and on the basis of specific assumptions and valuation methods.

When conducting the valuation REAG has adopted generally accepted methods and principles, using in particular the "valuation methods" described below.

- **Comparative or Market Method,** based on a comparison between the Property and other similar properties recently sold or currently offered on the same or competing markets.

- **Income Method:** which uses two different approaches:
    1. Direct Capitalization: based on capitalizing, at an applicable market rate, the future net income generated by the Property.
    2. Discounted Cash Flow Method, based:
        a) on determining the Property's future net rental income for a period of "n" years;
        b) on determining the Property's Market Value by capitalizing the final year's net rental income in perpetuity;
        c) on discounting net cash flows to present value at the valuation date.

In addition, REAG

- carried out site inspections at the Senigallia, San Benedetto del Tronto, San Giovanni Teatino, Livorno, Rome, Guidonia, Afragola and Gravina (Catania) shopping centers in December 2013 to obtain, in addition to the information provided by the Client, all the data (such as building size, construction quality, condition and maintenance etc.) needed to prepare the valuations. REAG has not carried out any site inspections of the other properties but has relied on the information already in its possession and on that provided by the Client;

- has analyzed the conditions of the local real estate market, taking into account local economic data and adapting it to the specific characteristics of the Property using appropriate statistical techniques;

- has used the figures on property size, derived from documentation provided by the Client;

- has considered the model draft lease agreement, the individual amounts of the rents as rent roll and the related contractual terms (duration, insurance costs, maintenance costs etc.) provided by the Client;

- has determined the Market Value of the Properties on the assumption of full and optimal use, and therefore considering only those technical, legally permitted and financially viable uses that are potentially capable of maximizing the value of the Properties;

- has updated the analysis of the catchment area relative to all the assets appraised;

- has considered the existing letting status at the date of appraisal, as communicated by the Client.

Contents of the Report

This dossier contains the final report on the conclusions reached by REAG and comprises:

– General letter of introduction to the work, which identifies the properties, describes the type of investigation performed, and presents and certifies the valuation opinion;
– Assumptions and limitations of the valuation;
- General terms of engagement.

Conclusions

REAG has reached its conclusions based on the results obtained after completing all the following steps:

- site inspections of the Properties;
- collection, selection, analysis and evaluation of the data and documents relating to the Properties;
- conduct of appropriate market research;
- technical and financial calculations;

and on the basis of the valuation methods and principles indicated above.

REAL ESTATE ADVISORY GROUP

Everything stated and considered

it is our opinion that the **Market Value** of the stated Properties (Properties) at 31 December 2013 can be reasonably estimated as follows:

	CITY	PROVINCE	PROPERTY	TYPE
5	SAN BENEDETTO DEL TRONTO	AP	S.C. PORTO GRAND	MALL+HYPERMARKET
5	SAN BENEDETTO DEL TRONTO	AP	S.C. PORTO GRANDE	OFFICE BUILDING
6	LIVORNO	LI	S.C. LE FONTI DEL CORALLO	MALL+HYPERMARKET
7	ROMA	RM	S.C. CASILINO	MALL+HYPERMARKET
8	GUIDONIA MONTECELIO	RM	S.C. TIBURTINO	MALL+HYPERMARKET
10	PESARO	PU	Hypermarket MIRALFIORE	MALL+HYPERMARKET
10	PESARO	PU	Hypermarket MIRALFIORE	SHOP
11	CESANO DI SENIGALLIA	AN	Hypermarket MAESTRALE	MALL+HYPERMARKET
13	SAN GIOVANNI TEATINO	CH	S.C. CENTRO D'ABRUZZO	MALL+HYPERMARKET
14	AFRAGOLA	NA	S.C. LE PORTE DI NAPOLI	MALL+HYPERMARKET
22	GRAVINA DI CATANIA	CT	S.C. KATANE'	MALL+HYPERMARKET
23	PALERMO	PA	S.C. LA TORRE	MALL+HYPERMARKET

Euro 722,720,000.00

(seven hundred twenty-two million seven hundred twenty thousand euros and zero cents)

Supervision and control:
Signed by:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Signed by:
Osvaldo Rigamonti
Senior Director

An American Appraisal company

2.7 The SIIQ Regulatory Environment

The special SIIQ regime was introduced under Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (the 2007 budget law).

The regulatory framework was completed when the Ministry of Economics and Finance issued the Founding Law as Regulation n. 174/2007 which was subsequently interpreted by the Tax Office in Bulletin n. 8/E issued on 31 January 2008.

Subsequently, pursuant to Art. 12 of Legislative Decree n. 135 dated 25 September 2009 a new paragraph, 141-bis, of Art. 1 of Law n. 296 dated 27 December 2006, was introduced eliminating the Italian residency requirement for the companies that intend to participate in the SIIQ regime. Further reference was made in this regard in the Tax Board's Resolution n. 136 of 27 December 2010.

Based on the above mentioned norms and regulations and common practice, the requirements for eligibility under the special regime, to date, are the following:

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

- rules must be adopted which regulate investments
- limits on the concentration of investment and counterparty risk must be provided for
- limits on the maximum financial leverage permitted must be provided for

Ownership requirements

- a single shareholder may not hold more than 51% of the company, the so-called **"Control limit"**
- at least 35% of the float must be held by shareholders who hold less than 2% of the voting rights exercisable in ordinary Shareholders' Meetings and less 2% of the dividend rights, the so called **"Float requisite"**

Objective requirements

- freehold rental properties must make up 80% of the real estate assets, the so-called **"Asset Test"**
- revenues from rental activities must total at least 80% of the positive entries in the income statement.

The primary characteristic of this special regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.

Given the fact that income generated by the SIIQ is subject to income tax solely when distributed to shareholders, the law requires that at least 85% of the rental income must be distributed.

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

In April 2008, once it was clear that all the subjective, statutory and ownership requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.

Furthermore, for the purposes of SIIQ status, the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets, the real property rights on same, the plots of land 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**).

Pursuant to paragraph 128, Art. 1 of the Founding Law, IGD opted to pay the Entry Tax of €30,797,217 in five yearly installments.

The payment of each installment coincides with the deadline for IRES payments related to the prior tax period. The installments subsequent to the payment of the first installment will be paid with the interest matured calculated based on the discount rate plus one percentage point.

As mentioned above, pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes at least 85% of same. In this regard, on 18 April 2013 the Shareholders' Meeting approved payment of a dividend totalling €22,333,408 for 2012 and the earnings distributed were generated entirely by exempt operations and amounted to not less than 85% of the earnings from these operations that were distributable.

Based on the parent company's financial statements at 31.12.2013 both 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.

→ Disclosure regarding Compliance with Corporate by-law requirements (Art. 3, p. 2, ministerial decree n. 174 of 7 July 2007)

With regard to the requirements related to corporate by-laws, please note the following.

With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's by-laws 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 by-laws 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 by-laws 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.

2.8 Organization and Human Resources

2013 was a year of consolidation, during which little changed in terms of organizational structure or workforce, while in terms of labor relations the Group's collective supplementary labor agreement was renewed.

Despite the period of deep economic crisis and high unemployment, the IGD Group (Italy) was open to negotiating the renewal of the collective supplementary labor agreement and in a relatively short period of time a new contract was signed in October. The contract, effective as of 1/11/2013 and expiring on 31/10/2016, introduced new terms and updates relating to: **variable compensation,** relating primarily to payment conditions; career **paths and training,** introducing a simpler structure; **personnel in transit** with improved conditions for personnel being transferred.

→ Organizational structure

The organizational structure did not change, with the exception of the hiring of one individual by the **headquarters' commercial** division, in order to handle the increasing complexity of the negotiations with the mall tenants and a **head of sales** for the residential segment of the "Porta a mare" project in Livorno, in order to have more direct and efficient control of the market and the sales.

The commercial network was impacted by the expiration of a third party mandate for the management of a mall and the resource dedicated to this mandate was transferred to another division.

With regard to the **Winmarkt Group,** in 2013 the staff was changed to include:

- 1 Property account executive – asset management and pipeline implementation
- 1 Marketing executive to promote and manage network marketing initiatives

→ Staff and turnover

The staff increased by one head.

The data relating to the domestic market show:

- consistent growth in career paths with a view to the development of internal resources;
- a more proportionate relationship between the number of women and the number of men;
- a further reduction in the number of temporary contracts.

The collaboration with local high schools and universities continued in 2013, offering graduates and students nearing the end of their studies, school/work programs and internships.

The average age (40) and the average level of education were unchanged.

IGD GROUP ITALY AT 31/12/2013	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	OF WHICH FIXED TERM	TOTAL	PERCENTAGE
MEN	**4**	**13**	**24**	**11**	**(1)**	**52**	**45%**
WOMEN	**1**	**7**	**23**	**32**	**(1)**	**63**	**55%**
TOTAL	**5**	**20**	**47**	**43**	**(2)**	**115**	
Percentage	4%	17%	41%	38%		100%	100%
Percentage of total employees					(1.7%)		
Comparison with 2012						+1	+0.87%

TURN OVER ITALY 2013 (INCLUDING FIXED TERM RESOURCES)	HIRES	RESIGNED	DIFFERENCE
MANAGERS	0	0	0
MIDDLE MANAGERS	0	0	0
JUNIOR MANAGERS	1	0	1**
CLERKS	3	3	0
TOTAL	**4**	**3**	**1**

** Increase net of any promotions

WINMARKT GROUP - ROMANIA AT 31/12/2013	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	TOTAL
MEN	**1**	**3**	**12**	**2**	**18**
WOMEN	**0**	**2**	**7**	**20**	**29**
TOTAL	**1**	**5**	**19**	**22**	**47**
%	2%	11%	35%	47%	100%

TURN OVER ROMANIA 2013	HIRES	RESIGNED	DIFFERENCE
Managers	0	0	0
Middle managers	0	1	-1
Junior managers	3	1	2
Clerks	6	6	0
TOTAL	**9**	**8**	**1**

→ Compensation policies

The **personnel evaluation system** tied to **merit based incentives** has been fully implemented and resulted in the evaluation of the work done by 55 employees in the prior year, equal to 49% of the full-time staff, and **17 merit based pay raises,** equal to 31% of the personnel involved, excluding executives.

In order to promote growth and development in the Winmarkt Group, in 2013 a primary recruiting company was called upon to assist with finding junior managers to be involved in internal training programs in preparation for the role making it possible to promote the other managers.

→ Training

In 2013 the training programs offered were particularly well rounded and diversified. The training offered involved:

- **English language courses,** offered regularly in order to learn/maintain the English language skills needed to fulfill the employee's duties;
- **refresher and advanced courses** relating to changes in laws and division specific activities;
- **safety,** with general training of new hires and specific training of existing and newly assigned managers in accordance with T.U. n. 81;
- **corporate sustainability** in order to introduce the principles of the sustainability report to middle and junior managers;
- **team building focusing on professional and personal growth in order to enhance competitiveness,** offered initially to middle managers and subsequently to all employees during the company workshop in December.

The initiative took up and developed the topics addressed during the 2012 team building in order to work on the strong points and difficulties that emerged.

As in the prior year, 100% of the company was involved in at least one training course in 2013. A total of **4,617** hours of training was offered, an increase of approximately 60% with respect to the prior year, with an average per employee of 40 hours and a total cost of approximately €**123,868** (approximately €1,077 per employee).

Training within the Winmarkt Group focused on:

- the real estate market: refresher courses regarding the latest international and local market trends and developments, including relating specifically to the retail sector
- professional refresher courses: training courses focused on individual professional development for the members of the commercial, technical, legal and administrative departments
- motivational/professional team building for the entire commercial staff (headquarters and network)

Overall in 2013, taking into account the quality and the type of training hours offered designed to meet specific departmental needs, about 75% of the entire staff was involved.

Early 2014, at the same time as an important opening, the annual workshop will be held which will involve the entire staff and address a number of topics relating to internal operations.

2.9 Subsequent events

In January 2014 IGD purchased the retail and services complex, and relative appurtenances, of the Mazzini area from Porta Medicea for a total of €26.5 million, in addition to the transfer tax and ancillary charges, for which down payments amounting to €19.5 million at 31 December 2013 had already been made. The real estate complex purchased, which comprises a supermarket, a midsize store and 35 shops, all located on the ground floor, is expected to open in the second half of 2014.

In the same month an amendment to the agreement for the loan granted by BNP Paribas's Italian branch was executed. As a result of the amendment the floating rate was converted to a fixed rate which was set on 29 January 2014 at 5.162% with the conversion taking effect on 31 January 2014.

On 26 February, pursuant to the preliminary agreement signed on 14 February 2014, that sale of a mall in the "Fonti del Corallo" Shopping Center in Livorno to a private real estate fund managed by BNP Paribas REIM Sgr was finalized. Consideration for the sale of the property which covers approximately 7,300 m^2 amounted to €47 million. After the closing, IGD will continue to own the business division that manages the mall along with the relationships with tenants and will lease the property based on a long term lease. This agreement will make it possible for IGD to keep the network of the shopping centers managed unchanged. Fonti del Corallo in Livorno is of primary importance to this network as it is located in a region of particular interest to the Company's business and also includes an Ipercoop with a sales area of approximately 8,500 m^2 which IGD will continue to own.

In February 2014 the magazine "Retail&Food" awarded the Porta a Mare Project the first prize, "Prima Pietra", as the best project in the special category "Innovation Indicators", dedicated to the most innovative retail real estate projects in Italy from a commercial, architectural, urbanistic and social point of view.

2.10 Outlook

In **2014** the IGD Group expects the global market conditions to **improve** with regard, in particular, to **consumption** which will directly impact IGD's performance; revenue is expected to rise as a result of the new openings planned which include, in the first half, the extension of the Centro d'Abruzzo and, in the second half, the retail portion of the Piazza Mazzini area, as well as an increase in revenue from trading thanks to the sale of additional residential units in the Mazzini area.

In 2014 the IGD Group will be focused on **laying the groundwork for a new process of investment and development** through more dynamic portfolio management with rotation of working capital including through **disposals,** which will impact returns in 2015 and which, in 2016, will have an even greater impact on the balanced financial and asset structure targeted in the 2014-2016 Business Plan.

2.11 IGD SIIQ SPA's and the Group's Primary Risks and Uncertainties

In the future the Group's earnings and financial situation could be influenced by a series of risk factors which could affect both property management and real estate development.

In order to systematically assess and monitor its risks, IGD SIIQ S.p.A. implemented an Enterprise Risk Management (ERM) system which conforms to the highest international standards and the COSO framework (promoted by the Committee of Sponsoring Organizations of the Treadway Commission). This system provides a systematic approach to identifying the primary corporate risks, making it possible to assess the potential negative effects in advance and organize control mechanisms.

The Company monitors these risks using a model based on Key Risk Indicators, which assists management in assessing the residual exposure relative to each type of risk. The primary business risks that IGD faces and manages are listed below.

The Company monitors the different corporate risks through the use of risk mapping and risk scoring based on which a score is assigned to the risk based on the potential impact, probability of occurrence and the level of control. IGD also monitors these risks using a model based on Key Risk Indicators, which assists management in assessing the residual exposure relative to each type of risk. The primary business risks that IGD faces and manages are listed below.

1. Strategic risks

→ 1.1 Risks associated with change in the macro and micro economic scenarios or consumer trends

Risk factors

- change in growth rates;
- inflation;
- change in consumer volumes and trends;

which could negatively impact the Group's revenue and the value of its assets.

Risk management

Periodically the Company monitors the Italian economic situation, particularly when defining or updating the Businss plan or annual budget. The analyses include a study of Italy's principal macroeconomic indicators (GDP, consumption, family income, etc.).

While these studies are being conducted, the Company also carries out in depth analyses of the competition: the Company monitors the performance of the main competitors and peers as part of specific initiatives or when the Business Plan or the Budget are presented by examining the most important economic, financial and performance indicators.

When a new shopping center/location is opened the Company normally, including with the help of specialized professionals, completes economic and geomarketing studies of the catchment area involved in order to have a complete vision of the specifc market that the Company will be entering and doing business in.

Great attention is also paid to the tenants' results. Management carefully monitors the sales statistics and the indicators that could point to any problems the tenants might be experiencing, paying particular attention to the impact that contract renegotiations could have on the clients: the steps taken to support the retailers and any operational changes are shared with the Commercial Division and are, at any rate, subject to the approval of Operations Management and the budget revisions made with respect to the budget approved by the Board of Directors.

The positioning with respect to the targets for each shopping center is monitored and any changes that are made to the merchandising mix/tenant mix during the renewal phase, expansion and remodeling are in line with the targets.

The controls for this type of risk were also monitored as part of the Group Enterprise Risk Management initiative.

→ 1.2 Loss of asset value

Risk factors

- Exogenous factors
- Global economic crisis
- Changes in the domestic/international market

which results in a significant devaluation of the asset portfolio

Risk management

The shopping centers are located throughout the country which reduces the exposure to risks connected to regional phenomenon.

The analysis of sales figures, along with the monitoring of commercial dynamics, receivables, renegotiations, traffic volume, support of the independent expert with the appraisal of the assets, help the management spot signs that changes are taking place in the retail real estate market.

Periodically the Company also runs sensitivity analyses involving the valuations of the portfolio assets in order to constantly monitor the effects that changes due to changes in the global economic environment on the discount or cap rate or revenue would have on the value of the assets.

The controls for this type of risk were also monitored as part of the Group Enterprise Risk Management initiative.

1.3 Country risk

Risk factors

The risk pertains to the investments made in the companies doing business in Romania and presents the following risk factors:

- changes in the country's macroeconomic scenario;
- geopolitical problems in the country;
- change in the country's growth rates;
- inflation within the country;
- change in the country's consumer trends and volumes;
- third party restitution claims requesting the return of real property;

which could have an impact on revenue and on the value of the Group's assets.

Risk management

IGD's portfolio is spread out throughout the country; the 16 assets, an office building and 15 shopping centers, are found in 13 midsize cities. This makes it possible to diversify the risks linked to consumer volatility, while the fact that the centers are centrally located helps to minimize risk of decreased consumption which could affect the outlying shopping areas.

Top Management of the Romanian subsidiaries monitors the country's economic trends constantly, verifying that the principal indicators of economic and political stability (interest rates, the political scenario, implementation of EC subsidies and the local regulatory environment) are stable and that no problems for IGD's business have developed.

The management of WinMarkt also uses structured tools to monitor dynamics of the local competition.

The Company has also adopted a commercial strategy designed to improve the quality of the tenants by selecting high profile international partners.

As part of the Enterprise Risk Management project, the Company implemented a structured risk management program based on risk indicators relative to the local competitive environment.

With regard to third party restitution claims, please note that the statute of limitations for filing such claims has run. The Group, however, stipulated a "Title Insurance" policy to protect against risks linked to this type of claim in order to protect the value of the assets held in Romania.

2. Operational risks

2.1 Tenant related risk

Risk factors

- the shopping center fails to attract the target customers found in the catchment area;
- merchandising mix does not meet the needs of the customers in the catchment area;
- tenant mix does not meet the needs of the customers in the catchment area;

which could impact sales and the ability of the tenants to fulfill their contractual obligations with IGD.

Risk management

The Company's commercial divisions, along with Operations Management, evaluate the planned positioning in order to limit the risks connected to tenant and merchandising mixes which fail to meet the needs of each shopping center's potential customers.

The commercial planning is carried out in accordance with internal procedures. The company constantly monitors, including through the use of the updated internal sales data, the tenants' sales and the vacancy rates. All of the commercial choices made respect the policy defined by the Commercial Division and any atypical allocation of the space must be approved by the Commercial Division. Toward this end the Commercial Division meets each week in order to coordinate and check the steps taken in the region.

The tenant mix is selected on the basis of the analyses done, including through the help of specialized professionals, regarding the shopping center's intrinsic characteristics and its location.

The Company has also strengthened its ability to process and compile data having created a position specifically for this purpose.

2.2 Credit risk

Risk factors

- client default;
- credit recovery problems.

Risk management

The tenants are subject to pre-contractual selection based on parameters linked to the business's financial soundness and P&L forecasts.

The analyses of potential clients are done with the help of specialized consultants and focus on understanding potential risks for the Company. Monthly analyses are also done in order to assess the level of risk associated with each tenant and to monitor solvency.

All clients must guarantee their contractual obligations with sureties and/or security deposits. The company constantly monitors the contractual relationship to ensure that the contractual obligations are being respected and in the event of default the company follows the internal procedures for credit management; in a few instances, involving well-known tenants, remedial measures may be taken.

The credit positions are constantly monitored through the use of a tenant payment scheduled, developed each quarter, but monitored daily in order to follow constantly the measures taken or that need to be taken in terms of debt collection.

Top Management was also involved in a project designed to monitor the ways in which the different consortiums (owners, operators and "mixed") responsible for shopping center management handle the collection of trade receivables. The purpose of this initiative was to develop a model to support the Company in the constant monitoring of receivables which makes it possible to identify any problem areas in a timely manner and take action.

→ 2.3 Contract risk

Risk factors

- problems managing the contractual relationship with tenants;
- Increased costs or loss of income.

Risk management

The Company conducts preliminary evaluations of potential tenants, referring also to third party credit analyses through the Lince system.

Guarantees in the form of sureties and security deposits are also requested once the economic terms have been agreed upon.

The Consortium contracts are stipulated with the involvement of all the consortia tenants on a pro-rata basis (broken down into thousandths) and, based on the bylaws, owners will be granted voting rights if deemed opportune.

The Consortium is responsible for the management of the center and all operators will be charged for the operating costs on a pro-rata basis (broken down into thousandths).

The Company, furthermore, uses standard rent/lease agreements that may be revised/amended based on the conditions agreed upon with the tenant; if need be the Company may avail itself of outside consultants or the internal legal department in order to define specific contractual clauses.

→ 2.4 Pre-letting risk

Risk factors

- chance that the property remains partially vacant and the target occupancy rates are not hit,

  which could impact both revenue and the value of the Group's assets.

Risk management

The Company controls pre-letting risk through promotional activities and incentive schemes involving current and potential tenants.

Intense public relations activities are carried out with the tenants in order to ensure that the space is let and investments are made in promotional activities and launches.

The surface coverage ratios are constantly monitored throughout the management and life of a shopping center.

The commercial team is comprised of highly experienced sector professionals who work to reach the Group's objectives in terms of revenue and filling vacant space.

During its weekly meetings, the Commercial Division analyses the occupancy rates of the different shopping centers and determines any steps that need to be taken to reach a vacancy rate that is close to zero.

Capex are budgeted in order to improve the quality and appeal of the properties, including by changing the property's internal layout which makes it possible to meet the tenant's needs and/or adapt to changing economic conditions.

In the event tenants are sought that are not part of the Company's typical tenant portfolio, the Company will work with specialized professionals.

→ 2.5 Risks associated with natural disasters (i.e. earthquakes, floods, fires) or damages caused by third parties and third party liability

Risk factors

- natural disasters (for example, floods, earthquakes, etc.);
- catastrophic events (for example, fires);
- damages caused by third parties;
- damages incurred by third parties in the course of business or related activities;

  which could impact the value of the Group's assets or cash flow.

Risk management

Given the type of business and its unique portfolio, the Company has taken out All Risk policies with a primary sector insurance company based on which each shopping center has annual coverage.

Based on the Group's risk management policy vis-à-vis damage to assets, each consortium of tenants and/or owners must stipulate its own All Risk policy with an insurance company.

With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities. The consortia, the Sales & Marketing, Network Management and Asset Management and Development Divisions all constantly check the quality and maintenance of the properties in order to understand if further steps must be taken to limit risk.

The company invests significantly in the maintenance and quality of its properties.

The Company, as part of the Group Enterprise Risk Management initiative, also updated its risk analysis in order to ensure the adequacy of the insurance coverage.

3. Compliance risk

→ 3.1 Liability pursuant to Legislative Decree 231/01

Risk factors

- sanctions associated with corporate liability for crimes committed pursuant to Legislative Decree 231/01;

Risk management

The Company adopted the "Organizational Model" pursuant to Legislative Decree. 231/01 which defines the guidelines, rules and code of conduct that should govern the company's activities and which must be complied with in order to minimize the risk that the crimes referred to in Legislative Decree. 231/01 are committed, and which ensures maximum transparency and fairness in the company's business dealings.

When Legislative Decree. 231/01 took effect, the company also prepared a Code of Conduct applicable to all IGD employees who must ensure that they perform their duties in accordance with the standards included in the code.

Toward this end, the Supervisory Board adopted specific procedures and, together with Internal Audit, seeks to ensure that they are complied with.

The Supervisory Board constantly updates and amends the Model to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure.

Training courses were also provided to employees following the update of the Legislative Decree. 231/01 Model which introduced two new offenses: i) corruption between private parties (art. 25-*ter,* lett. s-*bis*); ii) inappropriate persuasion to give or share profits (art. 25).

→ 3.2 Regulatory Risk

Risk factors

- Sanctions for violations of the regulations issued by the stock exchange and regulatory agencies relating to companies with financial instruments traded on a regulated market.

Risk management:

The company pays great attention to the norms and regulations governing listed companies.

More in detail, the Corporate & Legal Affairs and Investor Relations Departments work to comply with the norms and regulations issued by the stock exchange and the regulatory agencies, while also organizing the disclosure of any information to the market. This process, which calls for the close collaboration of the internal divisions involved in compiling, checking and disclosing data and information regarding the company's administration, accounts and operations, is done in accordance with internal procedures and under the supervision of the Chief Executive Officer and the Financial Reporting Officer.

The market rules and regulations are constantly monitored in order to understand the possible ramifications for the Company.

→ 3.3 Liability pursuant to Legislative Decree 262/05

Risk factors:

- Sanctions associated with violations of the Financial Reporting Officer's responsibilities pursuant to Law 262/05.

Risk management:

The Company, in accordance with Legislative Decree n. 262 dated 28 December 2005, the Uniform Savings Act, adopted administrative and accounting control procedures related to financial disclosures in order to (i) ascertain whether or not the current Internal Control System provides reasonable certainty that the information represented in the financial statements is accurate and reliable; (ii) implement adequate administrative and accounting procedures to be used in drafting the separate and consolidated financial statements, as well as any other financial disclosures (in accordance with Law 262/2005); (iii) ensure that the administrative and accounting procedures are complied with during the period in which the above documents are being drawn up.

The implementation and verification of the Internal Control System pursuant to Legislative Decree 262/05 are carried out by internal resources as instructed by and under the supervision of the Financial Reporting Officer appointed by the Board of Directors in accordance with the law.

→ 3.4 Tax risk - requirements under the SIIQ regime

Risk factors

- failure to meet the profit and asset requisites necessary to be eligible for SIIQ status,
  resulting in being ineligible for treatment under the SIIQ regime (in the event this situation should be prolonged for the period provided for at law).

Risk management

The Company, which was awarded SIIQ status beginning in 2008, has since then carefully monitored the associated tax risks; the valuations made regarding the taxation models used are prepared with the assistance of carefully selected specialized professionals and the Head of Administration, Legal and Corporate Affairs constantly monitors any regulatory changes and the internal accounting procedures.

More in detail, the accounts for the taxable and exempt operations are maintained separately; the division also frequently conducts asset and profit tests in order to ensure compliance with the SIIQ regulations.

The results of the tests are shared with management. The tax risk control system is also subject to monitoring under the Group's Enterprise Risk Management initiative.

4. Financial risks

→ 4.1 Risks associated with funding and cash management

Risk factors

- problems managing liquidity;
- financial resources fail to meet the company's needs;
- problems maintaining existing loans and in obtaining new ones.

Risk management

Liquidity risk is managed through careful management of cash flow and is mitigated by the availability of substantial credit lines.

The Finance Division monitors cash flow through the use of quarterly financial forecasts (updated on a rolling basis) and ensures that available liquidity is sufficient to meet the company's business needs. Cash flow sensitivity tests, along with stress testing and VAR estimates for any financial risks, are all performed on a regular basis.

With regard to medium/long term debt, each line of credit finances a project which minimizes the risk associated with refinancing. Medium/long term loans may contain covenants and the Finance Division monitors this aspect constantly including together with company management through the use of the Enterprise Risk Management system in order to understand the impact that any breaches of these covenants could have on strategic, operational, compliance and financial risks.

Financial commitments are covered by funding made available by financial institutions and available credit lines.

This risk is managed on the basis of the principle of prudence in order to avoid, in the event unexpected events should occur, excessive expense which could have a further negative impact on the company's market reputation.

A project was also completed which called for the implementation of tools to be used to analyze financial risk. The project involved i) analysis and assessment of interest rate risk, ii) methods used to gather data and information relating to the IRS contracts stipulated iii) the possibility of developing a signal model for risk analysis and management, iv) identification of the financial risk assessment tools to be used taking into account:

a) fair value
b) cash flow sensitivity
c) stress test
d) VAR estimates.

→ 4.2 Interest rate risk

Risk factors

- volatile interest rates which could impact the financing of operations as well as the use of available liquidity.

The Group uses short term credit lines and floating rate medium/long term mortgages, therefore if interest rates are raised it is exposed to the risk that financial expense could increase.

Risk management

Interest rate risk is monitored constantly by the Finance Division and Top Management, as well as through assessment and analysis tools developed as part of the Group's Enterprise Risk Management initiative.

To manage this risk, the Group purchases interest rate swaps with which it is able to cover 62.76% of its medium/long term interest rate risk by exchanging the difference between fixed rate and floating rate interest at specific intervals. The Finance Division monitors and measures interest rate risk and liquidity constantly in order to understand possible risk management solutions.

→ 4.3 Foreign exchange risk

Risk factors

- fluctuations in the Romanian currency, Leu;

which could result in the portfolio being written down and the default of Romanian retailers whose contracts are in Leu, but anchored to the euro.

Risk management

The Romanian tenants' rents are in Leu but anchored to the euro; therefore the company is exposed to the risk that the tenants could default if the currency fluctuations result in the weakening of the Leu.

Currently IGD works to mitigate this risk by working constantly on the optimal merchandising and tenant mix, as well as on the management of the portfolio with a view to sustaining value.

The commercial policies are carefully defined and based on in depth research as to the market needs and the habits of the local consumers.

Toward this end the Group is assisted by a group of specialized corporate and local resources in order to understand the correct trade-off between acquired know-how, corporate development and understanding of the local needs.

2.12 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.

With regard to the rules of corporate governance and the "Procedures for Related Party Transactions", please refer to Chapter 3, "Report on Corporate Governance and Ownership Structure".

Details of related party transactions carried out in 2013 are provided in a section of the notes to the financial statements.

As required by CONSOB Resolution no. 11971 of 14 May 1999, the following list reports the shares of IGD Group companies held by directors and statutory auditors:

NAME	COMPANY	N OF SHARES AT 31/12/2012	PURCHASES	SALES	N OF SHARES AT 31/12/2013
ALBERTINI CLAUDIO	IGD	0	0	0	0
BOLDREGHINI GIORGIO	IGD	0	0	0	0
CANOSANI ARISTIDE	IGD	0	0	0	0
CAPORIONI LEONARDO	IGD	0	0	0	0
CARPANELLI FABIO	IGD	0	0	0	0
COFFARI GILBERTO	IGD	23,100	1,710	0	24,810
COSTALLI SERGIO	IGD	0	0	0	0
FRANZONI MASSIMO	IGD	0	0	0	0
GUALANDRI ELISABETTA	IGD	0	0	0	0
MAGALOTTI TAMARA	IGD	0	0	0	0
PELLEGRINI FERNANDO	IGD	0	0	0	0
PARENTI ANDREA	IGD	50,000	136	0	50,136
SABADINI RICCARDO	IGD	5,000	370	0	5,370
SALVINI LIDIA	IGD	0	0	0	0
ZAMBONI ROBERTO	IGD	0	0	0	0
CHIUSOLI ROBERTO	IGD	0	0	0	0
CONTI ROMANO	IGD	0	0	0	0
CORSI PASQUINA	IGD	0	0	0	0

2.13 Treasury Shares

At 31 December 2013 the company possessed 10,976,592 ordinary shares or 3.15 % of the share capital for a total of €22,141,778.

2.14 Research and Development

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

2.15 Significant Transactions

During the year ended 31 December 2013, 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.

2.16 Reconciliation between the Separate and Consolidated Accounts at 31/12/2013

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. With regard to the rules of corporate governance and the "Procedures for Related Party Transactions", please refer to Chapter 3, "Report on Corporate Governance and Ownership Structure". Details of related party transactions carried out in 2013 are provided in a section of the notes to the financial statements. As required by CONSOB Resolution no. 11971 of 14 May 1999, the following list reports the shares of IGD Group companies held by directors and statutory auditors:

RECONCILIATION BETWEEN THE PARENT COMPANY AND THE CONSOLIDATED ACCOUNTS	NET PROFIT		NET EQUITY	
	GROUP	MINORITIES	GROUP	MINORITIES
BALANCE - PARENT COMPANY'S FINANCIAL STATEMENTS	**13,809**		**754,056**	
Elimination of dividends	(5,000)			
Elimination of writedowns of consolidated equity investments				
Book value of consolidated equity investments			(605,076)	
Effect of subsidiaries' CFH reserve			(6,074)	
Effect of restatement of subsidiaries' defined benefit plans			12	
Net equity and profit of consolidated companies	**(6,038)**	**(834)**	**598,102**	**10,842**
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidation of Porta Medicea (allocated to works in progress)			281	
- Goodwill from consolidation of Millennium			3,952	
- Goodwill from consolidation of IGD Management			0	
- Goodwill from consolidation of Winmagazine			5,410	
- Goodwill from consolidation of Winmarkt Management			1	
- Interest capitalized on works in progress	253		253	
- Change in fair value of works in progress	1,959		1,959	
- Sale of assets to Group companies (amortization/depreciation effect))	13		(32)	
- Other adjustments	2		6	
BALANCE SHOWN IN THE CONSOLIDATED ACCOUNTS	**4,998**	**(834)**	**752,850**	**10,842**

Amounts in thousands of euros

2.17 Comment on the Parent Company's financial and economic performance

The full year financial statements of the Parent Company IGD SIIQ S.p.A. show a performance in line with the Group, namely a decrease in revenue due to the generalized crisis which had the biggest impact on the malls resulting in increased vacancies particularly at Mondovì, La Torre and Tiburtino.

The net financial position improved as a result of the spinoff of the business divisions along with the relative debt into the wholly-owned subsidiary IGD Property SIINQ.

2.18 Proposal to approve the financial statements, the allocation of net profit for 2013 and the payment of dividends

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2013 which closed with a net profit of €13,808,913.

The Board of Directors proposes that this profit be allocated as follows:

- 5% or €690,446 to the legal reserve
- 13,118,467 to the shareholders as a dividend.

The dividends to be distributed derive entirely from exempt operations and represent not less than 85% of the income generated by these operations in accordance with the norms and regulations governing the SIIQ regime.

The Board of Directors also, in light of the fact that the writedowns of the real estate investments recognized in the year resulted in - pursuant to Art. 6, par. 3, of Legislative Decree n. 38 of 28 February 2005 - the reduction of the Fair Value Reserve by €3,975,979, proposes to allocate this amount:

- 5% or €198,799 to the legal reserve;
- €3,777,180 to the shareholders as a dividend.

In this instance, as well, the dividends to be distributed derive entirely from exempt operations and represent not less than 85% of the income generated by these operations in accordance with the norms and regulations governing the SIIQ regime.

Lastly, the Board of Directors proposes to distribute the following to shareholders as dividends:

- €5,010,986 using the reserve for retained earnings from exempt operations.

Each outstanding share, excluding treasury shares, shall receive a dividend of €0.065 for a total of €21,906,633 calculated based on the number of shares outstanding at 27 February 2014.

Bologna, 27 February 2014

The Chairman
Gilberto Coffari

LE MAIOLICHE
Faenza – Ravenna
Opening 2009
Mall GLA sq. m 21,717
Food anchor GLA sq.m 9,277

2,172,792 visitors in 2013

Report on Corporate Governance and Ownership Structure

03

CHAPTER CONTENTS

Glossario

BOARD:
the Issuers' Board of Directors.

CIV. COD./C.C.:
the Italian Civil Code.

CODE/CORPORATE GOVERNANCE CODE:
the Corporate Governance Code for listed companies approved in December 2011 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

CONSOB MARKET REGULATIONS:
market regulations issued by CONSOB pursuant to Resolution n.16191 of 2007, as subsequently amended.

CONSOB REGULATIONS FOR ISSUERS:
the regulations for issuers approved CONSOB in Resolution n. 11971 of 1999, as amended.

CONSOB REGULATIONS FOR RELATED PARTY TRANSACTIONS:
the Regulations issued by CONSOB pursuant to Resolution n. 17221 of 12 March 2010, as subsequently amended, for related party transactions.

ISSUER OR THE COMPANY:
issuer of stock referred to in this Report.

REPORT:
the Report on Corporate Governance and Ownership Structure that companies are required to prepare pursuant to Art. 123-*bis* TUF.

TUF/"TESTO UNICO DELLE DISPOSIZIONI IN MATERIA DI INTERMEDIAZIONE FINANZIARIA"
Legislative Decree n. 58 dated 24 February 1998 - Financial Markets Consolidation Act.

YEAR:
financial year referred to in this Report.

3.1 Company Profile

IGD SIIQ S.p.A. adhered to the Corporate Governance code approved by Borsa Italiana S.p.A.'s Corporate Governance Committee in March 2006.

Subsequently, in 2012, the Company's Board of Directors resolved to adhere to the principles contained in the new edition of the Corporate Governance Code, ensuring that its governance system complied with the new provisions.

The Code is available on Borsa Italiana's website at: http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm.

More in detail, on 8 November 2012, the Board of Directors approved the update of its own Corporate Governance Rules which - along with other documents (the bylaws, Code of Ethics, Decree 231/2001 Organizational, Management and Control Model, Regulations for Shareholder Meetings, Procedures for Related Party Transactions, Procedures for the Management and Disclosure of Price Sensitive Information, the Internal Dealing Code) form the set of governance tools used by the Company.

In compliance with the law, this Report contains a general description of the company's corporate governance structure and contains information about the ownership structure and adhesion to the Corporate Governance Code.

The Company has a traditional system of management and control founded on the centrality of the Board of Directors. The financial audit is performed by external auditors, in accordance with the law.

The Company's Corporate Governance model is based on: (i) the guiding role of the Board of Directors in matters of corporate strategy, as a whole and through specifically appointed committees; (ii) the transparency of business decisions within the Company and vis-à-vis the market; (iii) the definition of a remuneration policy for the directors and the managers with strategic responsibilities which complies with the Code iv) the efficiency and efficacy of the internal control and risk management system; (v) the strict governance of potential conflicts of interest; and (vi) clear procedures for transactions with related parties and for the treatment of corporate information

The Company's mission is to create value for all its stakeholders: shareholders, employees, clients and suppliers through sustainable growth.

In 2014 the Company approved the Corporate Sustainability Report which describes the characteristics of the IGD Group, its recent growth, the objectives for future development and the main results achieved in 2013 relating to economic, environmental and social sustainability.

The Corporate Sustainability Report is available to the public on the Company's website: http://eng.gruppoigd.it/Sustainability/Sustainability-Report-and-Documents.

3.2 Information on Ownership Structure

(pursuant to ex Art. 123-*bis,* par. 1, TUF)

a) Share capital structure
(pursuant Art. 123-*bis,* par. 1, lett. a), TUF)

The share capital at 27 February 2014 totals €336,028,239.08 is fully paid-in and subscribed, divided in 348,001,715 ordinary shares without a stated par value.

Please note that during the meeting held on 27 February 2014, during which the Board of Directors approved this report, it also resolved to propose that the Extraordinary Annual General Meeting, convened on 15 and 16 April 2014, in second and first call, respectively, approve, among other things, a proposed capital increase against payment pursuant to Art. 2441, paragraph 4 (2) of the Italian Civil Code.

b) Share transfer restrictions
(pursuant to Art. 123-*bis,* par. 1, letter b), TUF)

There are no restrictions and all shares are freely transferable.

c) Significant interests in share capital
(pursuant to Art. 123-*bis,* par. 1, lett. c), TUF)

Based on the declarations received under artt. 120 and 122 of TUF, the shareholders with voting rights holding more than 2% of the company's ordinary share capital are those indicated in Table 1 "Significant interests in share capital" attached to this report.

d) Shares granting special rights
(pursuant to Art. 123-*bis,* para. 1, lett. d), TUF)

The shares issued all have the same rights.

e) Employee share ownership: exercise of voting rights
(pursuant to Art. 123-*bis,* par. 1, letter e), TUF)

There are no specific mechanisms which provide for employee share ownership.

f) Restrictions on voting rights
(pursuant to Art. 123-*bis,* par. 1, lett. f), TUF)

There are no restrictions on voting rights.

g) Shareholder Agreements
(pursuant to Art. 123-*bis,* par. 1, lett. g), TUF)

The Company is party to the following shareholder agreement deemed relevant pursuant to Art. 122 of TUF:

On 20 December 2013 Coop Adriatica S.c.a r.l. ("Coop Adriatica") and Unicoop Tirreno Company Cooperativa ("Unicoop Tirreno") agreed to early dissolution of the shareholders' agreement stipulated on 12 June 2013 and, on the same date, stipulated a new shareholders' agreement involving shares of Immobiliare Grande Distribuzione SIIQ S.p.A., pursuant to Art. 122, paragraphs 1 and 5 A) and B), of TUF - substantially in line with the previous one - designed to facilitate the Company's strategic decisions and their management. The Agreement involves 203,585,151 ordinary IGD shares or 58.50% of the company's share capital (the syndicated shares)¸ of which 177,480,875 shares or 51.00% of the share capital are bound by a voting block.

The agreement will expire on 31 December 2014.

A summary of the above mentioned agreement is available to the public on Consob's website, in accordance with the law and on the Company's website http://eng.gruppoigd.it/Investor-Relations/IGD-Stock/Codes-indexes-and-shareholders.

h)Provisions relating to change of control clauses
(pursuant to Art. 123-*bis,* par. 1, lett. h), TUF)
and takeover bids
(pursuant to Art. 104, par. 1-*ter,* and 104-*bis,* par. 1)

In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the company contracting party should change.

Without prejudice to the above, during the year the Company:

(i) on 7 May issued senior fixed rate notes "€144,900,000 4.335 per cent, notes due 7 May 2017" , the regulations for which call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;

(ii) on 26 November stipulated an agreement for a mortgage of €135 million with the Italian branch of BNP Paribas which calls for advance repayment of the loan in the event control of the Company should change.

With regard to the provisions found in the company bylaws relating to takeover bids, there are no clauses which provide for exceptions to the passivity rule nor application of the breakthrough rule.

i) Authority to increase share capital
and authorizations to buy back shares
(pursuant to Art. 123-*bis,* par. 1, lett. m), TUF)

The Board of Directors, pursuant to Art. 2443 of the Italian Civil Code has the right to, by 19 April 2017, increase share capital against payment, in one or more instalments, by up to 10% of the current share capital, to be subscribed by parties selected by the Board of Directors including qualified investors and/or business partners and/or financial partners in Italy and abroad or shareholders of the Company – excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (2), as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by the external auditors.

During the year the bond loan, *"EUR 230,000,000 3.50 per cent. Convertible Bonds due 2013"*, serviced by the authorization granted by the Company's shareholders meeting in extraordinary session on 25 June 2007 and 22 April 2010 to the Board of Directors to raise share capital, divisibly by up to a maximum of €81,478,715.86 in one or more installments through the issue of up to a maximum of 84,381,994 ordinary shares, was extinguished. More in detail, the bond loan was extinguished (i) for €122,900,000, as a result of the offer to exchange the convertible bonds with new unsecured fixed rate senior notes, disclosed on 18 April 2013, for up to a maximum amount of €230,000,000 due May 2017 made to those holders of the convertible bonds "EUR 230,000,000 3.50 per cent. Convertible Bonds due 2013" deemed qualified investors under the law, and (ii) for the remaining €107,100,000, as a result of repayment.

On 18 April 2013 the Ordinary Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code.

On 27 February 2014 the Company's Board of Directors, which approved this report, resolved to propose that the shareholders convened in ordinary session on 15 and 16 April 2014, respectively in first and second call, revoke the expiring authorization granted by the shareholders 18 April 2013 and grant a new authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code. The purchase and disposal of treasury shares will be done in accordance with the means established by the shareholders as indicated in the Directors' Report.

As of the date in which the Directors' Report was approved, the Company holds 10,976,592 treasury shares, equal to 3.154% of the share capital.

l) Management and coordination
(pursuant to Art. 2497 et seq. Italian Civil Code)

The Company is subject to the management and coordination of shareholder Coop Adriatica s.c.ar.l. who controls 43.568% of the company's share capital, pursuant to and in accordance with Art. 2497 of the Italian Civil Code.

→ Other information

Indemnity of Directors
(pursuant to Art. 123-*bis*, par. 1, letter i), TUF)

With regard to information relative to any agreements between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid, please refer to the information found in the Remuneration Report published pursuant to Art. 123-*ter* of TUF and available on the Company's website: http://eng.gruppoigd.it/Governance/Compensation

Norms applicable to the appointment and replacement of directors, amendments to the corporate by-laws
(pursuant to Art. 123-*bis*, par. 1, lett. l),TUF)

The appointment and replacement of the directors, as well as amendments to the corporate by-laws, are conducted and governed in accordance with Title V of the bylaws (Board of Directors) made available on the company's website (www.gruppoigd.it). Please refer to the section "Board of Directors" of this report for further information.

As of the date on which this report was approved, the Board of Directors has not adopted a specific succession plan for the executive directors as it was deemed unnecessary in light of the shareholders and the current powers granted to the Board.

3.3 Compliance

(pursuant to ex Art. 123-*bis,* par. 2, lett. a), TUF)

Since its IPO, on 11 February 2005, the Company has adopted the Corporate Governance Code and has structured its corporate governance, the rules and standards of conduct, in a way that ensures efficient and transparent corporate bodies and control systems in line with the code guidelines.

The code is published on Borsa Italiana's website (http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm).

The structure of the company's governance is described in this section of the Directors' Report.

→ Corporate Governance Structure

Insofar as it is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors.

The Shareholders' Meeting is the forum used by the shareholders to express their wishes. The resolutions are made in accordance with the law and the bylaws while the meetings are governed by specific regulations adopted by the Company in order to ensure that the meetings are carried out in an orderly and efficient manner.

The Board of Directors defines the strategy for the Company and its subsidiaries and oversees the business operations. In accordance with the bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders.

The Board of Statutory Auditors oversees compliance with the law and the bylaws and ensures that the standards of correct administration are observed and, in particular, that the organizational, administrative and accounting structures are adequate, that they function correctly, that the corporate governance rules provided for in the Code are complied with and that the disclosures made by the Company to its subsidiaries comply with Art. 114, paragraph 2, of the TUF (public disclosures).

The financial audit assignment was granted to the registered audit firm appointed during the Annual General Meeting based on the motivated proposal submitted by the Board of Statutory Auditors.

The company's subsidiaries include the Romanian company WinMagazin SA which, however, has no impact on IGD's current corporate governance structure.

3.4 Board of Directors

3.4.1 Appointment and Replacement (pursuant to Art. 123-*bis,* para. 1, lett. l), TUF)

The Company is administered by a Board of Directors composed, as per the bylaws, of seven to nineteen members.

The shareholders' meeting of 19 April 2012 decided that there will be 15 members in the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2014.

The directors pursue the corporate purpose, acting independently and resolving with sound judgement, seeking out all available information, in order to achieve the priority goal of creating medium/long term value for the shareholders.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists which comply with the current laws relating to gender equality. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the interest determined in accordance with CONSOB regulations (for 2014 equal to 2.5% of the Company's share capital). The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting which will be mentioned in the notice of call. Pursuant to Art. 147-*ter,* paragraph 1-*bis,* TUF, Shareholders must submit the certification attesting to possession of the shares needed to file voting lists, determined on the basis of the shareholders of record on the day the lists were filed with the company, issued by an intermediary authorized in accordance with the law at least 21 days prior to the Annual General Meeting is to be held.

The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 *ter,* fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.

The lists which include three or more candidates must include candidates of both genders, as indicated in the notice of call for the Annual General Meeting, in order to ensure that the composition of the Board of Directors complies with current laws relating to gender equality.

In compliance with the bylaws, the lists must be filed along with the candidates' irrevocable acceptance of office (should they be elected), curriculum vitae, and statements confirming that there are no reasons for ineligibility and/or disqualification and that they meet the requirements set by law.

Art. 16.4 of the bylaws, reflecting the provisions of Art. 147-*ter,* paragraph 3 of the TUF, prohibits any shareholder from submitting or participating in the submission of more than one list. In keeping with the above, Art. 16.7 of the bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking. Pursuant to art. 16.7-*bis* of the bylaws – as introduced by the amendments approved by the shareholders meeting in ordinary session on 18 April 2013 – if the law relating to gender equality fails to be complied with as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality without prejudice to the minimum number of independent directors required under the law. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the directors of the least represented gender with the majority of votes required by law.

