IMMOBILIARE GRANDE DISTRIBUZIONE

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

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

Tax ID, VAT no. 00397420399 and Bologna Company Register no. 458582

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

HALF-YEAR FINANCIAL REPORT

30/06/2019

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Corporate and Supervisory Bodies

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

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

Supervisory Board

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

External Auditors

PricewaterhouseCoopers S.p.A.

Financial Reporting Officer

Carlo Barban

1. The IGD Group’s Interim Management Statement

1.1. Financial and Economic Highlights at 30 June 2019

€80.8 mn
Total revenues
+4.4%

€77.3 mn
Rental Income
+4.4%

€62.9 mn
Core business Ebitda
+13.1%
Margin 78.2%
Margin from Freehold 80.0%

€7.1 mn
Group Net Profit
-79.6%

€41.8 mn
Funds From Operations (FFO)
+7.6%

48.2%
Loan to Value
31.12.2018: 45.8%

0.97
Gearing ratio
31.12.2018 : 0,88

2.43%
Cost of Debt
31.12.2018: 2.65%

3.8X
Interest Cover Ratio
31.12.2018: 3.5X

1,184.9 mn
Net Debt
31.12.2018: 1,059.6

93.3%
Hedging on long-term debt + bond
31.12.2018: +92.5%

1.2. Introduction

The Immobiliare Grande Distribuzione Group's Consolidated Half-Year Financial Report at 30 June 2019 was prepared pursuant to Art. 154-ter of Legislative Decree 58/1998 and in accordance with the valuation criteria and measurements established by the IFRS (International Financial Reporting Standards) adopted by the European Commission as per the procedure established in Art. 6 of EC Regulation n°1606/2002 issued by the European Parliament and the Council on 19 July 2002, and in particular with IAS 34 – Interim Financial Reporting. The Half-Year Financial Report, along with the notes to the accounts, consolidates the income statements and statements of financial position at 30 June 2019 of IGD Siiq S.p.A. and other Group companies described in the section on the scope of consolidation.

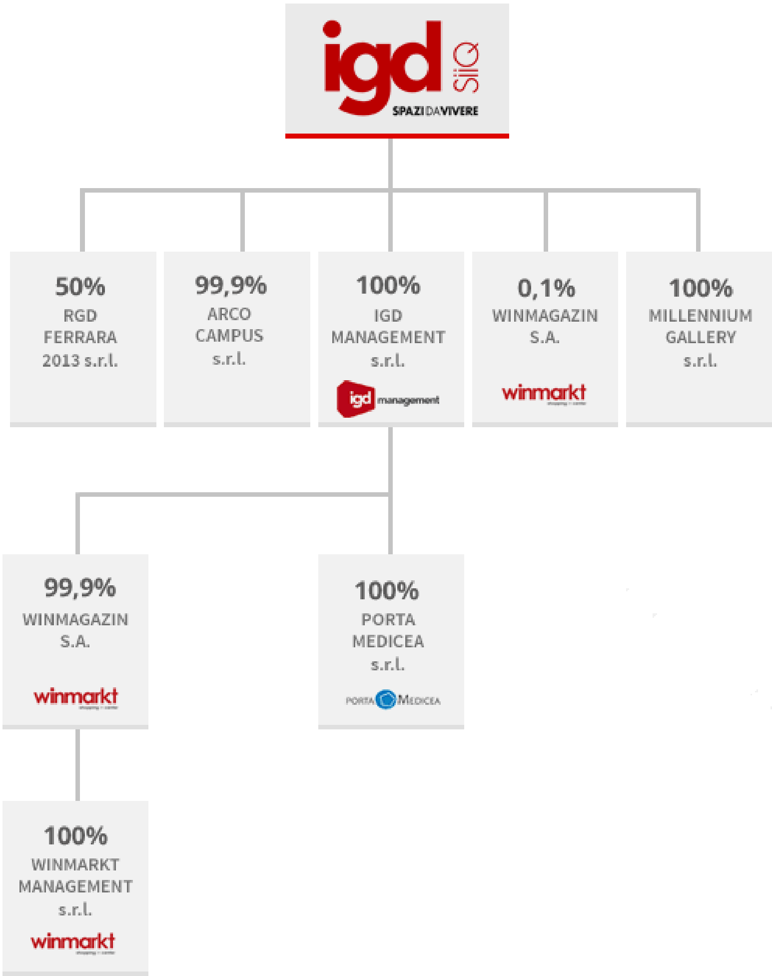
Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods (as provided for in CONSOB Bulletin n. 92543/15), where so indicated, which the management believes provide a better representation of the Group's performance and the economic-financial results.

The indicators viewed as important to the understanding of the Group's financial statements include like-for-like revenue, core business Ebitda, core business Ebitda margin, FFO, net financial position, interest cover ratio, average cost of debt (net of recurring and non-recurring transaction costs), gearing ratio, Loan to value, net asset value (NAV) and triple net asset value (NNNAV). The methods used to calculate these indicators are described in the Glossary.

1.3. The IGD Group

IGD was the first company in Italy to obtain SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) status in 2008 and is still the only retail real estate company that qualifies as a SIIQ. Most of the Group's real estate assets are in Italy (around 94%). The remainder (around 6%) is in Romania where IGD owns the Winmarkt chain of shopping centers through WinMagazin SA.



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

At 30 June 2019 the Parent Company also controls:

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

1.4. Income statement review

The slowdown in the international economic cycle begun in 2018 continued in the first half of 2019; a particularly strong deceleration in world trade was recorded due to the current tensions in global trade.[1] Forecasts for growth in the second half continue to be weak, due to the ongoing US – EU - China trade disputes and the political uncertainty in Europe relative to the timing and mechanics of the UK's exit from the European Union.[2]

In **Italy** the decided slowdown in the economic cycle, begun in the second half of 2018, continued in 2019: in the first quarter of the year **Gross Domestic Product** rose +0.1% against the prior quarter, a trend which should continue at a similar pace in the coming months.[3]

Based on the estimates of the main research institutes **GDP is expected to increase by +0.1%** by year-end, lower than the +0.9% recorded in 2018. These forecasts are consistent with an environment in which further weakening in world trade will have a negative impact on Italian exports[4]; while at a slower pace than in the last three-year period, consumer spending is expected to make a slightly positive contribution to the basically flat economic performance: in January – May 2019 retail sales rose +0.1% overall, with a +0.2% increase in volumes, compared to the same period of the prior year[5]. Household spending should be supported by the persistently moderate inflation, the new measures implemented by the Government, personal income and solid employment[6] (the unemployment rate was 9.9% at May 2019, 0.7% lower than May 2018[7]). At the same time, families' propensity to save has risen considerably, including in light of the increase uncertainties about economic prospects pointed out in recent consumer confidence surveys.[8]

As for IGD, in the first six months of 2019 **sales of the retailers in the Italian malls were basically unchanged (-0.1%)**, while footfalls fell (-2.9%); this performance reflects a particularly difficult first quarter, while strong signs of a recovery were recorded in the second quarter in terms of both sales and footfalls. The figures for the first 2 weeks of July are also encouraging and confirm this positive trend. More in general, the first half performances were impacted negatively by the peculiar weather conditions, above all in February, with spring like weather that was decidedly mild given the season, and May which was particularly cold and fall like: these prolonged anomalies affected the clothing sector, above all, as the merchandise offered did not reflect the weather conditions. The performance of the malls was also affected by the lackluster performances of a few hypermarkets, especially the ones where remodeling and restyling work is underway.

High levels of occupancy, which reached 96.3%, were maintained, albeit down slightly compared to 31 December 2018 (97.2%) due mainly to the vacancies created in the midsize retail areas which the company is in the process of re-marketing; also in this instance (similar to the hypermarkets), remodeling of the spaces that is more in line with the market's needs is being considered.

Rental income performed well, posting growth of 4.4%; net rental income rose 13.0% (+4.6% excluding application of IFRS16); this result is explained primarily by the contribution for the entire period made to revenue by the Gran Rondò extension in Crema inaugurated in May 2018 and the acquisition of the portfolio comprised of 4 shopping malls and 1 retail park finalized in April 2018. Like-for-like, revenue was down 0.6%, due to the changes in occupancy referred to above and an increase in the temporary discounts granted in the period.

The Group's asset management activities continued in the first half of the year: work was completed at the Fonti del Corallo Shopping Mall in Livorno, the restyling work at Centro Casilino in Rome continued and is expected to be completed by year-end 2019. Consistent with the Business Plan 2019-2021, work began on remodeling a few

[1] Source: OCSE – *Economic Outlook*, May 2019
[2] Source: Bank of Italy – *Economic Bulletin 3/2019*, July 2019
[3] Source: European Commission – *Summer Economic Forecast*, July 2019
[4] Source: Bank of Italy – *Economic Bulletin 3/2019*, July 2019
[5] Source: ISTAT – *Retail sales*, July 2019
[6] Source: European Commission – *Summer Economic Forecast*, July 2019
[7] Source: ISTAT – *Employed and unemployed*, July 2019
[8] Source: Bank of Italy – *Economic Bulletin 3/2019*, July 2019

hypermarkets, specifically in the Le Maioliche (Faenza), Conè (Conegliano) and Portogrande (San Benedetto) shopping centers: the goal is to reduce the size of the hypermarket in order to increase the number of shops/services in the mall.

With regard to the Porta a Mare project, work on the Piazza Mazzini section is basically finished: on 28 June 2019 binding agreements were signed for the sale by IGD of Palazzo Orlando (an office building included in this section) and, at the same time, the purchase of 50% of the Darsena City Shopping Mall in Ferrara, of which IGD is currently joint-owner; in this way IGD will be able to focus more on its core business. Moreover, 72 out of 73 units in the residential portion are sold/pledged. Work on the Officine Storiche section, which has been moving full steam ahead, is expected to be completed by the end of 2020.

In **Romania** economic growth continues at a decidedly more robust pace than in Italy; after the growth of 4.1% recorded for FY 2018, in the first quarter of 2019 GDP growth further accelerated coming in at +5.1%, which led to an upward revision in the estimated growth for GDP that is now expected to rise by around +4%. The main growth driver continues to be family spending, but private investment is also increasing and we expect to see more balanced growth moving forward.[9] The good economic results, along with the restyling work done by the Group and the constant updating of the merchandising mix, had a positive impact on the results posted by our shopping centers: occupancy reached 96.5%, basically unchanged against 31 December 2018, despite the exit of a retailer whose spaces are being re-marketed. As a result of the leasing activities carried out in the half, a new Hungarian clothing retailer arrived and the average upside on renegotiated leases reached 8.1%. These good results led to an increase in rental income which was 1.8% higher than in the first half of the prior year.

From a financial standpoint, on 9 April 2019 Moody's downgraded IGD's rating from Baa3 (with outlook negative) to Ba1 (with outlook stable); the rating agency's decision was based largely on the risks connected to the current global market conditions and other exogenous factors. At the same time, however, on 23 April, IGD received a new investment grade rating of "BBB-" with outlook stable from S&P Global Ratings. The economic conditions of the bonds issued[10] were, therefore, unchanged and the Company was able to continue along the path undertaken to reduce the average cost of debt (which went from 2.7% at 31 December 2018 to 2.4%) and increase the Interest Cover Ratio to 3.8x (versus 3.5x at 31 December 2018).

Net of the fair value adjustments that impacted the Group's net profit, as described below, Funds from Operations showed continuous growth rising 7.6% compared to 30 June 2018 to €41.8 million.

In light of a few factors that could impact the Group's economic results in the second half of the year, such as a weak consumer trends, the slight increase in strategic vacancies resulting in higher costs which cannot be rebilled and the temporary impact of remodeling the midsize retail areas and hypermarkets, the Group decided to revise the FFO guidance for FY 2019 from +6/7% to a range of between +4% and +5%.

The consolidated operating income statement is shown below:

[9] Source: European Commission – *Summer Economic Forecast*, July 2019

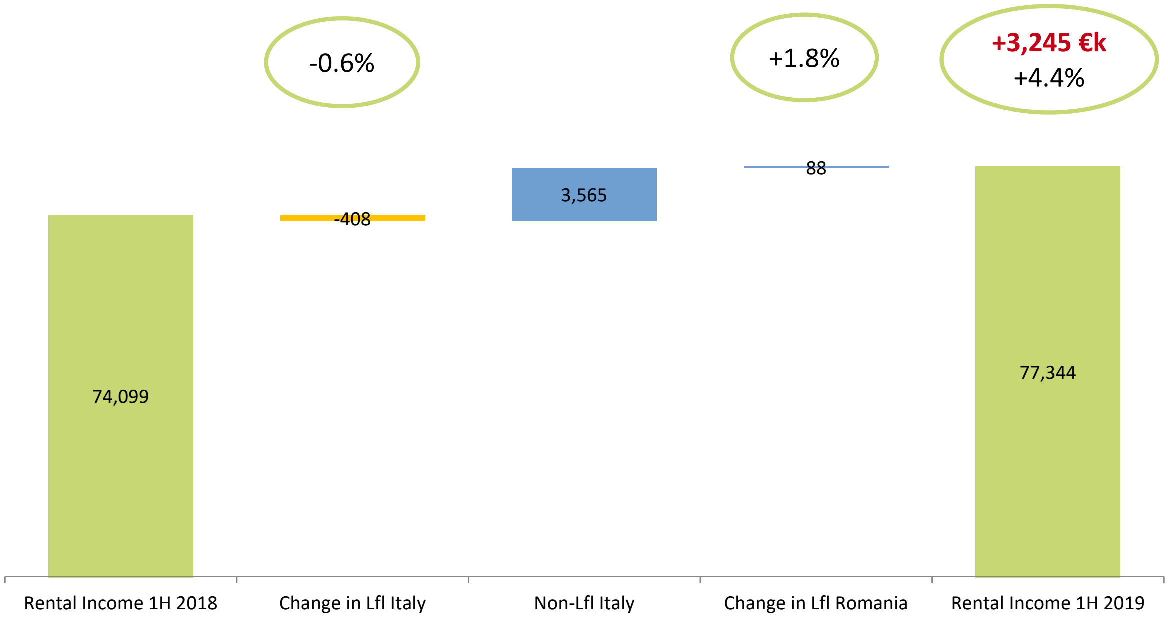
[10] as a result of the investment grade rating with a stable outlook, in accordance with the respective regulations, the increase or "step up" of 1.25% in the annual interest rate paid on the "*300,000,000 2.500 per cent notes due 31 May 2021*" and the "*€100,000,000 2.25 per cent Senior Notes due 11 January 2024*", will not be triggered.