Art. 16.8 of the bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-*ter,* par. 3 of the TUF, as well as in accordance with the laws governing gender equality.

The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, already mentioned in the previous paragraph 3.2 lett. g) art.2 provides that the Board of Directors of IGD is to be comprised of 15 members, due also regard to the provisions related to gender balance, for the duration of the agreement. In the event the Board of Directors is renewed, the parties agreed to submit a list of fifteen candidates, consisting of 7 directors designated by the Coop Adriatica (3 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998), 5 directors designated by Unicoop Tirreno (2 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998) and 3 directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code). Furthermore, pursuant to Art. 2, the Syndicate Agreement, pursuant to Art. 16.7 of the bylaws, if more than one list is submitted, at least one director must be appointed from the minority list.

→ Succession plan

As of the date on which this report was approved, the Board of Directors has not adopted a specific succession plan for the executive directors as it was deemed unnecessary in light of the shareholders and the current powers granted to the Board.

3.4.2 Composition (pursuant to Art. 123-*bis,* par. 2, lett. d) TUF)

The Board of Directors in office through 31 December 2013 consists of 15 directors and was appointed by the shareholders during the meeting held on 19 April 2012 for a term of three years which expires on the date the Annual General Meeting is called to approve the financial statements at 31 December 2014.

During the Shareholders' Meeting held on 19 April 2012 only one list was presented by the majority shareholders Coop Adriatica and Unicoop Tirreno. The lists were submitted with all the documentation relating to the personal characteristics of the candidates along with their irrevocable acceptance of the appointment in the time period provided for under the law.

The above mentioned list received 67.885% of the votes cast.

The Board of Directors currently comprises the following members: Gilberto Coffari (Chairman), Claudio Albertini (Chief Executive Officer), Roberto Zamboni, Aristide Canosani, Sergio Costalli (Vice Chairman), Leonardo Caporioni, Fernando Pellegrini, Fabio Carpanelli, Elisabetta Gualandri, Tamara Magalotti, Livia Salvini, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini and Massimo Franzoni.

The members of the current Board of Directors, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed as of the date in which this report was approved, can be found in Table 2 *bis* "Structure of the Board of Directors and Committees" attached.

The current Board of Directors is composed of members with different professional and personal characteristics, such as university professors, professionals, businessmen, as well as company executives. The majority of the directors appointed is in possession of the independence requirement under the provisions of the Code of Conduct and the TUF.

The personal characteristics and professional experience of the single members of the Board of Directors are provided below.

GILBERTO COFFARI

Gilberto Coffari, born in 1946, has been Chairman of IGD's Board of Directors since its formation in 2000. From 2006 through 2011 he was Chairman of Coop Adriatica. Currently he is Director of BancaSai and of Federazione delle Cooperative di Ravenna. Mr. Coffari has acted as a Director and Chairman of the Board for a number of cooperatives, a world he has been part of for more than 40 years. He also holds the offices listed in Table 4.

SERGIO COSTALLI

Born in 1952, Sergio Costalli was, through July of last year, Chairman of Unipol Merchant, the Unipol Group's merchant bank, and Vice Chairman of Unicoop Tirreno through January 2014. He is Vice-Chairman of Unipol Banca, in addition to being a Director and member of the Chairman's Committee of Unipol Gruppo Finanziario and Director of Finsoe. He has matured important professional experience, particularly in Unicoop Tirreno where he has held managerial and top positions in administration, finance, legal affairs and asset management since 1989. On 27 January 2014 he was appointed unanimously to act as Chairman of the Chamber of Commerce, Industry, Small Business and Agriculture of the province of Livorno. He has been Vice Chairman of IGD since 2003.
He also holds the offices listed in Table 4.

CLAUDIO ALBERTINI

He was born in 1958. Appointed Chief Executive Officer of IGD since May 2009, after having previously acted as a company Director for three years. For more than twenty years Mr. Albertini was part of the Gruppo Unipol where he ultimately acted as General Manager of Unipol Merchant. Mr. Albertini is a certified financial auditor registered in the Bologna. He also holds the offices listed in Table 4.

ROBERTO ZAMBONI

Mr. Zamboni, born in 1950, has been Head of Development and Asset Management at Coop Adriatica, a company where he also acted as technical director, since 2006. Mar. Zamboni has matured experience specifically in real estate and construction, thanks also to his prior professional experiences and his training as a structural engineer. He also holds the offices listed in Table 4.

ARISTIDE CANOSANI

Born in 1935. Chairman of CreditRas Assicurazioni, he led CreditRas Vita until May 2013, Mr. Canosani was in charge of UniCredit Banca for eight years after having worked in Rolo Banca 1473, Carimonte Banca and Banca del Monte di Bologna and Ravenna. Certified financial auditor, Aristide Canosani makes a priceless contribution to IGD's BoD thanks to both his vast experience and expertise in finance. He also holds the offices listed in Table 4.

LEONARDO CAPORIONI

A Chartered Public Accountant and Financial Auditor, Mr. Caporioni, born in 1964, is head of Administration and Financial Reporting at Uniccop Tirreno, a group where he has worked since 1991 holding positions of increasing responsibility. He also acts a director and statutory auditor for a number of national and regional (Tuscany) cooperatives. He also holds the offices listed in Table 4.

FERNANDO PELLEGRINI

He was born in 1964. General Manager of Finance, Asset Management and Financial Reporting at Unicoop Tirreno, where he has worked since 1995 in administration, finance and control. Mr. Pellegrini is also Vice Chairman of Simgest and Chairman of the Executive Committee at Simgest S.p.A.. He also holds the offices listed in Table 4.

FABIO CARPANELLI

He was born in 1938. Chairman of the Supervisory Committee of Manutencoop Facility Management and sole director of Veicolo5 Srl; Mr. Carpanelli has also acted as Chairman of Consorzio Cooperative Costruttori C.C.C. in Bologna, of SMAER, of ANCPL-Legacoop and of Autostazione di Bologna SpA. He also holds the offices listed in Table 4.

ELISABETTA GUALANDRI

Born in 1955, Ms. Gualandri received a degree in Business Economics, University of Modena, and a Master's degree in Financial Economics, University College of North Wales. She is a professor of Financial Intermediation, Universities of Modena and Reggio Emilia (CEFIN and Softech-ICT). She was a statutory auditor for the Bank of Italy from 2007 to 2012, and is currently a member of the Board of Directors of BPER and of DaraRiver, start-up of UNIMORE. Advisor to the European Commission for the program Horizon 2020, Access to Finance Group; member of the incubator Knowbel's CTS. Research topics: banking regulations, financial crises, financing of innovative SMBs and start-ups. She also holds the offices listed in Table 4.

TAMARA MAGALOTTI

Ms. Magalotti, born in 1948, holds a degree in Business Economics and was a member of the BoD and manager of CMC in Ravenna, where she matured most of professional experience, as part of the Corporate and Legal Affairs Division.

LIVIA SALVINI

She was born in 1957. Professor of Tax Law at LUISS - Guido Carli University in Rome and Avvocato Cassazionista (the highest order of attorneys), Ms. Salvini holds a doctorate in Tax Law, boasts a twenty year academic career and has been part of numerous ministerial and government commissions and studies. She also holds the offices listed in Table 4.

ANDREA PARENTI

Born in Rome in 1957, Mr. Parenti is a certified financial auditor registered in Prato. He acts as a court consultant and received a degree in business economics from the University of Florence in 1982. In 2006 he formed and founded a corporate tax consulting firm after leaving the international audit firm Ernst & Young where he began first as a manager to then become partner of the tax advisory firm for which he ran the Florence office for more than fifteen years. During his professional career, begun in 1983, he matured experience as an auditor and in corporate structuring, with a focus on corporate earnings and extraordinary transactions. He worked as an appraiser of business divisions for the Monte dei Paschi di Siena Banking Group and for other important companies. As a director, he has worked on Boards of companies involved in the manufacture of defense systems, television broadcasting, distribution of audiovisual products, including with mandates relating to administrative and financial matters. He is currently Chairman and member of the Boards of Statutory Auditors of 20 companies. He also holds the offices listed in Table 4.

RICCARDO SABADINI

He was born in 1957. Avvocato cassazionista (the highest order of attorneys), justice of the peace and tax commission appeals court judge, Mr. Sabadini acts as a consultant for cooperative companies, municipalities, public entities and industry associations with regard, above all, to extraordinary corporate transactions and restructuring. He is the author of several publications and a professor of corporate law. He also holds the offices listed in Table 4.

GIORGIO BOLDREGHINI

A civil engineer with vast experience in the retail real estate sector and in logistics. He has acted as a manager and director of a number of different engineering companies. He has been responsible for many national and international projects relating to manufacturing, infrastructure and logistics. He also holds the offices listed in Table 4.

MASSIMO FRANZONI

He was born in 1956. Professor of Civil Law at the University of Bologna and Avvocato Cassazionista (the highest order of attorneys), Mr. Franzoni is Head of the School of Specialization for legal professions at the same university; he is a member of the scientific committee of the Forensic Foundation of Bologna; he is editor-in-chief of the magazine "Contratto e impresa"; he has published several works relating to civil and commercial law. He is the Representative of the shareholders holding privileged class shares of Unipo Gruppo Finanziario and also acts as a director of Carimonte Holding and UniCredit Private Banking. He also holds the offices listed in Table 4.

The current composition of the Board of Directors complies with the current laws relating to gender equality. Toward that end, when the majority shareholders presented their lists for the renewal of the Board of Directors, the number of candidates of the least represented gender reflected the voluntary and early compliance with the laws introduced by Law 120/2011.

It should also be pointed out that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate at least one fifth of the directors and statutory auditors should be of the least represented gender.

In compliance with the Corporate Governance Code, the directors take office only when they believe that they will be able to dedicate the time needed to carry out their duties diligently, including in light of their roles in any Board committees, as well as the workload connected to their professional activities, the number of and time dedicated to other offices held as director or statutory auditor in other companies as per the limits on multiple assignments described below, ensuring that this condition remains throughout their term of office.

The Directors, aware of the responsibilities inherent in the office held, must be constantly updated on the newest legislative and regulatory developments affecting the Company and its business.

The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company regulates the directors' conduct; the directors, like the statutory auditors, must treat any documents and information to which they might have access in the course of their duties with the maximum confidentiality.

→ Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in another company that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, in accordance with the proposal received from the Nominations Committee now "Nominations and Compensation Committee", made available to the public on the Company's website at http://eng.gruppoigd.it/Governance/Board-of-Directors.

Based on the regulations, the term "maximum number" does not refer solely to the number of offices held, but also attributes a weight to each type of appointment in relation to the nature and size of the company, as well as the position held by IGD's directors in other companies, in light of the fact that more time is dedicated to certain positions than to others. In light of this consideration, IGD's Board of Directors held that the weight to be attributed to the office of Chairman, Executive Director be different, for example, than that of a non-executive director or member of the Board of Statutory Auditors. Lastly, the weight attributed each office was also different based on the type and size of the company and two sub-categories were established; Group A and Group B. Group A includes other companies listed on regulated markets, financial institutions, banks, insurance companies or other large companies. All the companies which are not part of Group A are automatically considered part of Group B. In light of these considerations, the Board listed the overall weight of the offices held in other companies which can be considered compatible with acting effectively as a director in IGD.

The general criteria described above were approved by the Nominations and Compensation Committee and then by IGD's Board of Directors in light of the fact that in order to act as a director the appointees must be able to devote the time necessary to diligently and effectively fulfil his/her obligations. On the basis, therefore, of the regulations governing "Limits to the maximum number of appointments allowed in other companies" the current board was found to be fully compliant[1].

Pursuant to the Corporate Governance Code the principle offices held by directors in companies other than those of the IGD Group can be found in Table 4 "Offices held by the directors at 31 December 2013", attached.

Over the years the Company, in line with the practice adopted since 2009, has promoted group meetings with the Directors and the Statutory Auditors in order to further explore topics linked to the global market environment in which the Company operates and analyze the unique characteristics of the Company's core business and any strategic opportunities.

1. Corporate Governance Code: Art. 1.C.3.

3.4.3 Role and functions of the Board of Directors
(pursuant to Art. 123-*bis,* par. 2, lett. d) TUF)

The Company is administered by a Board of Directors which meets on a regular basis and which is organized in such a way as to guarantee that its duties are carried out efficiently.

The Board of Directors primary responsibility is to determine and pursue the strategic objectives of the Company and the entire Group.

In order to ensure maximum attendance at the Board meetings, they are held on the dates indicated in a financial calendar which has been disclosed to the market in accordance with Borsa Italiana's instructions. Additional meetings may be called if deemed necessary in order to address certain issues; the Board, at any rate, takes the steps necessary to effectively fulfil its duties. The Company published the following financial calendar which calls for 4 meetings to be held in 2014:

- **27 February 2014:** Board of Directors' meeting to examine the separate and consolidated financial statements at 31 December 2013;
- **8 May 2014:** Board of Directors' meeting to examine the Interim Management Statement at 31 March 2014;
- **7 August 2014:** Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2014;
- **12 November 2014:** Board of Directors' meeting to examine the Interim Management Statement at 30 September 2014.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2014.

Pursuant to Art. 17.3 of the bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes. He must ensure that the Board of Directors constantly pursues its primary responsibility, namely achieving the strategic goals of the Company and the entire Group.

Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors. Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above. Typically the meetings are called via e-mail.

The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151 , second paragraph of TUF.

The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.

The Chairman of the Board of Directors works to ensure that the directors and statutory auditors receive the documentation relating to the items on the Agenda in a timely manner and prior to the date on which the meeting is to be held[2].

During the year the documentation relative to the Board meeting agendas was sent regularly to each director in advance in order to ensure a timely and complete exchange of information prior to the meeting.

Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.

For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.

The bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session. If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the bylaws the chairman and/or the chief executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.

Typically the Issuer's managers attend the Board of Directors' meetings in order to provide additional information regarding the items on the Agenda. The Chairman of the Board of Directors, including if requested by one or more directors, may request that the Chief Executive Officer invite executives of the Company or Group companies to attend the Board meetings to provide in depth information about the items on the Agenda.

During the year ended 31 December 2013, the Board of Directors held 8 (eight) meetings, on 28 February, 18 March, 18 April, 9 May, 16 May, 7 August, 7 November, 19 December, duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of 2.30 hours (two hours and thirty minutes).

Some meetings of the Board of Directors were attended by Company executives and/or external parties, so they could provide specialized input on the topics up for debate.

Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

2. Corporate Governance Code: Art 1.C.5.

a) examines and approves the strategic, business and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries, periodically monitoring implementation; defines the Company's corporate governance system and Group structure;
b) defines the nature and level of risk deemed compatible with the Company's strategic objectives;
c) judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries with particular reference to the internal control system and the management of conflicts of interest;
d) in order to encourage the involvement and cooperation of the directors, institutes the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;
e) establishes the frequency with which the delegated bodies must report to the Board of Directors on the progress made during the year relating to their assignments and the most significant operations carried out in the period, which will, at any rate, not be more than once a quarter;
f) evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
g) resolves on the operations carried out by the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, determines the general criteria to be used to define material transactions and ensures that the strategically significant subsidiaries submit any transactions that could have a significant impact on the Company to the Board of Directors for approval;
h) evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, also taking into account professional qualifications, experience, including as a manager, along with the nature of its members and their seniority;
i) in light of the results of the assessment referred to in letter h) above, expressed to the shareholders, prior to the appointment of the new Board of Directors, any opinions about the type of professional that should be part of the Board;
l) provides information in the report on corporate governance: (i) on the composition of the Board, indicating the qualifications (executive, non executive, independent), offices held within the Board (for example, Chairman or Chief Executive Officer), the main professional characteristics, as well as how long the office has been held; (ii) on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member; (iii) on the ways the assessment in letter h) above was carried out (iv) on the timeliness and completeness of the information provided before the Board, providing indications if the information was provided in a timely enough manner – and, at any rate, in accordance with the Company's bylaws;
m) after the appointment of an independent director and, subsequently when circumstances materialize which could impact the latter's independent status and, at any rate once a year, evaluates – based on the information received form the interested party or, at any rate, available to the Company - the independent status of its non-executive members[3]: this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report). In these documents the Board of Directors: (i) indicates if parameters other than those indicated in the Corporate Governance Code were used, including with regard to a single director; and (ii) describes the quantitative and/or qualitative criteria used to assess the significance of the relationships being evaluated[4].
n) each year, based on the information received from the Directors, records notes in the Report on Corporate Governance, the assignments held by Directors in other companies as directors or statutory auditors in financial, banking, insurance or large companies, listed on regulated markets (in Italy or abroad);
o) expresses an opinion with regard to the criteria to be used to determine the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of Company director, taking into account the position held in any Board committees[5]. Toward this end, on the basis of a specific procedure[6], looks at the workload connected with each directorship (executive director, non executive or independent), including in relation to the type and size of the company in which the offices are held, as well as whether the latter are part of the Group;
p) determines, based on the opinion of the Nominations and Remuneration Committee, who is to be appointed to act as a Company executive, as well as a member of the Board of Directors, Board of Statutory Auditors, Chief Executive Officers and General Manager of the strategically relevant subsidiaries; based on the opinion of the Nominations and Remuneration Committee, determines compensation;
q) promotes initiatives designed to facilitate active and informed shareholder participation, as well as the exercise of shareholder rights, guaranteeing that they are provided with timely and complete information;
r) ensures that the Decree 231/2001 Organizational, Management and Control Model is updated and complied with, while completing a risk map of the potential criminal violations with the support of the Supervisory Board;
s) appoints, subject to the opinion of the Board of Statutory Auditors, a Financial Reporting Officer in accordance with Law 262/2005;
t) may call upon an independent Director to act as lead independent director, a point of reference and coordinator for all positions and activities of the non executive,

3. Corporate Governance Code Art. 3.P.2
4. Corporate Governance Code Art.3.C.4
5. Corporate Governance Code Art. 1.C.3.
6. Toward this end the Company has established limits for mutliple assignments approved by the Board of Directors on 13 December 2010

and in particular, independent directors[7];

u) in the event the shareholders, in light of organizational needs, authorize that an exception be made to the non compete clauses referred to in Art. 2390 of the Italian Civil Code, evaluates on the merits of each situation and reports its findings to the first Shareholders' Meeting. Toward this end, upon appointment each Director will inform the Board of any activities carried out which compete with those of the Issuer and any relevant changes;

v) in order to ensure the correct handling of corporate information, updates, based on the proposal of the Chief Executive Officer of the Chairman of the Board of Directors, the Procedures for the management, handling and disclosure of confidential information and documents, with regard particularly to price sensitive information[8];

z) evaluates whether a succession plan for the executive directors should be adopted or not, subject to the opinion of the Nominations and Remuneration Committee[9].

As part of the Company's internal control and risk management, the Board of Directors, subject to the opinion of the Control and Risk Committee:

- defines the guidelines for the internal control and risk management system so that the principal risks that the Company and its subsidiaries face are correctly identified, as well adequately assessed, managed and monitored, while also determining the extent to which the risks are compatible with the strategic goals identified;
- evaluates, at least once a year, the adequacy and efficacy of the internal control and risk management system with respect to the business and the inherent risk profile;
- approves, at least once a year, the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- describes the main features of the internal control and risk management system in the report on corporate governance and expresses an opinion as to its adequacy;
- evaluates, after having consulted with the Board of Statutory Auditors, the opinion issued by the external auditors upon completion of the financial audit;
- appoints and replaces, based on the proposal of the Director in charge of the Internal Control and Risk Management System, as well as after having consulted with the Board of Statutory Auditors, the Head of Internal Audit.

The functions of the Board of Directors, as described above, comply with the new version of the Code.

Pursuant to the Corporate Governance Code, the Board of Directors, during the meeting held on 27 February 2014, used the reports provided by the Chief Executive Officer during the year in accordance Art. 2381 of the Italian Civil Code, the reports prepared by Control and Risk Committee (formerly Internal Control Committee), the Supervisory Board, and the Internal Audit, as well as the Report prepared by the Financial Reporting Officer regarding the preparation of the accounting ledgers, to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system and the management of any conflicts of interest[10].

The Board of Directors, in accordance with the bylaws and the current norms and regulations and based on the information provided by the Chief Executive Officer and the Board of Statutory Auditors, evaluated the company's performance, its outlook and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries at least quarterly.

In 2013, the Board of Directors, also met specifically to: (i) examine and grant advance approval of any transactions undertaken by the Company and its subsidiaries of significant strategic, economic, capital or financial transactions, particularly those in which one or more directors held an interest directly or on behalf of third parties; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees.

In 2013 the Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. The outcome is described below. As in the past, for the year ended on 31 December 2013, IGD hired the consulting company Egon Zehnder International to help with this self-assessment process.

This survey, relating to the year closed on 31 December 2013, was conducted in the months of January and February 2014 in accordance with the most sophisticated international best practices and was carried out on the basis of:

- discussions with each Director, after having completed a questionnaire prepared for this purpose;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results were presented during the Board of Directors' meeting held on 27 February 2014.

More in detail, the Directors expressed their appreciation of the topics that were the focus of this year's self-assessment and, as a whole, the Board:

- was found to be satisfactory in terms of functioning and efficiency, the presence of the necessary expertise and experience and that a majority of directors are independent;
- expressed its willingness to reduce the number of Directors ;
- was satisfied with the involvement of the management team in meetings and the work done, in a constructive environment that also encourages their involvement;
- intends to begin specific training and development programs, as well as with regard to evaluation of skills and results achieved, including with a view to the preparation and optimization of a succession plan;
- continues to be satisfied with the work done by the Chief Executive Officer and the Chairman;
- recognizes, by a vast majority, the need to adopt a succession plan for the key executives over the next three – four years which should be implemented by the Board;

7. Corporate Governance Code Art. 2.C.3.
8. Comment on Art. 1 Corporate Governance Code.
9. Corporate Governance Code Art. 5.C.2.
10. Corporate Governance Code Art. 1.C.4.

- expressed great satisfaction with how strategic discussions begun in the past were conducted last year.

Lastly, please note that at the date of this Report, the Company's shareholders had not authorized general or preventive exceptions to the non-compete clauses provided for in Art. 2390 of the Italian Civil Code[11].

3.4.4 Executive Directors

→ Chief Executive Officer

The bylaws[12] state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee comprised of some of its members and/or one or more members given the title of chief executive officer or executive directors.

On 19 April 2012, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers, which were subsequently amended on 8 November 2012:

- to develop and propose – as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the drafting of the business plans, annual budget and the relative reporting;
- to monitor and coordinate any related activities: general services, any legal problems and fiscal implications;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD SIIQ S.p.A. and third parties and the budgets approved by the Board of Directors;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.
- to define, together with the Chairman, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chairman, Vice Chairman and/or Chief Executive Officer of subsidiaries and affiliates so that the Chairman may submit them to the Nominations and Remuneration Committee;
- to oversee the appointment of the main managerial positions within the Group;
- to define, together with the Chairman, the proposals for the compensation of the Company's and Group's top management to be submitted to the Nominations and Remuneration Committee;
- to ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

Pursuant to the Corporate Governance Code, the Company's Chief Executive Officer is primarily responsible for the business operations. In this regard, please note that the Chief Executive Officer does not act as a director for another Issuer that is not part of the same Group of which a director of the Company is Chief Executive Officer.

→ Chairman and Vice Chairman of the Board of Directors

In compliance with the bylaws[13] the Board of Directors appoints from among its members a Chairman, if the shareholders have not done so, and a Vice Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice Chairman and if the Vice Chairman is absent the chairmanship is assumed by the Chief Executive Officer.

The chairman of the Board of Directors has signing authority for the Company and shall represent it as its Legal Representative[14] before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws.

During the meeting held on 19 April 2012, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions, subsequently amended on 8 November 2012:

- to develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate

11. Corporate Governance Code Art. 1.C.4.
12. Art. 23 of the bylaws
13. Art. 17 of the bylaws
14. Art. 24.1 of the bylaws

investments in accordance with the development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by the shareholder cooperatives;
- to interface with the shareholder cooperatives regarding any integration of the respective investment plans.
- to maintain and develop – together with the Chief Executive Officer – relationships with the consumer sector cooperatives in order to explore possible aggregations of the shopping centers included the real estate portfolio.
- to act as the director in charge of Internal Control and Risk Management; in this role, working with, to the extent necessary, the Chief Executive Officer, he: (i) works to identify the main business risks of the Company and its subsidiaries; (ii) executes the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying the overall adequacy, efficacy and efficiency; (iii) reports periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures; (iv) adapts this system to any change in operating conditions, the law or regulations; (v) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results; (vi) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

During the meeting held on 8 November 2012, the Board of Directors, with a view to adopting a system more in line with best practices of listed companies which allow for the management of control functions to be separated from operations, called upon the Chairman, Gilberto Coffari, to act as the Director in Charge of Control and Risk Management who, following this assignment, is considered the executive director. At the same time the relative powers originally granted to the Chief Executive Officer were revoked.

During the meeting held on 19 April 2012, the Board of Directors appointed Sergio Costalli Vice Chairman, granting him the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

→ Executive Committee (pursuant to Art. 123-*bis*, par. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

→ Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must report in writing at least once a *quarter*, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. Each director may request that the deputized parties provide the Board with information regarding the Company's management.

For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations.

The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.

The guidelines also contain information about the supervisory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).

3.4.5 Other Executive Directors [15]

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director. Furthermore, during the meeting held on 8 November 2012 the Board of Directors appointed the Chairman to act as the Director in Charge of the Internal Control and Risk Management System. While not assigned any other mandates, the latter is now considered an Executive Director in light of the powers granted as a result of this assignment alone as per Art. 7 of the Corporate Governance Code.

15. Corporate Governance Code: Art. 2.C.1.13

3.4.6 Independent Directors

The Company's Board of Directors evaluated compliance with the requirements for independent, non-executive directors provided for in the Corporate Governance Code and TUF upon and subsequent to appointment of the directors. The outcome of this evaluation was disclosed to the market.

After having examined the information provided by the directors, in the meeting held on 27 February 2014 the Board of Directors confirmed that the independent directors appointed Giorgio Boldreghini, Fabio Carpanelli, Massimo Franzoni, Elisabetta Gualandri, Tamara Magalotti, Andrea Parenti, Riccardo Sabadini, Livia Salvini still qualified as such[16]. In light of the high level of professionalism and the work done over the last few years by the directors Fabio Carpanelli, Massimo Franzoni and Riccardo Sabadini, who have been acting as directors for more than nine years, the Board of Directors – including based on the information provided by the directors themselves – found that their ability to make autonomous decisions had not been compromised and, therefore, found these directors qualified as independent including in accordance with the Corporate Governance Code. In accordance with the Corporate Governance Code, on 20 February 2014 the Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board[17].

As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 61.5% of the total number of non-executive directors. Please note that the Board of Directors also verified that all the directors who qualify as independent pursuant to the Corporate Governance Code also meet the requirements for independent applied to members of the Board of Statutory Auditors pursuant to TUF.

The Independent Directors met once in 2013 (20 December 2013) as convened by the Lead Independent Director.

3.4.7 Lead Independent Director

In February 2007, in order to further enhance the role of independent directors, the Board decided to introduce the title of **Lead Independent Director.** More in detail, the Board of Directors deemed it opportune to appoint a lead independent director also because, at that time, the Chairman of the Board of Directors was also the Chairman of the Board of Directors of the Company's majority shareholder.

Following the recent renewal of the Board of Directors during the Board meeting held on 19 April 2012 the Company deemed that the appointment of a Lead Independent Director could help guarantee the above and enhance the role of the independent directors, in line with the Company's practices, and appointed independent director Riccardo Sabadini to act as Lead Independent Director even though none of the circumstances existed which call for the appointment of a Lead Independent Director under the Corporate Governance Code.

In order to improve the contribution and role of the independent directors will refer to the Lead Independent Director, who will act as the reference person and coordinator for all positions and activities of the independent directors and, will also work with the Chairman of the Board of Directors in order to ensure that the directors receive complete and timely information.

The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only ("independent directors' executive sessions") to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

16. Corporate Governance Code: Art 3.C.4
17. Corporate Governance Code: Art. 3.C.5.

3.5 Treatment of Corporate Information

Procedure for managing and disclosing price sensitive information

In accordance with Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents, updated on 28 February 2013 in order to comply with changes made in the regulations governing the treatment of corporate information.

The procedure is to be followed by all members of corporate bodies, as well as managers and employees of the Company and its subsidiaries who have access to price sensitive information. They must, therefore, keep confidential the documents and information obtained during the course of their duties and follow the procedure the Company has adopted for the internal management and disclosure to third parties of such data[18].

The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

Registry of Insiders

Pursuant to Art. 115-*bis* TUF and in order to foster greater control in the internal management and disclosure of price sensitive information, in June 2006 the Company established a registry of the persons who have access to price sensitive information, the "Registry of Insiders". The Registry of Insiders is kept and updated in accordance with the specific regulations adopted by the Board of Directors on 21 June 2006, as subsequently amended.

The purpose of the above mentioned regulation is twofold; to develop greater awareness as to the importance of price sensitive information and to facilitate Consob's supervisory activities, as well as the judicial authorities' investigations in cases involving potential market abuse.

All the directors, statutory auditors, managers and employees who have access, on a continuous basis to price sensitive information, are listed in the registry.

Internal dealing

In accordance with Art. 114, paragraph 7 of TUF and with the implementation provisions found in Arts. 152-sexies et seq. of the "Regulations for Issuers", effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company's shares or on related financial instruments. The procedure adopted was subsequently updated by the Company on 28 February 2013 in order to comply with the latest changes made in this regard to the Regulations for Issuers. The code of conduct is available at http://eng.gruppoigd.it/Governance/Internal-Dealing.

18. Corporate Governance Code: Comment on Art.1.

3.6 Board Committees

(pursuant to ex Art. 123-*bis,* par. 2, lett. d), TUF)

In 2008 the Board of Directors, in compliance with Code recommendations, formed the Chairman's Committee, the Control and Risk Committee (formerly the Internal Control Committee) and the Committee for Related Party Transactions.

As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 43.568% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 (d) of the Market Regulations, based on which the committees formed pursuant to the Corporate Governance Code must comprise only independent directors as defined in TUF and the Corporate Governance Code.

In 2012, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee" in accordance with the recommendations found in the comments on Article 4 of the Code and having met the organizational requirements referred to. The members of the previously mentioned committees were recently elected when the Board of Directors was renewed in April 2012 (with regard to the Committee for Related Party Transactions, please refer to paragraph 12 "Directors' interests and related party transactions").

3.7 Nominations and Compensation Committee

The Compensation and the Nominations Committees were combined into a single "Nominations and Compensation Committee" for internal organizational purposes, as the members of the former Compensation Committee possess the same requirements relative to independence, professionalism and experience as the members of the Nominations Committee.

→ Composition and role of the Nominations and Compensation Committee (pursuant to Art. 123-*bis*, par. 2, lett. d) TUF)

The Nominations and Compensation Committee consists of three non-executive independent directors in the persons of Andrea Parenti, Chairman, Fabio Carpanelli and Tamara Magalotti. The Board of Directors, after having seen the curricula of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with remuneration policies.

The meetings of the Nominations and Compensation Committee may be attended by the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer.

No director may attend a meeting of the Nominations and Compensation Committee during which his/her compensation is being discussed.

In 2013 the Nominations and Compensation Committee met three times and all members attended. Each meeting lasted approximately one hour.

→ Functions of the Nominations and Compensation Committee

The Nominations and Compensation Committee: (i) submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management; (ii) provides recommendations relating to remuneration in order to ensure that the compensation of the Company's directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and it subsidiaries. The Committee also proposes candidates to the Board in the event it's necessary to substitute the independent directors.

The Nominations and Compensation Committee may also be called upon to provide the Board of Directors with an opinion about the periodic self-assessment, the optimal size and composition of the Board and to express opinions regarding the members of the Board and the characteristics of the professionals that could improve the functioning of the Board, as well as the maximum number of assignments as director and statutory auditor in other companies, as well as any allowable exceptions to the non compete clauses.

The Nominations and Compensation Committee will periodically assess the adequacy, the coherence and the implementation of the compensation policy availing itself, with regard to the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer.

The Committee may also be called upon to express an opinion about the type of administrative body to be formed (single party or board), the number of members and the candidates to be presented for director, statutory auditor, chairman, vice chairman and general manager (and/or chief executive officer) of the subsidiaries or affiliates.

The Company will provide the Nominations and Compensation Committee with the financial resources needed to fulfil its duties.

Detailed information about the functions of the "Nominations and Compensation Committee" can be found in the Remuneration Report, published pursuant to Art. 123-*ter* of TUF, available on the website http://eng.gruppoigd.it/Governance/Compensation.

3.8 Directors' Remuneration

This information can be found in the Remuneration Report, to which you are invited to refer, published in accordance with Art. 123-*ter* of TUF, available on the Company's website http://eng.gruppoigd.it/Governance/Compensation.

3.9 Chairman's Committee

The Chairman's Committee is comprised of the Chairman, the Vice Chairman, the Chief Executive Officer, as well as the Director Roberto Zamboni.

The Chairman's Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same. The committee is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter could have a significant impact on the value or composition of the company's equity or stock price.

The Chairman's Committee met 5 times in 2013. Each meeting lasted approximately two hours.

3.10 Control and Risk Committee

The Control and Risk Committee (formerly the Internal Control Committee) was formed by the Board of Directors in accordance with the 2011 update "Corporate Governance Code"[19].

→ Composition and role of the Control and Risk Committee (pursuant to Art. 123-*bis,* par. 2, lett. d), TUF)

The Control and Risk Committee is made up of three non-executive directors, the first two of whom are independent, in the persons of Elisabetta Gualandri, Chairman, Massimo Franzoni and Livia Salvini. As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 43.568% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 d) of the Market Regulations, based on which the Internal Control Committee (now the Risk and Control Committee) must comprise only independent directors as defined in the Corporate Governance Code and in the same art. 37, paragraph 1 d). The Board of Directors, after having seen the curricula of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with compensation policies.

Upon appointment, the Board of Directors examined the curricula of the independent director candidates verifying that they met at least one of the requirements in terms of experience in accounting and finance having worked at least three years as: (i) managers in administration, finance and control departments of joint stock companies, or (ii) professional activities or as confirmed university professors in law, economics or finance, or (iii) managers of public bodies or public administrations active in the banking, financial and insurance sectors.

The Chairman of the Board of Directors attends the meetings of the Control and Risk Committee in his quality as Director in Charge of the Internal Control and Risk Management System, as does the Chairman of the Board of Statutory Auditors or another statutory auditor appointed by him, though the other statutory auditors may attend. The Vice Chairman of the Board of Directors and the Chief Executive Officer are also invited to attend Committee meetings.

In 2013 the Control and Risk Committee met eight times, on 24 January, 27 February, 9 May, 24 June, 7 August, 24 September, 7 November and 19 December. Minutes of the meetings were regularly taken.

Each meeting lasted an average of one hour and a half, with effective attendance of each member respectively of 100% for Chairman Elisabetta Gualandri, of 75% for Livia Salvini and of 63% for Massimo Franzoni.

The Chairman of the Board of Statutory Auditors attended 63% of the meetings of the "Control and Risk Committee".

→ Functions of the Control and Risk Committee

The Control and Risk Committee provides the Board of Directors with a preliminary opinion regarding the execution of the following:

- definition of the guidelines for the Company's internal control and risk management system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also determining the extent to which these risks are compatible with the correct management of the business and the strategic objectives identified;
- yearly evaluation as to the adequacy of the internal control and risk management system with respect to the type of business and risk profile, as well its efficacy;
- approval, at least yearly, of the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the director, Head of the Internal Control and Risk Management System;
- description of the main characteristics of the internal control and risk management system, providing its own evaluation as to the adequacy of the former ;
- evaluation, after having consulted with the Board of Statutory Auditors, of the findings of the external auditors in the letter of recommendations and the report on the main issues that emerged during the financial audit;
- appointment and suspension, as proposed by the Director in Charge of Control and Risk Management System and after having consulted with the Board of Statutory Auditors, of the Head of Internal Audit.

The Control and Risk Committee, in addition to assisting the Board of Directors on the matters above, also:

a) assesses, along with the Financial Reporting Officer and after having consulted with the external auditors and the Board of Statutory Auditors, the appropriateness of the accounting standards adopted and, if Groups are involved, their uniformity with a view to the preparation of the consolidated financial statements;
b) expresses opinions on specific aspects concerning the identification of business risks;
c) examines the periodic reports in which the internal control and risk management system is evaluated, along with any particularly relevant reports prepared by internal audit.
d) monitors the independence, adequacy, efficacy and efficiency of the internal audit function;
e) may ask internal audit to carry out controls of specific operating units, while, at the same time, advising the Chairman of the Board of Statutory Auditors;

19. Corporate Governance Code: Art 7.C.2

f) reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control and risk management system.

The functions attributed to the Control and Risk Committee are not exhaustive and may be increased.

The Board of Directors ensures that the Control and Risk Committee receives adequate support in carrying out its duties.

During the meetings held in 2013 the Committee was involved primarily in the following activities:

a. assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;

b. examination of the controls conducted by Internal Audit based on the work plan agreed upon which involved: finance, investments, treasury, accounts receivable, workplace safety, as well as controls of other specific items which include derivatives, sponsorships, and verification that the SIIQ requisites are still fulfilled.

c. issue of a positive opinion with regard to the appointment of the Head of Internal Audit;

d. examination of the results of the Enterprise Risk Management activities carried out in 2013;

e. illustration of the 2014 audit plain, prepared by the Head of Internal Audit and based on the risk prioritization process that is part of risk management.

The Company guarantees that the Control and Risk Committee will have the financial resources needed to fulfil its duties.

3.11 Internal Control and Risk Management System

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon, through the proper identification, assessment and control of the primary risks facing the company with a view to creating medium/long term value for shareholders.

This system is part of the Company's overall organizational and corporate governance structure and reflects the reference models, as well as national and international best practices.

This internal control system helps guarantee the safeguarding of the company's assets, the efficiency and efficacy of the company's operations, the reliability of financial information, and compliance with laws and regulations, as well as the bylaws and internal procedures.

In 2012, as mentioned above, the Company approved a document referred to as the "Corporate Governance Rules" which strive, among other things, to identify the roles and the responsibilities that should be part of the risk management and internal control system and which reflect all the corporate governance practices and rules that the Company has adhered for some time, as well as the amendments made to the Corporate Governance Code in 2011.

The internal control and risk management system involves, to the extent of their expertise:

i) the Board of Directors;

ii) the Director charged with creating and managing an effective internal control and risk management system;

iii) the Control and Risk Committee, as the voice of the Board of Directors, formed in accordance with the Corporate Governance Code which must support, after having received adequate information, the evaluations and decisions made by the Board of Directors relating to the internal control and risk management system, as well as the decisions relating to the approval of the periodic financial reports;

iv) the Head of Internal Audit, charged with verifying that the internal control and risk management system is functional and adequate;

v) the Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;

vi) other roles and company divisions assigned specific duties relating to internal control and risk management based on the size, complexity and profile of the business risks (including, for example, the Supervisory Board created pursuant to Legislative Decree 231/2001);

vii) the Board of Statutory Auditors which monitors the efficacy of the internal control and risk management system.

The Board of Directors ensures that the assessments and decisions made relating to the internal control system, the approval of the annual and half-year reports, as well as the relations between the Company and the external auditors are supported by an adequate exchange of information.

The Board of Directors, as part of its strategic supervision, defines the guidelines for the control systems in line with the Company's business risk previously determined by the Board[20].

The Board, by law, must also periodically verify the adequacy of the control systems. Unforeseen events, however, may require further investigation in order to verify the efficacy of the controls in relation to particular situations[21] and the Board, therefore, is also responsible for the adoption of an adequate system in light of the business's characteristics.

Toward this end an efficient organization of the workflow is key to ensuring that any questions relating to internal control, in general, and risk management, in particular, are discussed with the Board after having been adequately briefed by the Control and Risk Committee.

In order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. This "ERM" model helps top management to identify the primary risks to which the Company is exposed, how to manage them, as well as to define the risk management system. The main objective is to implement a systematic and pro-active risk management system capable of understanding the potential negative impact of risks in advance, take the necessary steps to control them, as well as continuously monitor the different exposures.

Thanks to the Enterprise Risk Management project completed by IGD, a systematic management system was implemented which makes it possible for the Group and top management to identify, measure and assess strategic, operational, financial and compliance risks.

The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business. The methods used as part of the Group's ERM system call for the following periodic activities: (i) verification and/or update of the risk map, in light of the Company's strategies and the organizational and business models; (ii) confirmation as to the efficacy of the risk assessment model used and its appropriateness given the Company's organizational structure, business and strategies; (iii) analysis of the risks identified, the organization of the risk management personnel and the risk control measures used; (iv) assessment of the risks to which Group companies are exposed; (v) identification of the "risk indicators", which make it possible to identify and assess the impact that the risks under examination could have on the company's performance; (vi) assessment of the level of risk coverage based on the control mechanisms used; (vii) prioritization of the risks and the steps to be taken; (viii)

20. Comment - Art. 7 Corporate Governance Code
21. Comment - Art. 7 Corporate Governance Code

risk tolerance analysis in accordance with the instructions received from the Group's top management; (ix) definition of the management and control strategies and assignment of responsibilities; (x) monitoring implementation of the system and related activities over time.

In 2013 the Group continued to implement and develop the ERM system by adopting methods and operative tools which make it easier to better assess risk, as well as to monitor the system on the basis of a risk assessment plan. More in detail, the project called for the implementation of the risk analysis template (Tableau De Bord) structured in 2012 based on Key Risk Indicators which are used to better assess the possible impact of the risks identified during the Risk Assessment performed in 2010 and updated in 2012 and 2013.

More in detail, the risk analysis template above provides for the calculation of key risk indicators for the key risks identified during the risk assessment phase in order to understand the impact on the core business, how the control systems should be implemented and developed, along with any improvements that might be needed: the identification of these indicators also makes it possible to predict what could happen if the level of risk should change, calculate the economic and financial impact, as well as monitor the performance.

A specific working group was formed in order to carry out the activities listed above.

In 2013 the Company continued with the risk assessment activities in order to update risk assessment in general, understand how to better mitigate risk, establish a new ranking of the risks identified and determine a risk management strategy which reflected these activities. IGD also monitored "key risks" (more in detail: credit risk - consortiums of IGD shopping centers, the risk that the global market conditions and the competitive environment could change, the risk that assets could lose value, and the risk that contracts executed do not protect the company enough), in order to better understand how to apply the risk controls and find any areas that could be improved or changed.

The internal controls implemented in relation to the financial reporting process play an important part in the general process used to identify and assess areas of the Group's business risk and to develop an internal control system that best controls these business risks.

The ERM model should not, therefore, be considered separately from the internal controls implemented in relation to the financial reporting process, insofar as both are part of IGD's overall internal control systems.

In this regard, it is noted that the preparation of the yearly and interim financial reports and, in particular, to the identification of the principle risks facing IGD and the Group, are strictly linked to the Enterprise Risk Management systems used by the Company and the Group to identify, assess and mitigate business risk.

→ Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.

The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting.

The methods used by the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations for the Finanical Reporting Officer found in the guidelines issued by ANDAF.

The internal control system implemented in relation to IGD's financial reporting process involves the following activities:

- Identification of the perimeter of the relevant administrative-accounting processes;
- Assessment of the risk management and administrative-accounting control processes;
- Identification and implementation of any needed improvements;
- Definition of the administrative-accounting control system;
- Verification as to the functioning of the controls.

As part of the yearly and half-yearly financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks.

The activities listed above are described in greater detail below.

→ Identification of the perimeter of the relevant administrative-accounting processes

This activity involves defining the perimeter of the Group and Group company processes to be controlled. Quantitative and qualitative parameters are used to assess the risks and the administrative-accounting controls based on the impact that the different items have on the financial statements.

This perimeter is constantly reviewed each year by the Company to determine if any changes are needed, including with regard to the companies doing business in Romania. Another review of the perimeter was made in order to update the administrative-accounting controls in light of changes in the Group's organizational structure and business.

This scoping phase calls for a multi-year plan based on which the processes, risks and administrative-accounting controls are reviewed.

→ Assessment of the processes, risks and administrative-accounting controls

This activity involves assessing the financial reporting control system used with regard to each item, process and transaction in order to effectively mitigate the risks linked to the administrative-accounting process.

The approach used takes into account the margin for error, as well as the risk that fraudulent acts may occur, by providing for controls and verifications of this type of risk which are coordinated with the controls implemented as part of the entire internal control system.

The approach used also takes into account both manual and IT system controls which include automatic controls incorporated into applications, as well as the general IT controls that regulate system access, systems development and the adequacy of the IT structures.

Based on the multiyear plan referred to above, the assessment of the processes pertaining to Group companies was prioritized. More in detail, the analyses of the processes used to identify and control risks continued as part of the risk assessment and the scoping reviews conducted pursuant to Law 262/05. The Financial Reporting Officer constantly monitored the adequacy of the controls implemented and, if necessary, took corrective action.

→ Definition of the administrative-accounting system

Based on the results of the assessment of the processes, risks and controls, the Company then defines or updates the administrative-accounting procedures and guarantees their adequacy with respect to the internal control system by monitoring the different phases of the process used to update or define each procedure. The administrative-accounting procedures are defined and implemented on the basis of a plan; the Company also standardized the administrative-accounting procedures used by the Romanian companies.

→ Verification of the administrative-accounting procedures

The administrative-accounting procedures are continuously monitored; toward this end specific checks are programmed in order to ensure that the administrative-accounting procedures and the relative controls have been correctly implemented. These controls are made of the entire perimeter of the companies active in Italy, with the support of Internal Audit, as well as in Romania.

Furthermore, pursuant to Consob Recommendation n. DIE/0061944 of 18/7/2013, relating to fair value measurement of real estate assets of listed real estate companies, on 19/12/2013 the Company's Board of Directors approved a specific corporate procedure, "Fair Value Measurement of Real Estate Assets".

* * *

During the year, based on the evaluation of the Control and Risk Committee and the Director in Charge of Internal Control and Risk Management, the work done by the Financial Reporting Officer and the Internal Audit report, the Board evaluated the adequacy, efficacy and functioning of the internal control and risk management system.

3.11.01 Director in charge of the Internal Control and Risk Management System

During the meeting held on 8 November 2012 the Board of Directors, in light of the changes linked to the new Corporate Governance Code, called upon the Chairman of the Board of Directors to act as the Director in Charge of the Internal Control and Risk Management System who, following this assignment, is considered an executive director. Previously, the executive director in charge of the internal control system had been the Chief Executive Officer.

In particular the director in charge of internal control and risk management has the following duties:

a) identification – working with the Chief Executive Officer to the extent necessary - of the main business risks of the Company and its subsidiaries, and periodically submiting same to the Board of Directors for examination;

b) execution of the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying their overall adequacy, efficacy and efficiency;

c) report periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures;

d) adapt this system to any change in operating conditions, the law or regulations;

e) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results;

f) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

3.11.02 Head of Internal Audit

In 2012 the Board of Directors, based on the proposal of the Director in Charge of the Internal Control and Risk Management System subject to the favourable opinion of the Board of Statutory Auditors, resolved to appoint the company Unilab to act as Head of Internal Audit in outsourcing. The Company confirmed that Unilab will carry out the assignment for both 2013 and 2014 and determined the compensation.

More in detail, the Head of Internal Audit:

a) verifies, continuously, as well as when specific needs arise and in accordance with international standards, the functioning and adequacy of the internal control and risk management system, based on an audit plan, prepared by the Head of Internal Audit and approved by the Board of Directors based on a structured analysis and prioritization of the main risks;
b) is not responsible for any operational areas and reports directly to the Board of Directors;
c) has direct access to all the information needed to carry out the assignment;
d) prepares periodic reports containing adequate information regarding the activities, how risk management is carried out, as well as the status of the plans defined. The periodic reports contain an evaluation as to the adequacy of the internal control and risk management system;
e) prepares reports about important events in a timely manner;
f) provides the above reports to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in Charge of the Internal Control and Risk Management System (i.e. the Chairman of the Board of Directors);
g) verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM process, ensuring that the Chief Executive Officer, the Control and Risk Committee and, when requested, the Board of Directors, are provided with progress reports.

3.11.03 Decree 231/2001 Organizational Model

In 2006 the Board of Directors approved adoption of the Organizational Model, as subsequently amended, which further strengthened the internal control system. In 2013 the Company, as new crimes were added to those for which the Company could be found liable, mapped the core business activities at risk and, consequently, updated the Model and provided employees and management with training in this regard.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates and is based on the standards and procedures described below.