GROUP CONSOLIDATED	(a) 31/03/2019	(b) 31/03/2018	Δ (a)/(b)
Revenues from freehold rental activities	71,075	67,780	4.9%
Revenues from leasehold rental activities	6,269	6,319	-0.8%
Total revenues from rental activities	**77,344**	**74,099**	**4.4%**
Rents and payable leases	-52	-5,126	-99.0%
Direct costs from rental activities	-8,732	-8,279	5.5%
Net rental income	**68,560**	**60,694**	**13.0%**
Revenues from services	3,188	3,120	2.2%
Direct costs from services	-2,723	-2,600	4.7%
Net services income	**465**	**520**	**-10.6%**
Personnel expenses	-3,484	-3,365	3.5%
G&A expenses	-2,593	-2,212	17.2%
CORE BUSINESS EBITDA (Operating income)	**62,948**	**55,637**	**13.1%**
Ebitda Margin core business	*78.2%*	*72.1%*	
Revenues from trading	0	2,721	n.a.
Cost of sale and other trading costs	-287	-3,204	-91.0%
Operating result from trading	**-287**	**-483**	**-40.6%**
EBITDA	**62,661**	**55,154**	**13.6%**
Ebitda Margin	*77.8%*	*69.0%*	
Impairments and Fair Value adjustments	-38,817	-2,562	n.a.
Depreciations and Provisions	-501	-485	3.3%
EBIT	**23,343**	**52,107**	**-55.2%**
FINANCIAL MANAGEMENT	-16,415	-16,043	2.3%
EXTRAORDINARY MANAGEMENT	3	-20	n.a.
PRE-TAX PROFIT	**6,931**	**36,044**	**-80.8%**
Taxes	168	-1,239	n.a.
PROFIT FOR THE PERIOD	**7,099**	**34,805**	**-79.6%**
(Profit/Loss) for the period related to third parties	0	0	n.a.
GROUP NET PROFIT	**7,099**	**34,805**	**-79.6%**

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

Net rental income

Net rental income amounted to €77,344 thousand, an increase of 4.4% against the same period of the prior year.

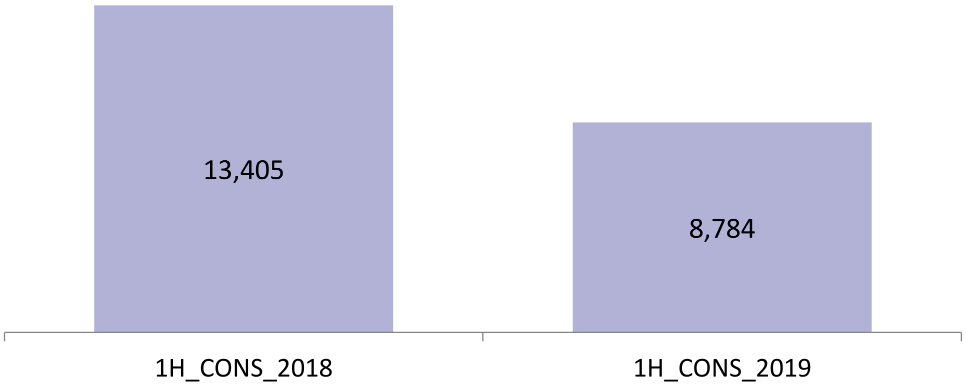


The increase of €3,245 thousand is explained by:

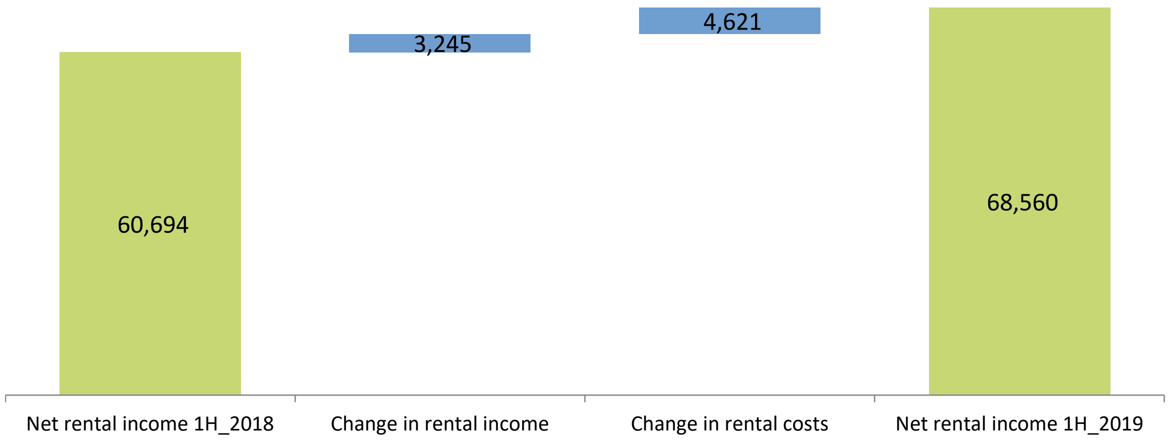
- for €3,565 thousand, higher revenue not like-for-like linked to the 4 malls and retail park acquired in April 2018 and the opening of the Grand Rondò mall extension in Crema in May 2018 which was partially offset by the strategic vacancies needed for ongoing fit out work;
- for €88 thousand, higher like-for-like revenue in Romania (+1.8%), including as a result of pre-letting and renegotiations (103 renewals were signed in the period with an average upside of +8.1%, along with 93 leases linked to turnover).
- for €408 thousand, the like-for-like decrease (-0.6%) in Italy. Malls were down (-0.9%) due mainly to the vacancies created in a few midsize retail areas and an increase in temporary discounts, while hypermarkets were basically in line with the prior year (-0.1%). 162 new leases were signed in the period with an average upside of +1.1% excluding the Sarca cinema (downside -2.4% including the cinema); adjustments for inflation impacted for around 70 bps.

The direct costs for the rental business amounted to €8,784 thousand, a decrease of 34.6% compared to the same period of the prior year (an increase of 3.4% excluding the impact of IFRS 16; for more information about first-time adoption of IFRS 16 please refer to section 2.1 of the explanatory notes). The increase in costs is attributable mainly to condominium fees, property tax (IMU), and insurance, linked also to the expanded portfolio.

Direct costs from rental activities



Net rental income amounted to €68,560 thousand, an increase of 13.0% against the same period of the prior year (+4.6% excluding the impact of IFRS 16).



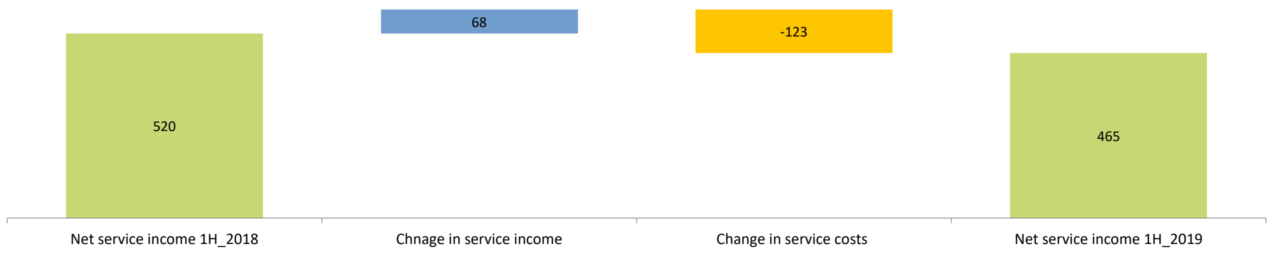
Net rental income freehold amounted to €62,475 thousand, an increase of 4.9% against the same period of the prior year, with a very sizeable margin of 87.9%, in line with the prior year.

Net rental income leasehold amounted to €6,085 thousand and comes to €927 thousand excluding IFRS 16 or 19.5% less than in the same period of the prior year.

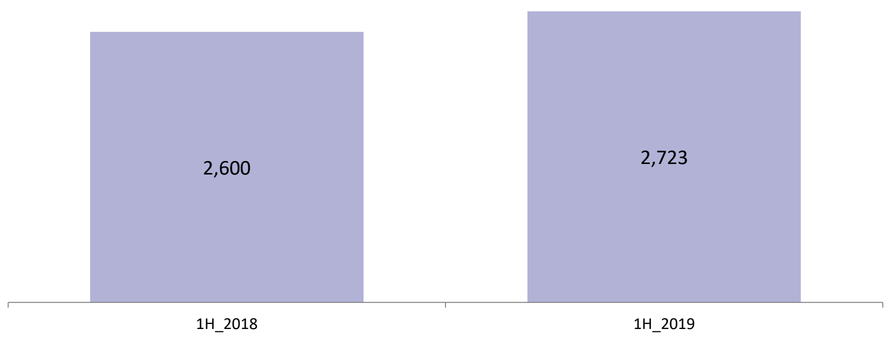
Net service Income

Revenue from services rose €68 thousand or 2.2% compared to the prior year. Most of this revenue comes from the facility management business (91.0% of the total or €2,900 thousand), which was higher than in the prior year (+5.7%) due mainly to new management mandates (La Favorita and Centro Luna). Revenue from other services (outsourcing services) and pilotage fell slightly, while revenue from agency was higher.

The **direct costs for services** amounted to €2,723 thousand, an increase of €123 thousand (+4.7%) compared to the same period of the prior year attributable mainly to higher network payroll costs and CCNL (the state collective labor agreement) adjustments.



Direct costs from services

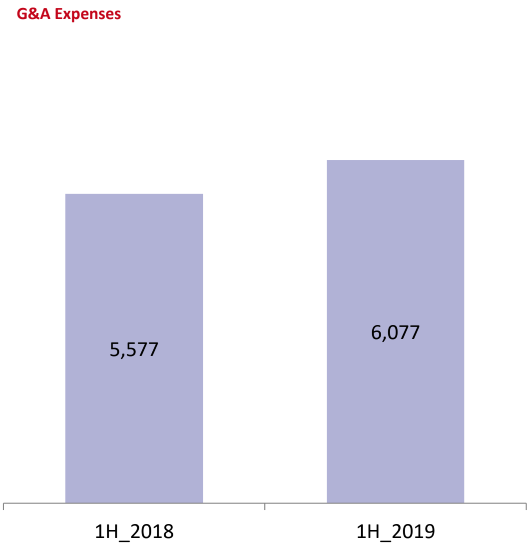


Net service income amounted to €465 thousand, a decrease of 10.6% compared to the same period of the prior year, falling as a percentage of revenue from services from the 16.7% recorded in the prior year to 14.6%.

General expenses for the core business

General expenses for the core business, including payroll costs at headquarters, came to €6,077 thousand, an increase (+9.0%) against the €5,577 thousand posted in the prior year attributable primarily to higher payroll costs linked to CCNL adjustments, as well as other one-offs recorded in the period (consultancies, corporate projects and operations).

These costs came to 7.9% of the total core business revenue.

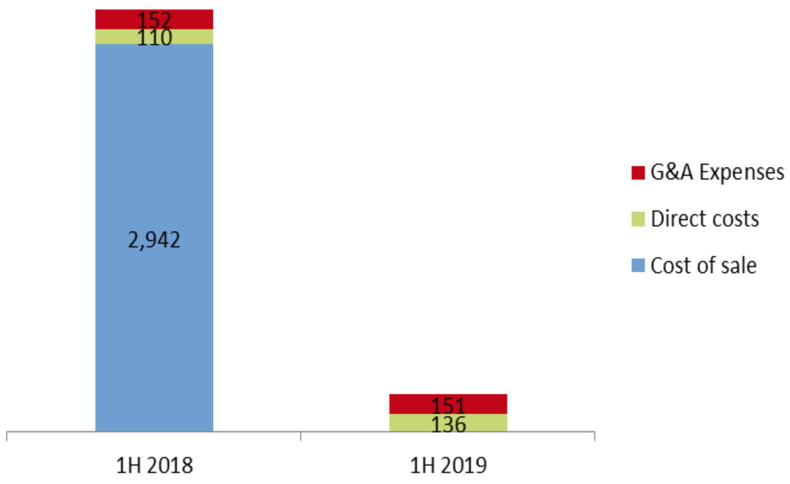


Operating results for trading

Trading posted an operating loss of €287 thousand, higher than in the prior year.

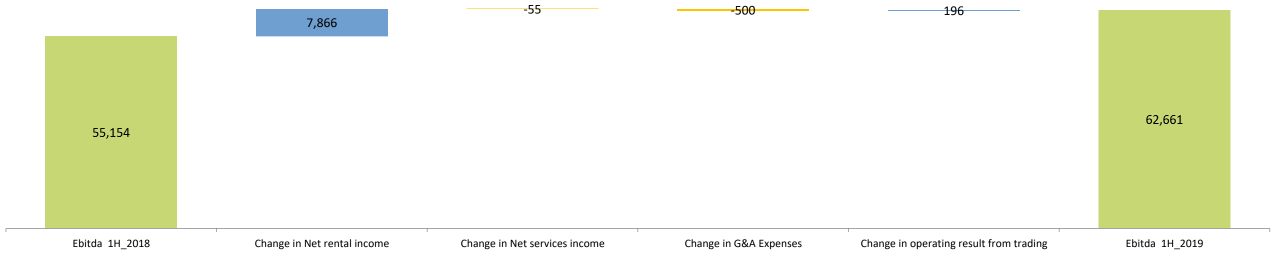
The Porta a Mare project did not generate revenue in the first half, while in 2018 one preliminary sales agreement had been signed. Agreements for the sale of 3 residential units, 4 garages and 1 parking place at Mazzini were finalized. As a result of these agreements 98.7% of the total saleable area has been sold/pledged.

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



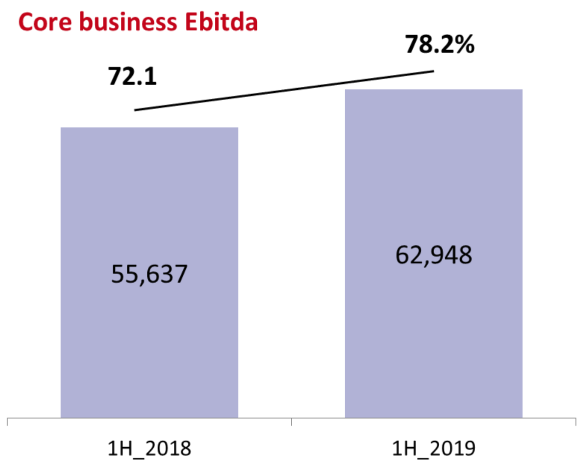
EBITDA

Core business **EBITDA** amounted to €62,948 thousand in the first half of 2019, an increase of 13.1% with respect to the same period of the prior year, while total EBITDA rose by 13.6% to €62,661 thousand. The changes in the components of total EBITDA during the half are shown below.



As mentioned above, the **EBITDA margin** was impacted substantially by the increase in core business revenue (as a result also of the expanded perimeter) and application of IFRS 16.

The core business **EBITDA MARGIN** reached 78.2%, 610 bps higher than in the same period of the prior year and down slightly by 30 bps excluding IFRS 16 application.



Fair value adjustments

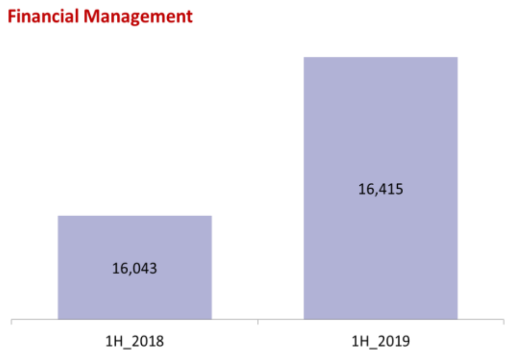
Fair value adjustments and writedowns were negative for €38,817 thousand at 30 June 2019, higher than the €15,438 thousand recorded at 30 June 2018, explained by:

- for €4,658 thousand, the right-to-use assets derived from IFRS 16 application;
- for €7,844 thousand, restyling completed in the period, extraordinary maintenance of the freehold properties pertaining to the IGD Group's Italian subsidiaries and progress made on work at the Officine Storiche section in Livorno;
- for €20,198 thousand, the fair value adjustments of investment properties held by the IGD Group's Italian subsidiaries based on the appraisals made by independent experts at 30 June 2019;
- for €1,446 thousand, the supplement of the sales price paid for the Katanè mall as per the judgement issued by the Court of Ravenna on 7 June 2019. For more information see section 1.7 of this report and note 45 of the Explanatory Notes;
- for €1,051 thousand, the extraordinary maintenance of the Romanian subsidiary Win Magazin SA's freehold properties;
- for €3,620 thousand, fair value adjustments of investment properties held by the Romanian subsidiary Win Magazin SA based on the appraisals made by independent experts at 30 June 2019.

EBIT

EBIT amounted to €23,343 thousand, a decrease of 55.2% against the comparison period attributable mainly to the factors described above.

Financial income (charges)



Financial charges went from €16,043 thousand at 30 June 2018 to €16,415 thousand at 30 June 2019. The increase, of around €372 thousand, is attributable mainly to *(i)* an increase in the financial expense recognized in the period as a result of IFRS 16 application (for more information about first-time adoption of IFRS 16 please refer to section 2.1 of the Explanatory Notes); *(ii)* higher interest linked to the loan commitments assumed as a result of the purchase of the 4 businesses finalized in April 2018 and the €200 million loan granted in the first quarter of 2019; *(iii)* lower financial charges on the €125 million bond repaid early January 2019; *(iv)* higher financial charges on committed lines.

The average cost of debt (without considering recurring and non-recurring transaction costs) at 30 June 2019 was 2.43%, down from 2.70% in the same period of the previous year, while the weighted average effective cost of debt went from 2.90% at 30 June 2018 to 2.66%.

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

Equity investments

The result posted in the half, €3 thousand, is attributable to the valuation of the equity investment held in RGD Ferrara 2013 s.r.l. using the equity method.

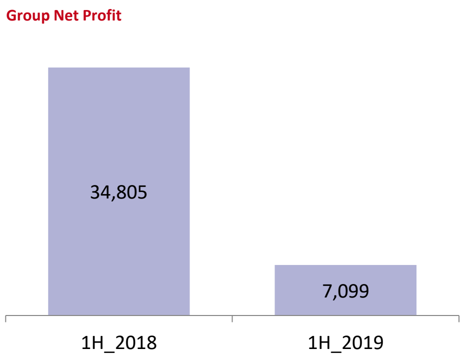
Taxes

(amounts in thousands of Euro)	30/06/2019	30/06/2018	change
Current taxes	655	748	(93)
Deferred tax liabilities	(886)	365	(1,251)
Deferred tax assets	65	128	(63)
Out-of-period income/charges	(2)	(2)	-
Income taxes	**(168)**	**1,239**	**(1,407)**

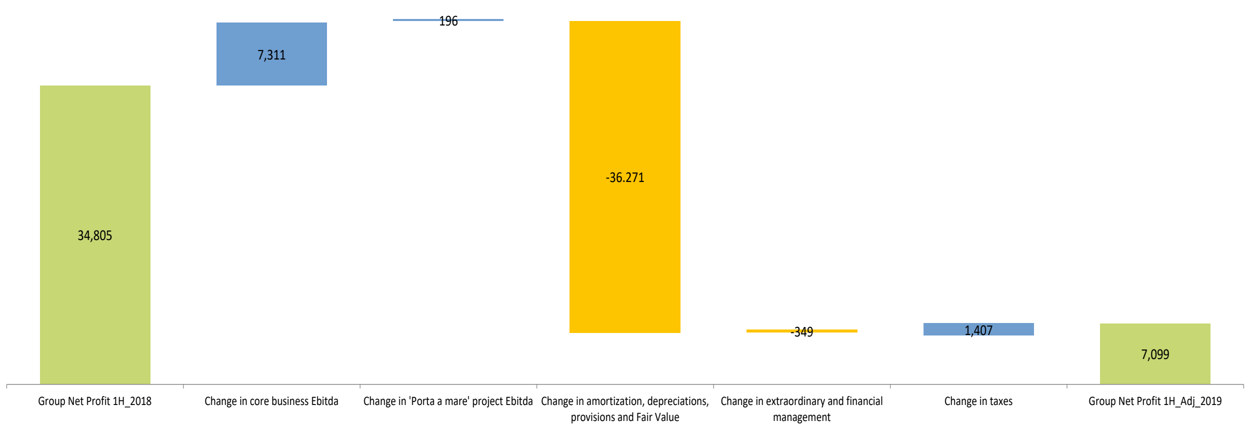
The tax burden, current and deferred, reached €168 thousand, a decrease of €1,407 thousand against 30 June 2018. The change is attributable primarily to *(i)* the adjustment made to deferred tax assets and liabilities in order to align the fair value with the tax assessed value of a few real estate investments held by subsidiaries and *(ii)* the impact of the deferred tax recognized following IFRS 16 application (for more information please refer to section 2.1 of the Explanatory Notes).

Group net profit

As a result of the above, the Group's net profit came to €7,099 thousand, a decrease of 79.6% against the €34,805 thousand reported in the first half of 2018.



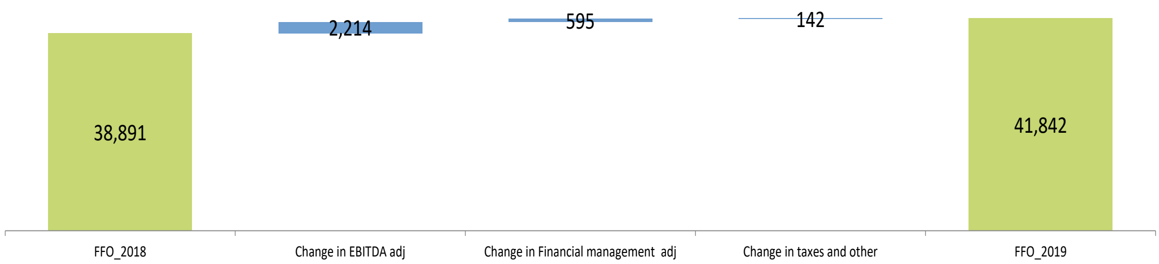
The change in net profit compared to the same period of the prior year is detailed below.



Core business FFO

FFO (Funds from Operations), an indicator used widely in the real estate sector (REITs), which measures the cash flow generated by a company's core business, reached €41,842 thousand at 30 June 2019, an increase of €2,951 thousand or 7.6% compared to the same period of the prior year. The change is explained by the higher core business Ebitda and the drop in financial expense described above.

Funds from Operations	CONS_2019	CONS_2018	Δ vs cons 2018	Δ%
Core Business EBITDA	**62,946**	**55,637**	**7,309**	**13.1%**
IFRS16 ADJUSTMENTS (payable leases)	**-5,096**	**0**	-5,096	n.a.
Adj Financial management	-15,451	-16,046	595	-3.7%
Adj Extraordinary management	0	0	0	n.a.
Gross Margin from trading activities	0	0	0	n.a.
Adj current taxes for the period	-557	-700	143	-20.4%
FFO	**41,842**	**38,891**	**2,951**	**7.6%**



1.5. Statement of financial position and financial review

The IGD Group's statement of financial position at 30 June 2019 can be summarized as follows:

(amounts in thousands of Euro)	30/06/2019	31/12/2018	Δ	%
Investment property	2,370,089	2,346,527	23,562	0.99%
Assets under construction and advances	36,619	36,563	56	0.15%
Intangible assets	12,401	12,696	(295)	-2.38%
Other tangible assets	9,039	9,615	(576)	-6.37%
Non-current assets held for sale	12,770	-	12,770	100.00%
Sundry receivabled and non-current assets	113	111	2	1.59%
Equity investments	280	277	3	1.07%
NWC	22,920	26,019	(3,099)	-13.52%
Funds	(8,898)	(8,164)	(734)	8.25%
Sundry payables and other non-current liabilities	(21,796)	(19,742)	(2,054)	9.42%
Net deferred tax (assets)/liabilities	(25,008)	(26,340)	1,332	-5.33%
Total use of funds	**2,408,529**	**2,377,562**	**30,967**	**1.29%**
Total shareholders' equity	1,202,437	1,252,338	(49,901)	-4.15%
Net (assets) and liabilities for derivative instruments	21,204	17,364	3,840	18.11%
Net Debt	1,184,888	1,107,860	77,028	6.50%
Total sources	**2,408,529**	**2,377,562**	**30,967**	**1.29%**

The principal changes in the half, compared to 31 December 2018, relate to:

- ✓ **Investment property** which reported an increase of €23,562 thousand explained primarily by:
  - ✓ the first-time adoption of IFRS 16. The Group recognized right-of-use assets in investment property of €65,870 thousand at 1 January 2019 (which relates to the leased malls in the “Centro Nova”, “Centro Piave” and “Fonti del Corallo” shopping centers) and lease liabilities of €62,359 thousand;
  - ✓ the reclassification as investment property of the work completed on the restyling of the Fonti del Corallo shopping center for €1,497 thousand and the remodeling of spaces at the same center as a result of the agreement signed between IGD SIIQ and Unicoop Tirreno calling for the downsizing of the hypermarket and the creation of the three midsize retail areas for €1,485 thousand;
  - ✓ fair value adjustments of investment property which was revalued in the amount of €3,239 thousand and written down by €41,969 thousand for a net negative impact of €38,730 thousand. See section 1.4 of this report for more information;
  - ✓ extraordinary maintenance and earthquake proofing of around €4,764 thousand at shopping centers, namely at Città delle Stelle in Ascoli, Casilino and Tiburtino in Rome, La Torre in Palermo, Centro Lame in Bologna and ESP in Ravenna;
  - ✓ the €1,446 thousand adjustment of the sales price paid for the Katanè mall as per the judgement issued by the Court of Ravenna on 7 June 2019. For more information see section 1.7 of this report and note 45 of the Explanatory Notes;
  - ✓ the reclassification as a “Non-current asset held for sale” of Palazzo Orlando, an office building in Livorno, as a result of the binding agreement signed by the Group on 28 June 2019 with a premier international real estate player for €12,770 thousand. The definitive sales agreement will be executed by 30 September 2019.

- ✓ **Assets under construction and advances,** which showed an increase of €56 thousand attributable primarily to:
  - ✓ Investments made in the half of around €3,535 thousand, explained mainly by: *(i)* for €1,006 thousand, completion of the restyling at the Fonti del Corallo shopping center; *(ii)* for €1,207 thousand, by the remodeling work done at the same center pursuant to the agreement signed between IGD SIIQ and

Unicoop Tirreno; *(iii)* for around €835 thousand, continuation of the work at Officine Storiche; *(iv)* for around €487 thousand, restyling at the centro Casilino mall;

- ✓ for €2,982 thousand, investments completed in the half and reclassified to investment property as described above;
- ✓ an impairment loss of €59 thousand on the Portogrande expansion and the positive impact of the fair value measurement of projects in an advanced stage of construction, namely Officine Storiche (Progetto Porta a Mare), of +€55 thousand;
- ✓ the net decrease in advances of €493 thousand.