The Organizational Model includes the following:

a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
b. the Ethical Code, which formulates the general principles (diligence, honesty and fairness) inspiring the conduct of business;
c. internal control mechanisms monitoring areas at risk;
d. the disciplinary system which enforces the Model's rules;
e. the Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model.

The Supervisory Board may act independently and must ensure that the Model is constantly updated.

The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.

The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.

Please note that the Company's internal audit, carried out the company Unilab, provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/01, as well as for the execution of specific audits deemed necessary based on the information gathered.

The Supervisory Board, renewed on 19 April 2012, is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Aristide Canosani and Livia Salvini.

In 2013 the Supervisory Board met 4 times on 27 February, 12 June, 17 September and 7 November, with attendance reaching 100% for all members. The Model is also available on the company's website http://eng.gruppoigd.it/Governance/The-Organizational-Model.

3.11.04 External Auditors

The activities related to financial audit are carried out by a company selected by the shareholders from among those listed in Consob's specific roll.

During the Annual General Meeting held on 18 April 2013 shareholders resolved to grant the financial audit assignment to the firm PricewaterhouseCoopers S.p.A.. for the period 2013-2021 in accordance with current laws, the motivated opinion submitted by the Board of Statutory Auditors, and a detailed analysis of costs and expertise.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2013 can be found in the notes to the separate and consolidated financial statements.

3.11.05 Financial Reporting Officer

In compliance with art. 154-*bis* of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

In July 2007, the Board of Directors appointed Grazia Margherita Piolanti as the Financial Reporting Officer for an indefinite period and invested her with responsibilities, powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer, along with the executive officer (s) must provide a report on the separate and consolidated (if prepared) yearly financial statements and on the half year report attesting that the administrative and accounting procedures used to prepare the separate and financial statements are adequate in light of the characteristics of the Company's business.

The Financial Reporting Officer must also attest that the separate and consolidated financial statements:

a) are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the Regulation 1606/2002/EC;
b) correspond to the ledgers and accounting entries;
c) provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

3.11.06 Coordination of the Internal Control and Risk Management System Personnel

In order to facilitate coordination of the control activities, the Company deemed it useful and opportune to outline the methods of operation as described below.

The Chairman of the Board of Statutory Auditors will call a meeting with the Chairman of the Control and Risk Committee with the frequency agreed upon and at least once a year to discuss the results of their respective control activities, to evaluate planning and the possible coordination of their respective activities. Toward this end, the Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

Other parties may be invited to attend the meetings which, in addition to periodically, may be called anytime there is a specific need and may include, in addition to the respective committees and bodies, including not as a group, the Director in Charge of the Internal Control and Risk Management System, the Head of Internal Audit, the Financial Reporting Officer, and the Chairman of the Supervisory Board.

In 2013 one meeting was held on 27 February 2013 and was attended by the entire Control and Risk Committee, the Chairman of the Board of Statutory Auditors, the Internal Audit, the Lead Independent Director, the entire Supervisory Board, a partner of the external audit firm, the Chief Executive Officer and the Financial Reporting Officer.

The Chairman of the Control and Risk Committee and the Director in Charge of the Internal Control and Risk Management System meet with the Head of Internal Audit :

(i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Committee;
(ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

The Chairman of the Supervisory Board meets periodically, at least once every six months, with the Head of Internal Audit: (i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Supervisory Board; (ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

Other meetings may be held in addition to the meetings referred to above with the parties listed in this report who are involved in control functions and may be called by the respective Chairmen of the bodies referred to, including together.

3.12 Directors' interests and transactions with related parties

With regard to the transactions with related parties, as of 1 January 2011 the Company applied the "Procedure for Related Party Transactions" approved on 11 November 2010 by the Board of Directors, subject to the favorable opinion of the Committee for Related Party Transactions, pursuant to Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions. The Company's Board of Statutory Auditors also verified that the procedure approved by the Board of Directors complied with the Consob Regulations.

The purpose of the "Procedure for Related Party Transactions" is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.

The term "Related Party" is defined explicitly in the Regulations, as per IAS 24, with marginal adjustments in order to ensure that the perimeter of related parties and related transactions is correctly determined. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, par. 2, of the Regulations.

Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguish between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:

(i) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD SIIQ's capitalization;

(ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD SIIQ's total assets;

(iii) liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD SIIQ's total assets.

Less material related party transactions, which includes all the other transactions.

The Regulations establish the criteria to be used in approving the material and less material transactions:

- the Committee for Related Party Transactions and the body involved in the approval of the transaction must be provided with complete and adequate information in a timely manner prior to approval;
- the Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;
- a statement attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded.
- the Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedures for Related Party Transactions also includes a list of the transactions which are not governed by the Regulations (with the exception of certain disclosure requirements) and which include:

1. immaterial transactions (below the amount indicated in the Company's Procedure).
2. resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain conditions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee).
3. compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-*bis* of TUF.
4. routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts).
5. transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Company formed the Committee for Related Party Transactions in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions.

The Committee for Related Party Transactions is comprised of three independent directors: Riccardo Saladini, also appointed Chairman, Giorgio Boldreghini and Andrea Parenti, appointed by the Board of Directors on 19 April 2012. The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010 and summarized below.

The Committee for Related Party Transactions met three times in 2013 on 26 February, 17 April and 7 November. All members were in attendance. Each meeting lasted approximately one hour.

The Committee for Related Party Transactions with regard to:

- less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;
- material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases (by receiving the information distributed) and the negotiations and is entitled to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee for Related Party Transactions must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to

formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favour of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights.

In accordance with Consob's recommendation (Bulletin n. DEM/10078683 of 24 September 2010) that the procedure for related party transactions be renewed every three years, during the Board meeting held on 7 November 2013 the Company, taking into account the experience matured by the Company in the three year period 2010 - 2013 in the application of this type of procedure, as well as the opinion of the Committee for Related Party Transactions, resolved in favour of the Procedure for Related Party Transactions adopted by the Company on 11 November 2010 deeming it effective in ensuring the substantive and procedural fairness of the transactions with related parties.

The procedure described above can be found on the Company's website http://eng.gruppoigd.it/Governance/Committees/Committee-for-related-party-transactions.

3.13 Appointment of the Statutory Auditors

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose. The lists may be submitted by the shareholders or groups of shareholders holding the interest specified in Consob regulations (for 2014 equal to 2.5% of the Company's share capital).

The composition of the current Board of Statutory Auditors complies with the current law relating to gender equality insofar as the Company already amended its bylaws to reflect the provisions of Law 120/2011 during the Annual General Meeting held on 19 April 2012, and as resolved during the Annual General Meeting held on 18 April 2013. More in detail, during the AGM held on 18 April 2013 shareholders approved the introduction of a runoff voting mechanism which guarantees compliance with the laws governing gender equality in the appointment of the Board of Statutory Auditors based on vote listing.

In light of the bylaw amendments above, the appointment and substitution of the standing and alternate auditors pursuant to Art. 26.9 must be done in such a way as to guarantee that the composition of the Board of Statutory Auditors complies with the current law relating to gender equality.

Toward this end, please note that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate at least one fifth of the directors and statutory auditors should be of the least represented gender.

According to Art. 26 of the bylaws, the following procedure applies to the appointment of the Board of Statutory Auditors:

- from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;
- the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.
- In the event the composition of the Board of Statutory Auditors fails to comply with the law relating to gender equality as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the missing standing and alternate statutory auditors of the least represented gender with the majority of votes required by law.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected in such a way, however, as to ensure that the composition of the Board of Statutory Auditors complies with the current law relating to equal gender opportunities.

The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

(a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;

(b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:

- all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
- sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.

With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 *bis*, TUF, as amended by the Uniform Savings Act, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

3.14 Composition and role of the Board of Statutory Auditors (pursuant to ex. Art. 123-*bis,* par. 2, lett. d) TUF)

The current Board of Statutory Auditors appointed during the Annual General Meeting held on 19 April 2012, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), Roberto Chiusoli (standing auditor), Corsi Pasquina (standing auditor), all majority list candidates, Isabella Landi (alternate auditor) and Monica Manzini (alternate auditor), both majority list candidates. No minority lists were presented.
The above mentioned list received 67.885% of the votes cast.

The personal characteristics and professional experience of the single members of the Board of Statutory Auditors are provided below.

ROMANO CONTI	ROBERTO CHIUSOLI	PASQUINA CORSI
Born in Bologna on 27 August 1948, Mr. Conti received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant and partner of Associazione Professionale Studio Gnudi, with which he has worked since the firm's inception. He is a financial auditor and provides tax planning advisory services relating to national accounting standards and tax related litigation. He is an associate of the firm ACB Group S.p.A., a consultancy based in Milan. He is a Director of Bologna's Order of Chartered Public Accountants and Accounting Experts. He also holds the assignments listed in Table 5.	Born in Bologna, on 15 September 1964, Mr. Chiusoli received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant, registered with Bologna's Role of Chartered Public Accountants and Accounting Experts since 1992, and a Certified Auditor. From 1989 through 1991, he worked in the tax division of a firm that provided legal and tax advisory services. From 1991 to 1996, he worked with Uniaudit S.p.a. auditing and certifying financial statements and ultimately was the head of tax audit. In the same sector, he worked with the financial audit firm Reconta Ernst & Young on the audit and certification of financial statements. As of 16 September 1996 Mr. Chiusoli is part of Legacoop Bologna where he is head of the tax assistance bureau. He is the coordinator of the fiscal services for Legacoop Emilia - Romagna. He is a member of the control bodies of several joint stock companies. He also holds the assignments listed in Table 5.	Born in Piombino (LI) on 8 February 1957. Ms. Corsi received a diploma from the Piombino Commercial Technical Institute in 1976. She then worked to become an accredited bookkeeper and accountant in 1995. She is registered with the Role of Chartered Public Accountants and Accounting Experts in the province of Livorno and is active professionally in Campiglia Marittima (LI). She is also a registered financial auditor. Ms. Corsi has been a member of the Audit Board of some municipalities. Ms. Corsi is Chairman of the Board of Statutory Auditors of Ipercoop Tirreno S.p.A. and a standing auditor of I.S.C. S.p.A. She also holds the assignments listed in Table 5.

The statutory auditors were appointed on the basis of a list system for three years, through the date on which the Annual General Meeting is called to approve the financial statements for the year ending on 31 December 2014.

In 2013 the Board of Statutory Auditors met 5 times on 13 February, 26 March, 9 May, 1 August and 4 November with attendance reaching 100% for all members. Each meeting lasted an average of 2 hours.

A few meetings were also held with, in particular, Company management, representatives of the external audit company, as well as the Control and Risk Committee (formerly the Internal Control Committee).

The Board of Statutory Auditors verified that its members qualify as independent under the Corporate Governance Code and TUF. This verification was made after the appointment and will be carried out each year.

The Board of Statutory Auditors supervises the work of the external auditors.

Furthermore, shareholders grant the assignment to the external auditors on the basis of the motivated opinion submitted by the Board of Statutory Auditors.

Pursuant to Art. 19 of Legislative Decree n. 39/2010, the Board of Statutory Auditors also acts as the Committee for Internal Control and Financial Audit.

The statutory auditors, including individually, may carry out inspections and controls, as well as request that the Directors provide them with information about subsidiaries, about the status of corporate transactions or specific issues, or refer these requests directly to the subsidiaries' administrative and control bodies. The statutory auditors may ask the Head of Internal Audit to carry out audits of specific operating divisions or corporate transactions.

The Board of Statutory Auditors reports on its supervisory activities and any findings to the Annual General Meeting called to approved the full year financial statements in accordance with Art. 2364, paragraph 2, of the Italian Civil Code.

The statutory auditors may also submit proposals to the Annual General Meeting relating to the full year financial statements and their approval, as well as to other matters that they are responsible for.

The Board of Statutory Auditors(at least two statutory auditors), after having notified the Chairman of the Board of Directors, can call the Shareholders' Meetings, meetings of the Board of Directors and, if instituted, the Executive Committee.

The Board of Statutory Auditors, the external auditors, the Control and Risk Committee, as well as all the other entities involved in the supervision of the control systems, will exchange information about the execution of their assignments in a timely manner.

The Board of Statutory Auditors is, at any rate, invited to be proactive and not only reactive in its supervision. The Statutory Auditors should advise the Board of Directors as to the results of its controls so that the latter might implement any corrective measures needed.

The Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

The names of the statutory auditors in office are shown in Tables 3.

3.15 Relations with Shareholders

The Board of Directors appointed an Investor Relations Manager, and set up a dedicated unit and a section on the Company's website http://eng.gruppoigd.it/Investor-Relations.

In order to guarantee that the Shareholders' Meetings are conducted in an orderly fashion, during the Shareholders' Meeting held on 26 March 2003, shareholders approved the current Regulations for Shareholder Meetings, subsequently updated, which are available on the corporate website at http://eng.gruppoigd.it/Governance/Shareholders-Meetings.

3.16 Shareholders' Meetings

(pursuant to ex Art. 123-*bis,* par. 2, lett. c) TUF)

Pursuant to Art. 10.3 of the bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.

Regulations governing the attendance and the exercise of voting rights at Shareholders' Meetings have at first been changed pursuant to Legislative Decree n. 27 of 27 January 2010, (the "**D. Lgs. 27/2010**"), in implementation of EC directive 2007/36/EC relating to shareholders' rights, and recently updated with Legislative Decree n. 91 of 18 June 2012, n. 91. Partial integration of D. Lgs. 27/2010 in the Company's bylaws was approved by the Board of Directors on 13 December 2010, pursuant to Art. 2365, para. 2, of the Italian Civil Code and Art. 22.1(ii) of the bylaws.

In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper.

Under Art. 125-*bis* TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on reducing share capital and appoint a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).

Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-sexies TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.

Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be made by submitting a request with an electronic signature as per art. 21, paragraph 2, of Legislative Decree n. 82 dated 7 March 2005, n. 82, as well as by accessing a specific section on the Company's website and via certified e-mail submitted in accordance with the procedures indicated in the notice of call.

Shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. The questions received prior to the Shareholders' Meeting will be answered, at the latest, during the meeting itself. The deadline for submitting questions to the Company prior to the Shareholders' Meeting is indicated in the notice of call. This deadline cannot be less than three days prior to the date of the Shareholders' Meeting or five days if it is indicated in the notice of call that the Company will answer the questions received prior to the Shareholders' Meeting. In this case the answer will be provided at least two days prior to the Shareholders' Meeting including via a specific section of the Company's website. No answer is required when the information requested is available in a specific Q&A section of the Company's website.

The current Regulations for Shareholder Meetings are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.

3.17 Additional Corporate Governance pactices

(pursuant to ex Art. 123-*bis,* par. 2, lett. a) TUF)

The Company adopted the Decree 231 Organizational Model as described in more detail in paragraph 3.10.03, to which you should refer.

3.18 Subsequent changes

No changes took place in the corporate governance structure following the end of the year.

Attachments

Table 1: Information on the Ownership Structure

SHARE CAPITAL STRUCTURE	N. OF SHARES	% OF SHARE CAPITAL	LISTED (INDICATE WHICH MARKETS) / NOT LISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	348,001,715	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. - STAR segment	-
SHARES WITH LIMITED VOTING RIGHTS	-	-	-	-

SIGNIFICANT INTEREST IN SHARE CAPITAL BASED ON COMMUNICATIONS EX ART. 120 T.U.F.

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
COOP ADRIATICA	COOP ADRIATICA	43.568	43.568
UNICOOP TIRRENO	UNICOOP TIRRENO	14.933	14.933
IGD SIIQ S.p.A.	IGD SIIQ S.p.A.	3.549*	3.549*
SCHRODER INVESTMENT MANAGEMENT LTD	SCHRODER INVESTMENT MANAGEMENT LTD	2.024	2.024

* Based on the share capital at the date of this Report, the no. 10,976,592 treasury shares held by the company represent 3.154% of the share capital

Table 2. **Structure of the Board of Directors and Committees**

BOARD OF DIRECTORS											CONTROL AND RISK COMMITTEE		NOMINATIONS AND COMPENSATION COMMITTEE		LEAD INDIPENDENT		CHAIRMAN'S COMMITTEE		SUPERVISORY BOARD		COMMITTEE FOR RELATED PARTY TRANSACTION	
Office	Members	In office since *****	In office until	List (M/m) *	Exec.	Non exec.	Indep. As per the code	INDEP. UNDER TUF	(%) **	N. of other appointments ***	****	**	****	**	****	**	****	**	****	**	****	**
Chairman	Coffari Gilberto	6/11/2000	Approval of financial statements at 31/12/2014	M	x				100%	4							x	100%				
Vice-Chairman	Costalli Sergio	Director since 26/3/2003 - Vice-Chairman since 10/04/2003	Approval of financial statements at 31/12/2014	M		x			50%	5							x	100%				
Chief Executive Officer	Albertini Claudio	Director since 28/4/2006 - Chief Executive Officer since 30/04/2009	Approval of financial statements at 31/12/2014	M	x				100%	6							x	100%				
	Zamboni Roberto	20/9/1999°	Approval of financial statements at 31/12/2014	M		x			63%	10							x	40%				
	Caporioni Leonardo	28/4/2006	Approval of financial statements at 31/12/2014	M		x			50%	10												
	Pellegrini Fernando	26/3/2003	Approval of financial statements at 31/12/2014	M		x			50%	2												
	Canosani Aristide	26/3/2003	Approval of financial statements at 31/12/2014	M		x			100%	3									x	100%		
	Carpanelli Fabio	16/9/2004	Approval of financial statements at 31/12/2014	M			x	x	100%	4			x	100%	x	0%			x	100%		
	Franzoni Massimo	26/3/2003	Approval of financial statements at 31/12/2014	M			x	x	38%	2	x	63%			x	0%						
	Gualandri Elisabetta	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	100%	2	x	100%			x	100%						
	Parenti Andrea	23/4/2009	Approval of financial statements at 31/12/2014	M			x	x	88%	19			x	100%	x	100%					x	100%
	Sabadini Riccardo	16/9/2004	Approval of financial statements at 31/12/2014	M			x	x	100%	0					x	100%					x	100%
	Boldreghini Giorgio	23/4/2009	Approval of financial statements at 31/12/2014	M			x	x	100%	1					x	100%					x	100%
	Magalotti Tamara	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	88%	0			x	100%	x	100%						
	Salvini Lidia	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	75%	1	x	75%			x	0%			x	100%		

Quorum required for submitting lists at the latest election: 2.50% of the share capital

N. of meetings held from 1 to 31 January 2013	BOD: 8	CRC: 8	NCC:3	LI: 1	CC: 5	SB: 4	RPT:3

NOTES:

° Zamboni has been Chairman of the BoD from 20 September 1999 to May 2000, Chief Executive from May 2000 to April 2003, and Director of IGD since 26 March 2003.

* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).

** This column reports the percentage of meetings of the BoD and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period in office).

*** This column reports the number of appointments held by the person concerned as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies. The list of these companies with reference to each director, stating whether the society in which the position is held or not is part of the group headed or which is part of the Issuer, is attached to this Report.

**** This column indicates with an "X" the director's membership of this committee.

***** All members of the Board were last appointed on 19 April 2012.

Table 3. Structure of the Board of Statutory Auditors

BOARD OF STATUTORY AUDITORS

TITLE	MEMBER	IN OFFICE SINCE ****	IN OFFICE UNTIL	LIST (M/M)	INDEPENDENT AS PER THE CODE	** (%)	N. OF OTHER APPOINTMENTS ***
CHAIRMAN	CONTI ROMANO	26 March 2003	Approval of financial statements at 31/12/2014	M	X	100%	16
STANDING AUDITOR	CHIUSOLI ROBERTO	28 April 2006	Approval of financial statements at 31/12/2014	M	X	100%	15
STANDING AUDITOR	CORSI PASQUINA	19 April 2012	Approval of financial statements at 31/12/2014	M	X	100%	2
ALTERNATE AUDITOR	LANDI ISABELLA	28 April 2006	Approval of financial statements at 31/12/2014	M			
ALTERNATE AUDITOR	MANZINI MONICA	23 April 2009	Approval of financial statements at 31/12/2014	M			

Quorum required for submitting lists at the latest election: 2.50% of the share capital

Number of meetings held during the year: 5

NOTES:
* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).
** This column reports the percentage of meetings of the Board of Statutory Auditors attended by the statutory auditors (no. attendaces/no. meetings held during the auditor's effective period in office).
*** This column reports the number of appointments held as a director or statutory auditor that are relevant for the purpose of art. 148-*bis* of the TUF. The full list of appointments is published by Consob on its website pursuant to Art. 144 - quinduiesdecies the Consob Issuer Regulations.
**** All members of the Board of Statutory Auditors were last appointed on 19 April 2012.

Table 4. Offices Held by Directors as at 31 December 2013

NAME	OFFICES HELD AT OTHER COMPANIES	"IGD" GROUP COMPANIES	"IGD" SISTER COMPANIES
COFFARI GILBERTO Chairman	Chairman of the BoD of IGD PROPERTY SIINQ S.P.A.	X	
	Director BANCA SAI S.P.A. CON SOCIO UNICO		
	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA S.C.P.A.		
	Chairman of the BoD COOPCICONTO S.R.L.		X
ALBERTINI CLAUDIO Chief Executive Officer	Standing Auditor CEFLA CAPITAL SERVICES S.P.A.		
	Vice Chairman of the BoD VIRTUS PALLACANESTO BOLOGNA S.P.A.		
	Director FINPAS SOCIETA' DI PARTECIPAZIONE E SERVIZI S.R.L		
	Vice Chairman of the BoD and Chief Executive Officer IGD PROPERTY S.I.I.N.Q. SPA	X	
	Director PROTOS S.P.A.		
	Director HOLCOA S.P.A.		
ZAMBONI ROBERTO Director	Director SEDICOOP S.R.L. con unico socio		
	Director CONSORZIO BOLOGNESE ENERGIA GALVANI S. C. A R. L.		
	Vice Chairman of the BoD EMILIANA S.R.L. con unico socio		X
	Director Enercoop Adriatica S.P.A.		X
	Chief Executive ERRICHTEN S.R.L.		
	Director FORUM S.R.L.		
	Chairman of the BoD HOPE S.R.L.		
	Vice Chairman of the BoD INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA S.C.		
	Director REAL STATION S.R.L.		
	Director UNAGRO S.P.A.		
COSTALLI SERGIO Vice Chairman	Director FINSOE S.P.A.		
	Vice Chairman of the BoD UNIPOL BANCA S.P.A.		
	Vice Chairman UNICOOP TIRRENO S.C. A R.L.		X
	Chairman FONDAZIONE "MEMORIE COOPERATIVE"		
	Director and member of the Chairman's Committee UNIPOL GRUPPO FINANZIARIO S.P.A.		
CAPORIONI LEONARDO Director	Vice Chairman of the BoD IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.P.A.		
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI SOC. COOP.		
	Director AXIS S.R.L.		
	Chairman of the Board of Statutory Auditors COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA S.P.A.		
	Auditor COOPERSALUTE - Fondo assistenza sanitaria integrativa dipendenti Coop di Consumo		
	Director FONDO PENSIONI DIRIGENTI COOPERATIVE DI CONSUMATORI		
	Director CASSA DI ASSISTENZA DIRIGENTI COOPERATIVE DI CONSUMATORI		
	Director IL PADULETTO SRL		
	Chairman of the Board of Statutory Auditors L'AVVENIRE 1921 SOC. COOP.		
	Standing Auditors DISTRIBUZIONE ROMA S.R.L.		
PELLEGRINI FERNANDO Director	Vice Chairman of the BoD IPERCOOP TIRRENO S.P.A.		X
	Vice Chairman of the BoD and Chairman of the Executive Committee SIMGEST S.P.A.		
CANOSANI ARISTIDE Director	Director COOP. ADRIATICA S.C. A R.L.		X
	Chairman of the BoD CREDITRAS ASSICURAZIONI S.P.A.		
	Director COOPCICONTO S.R.L.		X
CARPANELLI FABIO Director	Chairman of the Supervisory Board MANUTENCOOP FACILITY MANAGEMENT S.P.A.		
	Chief Executive VEICOLO 5 S.R.L.		
	Director VETIMEC SOC. COOP.		
	Director PORTA MEDICEA S.R.L.	X	
FRANZONI MASSIMO Director	Preference shareholders' representative UNIPOL GRUPPO FINANZIARIO S.P.A.		
	Vice Chairman of the BoD F&R 2010 SRL		
GUALANDRI ELISABETTA Director	Director BANCA POPOLARE DELL'EMILIA ROMAGNA SOC. COOP.		
	Director DATARIVER S.R.L.		

continue

continue Table 4. **Offices Held by Directors as at 31 December 2013**

NAME	OFFICES HELD AT OTHER COMPANIES	"IGD" GROUP COMPANIES	"IGD" SISTER COMPANIES
PARENTI ANDREA Director	Standing Auditor COMMERCIALE ORTOINVEST S.R.L.		
	Director CG HOME VIDEO S.R.L.		
	Statutory Auditor CONSORZIO MACROLOTTO IND. N. 2 DI PRATO		
	Chairman of the Board of Statutory Auditors F.LLI CIAMPOLINI & C. S.P.A.		
	Chairman of the Board of Statutory Auditors FRAMAFRUIT S.P.A.		
	Chairman of the Board of Statutory Auditors FRUTTITAL FIRENZE S.P.A.		
	Chairman of the Board of Statutory Auditors GALANDI & C. S.P.A.		
	Chairman of the Board of Statutory Auditors GIOTTOFRUIT COMMERCIALE S.R.L.		
	Chairman of the Board of Statutory Auditors IMMOBILIARE SUD-EST S.P.A.		
	Standing Auditor MEGA S.R.L.		
	Reviewer Auditor FONDAZIONE OSPEDALE PEDIATRICO MEYER		
	Chairman of the Board of Statutory Auditors IMMOBILIARE MINERVA S.P.A.		
	Chairman of the Board of Statutory Auditors PENTAFIN S.P.A.		
	Chairman of the Board of Statutory Auditors PI.DA S.P.A.		
	Chairman of the Board of Statutory Auditors SDI - SOCIETA' DISTRIBUZIONE IMBALLAGGI S.R.L.		
	Chairman of the Board of Statutory Auditors TIRRENO IMMOBILIARE S.R.L.		
	Reviewer Auditor EGAN IMMOBILIARE S.R.L.		
	Standing Auditor BINFI S.P.A.		
	Chairman of the Board of Statutory Auditors ALDO GALANDI S.P.A.		
SABADINI RICCARDO Director			
BOLDREGHINI GIORGIO Director	Chairman of the BoD TECONOPOLIS SOC. COOP.		
TAMARA MALAGOTTI Director			
SALVINI LIVIA Director	Chairman of the Board of Statutory Auditors COOPFOND - S.P.A.		

Table 5. Offices Held by the Statutory Auditors as at 31 December 2013

STATUTORY AUDITOR	OFFICES HELD IN OTHER COMPANIES	COMPANY
ROMANO CONTI Chairman of the Board of Statutory Auditors	SOLE DIRECTOR	FINMECO S.R.L.
	SOLE DIRECTOR	FIN.GI - S.R.L.
	CHAIRMAN OF THE AUDIT ON OPERATIONS COMMITTEE	MAJANI 1796 SPA
	DIRECTOR	ACB GROUP S.P.A.
	DIRECTOR	D. & C. - Compagnia di Importazione Prodotti Alimentari, Dociari, Vini e Liquori - SPA
	DIRECTOR	G.M.G. GROUP S.R.L.
	DIRECTOR	SIMBULEIA - S.P.A.
	DIRECTOR	DESPINA S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	A.M. GENERAL CONTRACTOR S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	BANCA POPOLARE DELL'EMILIA ROMAGNA SOC. COOP
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	COMET S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	SECONDA S.P.A. IN LIQUIDAZIONE
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	FERRARIO S.P.A.
	STANDING AUDITOR	COMET HOLDING S.P.A.
	STANDING AUDITOR	PENTA SPA
	SOLE AUDITOR	ZEROQUATTRO SRL
ROBERTO CHIUSOLI Standing Auditor	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	UNIPOL GRUPPO FINANZIARIO S.P.A.
	MEMBER OF THE SUPERVISORY BOARD	MANUTENCOOP FACILITY MANAGEMENT S.P.A.
	STANDING AUDITOR	COMPAGNIA ASSICURATRICE LINEAR S.P.A.
	STANDING AUDITOR	LINEAR LIFE S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	UNIPOL BANCA S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	BANCA SAI S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	CASA DI CURA VILLA DONATELLO - S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	GRANAROLO S.P.A.
	STANDING AUDITOR	HPS S.P.A.
	STANDING AUDITOR	DE' TOSCHI S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	ATAHOTELS S.P.A.
	STANDING AUDITOR	UNIPOL FINANCE S.R.L.
	MEMBER OF THE BOARD OF STATUTORY AUDITORS	SACMI IMOLA S.C.
	MEMBER OF THE SUPERVISORY BOARD	CONSORZIO COOPERATIVE COSTRUZIONI - CCC SOC. COOP.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS	CAMST S.C.A R.L.
PASQUINA CORSI Standing Auditor	MEMBER OF THE CONTROL COMMITTEE	IPERCOOP TIRRENO S.P.A.
	AUDITOR WITH LEGAL ASSIGNMENT CONTROL	IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.P.A.

KATANÈ

Gravina di Catania - Catania

Opening 2009

Mall GLA sq.m 14,912

Food anchor GLA sq.m 13,663

6,013,686 visitors in 2013

IGD Group
Consolidated Financial Statements at 31/12/2013

04

CHAPTER CONTENTS

4.1 Consolidated income statement

CONSOLIDATED INCOME STATEMENT (in €/000)	Note	31/12/2013 (A)	31/12/2012 (B)	CHANGE (A-B)
Revenue:	1	**115,529**	**117,979**	**(2,450)**
- from third parties		78,400	81,778	(3,378)
- from related parties		37,129	36,201	928
Other income:	2.1	**5,303**	**5,278**	**25**
- from third parties		3,816	3,799	17
- from related parties		1,487	1,479	8
Revenue from property sales	2.2	**6,163**	**0**	**6,163**
Total revenue and operating income		**126,995**	**123,257**	**3,738**
Change in work in progress inventory	6	754	7,976	(7,222)
Total revenue and change in inventory		**127,749**	**131,233**	**(3,484)**
Cost of construction in progress	6	5,743	7,313	(1,570)
Service costs	3	19,611	19,451	160
- third parties		16,262	15,981	281
- related parties		3,349	3,470	(121)
Cost of labor	4	8,432	8,217	215
Other operating costs	5	9,199	8,511	688
Total operating costs		**42,985**	**43,492**	**(507)**
(Depreciation, amortization and provisions)	7	(3,531)	(3,864)	333
(Impairment losses)/reversals on work in progress and inventory	13.17	1,015	(1,211)	2,226
Fair value changes	15	(34,502)	(29,383)	(5,119)
Total depreciation, amortization, provisions, impairment and fair value changes		**(37,018)**	**(34,458)**	**(2,560)**
EBIT		**47,746**	**53,283**	**(5,537)**
Income/(loss) from equity investments	8	**(498)**	**(746)**	**248**
Income/(loss) from equity investments		(498)	(746)	248
Financial income:	9	**338**	**554**	**(216)**
- third parties		337	545	(208)
- related parties		1	9	(8)
Financial charges:	9	**46,666**	**48,124**	**(1,458)**
- third parties		45,232	45,887	(655)
- related parties		1,434	2,237	(803)
Net financial income (charges)		**(46,328)**	**(47,570)**	**1,242**
PRE-TAX PROFIT		**920**	**4,967**	**(4,047)**
Income taxes	10	(3,244)	(6,185)	2,941
NET PROFIT		**4,164**	**11,152**	**(6,988)**
Non-controlling interests in net profit		834	136	698
IGD SIIQ S.p.A. share of net profit		**4,998**	**11,288**	**(6,290)**
- basic earnings per share	11	0.015	0.036	
- diluted earnings per share	11	0.015	0.062	

4.2 Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in €/000)	31/12/2013	31/12/2012
NET PROFIT	**4,164**	**11,152**
Other comprehensive income that will not be reclassified to profit or loss:		
Transaction costs for capital increase	(407)	(581)
Recalculation of defined benefit plan	41	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax effects	**(366)**	**(581)**
Other comprehensive income that will be reclassified to profit or loss:		
Impact of hedge derivatives on equity	21,014	(18,228)
Tax effect of hedge derivatives on equity	(5,779)	5,013
Other effects on income statement components	(56)	(277)
Total other comprehensive income that will be reclassified to profit or loss, net of tax effects	**15,179**	**(13,492)**
Total comprehensive income	**18,977**	**(2,921)**
Non-controlling interests in net profit	834	136
IGD SIIQ S.p.A. share of net profit	**19,811**	**(2,785)**

4.3 Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in €/000)	Note	31/12/2013 (A)	31/12/2012 (B)	CHANGE (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	92	98	(6)
Goodwill	13	11,427	11,427	0
		11,519	**11,525**	**(6)**
Property, plant, and equipment				
Investment property	15	1,723,693	1,754,550	(30,857)
Buildings	14	9,105	9,349	(244)
Plant and machinery	16	1,200	1,271	(71)
Equipment and other assets	16	1,785	2,179	(394)
Leasehold improvements	16	1,503	1,317	186
Assets under construction	17	100,249	76,376	23,873
		1,837,535	**1,845,042**	**(7,507)**
Other non-current assets				
Deferred tax assets	18	27,774	29,280	(1,506)
Sundry receivables and other	19	1,992	3,828	(1,836)
Equity investments	20	309	304	5
Non-current financial assets	21	850	25	825
Derivative assets	44	382	150	232
		31,307	**33,587**	**(2,280)**
TOTAL NON-CURRENT ASSETS (A)		**1,880,361**	**1,890,154**	**(9,793)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	73,009	78,039	(5,030)
Trade and other receivables	23	14,643	14,441	202
Related party trade and other receivables	24	887	531	356
Other current assets	25	3,669	3,144	525
Related party financial receivables and other current financial assets	26	353	734	(381)
Financial receivables and other current financial assets	26	20	41	(21)
Cash and cash equivalents	27	8,446	7,545	901
TOTAL CURRENT ASSETS (B)		**101,027**	**104,475**	**(3,448)**
TOTAL ASSETS (A + B)		**1,981,388**	**1,994,629**	**(13,241)**
NET EQUITY:				
Share capital		325,052	311,569	13,483
Share premium reserve		147,730	147,730	0
Other reserves		246,916	240,938	5,978
Group profit		33,152	41,653	(8,501)
Total net equity pertaining to the Group		**752,850**	**741,890**	**10,960**
Non-controlling interests		10,842	11,676	(834)
TOTAL NET EQUITY (C)	28	**763,692**	**753,566**	**10,126**
NON-CURRENT LIABILITIES:				
Derivative liabilities	44	33,684	54,125	(20,441)
Non-current financial liabilities	29	802,406	559,359	243,047
Related party non-current financial liabilities	29	15,000	15,000	0
Provision for employee severance indemnities	30	1,403	1,191	212
Deferred tax liabilities	18	44,832	45,422	(590)
General provisions	31	1,809	1,667	142
Sundry payables and other non-current liabilities	32	7,563	7,398	165
Related party sundry payables and other non-current liabilities	33	12,912	12,842	70
TOTAL NON-CURRENT LIABILITIES (D)		**919,609**	**697,004**	**222,605**
CURRENT LIABILITIES:				
Current financial liabilities	34	263,294	501,834	(238,540)
Related party current financial liabilities	34	13,856	21,783	(7,927)
Trade and other payables	36	12,083	8,287	3,796
Related party trade and other payables	37	2,475	4,359	(1,884)
Current tax liabilities	38	1,301	836	465
Other current liabilities	39	5,064	6,946	(1,882)
Related party other current liabilities	40	14	14	0
TOTAL CURRENT LIABILITIES (E)		**298,087**	**544,059**	**(245,972)**
TOTAL LIABILITIES (F = D + E)		**1,217,696**	**1,241,063**	**(23,367)**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**1,981,388**	**1,994,629**	**(13,241)**

4.4 Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	GROUP PROFIT	GROUP NET EQUITY	NON-CONTROLLING INTERESTS IN CAPITAL AND RESERVES	TOTAL NET EQUITY
Balance at 1 January 2012	**298,273**	**147,730**	**252,347**	**56,891**	**755,241**	**11,812**	**767,053**
Profit for the year	0	0	0	11,288	11,288	(136)	11,152
Cash flow hedges			(13,215)	0	(13,215)		(13,215)
Other comprehensive income (losses)	0	0	(858)	0	(858)	0	(858)
Total comprehensive income (losses)	**0**	**0**	**(14,073)**	**11,288**	**(2,785)**	**(136)**	**(2,921)**
Allocation of 2011 profit							
- dividends	0	0	0	(23,862)	(23,862)	0	(23,862)
- capital increase	13,296	0		0	13,296	0	13,296
- to legal reserve	0	0	1,437	(1,437)	0	0	0
- to other reserves	0	0	1,227	(1,227)	0	0	0
Balance at 31 December 2012	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	GROUP PROFIT	GROUP NET EQUITY	NON-CONTROLLING INTERESTS IN CAPITAL AND RESERVES	TOTAL NET EQUITY
Balance at 1 January 2013	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**
Net profit	0	0		4,998	4,998	(834)	4,164
Cash flow hedges			15,235	0	15,235	0	15,235
Other comprehensive income (losses)	0	0	(422)	0	(422)	0	(422)
Total comprehensive income (losses)	**0**	**0**	**14,813**	**4,998**	**19,811**	**(834)**	**18,977**
Allocation of 2012 profit							
dividends paid	0	0	0	(22,333)	(22,333)	0	(22,333)
capital increase	13,483	0	0	0	13,483	0	13,483
to legal reserve	0	0	1,019	(1,019)	0	0	0
to other reserves	0	0	(9,854)	9,854	0	0	0
Balance at 31 December 2013	**325,052**	**147,730**	**246,916**	**33,152**	**752,850**	**10,842**	**763,692**

4.5 Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS (in €/000)	31/12/2013	31/12/2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**920**	**4,967**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	9,582	8,186
(Depreciation, amortization and provisions)	3,531	3,864
(Impairment losses)/reversals on work in progress and inventory	(1,015)	1,211
Fair value changes	34,502	29,383
Income (loss) from equity investments	0	746
CASH FLOW FROM OPERATING ACTIVITIES	**47,520**	**48,357**
Current taxes	(1,588)	(1,270)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**45,932**	**47,087**
Change in inventories	(322)	(6,880)
Net change in current assets and liabilities with third parties	(1,642)	(6,115)
Net change in current assets and liabilities with related parties	(2,240)	2,164
Net change in non-current assets and liabilities with third parties	2,285	(1,486)
Net change in non-current assets and liabilities with related parties	70	71
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**44,083**	**34,841**
(Investments) in fixed assets	(25,866)	(13,805)
Disposals of fixed assets	57	30
Disposals of equity investments	55	0
(Investments) in equity investments	(60)	(108)
CASH FLOW FROM INVESTING ACTIVITIES	**(25,814)**	**(13,883)**
Change in non-current financial assets	(826)	15
Change in financial receivables and other current financial assets with third parties	21	237
Change in related party financial receivables and other current financial assets	381	692
Dividend reinvestment option	13,070	12,712
Distribution of dividends	(22,333)	(23,862)
Change in current debt with third parties	(127,206)	317,387
Change in current debt with related parties	(7,927)	(28,686)
Change in non-current debt with third parties	127,477	(306,298)
Change in non-current debt with related parties	0	0
CASH FLOW FROM FINANCING ACTIVITIES	**(17,343)**	**(27,803)**
Exchange gains/(losses) on cash and cash equivalents	(25)	(43)
NET INCREASE (DECREASE) IN CASH BALANCE	**901**	**(6,888)**
CASH BALANCE AT BEGINNING OF YEAR	**7,545**	**14,433**
CASH BALANCE AT END OF YEAR	**8,446**	**7,545**

4.6 Notes to the financial statements

Form and content of the consolidated financial statements of IGD SIIQ S.p.A.

→ Introduction

The consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A.) at 31 December 2013 were approved and authorized for publication by the Board of Directors on 27 February 2014.

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica Società Cooperativa a.r.l. and is under the management and coordination of that company.

→ Preparation criteria

The 2013 consolidated financial statements 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).

→ Reporting formats

The items in the statement of financial position have been classified as current or non-current, 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.

→ Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed in the Group's annual financial statements for the year ended 31 December 2012, with the exception of the following new standards and interpretations applicable from 1 January 2013.

On 16 June 2011, the IASB issued an amendment to IAS 1 - Presentation of Financial Statements, requiring entities to group all items of other comprehensive income according to whether they might or might not be reclassified to profit or loss in subsequent periods. The amendment is effective for financial years beginning on or after 1 July 2012. The Group has adopted it as from 1 January 2013. The changes have had no impact on the consolidated financial position or results.

On 16 June 2011, the IASB issued an amendment to IAS 19 – Employee Benefits, which eliminates the option to defer recognition of gains and losses, known as the "corridor approach", and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The Group has adopted this amendment as from 1 January 2013 and found it to have no significant impact.

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, clarifying the determination of fair value for the purpose of the financial statements and applying to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The Group has adopted this amendment as from 1 January 2013.

On 16 December 2011, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures. The amendments require disclosure of information on the effect or potential effect on an entity's financial position of netting arrangements for financial assets and liabilities. They are effective for financial years beginning on or after 1 January 2013. This change has had no impact on the Group.

On 17 May 2012, the IASB issued its "Annual improvements to IFRS - the 2009-2011 cycle", effective retrospectively as from 1 January 2013. The changes most significant to the Group are as follows:

- IAS 1 - Presentation of Financial Statements: the amendment clarifies the requirements for presenting comparative information when an entity changes accounting policies or makes retrospective restatements or reclassifications, or when it prepares financial statements that include more than the minimum comparative information;
- IAS 16 - Property, Plant and Equipment: the amendment clarifies that items such as spare parts, stand-by or servicing equipment are required to be capitalized only when they meet the definition of property, plant and equipment, and are otherwise classified as inventory. The adoption of these changes has not affected the Group's financial position or performance;
- IAS 32 - Financial Instruments: Presentation: the amendment eliminates a conflict between IAS 12 – Income taxes and IAS 32 regarding the recognition of taxes on distributions to shareholders, stating that these must be recognized in profit or loss to the extent the distribution refers to income generated by transactions originally accounted for in the income statement. The adoption

of these changes has not affected the Group's financial position or performance;
- IAS 34 - Interim Financial Reporting: the amendment clarifies that in order to improve consistency with the requirements of IFRS 8 - Operating Segments, total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

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

The table below reports the new international accounting standards or the amendments already in effect whose adoption is mandatory for financial periods beginning on 1 January 2014 (or after, if the financial statements do not coincide with the calendar year). The Group has not opted for early adoption.

COMMISSION REGULATION	TITLE	MANDATORY FROM FINANCIAL YEARS BEGINNING ON
1254/2012	**Regulation adopting IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28** The objective of IFRS 10 is to provide a single consolidation model. The new standard replaces IAS 27 - Consolidated and Separate Financial Statements and Interpretation SIC-12 - Special Purpose Entities. IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement, and replaces IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a consequence of these new IFRS, the IASB has also issued the amended IAS 27 and IAS 28.	1 January 2014
1256/2012	**Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.** The adjustments to IFRS 7 also required amendments to IAS 32 in order to provide additional guidance to reduce inconsistent application of the standard in practice.	1 January 2014
313/2013	**Transition guidance (amendments to IFRS 10, 11, and 12).** The amendments provide transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.	1 January 2014
1374/2013	**Commission Regulation (EU) 1374/2013 of 19 December 2013, published in the Official Journal L 346 of 20 December 2013, adopting *Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36).*** The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.	1 January 2014
1375/2013	**Commission Regulation (EU) 1375/2013 of 19 December 2013, published in the Official Journal L 346 of 20 December 2013, adopting *Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39).*** The objective of the amendments is to govern situations in which a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Hedge accounting can continue irrespective of the novation which, without the amendment, would not be permitted.	1 January 2014

During the year, the IASB made changes to some previously issued IAS/IFRS and published new international accounting standards. None of these changes were used to prepare the consolidated financial statements as they have not yet been approved by the European Commission.

→ Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ. Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2013, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. 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	336,028,239.08	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	80%	IGD Management s.r.l.	80.00%	Construction company
IGD Property SIINQ S.p.A.	Ravenna via Villa Glori 4	Italy	50,000,000.00	Eur	100%	IGD SIIQ S.p.A.	100.00%	Facility management
Win Magazin S.A.	Bucharest	Romania	113,715.30	Lei	100%	IGD Management s.r.l. 99,9%	100.00%	Facility management
						IGD SIIQ S.p.A. 0,1%		
Winmarkt Management s.r.l.	Bucharest	Romania	1,001,000	Lei	100%	Win Magazin S.A.	100.00%	Agency and facility management services
SUBSIDIARIES VALUED AT COST								
Consorzio I Bricchi	Isola d'Asti loc. Molini via Prato Boschiero	Italy	6,000.00	Eur		IGD SIIQ S.p.A.	72.25%	Shopping center promotion and management of common areas
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	Italy	100,000.00	Eur		IGD SIIQ S.p.A.	52.00%	Shopping center promotion and management of common areas
ASSOCIATES VALUED AT COST								
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda n.175	Italy	10,000.00	Eur		Millennium Gallery s.r.l	35.40%	Shopping center promotion and management of common areas
Virtus College s.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	10,000.00	Eur		IGD SIIQ S.p.A.	45.00%	Management of real estate and sports facilities/equipment; construction, trading and rental of properties used for commercial sports
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	Italy	100,000.00	Eur		IGD SIIQ S.p.A.	50%	Management of Darsena City shopping center
OTHERS VALUED AT COST								
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo n. 67	Italy	60,000.00	Eur		IGD Management s.r.l.	15.00%	Real estate development
Fondazione Virtus Pallacanestro Bologna	Bologna via dell'Arcoveggio n.49/2	Italy	1,200,000.00	Eur		IGD SIIQ S.p.A.	8.33%	Sports team promotion

→ Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its subsidiaries at 31 December 2013. The financial statements of subsidiaries are prepared each year using the same accounting standards as the parent. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the income statement;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;
- the financial statements of all IGD SIIQ Group companies that use a functional currency other than that used in the consolidated statements are translated into euros as follows:
  - the assets and liabilities of each balance sheet submitted are translated at the exchange rates in force on the reporting date;
  - the revenue and costs of each income statement are converted at the average exchange rates for the period;
  - all exchange gains and losses arising from this process are shown in the translation reserve under net equity.

Exchange gains and losses arising from the translation of net investments in foreign operations and of loans and other monetary instruments designated as hedges of those investments are recognized directly in equity upon consolidation. When the foreign investment is sold, the accumulated exchange differences are recognized in the income statement as part of the profit or loss from the sale.

→ Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

After their initial recognition, intangible assets are carried at cost. The useful life of intangible assets can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes an impairment loss, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.

If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.

Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IFRS 8 - Segment Reporting;
- when goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.

After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.

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 property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.

Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.

Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.

Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.

As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- a use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property);
- a use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property);
- a use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

The specific valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: income method (DCF).
- For construction in progress (extensions and new constructions), the transformation method was used, based on the discounting of future rental income for the property net of construction costs and other expenses.

The above methods were applied individually to each property, according to their specific features.

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and recent experience with similar types of properties. To that end, IGD SIIQ S.p.A. has hired CBRE Valuation S.p.A. and REAG S.p.A., 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 shopping centers, malls, hypermarkets, supermarkets, wholesale and fitness zones, 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.

IAS 23 - Borrowing costs (revised)

Borrowing costs directly attributable to the purchase and construction of investment property and inventory, relating to both new constructions and extensions, are added to the carrying value of the property in question. Interest is capitalized provided that the augmented carrying amount of the asset does not increase its value beyond fair value.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

PLANT, MACHINERY AND EQUIPMENT	RATE
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment and tools	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying amount (amortized cost method).

Inventory, work in progress and advances

Inventory is measured at the lower of cost and fair value. The cost of inventory includes all purchase, transformation and other expenses (including borrowing costs) incurred to bring the inventory to its present location and condition. Given the nature of the Group's inventory, the specific cost method is used.

Trade and other receivables

Receivables are initially shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Treasury shares

Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are taken to a specific reserve in the statement of comprehensive income under "other comprehensive income". The Group does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Group does not offer employee incentive plans in the form of share participation instruments.