- ✓ **Other plant, property and equipment** and **intangible assets** which changed due primarily to amortization and depreciation recognized in the period and the first-time application of IFRS 16 (for more information about first-time adoption of IFRS 16 refer to section 2.1 of the Explanatory Notes);

- ✓ **Non-current assets held for sale**. As described above, as a result of the binding agreement signed by the Group with a premier international real estate player the property "Palazzo Orlando" in Livorno was reclassified to non-current assets held for sale for €12,770 thousand;

- ✓ **Net working capital** which showed a decrease of €3,099 thousand against 31 December 2018 explained primarily by (i) a decrease in trade payables of €4,860 thousand, (ii) a decrease in trade receivables and amounts payable by related parties of €2,301 thousand, (iii) an increase in inventory of €211 thousand as a result of work done in the period net of €82 thousand in impairment losses, (iv) a decrease in other current assets of around €1,801 thousand; (v) an increase in tax liabilities of around €3,315 thousand, relating mainly to the IMU (property tax) due in the first half;

- ✓ **Provisions for risks and charges and employee severance**, which showed a net increase of €734 thousand explained mainly by: *(i)* for €1,446 thousand the sale price adjustment for the Katanè mall as a result of the judgement issued by the Court of Ravenna on 7 June 2019; *(ii)* the release of €404 thousand in bonus provisions following payment of variable compensation for 2018 in the half, net the provisions for first half 2019; *(iii)* the release of €247 thousand in excessive provisions for risk, and *(iv)* utilization of the provisions for IMU of €168 thousand net new provisions of €69 thousand;

- ✓ **Payables and other non-current liabilities** increased by €2,054 thousand due mainly to the reclassification as tax payables of the current portion (payable within one year) of the substitute tax;

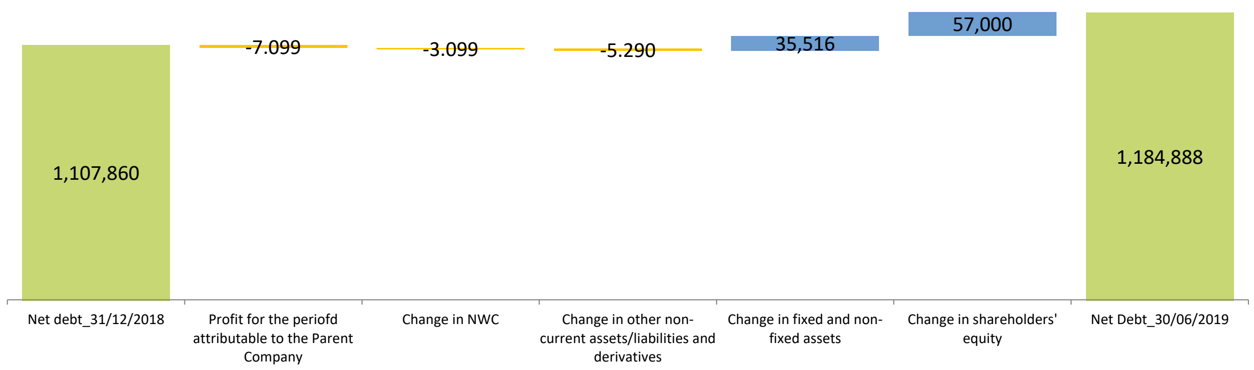
- ✓ **Net deferred tax assets and liabilities** went from €26,340 thousand to €25,008 thousand due primarily to tax misalignments relating to *(i)* adjustments to the fair value of investment properties which are not included in the SIIQ perimeter; *(ii)* taxed provisions, *(iii)* hedges (IRS) and the deferred tax recognized following IFRS 16 application;

- ✓ The **Group's net equity** amounted to €1,202,437 thousand at 30 June 2019. The change of -€49,901 thousand is explained primarily by:
  - for €55,153 thousand, the distribution of the dividend for 2018;
  - an adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around -€1,828 thousand for the parent company and around -€2,002 thousand for a subsidiary;
  - for €160 thousand, the partial sale of the treasury shares held;
  - for €1,886 thousand, the first-time application of IFRS 16;

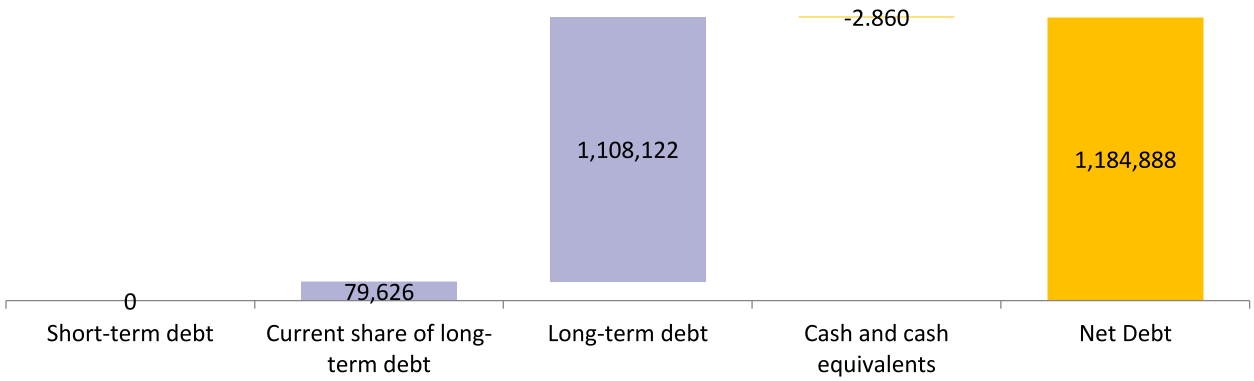
- o for approximately -€63 thousand, movements in the translation reserve for the translation of foreign currency financial statements;
- o for €7,099 thousand, the Group's portion of the profit for the reporting period;

✓ **Net liabilities for derivatives** were up against the prior year due to the fair value measurement of hedging instruments at 30 June 2019 which was €3,840 thousand higher than the previous year;

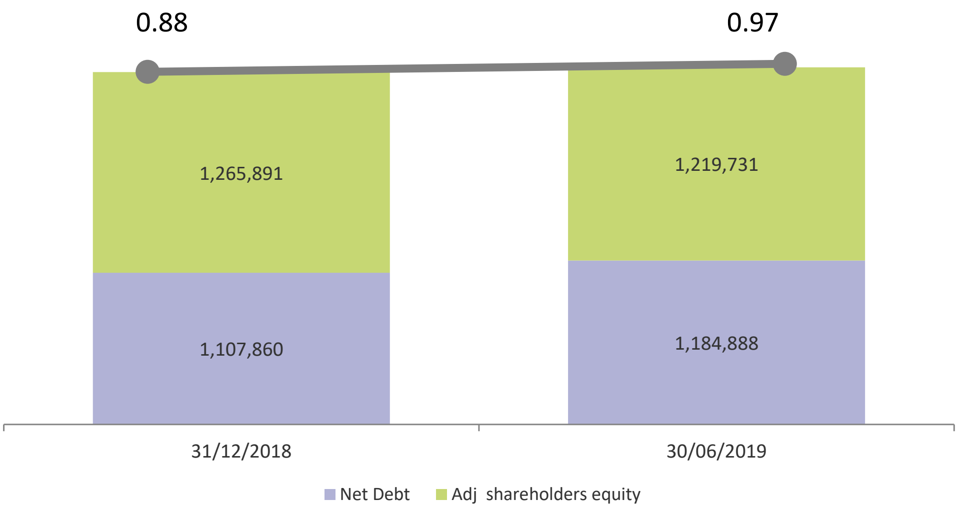
✓ The **net financial position** at 30 June 2019 was about €77 million higher with respect to the prior year. The changes are shown below:



The breakdown of the net financial position is shown below:



The gearing ratio reflects the debt to equity ratio, including non-controlling interests but excluding the CFH reserves. The revised gearing ratio reflects the debt to equity ratio, including non-controlling interests but excluding the CFH reserves and IFRS 16 application. The revised ratio came to 0.93 at 30 June 2019 (gearing ratio of 0.97), higher than the 0.88 recorded at 31 December 2018.



EPRA Performance Indicators

The IGD Group decided to report on a few of the EPRA performance indicators [11], in accordance with the recommendations found in "*EPRA Best Practices Recommendations*"[12].

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

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

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

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

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

[11] European Public Real estate Association
[12] See www.epra.com

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

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

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

EPRA Performance Measure	30/06/2019	31/12/2018
EPRA NAV (€000)	1,250,916	1,298,182
EPRA NAV per share	€11.34	€11.77
EPRA NNNAV	1,189,869	1,263,454
EPRA NNNAV per share	€10.78	€11.45
EPRA Net Initial Yield (NIY)	5.3%	5.4%
EPRA 'topped-up' NIY	5.4%	5.5%
EPRA Vacancy Rate Malls Italy	5.0%	3.8%
EPRA Vacancy Rate Hypermarkets Italy	0.0%	0.0%
EPRA Vacancy Rate Total Italy	3.7%	2.8%
EPRA Vacancy Rate Romania	3.6%	2.9%

EPRA Performance Measure	30/06/2019	30/06/2018
EPRA Cost Ratios (including direct vacancy costs)	17.6%	18.5%
EPRA Cost Ratios (excluding direct vacancy costs)	15.4%	16.6%
EPRA Earnings (€000)	€44,400	€37,078
EPRA Earnings per share	€0.40	€0.34

The NAV and NNAV earnings per share calculations are shown below:

	NNNAV Calculation	30/06/2019 (b)		31/12/2018 (a)		Δ% (b vs a)
		€'000	€ p.s.	€'000	€ p.s.	
	Total shares		110,341,903		110,341,903	
1)	**Group shareholders' equity**	**1,202,438**	**10.90**	**1,252,338**	**11.35**	**-4.0%**
	Excludes					
	Fair value of financial instruments	21,204		17,364		n.a
	Deferred taxes	27,274		28,480		n.a
	Goodwill as a result of deferred taxes					
2)	**EPRA NAV**	**1,250,916**	**11.34**	**1,298,182**	**11.77**	**-3.6%**
	Includes					
	Fair value of Financial instruments	(21,204)		(17,364)		n.a
	Fair value of debt	(12,569)		11,116		-213.1%
	Deferred taxes	(27,274)		(28,480)		n.a
3)	**EPRA NNNAV**	**1,189,869**	**10.78**	**1,263,454**	**11.45**	**-5.8%**

The NAV was down against the figure posted at 31 December 2018 (-3.6%) due mainly to the changes in net equity. These changes are primarily attributable to: (i) the payment of dividends in the year (paid entirely in May 2019); *(ii)* the decrease in the cash flow hedge reserve*; (iii)* other minor changes in equity and *(iv)* the change in the earnings for the year which was affected mainly by the drop in the properties' fair value, only partially offset by the growth in FFO.

The NNNAV was lower than in the prior year (-5.8%). This change, in addition to the above, is attributable primarily to: (i) the negative change in the fair value of debt, calculated by discounting cash flows at a risk free rate plus a market spread; this change is explained by the use of the risk free rate and a spread which were updated to reflect market conditions at 30 June 2019, as well as by a change in the composition, duration and cost of debt.

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

EPRA NIY and "topped-up" NIY disclosure		Consolidated 30-Jun-19					Consolidated 31-Dec-18		
€'000		*Italy*	*Romania*	*Total*	*Leasehold*	*Total (IFRS 16)*	*Italy*	*Romania*	*Total*
Investment property – wholly owned		2,190,993	151,170	**2,342,163**	61,212	**2,403,375**	2,224,191	154,790	**2,378,981**
Investment property – share of JVs/Funds		0	0	**0**	0	**0**	0	0	**0**
Trading property (including share of JVs)		46,170	0	**46,170**	0	**46,170**	33,170	0	**33,170**
Less developments		-503,823	0	**-503,823**	0	**-503,823**	-518,810	0	**-518,810**
Completed property portfolio		1,733,340	151,170	**1,884,510**	61,212	**1,945,722**	1,738,550	154,790	**1,893,340**
Allowance for estimated purchasers' costs		0	0	**0**	0	**0**	0	0	**0**
Gross up completed property portfolio valuation	***B***	***1,733,340***	***151,170***	***1,884,510***	***61,212***	***1,945,722***	***1,738,550***	***154,790***	***1,893,340***
Annualised cash passing rental income		104,645	9,876	**114,521**	12,469	**126,990**	104,602	10,161	**114,763**
Property outgoings		-11,777	-1,091	**-12,868**	-10,233	**-23,101**	-11,670	-1,150	**-12,820**
Annualised net rents	***A***	***92,868***	***8,785***	***101,653***	***2,236***	***103,889***	***92,931***	***9,011***	***101,943***
Add: notional rent expiration of rent free periods or other lease incentives		1,241	526	**1,767**	111	**1,878**	1,354	606	**1,960**
Topped-up net annualised	***C***	**94,109**	**9,311**	**103,420**	**2,347**	**105,767**	**94,286**	**9,617**	**103,903**
EPRA NIY	**A/B**	**5.4%**	**5.8%**	**5.4%**	**3.7%**	**5.3%**	**5.3%**	**5.8%**	**5.4%**
EPRA "topped-up" NIY	**C/B**	**5.4%**	**6.2%**	**5.5%**	**3.8%**	**5.4%**	**5.4%**	**6.2%**	**5.5%**

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

The real estate assets considered for the purposes of NIY (the completed portfolio) include: (i) the properties held 100% by the Company; (ii) any properties held in joint venture and (iii) assets held for trading. Plots of land and properties under development are not included. The properties (hypermarkets and malls) which, based on the framework agreement signed with Coop Alleanza 3.0 in November 2018, will be remodeled, were reclassified under "Investment properties under development".

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

As a result of IFRS 16, as of 30.06.2019 the NIY of leasehold properties was also calculated. The rents payable (shown in the line "property outgoings") are not included in the calculation.

The calculation used to determine the Epra Cost Ratios is shown below:

EPRA Cost Ratios	30/06/2019*	30/06/2018
Includes:		
(i) Administrative/operating expense line per IFRS income statement	-17,849	-21,841
(ii) Net service charge costs/fees	1,774	1,646
(iii) Management fees less actual/estimated profit element	2,709	2,586
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	14	11
Excludes (if part of the above):		
(vi) Investment Property depreciation		
(vii) Ground rent costs	52	5,125
(viii) Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) (A)	**-13,299**	**-12,473**
(ix) Direct vacancy costs	-1,661	-1,313
EPRA Costs (excluding direct vacancy costs) (B)	**-11,638**	**-11,161**
(x) Gross Rental Income less ground rent costs - per IFRS	77,291	68,973
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	-1,774	-1,646
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income (C)	**75,517**	**67,327**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**17.6%**	**18.5%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**15.4%**	**16.6%**

***To be noticed that with the implementation of the new accounting principle IFRS16, the payable leases related to leasehold properties have not been included in the lines "(i) Administrative/operating expense line per IFRS income statement", "(vii) Ground rent costs" and "(x) Gross Rental Income less ground rent costs – per IFRS".**

The decrease in the EPRA cost ratio is linked to the drop in direct costs and general expenses as a percentage of gross rental income and the adoption of IFRS 16.

The Company does not capitalize operating costs generally, with the exception of project management costs linked to Porta a Mare.