Revenue

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

Rental income

Rental income from the Group's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Revenue from property sales

Revenue from property sales is recognized in profit or loss upon transfer of ownership.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Income taxes

Current taxes

Current tax liabilities for the present and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

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.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Group's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that the Group could be required to pay.

Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata, similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status.

At the close of 2013, as at the end of previous five years since 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and statement of financial position, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.

Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The Company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

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

INCOME STATEMENT €/000	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	PROPERTIES		SERVICES		"PORTA A MARE"PROJECT		SHARED		TOTAL	
REVENUE	**115,739**	**118,128**	**4,996**	**5,136**	**6,260**	**12**			**126,995**	**123,276**
CHANGE IN INVENTORY					754	7,976			754	7,976
DIRECT COSTS	(23,569)	(23,186)	(4,463)	(4,563)	(6,313)	(7,652)			(34,345)	(35,401)
GROSS MARGIN	**92,170**	**94,942**	**533**	**573**	**701**	**336**	**0**	**0**	**93,404**	**95,851**
G&A EXPENSES							(10,723)	(10,273)	(10,723)	(10,273)
EBITDA	**92,170**	**94,942**	**533**	**573**	**701**	**336**	**(10,723)**	**(10,273)**	**82,681**	**85,578**
DEPRECIATION/WRITE-DOWNS/OTHER PROVISIONS	(32,206)	(31,833)	(1)	(42)	(2,316)	(12)	(412)	(408)	(34,935)	(32,295)
EBIT	**59,964**	**63,109**	**532**	**531**	**(1,615)**	**324**	**(11,135)**	**(10,681)**	**47,746**	**53,283**
FINANCIAL INCOME MARGIN							**(46,328)**	**(47,570)**	**(46,328)**	**(47,570)**
EQUITY INVESTMENT MARGIN							**(498)**	**(746)**	**(498)**	**(746)**
TAXES							**3,244**	**6,185**	**3,244**	**6,185**
NET PROFIT									**4,164**	**11,152**
NON-CONTROLLING INTERESTS IN (PROFIT)/LOSS					834	136			834	136
GROUP NET PROFIT									**4,998**	**11,288**

STATEMENT OF FINANCIAL POSITION €/000	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
TANGIBLE ASSETS	**1,728,173**	**1,759,309**	**0**	**0**	**7**	**8**	**9,105**	**9,349**	**1,737,285**	**1,768,666**
INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS	0	0	0	0	1,585	1	40,010	44,936	41,595	44,937
CURRENT INVESTMENTS	100,249	76,376	0	0	0	0	0	0	100,249	76,376
NET WORKING CAPITAL	(196)	(3,348)	(72)	2,953	109,686	76,108	(38,147)	0	71,271	75,713
OTHER NON-CURRENT LIABILITIES	(34,288)	(44,567)	(2,654)	(734)	(31,577)	(23,219)	0	0	(68,519)	(68,520)
TOTAL USE OF FUNDS	**1,793,938**	**1,787,770**	**(2,726)**	**2,219**	**79,701**	**52,898**	**10,968**	**54,285**	**1,881,881**	**1,897,172**
NET DEBT	1,049,977	1,011,423	(1,551)	0	25,493	23,923	10,968	54,285	1,084,887	1,089,631
NET (ASSETS) AND LIABILITIES FOR DERIVATIVE INSTRUMENTS	33,302	53,975							33,302	53,975
EQUITY	710,660	722,372	(1,175)	2,219	54,208	28,975	0	0	763,692	753,566
TOTAL SOURCES	**1,793,938**	**1,787,770**	**(2,726)**	**2,219**	**79,701**	**52,898**	**10,968**	**54,285**	**1,881,881**	**1,897,172**

REVENUE FROM FREEHOLD PROPERTIES €/000	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY AND ISLANDS		ABROAD		TOTAL	
LEASE & RENTAL INCOME	47,926	48,322	44,937	45,763	9,824	11,038	102,687	105,123
ONE-OFF REVENUE	57	35	39	20	0	0	96	55
TEMPORARY LOCATION RENTALS	1,339	1,296	825	823	0	0	2,164	2,119
OTHER RENTAL INCOME	224	224	307	52	175	64	706	340
TOTALE	**49,546**	**49,877**	**46,108**	**46,658**	**9,999**	**11,102**	**105,653**	**107,637**

Notes to the consolidated financial statements

REVENUE AND OPERATING INCOME	Note	31/12/2013	31/12/2012	Change
Revenue:	1	**115,529**	**117,979**	**(2,450)**
- from third parties		78,400	81,778	(3,378)
- from related parties		37,129	36,201	928
Othe income:	2.1	**5,303**	**5,278**	**25**
- from third parties		3,816	3,799	17
- from related parties		1,487	1,479	8
Revenue from property sales	2.2	**6,163**	**0**	**6,163**
Total revennue and operating income		**126,995**	**123,257**	**3,738**

In 2013 the IGD Group earned total revenue of €126,995K, including €6,163K from the trading of properties, an increase of 3% on the previous year.

Note 1) Revenue

REVENUE	31/12/2013	31/12/2012	Change
Freehold hypermarkets	**34,895**	**34,152**	**743**
Rent and business lease	**34,895**	**34,152**	**743**
related parties	34,895	34,152	743
Leasehold hypermarkets	**116**	**114**	**2**
Business lease	**116**	**114**	**2**
Related parties	116	114	2
Freehold supermarkets	**387**	**381**	**6**
Rent	**387**	**381**	**6**
Related parties	387	381	6
TOTAL HYPERMARKETS/SUPERMARKETS	**35,398**	**34,647**	**751**
Freehold malls, malls under beneficial interest, offices and city center properties	**69,320**	**72,634**	**(3,314)**
Rent	**19,029**	**20,300**	**(1,271)**
Related parties	512	380	132
Third parties	18,517	19,920	(1,403)
Business lease	**50,291**	**52,334**	**(2,043)**
Related parties	472	460	12
Third parties	49,819	51,874	(2,055)
Leasehold malls	**7,842**	**7,915**	**(73)**
Rent	**334**	**328**	**6**
Related parties	84	82	2
Third parties	250	246	4
Business lease	**7,508**	**7,587**	**(79)**
Related parties	117	119	(2)
Third parties	7,391	7,468	(77)
Other contracts and temporary rent	**2,969**	**2,783**	**230**
Other contracts and temporary rent	2,423	2,270	153
Other contracts and temporary rent - related parties	546	513	33
TOTAL MALLS	**80,131**	**83,332**	**(3,201)**
GRAND TOTAL	**115,529**	**117,979**	**(2,450)**
of which related parties	37,129	36,201	928
of which third parties	78,400	81,778	(3,378)

Rent and business lease revenue decreased by €2,450K due essentially to the difficult economy, whose impact was strongest on Italian malls, where vacancies went up with peaks at I Bricchi, Città delle Stelle and Mondovì. At some shopping centers (such as La Torre and Tiburtino) the vacancies were strategic, allowing layout changes and a revised mix of small and midsize stores. There was also an increase in temporary rent reductions granted as a way to limit the rise in vacancies. At the Romanian shopping centers, revenue went down due to the drag effect of the downside at contract renewals in the second half of 2012 and the strategic vacancy for construction work (including a 1,500 square meter H&M store opened during the second half in Buzău), which aims to attract other international brands in the mid-range future. Conversely, hypermarkets showed growth thanks to ISTAT inflation indexing and the fact that the recently opened hypermarkets are gradually earning revenue for the full year.
See the directors' report for further information.

Note 2.1) Other income

OTHER INCOME	31/12/2013	31/12/2012	CHANGE
Insurance refunds	270	4	266
Facility management revenues	3,346	3,512	(166)
Pilotage and construction revenues	106	102	4
Marketing revenues	42	13	29
Other	52	168	(116)
Total other income from third parties	**3,816**	**3,799**	**17**
Facility management revenues - related parties	1,403	1,373	30
Pilotage and construction revenues	0	3	(3)
Portfolio management and rent management revenues - related parties	57	62	(5)
Marketing revenues	27	41	(14)
Total other income from related parties	**1,487**	**1,479**	**8**
TOTAL	**5,303**	**5,278**	**25**

Other income was in line with the previous year. Specifically, "Facility management revenue" (mostly for shopping centers) fell slightly, due to the loss of a management contract for the Sesto Fiorentino mall.
The insurance refund refers to the claim for damages at Centro Porto Grande.

Note 2.2) Revenue from property sales

In the fourth quarter of the year 18 residential units were sold in addition to 20 enclosed garage units and 3 parking spaces, in the Mazzini section of the Porta a Mare project in Livorno, for total of €6,163K.

Note 3) Service costs

SERVICE COSTS	31/12/2013	31/12/2012	CHANGE
Service costs	**16,262**	**15,981**	**281**
Rent paid	6,912	6,898	14
Rented vehicles	228	207	21
Utilities	172	130	42
Advertisements, listings, advertising & promotions	515	545	(30)
Service	35	5	30
Facility management costs	2,281	2,126	155
Facility management administration costs	621	615	6
Insurance	556	560	(4)
Professional fees	311	265	46
Directors' and statutory auditors' fees	794	800	(6)
External auditing fees	181	184	(3)
Investor relations, Consob, Monte Titoli costs	305	301	4
Recruitment, training and other personnel costs	511	452	59
Travel and accommodation	137	128	9
Failed project costs	0	78	(78)
Shopping center pilotage and construction costs	21	56	(35)
Consulting	1,197	1,097	100
Maintenance and repairs	476	702	(226)
Transaction costs for sale of residential properties	201	0	201
Bank fees and commissions	222	155	67
Cleaning, porterage and security	210	214	(4)
Other	376	463	(87)
Related party service costs	**3,349**	**3,470**	**(121)**
Rent paid	1,819	1,869	(50)
Shopping center promotional costs	50	100	(50)
Service	264	262	2
Facility management costs	1,033	1,011	22
Insurance	60	64	(4)
Directors' and statutory auditors' fees	118	118	0
Consulting	0	12	(12)
Maintenance and repairs	4	3	1
Other	1	31	(30)
TOTAL	**19,611**	**19,451**	**160**

The principal components of this item are rent and usage fees for properties managed by IGD, facility management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms.
The total amount is roughly in line with the previous year and the most significant changes concern facility management costs, which rose by €177K due to an increase in average vacancy and the consequent rise in the Group's expenses for unlet premises, as well as transaction costs for the sale of residential units (mentioned in the previous note) in the amount of €201K.
The greatest decrease was in maintenance and repair costs, which fell from €705K to €480K due to the larger amount of work that was necessary the previous year.
The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. and its subsidiaries. The fees indicated make up the compensation for 2013 approved by the shareholders and the Board of Directors when these officers were appointed.

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
Board of Directors				
Gilberto Coffari	Chairman	01/01/13-31/12/13	2014 FY appr.	91,500
Sergio Costalli	Vice Chairman	01/01/13-31/12/13	2014 FY appr.	66,500
Claudio Albertini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
	ChiefExecutive Officer	01/01/13-31/12/13	2014 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Leonardo Caporioni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Fernando Pellegrini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Aristide Canosani	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Massimo Franzoni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Riccardo Sabadini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Fabio Carpanelli	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Andrea Parenti	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Elisabetta Gualandri	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Tamara Magalotti	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Livia Salvini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/13-31/12/13	2014 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/13-31/12/13	2014 FY appr.	16,500
Pasquina Corsi	Standing Auditor	01/01/13-31/12/13	2014 FY appr.	16,500
CONTROL AND RISKS COMMITTEE				
Elisabetta Gualandri	Director (Chairman)	01/01/13-31/12/13	when no longer director	12,000
Massimo Franzoni	Director	01/01/13-31/12/13	when no longer director	8,000
Livia Salvini	Director	01/01/13-31/12/13	when no longer director	8,000
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/13-31/12/13	when no longer director	12,000
Aristide Canosani	Director	01/01/13-31/12/13	when no longer director	8,000
Livia Salvini	Director	01/01/13-31/12/13	when no longer director	8,000
NOMINATIONS AND COMPENSATION COMMITTEE				
Andrea Parenti	Director (Chairman)	01/01/13-31/12/13	when no longer director	2,250
Fabio Carpanelli	Director	01/01/13-31/12/13	when no longer director	2,250
Tamara Magalotti	Director	01/01/13-31/12/13	when no longer director	2,250
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/13-31/12/13	when no longer director	0
Sergio Costalli	Vice Chairman	01/01/13-31/12/13	when no longer director	0
Claudio Albertini	Chief Executive Officer	01/01/13-31/12/13	when no longer director	0
Roberto Zamboni	Director	01/01/13-31/12/13	when no longer director	0
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Chairman)	01/01/13-31/12/13	when no longer director	2,250
Andrea Parenti	Director	01/01/13-31/12/13	when no longer director	2,250
Giorgio Boldreghini	Director	01/01/13-31/12/13	when no longer director	2,250
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/13-31/12/13	when no longer director	750
Compliance Committee				
Subsidiary: Igd Management s.r.l.				
Fabio Carpanelli	Chairman	01/01/13-31/12/13	2014 FY appr.	3,000
CBoard of Directors				
Subsidiary: Porta Medicea s.r.l.				
Fabio Carpanelli	Director	01/01/13-31/12/13	2013 FY appr.	1,500
COMPLIANCE COMMITTEE				
Subsidiary: Porta Medicea S.r.l.				
Fabio Carpanelli	Director	01/01/13-31/12/13	2013 FY appr.	3,000

For further information, see the company's Remuneration Report prepared in accordance with the law.

Note 4) Cost of labor

COST OF LABOR	31/12/2013	31/12/2012	CHANGE
Wages and salaries	6,162	5,883	279
Social security	1,753	1,696	57
Severance pay	351	490	(139)
Other costs	166	148	18
TOTAL	**8,432**	**8,217**	**215**

The cost of labor went up, due mainly to the hiring of two new employees and to contractual and merit increases in wages and salaries. Severance pay includes contributions to supplementary funds in the amount of €89K.
The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2013	31/12/2012
Executives	6	6
Middle managers	25	26
White collar	131	128
TOTAL	**162**	**160**

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2013	31/12/2012	CHANGE
IMU/property tax	7,932	7,507	425
Other taxes	50	42	8
Contract registration	387	360	27
Capital losses	49	0	49
Out-of-period (income)/charges	58	4	54
Membership fees	126	83	43
Losses on receivables	67	52	15
Sundry penalties	77	10	67
Fuel and tolls	174	170	4
Magazine subscriptions, office supplies, forms	100	84	16
Other operating costs	179	199	(20)
TOTAL	**9,199**	**8,511**	**688**

The change in other operating costs relates chiefly to the municipal property tax (IMU), which increased due to the rise in the coefficients applicable to land registry category D8 (large commercial properties).

Note 6) Change in work in progress inventory

CHANGE IN WORK IN PROGRESS INVENTORY	31/12/2013	31/12/2012	CHANGE
Construction costs for the year	5,743	7,313	(1,570)
Interest capitalized	0	663	(663)
Disposal of inventory due to sale	(4,989)	0	(4,989)
Change in work in progress inventory	**754**	**7,976**	**(7,222)**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno increased by €754K due to the advancement of works on Piazza Mazzini, partially offset by the elimination of inventory as a result of sales (see Note 2.2). In 2013 no financial expenses were capitalized, so as not to give the project a higher value than its appraised fair value.

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

DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES	31/12/2013	31/12/2012	CHANGE
Amortization	(27)	(23)	(4)
Depreciation	(1,296)	(1,303)	7
Allocation to provision for doubtful accounts	(2,083)	(2,164)	81
Other provisions	(125)	(374)	249
Total depreciation, amortization and provisions	**(3,531)**	**(3,864)**	**333**
(Impairment losses)/reversals on work in progress and inventory	**1,015**	**(1,211)**	**2,226**
Fair value changes	**(34,502)**	**(29,383)**	**(5,119)**
Total depreciation, amortization, impairment and fair value changes	**(37,018)**	**(34,458)**	**(2,560)**

Depreciation and amortization, in line with the previous year, are discussed in Notes 12 and following.
The allocation to the provision for doubtful accounts, €2,083K, was slightly lower than the previous year. Given the problematic economy, 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 two IMU (municipal property tax) disputes regarding Le Maioliche (Faenza) and La Torre (Palermo) shopping centers.
Net impairment losses for the adjustment of investment property to fair value amounted to €34,502K for the year (see Note 15).
"(Impairment losses)/reversals on work in progress" cover the following:

- the reversal of impairment charged in previous years, concerning the direct development projects for the expansion of ESP, Porto Grande and Chioggia Retail Park (listed as work in progress), to adjust their cost to fair value in the amount of €1,040K;
- a positive fair value change (€2,289K) for the Centro d'Abruzzo expansion project (listed as work in progress), reflecting a significant start on construction;
- a positive fair value change (€2,706K) for the retail portion of the Porta a Mare project in Livorno (listed as work in progress), reflecting significant progress with construction;
- an impairment loss of €5,020K 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 31 December 2013.

Note 8) Income/(loss) from equity investments

INCOME/(LOSS) FROM EQUITY INVESTMENTS	31/12/2013	31/12/2012	CHANGE
Impairment of equity investments	0	(16)	16
Price adjustment on sale of equity investment	(498)	(730)	232
Total income/(loss) from equity investments	**(498)**	**(746)**	**248**

The net loss from equity investments in 2013 stems from the settlement of the price adjustment on the 2010 sale of RGD S.r.l. (now Beni Stabili).

Note 9) Financial income and charges

FINANCIAL INCOME	31/12/2013	31/12/2012	CHANGE
Bank interest income	74	116	(42)
Other interest income and equivalent	59	46	13
Interest on VAT refund	0	24	(24)
Exchange gains	204	359	(155)
Total third parties	**337**	**545**	**(208)**
Interest income from related parties	1	9	(8)
Total related parties	**1**	**9**	**(8)**
Total financial income	**338**	**554**	**(216)**

Financial income decreased due mainly to the trend in interest rates, as the substantial decline in Euribor rates depressed interest income on current accounts held by Group companies. Exchange gains on the Romanian lei came to €204K for 2013, a decrease of €155K with respect to 2012. Interest income from related parties is described in Note 40.

FINANCIAL CHARGES	31/12/2013	31/12/2012	CHANGE
Interest expense on security deposits	304	305	(1)
Interest expense on Coop Adriatica account	1,130	1,932	(802)
Total related parties	**1,434**	**2,237**	**(803)**
Interest expense to banks	4,279	4,609	(330)
Other interest and charges	452	800	(348)
Exchange losses	320	293	27
Mortgage loan interest	12,749	14,779	(2,030)
Financial charges on leasing	101	149	(48)
Bond interest and charges	13,326	13,204	122
IRS spreads	14,005	12,053	1,952
Total third parties	**45,232**	**45,887**	**(655)**
Total financial charges	**46,666**	**48,124**	**(1,458)**

Financial charges decreased by €1,458K with respect to the previous year.

This is explained by the lower average cost of debt, which went from 4.29% in 2012 to 4.22%, or from 3.91% to 3.94% net of figurative interest on the convertible bond loan.

Most of the changes on the previous year are due to:

- a decrease in interest to Coop Adriatica as a result of lower drawdowns on the credit line;
- a steep reduction in the Euribor, from 0.57 (monthly average) in 2012 to 0.22 (monthly average) this year, which was partially offset by a slight increase in the spread on short-term borrowings and refinanced mortgage loans;
- the lack of charges relating to the call option on a 20% interest in Porta Medicea, which was exercised in April 2012.

As mentioned in Section 2.4 ("Corporate events"), in the context of the public exchange offer, on 7 May the company issued bonds with a total nominal amount of €122,900,000, maturing on 7 May 2017 and paying interest of 4.335%. Residual new bonds amounting to €22,000,000, also expiring on 7 May 2017 and with a coupon of 4.335%, were placed with third party investors. The transaction costs for the bond issue amounted to approximately €1.5 million and will be expensed over their duration, using the amortized cost method. Pursuant to IAS 39 (par. 40) and AG 62, the contractual terms of the new issues were checked to make sure that they did not differ substantially from the terms and conditions of the convertible bond loan and €122.9 million of the transaction was recognized as restructured debt. The difference, therefore, between the carrying value of the convertible loan at the exchange date and the redemption amount at maturity, of €1,891K, was included, along with the new transaction costs, in the amortized cost calculation.

On 28 December 2013 the residual convertible bond loan with a nominal value of €107.1 million was redeemed, generating financial charges of €8,714K for the year.

Regarding the exchanged bond, with a nominal value of €122.9 million, all-in rate of 5.07% and maturity on 7 May 2017, the charges recognized in the income statement amounted to €3,955K, while for additional bonds (nominal €22 million, all-in rate of 4.62%, maturity 7 May 2017) the interest charge was €657K.

The €135 million mortgage loan granted on 26 November 2013 and disbursed on 3 December by the Italian branch of BNP Paribas (with a duration of five years and a spread of 425 basis points over the 3-month Euribor) produced financial charges of €521K including €4.08 million in transaction costs, as well as a fee of €39K for the period between the grant date and the disbursement of the loan. An IRS taken out to hedge the interest rate risk on the loan calls for collection of the 3-month Euribor and payment of a fixed rate of 1.01%.

Note 10) Income taxes

INCOME TAX	31/12/2013	31/12/2012	CHANGE
Current taxes	1,232	1,401	(169)
Substitute tax	383	0	383
Deferred tax liabilities	(744)	(3,104)	2,360
Deferred tax assets	(4,088)	(4,351)	263
Out-out-of-period income/charges	(27)	(131)	104
Total	**(3,244)**	**(6,185)**	**2,941**

Current and deferred tax came to a positive €3,244K, due primarily to the effect of deferred taxation on the fair value adjustment of properties. This led to a provision for deferred tax assets and a reversal of deferred tax liabilities, with a positive impact on the overall tax rate. After further study of the interpretation of Romanian laws on the taxation of the revaluation reserve, deferred tax liabilities were recalculated on reserves previously treated as tax-suspended. Net of these effects, the tax rate comes to 8.77% of the pre-tax profit, up from 6.77% the previous year. The substitute tax refers to the capital gain for tax purposes generated by the transfer of the Centro Lame hypermarket.

Below is a reconciliation between theoretical income tax and actual income tax for the year ended 31 December 2013.

RECONCILIATION OF INCOME TAX APPLICABLE TO PROFIT BEFORE TAX	31/12/2013
Income before taxes	**920**
Theoretical tax charge (tax rate 27.5%)	*253*
Profit resulting in the income statement	920
Increases:	
IMU property tax	6,924
Negative fair value	34,502
Devaluation ongoing projects	5,020
Other increases	11,930
Decreases:	
Change in tax-exempt income	(33,007)
Deductible depreciation	(5,673)
Impairment reversals and positive fair value of work in progress	(6,035)
Other changes	(7,295)
Taxable income	**7,286**
Use of ACE benefit	**999**
Taxable income net of losses	***6,287***
Lower current taxes recognized directly in equity	***(2)***
Current taxes	***1,103***
Income from tax consolidation	***226***
Substitute tax on capital gains	***383***
Total current taxes for the year	***1,260***
Difference between value and cost of production	**80,167**
Theorethical IRAP (3.9%)	*3,127*
Difference between value and cost of production	**80,167**
Changes:	
Increases	14,344
Decreases	(7,739)
Change in exempt income	(76,059)
Other deductions	(2,167)
Taxable income for IRAP purposes	***8,548***
Lower IRAP charged directly to equity	***(1)***
Current IRAP for the year	**355**

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. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period. 2012 diluted earnings per share is calculated by dividing profit or loss (for the computation of diluted profit, the payout reserved to IGD's shareholders was adjusted by the amount of interest related to the bond, net of the tax effect) attributable to ordinary equity holders of IGD by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.
For 2013, with the redemption of the convertible bond loan on 28 December, diluted earnings per share is the same as basic earnings per share as there are no longer any potential ordinary shares to service the conversion.

EARNINGS PER SHARE	31/12/2013	31/12/2012
Net profit attributable to IGD SIIQ S.p.A. shareholders	4,998	11,288
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	4,998	24,372
Weighted average number of ordinary shares for purposes of basic earnings per share	328,997,292	309,682,452
Weighted average number of ordinary shares for purposes of diluted earnings per share	328,997,292	393,728,301
Basic earnings per share	**0.015**	**0.036**
Diluted earnings per share	**0.015**	**0.062**

Note 12) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Intangible assets with finite useful lives	78	8	0	(23)	0	63
Intangible assets with finite useful lives under development	0	35	0	0	0	35
Total intangible assets with finite useful lives	**78**	**43**	**0**	**(23)**	**0**	**98**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Intangible assets with finite useful lives	63	19	0	(27)	33	88
Intangible assets with finite useful lives under development	35	2	0	0	(33)	4
Total intangible assets with finite useful lives	**98**	**21**	**0**	**(27)**	**0**	**92**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity. The reclassification refers mostly to the cost incurred in 2012 to purchase licenses for business software under a project that was completed this year.

Note 13) Goodwill

GOODWILL 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2012
Goodwill	**11,427**					**11,427**

GOODWILL 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2013
Goodwill	**11,427**					**11,427**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2013:

GOODWILL	31/12/2012	31/12/2013
Millennium S.r.l.	3,952	3,952
Winmagazin S.A.	5,409	5,409
Winmarkt Management S.r.l.	1	1
Centro Nova	546	546
Città delle Stelle	65	65
San Donà	448	448
Service	1,006	1,006
Total	**11,427**	**11,427**

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 and REAG, in accordance with the criteria described above for the Group's investment properties (see also Note 15). 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 Centro Nova, Città delle Stelle, 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. The figures were retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the plan for 2014-2016, approved by the Board of Directors on 19 December 2013. The discount rate (WACC) was 5.78%; the risk premium contained in the cost of equity is 4.60%, while the borrowing rate used is the average rate over the course of the plan for obtaining funding. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 14) Buildings

BUILDINGS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Historical cost	10,114				10,114
Accumulated depreciation	(522)			(243)	(765)
Net carrying value	**9,592**	**0**	**0**	**(243)**	**9,349**

BUILDINGS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2013
Historical cost	10,114				10,114
Accumulated depreciation	(765)			(244)	(1,009)
Net carrying value	**9,349**	**0**	**0**	**(244)**	**9,105**

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 15) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

INVESTMENT PROPERTY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Investment property	**1,779,445**	**3,332**	**(896)**	**6,305**	**(35,688)**	**2,052**	**1,754,550**

INVESTMENT PROPERTY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Investment property	**1,754,550**	**6,992**	**(3,886)**	**13,873**	**(48,375)**	**539**	**1,723,693**

Increases concern extraordinary maintenance work, mostly at the Mondovì, La Torre, Centro d'Abruzzo, Casilino, Tiburtino and ESP shopping centers and some centers in Romania, where builders completed the pedestrian bridge connecting the two shopping wings of Grand Center Ploiesti and new façades and internal layouts, including the fitout work for the opening of an H&M store in Buzău.
Decreases consist mainly of the adjustment of contingent consideration regarding a mall. The heading "Reclassifications" mostly covers work completed at various shopping centers listed as assets under construction the previous year.
The adjustment to fair value at 31 December 2013 entailed writedowns that exceeded revaluations. For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal reports by CB Richard Ellis and REAG, attached to the financial statements.
The real estate portion of the Fonti del Corallo mall in Livorno, sold in February 2014, was not reclassified to non-current assets held for sale because at 31 December 2013, considering the suspensive conditions still pending—including the outcome of the full due diligence, which took place in 2014—the sale was not considered highly likely. It was therefore decided that the conditions of IFRS 5 for classifying the asset as held for sale had not been met.

Fair value hierarchy

One of the changes introduced by IFRS 13 is the need to provide disclosures on the fair value hierarchy for non-financial assets and liabilities, which classifies into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy 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.

FAIR VALUE MEASUREMENTS 31/12/2013	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property Italy:			
Malls and retail parks			971,525
City Center Project			27,800
Hypermarkets and supermarkets			544,390
Residual portions of property			6,578
Total investment property Italy			**1,550,293**
Investment property Romania:			
Shopping malls			170,000
PLOJESTI - Junior office building			3,400
Total Romania			**173,400**
IGD Group: Investment property			**1,723,693**
Direct initiatives			
Projects at advanced phase of construction (1)			14,400
Total development initiatives			**14,400**
Porta a Mare project			
Porta a Mare project (2)			41,400
Total trading properties			**41,400**
Total IGD Group investment property measured at fair value			**1,779,493**

(1) This project is recognized as assets under construction, and is measured at fair value given the advanced stage of completion (70%).
(2) This project, concerning the retail portion of the Porta a Mare complex, is recognized as assets under construction and is measured at fair value given the advanced stage of completion.

The specific valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: income method (DCF).
- For construction in progress (extensions and new constructions), the transformation method was used, based on the discounting of future rental income for the property net of construction costs and other expenses.

The above methods were applied individually to each property, according to their specific features.

Properties were appraised assuming their highest and best use, i.e. by considering among all physically possible, legally permissible and financially feasible uses only those likely to give the properties their greatest value.
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.

Sensitivity analysis at 31/12/2013

For properties carried at fair value, measurements are considered to be at Level 3 of the fair value hierarchy, as mentioned above.
Quantitative information on the most significant unobservable inputs is provided below:

ASSET CLASS	FV 31/12/2013	VALUATION METHOD	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)
HYPER/SUPER	544,390,000	Income-based (DCF)	Discount rate	6.90%-7.30% (7.04%)
			Gross initial yield	6.15%-7.36% (6.63%)
			Gross exit cap yield	5.66%-7.44% (6.49%)
MALLS/RETAIL PARKS	971,525,000	Income-based (DCF)	Discount rate	6.60%-8.00% (7.30%)
			Gross initial yield	5.51%-7.21% (6.52%)
			Gross exit cap yield	6.44%-8.11% (7.00%)
OTHER/CITY CENTER	34,378,000	Income-based (DCF)	Discount rate	6.20%-8.20% (6.39%)
			Gross initial yield	4.88%-8.67% (5.77%)
			Gross exit cap yield	5.95%-8.98% (6.21%)
WINMARKT	173,400,000	Income-based (DCF)	Discount rate	7.60%-10.00% (8.10%)
			Gross initial yield	5.14%-9.73% (6.44%)
			Gross exit cap yield	7.89%-15.46% (8.84%)
	1,723,693,000			

With regard to the unobservable inputs reported in the table, there would be negative changes in FV with an increase in the discount rate, gross exit cap rate and gross initial yield. Other variables that could reduce fair value are:

- an increase in operating costs and/or taxes
- a decrease in rent or in estimated market rent for vacant sqm
- an increase in estimated extraordinary charges.

Conversely, FV would rise if there were a decrease in the discount rate, gross exit cap rate and gross initial yield, or a reverse-sign change in the other variables mentioned above.

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

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
The change, net of depreciation, refers mainly to the upgrade of the cooling system at Ascoli shopping center and the adaptation of premises at the leasehold property Centro Nova.
Movements in plant and machinery in 2013 and 2012 are shown below:

PLANT AND MACHINERY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Historical cost	2,947	245	(3)	0	0	0	3,189
Accumulated depreciation	(1,559)	0	0	(359)	0	0	(1,918)
Net carrying value	**1,388**	**245**	**(3)**	**(359)**	**0**	**0**	**1,271**

PLANT AND MACHINERY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Historical cost	3,189	268	0	0	0	0	3,457
Accumulated depreciation	(1,918)	0	0	(339)	0	0	(2,257)
Net carrying value	**1,271**	**268**	**0**	**(339)**	**0**	**0**	**1,200**

The following tables show movements in equipment in 2013 and 2012:

EQUIPMENT 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Historical cost	4,049	152	(6)	0	79	(5)	4,269
Accumulated depreciation	(1,582)	0	5	(516)	0	3	(2,090)
Net carrying value	**2,467**	**152**	**(1)**	**(516)**	**79**	**(2)**	**2,179**

EQUIPMENT 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Historical cost	4,269	134	(59)	0	3	(2)	4,345
Accumulated depreciation	(2,090)	0	36	(508)	0	2	(2,560)
Net carrying value	**2,179**	**134**	**(23)**	**(508)**	**3**	**0**	**1,785**

Movements in leasehold improvements in 2013 and the previous year:

LEASEHOLD IMPROVEMENTS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Net carrying value	**1,460**	**2**	**0**	**(185)**	**40**	**0**	**1,317**

LEASEHOLD IMPROVEMENTS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Net carrying value	**1,317**	**391**	**0**	**(205)**	**0**	**0**	**1,503**

Note 17) Assets under construction

ASSETS UNDER CONSTRUCTION 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSIFICA-TIONS	(IMPAIRMENT LOSSES)/REVER-SALS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2012
Assets under construction	**69,834**	**10,166**	**(581)**	**(1,803)**	**(1,211)**	**(29)**	**76,376**

ASSETS UNDER CONSTRUCTION 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICA-TIONS	(IMPAIRMENT LOSSES)/REVER-SALS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Assets under construction	**76,376**	**18,638**	**(578)**	**(210)**	**6,035**	**(12)**	**100,249**

The increase in assets under construction is due primarily to:

- progress on the retail portion of the Porta a Mare project in Livorno for €6,407K, plus €349K in capitalized interest;
- progress on the urban infrastructure and buildings of the future retail park in Chioggia, for €1,002K;
- progress on the expansion of the Abruzzo shopping center, for €5,591K, with more than 70% now complete;
- purchase of land plus transaction costs relating to the ESP expansion, for €462K;
- restyling of the underground parking garage and access stairs to the Sarca shopping center, for €1,220K;
- unfinished extraordinary maintenance work at some Romanian centers, for €2,527K.

For construction in progress (Chioggia, Portogrande and ESP), recognized at adjusted cost, the impairment losses charged in previous years were reversed in the amount of €1,040K to adjust their carrying amounts to the lower of cost and appraised fair value, while the project to expand Centro d'Abruzzo has been accounted for at fair value considering that construction is now well underway, entailing an adjustment of +€2,289K at 31 December 2013. Likewise, the "Porta a Mare" project in Livorno (retail portion only) has been recognized at fair value due to significant progress with construction; the adjustment to fair value at 31 December amounted to +€2,706K.

Decreases are essentially due to:

- the completion of work for €446 thousand, referring mostly to the fitout and façade refurbishment at Buzău shopping center for the opening of an H&M store, and the consequent reclassification to investment property.

See section 2.5 on the real estate portfolio for further details.

Note 18) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities consist mainly of the tax effect on the fair value adjustment of property investments and interest rate swaps.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	31/12/2013	31/12/2012	Change
Deferred tax assets	27,774	29,280	(1,506)
Deferred tax liabilities	(44,832)	(45,422)	590

In detail:

DEFERRED TAX ASSETS	31/12/2013	31/12/2012	CHANGE
Capital increase	6	4	2
Taxed provisions	179	312	(133)
Bonus provision	81	77	4
IAS 40	15,054	12,454	2,600
Higher land value for tax purposes	753	753	0
Interest rate swaps	8,396	14,073	(5,677)
Impairment losses on land and construction in progress	1,792	503	1,289
impairment losses on equity investments	193	394	(201)
Loss from tax consolidation	1,299	693	606
Other effects	21	17	4
Total deferred tax assets	**27,774**	**29,280**	**(1,506)**

Deferred tax assets relate to:

- taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- the effect of investment property and construction in progress writedowns in accordance with IAS 40;
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land;
- the recognition of deferred tax assets on mortgage hedging instruments (IRS).

The change for the year stems from:

- the reversal of deferred tax assets on mortgage hedging instruments (IRS) in the amount of €5,677K due to the favorable trend in interest rates, which improved the MtM value of the swaps;
- the reversal of deferred tax assets arising from the reversal of writedowns charged in previous years on work in progress (€287K), and the recognition of deferred tax assets on the writedown of Porta a Mare inventory (€1,576K);
- the recognition of deferred tax assets on the fair value adjustment of investment property, in the amount of €2,600K;
- the reversal of deferred tax assets on the impairment of equity investments, as a result of the price adjustment mentioned in Note 8;
- the reversal of deferred tax assets on provisions for doubtful accounts, as several delinquent payers went into insolvency in 2013, meaning that the provisions made in prior years are now tax deductible.

There was also an increase in deferred tax assets because taxable income for IRES purposes proved to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous years.

Deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The change relates mostly to the impairment losses charged for the fair value adjustment of certain investment properties and the recognition of deferred tax liabilities for the fair value adjustment of the extension work on Centro d'Abruzzo and Porta a Mare, as mentioned in Notes 7 and 17.

DEFERRED TAX LIABILITIES	31/12/2013	31/12/2012	Change
Tax effect on fair value of properties	43,797	45,210	(1,413)
Interest rate swaps	102	0	102
Revaluations on land and construction in progress	632	0	632
Tax effect on convertible bond	12	39	(27)
Other effects	289	173	116
Total deferred tax liabilities	**44,832**	**45,422**	**(590)**

Note 19) Sundry receivables and other non-current assets

SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS	31/12/2013	31/12/2012	CHANGE
Tax credits	4	4	0
Beneficial interest	1,908	3,767	(1,859)
Due from others	24	0	25
Security deposits	55	57	(2)
Total	**1,992**	**3,828**	**(1,836)**

"Beneficial interest" pertains to the cost incurred for the renewal, in December 2012, of the real right of enjoyment of the mall at Città delle Stelle Shopping Center for 2013 and 2014. Recognition of the portion pertaining to 2013 caused the decrease in this item for the year.

Note 20) Equity investments

EQUITY INVESTMENTS	31/12/2012	INCREASES	DECREASES	WRITEDOWNS	31/12/2013
Equity investments in subsidiaries					
Consorzio Forte di Brondolo	55		(55)		0
Consorzio Proprietari C.C. Leonardo	52				52
Consorzio C.C. i Bricchi	4				4
Equity investments in associates					
RGD Ferrara 2013 S.r.l.	0	50			50
Consorzio Millennium Center	4				4
Virtus College S.r.l.	0	5			5
Equity investments in other companies					
Iniziative Bologna Nord	72				72
Consorzio Business Park	15				15
Fondazione Virtus Pallacanestro Bologna	100				100
Other minor investments	2	5			7
Total	**304**	**60**	**(55)**	**0**	**309**

The table shows a decrease of €55K in the carrying amount of the investment in Consorzio Forte di Brondolo, which was liquidated during the year.

In 2013 the Group acquired a 45% interest in Virtus College S.r.l., and on 30 September it formed the company RGD Ferrara 2013 S.r.l. to manage the Darsena City shopping center in Ferrara, held as a 50-50 joint venture with Beni Stabili S.p.A. SIIQ.

Note 21) Non-current financial assets

NON-CURRENT FINANCIAL ASSETS	31/12/2013	31/12/2012	Change
Non-current financial assets	850	25	825

This item contains the non-current portion of interest-free loans granted to IBN (€472K) and to Virtus College S.r.l. (€378K).

Note 22) Work in progress inventory and advances

WORK IN PROGRESS INVENTORY AND ADVANCES	31/12/2012	INCREASES	INTEREST CAPITALIZED	DECREASES	RECLASSIFICA-TIONS	WRITEDOWNS	31/12/2013
Porta a Mare project	77,471	5,743		(4,989)	(324)	(5,020)	72,881
Advances	568	37		(468)	(9)		128
Total	**78,039**	**5,780**	**0**	**(5,457)**	**(333)**	**(5,020)**	**73,009**

Work in progress inventory relating to the land, buildings, and urban infrastructures of the Porta a Mare project increased by €5,743K due to the advancement of works on the Piazza Mazzini portion. No interest was capitalized in 2013.
The decrease of €4,989K refers to the sale of 18 residential units (including garage units and parking spaces).
The decrease in advances relates to work carried out during the year.
The impairment loss of €5,020K was charged to adjust the carrying amount to the lower of cost and fair value, as expressed in the appraisal of 31 December 2013.
Of the previous year's figures, €333K from the retail portion of the project has been reclassified to assets under construction.
The complex will include residential areas, shopping, services, and overnight accommodation. The shopping (retail) section has been restated to assets under construction. See section 2.5 of the Directors' Report for further information.

Note 23) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2013	31/12/2012	CHANGE
Trade and other receivables - third parties	29,688	27,084	2,603
Provision for doubtful accounts	(15,045)	(12,643)	(2,401)
Total	**14,643**	**14,441**	**202**

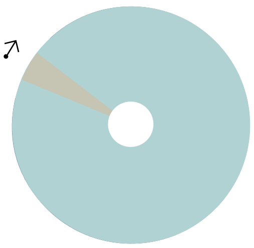
Net trade receivables are in line with the balance at 31 December 2012. They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits. The increase in receivables gross of the doubtful accounts provision is due primarily to the amount accrued until 29 July 2013 from Magazzini Darsena S.p.A. (declared bankrupt on that date) which, in light of the legal action taken for its recovery, has been written off in full. During the year there was also a rise in receivables from several customers undergoing insolvency proceedings, most of which were already being sought through litigation.
Movements in the provision for doubtful accounts are shown below:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2012	TRANSLATION EFFECT	UTILIZATIONS	WRITEDOWN (UTILIZATION) OF DELINQUENT INTEREST	ALLOCATIONS	31/12/2013
Provision for doubtful accounts	12,643	(28)	(803)	(33)	3,266	15,045
Total provision for doubtful accounts	**12,643**	**(28)**	**(803)**	**(33)**	**3,266**	**15,045**

The following table shows receivables by geographical area:

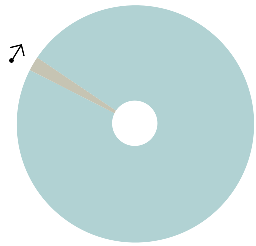
RECEIVABLES BY GEOGRAPHICAL AREA	2012	2013
Receivables - Italy	24,574	27,429
Provision for doubtful accounts	(10,667)	(13,132)
Net Receivables - Italy	**13,907**	**14,297**
Receivables - Romania	2,510	2,259
Provision for doubtful accounts	(1,976)	(1,913)
Net Receivables - Romania	**534**	**346**

2012



4%	Net receivables - Romania
96%	Net receivables - Italy

2013



2%	Net receivables - Romania
98%	Net receivables - Italy

Note 24) Related party trade and other receivables

RELATED PARTY TRADE AND OTHER RECEIVABLES	31/12/2013	31/12/2012	CHANGE
Parent	48	52	(4)
Total parent	**48**	**52**	**(4)**
Associates	148	0	148
Total associates	**148**	**0**	**148**
Consorzio dei Proprietari Centro Leonardo	1	1	0
Consorzio C.C. i Bricchi	1	1	0
Ipercoop Sicilia	0	24	(24)
Viaggia con Noi	0	4	(4)
Vignale Comunicazioni S.r.l.	145	55	90
Unicoop Tirreno S.c.a.r.l.	41	51	(10)
Librerie Coop S.p.A.	34	14	21
Robintur S.p.A.	1	1	(0)
Consorzio La Torre	196	164	31
Consorzio Crema	31	31	1
Consorzio Forte di Brondolo	0	2	(2)
Consorzio Katanè	238	119	119
Consorzio Lame	1	1	0
Consorzio Conè	1	1	(1)
Consorzio Sarca	1	10	(9)
Other related parties	**691**	**479**	**212**
Total related parties	**887**	**531**	**356**

See Note 40 for comments.

Note 25) Other current assets

OTHER CURRENT ASSETS	31/12/2013	31/12/2012	CHANGE
Tax credits			
VAT credits	2,147	1,624	523
IRES credits	368	520	(152)
IRAP credits	103	70	33
Due from others			
Advances paid to suppliers	6	8	(2)
Accrued income and prepayments	443	421	22
Deferred costs	87	251	(164)
Other	515	250	265
Total other current assets	**3,669**	**3,144**	**525**

Other current assets increased with respect to the previous year, due mainly to the VAT credit accrued at 31 December 2013. The change in IRES and IRAP credits relate to the tax charge for the year, net of advances paid.
Deferred costs show a net decrease due primarily to the recognition of transaction costs for the sale of residential units in the Piazza Mazzini section of the Porta a Mare project, for which change of ownership took place in 2013.
Most of the increase in the heading "Other" relates to the receivable arising from the additional price adjustment that will be determined upon closure of the bankruptcy procedure of Magazzini Darsena.

Note 26) Financial receivables and other current financial assets

CURRENT FINANCIAL ASSETS	31/12/2013	31/12/2012	CHANGE
Other financial assets	20	41	(21)
Total third parties	**20**	**41**	**(21)**
Other related parties	353	734	(381)
Total related parties	**353**	**734**	**(381)**

This item decreased due to the ongoing collection of a VAT refund accrued in 2010, which is being repaid in installments.
Financial receivables from related parties refer to the current portion of an interest-free loan granted to Iniziative Bologna Nord (€202K) and to an interest-bearing loan, maturing on 31 December 2014, granted to RGD Ferrara 2013 S.r.l. for approximately €150K, plus interest calculated at the 3-month Euribor plus a spread of 350 basis points (capitalized annually and settled at maturity).

Note 27) Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2013	31/12/2012	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	8,330	7,377	953
Cash on hand	116	168	(52)
Total cash and cash equivalents	**8,446**	**7,545**	**901**

Cash and cash equivalents at 31 December 2013 consisted mainly of current account balances at banks. In the context of the guarantees required for the BNP Paribas loan (Italian branch), there are escrow accounts amounting to €34K.

Note 28) Net equity

NET EQUITY	31/12/2013	31/12/2012	CHANGE
Share capital	336,028	322,546	13,482
Par value treasury shares	(10,977)	(10,977)	0
Share premium reserve	147,730	147,730	0
Total other reserves	**246,916**	**240,938**	**5,978**
Legal reserve	11,459	10,440	1,019
Euro conversion reserve	23	23	0
Goodwill reserve	13,736	13,736	0
Reserve for the purchase of treasury shares	(11,276)	(11,276)	0
Cash flow hedge reserve	(15,793)	(27,771)	11,978
Cash flow hedge reserve - subsidiaries	(6,074)	(9,331)	3,257
Bond issue reserve	29,806	29,807	(1)
Capital increase reserve	(988)	(581)	(407)
Recalculation of defined benefit plans	29	0	29
Recalculation of defined benefit plans - subsidiaries	12	0	12
Fair value reserve	230,273	240,127	(9,854)
Translation reserve	(4,291)	(4,236)	(55)
Total Group profit	**33,152**	**41,653**	**(8,501)**
Group profit (losses) carried forward	28,154	30,365	(2,211)
Group profit (loss) for the period	4,998	11,288	(6,290)
Group net equity	**752,850**	**741,890**	**10,960**
Non-controlling interests in capital and reserves	11,676	11,812	(136)
Non-controlling interests in profit (loss)	(834)	(136)	(698)
Non-controlling interests	**10,842**	**11,676**	**(834)**
Group net equity	**763,692**	**753,566**	**10,126**

Movements in net equity are detailed in section 5.4.
Most of the movements in reserves were a result of:

- an increase in the parent company's share capital of €13,483K, approved by the extraordinary general meeting of 18 April 2013;
- a decrease for derivatives accounted for using the cash flow hedge method (-€11,978K for the parent company and -€3,257K for subsidiaries);
- an increase in the legal reserve by €1,019K, pursuant to the AGM resolution of 18 April 2013;
- a decrease for transaction costs relating to the capital increase, net of tax effects, in the amount of €407K;
- the recognition of actuarial gains from the application of IAS 19 to the provision for employee severance indemnities (€41K);
- movements in the translation reserve for the translation of foreign currency financial statements, in the amount of -€55K;
- the distribution of the 2012 profit of €22,333K;
- the profit for the year allocable to owners of IGD SIIQ S.p.A. (€4,998K) and the result allocable to non-controlling interests (-€834K).

Note 29) Non-current financial liabilities

This item mostly includes the non-current portion bank loans, the bond loans, financial liabilities with related parties, and contingent payables for-price adjustments on the purchase of a business division, as detailed below:

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2013	31/12/2012	CHANGE
Mortgage loans with banks		**653,368**	**545,834**	**107,534**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	13,208	15,046	(1,838)
09 Interbanca IGD	25/09/2006 - 05/10/2021	94,546	106,140	(11,594)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	9,358	10,189	(831)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2015	60,120	0	60,120
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	9,343	9,844	(501)
01 Unipol SARCA	10/04/2007 - 06/04/2027	77,324	80,310	(2,986)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	24,121	25,277	(1,156)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	0	25,756	(25,756)
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	13,026	14,436	(1,410)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	40,699	43,506	(2,807)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	28,977	30,743	(1,766)
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	21,382	22,853	(1,471)
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	38,703	41,324	(2,621)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	13,149	13,928	(779)
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	10,628	14,183	(3,555)
02 CentroBanca Porta Medicea	24/06/2013 - 15/06/2015	10,959	0	10,959
03 BPV Porta Medicea	02/08/2011 - 25/07/2026	9,914	9,209	705
18 Cassa Risp Firenze	20/12/2011 - 19/12/2016	39,936	39,914	22
20 Intesa	16/03/2012 - 16/03/2017	1,011	26,646	(25,635)
19 MPS	30/12/2010 - 30/11/2014	0	16,530	(16,530)
22 Emilbanca	08/08/2013 - 06/02/2015	5,989	0	5,989
23 BNP	03/12/2013 - 26/11/2018	130,975	0	130,975
Bond €122.90 mn	**07/05/2013 - 07/05/2017**	**120,199**	**0**	**120,199**
Bond €22 mn	**07/05/2013 - 07/05/2017**	**21,804**	**0**	**21,804**
Due to other sources of finance		**7,035**	**13,525**	**(6,490)**
Contingent liability for mall and business division		1,875	8,081	(6,206)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,160	5,444	(284)
Total financial liabilities with third parties		**802,406**	**559,359**	**243,047**
Coop loan Le Maioliche	31/12/2019	15,000	15,000	0
Total financial liabilities with related parties		**15,000**	**15,000**	**0**

Mortgage loans with banks are secured by properties. The change is due to:

- the €135 million mortgage loan granted on 26 November 2013 and disbursed on 3 December 2013 by the Italian branch of BNP Paribas, with a duration of five years and a spread of 425 basis points over the 3-month Euribor, including transaction costs of €4.08 million;
- the reclassification to current financial liabilities of the principal maturing next year.

Regarding the Carisbo Guidonia and Centrobanca Livorno loans:

- at the end of March 2013, the loan from Cassa di Risparmio di Bologna was extended for two more years, at the 3-month Euribor plus 3.2%. The bank also charged a fee of 20 basis points of the remaining balance.
- in June, the loan from Centrobanca (merged into UBI Banca as from 6 May 2013) that was originally due for lump-sum repayment on 15 June 2013 was extended until 15 June 2015, charging interest at the 3-month Euribor plus 300 basis points.

The change in "Contingent liability for mall and business division" refers mainly to the reclassification, within current financial liabilities, of the potential price adjustment on a mall to be settled by the end of 2014.

As for bond loans, on 7 May 2013 the company launched a public exchange offer allowing participants in the 2007 convertible bond loan to exchange their share of the loan for new, non-convertible bonds. For bondholders who did not accept the offer, the original convertible loan remains effective until its natural maturity of 28 December 2013, while those who did accept the offer have exchanged their "old" bonds for shares of a new bond loan issued by the parent company with a nominal amount of €122.9 million, a duration from 7 May 2013 to 7 May 2017, and an annual coupon of 4.335%.

Once the operation was completed, the parent company placed an additional €22 million bond loan, also valid from 7 May 2013 to 7 May 2017 and paying an annual coupon of 4.335%.

The average interest rate on adjustable-rate mortgage loans at 31 December 2013 was 2.32%.

The rate on the loan granted by Coop Adriatica for the shopping center Le Maioliche was 3.31% at the close of the year.

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2013.

NAME / PROPERTY	OWNER	TYPE OF PRODUCT / COUNTERPARTY	START DATE / END DATE	REPAYMENT / COVENANTS	INDICATOR I)	INDICATOR II)	INDICATOR III)
04 BNL Rimini IGD		Loan	06/09/06	Straight-line amortization of principal: €1.9mn p.a.; balloon payment: €10mn	1.05		
MALATESTA - Rimini	IGD SIIQ S.p.A.	BNL Banca Nazionale del Lavoro	06/10/16	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity			
05 BreBanca IGD		Mortgage	23/11/06	Amortization with increasing principal			
MONDOVICINO (Mall)	IGD SIIQ S.p.A.	Banca Regionale Europea	10/01/23				
01 Unipol Larice		Mortgage	10/04/07	Straight-line amortization of principal: €3mn p.a.; balloon payment: €40.7mn			
SARCA (Mall + Hyper)	IGD Management s.r.l.	Unipol Merchant	06/04/27	Certified consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2.3	1.46		
12 Coopad Faenza IGD		Mortgage	01/07/08	No amortization of principal; single balloon payment of €15mn			
LE MAIOLICHE - Faenza	IGD SIIQ S.p.A.	Coop Adriatica	31/12/19				
06 Unipol Lungosavio IGD		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €3.6mn			
LUNGO SAVIO - Cesena	IGD SIIQ S.p.A.	Unipol Merchant	31/12/23				
07 Carige Nikefin Asti		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €9.5mn			
I BRICCHI - Isola D'Asti (Mall)	IGD SIIQ S.p.A.	Banca Carige	31/03/24				
08 Carisbo Guidonia IGD		Mortgage	27/03/09	Straight-line amortization of principal: €4.1mn p.a.; balloon payment: €24mn			
TIBURTINO - Guidonia (Mall + Hyper)	IGD SIIQ S.p.A.	Cassa di Risparmio di Bologna	27/03/15	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.46		
09 Interbanca IGD		Loan	25/09/06	Amortization with increasing principal			
Hyper LUGO - Ravenna, Hyper MAESTRALE - Senigallia, Hyper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (Hyper), LE PORTE DI NAPOLI - Afragola (Mall + Hyper) - PORTOGRANDE (Hyper+Mall), office building PORTOGRANDE, Hyper LEONARDO	IGD SIIQ S.p.A.	GE Capital	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	1.46		
10 Mediocredito Faenza IGD		Loan	05/10/09	Straight-line amortization of principal: €2.8mn p.a€			
LE MAIOLICHE - Faenza	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/06/29	IGD SIIQ S.p.A. financial statements: ratio of external net debt to equity + intercompany loans must not exceed 2.7	0.99		

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continue Covenants

NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANTS	INDICATOR I)	INDICATOR II)	INDICATOR III)
02 **CentroBanca Porta Medicea**		Loan	01/02/10	No amortization of principal; single balloon payment of €11mn			
Immobile Palazzo Orlando e Piazza Mazzini	Porta Medicea	CentroBanca	15/06/15				
11 **MedioCreval Catania IGD**		Loan	23/12/09	Straight-line amortization of principal: €1.4mn p.a.			
KATANÈ - Catania (Hyper)	IGD SIIQ S.p.A.	Credito Valtellinese	31/03/24	Consolidated financial statements at 31/12: i) debt/equity ≤ 2.30; ii) loan to value ratio of property ≤ 70%	1.38	37.93%	
14 **MPS Palermo**		Mortgage	21/12/10	Amortization with increasing principal and balloon payment of €6.6mn			
Palermo (Mall)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/25	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%	1.46	52.17%	
15 **CentroBanca Coné Gall**		Loan	22/12/10	Straight-line amortization of principal: €2.64mn p.a.; balloon payment: €10.56mn			
CONÈ (Mall)	IGD SIIQ S.p.A.	CentroBanca	31/12/25	Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	1.46		
19 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	30/12/10	Single bullet payment of €16.7mn			
DARSENA (Mall + Hyper)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/14	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 5	1.05		
13 **CR Veneto Mondovì**		Mortgage	08/10/09	Straight-line amortization of principal: €1.65mn p.a.; balloon payment: €8.55mn			
MONDOVICINO (Retail Park)	IGD SIIQ S.p.A.	Cassa di Risparmio del Veneto	01/05/14	Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.46		
16 **CentroBanca Conè Iper**		Loan	30/06/11	Straight-line amortization of principal: €0.8mn p.a.; balloon payment: €12.4mn			
CONÈ (Hyper)	IGD SIIQ S.p.A.	CentroBanca	30/06/16	Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.46	58.82%	
17 **Carige Palermo IGD**		Mortgage	12/07/11	Amortization with increasing principal			
PALERMO (Hyper)	IGD SIIQ S.p.A.	Banca Carige	30/06/27				
03 **BPV Porta Medicea**		Mortgage	02/08/11	Straight-line amortization of principal: €0.74mn p.a€			
PORTA MEDICEA	Porta Medicea	Banca Popolare di Verona	25/07/26	Porta Medicea financial statements: i) Ratio of net debt to equity no higher than 1.0; ii) equity ≥ €55 mn	0.44	€57.651.462	

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continue Covenants

NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANTS	INDICATOR I)	INDICATOR II)	INDICATOR III)
18 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	20/12/11	Gradual reduction of available credit by €20 mn p.a., from 2015 to maturity			
'1st mortgag CREMA, '1st mortgag LE FONTI DEL CORALLO	IGD SIIQ S.p.A.	Cassa di Risparmio di Firenze	19/12/16	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.46	1.78	59.12%
20 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	16/03/12	Gradual reduction of available credit by €1.6 mn p.a.; final payment of €22.8 mn			
'2nd mortgage CREMA, '2nd mortgage LE FONTI DEL CORALLO	IGD SIIQ S.p.A.	Intesa Sanpaolo	16/03/17	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.46	1.78	59.12%
21 **Rizzoli IGD**		Loan	06/11/12	Straight-line amortization of principal: €3.6mn p.a€			
VIA RIZZOLI BUILDING, BOLOGNA	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/09/17	Consolidated financial statements: i) Ratio of net debt to equity no higher than 1.60; ii) loan to value ratio no higher than 0.65	1.46	59.12%	
23 **Bnp Paribas**		Loan	03/12/13	Bullet			
SC CASILINO - HYPER LAME - MALL CATANIA - SC ESP- SC BORGO	IGD Property SIINQ S.p.A.	Bnp Paribas	26/11/18	Beginning with 2014 annual report: i)LTV ratio not to exceed 45%; ii) Interest Cover Ratio above 190%; iii) LTV ratio of single asset below 70%; iv) Interest Cover Ratio of more than 100%			
22 **BCC IGD**		Unsecured loan	08/08/13	Bullet			
	IGD SIIQ S.p.A.	Pool ICCREA Banca Impresa - Emilbanca	06/02/15				

The table below shows the amount of loans directly allocable to investment property at 31 December 2013 and their average maturity:

PROJECT/ASSET	CARRYING VALUE OF ASSET	DIRECT FINANCIAL DEBT	FORM	AVERAGE MATURITY
Investment property	1,723,693	616,663	Mortgage and bullet loans	7.47

Note 30) Provision for employee severance indemnities

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

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/2011	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2012
Provision for employee severance indemnities	796	0	(53)	408	40	1,191

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/2012	ACTUARIAL (GAINS)/LOSSES	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2013
Provision for employee severance indemnities	1,191	(41)	(48)	263	38	1,403

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

RECALCULATION OF PROVISION FOR SEVERANCE INDEMNITIES ACCORDING TO IAS 19	2013	2012
Balance at 1 January	**1,191**	**796**
Current cost of service	235	185
Financial charges	38	40
Actuarial (gains)/losses	(41)	194
(Benefits paid)	(20)	(24)
Balance at 31 December	**1,403**	**1,191**

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	2013
Cost of living increase	2.00%
Discount rate	3.39%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

The provision qualifies as a defined benefit plan.

The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the Group's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Note 31) General provisions

GENERAL PROVISIONS	31/12/2012	UTILIZATIONS	ALLOCATIONS	31/12/2013
Provision for taxation	481	(12)	125	594
Bonus provision	715	(715)	745	745
Other general provisions	386	0	0	386
Provision for Guidonia penalties	84	0	0	84
Total	**1,667**	**(727)**	**870**	**1,809**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission and from an IMU/ICI (property tax) dispute. The increase concerns the additional allocation to cover the possible outcome of that dispute.
Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2014 on the basis of the Group's 2013 estimated results. The utilization refers to the payment made in 2013.
Other general provisions
This amount covers liabilities deemed likely to arise from disputes with third parties.
Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center.

Note 32) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Deferred income	7,266	7,266	0
Other liabilities	297	132	165
Total	**7,563**	**7,398**	**165**

This item includes deferred income under an agreement with the City of Livorno for the sale of future goods (€3,816K) and with Porta a Mare S.p.A. for works to be delivered (€3,450K).
Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Parent	**9,322**	**9,322**	**0**
Security deposits from Coop Adriatica	9,322	9,322	0
Related parties	**3,590**	**3,520**	**70**
Security deposits from Ipercoop Tirreno S.p.A.	1,152	1,128	24
Security deposits from Unicoop Tirreno	2,413	2,367	46
Security deposits from Vignale Comunicazione	25	25	0
Total	**12,912**	**12,842**	**70**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law.

Note 33) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2013	31/12/2012	CHANGE
Banca Pop. Emilia Romagna - ultra-short-term	27/12/2012 - 28/01/2013	0	3,500	(3,500)
Banca Pop. Emilia Romagna - ultra-short-term	04/12/2013 - 04/01/2014	3,500	0	3,500
Banca Pop. Emilia Romagna - ultra-short-term	07/12/2013 - 07/01/2014	20,000	0	20,000
Unicredit - ultra-short-term	23/12/2013 - 21/02/2014	10,006	10,051	(45)
Carisbo - ultra-short-term	23/12/2013 - 23/01/2014	10,007	10,014	(7)
CASSA DI RISPARMIO DEL VENETO	23/12/2013 - 24/01/2014	20,013	0	20,013
Cassa Risparmio PD RO	11/12/2013 - 11/01/2014	10,016	10,015	1
Cassa Risparmio PD RO	23/11/2012 - 10/01/2013	0	6,520	(6,520)
Unipol Banca - ultra-short-term	18/12/2013 - 20/01/2014	12,013	13,543	(1,530)
Banca Popolare di Verona - ultra-short-term	23/12/2013 - 24/02/2014	12,000	0	12,000
BNL - Bologna	27/12/2013 - 27/01/2014	5,000	26,000	(21,000)
Cassa Risp. Firenze - ultra-short-term	23/12/2013 - 23/01/2014	15,010	13,042	1,968
Cassa Risp. Firenze - ultra-short-term	29/11/2012 - 10/01/2013	0	2,005	(2,005)
Cassa Risp. Ferrara	23/12/2013 - 23/01/2014	5,003	0	5,003
BNL - Bologna	non-revolving	4,600	3,700	900
Cassa Risparmio del Veneto - ultra-short-term	22/11/2012 - 10/01/2013	0	13,500	(13,500)
Cassa di Risparmio di Cesena current account	on sight	5,006	0	5,006
Banca Regionale Europea current account	on sight	6,287	6,625	(338)
BNL acc. 36400 Livorno	on sight	0	13	(13)
Mps current account 195923	on sight	5,209	39,530	(34,321)
Loan USD €27.3 mn	23/12/2013 - 24/02/2014	19,852	0	19,852
Loan USD €13.7 mn	27/12/2013 - 26/02/2014	9,928	0	9,928
Outright on loan USD €27.3 mn	23/12/2013 - 24/02/2014	189	0	189
Outright on loan USD €13.7 mn	27/12/2013 - 26/02/2014	90	0	90
Total due to banks		**173,729**	**158,058**	**15,671**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,869	1,871	(2)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	892	858	34
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	503	473	30
09 Interbanca IGD	25/09/2006 - 05/10/2021	11,912	11,508	404
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2015	4,149	68,498	(64,349)
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,141	3,144	(3)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,165	1,092	73
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	25,915	1,810	24,105
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	1,429	1,429	0
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	2,821	2,821	0
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	1,831	1,785	46
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,471	1,439	32
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,640	2,640	0
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	800	800	0
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	3,747	3,710	37
02 CentroBanca Porta Medicea	24/06/2013 - 15/06/2015	15	10,987	(10,972)
03 BPV Porta Medicea	02/08/2011 - 25/07/2026	868	371	497
19 Mps	30/12/2010 - 30/11/2014	16,614	0	16,614
22 Emilbanca	08/08/2013 - 06/02/2015	33	0	33
23 BNP	03/12/2013 - 26/11/2018	466	0	466
20 Intesa	16/03/2012 - 16/03/2017	0	1,600	(1,600)
Total mortgage loans with banks		**82,281**	**116,836**	**(34,555)**
Lease for IGD HQ	30/04/2009 - 30/04/2027	284	275	9
Other financial payables		750	1,980	(1,230)
Contingent liability for mall		2,154	0	2,154
Convertible bond	28/06/2007 - 28/12/2013	0	224,685	(224,685)
Bond €122.9 mn	07/05/2013 - 07/05/2017	3,474	0	3,474
Bond €22 mn	07/05/2013 - 07/05/2017	622	0	622
Total due to other sources of finance		**7,284**	**226,940**	**(219,656)**
Total current financial liabilities with third parties		**263,294**	**501,834**	**(238,540)**
Coop pooled account for credit line		13,606	21,783	(8,177)
Coop loan Le Maioliche	01/07/2008 - 31/12/2019	250	0	250
Total related parties		**13,856**	**21,783**	**(7,927)**
Total current financial liabilities with related parties		**13,856**	**21,783**	**(7,927)**

The principal changes in current financial liabilities with third parties relate to:

- the receipt and reimbursement of ultra-short-term loans;
- the receipt of two new short-term loans in US dollars, their exchange risk hedged by forward currency purchases;
- the repayment of principal falling due during the year on existing mortgage loans;
- the restatement between current and non-current financial liabilities of the Carisbo Guidonia and Centrobanca Livorno loans, due to the renegotiation of their terms and conditions (see Note 29);
- the interest accrued for the period on the bond loan issued on 7 May 2013;
- the repayment of the convertible bond loan on 28 December 2013;
- payment of the price adjustment on the sale of an equity investment as mentioned in Note 8.

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of the liability assumed for the acquisition of a business at Centro Sarca, the contingent consideration for the price adjustment on the sale of a mall, and the current portion of outstanding mortgage loans, including interest accrued.

Current financial liabilities with related parties include the balance of credit facilities with Coop Adriatica, which went from €21,783K to 13,606K, charging 3.372% interest at the close of 2013.

Note 34) Net financial position

The table below presents the net financial position at 31 December 2013 and 31 December 2012. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

Credit lines with banks amount to €273.5 million, of which €86.59 million was unutilized at the close of the year.

See the section "Statement of financial position and financial review" of the Directors' Report for comments.

NET FINANCIAL POSITION	31/12/2013	31/12/2012
Cash and cash equivalents	(8,446)	(7,545)
Related party financial receivables and other current financial assets	(353)	(734)
Financial receivables and other current financial assets	(20)	(41)
LIQUIDITY	**(8,819)**	**(8,320)**
Related party current financial liabilities	13,856	21,783
Current financial liabilities	176,633	160,038
Mortgage loans - current portion	82,281	116,836
Leasing - current portion	284	275
Convertible bond loan - current portion	4,096	224,685
CURRENT DEBT	**277,150**	**523,617**
CURRENT NET DEBT	**268,331**	**515,297**
Non-current financial assets	(850)	(25)
Non-current financial liabilities due to other sources of finance	1,875	8,081
Leasing - non-current portion	5,160	5,444
Non-current financial liabilities	653,368	545,834
Related party non-current financial liabilities	15,000	15,000
Convertible bond loan	142,003	0
NON-CURRENT NET DEBT	**816,556**	**574,334**
NET FINANCIAL POSITION	**1,084,887**	**1,089,631**

Note 35) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2013	31/12/2012	CHANGE
Trade payables	12,083	8,287	3,796

The increase in trade payables reflects construction and contract work carried out during the fourth quarter for the investments Centro d'Abruzzo, Chioggia, Mondovì, Centrosarca and Porta a Mare.

Note 36) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2013	31/12/2012	CHANGE
Parent	2,262	4,144	(1,882)
Other related parties:	*213*	*215*	*(2)*
Consorzio Lame	12	38	(26)
Consorzio La Torre - PA	89	40	49
Consorzio Forte di Brondolo	0	31	(31)
Consorzio Katanè	82	82	(0)
Consorzio Proprietari Leonardo	24	9	15
Unicoop Tirreno	2	0	2
Consorzio Crema	4	15	(11)
Total related parties	**2,475**	**4,359**	**(1,884)**

See Note 40 for comments.

Note 37) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2013	31/12/2012	CHANGE
IRPEF incl. regional and municipal surtax	597	485	112
IRAP	12	22	(10)
IRES	181	227	(46)
VAT	70	92	(22)
Other taxes	58	10	48
Substitute tax	383	0	383
Total current tax liabilities	**1,301**	**836**	**465**

The change in current tax liabilities reflects the substitute tax due on the capital gain from the transfer of Centro Lame hypermarket, as mentioned in Note 10. This item also includes employee withholding tax, current taxes due by companies not participating in the tax consolidation, and liabilities for IRAP (regional business tax).

Note 38) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Social security	344	342	2
Accrued liabilities and deferred income	650	750	(100)
Insurance	9	16	(7)
Due to employees	681	667	14
Security deposits	2,901	3,095	(194)
Unclaimed dividends	1	1	0
Advances received, due within one year	289	1,882	(1,593)
Other liabilities	189	193	(4)
Total other liabilities	**5,064**	**6,946**	**(1,882)**

The decrease in this item is due mainly to the transfer of down payments to sale proceeds further to the sale of property units in Livorno (see Note 2.2). Related party payables are shown below:

RELATED PARTY OTHER CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Other payables	14	14	0
Total other liabilities with related parties	**14**	**14**	**0**

See note 40.

Note 39) Dividends

During the year, further to the shareholders' resolution of 18 April 2013 (the AGM that approved the 2012 financial statements), a dividend of €0.07 was paid for each of the 319,048,691 shares outstanding, for a total of €22,333,408.

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 RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITIES	FINANCIAL PATABLES	OTHER NON-CURRENT ASSETS	FIXED ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica S.c.a.r.l.	48	0	2,262	9,322	28,856	1,869	24	0
Robintur spa	1	0	0	0	0	0	0	0
Librerie.Coop spa	34	0	0	0	0	0	0	0
Unicoop Tirreno scarl	41	0	16	2,413	0	0	0	0
Vignale Comunicazione srl	145	0	0	25	0	0	0	0
Ipercoop Tirreno S.p.A.	0	0	0	1,152	0	0	0	0
Rgd Ferrara 2013 s.r.l.	148	152	0	0	0	0	0	0
Cons. Proprietari Leonardo	1	0	24	0	0	0	32	0
Consorzio Bricchi	1	0	0	0	0	0	0	0
Consorzio Lame	1	0	12	0	0	0	12	0
Consorzio Katanè	238	0	82	0	0	0	0	0
Consorzio Conegliano	1	0	0	0	0	0	0	0
Consorzio Palermo	196	0	89	0	0	0	0	0
Consorzio Crema	31	0	4	0	0	0	3	0
Consorzio Sarca	1	0	0	0	0	0	0	0
Virtus College	0	378	0	0	0	0	0	0
Iniziative Bologna Nord	0	673	0	0	0	0	0	0
Total	**887**	**1,203**	**2,489**	**12,912**	**28,856**	**1,869**	**71**	**0**
Amount reported	**92,208**	**1,223**	**19,636**	**20,475**	**1,094,556**	**31,307**		
Total increase/ (decrease) for the year							**25,866**	**57**
% of total	**0.96%**	**98.39%**	**12.67%**	**63.06%**	**2.64%**	**5.97%**	**0.28%**	**0.00%**

RELATED PARTY DISCLOSURE	REVENUES - OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica S.c.a.r.l.	23,235	0	2,105	1,363
Robintur spa	236	0	0	0
Librerie.Coop spa	650	0	0	0
Unicoop Tirreno scarl	5,426	0	102	48
Vignale Comunicazione s.r.l.	496	0	0	0
Ipercoop Tirreno S.p.A.	2,166	0	0	23
Ipercoop Sicilia	4,841	0	0	0
Rgd Ferrara 2013 s.r.l.	148	1	0	0
Viaggia con noi	15	0	0	0
Cons. Proprietari Leonardo	227	0	0	0
Consorzio Bricchi	112	0	541	0
Consorzio Lame	177	0	4	0
Consorzio Katanè	199	0	158	0
Consorzio Conegliano	162	0	167	0
Consorzio Palermo	194	0	224	0
Consorzio Crema	101	0	48	0
Consorzio Sarca	231	0	0	0
Total	**38,616**	**1**	**3,349**	**1,434**
Amount reported	**126,995**	**338**	**42,985**	**46,667**
% of total	**30.41%**	**0.31%**	**7.79%**	**3.07%**

The Group has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Librerie Coop S.p.A. and Viaggia Con Noi S.r.l.), with various companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted at arm's length and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:

- receivables and income for the leasing of properties used as hypermarkets;
- payables and costs for the rental/use of malls owned by Coop Adriatica;
- payables and costs for Coop Adriatica's supply of services in the areas of equity and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- security deposits received on leases;
- an outstanding loan.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. concern the leasing of store space at malls and the supply of services.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the rental of part of the third floor of the building that houses IGD's head office.

Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets.

Transactions with Unicoop Tirreno and Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers. During the year IGD SIIQ S.p.A. signed six rental agreements with Vignale Comunicazione, for the malls at Le Porte di Napoli, Casilino, Katanè, Fonti del Corallo, Tiburtino and La Torre, all effective from 1 January 2013 to 31 December 2014.

See Notes 21 and 26 regarding financial receivables from Virtus College S.r.l. and Iniziative Bologna Nord.

Transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Consorzio Crema, Consorzio Sarca, and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred refer mainly to service charges for vacant units.

Note 41) Management of financial risk

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 borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.
To hedge interest rate risk, the Group has entered into interest rate swaps covering 75.32% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model. 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. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.
As for long-term loans, each facility finances a specific project, which minimizes 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.

Credit risk

Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate this risk, 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.
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 credit situation is also constantly monitored by way of the customer payment calendar, which is formalized every quarter but checked on a daily basis to stay abreast of the measures taken/required 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 lei but anchored to the performance of the euro.
At the moment, IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and to support the value of the real estate portfolio, in part by making improvements.
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 1.5x or below (the ratio at 31 December 2013 was 1.38x, unchanged since the previous year);
2. keeping the loan-to-value ratio under 60% (it was 57.36% at the close of the year).

Note 42) Derivative instruments

The IGD Group has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. 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	31/12/2013	2012	CHANGE	LEVEL
Derivative assets	382	150	232	2
Derivative liabilities	(33,684)	(54,125)	20,441	2
Interest rate swaps - net effect	**(33,302)**	**(53,975)**	**20,673**	

IN DETAIL CONTRACTS	IRS 04 - EX MPS 3.84%	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 05 – BNP PARIBAS 3.439
Nominal amount	15,076,923	17,874,628	17,874,628	17,874,628	17,874,628	10,189,234	17,874,628	80,500,000
Inception date	06/10/2006	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	28/10/2009	06/10/2007
Maturity	06/10/2016	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021	06/10/2017
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	4.38%

IN DETAIL CONTRACTS	IRS 11 - EX MPS 3.175%	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 27 - BNP PARIBAS €135 MN 1.01%
Nominal amount	17,874,628	7,615,379	16,149,250	10,153,839	9,866,421	7,615,379	16,149,250	135,000,000
Inception date	28/10/2009	28/04/2010	27/08/2010	28/04/2010	28/04/2010	28/04/2010	27/08/2010	04/12/2013
Maturity	05/10/2021	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	26/11/2018
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	1.01%

IN DETAIL CONTRACTS	IRS 19 - CARISBO 2.30%	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 26 - CRF 40 MLN 4.427%
Nominal amount	16,149,250	16,149,250	14,642,857	25,875,000	20,790,000	8,316,000	12,473,999	40,000,000
Inception date	27/08/2010	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	22/12/2011
Maturity	27/03/2024	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	30/09/2016
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.30%	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 43) Subsequent events

At the date of approval, no events following the 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 31 December 2013 the Group had the following major commitment:

- contract for civil and structural works for the construction of a retail park in Chioggia, to contain a hypermarket, seven midsize stores and eight points sale (including two food & beverage outlets), with a remaining amount of €14.2 million.

Note 45) Darsena City dispute

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 RGD S.r.l. (now 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 RGD S.r.l. (now Beni Stabili) on 29 March 2007.

Action taken by RGD s.r.l. in agreement with IGD SIIQ S.p.A.

Given the receivables accrued to RGD S.r.l. (now Beni Stabili S.p.A. SIIQ), in agreement with IGD SIIQ S.p.A. it has taken several legal actions against Magazzini Darsena S.p.A. and Darsena FM S.r.l. (both of them now bankrupt), as follows:

- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) filed for an injunction against Magazzini Darsena S.p.A. for nonpayment of rent on the Ferrara building forming part of the Darsena City shopping center, owned by Riqualificazione Grande Distribuzione S.p.A. SIINQ (now merged into Beni Stabili S.p.A. SIIQ). The injunction of €6,984K was confirmed by the court after the plaintiff's counterarguments and then appealed by Magazzini Darsena S.p.A., which at the conclusion of the appeal was ordered to pay the above amount net of the sum collected in the meantime through enforcement of the rent guarantee in the amount of €3,640K.
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) requested and obtained a preventive attachment of €35 million against Magazzini Darsena S.p.A. and of €38 million against Darsena FM S.r.l. (owner of the business operated inside the shopping center and promised for sale).
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) filed two suits pursuant to Art. 447 bis of the Code of Civil Procedure to force Magazzini Darsena and Darsena FM S.r.l. to pay the rent falling due subsequent to the missed payments covered by the injunction.

  Magazzini Darsena was ordered to pay €5.2 million (the amount of rent accrued as of 4 April 2012) plus VAT, interest and legal expenses, while the case against **Darsena FM S.r.l.** was suspended when the company was declared bankrupt.
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) had 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 already received through enforcement of the guarantee, as mentioned above). The adversaries were also ordered to reimburse the Company for some legal expenses and for three quarters of the arbitration costs.

- In the meantime, during the course of the above lawsuits, the Company enforced the bank guarantee of €2.5 million that Magazzini Darsena had posted to secure payment of the price adjustment. This took place further to the decision in favor of Beni Stabili S.p.A. SIIQ after Magazzini Darsena S.p.A. filed for an injunction against enforcement of the guarantee, a decision that was affirmed on appeal.

Given repeated news of the increasingly dire situation of its counterparties and in the absence of any proposals from them that might allow the disputes to be resolved, IGD SIIQ S.p.A., together with the shopping center's co-owner Beni Stabili S.p.A. SIIQ, had also filed to have the companies declared bankrupt while awaiting the court decisions, in order to obtain access as quickly as possible to the businesses operating inside the shopping center so as to turn the center around financially. This action led to the declaration of bankruptcy of Magazzini Darsena S.p.A. and Darsena FM S.r.l. on 26 and 29 July 2013.

Action taken directly by IGD SIIQ S.p.A.
In November 2011 IGD filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding that Magazzini Darsena S.p.A. settle unpaid rent accrued since 1 January 2011. After a series of postponements, both procedural and as a result of Decree Law 74/2012, the case was suspended at the hearing of 27 November 2013 due to Magazzini Darsena's declaration of bankruptcy.

In July 2013 IGD also filed a complaint per Art. 447 bis of the Code of Civil Procedure against Darsena FM S.r.l., in subrogation, for the rent due from Magazzini Darsena S.p.A. Because Darsena FM was declared bankrupt, the case was suspended at the hearing of 22 January 2014.

Bankruptcy of Magazzini Darsena S.p.A. and Darsena FM s.r.l.
With decisions dated 26 and 29 July 2013, the Court of Ferrara declared both companies bankrupt.
Further to those rulings, IGD SIIQ S.p.A. 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 SIIQ S.p.A. 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.
In 2012 IGD SIIQ S.p.A. was summoned to court by Magazzini Darsena, Darsena FM and Partxco regarding the management agreement of Darsena City shopping center. IGD SIIQ S.p.A. appeared in court and filed a statement and related pleadings. Because IGD SIIQ S.p.A.'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 SIIQ S.p.A. was summoned to the Court of Bologna for an appeal filed by Partxco against the ruling to indemnify IGD. The hearing initially set for 27 February 2014 was later postponed by the court to 4 March 2014.

Vibo Valentia
In May 2013, GAM S.p.A. took IGD SIIQ S.p.A. to court in Milan concerning the framework agreement signed by those parties in May 2007, whereby IGD was to purchase a 50% share of a new company owning a shopping center in Vibo Valentia to be built by the prospective seller GAM, all by certain deadlines and subject to a positive due diligence report.
Back in June 2012, as the deadline had elapsed and the due diligence outcome was negative, IGD SIIQ S.p.A. had notified GAM that the framework agreement was no longer valid for a number of reasons.
The present lawsuit alleges that the framework agreement was terminated for breach of obligation by IGD regarding its promise to buy a share of the new company, and asks for compensation of the damages allegedly suffered by GAM. IGD SIIQ S.p.A.'s legal advisors have examined the case and found that IGD is on solid ground, given the lapsed deadlines and unfavorable due diligence, which gave IGD the specific right to withdraw from the agreement. Because IGD's legal advisors believe that the plaintiff's claims are not supported by evidence or legal grounds, the Company has recognized no liability in this regard.
The judge assigned to the case scheduled the first hearing for 10 December 2013, and on that occasion set the deadlines for filing pleadings per Art. 183 (6) of the Code of Civil Procedure. The next hearing will be scheduled after examination of the preliminary motions filed by the parties in their pleadings.

Note 46) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings; as mentioned in earlier reports, one recommendation of the auditors was to revalue closing inventories for about €645K.
With regard to that assessment, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 was rejected.

In September 2011 the Company appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.

Note 47) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.

For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2013 the Group had no financial instruments in this category.
- Held to maturity investments: the Group has no financial instruments belonging to this category.
- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Group's financial instruments are included in the statement of financial position as follows.

The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.

The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.

The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.

The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.

The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2013 and 31 December 2012:

CLASSIFICATION 31/12/2013	CARRYING VALUE										
	Financial assets/liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			309					**309**		309	**309**
- due from others			24					**24**		24	**24**
- security deposits			55					**55**		55	**55**
- beneficial interest			1,908					**1,908**		1,908	**1,908**
Financial assets											
Trade and other receivables											
- trade receivables			14,643					**14,643**	14,643		**14,643**
Related party trade and other receivables											
- parent			48					**48**	48		**48**
- affiliates			148					**148**	148		**148**
- related parties			691					**691**	691		**691**
Other assets											
- monthly advances			6					**6**	6		**6**
- due from insurers			443					**443**	443		**443**
- accrued income and prepayments			87					**87**	87		**87**
- deferred costs			515					**515**	515		**515**
Financial assets for interest rate swaps							382	**382**		382	**382**
Financial receivables and other financial assets											
- other financial assets			20					**20**	20		**20**
- related parties			1,203					**1,203**	353	850	**1,203**
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			8,330					**8,330**	8,330		**8,330**
- cash on hand			116					**116**	116		**116**
TOTAL FINANCIAL ASSETS	**-**	**-**	**28,547**	**-**	**-**	**-**	**382**	**28,928**	**25,400**	**3,528**	**28,928**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							33,684	**33,684**		33,684	**33,684**
- due to banks						173,729		**173,729**	173,729		**173,729**
- Leasing						5,444		**5,444**	284	5,160	**4,732**
- Bond						146,099		**146,099**	4,096	142,003	**147,791**
- due to other sources of finance						4,779		**4,779**	2,904	1,875	**4,779**
- valuation equity investments											**0**
- mortgage loans with banks						735,649		**735,649**	82,281	653,368	**721,222**
Related party financial liabilities											
- parent						28,856		**28,856**	13,856	15,000	**28,856**
Sundry payables and other liabilities											
- accrued revenue						7,266		**7,266**		7,266	**7,266**
- other liabilities						297		**297**		297	**297**
Related party sundry payables and other liabilities											
- parent						9,322		**9,322**		9,322	**9,322**
- related parties						3,590		**3,590**		3,590	**3,590**
Trade and other payables						12,083		**12,083**	12,083		**12,083**
Related party trade and other payables											
- parent						2,262		**2,262**	2,262		**2,262**
- related parties						213		**213**	213		**213**
Other liabilities											
- accrued liabilities and deferred income						650		**650**	650		**650**
- insurance						9		**9**	9		**9**
- security deposits received						2,901		**2,901**	2,901		**2,901**
- dividends payable to shareholders						1		**1**	1		**1**
- payments due within a year						289		**289**	289		**289**
- other liabilities						189		**189**	189		**189**
Related party other liabilities						14		**14**	14		**14**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**1,133,642**	**33,684**	**1,167,326**	**295,761**	**871,565**	**1,153,879**

CLASSIFICATION 31/12/2012	CARRYING VALUE										
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receiva-bles and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amorti-zed cost	Hedging instru-ments	Total	of which: current	of which: non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			304					**304**		304	**304**
- deposit for share acquisition			0					**0**		0	**0**
- due from others			0					**0**		0	
- security deposits			57					**57**		57	**57**
- beneficial interest			3,767					**3,767**		3,767	**3,767**
Financial assets											
Trade and other receivables											
- trade receivables			14,441					**14,441**	14,441		**14,441**
- due to others								**0**			
- other creditors								**0**			
- advances to suppliers								**0**			
Related party trade and other receivables											
- parent			52					**52**	52		**52**
- related parties			479					**479**	479		**479**
Other assets											
- monthly advances			8					**8**	8		**8**
- credits/insurances			0					**0**	0		**0**
- accrued income and prepayments			421					**421**	421		**421**
- deferred costs			251					**251**	251		**251**
- Others			250					**250**	250		**250**
Financial assets for interest rate swaps							150	**150**		150	**150**
Financial receivables and other financial assets											
- other financial assets			41					**41**	41		**41**
- parent			0					**0**	0		**0**
- related parties			734					**734**	734		**734**
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			7,377					**7,377**	7,377		**7,377**
- cash on hand			168					**168**	168		**168**
TOTAL FINANCIAL ASSETS	**-**	**-**	**28,349**	**-**	**-**	**-**	**150**	**28,499**	**24,222**	**4,277**	**28,499**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							54,125	**54,125**		54,125	**54,125**
- due to banks						158,058		**158,058**	158,058		**158,058**
- leasing						5,719		**5,719**	275	5,444	**4,998**
- convertible bond						224,685		**224,685**	224,685		**223,413**
- payables to other financial						10,061		**10,061**	1,980	8,081	**10,061**
- enhancing investments								**0**			**0**
- mortgage loans with banks						662,670		**662,670**	116,836	545,834	**614,954**
Related party financial liabilities											
- parent						36,783		**36,783**	21,783	15,000	**36,783**
Sundry payables and other liabilities											
- suspended revenues						7,266		**7,266**		7,266	**7,266**
- deposit								**0**			**0**
- other liabilities						132		**132**		132	**132**
Related party sundry payables and other liabilities											
- parent						9,322		**9,322**		9,322	**9,322**
- related parties						3,520		**3,520**		3,520	**3,520**
Trade and other payables						**8,287**		**8,287**	**8,287**		**8,287**
Related party trade and other payables											
- parent						4,144		**4,144**	4,144		**4,144**
- related parties						215		**215**	215		**215**
Other liabilities											
- accrued income and prepayments						750		**750**	750		**750**
- suspended revenues						0		**0**	0		**0**
- insurances						16		**16**	16		**16**
- security deposits received						3,095		**3,095**	3,095		**3,095**
- Dividends payable to shareholders						1		**1**	1		**1**
- Amounts due to directors								**0**			**0**
- advances due within the year						1,882		**1,882**	1,882		**1,882**
- other liabilities						193		**193**	193		**193**
Related party other liabilities						**14**		**14**	**14**		**14**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**1,136,813**	**54,125**	**1,190,938**	**542,214**	**648,724**	**1,141,229**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and bonds.
To calculate the fair value of liabilities measured at amortized cost, the Group has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
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. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2013 a credit spread of 3.75% was applied (3.50% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

COLLATERAL GIVEN	CARRYING VALUE 31/12/2013	CARRYING VALUE 31/12/2012
Security deposits		
- Sundry receivables and other assets	79	57

The following table shows the impairment of trade receivables:

IMPAIRMENT	IMPAIRMENT OF TRADE RECEIVABLES 31/12/2013	IMPAIRMENT OF TRADE RECEIVABLES 31/12/2012
Opening balance	**12,643**	9,189
Allocations		
- for individual writedowns	3,233	4,071
Utilizations	**-803**	**-578**
Impairment reversals		
Other movements	**-28**	**-39**
Total	**15,045**	**12,643**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from the impairment of trade receivables and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to +€11,978K in 2013 and to -€12,207K in 2012. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to a separate CFH reserve under equity (net of the tax effects), amounted to +€3,257K in 2013 and -€1,008K the previous year.

INCOME STATEMENT 31/12/2013 NET GAIN (LOSS)	CARRYING VALUE FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-14,005
Trade and other receivables			-3,233				
Total			**-3,233**				**-14,005**

INCOME STATEMENT 31/12/2012 NET GAIN (LOSS)	CARRYING VALUE FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-12,053
Trade and other receivables			-4,071				
Total	**0**	**0**	**-4,071**	**0**	**0**	**0**	**-12,053**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	31/12/2013	31/12/2012
Interest income on financial assets not measured at fair value		
- Deposits	133	162
- From affiliates	1	9

INTEREST EXPENSE	31/12/2013	31/12/2012
Interest expense on financial assets not measured at fair value		
- Security deposits	304	305
- Sundry payables and other liabilities	452	800
- To parent	1,130	1,932
- Financial liabilities		
- Mortgage loans	12,749	14,779
- Leasing	101	149
- Convertible bond/bond	13,326	13,204
- Short-term borrowings	4,279	4,609

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.
The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although in the statement of financial position they are included under "financial assets."
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

MAXIMUM EXPOSURE TO CREDIT RISK	31/12/2013	31/12/2012
Loans and receivables		
Sundry receivables and other assets	2,297	4,127
Trade and other receivables	14,643	14,441
Related party trade and other receivables	887	531
Other assets	1,045	922
Cash and cash equivalents	8,330	7,377
Financial receivables and other financial assets	373	775
Hedging instruments	**382**	**150**
Total	**27,956**	**28,323**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value,
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

MATURITY ANALYSIS AT 31/12/2013 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	6,078	7,638	16,358	47,539	98,493	378,678	392,132	946,917
Leasing	32	64	96	194	402	1,355	4,888	7,031
Bond	0	0	6,281	0	6,281	157,463	0	170,026
Short-term credit lines	173,729	0	0	0	0	0	0	173,729
Related party payables	13,606	0	0	0	0	0	0	13,606
TOTAL	**193,445**	**7,702**	**22,735**	**47,733**	**105,177**	**537,496**	**397,020**	**1,311,309**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	2.148	1.042	3.595	6.612	11.305	11.599	-853	35.448
TOTAL	**2.148**	**1.042**	**3.595**	**6.612**	**11.305**	**11.599**	**-853**	**35.448**
EXPOSURE AT 31/12/2013	**195.593**	**8.744**	**26.330**	**54.345**	**116.482**	**549.096**	**396.167**	**1.346.757**

MATURITY ANALYSIS AT 31/12/2012 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	4,917	7,516	25,011	26,824	70,723	244,493	433,758	813,242
Leasing	31	63	94	189	386	1,264	5,259	7,285
Convertible bond	0	0	4,025	234,025	0	0	0	238,050
Short-term credit lines	158,260							158,260
Related party payables	21,173							21,173
TOTAL	**184,382**	**7,578**	**29,130**	**261,038**	**71,109**	**245,756**	**439,017**	**1,238,010**
STRUMENTI FINANZIARI DERIVATI								
Interest rate swaps	2,144	1,119	3,643	6,852	12,530	23,700	4,046	54,034
TOTAL	**2,144**	**1,119**	**3,643**	**6,852**	**12,530**	**23,700**	**4,046**	**54,034**
EXPOSURE AT 31/12/2012	**186,525**	**8,697**	**32,773**	**267,890**	**83,639**	**269,457**	**443,062**	**1,292,044**

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.

Floating-rate instruments expose the Group to interest rate risks on cash flows, while fixed-rate instruments expose the Group to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.

The sensitivity analysis was conducted in consideration of the financial statement items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

INTEREST RATE RISK - EXPOSURE AND SENSITIVITY ANALYSIS	BENCHMARK	INCOME STATEMENT				NET EQUITY			
		SHOCK UP		SHOCK DOWN		SHOCK UP		SHOCK DOWN	
		31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Interest-bearing assets	Euribor	79	108	-8	-11				
Ultra-short-term borrowings	Euribor	-1,737	-1,579	174	158				
Financial liabilities	Euribor	-9,335	-6,863	933	686				
Derivatives	Euribor								
- cash flow		5,700	4,633	-570	-463				
- *fair value*						23,484	24,307	-2,443	-2,543
Total		**-5,293**	**-3,700**	**529**	**370**	**23,484**	**24,307**	**-2.443**	**-2,543**

The assumptions underlying the sensitivity analysis are as follows:

- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- ultra-short-term borrowings and deposits were analyzed according to average exposure for the year;
- the initial shift in the interest rate curve was assumed to be +100/-10 basis points (unchanged since the previous year);
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- The analysis assumes that all other risk variables remain constant.

For the sake of comparison, the same measurement was conducted on 2013 and 2012.

The method used to analyze and determine significant variables did not change since the previous year.

4.7 Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

FINANCIAL STATEMENTS: COOP ADRIATICA	ESERCIZIO 2012	ESERCIZIO 2011
BALANCE SHEET (per Civil Code Art. 2424)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,335,832,734	1,563,162,430
C) - CURRENT ASSETS	2,065,036,246	2,253,840,567
D) - ACCRUED INCOME AND PREPAYMENTS	9,782,748	12,377,363
TOTAL ASSETS	**3,410,651,728**	**3,829,380,359**
EQUITY AND LIABILITIES		
A) - NET EQUITY	909,288,781	882,877,432
B) - GENERAL PROVISIONS	17,917,289	19,921,115
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	71,041,540	72,162,068
D) - PAYABLES	2,407,864,814	2,849,920,990
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	4,539,303	4,498,753
TOTAL EQUITY AND LIABILITIES	**3,410,651,728**	**3,829,380,359**
MEMORANDUM ACCOUNTS	**290,766,877**	**562,488,288**
INCOME STATEMENT (per Civil Code Art. 2425)		
A) - PRODUCTION VALUE	2,123,466,963	2,116,251,844
B) - PRODUCTION COSTS	-2,119,789,713	-2,125,357,303
C) - FINANCIAL INCOME AND CHARGES	79,590,738	67,090,675
D) - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-40,402,083	-33,815,180
E) - EXTRAORDINARY INCOME AND CHARGES	159,787	5,494,669
Income taxes	-16,435,022	-13,721,587
NET PROFIT	**26,590,670**	**15,943,118**

4.8 List of significant equity investments

Below is a list of significant equity investments held by IGD SIIQ S.p.A. at 31 December 2013.

NAME	REGISTERED OFFICE	COUNTRY	HELD BY	% HELD DIRECTLY	% HELD INDIRECTLY	TOTAL % HELD
IGD Management s.r.l.	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
IGD Property SIINQ S.p.A.	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Porta Medicea s.r.l.	Bologna, Via Trattati Comunitari Europei 1957 2007 13	Italy	IGD Management s.r.l.		80.00%	80.00%
Win Magazin S.A.	Bucharest	Romania	IGD Management s.r.l. 99.9% IGD SIIQ S.p.A. 0.1%	0.10%	99.90%	100.00%
Winmarkt management s.r.l.	Bucharest	Romania	Win Magazin S.A.		100.00%	100.00%
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda n.175	Italy	Millennium Gallery s.r.l		35.40%	35.40%
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	Italy	IGD SIIQ S.p.A.	50%		50.00%
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo n. 67	Italy	IGD Management s.r.l.		15.00%	15 00%
Virtus College s.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	IGD SIIQ S.p.A.	45%		45%

4.9 Information pursuant to Art. 149 *duodecies* of Consob's regulations for issuers

The following chart, prepared in accordance with Art. 149 duodecies of Consob's regulations for issuers, shows the fees pertaining to 2013 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Amounts in €/000	SERVICE PROVIDER	RECIPIENT	FEES IN 2013
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	104
	PricewaterhouseCoopers S.p.A.	Subsidiaries IGD Property SIINQ S.p.A., IGD Management s.r.l., Millennium Gallery s.r.l., Porta Medicea s.r.l.	45
	PricewaterhouseCoopers Audit s.r.l.	Subsidiaries Romania	19
Other services	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	5
TOTAL			**173**

In 2013 the previous accounting firm, Reconta Ernst & Young S.p.A., received fees for:

- auditing activities for the first quarter of 2013 for approximately 8 thousand Euro.
- an opinion of fairness on the capital increase transaction (€54,200);
- a report on the preliminary data of the Prospectus (€60,000)
- exchange offer transactions for the issue of a senior debenture loan (€200,000).

4.10 Certification of the consolidation financial statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO 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 year 2013.

2. We also confirm that:
   2.1. the 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 performance, results, and current situation of the issuer and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 27 February 2014

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

4.11 External Auditors' Report

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "IGD Group") as of 31 December 2013 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 25 March 2013.

3 In our opinion, the consolidated financial statements of the IGD Group as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of IGD Group for the period then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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4 As required by law, the Company included in the notes to the consolidated financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of the IGD Group as of 31 December 2013.