The Epra Earnings per share calculation is shown below:

EPRA Earnings & Earnings Per Share	30/06/2019	30/06/2018
Earnings per IFRS income statement	**7,099**	**34,805**
EPRA Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	38,817	2,561
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-3	20
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	1	221
(iv) Tax on profits or losses on disposals	0	-62
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	0	0
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-1,514	-467
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	0	0
(x) Non-controlling interests in respect of the above	0	0
EPRA Earnings	**44,400**	**37,078**
Company specific adjustments:		
(a) General provisions and depreciations	503	485
(b) Non-controlling interests in respect of the above	0	0
(c) Tax on profits or losses on disposals	0	62
(d) Contingent tax	0	0
(e) Other deferred tax	693	960
(f) Capitalized interests	22	0
(g) Current Tax	102	151
(h) Ground rent costs and adjustement financial results (IFRS 16)	-4,132	
(i) Other Adjstument for no core activities	255	156
Company specific Adjusted Earnings	**41,843**	**38,892**
Earnings Per Share (New number of shares)		
Number of shares*	110,341,903	110,341,903
Earnings Per Share	**€ 0.40**	**€ 0.34**

The EPRA Earnings indicator is calculated by excluding non-monetary items (write-downs, fair value gains and losses on properties and financial instruments recognized in the income statement, any impairment or revaluations of goodwill), as well as non-recurring items (gains or losses from the disposal of investment properties, profits generated by trading along with current tax, costs relating to the advance repayment of any loans), deferred tax relating to the fair value of properties and financial instruments recognized in the income statement, as well as the portion of these items that pertains to non-controlling interests. The main differences with respect to FFO relate to generic amortization, depreciation and provisions, as well as the above EPRA adjustments, the non-recurring tax recognized in the income statement and the deferred tax that does not relate to the fair value of properties and financial instruments recognized in the income statement. The figure posted at 30 June 2019 shows a significant increase of €7,322 thousand or +19.7% against the same period of the prior year. This increase is higher than the increase in FFO due to IFRS 16 application.

Additional information on investment properties

In accordance with EPRA Best Practices Recommendations, the capital expenditure made in the last two years is shown below:

Property-related CAPEX (Euro/thousands)	30/06/2019		31/12/2018	31/12/2017
Acquisitions	-		195,480	-
Development	1,150		8,770	23,298
Like-for-like portfolio	7,460		11,680	9,118
Other	170		30	226
Capital Expenditure	**8,780**		**215,960**	**32,642**

With regard to capex capitalized for freehold properties please refer to the following sections of the Report on Operations:

- ✓ 1.5 Statement of financial position and financial review
- ✓ 1.7 Significant events – Investments

and the Explanatory Notes (section 2.6) Notes 12), 13), 14), 15), 16), 17).

For the accounting standards used for the various asset classes please refer to the Explanatory Notes (section 2.6.2.1).

With regard to the real estate portfolio appraisals, the independent experts selected and the appraisal criteria used, please refer to section 1.8 The real estate portfolio of the Report on Operations and section 3 Use of estimates of the Explanatory Notes.

The reports issued by the each independent expert on the appraisals made at 30 June 2019 are in section 2.9 Appraisals of the independent experts.

The reconciliation of the fair value shown in the independent experts' appraisals and the book value of the real estate portfolio, along with any changes in the classification of real estate assets are reported in section 1.8 The real estate portfolio in the Report on Operations.

1.6. The stock

IGD's shares are traded on the Mercato Telematico Azionario (MTA - screen-based stock market) managed by Borsa Italiana as part of the Industry Finanza and Super Sector Beni Immobili; IGD is also part of the STAR segment.
The stock began trading on 11 February 2005.
The minimum lot is €1.00 and the company's specialist is Banca IMI.

IGD's stock symbols:

RIC: IGD.MI
BLOOM: IGD IM
ISIN: IT0005322612
Borsa Italiana ID instrument: 327,322

On 23 April 2018 IGD completed a capital increase which was entirely subscribed for a total of €149,977,861.10. As a result of this transaction, IGD SIIQ SpA's share capital amounted to €749,738,139.26, broken down into 110,341,903 ordinary shares without a stated par value.

The main indices in which IGD's stock is included:

FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia STAR, FTSE Italia Mid Cap, FTSE Italia Finanza, FTSE Italia Beni Immobili.
FTSE Italia PIR Mid Cap Index, FTSE Italia PIR Mid Small Cap Index, FTSE Italia PIR PMI All Index, FTSE Italia PIR PMI Plus Index, FTSE Italia PIR STAR Index, FTSE Italia PIR Benchmark Index, FTSE Italia PIR Benchmark STAR Index, FTSE Italia PIR Large & Mid Index.
FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia STAR, FTSE Italia Mid Cap, FTSE Italia Finanza, FTSE Italia Beni Immobili.
FTSE Italia PIR Mid Cap Index, FTSE Italia PIR Mid Small Cap Index, FTSE Italia PIR PMI All Index, FTSE Italia PIR PMI Plus Index, FTSE Italia PIR STAR Index, FTSE Italia PIR Benchmark Index, FTSE Italia PIR Benchmark STAR Index, FTSE Italia PIR Large & Mid Index.
PIR: Piani Individuali di Risparmio

FTSE EPRA/NAREIT Global Real Estate Index, FTSE EPRA/NAREIT Global Real Estate Index, FTSE EPRA/NAREIT Developed, FTSE EPRA/NAREIT Developed Dividend +, FTSE EPRA/NAREIT Europe, FTSE EPRA/NAREIT Euro Zone, FTSE EPRA/NAREIT Developed Europe Ex UK Dividend
EPRA: European Public Real Estate Association

WisdomTree Europe SmallCap Div, WisdomTree International Small, WisdomTree Global Dividend, WisdomTree International Equity, WisdomTree International High Dividend Index

S&P Italy BMI Index, S&P Eurozone BMI Index, S&P Global BMI Index, S&P Developed Property Index, S&P Global BMI Real Estate Index, S&P Developed REIT Index, S&P Global REIT USD Index

MSCI World ex USA IMI

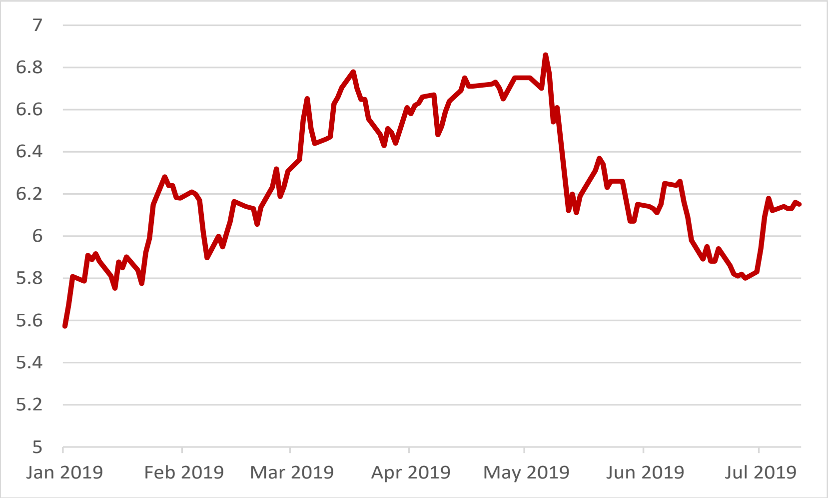
IEIF Europe, IEIF Eurozone, IEIF Eurozone hors-France, IEIF Europe Continentale, IEIF Italie
IEIF: Institut de l'Epargne Immobilière et Foncière

STOXX EURO STOXX Total Market Index (in the sub-indices ESG-X, Financials, REITs and Small), **STOXX All Europe Total Market Index, STOXX Developed Markets Total Market** (in the sub-indices ESG-X and Small), **STOXX Developed and Emerging Markets Total Market, STOXX Europe Total Market Index** (in the sub-indices ESG-X, Financials, REITs, Real Estate, Real Estate Holding & Development, Retail REITs and Small), **STOXX Europe ex UK Total Market Index** (in the sub-index Small), **STOXX Global Total Market, STOXX Italy Total Market Index, iSTOXX Developed and Emerging Markets ex USA PK VN Real Estate**

GPR IPCM LFFS Sustainable GRES Index

GPR Global Property Research
GPR IPCM LFFS Sustainable GRES Index
GPR Global Property Research

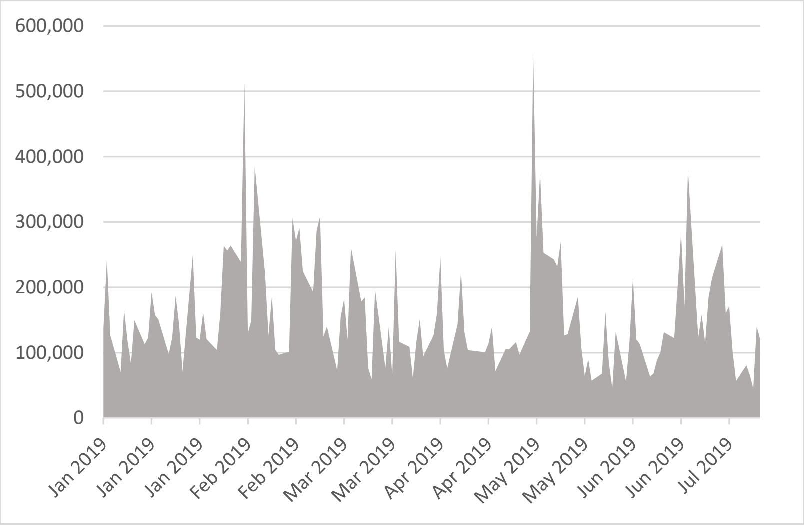
IGD's stock price since 2 January 2019



Source: Italian Stock Exchange data compiled by IGD

After falling 39.9% in 2018, IGD's stock price showed significant recovery in the first four months of 2019. Thanks to the rally the stock hit its period high of €6.86 on 7 May (+27.5% compared to the €5.38 recorded year-end 2018). In subsequent weeks IGD retraced a significant part of the previous gains, testing once again the €5.8 level in the latter part of June; the stock bounced back after 28 June to trade above €6.0 at the beginning of the second half.

Volumes of IGD stock traded since 2 January 2019

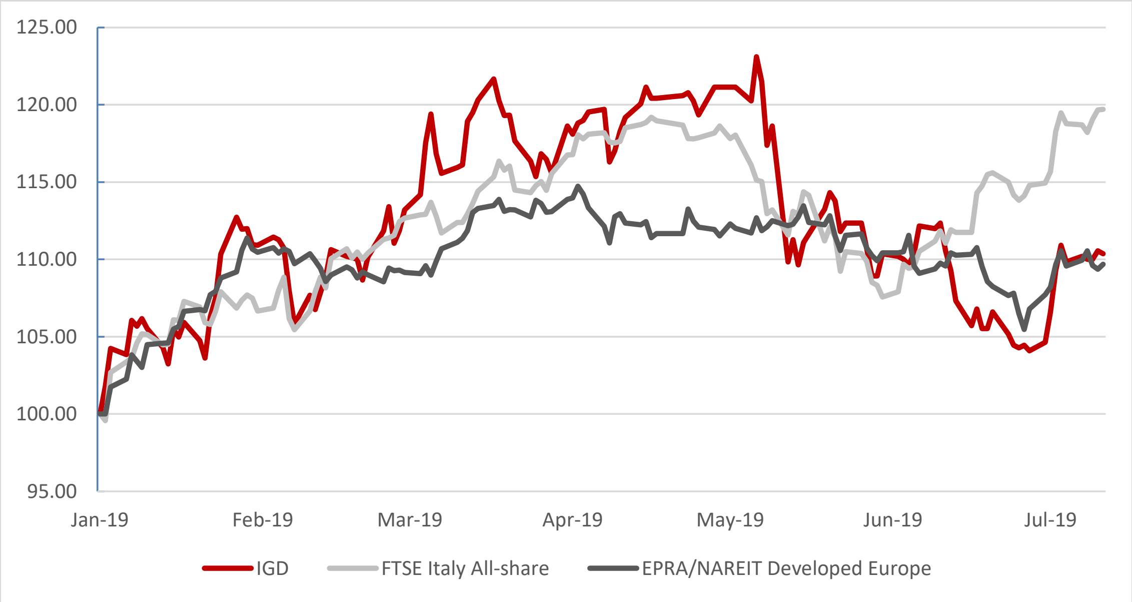


Source: Italian Stock Exchange data compiled by IGD

In the first six months of 2019 an average of 160,891 IGD shares were traded each day, lower than the 224,120 average recorded in 2018.

In the first half of 2019 the Company continued with the program aimed at enhancing the liquidity to IGD's shares begun on 4 September 2017. An independent broker is responsible for the execution of the program.

IGD's stock vs. the Italian stock market index FTSE Italia All- Share and EPRA/NAREIT Developed Europe (base 2.1.2019 = 100)



Source: Italian Stock Exchange and EPA data compiled by IGD

The comparison of IGD's stock price with the Italian stock market and the European real estate sector indices shows that the price was affected not only by elements tied solely to the Company, but also by phenomenon linked to the performance of stock markets and real estate equities in general.

At the beginning of 2019, two factors – the change of direction of the Fed which suspended previous tightening to mitigate the risk of a recession, along with more constructive developments in the USA – China trade war, created the premise for renewed optimism in the equity markets which translated into a noticeable and generalized recovery in prices in the first few months of the year.

At the beginning of May, however, investors found themselves faced with an entirely different situation: while there was a brusque escalation in international trade tensions, different pockets of geopolitical risk materialized (in Iran, North Korea and Venezuela, for example); this situation fueled profit taking in early 2019, while waiting for greater clarity relative to the outcomes of the European elections at the end of May and the G20 summit in Osaka at the end of June.

Since the end of June 2019 a new combination of favorable factors has boosted equity investment: the prospect of a prolonged truce between the USA and China that emerged at the G20 and a possible agreement toward year-end, along with the intention of the central banks to continue with accommodating monetary policy as per the statements made by Mario Draghi on 18 June and Jack Powell on 10 July. In Italy the news on 3 July that the European Commission had decided not to sanction the country for violations of budget constraints also caused the BTP-Bund spread to shrink quickly, fueling a significant rise in the prices of Italian equities.

At the same time, the European real estate sector underperformed the European stock markets, particularly in the second quarter. Fears of a slowing economy and an international trade war had a negative impact on forecasts for retail consumption, creating the expectations that retail stocks would suffer from pressure on rents in what is already a complex environment given the competition of e-commerce. In June, moreover, one of the segments which had been a driver for the European real estate sector, namely German residential, was strongly penalized by a decision of the Berlin government to freeze apartment rents for the next five years: a solution which could be extended to other, particularly expensive German cities, in the future. In the first half of 2019, the real estate sector was affected more than any other sector by the uncertainties about the outcome of Brexit.

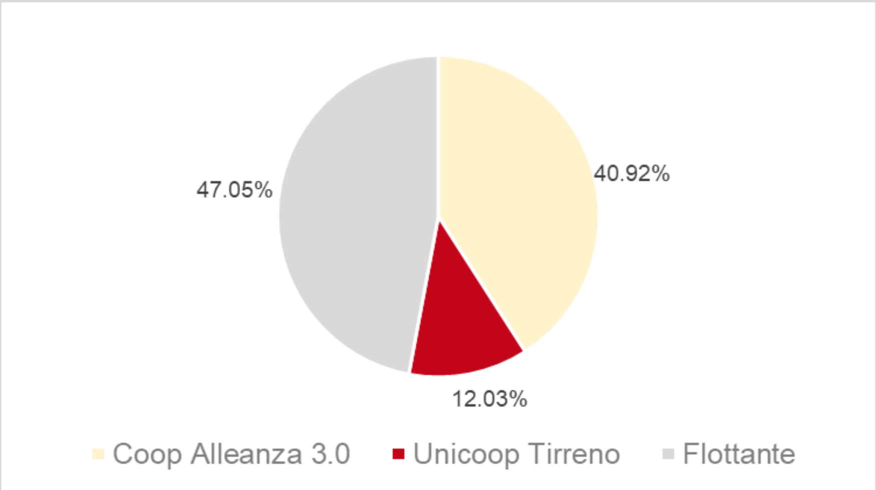
Beginning in the end of June, however, the investors' view of the property sector seemed to have changed. Real estate equities paying compelling dividends benefitted from significant capital inflows in light of the expectation that bond yields would be largely negative.

The performance of the IGD's stock should be read as part of this overall picture.
The stock rose significantly in the first few months of 2019, outperforming both the sector and Italian indices, sustained by factors which were generally favorable to equity investment and the targets outlined in the Business Plan presented in November 2018, as well as the solid FY 2018 results.

Beginning in the second week in May, IGD's stock was more in line with the European real estate index and consistent with the uncertainty that prevailed in the sector, as well as the short-term impact of the dividend payment of €0.50.

The stock recovered beginning on 27 June, sustained by the announcement of the binding agreements which will bring a change in the composition of the asset portfolio, as well as the expectations that good cash flow generation and attractive dividend payouts will continue: since the end of June the latter has been fueling the recovery of many real estate stocks which bodes well for the dividend yields.

Main shareholders



Source: IGD SIIQ SPA's shareholder register

There were no changes in the shareholders with interests of more than 5% of the capital since 31.12.2018.
There are no shareholder pacts between the Company's largest shareholders: the free float, therefore, accounts for the largest portion of the capital or 47.05%.

Investor relations and financial communication

Analyst coverage

At 30 June 2019 IGD was covered by six brokers, four domestic and two international, unchanged with respect to year-end 2018.
The consensus target price, monitored by the Company, is currently €8.08, basically unchanged with respect to €8.20 at year-end 2018.
IGD's stock price at the end of June 2019 (€5.80) indicates that there is a potential upside of around 39% on the average target price of €8.08 which explains why a large majority of the analysts' recommendations are positive (Buy, Accumulate or Outperform). Currently there is only one neutral rating and none of the analysts covering the stock have issued a sell recommendation.

Presentations and meetings with investors

In the first part of 2019 IGD organized two conference calls:

- 26 February, to discuss the FY 2018 results;
- 7 May, to discuss the results for first quarter 2019.

A total of 36 institutional investors participated in the conference calls.
Thanks to the collaboration of five different brokers, in 2019 IGD's management met institutional investors in the main European financial centers (London, Brussels, Luxembourg and Milan).
During the meetings IGD presented its Business Plan 2019-2021, approved on 7 November 2018, as well as the results for FY 2018 and the first quarter of 2019.
Participation in conferences was particularly intense in the first part of 2019.
On 20 March 2019 IGD participated in the STAR Conference in Milan, on 22 May in Kepler Cheuvreux-Unicredit's Italian Investment Conference held in Milan and on 20 June IGD Company management met with important institutional investors in London during the European property conference organized by Morgan Stanley. Lastly, on 2 July IGD participated for the third time in the Italian Sustainability Day held in Milan at the Italian Stock Exchange.
In first half 2019 management met with a total of around 40 institutional investors.

Financial calendar 2019

26 February - Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2018.
10-11 April- Annual General Meeting convened to approve the financial statements for the year ending 31 December 2018 in first call and second call, respectively.
7 May - Board of Directors' meeting to approve the Interim Financial Report at 31 March 2019.
2 August - Board of Directors' meeting to approve the Half-Year Financial Report at 30 June 2019.
7 November - Board of Directors' meeting to approve the Interim Financial Report at 30 September 2019.

1.7. Significant events in the first half

Corporate events

On 2 January 2019 the Parent Company received tranche A or €125,000,000 of the loan signed on 16 October 2018. On 7 January 2019 IGD SIIQ used this loan to repay the remainder of the original €150,000,000 bond, which amounted to €124,900.000 at 31 December 2018.

On 26 February 2019 the Board of Directors approved the draft separate and consolidated financial statements for FY 2018, as well as the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, and the Board of Director's Compensation Report. The Board of Directors also approved the ninth Corporate Sustainability Report which was the second edition to have received certification from PricewaterhouseCoopers for compliance with the most important international standards (the GRI Standards). Lastly, the Board of Directors, in front of a notary, approved the transfer of the Company's registered office to Via Trattati Comunitari Europei 1957-2007, n. 13 in Bologna.

On 29 March 2019 the Parent Company received tranche B or €75,000,000 of the loan signed on 16 October 2018, which was used to extinguish a few short-term credit lines and meet cash needs. On the same date, IGD signed five interest rate swap agreements for a total of €200 million hedging both tranche A and B of the above mentioned loan.

During the Annual General Meeting held on 10 April 2019 IGD SIIQ S.p.A.'s shareholders approved the 2018 financial statements for IGD SIIQ S.p.A., as presented during the Board of Directors meeting held on 26 February 2019, which closed with a net profit of €41.2 million, and also resolved to pay a dividend of €0.50 per share. The dividend will be payable as from 15 May 2019.

The total dividend payable, calculated based on the number of the Company's shares outstanding at the date of the AGM (110,276,800), net of any treasury shares held at the same date, amounts to €55,138,400, to be taken from:

- for €33,790,720.29, distributable income derived entirely from exempt operations;
- for €15,304,621.34, profits carried forward from exempt operations;
  The income distributed from exempt operations amounts to €49,095,341.63 or €0.445201 per share;
- for €2,176,781.55, distributable income derived entirely from taxable operations;
- for €2,434,994.22, profits carried forward from taxable operations, as well as generated prior to becoming a SIIQ;
  The earnings distributed subject to ordinary income tax amount to €4,611,775.77 or €0.041820 per share;
- for €1,431,282.60, or €0.012979 per share, partial utilization of the share premium reserve.

During the AGM shareholders also approved the first section of the "Compensation Report", already approved by the Board of Directors on 26 February 2019, pursuant to art. 123-ter of Legislative Decree 58/98, and renewed the authorization granted to the Board of Directors to buy and sell treasury shares, on one or more occasion, for up to the maximum allowed by law.

On 9 April 2019 Moody's issued a press release announcing the downgrade of IGD's rating from Baa3 (with outlook negative) to Ba1 (with outlook stable). With regard to the impact of Moody's decision, the Group noted that:

- the decision will not result in any sort of advance repayment of the Group's existing debt;

- the rating downgrade will result in an increase or "step up" of 1.25% in the annual interest rate paid on the "*300,000,000 2.500 per cent notes due 31 May 2021*" and the "*€100,000,000 2.25 per cent Senior Notes due 11 January 2024*"

In light of the above, the Group deemed it opportune to revise the outlook for FFO in 2019 disclosed on 26 February from around +6/7% to around +1% due to the increase in financial charges of approximately €5 million per annum.

On 23 April 2019 the rating agency S&P Global Ratings assigned IGD - Immobiliare Grande Distribuzione SIIQ S.p.A. a "BBB-"rating with outlook stable. As a result of this investment grade rating with outlook stable, in accordance with applicable rules and regulations, the step up of 1.25% in the annual interest rate paid on the "*300,000,000 2.500 per cent notes due 31 May 2021*" and the "*€100,000,000 2.25 per cent Senior Notes due 11 January 2024*", which would have resulted in an increase in financial charges of around €5 million per annum, was not triggered. In the wake of Standard & Poor's Global Ratings' valuation, the Group confirmed the 2019 guidance for FFO (growth of +6/7%).

On 7 May 2019 the Board of Directors examined and approved the interim financial report at 31 March 2019.

On 25 March 2015, Iniziative Immobiliari Siciliane S.r.l. (IIS) filed a lawsuit in Ravenna against IGD asking for damages of €5,925 thousand (or a greater amount pending verification of the figures provided) as a supplement to the price paid by IGD for the mall in the Katanè shopping center in Gravina di Catania in 2009. In previous years the Group had made provisions of €2,154 for this risk.

On 7 June 2019 the court of Ravenna issued sentence n. 600/2019 based on which most of IIS's claims were recognized and IGD was to pay €4,616,023.84, plus interest, as a supplement to the sales price paid for the mall, as well as €230,801.19, plus any adjustment for inflation and interest, in damages for the failure to increase the variable rent paid, in addition to legal expenses and consultancies. (For more information see note 45 of the Explanatory Notes).

On 14 June 2019 Demostene S.p.A., assignee of the entire amount payable as ordered by the court, notified IGD (the debtor) via certified e-mail that the credit, along with interest (already accrued and accruing) and ancillary expenses, has been assigned to them without recourse.

In light of the above, the Company reserves the right to assess the damages payable (without prejudice, obviously, to any more favorable settlement offers) supported by appraisals of the legal experts hired by the Company who believe that other grounds exist which would reasonably justify an appeal (again, without prejudice to any other settlement proposals) and a positive outcome.

On 28 June 2019 the Group signed binding agreements with a premiere international real estate player involving:

- the sale by Porta Medicea Srl (a wholly-owned subsidiary of IGD Management) of "Palazzo Orlando", an office building in Livorno, for €12.8 million (in addition to taxes). In accordance with the applicable accounting standards, this property was reclassified from "Investment property" to "Non-current assets held for sale";
- the purchase by IGD of the 50% interest in the "Darsena City" Shopping Mall of which it is currently joint-owner;
- the purchase by IGD Management Srl (a wholly-owned subsidiary of IGD), of the 50% interest held in the joint venture RGD Ferrara 2013 Srl – owner since 2013 of the Darsena City operations – of which IGD is currently joint-owner.

The IGD Group will pay a total of €13.9 million (in addition to taxes) for the two acquisitions.

The definitive contracts will be executed by 30 September 2019.

These transactions will allow IGD to focus on its core business (retail real estate). More in detail, IGD will subsequently own all of the "Darsena City" Shopping Mall, which will allow for greater efficiencies in the management of the asset.

Furthermore, as a result of the Palazzo Orlando sale (consistent with the disposal/asset rotation strategy called for in the Business Plan 2019-2021), the market sales of the Piazza Mazzini section of the Porta a Mare Project in Livorno are basically finished (in addition to the offices, there are also residences, of which 72 out of 73 are already sold or pledged) and the focus will now be on completing the Officine Storiche section, where work is currently underway.

Investments

During the first half of 2019 the Group continued with development of the Porta a Mare – Officine project, restyling and remodeling of the space in Fonti del Corallo, restyling of the Casilino center, as well as extraordinary maintenance.
The investments made at 30 June 2019 are shown below:

	30/06/2019 Euro/mln
Development projects:	
Porta a Mare project Officine Storiche retail area (in progress)	0.84
Porta a Mare project (Trading) (in progress)	0.31
Restyling intervention in progress	0.49
Restyling intervention finished in the half year	2.21
Extraordinary maintenances	4.76
Other	0.17
Total investments carried out	**8.78**

Development projects

"Porta a Mare" Project

In the first half of 2019 sales agreements for 3 residential units, 4 garages and one parking place, in the Mazzini section, were drafted. The preliminary agreements for these sales were signed in July 2019. Following these transactions, 98.7% of the units are now sold/pledged.
Work on the Officine Storiche area (residential portion) continued in the year for a total of around €312 thousand, while work on the retail portion, which is expected be completed in 2020, amounted to approximately €835 thousand.

Restyling

In the first half of 2019 the restyling and remodeling of the Fonti del Corallo center was completed, in accordance with the agreement between IGD SIIQ and UNICOOP Tirreno to reduce the GLA of the hypermarket in order to create three midsize retail areas. The costs incurred for the restyling and the remodeling amounted to €2,213 thousand at 30 June 2019. During the half work also began on the restyling and remodeling of the space (joining/dividing stores) on the first floor of the Casilino mall in Rome. The costs incurred for this work amounted to €487 thousand at 30 June 2019.

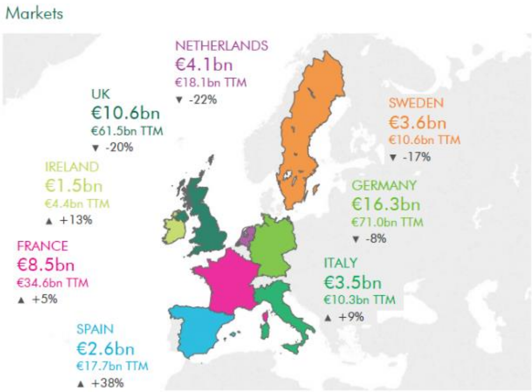
Extraordinary maintenance

During the first half of 2019 extraordinary maintenance continued, for €4,764 thousand, relating mainly to earthquake proofing at the Centro d'Abruzzo, Tiburtino, and Casilino shopping centers and fire alarm systems primarily at a few Romanian shopping centers.

1.8. The Real Estate Portfolio

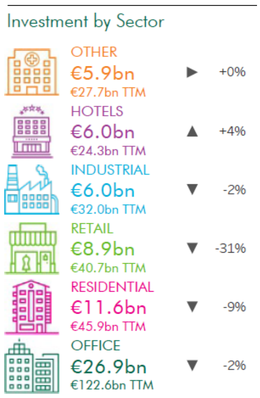
For a better understanding of IGD SIIQ SPA Group's real estate portfolio, below is a brief description of how the Italian and European real estate markets performed in first half 2019, with regard specifically to the Italian and Romanian retail segments.

Property investments in Europe amounted to €293 billion in the last 12 months (July 2018 – June 2019), a decline of 8% compared to the same period of the prior year.