Bologna, 20 March 2014

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

MONDOVICINO
SHOPPING CENTER
AND RETAIL PARK

Mondovì - Cuneo
Opening 2007
Mall GLA sq.m 7,318
Retail park GLA sq.m 9,660

2,241,041 visitors in 2013

IGD SIIQ S.p.A.
Separate Financial Statements at 31/12/2013

05

CHAPTER CONTENTS

5.1 Income statement

INCOME STATEMENT (in Eur)	Note	31/12/2013 (A)	31/12/2012 (B)	CHANGE (A-B)
Revenue:	1	**86,776,249**	**89,371,465**	**(2,595,216)**
- from third parties		47,552,437	50,332,436	(2,779,999)
- from related parties		39,223,812	39,039,029	184,783
Other income:	2	**996,640**	**589,001**	**407,639**
- from third parties		421,282	161,436	259,846
- from related parties		575,358	427,565	147,793
Total revenue and operating income		**87,772,889**	**89,960,466**	**(2,187,577)**
Service costs	3	9,653,283	9,911,125	(257,842)
- third parties		6,352,048	6,442,829	(90,781)
- related parties		3,301,235	3,468,296	(167,061)
Cost of labor	4	4,545,899	4,452,931	92,968
Other operating costs	5	7,176,988	6,746,138	430,850
Total operating costs		**21,376,170**	**21,110,194**	**265,976**
(Depreciation, amortization and provisions)	6	(2,139,217)	(2,136,728)	(2,489)
(Impairment losses)/reversals on work in progress	15	3,328,421	(1,210,894)	4,539,315
Fair value changes	13	(20,726,014)	(22,306,162)	1,580,148
Total depreciation, amortization, provisions, impairment and fair value changes		**(19,536,810)**	**(25,653,784)**	**6,116,974**
EBIT		**46,859,909**	**43,196,488**	**3,663,421**
Income/(loss) from equity investments	7	**5,000**	**6,000**	**(1,000)**
Income/(loss) from equity investments		5,000	6,000	(1,000)
Financial income	8	**596,938**	**585,208**	**11,730**
- third parties		72,027	66,493	5,534
- related parties		524,911	518,715	6,196
Financial charges	8	**38,970,615**	**40,319,126**	**(1,348,511)**
- third parties		37,980,076	38,906,349	(926,273)
- related parties		990,539	1,412,777	(422,238)
Net financial income (charges)		**(38,373,677)**	**(39,733,918)**	**1,360,241**
PRE-TAX PROFIT		**8,491,232**	**3,468,570**	**5,022,662**
Income taxes	9	(5,317,681)	(7,057,759)	1,740,078
NET PROFIT		**13,808,913**	**10,526,329**	**3,282,584**

5.2 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (in Eur)	31/12/2013	31/12/2012
Net profit	**13,808,913**	**10,526,329**
Other comprehensive income that will not be reclassified to profit or loss:		
Transaction costs for capital increase	(407,056)	(580,541)
Recalculation of defined benefit plans	29,189	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax effects:	**(377,867)**	**(580,541)**
impact of hedge derivatives on equity	16,520,445	(16,836,194)
Tax effect of hedge derivatives on equity	(4,543,122)	4,629,953
other effects on income statement components	(960)	14,602
Other comprehensive income, net of tax effects	**11,976,363**	**(12,191,639)**
Total comprehensive income	**25,407,409**	**(2,245,851)**

5.3 Statement of financial position

STATEMENT OF FINANCIAL POSITION (in EUR)	Note	31/12/2013 (A)	31/12/2012 (B)	CHANGE (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	10	56,810	61,645	(4,835)
Goodwill	11	64,828	64,828	0
		121,638	**126,473**	**(4,835)**
Property, plant, and equipment				
Investment property	13	1,070,095,000	1,426,655,000	(356,560,000)
Buildings	12	9,105,002	9,348,508	(243,506)
Plant and machinery	14	469,546	266,311	203,235
Equipment and other assets	14	954,565	1,329,150	(374,585)
Leasehold improvements	14	-	3,777	(3,777)
Assets under construction	15	78,057,953	58,628,646	19,429,307
		1,158,682,066	**1,496,231,392**	**(337,549,326)**
Other non-current assets				
Deferred tax assets	16	19,242,737	25,025,450	(5,782,713)
Sundry receivables and other	17	1,935,042	3,806,392	(1,871,350)
Equity investments	18.1	387,231,782	185,454,524	201,777,258
Non-current financial assets	18.2	378,000	-	378,000
Derivative assets	40	99,072	149,898	(50,826)
		408,886,633	**214,436,264**	**194,450,369**
TOTAL NON-CURRENT ASSETS (A)		**1,567,690,337**	**1,710,794,129**	**(143,103,792)**
CURRENT ASSETS:				
Trade and other receivables	19	9,442,153	9,563,318	(121,165)
Related party trade and other receivables	20	793,429	251,566	541,863
Other current assets	21	1,520,856	1,301,113	219,743
Related party other current assets	22	59,160	339,955	(280,795)
Related party financial receivables and other current financial assets	23	24,716,051	16,439,510	8,276,541
Financial receivables and other current financial assets	23	-	21,425	(21,425)
Cash and cash equivalents	24	4,122,522	3,278,922	843,600
TOTAL CURRENT ASSETS (B)		**40,654,171**	**31,195,809**	**9,458,362**
TOTAL ASSETS (A + B)		**1,608,344,508**	**1,741,989,938**	**(133,645,430)**
Share capital		325,051,647	311,569,323	13,482,324
Share premium reserve		147,730,288	147,730,288	0
Other reserves		257,268,899	254,505,055	2,763,844
Profits		24,005,330	23,695,055	310,275
TOTAL NET EQUITY (C)	25	**754,056,164**	**737,499,721**	**16,556,443**
NON-CURRENT LIABILITIES:				
Derivative liabilities	40	24,147,237	40,442,792	(16,295,555)
Non-current financial liabilities	26	571,359,513	467,716,364	103,643,149
Related party non-current financial liabilities	26	15,000,200	15,000,200	0
Provision for employee severance indemnities	27	886,285	756,511	129,774
Deferred tax liabilities	16	11,143,641	16,801,875	(5,658,234)
General provisions	28	1,489,669	1,362,549	127,120
Sundry payables and other non-current liabilities	29	5,713	10,713	(5,000)
Related party sundry payables and other non-current liabilities	29	8,786,396	12,842,278	(4,055,882)
TOTAL NON-CURRENT LIABILITIES (D)		**632,818,654**	**554,933,282**	**77,885,372**
CURRENT LIABILITIES:				
Current financial liabilities	30	207,923,867	438,062,350	(230,138,483)
Related party current financial liabilities	30	364,639	207,819	156,820
Trade and other payables	32	7,151,318	3,408,166	3,743,152
Related party trade and other payables	33	2,477,013	4,369,975	(1,892,962)
Current tax liabilities	34	768,822	334,497	434,325
Other current liabilities	35	2,483,260	2,923,708	(440,448)
Related party other current liabilities	36	300,771	250,420	50,351
TOTAL CURRENT LIABILITIES (E)		**221,469,690**	**449,556,935**	**(228,087,245)**
TOTAL LIABILITIES (F = D + E)		**854,288,344**	**1,004,490,217**	**(150,201,873)**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**1,608,344,508**	**1,741,989,938**	**(133,645,430)**

5.4 Statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFITS	NET EQUITY
Balance at 1 January 2012	**298,272,669**	**147,730,288**	**264,613,326**	**39,694,374**	**750,310,657**
Net profit				10,526,329	10,526,329
Cash flow hedges			(12,206,241)		(12,206,241)
Other comprehensive income (losses)			(565,939)	0	(565,939)
Total comprehensive income (losses)	**0**	**0**	**(12,772,180)**	**10,526,329**	**(2,245,851)**
Other effects	0	0		75	75
Allocation of 2011 profit					
- dividends	0	0		(23,861,814)	(23,861,814)
- capital increase	13,296,654				13,296,654
- to legal reserve	0	0	1,437,032	(1,437,032)	0
- to other reserves	0	0	1,226,877	(1,226,877)	0
Balance at 31 December 2012	**311,569,323**	**147,730,288**	**254,505,055**	**23,695,055**	**737,499,721**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFITS	NET EQUITY
Balance at 01 January 2013	**311,569,323**	**147,730,288**	**254,505,055**	**23,695,055**	**737,499,721**
Net profit	0	0		13,808,913	13,808,913
Cash flow hedges			11,977,323		11,977,323
Other comprehensive income (losses)	0	0	(378,827)	0	(378,827)
Total comprehensive income (losses)	**0**	**0**	**11,598,496**	**13,808,913**	**25,407,409**
Other effects	0	0		118	118
Allocation of 2012 profit					
- dividends	0	0	0	(22,333,408)	(22,333,408)
- capital increase	13,482,324		0		13,482,324
- to legal reserve	0	0	1,018,999	(1,018,999)	0
- to other reserves	0	0	(9,853,651)	9,853,651	0
Balance at 31 December 2013	**325,051,647**	**147,730,288**	**257,268,899**	**24,005,330**	**754,056,164**

5.5 Statement of cash flows

STATEMENT OF CASH FLOWS (in EUR)	31/12/2013	31/12/2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**8,491,232**	**3,468,570**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	9,467,395	7,972,052
(Depreciation, amortization and provisions)	2,139,217	2,136,728
(Impairment losses)/reversals on work in progress	(3,328,421)	1,210,894
Fair value changes	20,726,014	22,306,162
CASH FLOW FROM OPERATING ACTIVITIES	**37,495,437**	**37,094,406**
Current taxes	(572,282)	154,380
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**36,923,155**	**37,248,786**
Net change in current assets and liabilities with third parties	1,307,582	(7,285,276)
Net change in current assets and liabilities with related parties	(2,103,679)	1,923,122
Net change in non-current assets and liabilities with third parties	2,039,911	(1,733,534)
Net change in non-current assets and liabilities with related parties	69,869	71,613
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**38,236,838**	**30,224,711**
(Investments) in fixed assets	(21,142,591)	(13,363,892)
Disposals of fixed assets	41,123	12,720
Disposals of equity investments	55,319	0
(Investments) in equity investments	(2,878,244)	(257,476)
CASH FLOW FROM INVESTING ACTIVITIES	**(23,924,393)**	**(13,608,648)**
Change in non-current financial assets	(378,000)	0
Change in financial receivables and other current financial assets with third parties	21,425	256,394
Change in related party financial receivables and other current financial assets	(8,276,541)	594,677
Dividend reinvestment option	13,069,815	12,711,893
Distribution of dividends	(22,333,408)	(23,861,814)
Change in current debt with third parties	16,196,625	299,708,638
Change in current debt with related parties	156,820	(25,181,720)
Change in non-current debt with third parties	(11,925,581)	(280,412,170)
Change in non-current debt with related parties	0	0
CASH FLOW FROM FINANCING ACTIVITIES	**(13,468,845)**	**(16,184,102)**
NET INCREASE (DECREASE) IN CASH BALANCE	**843,600**	**431,961**
CASH BALANCE AT BEGINNING OF YEAR	**3,278,922**	**2,846,961**
CASH BALANCE AT END OF YEAR	**4,122,522**	**3,278,922**

5.6 Notes to the financial statements

Form and content of the separate financial statements of IGD SIIQ S.p.A.

→ Introduction

The draft financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. at 31 December 2013 were approved and authorized for publication by the Board of Directors on 27 February 2014.

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica Società Cooperativa a.r.l. and is under the management and coordination of that company.

→ Preparation criteria

The separate financial statements for 2013 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).

→ Reporting formats

The items in the statement of financial position have been classified as current or non-current, 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 profit for non-cash items.

The financial statements, tables and explanatory notes are expressed in euro (EUR), unless specified otherwise.

→ Significant accounting standards

The accounting standards used to prepare the separate financial statements are the same as those employed in the annual financial statements for the year ended 31 December 2012, with the exception of the following new standards and interpretations applicable from 1 January 2013.

On 16 June 2011, the IASB issued an amendment to IAS 1 - Presentation of Financial Statements, requiring entities to group all items of other comprehensive income according to whether they might or might not be reclassified to profit or loss in subsequent periods. The amendment is effective for financial years beginning on or after 1 July 2012. The company has adopted it as from 1 January 2013. The adoption of these changes has not affected the Company's statement of financial position or performance.

On 16 June 2011, the IASB issued an amendment to IAS 19 – Employee Benefits, which eliminates the option to defer recognition of gains and losses, known as the “corridor approach”, and requires any plan deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognized in profit or loss, and actuarial gains and losses arising from the remeasurement of liabilities to be recognized in other comprehensive income. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The Company has adopted this amendment as from 1 January 2013 and found it to have no significant impact.

On 12 May 2011, the IASB issued IFRS 13 – Fair Value Measurement, clarifying the determination of fair value for the purpose of the financial statements and applying to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The company has adopted it as from 1 January 2013.

On 16 December 2011, the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures. The amendments require disclosure of information on the effect or potential effect on an entity’s financial position of netting arrangements for financial assets and liabilities. They are effective for financial years beginning on or after 1 January 2013. This change has had no impact on the Company.

On 17 May 2012, the IASB issued its "Annual improvements to IFRS - the 2009-2011 cycle", effective retrospectively as from 1 January 2013. The changes most significant to the Company are as follows:

- IAS 1 - Presentation of Financial Statements: the amendment clarifies the requirements for presenting comparative information when an entity changes accounting policies or makes retrospective restatements or reclassifications, or when it prepares financial statements that include more than the minimum comparative information;
- IAS 16 - Property, Plant and Equipment: the amendment clarifies that items such as spare parts, stand-by or servicing equipment are required to be capitalized only when they meet the definition of property, plant and equipment, and are otherwise classified as inventory. The adoption of these changes has not affected the Company's financial position or performance.
- IAS 32 - Financial Instruments: Presentation: the amendment eliminates a conflict between IAS 12 – Income taxes and IAS 32 regarding the recognition of taxes on distributions to shareholders, stating that these must be recognized in profit or loss to the extent the distribution refers to income generated by transactions originally accounted for in the income statement. The adoption of these changes has not affected the Company's financial

position or performance.

- IAS 34 – Interim Financial Reporting: the amendment clarifies that in order to improve consistency with the requirements of IFRS 8 - Operating Segments, total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

→ Accounting standards, amendments, and interpretations not yet effective and not applied in advance

The table below reports the new international accounting standards or the amendments already in effect whose adoption is mandatory for financial periods beginning on 1 January 2014 (or after, if the financial statements do not coincide with the calendar year). The Company has not opted for early adoption.

COMMISSION REGULATION	TITLE	MANDATORY FROM FINANCIAL YEARS BEGINNING ON
1254/2012	**Regulation adopting IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28.** The objective of IFRS 10 is to provide a single consolidation model. The new standard replaces IAS 27 - Consolidated and Separate Financial Statements and Interpretation SIC-12 - Special Purpose Entities. IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement, and replaces IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a consequence of these new IFRS, the IASB has also issued the amended IAS 27 and IAS 28.	1 January 2014
1256/2012	**Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.** The adjustments to IFRS 7 also required amendments to IAS 32 in order to provide additional guidance to reduce inconsistent application of the standard in practice.	1 January 2014
313/2013	**Transition guidance (amendments to IFRS 10, 11, and 12).** The amendments provide transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.	1 January 2014
1374/2013	**Commission Regulation (EU) 1374/2013 of 19 December 2013, published in the Official Journal L 346 of 20 December 2013, adopting *Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36).*** The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.	1 January 2014
1375/2013	**Commission Regulation (EU) 1374/2013 of 19 December 2013, published in the Official Journal L 346 of 20 December 2013, adopting *Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39).*** The objective of the amendments is to govern situations in which a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Hedge accounting can continue irrespective of the novation which, without the amendment, would not be permitted.	1 January 2014

During the year, the IASB made changes to some previously issued IAS/IFRS and published new international accounting standards. None of these changes were used to prepare the financial statements as they have not yet been approved by the European Commission.

→ Use of estimates

In preparing the separate financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.

Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes an impairment loss, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.

If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.

Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IFRS 8 - Segment Reporting;
- when goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.

After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.

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 property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.

Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.

Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.

Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.

As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- a use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property);
- a use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property);
- a use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

The specific valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next *n* years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: income method (DCF).
- For construction in progress (extensions and new constructions), the transformation method was used, based on the discounting of future rental income for the property net of construction costs and other expenses.

The above methods were applied individually to each property, according to their specific features.

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and recent experience with similar types of properties. To that end, IGD SIIQ S.p.A. has hired CBRE Valuation S.p.A. and REAG S.p.A., 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 shopping centers, malls, hypermarkets, supermarkets, wholesale and fitness zones, 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.

IAS 23 - Borrowing costs (revised)

Borrowing costs directly attributable to the purchase and construction of investment property relating to both new constructions and extensions, are added to the carrying value of the property in question. Interest is capitalized provided that the augmented carrying amount of the asset does not increase its value beyond fair value.

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

PLANT, MACHINERY AND EQUIPMENT	RATE
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment.

Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying amount (amortized cost method).

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

Treasury shares

Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.

They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are taken to the statement of comprehensive income under "other comprehensive income". The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

Revenue

Revenue is recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

Rental income

Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends are recognized when the Company is entitled to their receipt.

Income taxes

Current taxes

Current tax liabilities for the present and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse.

Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Company's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that IGD could be required to pay.

Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata, similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status.

At the close of 2013, as at the end of previous five years since 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and statement of financial position, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.

Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The Company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The income statement and statement of financial position are broken down below by business segment, in accordance with IFRS 8.

INCOME STATEMENT €/000	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	PROPERTIES		SERVICES		SHARED		TOTAL	
REVENUE	**87,082,310**	**89,423,425**	**656,708**	**506,172**			**87,739,018**	**89,929,597**
CHANGE IN INVENTORY								
DIRECT COSTS	-13,704,352	-13,429,523	-6,616	-55,151			-13,710,968	-13,484,674
GROSS MARGIN	**73,377,958**	**75,993,902**	**650,092**	**451,021**			**74,028,050**	**76,444,923**
G&A EXPENSES					-9,007,677	-8,781,819	-9,007,677	-8,781,819
EBITDA	**73,377,958**	**75,993,902**	**650,092**	**451,021**	**-9,007,677**	**-8,781,819**	**65,020,373**	**67,663,104**
DEPRECIATION/WRITE-DOWNS/OTHER PROVISIONS	-17,749,772	-24,060,103	-24	-24	-410,668	-406,489	-18,160,464	-24,466,616
EBIT	**55,628,186**	**51,933,799**	**650,068**	**450,997**	**-9,418,345**	**-9,188,308**	**46,859,909**	**43,196,488**
FINANCIAL INCOME MARGIN					**-38,373,677**	**-39,733,918**	**-38,373,677**	**-39,733,918**
EQUITY INVESTMENT MARGIN					**5,000**	**6,000**	**5,000**	**6,000**
TAXES					**5,317,681**	**7,057,759**	**5,317,681**	**7,057,759**
NET PROFIT							**13,808,913**	**10,526,329**

STATEMENT OF FINANCIAL POSITION €/000	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	PROPERTIES		SERVICES		SHARED		TOTAL	
TANGIBLE ASSETS	1,080,614,384	1,437,592,679	0	0	9,729	10,067	1,080,624,113	1,437,602,746
INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS	0	0	0	0	408,531,199	214,412,839	408,531,199	214,412,839
CURRENT INVESTMENTS	78,057,953	58,628,646	0	0	0	0	78,057,953	58,628,646
NET WORKING CAPITAL	(1,357,284)	168,538	(7,683)	1,023	(619)	(375)	(1,365,586)	169,186
OTHER NON-CURRENT LIABILITIES	(22,298,184)	(31,755,005)	0	0	(13,520)	(18,921)	(22,311,704)	(31,773,926)
TOTAL USE OF FUNDS	**1,135,016,869**	**1,464,634,858**	**(7,683)**	**1,023**	**408,526,789**	**214,403,610**	**1,543,535,975**	**1,679,039,491**
NET DEBT	356,928,062	686,863,045	(23,205)	(19,779)	408,526,789	214,403,610	765,431,646	901,246,876
NET (ASSETS) AND LIABILITIES FOR DERIVATIVE INSTRUMENTS	24,048,165	40,292,894	0	0	0	0	24,048,165	40,292,894
EQUITY	754,040,642	737,478,919	15,522	20,802	0	0	754,056,164	737,499,721
TOTAL SOURCES	**1,135,016,869**	**1,464,634,858**	**(7,683)**	**1,023**	**408,526,789**	**214,403,610**	**1,543,535,975**	**1,679,039,491**

Notes to the financial statements

Note 1) Revenue

REVENUE	31/12/2013	31/12/2012	CHANGE
Freehold hypermarkets	**34,148,969**	**34,151,972**	**(3,003)**
Rent	**34,148,969**	**34,151,972**	**(3,003)**
Related parties	34,148,969	34,151,972	(3,003)
Freehold supermarkets	**386,965**	**380,838**	**6,127**
Rent	**386,965**	**380,838**	**6,127**
Related parties	386,965	380,838	6,127
TOTAL HYPERMARKETS/SUPERMARKETS	**34,535,934**	**34,532,810**	**3,124**
Freehold malls, malls under beneficial interest, offices and city center properties	**50,647,565**	**53,171,233**	**(2,523,668)**
Rent	**7,738,482**	**7,618,815**	**119,667**
Related parties	3,746,721	3,578,912	167,809
Third parties	3,991,761	4,039,903	(48,142)
Business lease	**42,909,083**	**45,552,418**	**(2,643,335)**
Related parties	457,264	459,807	(2,543)
Third parties	42,451,819	45,092,611	(2,640,792)
Other contracts and temporary rent	**1,592,750**	**1,667,422**	**-74,672**
Other contracts and temporary rent	1,108,857	1,199,922	(91,065)
Other contracts and temporary rent - related parties	483,893	467,500	16,393
TOTAL MALLS	**52,240,315**	**54,838,655**	**(2,598,340)**
GRAND TOTAL	**86,776,249**	**89,371,465**	**(2,595,216)**
of which related parties	39,223,812	39,039,029	184,783
of which third parties	47,552,437	50,332,436	(2,779,999)

Rent and business lease revenue decreased by €2,595,216 due essentially to the difficult economy, whose impact was strongest on Italian malls, where vacancies went up with peaks at I Bricchi, Città delle Stelle and Mondovì. At some shopping centers (such as La Torre and Tiburtino) the vacancies were strategic, allowing layout changes and a revised mix of small and midsize stores. There was also an increase in temporary rent reductions granted as a way to limit the rise in vacancies.
See the directors' report for further information.

Note 2) Other income

OTHER INCOME	31/12/2013	31/12/2012	CHANGE
Pilotage and construction revenues	101,677	102,204	(527)
Insurance claims	270,000	0	270,000
Other	49,605	59,232	(9,627)
Total other income from third parties	**421,282**	**161,436**	**259,846**
Refund of other charges - related parties	33,870	29,705	4,165
Portfolio management and rent management revenues - related parties	57,218	61,810	(4,592)
Pilotage and construction revenues - related parties	170	2,552	(2,382)
Administrative services - related parties	484,100	333,498	150,602
Total other income from related parties	**575,358**	**427,565**	**147,793**
TOTAL	**996,640**	**589,001**	**407,639**

Other income from third parties was in line with the previous year, with the exception of insurance claims, referring to the settlement for damages incurred at Portogrande shopping center.

Other income from related parties increased by 150,602 due to the service contracts signed in 2013 with the subsidiary IGD Property SIINQ as a result of the transfer.

Note 3) Service costs

SERVICE COSTS	31/12/2013	31/12/2012	CHANGE
Service costs	**6,352,048**	**6,442,829**	**(90,781)**
Rent paid	136,710	137,385	(675)
Rented vehicles	123,790	125,627	(1,837)
Utilities	163,677	122,317	41,360
Advertisements, listings, advertising & promotions	307,405	359,759	(52,354)
Service	22,542	5,565	16,977
Facility management costs	1,679,228	1,526,961	152,267
Insurance	435,882	447,938	(12,056)
Professional fees	125,215	125,458	(243)
Directors' and statutory auditors' fees	707,207	717,506	(10,299)
External auditing fees	112,909	116,024	(3,115)
Investor relations, Consob, Monte Titoli costs	304,917	300,699	4,218
Recruitment, training and other personnel costs	335,352	268,016	67,336
Travel and accommodation	100,233	93,094	7,139
Failed project costs	0	78,042	(78,042)
Pilotage and construction costs	6,516	46,420	(39,904)
Consulting	898,321	903,272	(4,951)
Maintenance and repairs	414,492	592,304	(177,812)
Bank fees and commissions	184,041	115,747	68,294
Cleaning, porterage and security	192,570	197,819	(5,249)
Other	101,041	162,876	(61,835)
Related party service costs	**3,301,235**	**3,468,296**	**(167,061)**
Rent paid	1,821,700	1,871,700	(50,000)
Shopping center promotional costs	50,000	100,000	(50,000)
Service	262,868	260,641	2,227
Facility management costs	984,792	1,011,412	(26,620)
Insurance	60,338	63,838	(3,500)
Directors' and statutory auditors' fees	116,439	116,711	(272)
Consulting	0	9,707	(9,707)
Maintenance and repairs	3,920	3,141	779
Other	1,178	31,146	(29,968)
TOTAL	**9,653,283**	**9,911,125**	**(257,842)**

The principal components of this item are rent and usage fees for properties managed by IGD, facility management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms.

The total amount is roughly in line with the previous year and the most significant changes concern facility management costs, which rose by €152,267 due to an increase in average vacancy and the consequent rise in the Company's expenses for unlet premises.

The most significant decrease was for maintenance and repairs, which fell from €592,304 to €414,492 as a result of the greater amount of work that was necessary the previous year.

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated make up the compensation for 2013 approved by the shareholders and the Board of Directors when these officers were appointed.

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/13-31/12/13	2014 FY appr.	91,500
Sergio Costalli	Vice Chairman	01/01/13-31/12/13	2014 FY appr.	66,500
Claudio Albertini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
	Chief Executive Officer	01/01/13-31/12/13	2014 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Leonardo Caporioni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Fernando Pellegrini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Aristide Canosani	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Massimo Franzoni	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Riccardo Sabadini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Fabio Carpanelli	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Andrea Parenti	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Elisabetta Gualandri	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Tamara Magalotti	Director	01/01/13-31/12/13	2014 FY appr.	16,500
Livia Salvini	Director	01/01/13-31/12/13	2014 FY appr.	16,500
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/13-31/12/13	2014 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/13-31/12/13	2014 FY appr.	16,500
Pasquina Corsi	Standing Auditor	01/01/13-31/12/13	2014 FY appr.	16,500
CONTROL AND RISKS COMMITTEE				
Elisabetta Gualandri	Director (Chairman)	01/01/13-31/12/13	when no longer director	12,000
Massimo Franzoni	Director	01/01/13-31/12/13	when no longer director	8,000
Livia Salvini	Director	01/01/13-31/12/13	when no longer director	8,000
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/13-31/12/13	when no longer director	12,000
Aristide Canosani	Director	01/01/13-31/12/13	when no longer director	8,000
Livia Salvini	Director	01/01/13-31/12/13	when no longer director	8,000
NOMINATIONS AND COMPENSATION COMMITTEE				
Andrea Parenti	Director (Chairman)	01/01/13-31/12/13	when no longer director	2,250
Fabio Carpanelli	Director	01/01/13-31/12/13	when no longer director	2,250
Tamara Magalotti	Director	01/01/13-31/12/13	when no longer director	2,250
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/13-31/12/13	when no longer director	0
Sergio Costalli	Vice Chairman	01/01/13-31/12/13	when no longer director	0
Claudio Albertini	Chief Executive Officer	01/01/13-31/12/13	when no longer director	0
Roberto Zamboni	Director	01/01/13-31/12/13	when no longer director	0
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Chairman)	01/01/13-31/12/13	when no longer director	2,250
Andrea Parenti	Director	01/01/13-31/12/13	when no longer director	2,250
Giorgio Boldreghini	Director	01/01/13-31/12/13	when no longer director	2,250
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/13-31/12/13	when no longer director	750

For further details, see the Remuneration Report prepared in accordance with the law.

Note 4) Cost of labor

The cost of labor is detailed below:

COST OF LABOR	31/12/2013	31/12/2012	CHANGE
Wages and salaries	3,257,726	3,139,368	118,358
Social security	964,769	927,069	37,700
Severance pay	217,315	291,616	(74,301)
Other costs	106,089	94,878	11,211
TOTAL	**4,545,899**	**4,452,931**	**92,968**

The cost of labor went up, due mainly to the hiring of two new employees and to contractual and merit increases in wages and salaries. Severance pay includes contributions to supplementary funds in the amount of €51,323. The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2013	31/12/2012
Executives	5	5
Middle managers	13	13
White collar	47	47
TOTAL	**65**	**65**

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2013	31/12/2012	CHANGE
IMU (municipal property tax)	6,221,195	5,960,143	261,052
Other taxes	46,562	38,352	8,210
Contract registration	293,520	275,200	18,320
Capital losses	0	15,000	(15,000)
Out-of-period (income)/charges	57,701	4,172	53,529
Membership fees	126,250	82,969	43,281
Losses on receivables	64,703	37,815	26,888
Penalties	36,000	9,600	26,400
Fuel and tolls	119,226	115,269	3,957
Magazine subscriptions, office supplies, forms	92,504	84,283	8,221
Other operating costs	119,327	123,335	(4,008)
TOTAL	**7,176,988**	**6,746,138**	**430,850**

The change in other operating costs relates chiefly to the municipal property tax (IMU), which increased due to the rise in the coefficients applicable to land registry category D8 (large commercial properties).

Note 6) Depreciation, amortization, provisions and fair value changes

DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES	31/12/2013	31/12/2012	CHANGE
Amortization	(19,645)	(7,857)	(11,788)
Depreciation	(618,226)	(608,203)	(10,023)
Allocation to provision for doubtful accounts	(1,376,346)	(1,187,168)	(189,178)
Other provisions	(125,000)	(333,500)	208,500
Total depreciation, amortization and provisions	**(2,139,217)**	**(2,136,728)**	**(2,489)**
(Impairment losses)/reversals on work in progress	**3,328,421**	**(1,210,894)**	**4,539,315**
Fair value changes	**(20,726,014)**	**(22,306,162)**	**1,580,148**
Total depreciation, amortization, impairment and fair value changes	**(19,536,810)**	**(25,653,784)**	**6,116,974**

Depreciation and amortization, in line with the previous year, are discussed in Notes 12 and following.
The accrual to the provision for doubtful accounts, €1,376,346, increased on the previous year. Given the problematic economy, the allocation was made by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See Note 19 for changes in this provision.
Other provisions refer to the estimated outcome of two IMU (municipal property tax) disputes regarding Le Maioliche (Faenza) and La Torre (Palermo) shopping centers.
Net impairment losses for the adjustment of investment property to fair value amounted to €20,726,014 for the year (see Note 13).

"(Impairment losses)/reversals on work in progress" cover the following:
- the reversal of impairment charged in previous years, concerning the direct development projects for the expansion of ESP, Porto Grande and Chioggia Retail Park (listed as work in progress), to adjust their cost to fair value in the amount of €1,039,681;
- a positive fair value change €2,288,740 for the Centro d'Abruzzo expansion project (listed as work in progress), reflecting a significant start on construction.

Note 7) Income/(loss) from equity investments

INCOME/(LOSS) FROM EQUITY INVESTMENTS	31/12/2013	31/12/2012	CHANGE
Dividends	5,000	6,000	(1,000)
Total income/(loss) from equity investments	**5,000**	**6,000**	**(1,000)**

In 2013 the company Winmagazin S.A. approved a dividend, received in September. There was no need to charge impairment losses on this investment during the year.

Note 8) Financial income and charges

FINANCIAL INCOME	31/12/2013	31/12/2012	CHANGE
Bank interest income	35,433	48,841	(13,408)
Other interest income	36,594	17,271	19,323
Interest on VAT refund	0	381	(381)
Total third parties	**72,027**	**66,493**	**5,534**
Interest income from related parties	524,911	518,715	6,196
Total related parties	**524,911**	**518,715**	**6,196**
Total financial income	**596,938**	**585,208**	**11,730**

Interest income from related parties refers to the financial receivables mentioned in Note 23.
Bank interest income decreased due mainly to the trend in interest rates, as the substantial decline in Euribor rates depressed interest income on the Company's current accounts.
Interest income from related parties is discussed in Note 38.

FINANCIAL CHARGES	31/12/2013	31/12/2012	CHANGE
Interest expense to subsidiaries	198	325	(127)
Interest expense on security deposits	297,057	304,669	(7,612)
Interest expense to Coop Adriatica	693,284	1,107,783	(414,499)
Total related parties	**990,539**	**1,412,777**	**(422,238)**
Interest expense to banks	2,802,360	3,167,120	(364,760)
Other interest and charges	365,092	406,509	(41,417)
Mortgage loan interest	10,922,971	13,054,317	(2,131,346)
Financial charges on leasing	100,690	133,603	(32,913)
Bond interest and charges	13,325,625	13,203,154	122,471
IRS spreads	10,463,338	8,941,646	1,521,692
Total third parties	**37,980,076**	**38,906,349**	**(926,273)**
Total financial charges	**38,970,615**	**40,319,126**	**(1,348,511)**

Most of the changes on the previous year are due to:

- a decrease in interest to Coop Adriatica as a result of lower drawdowns on the credit line;
- a steep reduction in the Euribor, from 0.57 (monthly average) in 2012 to 0.22 (monthly average) this year, which was partially offset by a slight increase in the spread on short-term borrowings and refinanced mortgage loans;

As mentioned in Section 2.4 ("Corporate events"), in the context of the public exchange offer, on 7 May the company issued bonds with a total nominal amount of €122,900,000, maturing on 7 May 2017 and paying interest of 4.335%. Residual new bonds amounting to €22,000,000, also expiring on 7 May 2017 and with a coupon of 4.335%, were placed with third party investors. The transaction costs for the bond issue amounted to approximately €1.5 million and will be expensed over their duration, using the amortized cost method. Pursuant to IAS 39 (par. 40) and AG 62, the contractual terms of the new issues were checked to make sure that they did not differ substantially from the terms and conditions of the convertible bond loan and €122.9 million of the transaction was recognized as restructured debt. The difference, therefore, between the carrying value of the convertible loan at the exchange date and the redemption amount at maturity, of €1,891K, was included, along with the new transaction costs, in the amortized cost calculation.
On 28 December 2013 the residual convertible bond loan with a nominal value of €107.1 million was redeemed, generating financial charges of €8,713,841 for the year.
Regarding the exchanged bond, with a nominal value of €122.9 million, all-in rate of 5.07% and maturity on 7 May 2017, the charges recognized in the income statement amounted to €3,954,779, while for additional bonds (nominal €22 million, all-in rate of 4.62%, maturity 7 May 2017) the interest charge was €657,005.

Note 9) Income taxes

INCOME TAXES	31/12/2013	31/12/2012	CHANGE
Current taxes	585,803	(94,771)	680,574
in detail:			
IRES	*315,499*	*284,138*	*31,361*
IRAP	*95,734*	*89,664*	*6,070*
Income from tax consolidation	*(208,899)*	*(468,573)*	*259,674*
Substitute tax on capital gains	*383,469*	*0*	*383,469*
Deferred tax liabilities	(3,179,958)	(3,002,210)	(177,748)
Deferred tax assets	(2,710,005)	(3,901,169)	1,191,164
Out-of-period income/charges	(13,521)	(59,609)	46,088
TOTAL	**(5,317,681)**	**(7,057,759)**	**1,740,078**

Unlike the previous year, exempt (SIIQ) operations slightly decreased relative to taxable operations, as reflected in the income ratio of 96.65% (96.73% in 2012). This caused a fairly modest increase in current taxes for corporate income tax (IRES) and regional business tax (IRAP). The current tax charge increased substantially, on the other hand, for the IRES/IRAP substitute tax that the company used for the capital gain generated by the transfer of ownership of the Centro Lame hypermarket from IGD SIIQ to the subsidiary IGD Property SIINQ. The total substitute tax of €383,469 will be paid in installments over five years.
Deferred tax liabilities and deferred tax assets stem mainly from the application of IAS 40.
See Note 16 for details.
The following tables show the results of applying SIIQ tax rules and the calculations used to confirm the economic and financial conditions for maintaining SIIQ status:

INCOME STATEMENT EXEMPT OPERATIONS AND TAXABLE OPERATIONS (in EUR)	31/12/2013 TOTAL	31/12/2013 EXEMPT OPERATIONS	31/12/2013 TAXABLE OPERATIONS
Total revenue and operating income	**87,772,889**	**85,387,897**	**2,384,992**
Total operating costs	**21,376,170**	**21,063,118**	**313,052**
	0	0	0
(Depreciation, amortization and provisions)	(2,139,217)	(2,062,075)	(77,142)
(Impairment losses)/reversals on work in progress	3,328,421	0	3,328,421
Fair value changes	(20,726,014)	0	(20,726,014)
EBIT	**46,859,909**	**62,262,704**	**(15,402,795)**
Income/(loss) from equity investments	**5,000**	**0**	**5,000**
Income/(loss) from equity investments	5,000	0	5,000
Financial income	596,938	35,423	561,515
Financial charges	(38,970,615)	(38,231,268)	(739,347)
Net financial income (charges)	**(38,373,677)**	**(38,195,845)**	**(177,832)**
PRE-TAX PROFIT	**8,491,232**	**24,066,860**	**(15,575,628)**
Income taxes	5,317,681	0	5,317,681
NET PROFIT	**13,808,913**	**24,066,860**	**(10,257,947)**

CONFIRMATION OF ECONOMIC CONDITION	31/12/2013
Rental and equivalent income (exempt income) (A)	86,269,118
Total positive components (B)	89,255,738
Income ratio (A/B)	**96.65%**

CONFIRMATION OF FINANCIAL CONDITION		31/12/2013
Rental properties		1,070,095,000
Beneficial interests		1,908,427
Properties under construction		78,057,953
Investments in SIINQ		202,167,074
Total rental properties, properties under construction and investments in SIINQ	A	**1,352,228,454**
TOTAL ASSETS	B	**1,608,344,508**
Elements excluded from ratio:	C	**(68,605,603)**
Cash and cash equivalents		(4,122,522)
Loans /Group companies		(24,716,051)
Trade receivables		(10,235,582)
IGD SIIQ head office		(9,105,002)
Derivative assets		(99,072)
Deferred tax assets		(19,242,737)
Tax credits		(1,084,637)
Total adjusted assets B - C = D	D	**1,539,738,905**
FINANCIAL RATIO A/D		**87.82%**

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2013 and 31 December 2012.

INCOME TAX RECONCILIATION APPLICABLE TO THE PRE-TAX PROFIT	31/12/2013	31/12/2012
Pre-tax profit	**8,491,232**	**3,468,570**
Theoretical tax charge (27.5%)	*2,335,089*	*953,857*
Profit shown in income statement	8,491,232	3,468,570
Increases:		
IMU (municipal property tax)	6,221,195	5,960,143
Negative fair value	20,726,014	22,306,162
Other increases	6,390,033	9,502,161
Decreases:		
Change in exempt income	(32,229,319)	(37,720,884)
Depreciation	(204,231)	(75,270)
Other changes	(7,468,322)	(2,411,488)
Taxable income	**1,926,603**	**1,029,393**
Use of ACE benefit	**785,927**	
Taxable income net of losses	**1,140,675**	**1,029,393**
Lower current taxes charged directly to equity	***(1,812)***	(1,055)
Current taxes	***315,499***	***284,138***
Income from tax consolidation	***208,899***	***468,573***
Substitute tax on capital gains	***383,469***	***0***
Total current taxes for the year	***490,069***	***(184,435)***
Difference between value and cost of production	**72,160,918**	**74,302,150**
Theoretical IRAP charge (3.9%)	2,814,276	2,897,784
Difference between value and cost of production	**72,160,918**	**74,302,150**
Changes:		
Increases	*7,175,741*	*6,756,908*
Decreases	*(1,091,705)*	*(662,325)*
Change in exempt income	*(74,570,837)*	*(76,880,108)*
Other deductions	(1,269,603)	(1,269,409)
Taxable income for IRAP purposes	**2,404,514**	**2,247,216**
Lower IRAP charged directly to equity	**(511)**	**(660)**
Current IRAP for the year	***95,734***	***89,664***

Note 10) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	AMORTIZATION	RECLASSI-FICATIONS	BALANCE AT 31/12/2012
Intangible assets with finite useful lives	34,400	0	0	(7,857)	0	26,543
Intangible assets with finite useful lives under development	0	35,102	0	0	0	35,102
Total intangible assets with finite useful lives	**34,400**	**35,102**	**0**	**(7,857)**	**0**	**61,645**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	AMORTIZATION	RECLASSI-FICATIONS	BALANCE AT 31/12/2013
Intangible assets with finite useful lives	26,543	12,950	0	(19,645)	32,894	52,742
Intangible assets with finite useful lives under development	35,102	1,860	0	0	(32,894)	4,068
Total intangible assets with finite useful lives	**61,645**	**14,810**	**0**	**(19,645)**	**0**	**56,810**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity. The reclassification refers mostly to the cost incurred in 2012 to purchase licenses for business software under a project that was completed this year.

Note 11) Goodwill

GOODWILL 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Goodwill	**64,828**	**0**	**0**	**0**	**64,828**

GOODWILL 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Goodwill	**64,828**	**0**	**0**	**0**	**64,828**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2013.

GOODWILL	31/12/2013	31/12/2012
Città delle Stelle	64,828	64,828
Total	**64,828**	**64,828**

Goodwill for the Città delle Stelle CGU consists of business management operations for properties not owned by the Group. The amount attributed to the cash generating unit was determined on the basis of value in use. The figures were retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the plan for 2014-2016, approved by the Board of Directors on 19 December 2013. The discount rate (WACC) was 5.78%; the risk premium contained in the cost of equity is 4.60%, while the borrowing rate used is the average rate over the course of the plan for obtaining funding. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 12) Buildings

BUILDINGS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2012
Historical cost	10,114,243	0	0	0	0	10,114,243
Accumulated depreciation	(522,229)	0	0	(243,506)	0	(765,735)
Net carrying value	**9,592,014**	**0**	**0**	**(243,506)**	**0**	**9,348,508**

BUILDINGS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Historical cost	10,114,243	0	0	0	0	10,114,243
Accumulated depreciation	(765,735)	0	0	(243,506)	0	(1,009,241)
Net carrying value	**9,348,508**	**0**	**0**	**(243,506)**	**0**	**9,105,002**

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 13) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

INVESTMENT PROPERTY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	TRANSFERS FROM ASSETS UNDER CONSTRUCTION		BALANCE AT 31/12/2012
Investment property	**1,446,945,000**	**3,083,658**	**(1,305,459)**	**6,304,837**	**(28,610,999)**	**237,963**		**1,426,655,000**

INVESTMENT PROPERTY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	TRANSFERS FROM ASSETS UNDER CONSTRUCTION	ASSIGNMENT TO IGD PROPERTY SIINQ	BALANCE AT 31/12/2013
Investment property	**1,426,655,000**	**4,559,476**	**(3,843,254)**	**9,316,075**	**(30,042,089)**	**49,792**	**(336,600,000)**	**1,070,095,000**

Increases concern extraordinary maintenance work carried out primarily on the shopping centers Mondovì, La Torre, Centro d'Abruzzo, Casilino, Tiburtino and ESP.
Decreases consist mainly of the adjustment of contingent consideration regarding a mall. The heading "Reclassifications" mostly covers work completed at various shopping centers listed as assets under construction the previous year. The adjustment to fair value at 31 December 2013 entailed writedowns that exceeded revaluations. For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal reports by CB Richard Ellis and REAG, attached to the financial statements.
The real estate portion of the Fonti del Corallo mall in Livorno, sold in February 2014, was not reclassified to non-current assets held for sale because at 31 December 2013, considering the suspensive conditions still pending—including the outcome of the full due diligence, which took place in 2014—the sale was not considered highly likely. It was therefore decided that the conditions of IFRS 5 for classifying the asset as held for sale had not been met.

Fair value hierarchy

One of the changes introduced by IFRS 13 is the fair value hierarchy for non-financial assets and liabilities, which classifies into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy 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.

IGD'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.

The specific valuation policies used, as certified in the appraisal report, were as follows:

- For malls, City Center Project and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate for similar investments.
- For other properties: income method (DCF).
- For construction in progress (extensions and new constructions), the transformation method was used, based on the discounting of future rental income for the property net of construction costs and other expenses.

The above methods were applied individually to each property, according to their specific features.

Properties were appraised assuming their highest and best use, i.e. by considering among all physically possible, legally permissible and financially feasible uses only those likely to give the properties their greatest value.
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.

FAIR VALUE MEASUREMENTS 31 DECEMBER 2013	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	ISIGNIFICANT INPUTS OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property Italy:			
Malls and retail parks			643,525,000
City Center Project			27,800,000
Hypermarkets and supermarkets			392,590,000
Residual portions of property			6,180,000
Total investment property Italy			**1,070,095,000**
Direct initiatives			
Projects at advanced phase of construction (1)			14,400,000
Total development initiatives			**14,400,000**
TOTAL IGD INVESTMENT PROPERTY MEASURED AT FAIR VALUE			**1,084,495,000**

(1) It is a project registered in asset under construction and measured at fair value due to the advanced phase of construction (70%)

Note 14) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
The change, net of depreciation, is due mainly to the upgrading of the refrigeration plan at Ascoli shopping center.
Movements in plant and machinery in 2013 and 2012 are shown below:

PLANT AND MACHINERY 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Historical cost	180,772	245,250	(3,120)	0	422,902
Accumulated depreciation	(120,837)	78	0	(35,832)	(156,591)
Net carrying value	**59,935**	**245,328**	**(3,120)**	**(35,832)**	**266,311**

PLANT AND MACHINERY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2013
Historical cost	422,902	268,196	0	0	691,098
Accumulated depreciation	(156,591)	0	0	(64,961)	(221,552)
Net carrying value	**266,311**	**268,196**	**0**	**(64,961)**	**469,546**

The following tables show movements in equipment in this and the previous year:

EQUIPMENT AND OTHER ASSETS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Historical cost	2,496,322	46,475	0	0	2,542,797
Accumulated depreciation	(888,559)	0	0	(325,088)	(1,213,647)
Net carrying value	**1,607,763**	**46,475**	**0**	**(325,088)**	**1,329,150**

EQUIPMENT AND OTHER ASSETS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	CONTRIBUTION IN IGD PROPERTY SIINQ	BALANCE AT 31/12/2013
Historical cost	2,542,797	6,153	0	0	(365,524)	2,183,426
Accumulated depreciation	(1,213,647)	0	0	(305,982)	**290,768**	(1,228,861)
Net carrying value	**1,329,150**	**6,153**	**0**	**(305,982)**	(74,756)	**954,565**

Movements in leasehold improvements in 2013 and the previous year:

LEASEHOLD IMPROVEMENTS 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2012
Net carrying value	**7,554**	**0**	**0**	**(3,777)**	**3,777**

LEASEHOLD IMPROVEMENTS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2013
Net carrying value	**3,777**	**0**	**0**	**(3,777)**	**0**

Note 15) Assets under construction

ASSETS UNDER CONSTRUCTION 2012	BALANCE AT 01/01/2012	INCREASES	DECREASES	RECLASSI-FICATIONS	IMPAIRMENT	BALANCE AT 31/12/2012
Assets under construction	**50,185,824**	**9,953,328**	**0**	**(299,612)**	**(1,210,894)**	**58,628,646**

ASSETS UNDER CONSTRUCTION 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSI-FICATIONS	ASSIGNMENT TO IGD PROPERTY SIINQ	REVERSAL OF IMPAIRMENT	BALANCE AT 31/12/2013
Assets under construction	**58,628,646**	**16,293,956**	**0**	**(49,792)**	**(143,278)**	**3,328,421**	**78,057,953**

The increase in assets under construction is due primarily to:

- progress on the urban infrastructure and buildings of the future retail park in Chioggia, for €1,002,046;
- progress on the expansion of the Abruzzo shopping center, for €5,591,041, with more than 70% now complete;
- purchase of land plus transaction costs relating to the ESP expansion, for €461,848.

For construction in progress (Chioggia, Portogrande and ESP), recognized at adjusted cost, the impairment losses charged in previous years were reversed in the amount of €1,039,681 to adjust their carrying amounts to the lower of cost and appraised fair value, while the project to expand Centro d'Abruzzo has been accounted for at fair value considering that construction is now well underway. At 31 December 2013 the fair value adjustment amounted to €2,288,740.
See section 2.5.2 on the real estate portfolio for further details.

Note 16) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities consist mainly of the tax effect on the fair value adjustment of property investments and interest rate swaps.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	31/12/2013	31/12/2012	CHANGE
Deferred tax assets	**19,242,737**	**25,025,450**	**(5,782,713)**
Deferred tax liabilities	**(11,143,641)**	**(16,801,875)**	**5,658,234**

Deferred tax assets are shown in detail below:

DEFERRED TAX ASSETS	31/12/2013	31/12/2012	CHANGE
Amortization reversal	0	125	(125)
Capital increase	6,196	4,219	1,977
Taxed provisions	79,422	79,422	0
Bonus provision	4,292	4,057	235
IAS 40	10,893,341	12,454,212	(1,560,871)
Impairment losses on land and construction in progress	216,332	503,388	(287,056)
Higher land value for tax purposes	752,594	752,594	0
IAS 19	789	789	0
Interest rate swaps	5,990,573	10,533,697	(4,543,124)
Loss from tax consolidation	1,299,197	692,947	606,250
TOTAL DEFERRED TAX ASSETS	**19,242,737**	**25,025,450**	**(5,782,713)**

In accordance with SIIQ regulations, deferred tax assets arising from expenses incurred before the Company became an SIIQ are calculated as provided for in Law 296 of 27 December 2006 (paragraph 132) and in Circular 8/E of 31 January 2008, and refer to:

- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (capital increase expenses) or expensed in full as they can no longer be capitalized.

For differences arising after SIIQ status was achieved, deferred tax assets are calculated for the portion pertaining to taxable operations only, and refer to:

- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property and construction in progress writedowns in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land.

The change for the year stems from:

- the reversal of deferred tax assets on mortgage hedging instruments (IRS) in the amount of €4,543,124 due to the favorable trend in interest rates, which improved the MtM value of the swaps;
- the reversal of deferred tax assets arising from the reversal of writedowns charged in previous years on work in progress (€287,056);
- the reversal of deferred taxes on the fair value adjustment of investment property, in the amount of €1,560,871.

There was also an increase in deferred tax assets because taxable income for IRES purposes proved once again to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous year.

DEFERRED TAX ASSETS	BALANCE AT 31/12/2012		TEMPORARY DIFFERENCE		DEFERRED TAX ASSETS		BALANCE AT 31/12/2013	
	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS	INCREASES	DECREASES	INCREASES	REVERSAL	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS
IAS 19, tax effect 2008	22,411	789					22,411	789
adeg. Fair value	45,107,646	12,454,212	9,848,582	904,061	2,719,192	249,611	54,052,167	14,923,792
ASSIGNMENT TO IGD PROPERTY SIINQ				14,597,806	0	4,030,451	(14,597,806)	(4,030,451)
TOTAL IAS 40 EFFECT	**45,107,646**	**12,454,212**	**9,848,582**	**15,501,867**	**2,719,192**	**4,280,062**	**39,454,361**	**10,893,341**
land at fair value for SIIQ	2,725,801	752,594				0	2,725,801	752,594
Impairment of land and construction in progress	1,823,214	503,388		1,039,681	0	287,056	783,533	216,332
IAS 38 2011	1,591	14		1,591	0	14	0	0
IAS 38 2008 & 2009 and adj. 2011. 2011	2,206	19		2,206		19	0	0
Doubtful accounts	999,586	79,422			0	0	999,586	79,422
Bonus provision 2012	14,752	4,057		14,752	0	4,057	0	0
Bonus provision 2013	0	0	15,609	0	4,292	0	15,609	4,292
Deferred tax assets Faenza merger	(4,233)	240	4,233			240	0	0
Deferred tax assets Faenza merger - adjustments	(751)	(149)	751		149		0	0
Deferred tax assets - loss for tax consolidation	2,433,609	692,947	2,003,820		606,250	0	4,437,429	1,299,197
Interest rate swaps*	**38,304,352**	**10,533,697**	**0**	**16,520,446**	**0**	**4,543,123**	**21,783,906**	**5,990,573**
Deferred tax assets - costs for capital increase 2012	469,180	4,219		117,295	0	1,055	351,885	3,164
Deferred tax assets - costs for capital increase 2013	0	0	411,358	82,271	3,790	758	329,087	3,032
TOTAL	**91,899,363**	**25,025,450**	**12,284,353**	**33,280,109**	**3,333,673**	**9,116,383**	**70,903,606**	**19,242,737**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities:

DEFERRED TAX LIABILITIES	31/12/2013	31/12/2012	CHANGE
Capital gains in installments	1,422	2,844	(1,422)
Tax effect on fair value of properties	10,498,314	16,759,797	(6,261,483)
Tax effect on impairment reversal of work in progress	631,921	0	631,921
Tax effect on convertible bond	11,984	39,234	(27,250)
TOTAL DEFERRED TAX LIABILITIES	**11,143,641**	**16,801,875**	**(5,658,234)**

Deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The decrease relates primarily to impairment losses on some investment property in accordance with IAS 40, partially offset by the recognition of deferred tax liabilities for the fair value adjustment of the Centro d'Abruzzo expansion in the amount of €631,921.

DEFERRED TAX LIABILITIES	BALANCE AT 31/12/2012		TEMPORARY DIFFERENCE		DEFERRED		BALANCE AT 31/12/2013	
	TEMPORARY DIFFERENCE	DEFERRED	INCREASES	DECREASES	INCREASES	REVERSAL	TEMPORARY DIFFERENCE	DEFERRED
Capital gains from disposals	10,344	2,844	0	5,172	0	1,422	5,171	1,422
IAS borrowing costs on bond for adjustment taxable portion*	1,495,013	411,130	0	-3,490	0	-960	1,498,503	412,089
Borrowing cost on bond charged to profit or loss	(1,352,348)	(371,896)		102,579		28,209	(1,454,927)	(400,105)
TOTAL BOND EFFECT	**142,665**	**39,234**		**99,089**	**0**	**27,249**	**43,576**	**11,984**
Impairment reversal on work in progress			2,288,740		631,921		2,288,740	631,921
2013 fair value adj. and prior years IRAP adj.	58,970,364	16,759,797	5,112,014	18,810,856	1,411,426	5,193,674	45,271,522	12,977,548
Assignment to IGD Property SIINQ				8,979,486		2,479,234	(8,979,486)	(2,479,234)
TOTAL IAS 40 EFFECT	58,970,364	16,759,797	5,112,014	27,790,342	1,411,426	7,672,908	36,292,036	10,498,314
TOTAL	**59,123,372**	**16,801,875**	**7,400,754**	**27,894,603**	**2,043,347**	**7,701,580**	**38,629,523**	**11,143,641**

***effect on bond loan charged directly to equity.**

Note 17) Sundry receivables and other non-current assets

OTHER NON-CURRENT ASSETS	31/12/2013	31/12/2012	CHANGE
Tax credits	4,489	4,489	0
Beneficial interest	1,908,427	3,766,855	(1,858,428)
Due from others	3	3	0
Security deposits	22,123	35,045	(12,922)
Total	**1,935,042**	**3,806,392**	**(1,871,350)**

"Beneficial interest" pertains to the cost incurred for the renewal, in December 2012, of the real right of enjoyment of the mall at Città delle Stelle Shopping Center for 2013 and 2014. The amount pertaining to 2013 was recognized in the income statement.

Note 18.1) Equity investments

Equity investments are detailed in the table below:

EQUITY INVESTMENTS	31/12/2012	INCREASES	DECREASES	31/12/2013
Equity investments in subsidiaries				
IGD Management S.r.l.	170,183,477			170,183,477
Millennium Gallery S.r.l.	14,463,025			14,463,025
Consorzio Forte di Brondolo	55,319		(55,319)	0
Consorzio Proprietari C.C. Leonardo	52,000			52,000
Winmagazin S.A.	185,618			185,618
Consorzio I Bricchi	4,335			4,335
IGD Property SIINQ	395,000	201,772,074		202,167,074
Equity investments in associates				
RGD Ferrara 2013 S.r.l.	0	50,000		50,000
Virtus College S.r.l.	0	4,779		4,779
Equity investments in other companies				
Inres	310			310
Consorzio Centro Commerciale Portogrande	275			275
Consorzio Business Park	15,165			15,165
Fondazione Virtus Pallacanestro Bologna	100,000			100,000
Consorzio Centro Commerciale Città delle Stelle	0	210		210
C.B.E.G. S.c.a.r.l.	0	350		350
Emilbanca	0	5,164		5,164
Total	**185,454,524**	**201,832,577**	**(55,319)**	**387,231,782**

On 3 December 2013, effective from its annotation in the Companies Register on 5 December, IGD SIIQ S.p.A. subscribed to a rights issue for IGD Property SIINQ S.p.A. by transferring cash and business assets as follows:

a) business and properties comprised of:
- **a.** Centro Lame hypermarket;
- **b.** Borgo shopping center;
- **c.** ESP shopping center;
- **d.** Casilino shopping center;
- **e.** Katanè shopping center

for a total value on the assignment date of €198,772,074, including a five-year, €135,000 mortgage loan (secured by the above properties) charging annual interest at the 3-month Euribor plus 425 basis points.

b) a cash transfer of €3,000,000,

for a total sum of €201,772,074.

In addition, in accordance with the guarantee agreements, on 17 December 2013 the shares of the subsidiary IGD Property SIINQ S.p.A. were pledged to BNP Paribas in their entirety.

In 2013 IGD acquired a 45% interest in Virtus College S.r.l., and on 30 September it formed the company RGD Ferrara 2013 S.r.l. to manage the Darsena City shopping center in Ferrara, held as a 50-50 joint venture with Beni Stabili S.p.A. SIIIQ.

The decrease of €55,319 corresponds to the carrying value of the investment in Consorzio Forte di Brondolo, which was liquidated during the year.

The recoverability of the value of equity investments was tested using the discounted cash flow method.

For investments deemed to be significant, the equity value (enterprise value + NFP) was determined and compared with the carrying value. Enterprise value was calculated using the cash flow projections for each company, derived from estimates in the 2014-2016 business plan approved by the Board of Directors on 19 December 2013. The discount rate (WACC) was 5.78%; the risk premium contained in the cost of equity is 4.60%, while the borrowing rate used is the average rate over the course of the plan for obtaining funding. A perpetual growth rate (g) of 1% was assumed in the projection. No adjustments in value were found to be necessary.

Note 18.2) Non-current financial assets

NON-CURRENT FINANCIAL ASSETS	31/12/2013	31/12/2012	CHANGE
Non-current financial assets	378,000	0	378,000

This item covers the non-current portion of interest-free loans granted to Virtus College S.r.l., amounting to €378,000.

Note 19) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2013	31/12/2012	CHANGE
Trade and other receivables - third parties	20,740,421	18,905,383	1,835,038
Provision for doubtful accounts	(11,298,268)	(9,342,065)	(1,956,203)
Total	**9,442,153**	**9,563,318**	**(121,165)**

Net trade receivables are in line with the balance at 31 December 2012. They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits. The increase in receivables gross of the doubtful accounts provision is due primarily to the amount accrued until 29 July 2013 from Magazzini Darsena S.p.A. (declared bankrupt on that date) which, in light of the legal action taken for its recovery, has been written off in full. During the year there was also a rise in receivables from several customers undergoing insolvency proceedings, most of which were already being sought through litigation.
Movements in the provision for doubtful accounts are shown below:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2012	UTILIZATIONS	WRITEDOWN OF DELINQUENT INTEREST	ALLOCATIONS	ASSIGNMENT TO IGD PROPERTY SIINQ	31/12/2013
Bad debt provision	9,342,065	(482,483)	(13,586)	2,532,272	(80,000)	11,298,268
TOTAL PROVISION FOR DOUBTFUL ACCOUNTS	**9,342,065**	**(482,483)**	**(13,586)**	**2,532,272**	**(80,000)**	**11,298,268**

Receivables are written down based on an analysis of each tenant's position.

Note 20) Related party trade and other receivables

RELATED PARTY TRADE AND OTHER RECEIVABLES	31/12/2013	31/12/2012	CHANGE
Parent	10,731	17,822	(7,091)
Total parent	**10,731**	**17,822**	**(7,091)**
IGM Management S.r.l.	114,579	8,760	105,819
Porta Medicea S.r.l.	78,640	110,688	(32,048)
IGD PROPERTY SIINQ	216,222	205	216,017
Millennium Gallery S.r.l.	48,079	0	48,079
Consorzio Forte di Brondolo	0	1,963	(1,963)
Consorzio Conè	267	159	108
RGD Ferrara 2013 S.r.l.	147,778	0	147,778
Ipercoop Sicilia	0	24,198	(24,198)
Vignale Comunicazioni S.r.l.	138,129	55,180	82,950
Unicoop Tirreno S.c.a.r.l.	3,828	14,431	(10,603)
Librerie Coop S.p.A.	34,492	13,595	20,897
Robintur S.p.A.	587	932	(345)
Viaggia con Noi S.r.l.	97	3,634	(3,537)
Other related parties	**782,698**	**233,744**	**548,954**
Total related parties	**793,429**	**251,566**	**541,863**

See Note 38 for comments.

Note 21) Other current assets

OTHER CURRENT ASSETS	31/12/2013	31/12/2012	CHANGE
Tax credits			
VAT credits	698,087	264,287	433,800
IRES credits	368,252	520,286	(152,034)
IRAP credits	18,298	18,298	0
Due from others			
Accrued income and prepayments	309,157	271,096	38,061
Deferred costs	38,000	41,000	(3,000)
Other	89,062	186,146	(97,084)
Total other current assets	**1,520,856**	**1,301,113**	**219,743**

Other current assets increased with respect to the previous year, due mainly to the VAT credit accrued at 31 December 2013.
The decrease in the heading "Other" is due principally to the fact that rent paid in advance at the end of 2012 to the town of San Giovanni Teatino for the use of parking spaces at the Abruzzo shopping center in 2013 was taken to the income statement in the amount of €116,500.
Deferred costs refer to new projects to be completed in coming years.

Note 22) Related party other current assets

RELATED PARTY OTHER CURRENT ASSETS	31/12/2013	31/12/2012	CHANGE
Receivables from tax consolidation	**59,160**	**339,955**	**(280,795)**
In detail:			
IGM Management S.r.l.	0	339,955	(339,955)
Millennium Gallery S.r.l.	7,440	0	7,440
Porta Medicea S.r.l.	47,325	0	47,325
IGD Property SIINQ S.p.A.	4,395	0	4,395

This item consists of the amount due from Millennium Gallery S.r.l., Porta Medicea S.r.l. and IGD Property SIINQ S.p.A. as a result of transferring the subsidiaries' 2013 taxable income and IRES credits to the tax consolidation. The sharp decrease concerns IGM Management S.r.l., also a participant in the tax consolidation, which unlike in 2012 transferred negative taxable income. This wiped out the receivable generated the previous year and produced a payable discussed in Note 36.

Note 23) Financial receivables and other current financial assets

CURRENT FINANCIAL ASSETS	31/12/2013	31/12/2012	CHANGE
Other financial assets	-	21,425	(21,425)
Total due from third parties	**-**	**21,425**	**(21,425)**
Parent	0	21,762	(21,762)
Associates	151,056	0	151,056
Other related parties	24,564,995	16,417,748	8,147,247
Total related parties	**24,716,051**	**16,439,510**	**8,276,541**

The amount due from associates refers to the €150,000 loan granted to RGD Ferrara 2013 S.r.l. and maturing on 31 December 2014, plus €1,056 in interest calculated at the 3-month Euribor plus 350 basis points, which is capitalized annually and settled on maturity.

The amount due from other related parties refers to financial receivables from the subsidiaries Millennium Gallery S.r.l. and IGD Management S.r.l. by way of a pooled account, charging interest at going market rates.

Note 24) Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2013	31/12/2012	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	4,082,021	3,234,288	847,733
Cash on hand	40,501	44,634	(4,133)
Total cash and cash equivalents	**4,122,522**	**3,278,922**	**843,600**

Cash and cash equivalents at 31 December 2013 consisted mainly of current account balances at banks.

Note 25) Net equity

NET EQUITY	31/12/2013	31/12/2012	CHANGE
Share capital	336,028,239	322,545,915	13,482,324
Par value treasury shares	(10,976,592)	(10,976,592)	0
Share premium reserve	147,730,288	147,730,288	0
Total other reserves	**257,268,899**	**254,505,055**	**2,763,844**
Legal reserve	11,458,793	10,439,794	1,018,999
Euro conversion reserve	23,113	23,113	0
Goodwill reserve	13,735,610	13,735,610	0
Reserve for the purchase of treasury shares	(11,275,891)	(11,275,891)	0
Cash flow hedge reserve	(15,793,332)	(27,770,654)	11,977,322
Bond issue reserve	29,806,440	29,807,399	(959)
Capital increase reserve	(987,598)	(580,541)	(407,057)
Recalculation of defined benefit plans	29,190	0	29,190
Fair value reserve	230,272,574	240,126,225	(9,853,651)
Total profits	**24,005,330**	**23,695,055**	**310,275**
Retained earnings	10,196,417	13,168,726	(2,972,309)
Net profit (loss) for the period	13,808,913	10,526,329	3,282,584
Net equity	**754,056,164**	**737,499,721**	**16,556,443**

Movements in net equity are detailed in section 5.4.
Most of the movements in reserves were a result of:

- an increase in the Company's share capital of €13,482,324, approved by the extraordinary general meeting of 18 April 2013;
- the decrease in derivatives accounted for using the cash flow hedge method €11,977,332;
- an increase in the legal reserve by €1,018,999, pursuant to the AGM resolution of 18 April 2013;
- a decrease for transaction costs relating to the capital increase, net of tax effects, in the amount of €407,057;
- the recognition of actuarial gains from the application of IAS 19 to the provision for employee severance indemnities €29,190;
- the distribution of the 2012 profit of €22,333,408;
- the profit for the year of €13,808,913.

Pursuant to Civil Code Article 2427, paragraph 7 bis, the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.

ITEM €/000	AMOUNT	ELIGIBILITY FOR USE	AMOUNT AVAILABLE	SUMMARY OF UTILIZATIONS IN THE PAST THREE YEARS	
				for loss coverage	for other reasons
Share capital	**336,028,239**				
Treasury shares	**-10,976,592**				
Capital reserves:					
Share premium reserve	147,730,288	A, B	147,730,288		
Translation reserve	23,113	A, B	23,113		
Merger surplus reserve	13,735,610	A, B	13,735,610		
Other reserves	1,778,809	---			
Profit reserves:					
Legal reserve	11,458,793	B	11,458,793		
Fair value reserve	230,272,574	B	230,272,574		
Unallocated earnings (losses carried forward)	10,196,417	A, B, C	10,196,417		
Total	**740,247,251**		**413,416,795**	**0**	
Non-distributable portion			403,220,378		
Remaining amount distributable			**10,196,417**	**0**	

Key: A: for capital increases - B: for loss coverage - C: for dividends

Note 26) Non-current financial liabilities

This item includes the non-current portion of floating-rate loans from banks, bonds, amounts due to other sources of finance, and financial liabilities with related parties, as detailed below:

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2013	31/12/2012	CHANGE
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	13,208,167	15,046,153	(1,837,986)
09 Interbanca IGD	25/09/2006 - 05/10/2021	94,545,873	106,139,765	(11,593,892)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	9,358,196	10,189,234	(831,038)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2015	60,119,874	0	60,119,874
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	9,343,451	9,844,474	(501,023)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	24,120,956	25,276,559	(1,155,603)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	0	25,756,415	(25,756,415)
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	13,025,578	14,435,743	(1,410,165)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	40,698,963	43,506,495	(2,807,532)
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	28,977,051	30,743,472	(1,766,421)
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	21,381,688	22,852,805	(1,471,117)
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	38,703,402	41,323,699	(2,620,297)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	13,148,743	13,928,228	(779,485)
19 Mps	30/12/2010 - 30/11/2014	0	16,529,900	(16,529,900)
18 Cassa Risp Firenze	20/12/2011 - 19/12/2016	39,935,751	39,914,119	21,632
20 Intesa	16/03/2012 - 16/03/2017	1,011,046	26,646,497	(25,635,451)
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	10,628,464	14,182,731	(3,554,267)
22 Emilbanca	08/08/2013 - 06/02/2015	5,988,862	0	5,988,862
Total mortgage loans		**424,196,065**	**456,316,289**	**(32,120,224)**
Bond €122.9 mn	07/05/2013- 07/05/2017	120,199,457	0	120,199,457
Bond €22 mn	07/05/2013 - 07/05/2017	21,804,140	0	21,804,140
Total payables for bonds		**142,003,597**	**0**	**142,003,597**
Due to other sources of finance		**5,159,851**	**11,400,075**	**(6,240,224)**
Contingent liability for mall		0	5,956,322	(5,956,322)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	5,159,851	5,443,753	(283,902)
Non-current financial liabilities		**571,359,513**	**467,716,364**	**103,643,149**
Due to parent				
Coop loan Le Maioliche	31/12/2019	15,000,200	15,000,200	0
Related party non-current financial liabilities		**15,000,200**	**15,000,200**	**0**

Mortgage loans with banks are secured by properties. The change is due to:

- the reclassification to current financial liabilities of the principal maturing next year.
  Concerning the Carisbo Guidonia loan, note that:
- at the end of March 2013, the loan from Cassa di Risparmio di Bologna was extended for two more years, at the 3-month Euribor plus 3.2%. The bank also charged a fee of 20 basis points of the remaining balance.

The change in "Contingent liability for mall" is due to its reclassification to current financial liabilities, as the amount is contractually due within the next 12 months.

As for bond loans, on 7 May 2013 the company launched a public exchange offer allowing participants in the 2007 convertible bond loan to exchange their share of the loan for new, non-convertible bonds. For bondholders who did not accept the offer, the original convertible loan remains effective until its natural maturity of 28 December 2013, while those who did accept the offer have exchanged their "old" bonds for shares of a new bond loan issued by the parent company with a nominal amount of €122.9 million, a duration from 7 May 2013 to 7 May 2017, and an annual coupon of 4.335%.

Once the operation was completed, the Company company placed an additional €22 million bond loan, also valid from 7 May 2013 to 7 May 2017 and paying an annual coupon of 4.335%.

The average interest rate on adjustable-rate mortgage loans at 31 December 2013 was 2.32%.

The rate on the loan granted by Coop Adriatica for the shopping center Le Maioliche was 3.31% at the close of the year.

Covenants

NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANTS	INDICATOR I)	INDICATOR II)	INDICATOR III)
04 BNL Rimini IGD		Loan	06/09/06	Straight-line amortization of principal: €1.9mn p.a.; balloon payment: €10mn	1.05		
MALATESTA - Rimini	IGD SIIQ S.p.A.	BNL Banca Nazionale del Lavoro	06/10/16	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity			
05 BreBanca IGD		Mortgage	23/11/06	Amortization with increasing principal			
MONDOVICINO (Mall)	IGD SIIQ S.p.A.	Banca Regionale Europea	10/01/23				
12 Coopad Faenza IGD		Mortgage	01/07/08	No amortization of principal; single balloon payment of €15mn			
LE MAIOLICHE - Faenza	IGD SIIQ S.p.A.	Coop Adriatica	31/12/19				
06 Unipol Lungosavio IGD		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €3.6mn			
LUNGO SAVIO - Cesena	IGD SIIQ S.p.A.	Unipol Merchant	31/12/23				
07 Carige Nikefin Asti		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €9.5mn			
I BRICCHI - Isola D'Asti (Mall)	IGD SIIQ S.p.A.	Banca Carige	31/03/24				
08 Carisbo Guidonia IGD		Mortgage	27/03/09	Straight-line amortization of principal: €4.1mn p.a.; balloon payment: €24mn			
TIBURTINO - Guidonia (Mall + Hyper)	IGD SIIQ S.p.A.	Cassa di Risparmio di Bologna	27/03/15	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.46		
09 Interbanca IGD		Loan	25/09/06	Amortization with increasing principal			
Hyper LUGO - Ravenna, Hyper MAESTRALE - Senigallia, Hyper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (Hyper), LE PORTE DI NAPOLI - Afragola (Mall + Hyper) - PORTOGRANDE (Hyper+Mall), office building PORTOGRANDE, Hyper LEONARDO	IGD SIIQ S.p.A.	GE Capital	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	1.46		
10 Mediocredito Faenza IGD		Loan	05/10/09	Straight-line amortization of principal: €2.8mn p.a€			
LE MAIOLICHE - Faenza	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/06/29	IGD SIIQ S.p.A. financial statements: ratio of external net debt to equity + intercompany loans must not exceed 2.7	0.99		
11 MedioCreval Catania IGD		Loan	23/12/09	Straight-line amortization of principal: €1.4mn p.a.			
KATANÈ - Catania (Hyper)	IGD SIIQ S.p.A.	Credito Valtellinese	31/03/24	Consolidated financial statements at 31/12: i) debt/equity ≤ 2.30; ii) loan to value ratio of property ≤ 70%	1.38	37.93%	
14 MPS Palermo		Mortgage	21/12/10	Amortization with increasing principal and balloon payment of €6.6mn			
Palermo (Mall)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/25	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%	1.46	52.17%	

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continue Covenants

NAME / PROPERTY	OWNER	TYPE OF PRODUCT / COUNTERPARTY	START DATE / END DATE	REPAYMENT / COVENANTS	INDICATOR I)	INDICATOR II)	INDICATOR III)
15 **CentroBanca Coné Gall**		Loan	22/12/10	Straight-line amortization of principal: €2.64mn p.a.; balloon payment: €10.56mn			
CONÈ (Mall)	IGD SIIQ S.p.A.	CentroBanca	31/12/25	Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	1.46		
19 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	30/12/10	Single bullet payment of €16.7mn			
DARSENA (Mall + Hyper)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/14	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 5	1.05		
13 **CR Veneto Mondovì**		Mortgage	08/10/09	Straight-line amortization of principal: €1.65mn p.a.; balloon payment: €8.55mn			
MONDOVICINO (Retail Park)	IGD SIIQ S.p.A.	Cassa di Risparmio del Veneto	01/05/14	Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.46		
16 **CentroBanca Conè Iper**		Loan	30/06/11	Straight-line amortization of principal: €0.8mn p.a.; balloon payment: €12.4mn			
CONÈ (Hyper)	IGD SIIQ S.p.A.	CentroBanca	30/06/16	Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.46	58.82%	
17 **Carige Palermo IGD**		Mortgage	12/07/11	Amortization with increasing principal			
PALERMO (Hyper)	IGD SIIQ S.p.A.	Banca Carige	30/06/27				
18 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	20/12/11	Gradual reduction of available credit by €20 mn p.a., from 2015 to maturity			
'1st mortgag CREMA, '1st mortgag LE FONTI DEL CORALLO	IGD SIIQ S.p.A.	Cassa di Risparmio di Firenze	19/12/16	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.46	1.78	59.12%
20 **CC Ipotecario - Tiraggi**		Credit facility secured by mortgage	16/03/12	Gradual reduction of available credit by €1.6 mn p.a.; final payment of €22.8 mn			
'2nd mortgage CREMA, '2nd mortgage LE FONTI DEL CORALLO	IGD SIIQ S.p.A.	Intesa Sanpaolo	16/03/17	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65.	1.46	1.78	59.12%
21 **Rizzoli IGD**		Loan	06/11/12	Straight-line amortization of principal: €3.6mn p.a€			
VIA RIZZOLI BUILDING, BOLOGNA	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/09/17	Consolidated financial statements: i) Ratio of net debt to equity no higher than 1.60; ii) loan to value ratio no higher than 0.65	1.46	59.12%	
22 **BCC IGD**	IGD SIIQ S.p.A.	Unsecured loan	08/08/13	Bullet			
		Pool ICCREA Banca Impresa - Emilbanca	06/02/15				

Note 27) Provision for employee severance indemnities

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

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 01/01/12	TRANSFER	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2012
Provision for employee severance indemnities	513,718		(29,646)	246,478	25,961	756,511

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 01/01/2013	ACTUARIAL (GAINS)/LOSSES	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2013
Provision for employee severance indemnities	756,511	(29,190)	(31,000)	165,992	23,972	886,285

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

RECALCULATION OF PROVISION FOR SEVERANCE INDEMNITIES ACCORDING TO IAS 19	2013	2012
Balance at 1 January	756,511	513,718
Current cost of service	149,747	119,955
Financial charges	23,972	25,961
Actuarial (gains)/losses	(29,190)	108,845
(benefits paid)	(14,755)	(11,968)
Balance at 31 December	**886,285**	**756,511**

The provision qualifies as a defined benefit plan.
The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the company's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

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	2013
Cost of living increase	2.00%
Discount rate	3.39%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

Note 28) General provisions

GENERAL PROVISIONS	31/12/2012	UTILIZATIONS	ALLOCATIONS	31/12/2013
Provision for taxation	481,267	(12,703)	125,000	593,564
Bonus provision	451,131	(451,131)	465,954	465,954
Other general provisions	346,102	0	0	346,102
Provision for Guidonia penalties	84,049	0	0	84,049
TOTAL	**1,362,549**	**(463,834)**	**590,954**	**1,489,669**

Provision for taxation
This provision covers the liabilities likely to arise from assessments pending before the tax commission and from an IMU/ICI (property tax) dispute. The increase concerns the additional allocation to cover the possible outcome of that dispute.

Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2014 on the basis of the Company's 2013 estimated results. The utilization refers to the payment made in 2013.

Other general provisions
This amount covers liabilities deemed likely to arise from disputes with third parties.

Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center.

Note 29) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Other liabilities	5,713	10,713	(5,000)
Total	**5,713**	**10,713**	**(5,000)**

Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Parent	*6,148,990*	*9,322,241*	*(3,173,251)*
Security deposits from Coop Adriatica	6,148,990	9,322,241	(3,173,251)
Related parties	*2,637,406*	*3,520,037*	*(882,631)*
Security deposits from Ipercoop Tirreno S.p.A.	1,151,771	1,128,409	23,362
Security deposits from Unicoop Tirreno	1,470,635	2,366,628	(895,993)
Security deposits from Vignale Comunicazione	15,000	25,000	(10,000)
Total	**8,786,396**	**12,842,278**	**(4,055,882)**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law. The decrease in this item is explained by the transfer of property to the subsidiary IGD Property SIINQ. As a result of that transaction, the subsidiary now manages leases for the hypermarkets and for the shopping centers ESP, Centroborgo, Casilino, Centro Lame and Katanè and has therefore received the security deposits guaranteeing the leases transferred.

Note 30) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2013	31/12/2012	CHANGE
Due to banks				
Mps acc. 195923		5,209,159	39,530,456	(34,321,297)
Banca Pop. Emilia Romagna - ultra-short-term	27/12/2012 - 28/01/2013	0	3,500,000	(3,500,000)
Unicredit - ultra-short-term	23/12/2013- 21/02/2014	10,006,223	10,051,316	(45,093)
Banca Pop. Emilia Romagna		0	0	0
Banca Regionale Europea		6,287,140	6,625,132	(337,992)
Carisbo - ultra-short-term	23/12/2013 - 23/01/2014	10,006,576	10,013,972	(7,396)
CASSA DI RISPARMIO DEL VENETO	23/12/2013- -24/01/2014	20,013,151	0	20,013,151
BNL - Bologna	20/12/2013 - 27/01/2014	5,000,000	26,000,000	(21,000,000)
Cassa Risp. Firenze - ultra-short-term	23/12/2013 - 23/01/2014	15,009,863	13,041,671	1,968,192
Cassa Risp. Firenze - ultra-short-term	29/11/2012 - 10/01/2013	0	2,005,260	(2,005,260)
Cassa di Risparmio di Ferrara - ultra-short-term	23/12/2013 - 23/01/2014	5,003,069	0	5,003,069
Banca Popolare di Verona - ultra-short-term	23/12/2013 - 24/02/2014	12,000,000	0	12,000,000
Cassa di Risparmio di Cesena current account		5,005,940	0	5,005,940
Loan USD €27.30 mn	23/12/2013 - 24/02/2014	19,852,014	0	19,852,014
Loan USD €13.7 mn	27/12/2013 - 26/02/2014	9,927,770	0	9,927,770
Outright on loan USD €27.30 mn	23/12/2013 - 24/02/2014	189,465	0	189,465
Outright on loan USD €13.7 mn	27/12/2013 - 26/02/2014	89,618	0	89,618
Total		**123,599,988**	**110,767,807**	**12,832,181**
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,868,629	1,871,057	(2,429)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	891,755	857,927	33,828
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	503,018	473,453	29,565
09 Interbanca IGD	25/09/2006 - 05/10/2021	11,912,356	11,508,115	404,241
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2015	4,148,648	68,498,257	(64,349,610)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,165,203	1,092,444	72,759
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/05/2014	25,915,165	1,810,150	24,105,015
11 MedioCreval Catania IGD	23/12/2009 - 31/03/2024	1,428,571	1,428,571	0
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	2,820,513	2,820,513	0
14 MPS Palermo Palermo (Mall)	21/12/2010 - 30/11/2025	1,831,358	1,784,954	46,404
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,471,117	1,439,279	31,838
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,640,000	2,640,000	0
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	800,000	800,000	0
20 Intesa	16/03/2012 - 16/03/2017	0	1,600,000	(1,600,000)
21 Mediocredito Italiano Via Rizzoli (BO)	06/11/2012 - 30/09/2017	3,747,200	3,709,849	37,351
19 Mps	30/12/2010 - 30/11/2014	16,613,772	0	16,613,772
22 Emilbanca	08/08/2013 - 06/02/2015	32,655	0	32,655
Total mortgage loans with banks		**77,789,958**	**102,334,569**	**(24,544,610)**
Lease for IGD HQ	30/04/2009 - 30/04/2027	283,902	274,848	9,054
Contingent liability for mall	31/12/2014	2,154,192	0	2,154,192
Convertible bond	28/6/2007 - 28/12/2013	0	224,685,126	(224,685,126)
Bond €122.9 mn	07/05/2013 - 07/05/2017	3,473,962	0	3,473,962
Bond €22 mn	07/05/2013 - 07/05/2017	621,865	0	621,865
Due to other sources of finance		**6,533,921**	**224,959,974**	**(218,426,054)**
TOTAL CURRENT FINANCIAL LIABILITIES WITH THIRD PARTIES		**207,923,867**	**438,062,350**	**(230,138,483)**
Due to parent				
Coop pooled account		114,265	207,819	(93,554)
Coop loan Le Maioliche	31/12/2019	250,374	0	250,374
Total parent		**364,639**	**207,819**	**156,820**
TOTAL CURRENT FINANCIAL LIABILITIES WITH RELATED PARTIES		**364,639**	**207,819**	**156,820**

The principal changes in **current financial liabilities with third parties** relate to:
- the receipt and reimbursement of ultra-short-term loans;
- the receipt of two new short-term loans in US dollars, their exchange risk hedged by forward currency purchases;
- the repayment of principal falling due during the year on existing mortgage loans;
- the restatement between current and non-current financial liabilities of the Carisbo Guidonia loan due to the renegotiation of its terms and conditions (see Note 26);
- the interest accrued for the period on the bond loan issued on 7 May 2013;
- the repayment of the convertible bond loan on 28 December 2013.

Financial liabilities with third parties include the current portion of lease payments on the new head office, and the current portion of mortgage loans outstanding, including interest accrued.

Current financial liabilities with related parties include €114,265 due to Coop Adriatica for interest accrued on the pooled account in the second half of 2013, and €250,374 due to Coop Adriatica for interest accrued during the second half of 2013 on the loan for Le Maioliche.

Note 31) Net financial position

The table below presents the net financial position at 31 December 2013 and 31 December 2012. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

NET FINANCIAL POSITION	31/12/2013	31/12/2012
Cash and cash equivalents	(4,122,522)	(3,278,922)
Related party financial receivables and other current financial assets	(24,716,051)	(16,439,510)
Financial receivables and other current financial assets	0	(21,425)
LIQUIDITY	**(28,838,573)**	**(19,739,857)**
Related party current financial liabilities	364,639	207,819
Current financial liabilities	125,754,180	110,767,807
Mortgage loans - current portion	77,789,958	102,334,569
Leasing - current portion	283,902	274,848
Convertible bond loan - current portion	4,095,827	224,685,126
CURRENT DEBT	**208,288,506**	**438,270,169**
CURRENT NET DEBT	**179,449,933**	**418,530,312**
Non-current financial liabilities due to other sources of finance	0	5,956,322
Leasing - non-current portion	5,159,851	5,443,753
Non-current financial liabilities	424,196,065	456,316,289
Related party non-current financial liabilities	15,000,200	15,000,200
Convertible bond loan	142,003,597	0
NON-CURRENT NET DEBT	**585,981,713**	**482,716,564**
TOTAL NET DEBT	**765,431,646**	**901,246,876**

Note 32) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2013	31/12/2012	CHANGE
Trade payables	7,151,318	3,408,166	3,743,152

The increase in trade payables reflects construction and contract work carried out during the fourth quarter for the investments Centro d'Abruzzo, Chioggia and Mondovì.

Note 33) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2013	31/12/2012	CHANGE
Parent	2,260,678	4,143,171	(1,882,493)
Other related parties:	*216,335*	*226,804*	*(10,469)*
Consorzio Lame	*8,075*	*37,947*	*(29,872)*
Consorzio La Torre - PA	*89,210*	*40,159*	*49,051*
Consorzio Katanè	*82,104*	*81,427*	*677*
IGM Management S.r.l.	*7,785*	*12,387*	*(4,602)*
IGD Property SIINQ spa	*1,037*	*0*	*1,037*
Consorzio Forte di Brondolo	*0*	*31,271*	*(31,271)*
Consorzio Proprietari Leonardo	*24,560*	*8,677*	*15,883*
Consorzio Proprietari Gran Rondò	*3,564*	*14,936*	*(11,372)*
Total related parties	**2,477,013**	**4,369,975**	**(1,892,962)**

See Note 38 for comments.

Note 34) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2013	31/12/2012	CHANGE
IRPEF incl. regional and municipal surtax	380,528	333,209	47,319
IRAP	4,825	1,288	3,537
for substitute tax sulle capital gains	383,469	0	383,469
Total current tax liabilities	**768,822**	**334,497**	**434,325**

The change in current tax liabilities reflects the substitute tax due on the capital gain from the transfer of Centro Lame hypermarket, as mentioned in Note 10. This item also includes IRPEF withheld from employees and the IRAP liability.

Note 35) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Social security	196,641	180,252	16,389
Insurance	9,000	11,000	(2,000)
Due to employees	338,246	297,706	40,540
Security deposits received	1,768,385	2,253,564	(485,179)
Unclaimed dividends	677	648	29
Advances due within one year	0	1,350	(1,350)
Other liabilities	170,311	179,188	(8,877)
Total other liabilities	**2,483,260**	**2,923,708**	**(440,448)**

These consist mainly of security deposits received from tenants. In 2013 they decreased by €485,179 due to the assignment of property to the subsidiary IGD Property SIINQ S.p.A., which took over the leases outstanding with ESP, Centroborgo, Casilino and Katanè shopping centers. As a result, the security deposits guaranteeing those leases were also transferred to the subsidiary.

Note 36) Related party other current liabilities

RELATED PARTY OTHER CURRENT LIABILITIES	31/12/2013	31/12/2012	CHANGE
Due for tax consolidation	286,287	235,936	50,351
Other payables	14,484	14,484	0
Total other liabilities with related parties	**300,771**	**250,420**	**50,351**

The amount due for the tax consolidation stems from the option for consolidated fiscal reporting exercised by IGD SIIQ S.p.A. and its subsidiaries IGD Management S.r.l., Porta Medicea S.r.l. and Millennium S.r.l. in June 2008, which was renewed in June 2011. The payable of €286,287 at 31 December 2013 was made up as follows:

- €29,490 due to IGD Management S.r.l. for taxable income and IRES credits transferred to the tax consolidation for 2008, further to the filing of an amended return in the company's favor;
- €183,841 due to IGD Management S.r.l. for the transfer to the 2013 tax consolidation of taxable income and IRES credits;
- €72,956 due to IGD Management S.r.l. for taxable income and IRES credits transferred to the tax consolidation scheme for the years 2008 to 2011, as a result of the refund requested for those years for the deduction of a portion of IRAP from taxable income for IRES purposes.

Note 37) Dividends

During the year, further to the shareholders' resolution of 18 April 2013 (the AGM that approved the 2012 financial statements), a dividend of €0.07 was paid for each of the 319,048,691 shares outstanding, for a total of €22,333,408.

Note 38) Related party disclosures

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

RELATED PARTY DISCLOSURE	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITIES	FINANCIAL PAYABLES	OTHER NON-CURRENT ASSETS	FIXED ASSETS-INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica scarl	10,731	0	2,260,678	6,148,990	15,364,832	1,869,300	24,131	0
Robintur spa	587	0	0	0	0	0	0	0
Librerie.Coop spa	34,492	0	0	0	0	0	0	0
Unicoop Tirreno scarl	3,828	0	14,484	1,470,635	0	0	0	0
IGD Property SIINQ S.p.A.	220,617	9,905	1,037	0	0	0	0	0
Vignale Comunicazione S.r.l.	138,129	0	0	15,000	0	0	0	0
Ipercoop Tirreno S.p.A.	0	0	0	1,151,771	0	0	0	0
IGD Management S.r.l.	114,579	15,155,176	294,072	0	7	0	0	0
Millennium Gallery S.r.l.	55,519	9,399,914	0	0	0	0	0	0
Porta Medicea S.r.l.	125,965	0	0	0	0	0	0	0
RGD Ferrara 2013 S.r.l.	147,778	151,056	0	0	0	0	0	0
Viaggia con Noi	97	0	0	0	0	0	0	0
Consorzio Proprietari Leonardo	0	0	24,560	0	0	0	32,113	0
Consorzio Lame	0	0	8,075	0	0	0	11,823	0
Consorzio Katanè	0	0	82,104	0	0	0	0	0
Consorzio Conegliano	267	0	0	0	0	0	0	0
Consorzio Palermo	0	0	89,210	0	0	0	0	0
Consorzio Crema	0	0	3,564	0	0	0	3,291	0
Virtus College	0	378,000	0	0	0	0	0	0
Total	**852,589**	**25,094,051**	**2,777,784**	**8,786,396**	**15,364,839**	**1,869,300**	**71,358**	**0**
Amount reported	**11,815,598**	**25,094,051**	**12,412,362**	**8,792,109**	**794,648,219**	**408,886,633**		
Total increase/ (decrease) for the year							**21,142,591**	**41,123**
% of total	**7.22%**	**100.00%**	**22.38%**	**99.94%**	**1.93%**	**0.46%**	**0.34%**	**0.00%**

RELATED PARTY DISCLOSURES	ADVANCES DUE TO SUPPLIERS FOR NON-CURRENT ASSETS IN PROGRESS	REVENUES OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica S.c.a.r.l.	0	22,494,148	0	2,103,483	920,472
Robintur S.p.A.	0	128,729	0	0	0
Librerie Coop S.p.A.	0	518,111	0	0	0
Unicoop Tirreno scarl	0	5,228,278	0	100,242	46,507
IGD Property SIINQ S.p.A.	0	84,934	105	0	0
Vignale Comunicazione srl	0	483,892	0	0	0
Ipercoop Tirreno S.p.A.	0	2,165,927	0	0	23,362
Ipercoop Sicilia	0	4,841,328	0	0	0
IGD Management s.r.l.	0	120,536	221,683	2,745	198
Millennium Gallery s.r.l.	0	3,310,991	302,067	0	0
Porta Medicea s.r.l.	24,308,000	259,500	0	0	0
Rgd Ferrara 2013 s.r.l.	0	147,778	1,056	0	0
Viaggia con noi	0	15,018	0	0	0
Consorzio Bricchi	0	0	0	540,878	0
Consorzio Lame	0	0	0	3,919	0
Consorzio Katanè	0	0	0	158,188	0
Consorzio Conegliano	0	0	0	167,367	0
Consorzio Palermo	0	0	0	224,413	0
Total	**24,308,000**	**39,799,170**	**524,911**	**3,301,235**	**990,539**
Amount reported	**78,057,953**	**87,772,889**	**596,938**	**21,376,170**	**38,970,615**
% of total	**31.14%**	**45.34%**	**87.93%**	**15.44%**	**2.54%**

IGD SIIQ S.p.A. has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Librerie Coop S.p.A. and Viaggia Con Noi S.r.l.), with various companies in the Unicoop Tirreno Group (Vignale Comunicazione, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted at arm's length and are recognized at face value.
Transactions with the controlling company Coop Adriatica refer to:

- receivables and income for the leasing of properties used as hypermarkets;
- payables and costs for the rental/use of malls owned by Coop Adriatica;
- payables and costs for Coop Adriatica's supply of services in the areas of equity and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- security deposits received on leases;
- an outstanding loan.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. concern the leasing of store space at malls and the supply of services.
Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the rental of part of the third floor of the building that houses IGD's head office.
Transactions with Ipercoop Sicilia concern receivables and income from the leasing of properties used as hypermarkets.
Transactions with Unicoop Tirreno and Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers. During the year IGD SIIQ S.p.A. signed six rental agreements with Vignale Comunicazione, for the malls at Le Porte di Napoli, Casilino, Katanè, Fonti del Corallo, Tiburtino and La Torre, all effective from 1 January 2013 to 31 December 2014.
Regarding financial receivables from Virtus College S.r.l., see the note on non-current financial assets.
Transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Consorzio Crema and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred refer mainly to service charges for vacant units.

Note 39) Management of financial risk

Management of financial risk

In the course of business, IGD is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Company has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate swaps. 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.

IGD borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.

To hedge interest rate risk, the Company has entered into interest rate swaps covering 75.32% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model.

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. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.

As for long-term loans, each facility finances a specific project, which minimizes 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. See Note 40 for quantitative information on derivatives.

Credit risk

Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate this risk, 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.

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 credit situation is also constantly monitored by way of the customer payment calendar, which is formalized every quarter but checked on a daily basis to stay abreast of the measures taken/required to collect receivables.

Foreign exchange risk

IGD uses the euro as its accounting currency for all purchases and sales.

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 1.5x or below (the ratio at 31 December 2013 was 1.38x, unchanged since the previous year);
2. keeping the loan-to-value ratio under 60% (it was 57.36% at the close of the year).

Note 40) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps; These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. 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	31/12/2013	31/12/2012	CHANGE	LEVEL
Derivative assets	99,072	149,898	(50,826)	2
Derivative liabilities	(24,147,237)	(40,442,792)	16,295,555	2
Interest rate swaps - net effect	**(24,048,165)**	**(40,292,894)**	**16,244,729**	

The contracts are detailed below:

CONTRACT DETAILS	IRS 04 - EX MPS 3.84%	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%
Nominal amount	15,076,923	17,874,628	17,874,628	17,874,628	17,874,628	10,189,234	17,874,628
Inception date	06/10/2006	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	28/10/2009
Maturity	06/10/2016	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%

CONTRACT DETAILS	IRS 11 - EX MPS 3.175%	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%
Nominal amount	17,874,628	7,615,379	16,149,250	10,153,839	9,866,421	7,615,379	16,149,250
Inception date	28/10/2009	28/04/2010	27/08/2010	28/04/2010	28/04/2010	28/04/2010	27/08/2010
Maturity	05/10/2021	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%

CONTRACT DETAILS	IRS 19 - CARISBO 2.30%	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 26 - CRF 40 MLN 4.427%
Nominal amount	16,149,250	16,149,250	14,642,857	25,875,000	20,790,000	8,316,000	12,473,999	40,000,000
Inception date	27/08/2010	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	22/12/2011
Maturity	27/03/2024	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	30/09/2016
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.30%	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 41) Subsequent events

At the date of approval, no events following the balance sheet date had occurred that would require the company to adjust the figures in the financial statements or report elements not previously disclosed.

Note 42) Commitments

At 31 December 2013 the Company had the following significant commitments:

- preliminary agreement for the purchase by a related party (Porta Medicea) of the retail portion of the Porta a Mare project in Livorno, for an original amount of €77 million, of which advances have been paid in the amount of €24.3 million;
- contract for civil and structural works for the construction of a retail park in Chioggia, to contain a hypermarket, seven midsize stores and eight points sale (including two food & beverage outlets), with a remaining amount of €14.2 million.

Note 43) Disputes

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, IGD SIIQ S.p.A., as part of the litigation strategy agreed with Beni Stabili, has taken the following action:

- In November 2011 IGD filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding that Magazzini Darsena S.p.A. settle unpaid rent accrued since 1 January 2011. After a series of postponements, both procedural and as a result of Decree Law 74/2012, the case was suspended at the hearing of 27 November 2013 due to Magazzini Darsena's declaration of bankruptcy.
- In July 2013 IGD also filed a complaint per Art. 447 bis of the Code of Civil Procedure against Darsena FM S.r.l., in subrogation, for the rent due from Magazzini Darsena S.p.A. Because Darsena FM was declared bankrupt, the case was suspended at the hearing of 22 January 2014.