In north central Europe countries, where investments had recovered over the past few years, negative growth was reported (Netherlands -22%, UK -20%, Sweden -17%, Germany -8%), while the south central European countries, where moderate recovery is still underway, reported higher investments led by Spain (+38%), followed by Italy (+9%), France (+5%) and Ireland (+1%).

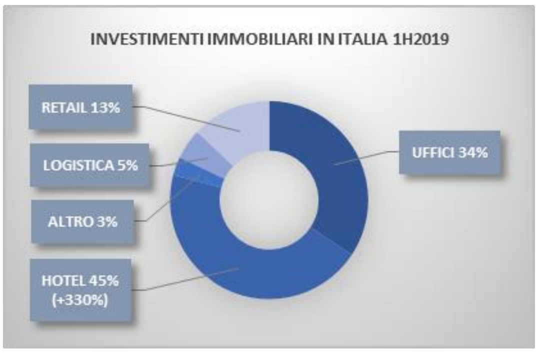
Source: Cbre Snapshot European Investment Market 2Q2019



In terms of investments by sector, the only one showing growth compared to the last twelve months of the prior year was Hotels, while all the other sectors reported declines, including double-digit (Retail -38%).

Source: Cbre Snapshot European Investment Market 2Q2019

The Italian real estate market in first half 2019 shows growth of 48% compared to the same period 2018 with transactions totaling €5.22 billion. The first quarter was basically flat, while noticeable acceleration was reported in the second quarter due to a more stable political situation in Italy, as well as the monetary policy of the FED and the ECB.



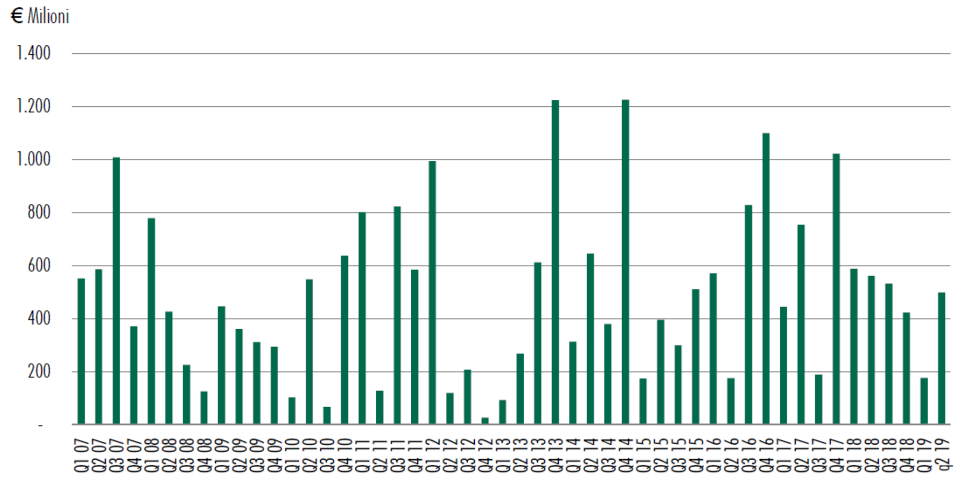
Fonte CBRE 1H2019

The Italian real estate market

Investments amounted to around €675 million in the first half of 2019, down 43% against the same period of the prior year.

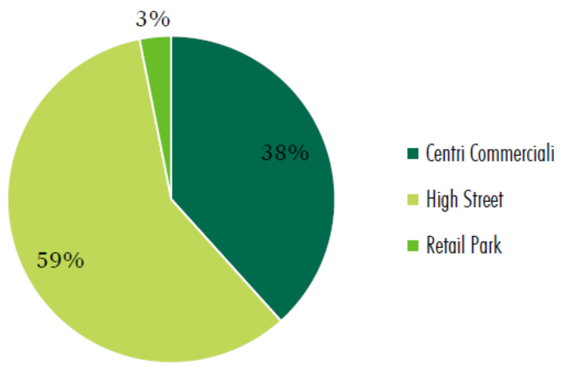
The investments were mainly in high street, while shopping centers didn't move due to the foreign investors' lack of interest in the Italian market tied to concerns about the expansion of e-commerce and the impact on traditional shopping, as well as proposed legislation to limit Sunday openings. Given the transactions underway, however, good activity is also expected in the second half of the year.

Change in retail investments in Italy from 2007 to 1H 2019:



Fonte: CBRE Research, Q2 2019.

Investments by retail real estate segment in the first half:



Fonte: CBRE Research, Q2 2019.

Yields for prime high street were unchanged compared to the historic lows recorded in the past 6 quarters, while yields for the other categories were down by between 10 and 25 bps in the first two quarters of 2019.

Rendimenti (%)	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
High Street Prime	3,00	3,00	3,00	3,00	3,00	3,00
High Street Secondary	4,50	4,50	4,50	4,50	4,50	4,60
Shopping Centre Prime	4,90	4,90	4,90	5,00	5,15	5,25
SC Good Secondary	6,00	6,00	6,25	6,25	6,25	6,5
Retail Park Prime	5,90	5,90	5,90	6,00	6,10	6,25
Retail Park Good Secondary	6,75	6,75	6,75	6,90	7,00	7,1

Fonte: CBRE Research, Q2 2019.

The most important retail real estate investments made in Italy in first half 2019 are shown below:

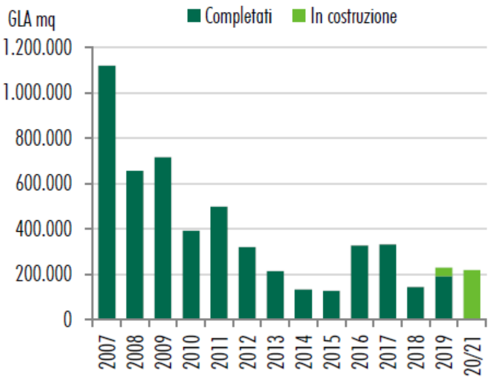
NOME	TIPOLOGIA	ACQUIRENTE	VALORE (€)
Galleria Auchan Monza	Centri Commerciali	Forma Fund	46 ML
Parco Leonardo	Centri Commerciali	Generali/Poste	190 ML
CBD Duomo Milano	High street	n.p.	100 ML
Via della Spiga 26	High street	Hines/PGGM	210 ML

(Source: -Cbre-JLL)

The stock and the retail sector pipeline

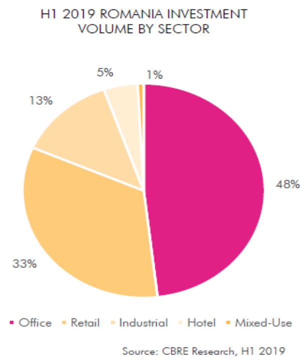
In the first half of 2019 two new shopping centers were completed (Gran Roma - GLA 32,000 m^2 and La Birreria in Naples - GLA 26,000 m^2), as well as the expansion of a number of existing structures, the biggest of which was the Settimo Cielo RP in Turin.

The projects completed and still underway at 30 June 2019 are shown below (GLA >10,000 m^2):



Fonte: CBRE Research, Q2 2019.

The Romanian retail real estate market



Retail property investments amounted to around €340 million in the first half of 2019, in line with the same period of the prior year.
33% of the total was in the retail segment, with a single transaction of around €113 million involving a portfolio of nine retail parks.

With the completion of around 67,000 m^2 of new retail GLA (shopping malls and retail parks), the total stock in Romania reached 3.7 million m^2 and is expected to reach around 3.8 million m^2 by year-end 2019.

In 2020 an additional 214,000 m^2 of new GLA, comprised mainly of shopping centers, is expected be added to the market. The shopping center format continues to be the preferred format in the Romanian retail market.
Yields for prime shopping centers were confirmed at 6.50%.
Prime rents for shopping centers reached around €80 m^2/month, about €55 m^2/month for High Street and between €8/15 m^2/month for Retail Parks.

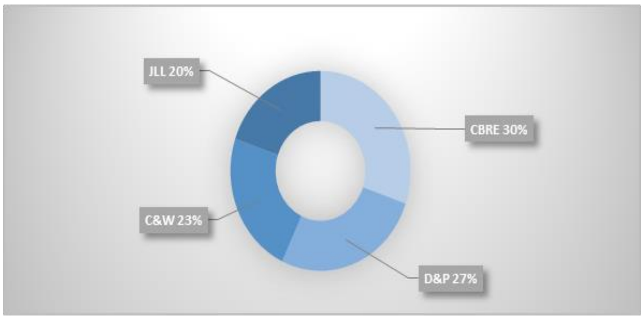
THE REAL ESTATE PORTFOLIO

Based on the appraisals at 30 June 2019, the IGD SIIQ SPA Group's real estate portfolio has a fair value of €2,388 million, to which the fair value of the leasehold properties (€61.21 million) should be added.

FREEHOLD ASSETS

The IGD SIIQ SPA Group's real estate portfolio is comprised of commercial retail properties, of which 97.21% is already generating revenue, while the remainder is explained by assets under construction.
The assets generating revenue streams are found in Italy and Romania, while at 30 June 2019 the development projects were solely in Italy.
During the half the assignments currently granted to the 4 real estate appraisal companies were renewed for one more year: CBRE Valuation S.p.A. (also referred to as CBRE), Duff&Phelps Reag S.p.A. (also referred to as D&P), Cushman & Wakefield LLP (also referred to as C&W) and Jones Lang LaSalle S.p.A (also referred to as JLL).
The perimeter of properties appraised by CBRE and D&P was unchanged, while the perimeter assigned to JLL and C&W increased following the inclusion in the portfolio of four new malls in 2018.
IGD's portfolio was appraised by the four companies based on the following percentages of FV:

Breakdown of the IGD Group's portfolio by appraiser at 30/06/2019:



The breakdown of fair value by appraiser at 30 June 2019 in Italy and Romania is shown below:

Amounts in thousands of Euro	Fair Value 30.06.19 Total	Fair Value 30.06.19 Italy	Fair Value 30.06.19 Romania
C&W	553.54	553.54	0
CBRE	724.28	656.71	67.57
JLL	472.85	472.85	0
Duff&Phelps	637.66	554.06	83.6
Total IGD's Portfolio	**2,388.33**	**2,237.16**	**151.17**

The fees paid at 30 June 2019 to the independent appraisers are shown below:

Fees at 30/06/2019 Amounts in thousands of Euro	Appraisals fees	Other fees	Fairness Opinions fees	Total fees
CBRE	64	0		64
Duff&Phelps	74	22		96
JLL	44	0	11	55
C&W	40	0		40
Total IGD's Portfolio	**222**	**22**	**11**	**255**

The asset classes comprising the Group's real estate portfolio at 30 June 2019 are described below:

- ✓ "Hyper and super": 25 properties with a total GLA of about 235,000 m^2, found in 8 regions in Italy. There were no changes in the perimeter of this asset class in the half.
- ✓ "Malls and retail parks": 27 properties with a total GLA of about 418,000 m^2, found in 12 regions in Italy. There were no changes in the perimeter of this asset class in the half.
- ✓ "Other": three mixed use properties which are part of freehold shopping centers or office units, one of which, Palazzo Orlando, is held for sale, and a mixed use property used by athletes and sports associations as housing/offices, for a total GLA of about 13,000 m^2;
- ✓ "Progetto Porta a Mare": a mixed use real estate complex with a residual GLA of approximately 38,200 m^2 currently under construction located near Livorno's waterfront;
- ✓ "Development projects": this asset class comprises a single property located near the Porto Grande Shopping Center which will be used to expand the center by around 5,000 m^2 GLA;
- ✓ "Winmarkt": a portfolio of 14 properties used primarily for retail purposes, and an office building, found throughout Romania covering a total area of approximately 94,000 m^2. The properties belonging to this asset class are centrally located in thirteen of Romania's largest cities, but none are found in the capital, Bucharest.

The IGD Group has 61 properties in Italy (including 50% of the "Darsena" Shopping Center) and can be broken down by asset class as follows:

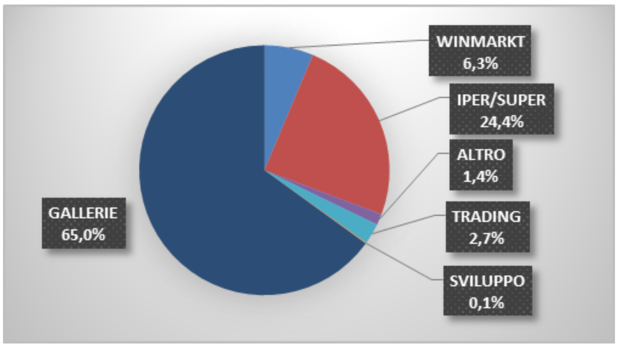
- 25 hypermarkets and supermarkets
- 27 shopping malls and retail parks
- 1 development project
- 1 asset held for trading
- 7 other

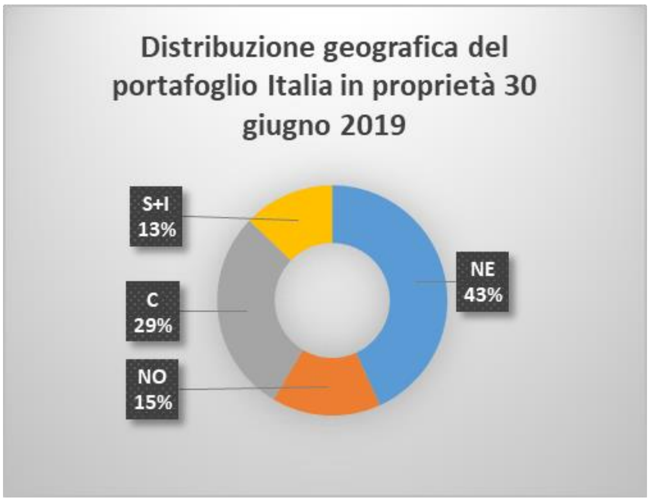
The IGD Group has 15 properties in Romania, broken down as follows:

- 14 shopping malls

- 1 office building

The fair value of the IGD Group's real estate portfolio at 30 June 2019 can be broken down as follows:





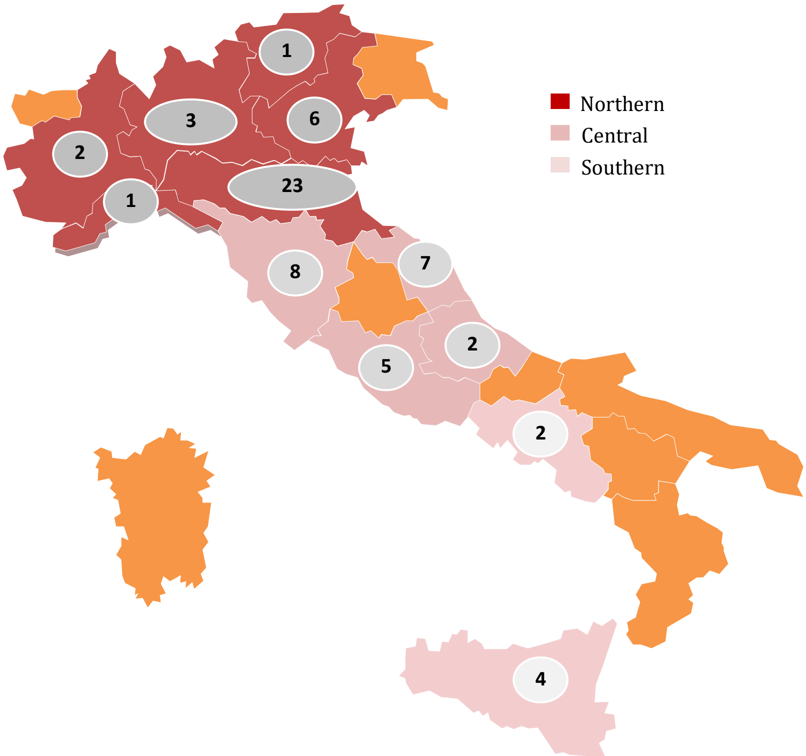
LEASEHOLD ASSETS

The leasehold assets comprise three Italian shopping malls, with a total GLA of around 31,700 m^2, found in Villanova di Castenaso (Bologna), San Donà di Piave (Venice) and Livorno.