Bankruptcy of Magazzini Darsena S.p.A. and Darsena FM s.r.l.

With decisions dated 26 and 29 July 2013, the Court of Ferrara declared both companies bankrupt.

Further to those rulings, IGD SIIQ S.p.A. 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 SIIQ S.p.A. 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.

In 2012 IGD SIIQ S.p.A. was summoned to court by Magazzini Darsena, Darsena FM and Partxco regarding the management agreement of Darsena City shopping center. IGD SIIQ S.p.A. appeared in court and filed a statement and related pleadings. Because IGD SIIQ S.p.A.'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 SIIQ S.p.A. was summoned to the Court of Bologna for an appeal filed by Partxco against the ruling to indemnify IGD. The hearing initially set for 27 February 2014 was later postponed by the court to 4 March 2014.

Vibo Valentia

In May 2013, GAM S.p.A. took IGD SIIQ S.p.A. to court in Milan concerning the framework agreement signed by those parties in May 2007, whereby IGD was to purchase a 50% share of a new company owning a shopping center in Vibo Valentia to be built by the prospective seller GAM, all by certain deadlines and subject to a positive due diligence report.

Back in June 2012, as the deadline had elapsed and the due diligence outcome was negative, IGD SIIQ S.p.A. had notified GAM that the framework agreement was no longer valid for a number of reasons.

The present lawsuit alleges that the framework agreement was terminated for breach of obligation by IGD regarding its promise to buy a share of the new company, and asks for compensation of the damages allegedly suffered by GAM.

IGD SIIQ S.p.A.'s legal advisors have examined the case and found that IGD is on solid ground, given the lapsed deadlines and unfavorable due diligence, which gave IGD the specific right to withdraw from the agreement. Because IGD's legal advisors believe that the plaintiff's claims are not supported by evidence or legal grounds, the Company has recognized no liability in this regard.

The judge assigned to the case scheduled the first hearing for 10 December 2013, and on that occasion set the deadlines for filing pleadings per Art. 183 (6) of the Code of Civil Procedure. The next hearing will be scheduled after examination of the preliminary motions filed by the parties in their pleadings.

Note 44) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings; as mentioned in earlier reports, one recommendation of the auditors was to revalue closing inventories for about €645K.
With regard to that assessment, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 was rejected.
In September 2011 the Company appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.

Note 45) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2013 the Company had no financial instruments in this category.
- Held to maturity investments: the Company has no financial instruments belonging to this category.
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Company has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Company's financial instruments are included in the statement of financial position as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents.
"Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2013 and 31 December 2012:

CLASSIFICATION 31/12/2013	CARRYING VALUE										FAIR VALUE
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receiva-bles and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amor-tized cost	Hedging instru-ments	Total	of which: current	of which: non-current	
ASSETS											
Sundry receivables and other assets											
- equity investments			387,231,782					**387,231,782**		387,231,782	**387,231,782**
- due from others			3					**3**		3	**3**
- security deposits			22,123					**22,123**		22,123	**22,123**
- beneficial interest			1,908,427					**1,908,427**		1,908,427	**1,908,427**
Financial assets								**-**			**-**
Trade and other receivables								**-**			**-**
- trade receivables			9,442,153					**9,442,153**	9,442,153		**9,442,153**
Related party trade and other receivables								**-**			**-**
- parent			10,731					**10,731**	10,731		**10,731**
- related parties			782,698					**782,698**	782,698		**782,698**
Other assets								**-**	-		**-**
- accrued income and prepayments			309,157					**309,157**	309,157		**309,157**
- other			127,062					**127,062**	127,062		**127,062**
Financial assets for interest rate swaps							99,072	**99,072**		99,072	**99,072**
Financial receivables and other financial assets								**-**	-		**-**
- related parties			25,094,051					**25,094,051**	24,716,051	378,000	**25,094,051**
Cash and cash equivalents								**-**	-		**-**
- cash and cash equivalents at banks, financial institutions and post offices			4,082,021					**4,082,021**	4,082,021		**4,082,021**
- cash on hand			40,501					**40,501**	40,501		**40,501**
TOTAL FINANCIAL ASSETS	**-**	**-**	**429,050,709**	**-**	**-**	**-**	**99,072**	**429,149,781**	**39,510,374**	**389,639,407**	**429,149,781**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							24,147,237	**24,147,237**		24,147,237	**24,147,237**
- due to banks						123,599,988		**123,599,988**	123,599,988		**123,599,988**
- due to other sources of finance						2,154,192		**2,154,192**	2,154,192		**2,154,192**
- leasing						5,443,753		**5,443,753**	283,902	5,159,851	**4,731,869**
- bond						146,099,424		**146,099,424**	4,095,827	142,003,597	**147,790,937**
- mortgage loans with banks						501,986,023		**501,986,023**	77,789,958	424,196,065	**500,391,570**
Related party financial liabilities											
- parent						15,364,839		**15,364,839**	364,639	15,000,200	**15,364,839**
Sundry payables and other liabilities											
- other liabilities						5,713		**5,713**		5,713	**5,713**
Related party sundry payables and other liabilities											
- parent						6,148,990		**6,148,990**		6,148,990	**6,148,990**
- related parties						2,637,406		**2,637,406**		2,637,406	**2,637,406**
Trade and other payables						**7,151,318**		**7,151,318**	**7,151,318**		**7,151,318**
Related party trade and other payables											
- parent						2,260,678		**2,260,678**	2,260,678		**2,260,678**
- related parties						216,335		**216,335**	216,335		**216,335**
Other liabilities											
- insurance						9,000		**9,000**	9,000		**9,000**
- security deposits received						1,768,385		**1,768,385**	1,768,385		**1,768,385**
- other liabilities						170,988		**170,988**	170,988		**170,988**
Related party other liabilities						**14,484**		**14,484**	**14,484**		**14,484**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**815,031,516**	**24,147,237**	**839,178,753**	**219,879,694**	**619,299,059**	**838,563,929**

CLASSIFICATION 31/12/2012	CARRYING VALUE										
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receiva-bles and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amor-tized cost	Hedging instru-ments	Total	of which: current	of which: non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			185,454,524					**185,454,524**		185,454,524	185,454,524
- deposit for share acquisition			-					**-**			-
- due from others			3					**3**		3	3
- security deposits			35,045					**35,045**		35,045	35,045
- beneficial interest			3,766,855					**3,766,855**		3,766,855	3,766,855
Financial assets								**-**			-
Trade and other receivables								**-**			-
- trade receivables			9,563,318					**9,563,318**	9,563,318		9,563,318
- due to others								**-**			-
- other creditors								**-**			-
- advances to suppliers								**-**			-
Related party trade and other receivables								**-**			-
- parent			17,822					**17,822**	17,822		17,822
- subsidiaries								**-**			-
- related parties			233,744					**233,744**	233,744		233,744
Other assets								**-**			-
- monthly advances								**-**			-
- credits/insurances			-					**-**	-		-
- accrued income and prepayments			271,096					**271,096**	271,096		271,096
- other			227,146					**227,146**	227,146		227,146
Financial assets for interest rate swaps							**149,898**	**149,898**		**149,898**	**149,898**
Financial receivables and other financial assets								**-**	-		
- related parties			16,417,748					**16,417,748**	16,417,748		16,417,748
- subsidiaries								**-**	-		-
- parent			21,762					**21,762**	21,762		21,762
- other financial assets			21,425					**21,425**	21,425		21,425
Cash and cash equivalents								**-**	-		-
- cash and cash equivalents at banks, financial institutions and post offices			3,234,288					**3,234,288**	3,234,288		3,234,288
- cash on hand			44,634					**44,634**	44,634		44,634
TOTAL FINANCIAL ASSETS	**-**	**-**	**219,309,410**	**-**	**-**	**-**	**149,898**	**219,459,308**	**30,052,983**	**189,406,325**	**219,459,308**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							40,442,792	**40,442,792**		40,442,792	40,442,792
- due to banks						110,767,807		**110,767,807**	110,767,807		110,767,807
- due to other sources of finance						5,956,322		**5,956,322**		5,956,322	5,956,322
- leasing						5,718,601		**5,718,601**	274,848	5,443,753	4,998,148
- convertible bond						224,685,126		**224,685,126**	224,685,126		223,412,708
- mortgage loans with banks						558,650,858		**558,650,858**	102,334,569	456,316,289	530,679,101
Related party financial liabilities								**-**			-
- subsidiaries								**-**			-
- parent						15,208,019		**15,208,019**	207,819	15,000,200	15,208,019
Sundry payables and other liabilities											-
- prepayments and accrued income						-		**-**			-
- deposit								**-**			-
- other liabilities						10,713		**10,713**		10,713	10,713
Related party sundry payables and other liabilities											-
- parent						9,322,241		**9,322,241**		9,322,241	9,322,241
- related parties						3,520,037		**3,520,037**		3,520,037	3,520,037
Trade and other payables						**3,408,166**		**3,408,166**	**3,408,166**		**3,408,166**
Related party trade and other payables								**-**			-
- parent						4,143,171		**4,143,171**	4,143,171		4,143,171
- subsidiaries								**-**			-
- related parties						226,804		**226,804**	226,804		226,804
Other liabilities											-
- accrued income and prepayments						-		**-**			-
- insurance						11,000		**11,000**	11,000		11,000
- security deposits received						2,253,564		**2,253,564**	2,253,564		2,253,564
- other liabilities						181,186		**181,186**	181,186		181,186
Related party other liabilities						**14,484**		**14,484**	**14,484**		**14,484**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**944,078,099**	**40,442,792**	**984,520,891**	**448,508,543**	**536,012,347**	**954,556,263**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.
To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
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. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2013 a credit spread of 3.75% was applied (3.50% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

COLLATERAL GIVEN	CARRYING VALUE	
	31/12/2013	31/12/2012
Security deposits		
- Sundry receivables and other assets	22,123	35,045

The following table shows the impairment of trade receivables:

IMPAIRMENT	IMPAIRMENT OF TRADE RECEIVABLES	
	31/12/2013	31/12/2012
Opening balance	**9,342,065**	**6,677,755**
Transfers		
Allocations		
- for individual writedowns	2,518,686	3,064,674
Utilizations	**-482,483**	**-400,364**
Impairment reversals		
Other movements	**-80,000**	
Total	**11,298,268**	**9,342,065**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to +€11,977,322 in 2013 and to -€12,206,241 in 2012.

	CARRYING VALUE						
INCOME STATEMENT 31/12/2013 NET GAIN (LOSS)	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMOR-TIZED COST	HEDGING IN-STRUMENTS
Financial assets/liabilities							-10,463,338
Trade and other receivables			- 2,518,686				
Total	-	-	**- 2,518,686**	-	-	-	**-10,463,338**

	CARRYING VALUE						
INCOME STATEMENT 31/12/2013 NET GAIN (LOSS)	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMOR-TIZED COST	HEDGING IN-STRUMENTS
Financial assets/liabilities							-8,941,646
Trade and other receivables			-3,064,674				
Total	-	-	**-3,064,674**	-	-	-	**-8,941,646**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	31/12/2013	31/12/2012
Interest income on financial assets not measured at fair value		
- Deposits	72,027	66,112
- From affiliates	524,911	518,715

INTEREST EXPENSE	31/12/2013	31/12/2012
Interest expense on financial assets not measured at fair value		
- Security deposits	297,057	304,669
- Sundry payables and other liabilities	365,092	406,509
- To parent	693,284	1,107,783
- Financial liabilities		
- Convertible bond	13,325,625	13,203,154
- Leasing	100,690	133,603
- Mortgage loans	10,922,971	13,054,317
- Short-term borrowings	2,802,360	3,167,120

Credit risk

The maximum credit risk on the Company's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although in the statement of financial position they are included under "financial assets."

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

MAXIMUM EXPOSURE TO CREDIT RISK	31/12/2013	31/12/2012
Loans and receivables		
Sundry receivables and other assets	22,126	35,048
Trade and other receivables	9,442,153	9,563,318
Related party trade and other receivables	793,429	251,566
Other assets	436,219	498,242
Cash and cash equivalents	4,082,021	3,234,288
Financial receivables and other financial assets	25,094,051	16,439,510
Hedging instruments	99,072	149,898
Total	**39,969,071**	**30,171,870**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.
The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value,
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

MATURITY ANALYSIS AT 31/12/2013 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	4,054,673	7,547,253	13,039,076	41,395,564	75,276,278	205,011,668	301,494,618	647,819,130
Leasing	31,742	64,006	96,281	193,981	401,885	1,355,415	4,888,087	7,031,398
Bond	0	0	6,281,415	0	6,281,415	157,462,830	0	170,025,660
Short-term credit lines	123,599,988	0	0	0	0	0	0	123,599,988
Related party payables	114,265	0	0	0	0	0	0	114,265
Total	**127,800,668**	**7,611,260**	**19,416,772**	**41,589,545**	**81,959,578**	**363,829,912**	**306,382,704**	**948,590,441**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,141,263	1,041,924	2,516,254	4,491,745	7,523,509	9,927,593	-852,853	25,789,435
Total	**1,141,263**	**1,041,924**	**2,516,254**	**4,491,745**	**7,523,509**	**9,927,593**	**-852,853**	**25,789,435**
EXPOSURE AT 31 DECEMBER 2013	**128,941,931**	**8,653,183**	**21,933,026**	**46,081,290**	**89,483,087**	**373,757,506**	**305,529,852**	**974,379,875**

MATURITY ANALYSIS AT 31/12/2012 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	3,993,434	7,450,331	12,922,902	24,528,004	66,082,228	229,421,658	340,995,353	685,393,908
Leasing	31,281	62,614	93,866	188,824	385,811	1,263,721	5,258,515	7,284,633
Convertible bond	0	0	4,025,000	234,025,000	0	0	0	238,050,000
Short-term credit lines	110,859,869	0	0	0	0	0	0	110,859,869
Total	**114,884,585**	**7,512,945**	**17,041,768**	**258,741,828**	**66,468,039**	**230,685,378**	**346,253,868**	**1,041,588,410**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,264,170	1,119,000	2,764,961	5,110,850	9,212,454	16,781,230	4,045,920	40,298,585
Total	**1,264,170**	**1,119,000**	**2,764,961**	**5,110,850**	**9,212,454**	**16,781,230**	**4,045,920**	**40,298,585**
EXPOSURE AT 31 DECEMBER 2012	**116,148,754**	**8,631,945**	**19,806,729**	**263,852,678**	**75,680,492**	**247,466,608**	**350,299,788**	**1,081,886,995**

Interest rate risk

INTEREST RATE RISK - EXPOSURE AND SENSITIVITY ANALYSIS	BENCHMARK	INCOME STATEMENT				NET EQUITY			
		SHOCK UP		SHOCK DOWN		SHOCK UP		SHOCK DOWN	
		31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Interest-bearing assets	Euribor	36,582	30,211	-3,658	-3,021				
Ultra-short-term borrowings	Euribor	-1,235,611	-1,106,646	123,561	110,665				
Floating rate financial liabilities	Euribor	-5,456,586	-5,821,390	545,658	582,139				
Derivatives	Euribor								
- cash flow		3,544,598	3,797,925	-354,460	-379,793				
- fair value						14,856,582	20,910,532	-1,554,840	-2,193,574
Total		**-3,111,017**	**-3,099,900**	**311,102**	**309,990**	**14,856,582**	**20,910,532**	**-1,554,840**	**-2,193,574**

The basic objective of managing interest rate risk is to immunize net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Company's financial liabilities.

Floating-rate instruments expose the Company to interest rate risks on cash flows, while fixed-rate instruments expose it to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.

The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

The assumptions underlying the sensitivity analysis are as follows:

- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- ultra-short-term borrowings and deposits were analyzed according to average exposure for the year;
- the initial shift in the interest rate curve was assumed to be +100/-10 basis points (unchanged since the previous year);
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date.
- The analysis assumes that all other risk variables remain constant.
- For the sake of comparison, the same measurement was conducted on 2013 and 2012.

The method used to analyze and determine significant variables did not change since the previous year.

5.7 Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

FINANCIAL STATEMENTS: COOP ADRIATICA	2012	2011
BALANCE SHEET (per Civil Code Art. 2424)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,335,832,734	1,563,162,430
C) - CURRENT ASSETS	2,065,036,246	2,253,840,567
D) - ACCRUED INCOME AND PREPAYMENTS	9,782,748	12,377,363
TOTAL ASSETS	**3,410,651,728**	**3,829,380,359**
EQUITY AND LIABILITIES		
A) - NET EQUITY	909,288,781	882,877,432
B) - GENERAL PROVISIONS	17,917,289	19,921,115
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	71,041,540	72,162,068
D) - PAYABLES	2,407,864,814	2,849,920,990
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	4,539,303	4,498,753
TOTAL EQUITY AND LIABILITIES	**3,410,651,728**	**3,829,380,359**
MEMORANDUM ACCOUNTS	**290,766,877**	**562,488,288**
INCOME STATEMENT (per Civil Code Art. 2425)		
A) - PRODUCTION VALUE	2,123,466,963	2,116,251,844
B) - PRODUCTION COSTS	-2,119,789,713	-2,125,357,303
C) - FINANCIAL INCOME AND CHARGES	79,590,738	67,090,675
D) - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-40,402,083	-33,815,180
E) - EXTRAORDINARY INCOME AND CHARGES	159,787	5,494,669
Income taxes	-16,435,022	-13,721,587
NET PROFIT	**26,590,670**	**15,943,118**

5.8 Information pursuant to Art. 149 *duodecies* of Consob's regulations for issuers

The following chart, prepared in accordance with Art. 149 duodecies of Consob's regulations for issuers, shows the fees pertaining to 2013 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

In €/000	SERVICE PROVIDER	RECIPIENT	FEES
Auditing	Pricewaterhousecoopers S.p.A.	IGD SIIQ S.p.A.	104,000
Other services	Pricewaterhousecoopers S.p.A.	IGD SIIQ S.p.A.	5,000
Total			109,000

In 2013 the previous accounting firm, Reconta Ernst & Young S.p.A., received fees for:

- auditing activities for the first quarter of 2013 for €3.909;
- an opinion of fairness on the capital increase transaction €54,200;
- a report on the preliminary data of the Prospectus €60,000;
- exchange offer transactions for the issue of a senior debenture loan €200,000.

5.9 Certification of the separate financial statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

PURSUANT TO 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 separate financial statements during the year 2013.

2. We also confirm that:
   2.1. the separate 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;

   2.2. the directors' report contains a reliable analysis of the performance, results, and current situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

Bologna, 27 February 2014

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

5.10 Attachments

CERTIFICATION PURSUANT TO ART. 37
CONSOB RESOLUTION 16191/2007

IN ACCORDANCE WITH ART. 2.6.2 OF THE REGULATIONS FOR MARKETS
ORGANIZED AND MANAGED BY BORSA ITALIANA S.P.A.

*Resolved by the shareholders of Borsa Italiana on 10 September 2009
and approved by Consob with Resolution 17467 of 7 October 2009*

Pursuant to Article 2.6.2 of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., it is hereby declared that Immobiliare Grande Distribuzione SIIQ S.p.A., under the management and control of Coop Adriatica S.c.a.r.l., meets the listing conditions stated in Art. 37 of Consob Resolution 16191/2007 (as amended).

27 February 2014

Gilberto Coffari
Chairman of the Board of Directors

List of equity investments

NAME	REGISTERED OFFICE	SHARE CAPITAL	NET PROFIT (IN EUR) (*)	NET EQUITY (IN EUR) (*)	% HELD	CONTROL	NUMBER OF SHARES/ QUOTAS	CARRYING VALUE (IN EUR)
IGD Management s.r.l.	Ravenna Via Villa Glori 4	€ 75,071,221	-1,050,422	178,204,530	100%	IGD SIIQ S.p.A.	75,071,221	€ 170,183,477
Millennium Gallery s.r.l	Ravenna Via Villa Glori 4	€ 100,000	36,202	301,210	100%	IGD SIIQ S.p.A.	100,000	€ 14,463,025
Porta Medicea s.r.l.	Bologna Via Trattati Comunitari Europei 1957 2007 13	€ 60,000,000	-728,957	57,651,462	80%	IGD Management srl	48,000,000	€ 51,900,078
WinMagazin S.A.	Bucharest Romania	113,715.3 Lei	2,778,594	58,831,510	0.10%	IGD SIIQ S.p.A.	114	€ 185,618
					99.90%	IGD Management srl	113,602	€ 169,314,548
Winmarkt Management s.r.l.	Bucharest Romania	1,001,000 Lei	-3,013	462,114	100.00%	Win Magazin S.A.	1,001,000	783,481.1 Lei
IGD Property SIINQ S.p.A.	Ravenna Via Villa Glori 4	€ 50,000,000	-218,199	202,211,233	100%	IGD SIIQ S.p.A.	50,000,000	€ 202,167,074
Consorzio I Bricchi	Isola d'Asti loc. Molini Via Prato Boschiero	€ 6,000	0	6,000	72.25%	IGD SIIQ S.p.A.	4,335	€ 4,335
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	€ 100,000	104,599	204,599	50.00%	IGD SIIQ S.p.A.	50,000	€ 50,000
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	€ 100,000	0	100,000	52%	IGD SIIQ S.p.A.	52,000	€ 52,000
Virtus College S.r.l.	Bologna via dell'Arcoveggio n.49/2	€ 10,000	not available	not available	45%	IGD SIIQ S.p.A.	10,000	€ 4,779

(*) per separate financial statements of the subsidiaries

5.11 External Auditors' Report

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") as of 31 December 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these separate financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 25 March 2013.

3 In our opinion, the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of Immobiliare Grande Distribuzione SIIQ SpA for the period then ended.

4 As required by law, the Company included in the notes to the separate financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2013.

Bologna, 20 March 2014

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

5.12 Report of the Board of Statutory Auditors

IMMOBILIARE GRANDE DISTRIBUZIONE

SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.p.A.

Registered Office Via Agro Pontino 13, 48100 Ravenna, Italy

REA 88573 Company Register no. 00397420399

Share capital subscribed and paid-in €. 336,028,239.08

Company under the management and control of Coop Adriatica S.c.a.r.l.

Statutory auditors' report to the Shareholders' Meeting of IGD Immobiliare Grande Distribuzione Società di investimento immobiliare quotata (SIIQ) S.p.A. pursuant to Art. 153 of Legislative Decree 58/1998 and Art. 2429 of the Italian Civil Code

* * * * *

Dear Shareholders,

The Board of Statutory Auditors, pursuant to Art. 153 of Legislative Decree 58 of 24 February 1998 and Art. 2429 of the Italian Civil Code, requires the Board of Statutory Auditors to report to the shareholders during the general meeting on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct.

The Board of Statutory Auditors is also called upon to comment on any proposals relating to the financial statements, the relative approval and the items included on the Agenda for the Annual General Meeting.

During the year the Board of Statutory Auditors carried out its duties in accordance with the Italian Civil Code, Legislative Decrees n. 58/1998 and n. 39/2010 ("**Testo unico della revisione legale**"), statutes, as well as applicable special laws and the provisions issued by the stock exchange regulator (Commissione Nazionale per le Società e la Borsa or C**onsob**) while also taking into account the recommendations of the Italian Accounting Profession.

Through the date on which this report was prepared, we have proceeded with the control and supervisory activities assigned to us by law in compliance with the instructions issued by Consob on the subject of corporate control.

During the year the Board of Statutory Auditors received the information necessary to fulfil its duties through meetings with corporate bodies; at meetings of the Board of Directors which the statutory auditors always attended; through the exchange of information with the external auditors Reconta Ernst & Young S.p.A. and PriceWaterhouseCoopers S.p.A., the Internal Audit division and the Financial Reporting Officer; and by attending the meetings of the Control and Risk Committee and the Nominations and Compensation Committee.

Firstly, the Board of Statutory Auditors notes that the separate and consolidated financial statements for the year closed 31 December 2013, were prepared in accordance with the international accounting standards IAS – IFRS (International Accounting Standards and International Financial Reporting Standard) issued by the International Accounting Standards Board – IASB (International Accounting Standards Board), ratified by the European Commission and currently in effect. When necessary, reference was made to the guidelines issued by the IASB (International Accounting Standards Board) or the IFRIC (International Financial Reporting Interpretations Committee), or the documents prepared by the Italian Accounting Profession (*OIC* or *Organismo Italiano di Contabilità*) .

Without prejudice to the above, the information called for in Consob Bulletin n.1025664 of 6 April 2001, as subsequently amended, is provided below.

As was the case in last year's report, we have essentially followed the format and numbering specified in the above mentioned Consob bulletin.

I. DESCRIPTION OF TRANSACTIONS WITH A MAJOR IMPACT ON THE COMPANY'S BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION

In 2013 the Board of Statutory Auditors received information about the transactions with a major impact on the company's balance sheet, income statement and financial position, carried out either directly or through direct/indirect affiliates by attending Board of Director meetings and meeting with top management, typically on a quarterly basis.

The Board of Statutory Auditors, to the extent of its knowledge, has verified that these transactions were not manifestly imprudent or hazardous, or presented a potential conflict of interest, or in violation of shareholder or Board of Director resolutions, or liable to compromise the company's financial soundness.

The Directors' Report on Operations submitted to you, provides ample and complete information about these transactions. Please refer to the Directors' report for information about the transactions, reasons why they were undertaken by the Board of Directors which were approved in accordance with the law and the company bylaws. The Board of Statutory Auditors acknowledges the content of this report and has no particular observations to make in this regard.

The Board of Statutory Auditors also acknowledges that at 31 December 2013 the Company IGD SIIQ SpA still complied with the subjective, statutory, and objective requirements called for under the special SIIQ or società di investimento immobiliare quotate (REIT or real estate investment trust) regime introduced in Art. 1 of Law n. 296 of 27 December 2006 – the 2008 budget law – as well as Art. 3 of Ministerial Decree n.174 of 7 September 2007.

During the year that just ended (2013), on 18 April 2013 the Company's shareholders approved payment of a dividend of € 0.07 per share totalling € 22,333,408, an amount which is not less than 85% of the rental income, in accordance with the laws regulating REITs.

II., III. UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING TRANSACTIONS WITH OTHER GROUP COMPANIES AND RELATED PARTIES AND EVALUATION OF THE INFORMATION PROVIDED BY THE DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTERCOMPANY AND RELATED PARTY TRANSACTIONS

Based on the Directors' report and the information provided by the Board of Directors, or received from the Chief Executive Officers, or the Company's management, as well as by the statutory auditors of the subsidiaries – and, at any rate, gathered during the Statutory Auditors' supervisory activities - the Board of Statutory Auditors found that no unusual or atypical transactions were carried out with third or related parties (including group companies).

Pursuant to art. 2391 *bis* of the Italian Civil Code and art. 4 of the Consob's Regulations, and in accordance with the provisions introduced by Consob in Resolution n.17221 of 12 March 2010, as subsequently amended by Resolution 17389 of 23 June 2011, the company adopted specific internal regulations, specific procedures and management systems to monitor and supervise transactions concluded with related parties and/or affiliates.

The system as a whole was approved by the Board of Directors on 11 November 2010 and was revised by the Board of Directors on 7 November 2013, taking into account the experience matured over the last three years with regard to implementation and compliance. The information relating to the transactions with related parties and/or affiliates, found adequate, was provided to the Board of Statutory Auditors by the Directors in the Report on Operations; information was also received as a result of the quarterly exchanges of information referred to above.

Ordinary intercompany and related party transactions were conducted under normal market conditions, and are described in the Directors' Report in terms of both type and financial and economic impact.

When considered necessary the Board of Directors passed specific resolutions in relation to intercompany and/or related party transactions which, if deemed opportune, were subject to approval by the Committee for Related Party Transactions. As part of its controls, the Board of Statutory Auditors valued the above-mentioned transactions based on the amounts and business practices held to be in the company's best interest.

We view the methodology used as reliable and believe it provides timely and complete information.

While reference should be made to the explanatory notes attached to the financial statements and the Corporate Governance Report, the Board of Statutory Auditors found the transactions with related parties concluded during 2013 were in the best interest of the company and has not particular comments to make in this regard.

With regard to transactions entered into by relevant parties and persons closely connected to the latter pursuant to art. 114, paragraph 7, of Legislative Decree 58 of 24 February 1998 and articles 152 *sexies, septies* and *octies* of Consob's Regulations for Issuers (provisions relating to Internal Dealing), the Board of Statutory Auditors verified that the Company has adopted specific regulations for Internal Dealing.

IV. THE EXTERNAL AUDITORS' REPORT

Please note that the financial audit assignment was granted to PriceWaterhouseCoopers S.p.A. during the Annual General Meeting held on 18 April 2013 based on the Board of Statutory Auditors' motivated proposal and technical-economic analyses in accordance with the law. Prior to this date the assignment had been granted to Reconta Ernst & Young Spa through the above mentioned AGM held on 18 April 2013, when the legal term expired.

The consolidated and separate financial statements were audited by PricewaterhouseCoopers S.p.A. and the report, prepared pursuant to articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010 n. 39, was issued on 20 March 2014 after having been filed with the company. The report provides a positive opinion of the separate and consolidated financial statements, confirming that these documents were prepared in compliance with the law and generally accepted accounting standards, that they correctly and truthfully represent the company's financial position, performance and cash flows for the period. The accounting system was found to be reliable.

The report contains no observations and/or complaints about the quality and accuracy of the information which was found to be in line with the Report on Operations.

V. INAPPROPRIATE CONDUCT AND ACTIONS TAKEN UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE

In 2013 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

VI. COMPLAINTS RECEIVED AND ACTIONS TAKEN

In 2013 and up to this writing, the Board of Statutory Auditors did not receive any reports or complaints from shareholders; nor is it aware that the company received any reports or complaints from shareholders and/or third parties, hence no actions were taken in this regard.

VII. ADDITIONAL ASSIGNMENTS GRANTED TO THE EXTERNAL AUDITORS AND THEIR COSTS.

PriceWaterhouseCoopers Spa was granted the financial audit assignment relative to the separate and consolidated financial statements effective as of the approval of the 2013 annual report along with the opinion about the accuracy of the Report on Operations pursuant to paragraph 1 letters c, d, f, l, m and paragraph 2 letter b of art. 123 *bis* of Legislative Decree 58/1998 included in the Report on Corporate Governance and Ownership Structure. The Board of Statutory Auditors obtained from PriceWaterhouseCoopers spa the report on independent status prepared pursuant to art. 17 of Legislative Decree 39/2012 and found no situation compromising independence or sources of incompatibility pursuant to art. 10 and 17 of Legislative Decree 39/2010 and the relative implementation measures. The fees matured for these activities over the relative period in 2013 amounted to €104 thousand in addition to €5 thousand for having verified the fair value of the investment property. This amount includes expenses and Consob charges. For the assignment through the AGM called to the approve the financial statements at 31 December 2013, the prior audit firm Reconta Ernst & Young spa, received: (i) €4 thousand for the audit of the financial statements for first quarter 2013; (ii) €54 thousand for the fairness opinion issued relative to the capital increase transaction; (iii) €60 thousand for the report issued regarding the forecasts found in the information circular; (iv) €200 thousand for the bond loan exchange offer.

The financial audit of the Romanian subsidiaries (Win Magazin S.A. e Winmarkt Management S.A.) was performed by PriceWaterhouseCoopers Audit Srl which received fees of €19 thousand for completing the assignment.

Reconta Ernst & Young S.p.A. also received €4 thousand for carrying out the financial audit activities through the approval of the 2012 financial statements of the following subsidiaries: (i) IGD Management srl; (ii) Millennium Gallery Srl; (iii) Porta Medicea Srl, through the date of the respective AGMs.

Subsequent to the above dates, the assignment was granted to PriceWaterhouseCoopers Spa for which it received a total of €45 thousand.

VIII. ASSIGNMENTS GRANTED TO COMPANIES AFFILIATED WITH THE EXTERNAL AUDITORS AND THEIR COSTS

The Board of Statutory Auditors is not aware of any assignments made in 2013 to companies connected to the financial audit company PriceWaterhouseCoopers Spa on a continuous basis.

IX. OPINIONS ISSUED AS PROVIDED FOR BY LAW IN 2013

In 2013 the Board of Statutory Auditors issued opinions when required by law, the bylaws or Consob regulations; the opinions issued and main observations made, include:

- the opinion expressed relative to the appointment on 18 April 2013, when the AGM to approve the financial statements at 31 December 2012 was hel, of the audit firm PriceWaterhouseCoopers Spa;
- opinion about the remuneration of Directors holding special offices in accordance with art. 2389 of the Italian Civil Code;

- opinion about the internal regulation of transactions with related parties and affiliates in compliance with CONSOB regulations;
- observations about the Internal Audit Report drawn up pursuant to Consob Resolution 17297 of 28 April 2010.

X. FREQUENCY AND NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Typically the Board of Directors meets in accordance with the financial calendar disclosed to the market in accordance with stock exchange regulations. The Board also meets as needed and when deemed opportune to examine specific topics which could impact the company's operations. In 2013 eight meetings were held.

The current composition of the Board of Directors complies with the current law relating to equal gender opportunity. During the meeting held on 19 April 2012, shareholders voluntarily complied with Law 120/2011 in advance.

The Board of Statutory Auditors also met more frequently than required by law. The statutory auditors met five times in 2013. These meetings include those held under Art. 2429 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Art. 2429 of the Italian Civil Code. The Board of Statutory Auditors also attended the meetings of the Board of Directors, the annual general meeting, and at least one member also attended the meetings of the: (i) Control and Risk Committee; (ii) Nominations and Compensation Committee; (iii) Supervisory Board. The Statutory Auditors also attended meetings with company management, the external auditors and Internal Audit.

The Board of Statutory Auditors also coordinates and guides the Internal Control Committee and internal audit pursuant to art.19 of Legislative Decree 39/2010.

XI – OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's bylaws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the directors' report. Regarding the directors' activities and actions, we have nothing to report, nor does any other corporate body invested with specific duties of control. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections, information received from department heads, and meetings with the Financial Reporting Officer, Internal Audit, the Internal Control Committee (now the Control and Risk Committee), the Committee for Related Party Transactions, as well as through information exchanged with the external auditors. More in detail, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's bylaws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

We remind that the Chief Operating Officer and the Financial Reporting Officer were entitled to or invited to attend the Board meeting in order to describe and analysis the items on the agenda. Other managers also attended the meetings based on the specific topics included in the agenda.

XII - COMMENTS ON THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors also verified and monitored, to the extent of its responsibility, the adequacy and proper functioning of the company's organizational structure. The Company's organizational structure appears to be adequate and to meet the company's needs.

We have no comments nor anything to report regarding the company's organizational structure.

We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and business processes, having acknowledged the constant improvements sought in connection with the company's growth and business needs, and its ongoing efforts to strengthen and refine procedures.

The organization and services, both internal and outsourced, were found to be adequate and in compliance with the law and to guarantee correct, effective and efficient operations.

The Statutory Auditors found no problem areas and/or significant development to report on relative the Company's organizational structure. No deficiencies were found, namely situations to report relating to the effective functioning of corporate bodies, divisions, systems and procedures.

XIII. COMMENTS ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM.

The Board of Statutory Auditors evaluated and verified the adequacy of the internal control system including through periodic meetings with (i) the financial reporting officer, (ii) Internal Audit, (iii) the Risk and Control Committee, (iv) the Supervisory Board; v) the head external auditor, as well as through documentation provided by the company and discussions with top management, and has nothing to report in this regard.

The internal audit activities were outsourced to a company specialized in this area which periodically reported to the Board of Statutory Auditors, the Internal Control Committee, now the Control and Risk Committee, and the Supervisory Board on its actions and progress, mentioning specific operational needs wherever necessary and recommending the most appropriate means of implementing the Work Plan.

The Internal Audit activities were focused primarily on traditional forms of audit involving the updating of internal procedures, including implementation of the Organizational Model pursuant to Legislative Decree 231/01 and the procedures adopted by the financial reporting officer .

Internal Audit reported periodically to the Control and Risk Committee, the Board of Statutory Auditors and the Supervisory Board on its activities, on recommendations made, and on plans for the new year, already submitted to the designated officers.

The Control and Risk Committee and the Decree 231/2001 Supervisory Board made their reports available during the year.

Based on the controls performed and the information obtained during periodic meetings with the Control and Risk Committee, Internal Audit, the external auditors, the financial reporting officer, the director in charge of risk and control, and on comments received from the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system adequately meets the company's needs and is reliable, timely, and able to manage information correctly, enabling an accurate and timely analysis of business trends and performance.

Data and documentation related to the proposed agendas of the Board of Directors meetings and the various committee meetings was provided ahead of time in the most efficient and discrete way possible.

Based on the evaluations made during its supervisory activities, as well as after having examined the work done by the Control and Risk Committee, at the end of 2013 the Board of Statutory Auditors had nothing of concern to report and found the overall internal control system to be adequate. In the Board of Statutory Auditors opinion the internal control system does not present significant deficiencies, while controls and revisions of the methods used and organizational structures should continue, and it was found to be reliable, effective and efficient.

XIV. COMMENTS ON THE ADMINISTRATIVE - ACCOUNTING SYSTEM AND ITS ABILITY TO PROVIDE A FAIR REPRESENTATION OF THE PERFORMANCE.

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of the most significant company documentation, examination of the reports provided by the external auditors (Reconta Ernst & Young Spa and PriceWaterhouseCoopers Spa), as well as internal audit. The administrative-accounting system was found to be adequate and to have met the Company's needs in 2013, in terms of both resources dedicated and the level of professionalism.

The external auditors above, for the relative period, tested the accounting and administrative procedures and found these to be reliable. They also verified that the accounting records of operations were correct and that the information and accounting standards used to prepare the parent company and consolidated financial statements were complete, and had no complaints or observations in this regard.

PriceWaterhouseCoopers Spa also validated the completeness of the financial information provided, as well as the accounting standards used to prepare the consolidated and separate financial statements, and had no particular comments to make in this regard. The firm also validated the completeness and accuracy of the Directors' Report on Operations.

Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 *bis* of the Italian Civil Code, which are assigned to the external auditors, we found on the basis of information received and inspections made pursuant to Civil Code Articles 2403 *et seq.* that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.

The Chief Executive Officer and the Financial Reporting Officer certified the accounting information contained in the separate and consolidated financial statements at 31 December 2013, without reservation, in accordance with and as required under art. 81-*ter* of Consob Regulation n.11971.

XV. COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998.

The Board of Statutory Auditors verified the adequacy of the information provided by the company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.

With regard to close functional and operational ties and the presence of key IGD SIIQ SPA at the subsidiaries, the Company guarantees a correct and adequate flow of information supported by suitable documentation and accounting records.

The Company is, therefore, able to fulfil all reporting requirements related to significant events and consolidation provided for under the law.

The Company is fully able to exercise management and coordination of its subsidiaries as specified under the law.

XVI. COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditors (Reconta Ernst Young S.p.A. e PriceWaterhouseCoopers Spa), verified compliance with all current laws and regulations regarding the preparation and drawing up of the separate and consolidated financial statements as well as the accompanying Directors' Report.

The statutory auditors met with the external auditors responsible for both the accounting controls under Art. 2409 *bis* of the Italian Civil Code and the audit of the consolidated and separate financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.

With the auditors attention was paid, in particular, to the application of the accounting standards, to the most effective way to recognize the significant economic and financial items in the financial statements. Nothing that needed to be reported pursuant to art. 155, paragraph 2, of Legislative Decree n. 58 of 24 February1998 emerged during these periodic meetings.

During these meetings the external auditors reported no irregularities, problem areas or omissions in the company's accounts. On these occasions we informed the external auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

XVII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE CORPORATE GOVERNANCE COMMITTEE.

The Company, since its IPO (11 February 2005), has complied with the standards and recommendations included in the Corporate Governance Code published by the Borsa Italiana's Committee for the Corporate Governance of Listed Companies through the adoption of its own Corporate Governance rules, in order to regulate, in accordance with laws and regulations, the composition, responsibilities and role of the corporate bodies in charge of the company's management.

During the meeting held on 8 November 2012, the Board of Directors updated its Corporate Governance Regulations in order to comply with the amendments introduced in the new Corporate Governance Code. During the meeting held on 8 November 2012 the Board approved the new "Corporate Governance Regulations" the purpose of which is to identify the roles and responsibilities relating to control and risk management. These Regulations comply with the standards and recommendations found in the latest version of the Corporate Governance Code published by the Borsa Italiana's Committee in December 2011.

The Board of Directors has appointed the following committees from among its members:

- the Chairman's Committee: comprised of four directors: the chairman, the vice chairman and the chief executive officer, in addition to one non-executive director. In 2013 it held five meetings;
- the Nominations and Compensation Committee: this committee was formed in 2012;

in order to comply with the Corporate Governance Code, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee". The Committee consists of three non-executive independent directors. The Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer are entitled to attend committee meetings and the Chairman of the Board of Statutory Auditors may be invited to attend. The Committee met three times in 2013;

- the Control and Risk Committee, which is comprised of non-executive and independent directors. In 2013 the committee held meetings with continuity and in keeping with the Company's needs. It met eight times during the year. Meetings of the Control and Risk Committee are attended by the chairman of the Board of Statutory Auditors or by another designated statutory auditor. The Chairman and Vice Chairman of the Board of Directors, along with the Chief Executive Officer, are invited to attend;
- the Committee for Related Party Transactions was formed in order to comply with art. 2391 *bis* of the Italian Civil Code and art. 4 of Consob's Regulations for Related Party Transactions and is comprised of three independent directors. It held three meetings in 2013.

With regard to control figures, please note that in 2007 the company introduced the title of "Lead Independent Director" to act as the reference person and coordinator for all positions and activities involving the independent directors, with a view to fostering their greater autonomy from management.

The Lead Independent Director may also call meetings of the independent directors only to discuss topics related to the company's operations or the functioning of the Board of Directors.

In order to facilitate coordination of the control and risk management activities, the Company deemed it useful and opportune to institute an Internal Control and Audit Committee with the Chairman of the Board of Statutory Auditors acting as coordinator.

The company also instituted a Supervisory Board comprised of three independent directors. In 2013 it met as deemed appropriate based on the company's needs, for a total of four meetings, attended by the chairman of the Board of Statutory Auditors or another designated statutory auditor. The committee works with Internal Audit on monitoring and limiting risk exposure

The Board of Directors also hired, as it has done since 2007, Egon Zehnder International S.p.A., headquartered in Milan, to perform a "board review". The purpose of this review is the yearly assessment of the size, composition and functioning of the Board of Directors and its committees. The results were contained in a report that was presented to and discussed by the Board on 27 February 2014. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its committees.

At the end of the above discussion, and after having verified operations during the year, the Board of Statutory Auditors expressed a positive opinion of the Company's corporate governance

XVIII. CLOSING REMARKS.

Dear Shareholders,

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, Internal Audit, and the external auditors cooperated with us fully during our supervisory activities.

We have found no omissions, inappropriate conduct, imprudent transactions, or irregularities worthy of mention, thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.

We have no comments to make in this regard.

The Directors' Report also contains information about the compensation policy and the remuneration paid to the Board of Directors, Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities, as well as information about the shares held by the latter in the company. Again, we have no comments to make in this regard.

XIX. PROPOSALS SUBMITTED DURING THE SHAREHOLDERS' MEETING:

Dear Shareholders,

Having seen and acknowledged the financial statements for the year ended 31

December 2013, the Board of Statutory Auditors has no objections to the Board of Directors' proposal for allocation of the net profit, including in light of the rule (Law 296/07) by which companies with SIIQ status must pay a dividend of at least 85% of the profit from "tax-exempt" income.

More in detail, we refer to the following items of the agenda discussed at the annual general meeting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Ordinary session

I) Separate financial statements at 31.12.2013; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2013; payment of dividends to the shareholders;

II) Report on compensation in accordance with Art. 123-*ter*, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;

III) Authorization to buy and sell treasury shares.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Extraordinary session

I) Proposal to increase share capital against payment, pursuant to art. 2441, fourth paragraph, second sentence, of the Italian Civil Code; related and consequent resolutions.

* * * * *

Comments of the Board of Statutory Auditors regarding the items included in the Agenda:

First item – Separate financial statements at 31.12.2013; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2013; payment of dividends to the shareholders;

- ♦ we have a favorable opinion of the motion to approve the financial statements at 31 December 2013 which close with the net profit of €13,808,913, as presented to you by the Board of Directors.
- ♦ We also have a favorable opinion of the proposal to approve a dividend of €0.065 for

each outstanding share on the ex-div date.

Second item - Report on compensation in accordance with Art. 123-*ter*, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;

- We found the information provided by the Board of Directors in the report drawn up in accordance with art. 123 *ter*, paragraph 6, of Legislative Decree 58/98, in which the company's remuneration policy relating to the Chief Operating Office, Managers with strategic responsibilities, as well as the procedures adopted to implement this policy are described, to be adequate and complete.

Third item – Authorization to buy and sell treasury shares; related and consequent resolutions.

- We found the information provided by the Board of Directors in its report in this regard to be adequate and complete. At year-end (31/12/2012) and on the date of the proposal the Company has 10,976,592 (3.15%) treasury shares. The Board of Statutory Auditors found that the authorization to purchase and dispose of treasury shares when deemed opportune, in accordance with the law, would not violate Art. 2357 of the Italian Civil Code, art. 132 of Legislative Decree 58/98 or the bylaws.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Extraordinary session

First item - Proposal to increase share capital against payment, pursuant to art. 2441, fourth paragraph, second sentence, of the Italian Civil Code; related and consequent resolutions.

- The Statutory Auditors have no observations to make about the proposal to amend the corporate bylaws to increase share capital within the limits provided in art. 2441 paragraph 4 of the Italian Civil Code. In its report the Board adequately explains the motivation and reasons underlying this decision, as well as how these objectives would be served by the transaction. Motivations and methods which were part of the same motion presented last year.

* * * * *

Dear Shareholders,

In concluding this report, we would like to express our sincerest thanks to all those who have assisted us in the course of our work and for the vote of confidence you expressed by appointing us.

Bologna, 21 March 2014

The Board of Statutory Auditors

signed

(Romano Conti)

(Pasquina Corsi)

(Roberto Chiusoli)

Glossary

AGENCY MANAGEMENT
Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

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, on a company stock is the company's 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, and changes in the fair value of properties held. In the case of IGD, which follows International Accounting Standards (IAS), amortization and depreciation are not overly significant as the value of the freehold properties is updated every six months, based on an independent appraisal; properties are recognized at market value in the balance sheet, while the difference in fair value is shown in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings regardless of the company's means of financing, taxes or investment cycle. EBITDA is a proxy for the operating cash flow that the company is capable of generating.

EPRA
European Public Real Estate Association.

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, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
Pre-tax profit plus current taxes, depreciation & amortization, net change in the market value of properties and writedowns. This is the indicator most commonly used to evaluate a REIT's performance.

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.

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 expressed as a percentage of the property's fair value.

GROSS LEASABLE AREA (GLA)
The total floor area designed for tenant occupancy 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 mortgage loans and bonds.

HYPERMARKET
Property with a sales floor in excess of 2,500 m2, used for the retail sale 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 RATE SWAPS / IRS
Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Used to convert floating rate debt into fixed rate debt.

IPD
Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for the entire year and the entire prior year.

LTV / LOAN TO VALUE
Real estate assets held in the portfolio for the entire year and the entire prior year.

MALL / SHOPPING MALL
Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

MARKET VALUE (FAIR VALUE)
The estimated amount for which a property could be exchanged as of the valuation date, between a buyer and seller each acting prudently and with knowledge of all the facts.
The definition of market value used by the appraiser is as follows:
"Pursuant to the 6th and latest edition of the 'RICS Appraisal and Valuation Manual' (the 'Red Book') published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently, and without compulsion".

MIDSIZE STORE
A property with a sales floor of 250 to 2,500 m2 used for the retail sale of non-food consumer goods.

NAV / NET ASSET VALUE
Difference between the value of properties (Asset Value) and net debt. The NAV per share indicated in IGD's financial statements is the Triple Net Asset Value (3NAV), which is expressed net of latent capital gains and the tax effect. In the calculation, potential capital gains on freehold property are added to net equity. The tax effect, based on the company's tax rate, is then deducted from this result. This Net NAV (NNAV) figure is then divided by the number of shares issued.

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 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 m2 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.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by average capital employed in the year.

ROE
Net profit divided by net equity after dividends.

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 publicly held listed companies whose prevalent activity is the rental of properties and the equivalent, provided they meet a series of earnings 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 m2 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 calculate the expected return on investments.

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