MAP OF IGD'S FREEHOLD AND LEASEHOLD PROPERTIES IN ITALY AND ROMANIA

The location of the 64 leasehold and freehold properties in Italy are shown below:

E.Romagna:8 Malls, 9 Hyper - super; 5 Other; 1 Mall in leasehold;
Piedmont: 2 Malls +RP
Lombardy:3 Malls,
Liguria: 1 Mall
Trentino: 1 Mall
Veneto; 2 Malls + RP; 3 Hyper; 1 Mall in leasehold;
Marche:2 Malls, 4 Hyper, 1 development project
Abruzzo:1 Mall; 1 Hyper;
Campania:1 Mall; 1 Hyper;
Lazio: 2 Malls; 3 Hyper-super
Tuscany: 2 Hyper-super, 1 Asset held for trading, 2 Malls; 2 Other; 1 Mall in leasehold;
Sicily: 2 Hyper; 2 Malls



Note: **NE**: Trentino Alto Adige, Veneto, Emilia- Romagna; **NO**: Piedmont, Lombardy; Liguria **C**: Tuscany, Marche, Lazio, Abruzzo; **S+I**: Sicily, Campania

The 15 freehold properties in Romania are shown below:

Muntenia: 6 Malls,1 Office building
Moldova: 3 Malls+ 1 RP
Oltenia:1 Mall,
Transilvania: 3 Malls
Dobrogea: 1 Mall

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

ITALY

Asset	Location	Mall and retail park GLA	Other / External area (sqm)	Ownership	Opening date	Last extension / remodeling / restyling date	% owned	Form of ownership	No. of shops	No. of medium surfaces	No. of other/external areas	Parking places	Main brands	Food anchor	Food anchor GLA
Centro Commerciale Borgo	Bologna (BO)	6,975	//	IGD SIIQ SPA	1989	2015	100	Freehold Property	32	4		1,450	Librerie Coop, Unieuro, Scarpe&Scarpe	Ipercoop	11,480
Ipermercato CC Miralfiore	Pesaro (PU)	//	//	IGD SIIQ SPA	1992	//	100	Freehold Property (Hypermarket)					//	Ipercoop	10,412
Ipermercato CC Globo	Lugo di Romagna (RA)	//	//	IGD SIIQ SPA	1997	2005	100	Freehold Property (Hypermarket)					//	Ipercoop	7,937
Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	7,555	543	IGD SIIQ SPA	2001	//	100	Freehold Property	36	2	1	1,730	Decathlon, Deichmann	Ipercoop	15,290
Centro Commerciale d'Abruzzo	San Giovanni Teatino (CH)	12,571	3,610	IGD SIIQ SPA	2001	2014	100	Freehold Property	43	7	3	1,730	Decathlon, Euronics, Librerie Coop, Piazza Italia; Terranova; Intersport; Scarpamondo	Ipercoop	14,127
Centro Commerciale Lungo Savio	Cesena FC)	2,928	//	IGD SIIQ SPA	2002	//	100	Freehold Property	23	1		850	Librerie Coop, Motivi, Primigi; Kiko	Ipercoop	7,476
Galleria Commerciale Millennium	Rovereto (TN)	7,683	//	MILLENNIUM GALLERY SRL	2004	//	100	Freehold Property (excluding supermarket and a portion of the mall)	28	4		900	Game 7 Athletics, Oviesse, Trony, Bata	Superstore Coop (non di proprietà)	//
Ipermercato CC I Malatesta	Rimini (RN)	//	882	IGD SIIQ SPA	2005	//	100	Freehold Property (Hypermarket + Wholesale Area + Fitness Area)					//	Ipercoop	10,435
Ipermercato Schio	Schio (VI)	//		IGD SIIQ SPA	2008	//	100	Freehold Property (only hypermarket)					//	Ipercoop	8,176
Centro Commerciale Le Maioliche	Faenza (RA)	22,191	//	IGD SIIQ SPA	2009	//	100	Freehold Property	42	8		2,400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	9,277
Centro Commerciale Città delle Stelle	Ascoli Piceno (AP)	21,021	1,850	IGD SIIQ SPA	2002	2017	100	Freehold Property	43	8	1	2,200	Piazza Italia, Unieuro, H&M; Multiplex Stelle; Kiabi, Casa, Clayton; Dverso	Ipercoop	9,614
Centro Commerciale Casilino	Roma (RM)	5,614	760	IGD SIIQ SPA	2002	//	100	Freehold Property	24	3	1	1,260	Euronics, Piazza Italia, Satur;	Ipercoop	13,688
Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	33,494	//	IGD SIIQ SPA	2009	//	100	Freehold Property	99	13		3,800	Desigual; Azzurra Sport, Piazza Italia, Obi, Scarpamondo,New Yorker, Euronics	Ipercoop	7,663
Centro Commerciale La Torre	Palermo (PA)	15,250	//	IGD SIIQ SPA	2010	//	100	Freehold Property	44	6		1,700	Expert, Scarpe&Scarpe, Piazza Italia, H&M; McDonald	Ipercoop	11,217
Piastra Commerciale Mazzini	Livorno (LI)	6,095	//	IGD SIIQ SPA	2014	//	100	Freehold Property	23	1			Unieuro/Coop	Coop	1,440
Centro Commerciale ESP	Ravenna (RA)	30,171	3,200	IGD SIIQ SPA	1998	2017	100	Freehold Property	85	16	1	3,304	Deichmann, Game 7 Athletics, Unieuro, H&M, Piazza Italia, Bershka, Pull & Bear, OVS; Kiabi, Casa, Maisons du Monde, Scarpe & Scarpe	Ipercoop	16,536
Galleria CC Luna	Sarzana (SP)	3,576	//	IGD SIIQ SPA	1992	//	100	Freehold Property (excluding hypermarket)	38	1			Piazza Italia, Kiko, GameStop, Camaieu	Ipercoop (non di proprietà)	//
Galleria CC Favorita	Mantova (MN)	7,400	//	IGD SIIQ SPA	1996	2007	100	Freehold Property (excluding hypermarket)	34	4			Ovs, Piazza Italia, Calliope, Deichmann	Ipercoop (non di proprietà)	//
Retail Park CC Favorita	Mantova (MN)	6,214	//	IGD SIIQ SPA	1996	//	100	Freehold Property (only buildings 1, 2A, 2B, 3)	5				Mediaworld,Terranova, Scarpe & Scarpe, Upim	//	//
Centro Commerciale Leonardo	Imola (BO)	15,098	//	IGD SIIQ SPA	1992	2012 (Zara p1)	100	Freehold Property	59	6			OVS, Zara,Mediaworld	Ipercoop	15,862
Supermercato Cecina	Cecina (LI)	//	//	IGD SIIQ SPA	1994	//	100	Freehold Property (only supermarket)					//	Coop	5,749
Centro Commerciale Lame	Bologna (BO)	6,158	//	IGD SIIQ SPA	1996	2003	100	Freehold Property	45	1			Benetton, Original Marines, Camaieu	Ipercoop	15,201
Ipermercato CC Il Maestrale	Cesano di Senigallia (AN)	//	//	IGD SIIQ SPA	1999	//	100	Freehold Property (Hypermarket)					//	Ipercoop	12,501
Ipermercato CC Fonti del Corallo	Livorno (LI)	5,613	//	IGD SIIQ SPA	2003	//	100	Freehold Property (only hypermarket)					//	Ipercoop	9,359
Centro Commerciale e Retail Park Conè	Conegliano (TV)	18,162	//	IGD SIIQ SPA	2010	//	100	Freehold Property	56	9		1,550	Maison du Monde,Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe, Stradivarius	Ipercoop	9,498
Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	2010	//	100	Freehold Property (only supermarket)					//	Coop	3,020
Galleria Commerciale Punta di Ferro	Forlì (FC)	21,223	//	IGD SIIQ SPA	2011	//	100	Freehold Property (excluding hypermarket)	94	3		2,854	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	//
Galleria Commerciale Maremà	Grosseto (GR)	17,120	//	IGD SIIQ SPA	2016	//	100	Freehold Property (excluding hypermarket)	45	6		3,000	Piazza Italia, Decathlon, Zara, Bershka, Stradivarius, Pull & Bear	Ipercoop (non di proprietà)	//
Galleria Commerciale Gran Rondò	Crema (CR)	15,764	//	IGD SIIQ SPA	1994	2006	100	Freehold Property (excluding hypermarket)	38	4	presente distributore di proprietà Coop Lombardia	1,280	Oviesse, Promenade calzature	Ipercoop (non di proprietà)	//
Centro Commerciale Le Porte di Napoli	Afragola (NA)	16,983	//	IGD SIIQ SPA	1999	2014	100	Freehold Property	67	8		2,650	Desigual; Euronics, H&M, Piazza Italia; Rosso Pomodoro	Ipercoop	9,570
Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	23,773	//	IGD MANAGEMENT SRL	2003	2015	100	Freehold Property (excluding hypermarket)	72	8		2,500	OVS, H&M, Piazza Italia, Skyline cinema, Roadhouse, Scarpe&Scarpe , Rosso Pomodoro	Ipercoop (non di proprietà)	//
Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	17,197	//	IGD SIIQ SPA	2007	//	100	Freehold Property (excluding hypermarket)	42	8		4,500	Jysk,OVS, Librerie.Coop, Brico IO, Foot Loker	Ipercoop (non di proprietà)	//
Centro Commerciale Darsena City	Ferrara (FE)	12,654	//	IGD SIIQ SPA	2005	//	50	50% Freehold property of mall and hypermarket	15	2		1,320	Pittarosso, Euronics	Despar	3,715
Centro Commerciale Katanè	Gravina di Catania (CT)	14,940	//	IGD SIIQ SPA	2009	//	100	Freehold Property	67	6		1,320	Adidas, Euronics, H&M, Conbipel, Piazza Italia,	Ipercoop	13,663
Galleria Commerciale I Bricchi	Isola d'Asti (AT)	15,994	245	IGD SIIQ SPA	2009	//	100	Freehold Property (excluding hypermarket)	24	5		1,450	Deichmann	Il Gigante (non di proprietà)	//
Retail Park Clodì	Chioggia (VE)	9,329	//	IGD SIIQ SPA	2015		100	Freehold Property	8	6			OVS, Scarpe&Scarpe; Piazza Italia, Dechatlon	Ipercoop	7,490
Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA		//	100	Freehold Property (Supermarket)					//	Coop	2,250
Centro Piave	San Donà di Piave (VE)	11,618	//	CSII SPA	1995	2003	//	Master Leasing	48	5		1,500	Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe; McDonald	Ipercoop	15,826
Centro Nova	Villanova di Castenaso (BO)	12,740	//	CSII SPA e COPAIN HOLDING SPA	1995	2008	//	Master Leasing	55	7		2,400	H&M, Librerie Coop, Bershka, Pittarosso, Benetton; McDonald	Ipercoop	18,188
Galleria CC Fonti del Corallo	Livorno (LI)	7,313	//	Fondo Mario Negri	2003	//	//	Master Leasing	55	2		1,600	Oviesse; Librerie Coop, Bata, Swarovski	Ipercoop	15,371

ROMANIA

Shopping Center	Location	Shopping Center GLA (sqm)	Net Salling Area	Circulation (sqm) Rented	Rentable Warehouse/office	Ownership	Opening date	Extension / Restyling date	Extension area	% owned	Form of ownership	No. of shops	No. of medium spaces	Parking places	Main brands	Food anchor	GLA food anchor	Food anchor Sales area
Winmarkt Grand Omnia Center	Ploiesti	19,689	16,870	309	1,129	Win Magazin SA	1986	2015		100	Freehold property	109	//	400	Adidas, Levi's, Domo, Vodafone, Carrefour Market, dm drogerie,Leonardo, Jolidon, Eponge, Banca Transilvania, KFC, Flanco, Pepco	Carrefour	1,215	1,215
Winmarkt Big	Ploiesti	4,864	2,776	442	1,016	Win Magazin SA	1976	2013		100	Freehold property	82	//		Banca Transilvania, Carrefour Market	Carrefour	882	700
Winmarkt	Galati	7,898	7,490	106	367	Win Magazin SA	1973	2005		100	Freehold property	36	//		H&M, B&B, Sevda, Jolidon, Bigotti, Massini, Pepco, CGS	Billa	827	569
Winmarkt	Ramnicu Valcea	7,913	7,684	51	166	Win Magazin SA	1973	2004		100	Freehold property	35	//		H&M, Carrefour Market, Eponge, Leonardo, Jolidon, dm drogerie Markt, Domo	Carrefour	900	900
Winmarkt	Piatra Neamt	5,948	4,879	337	839	Win Magazin SA	1985	2014		100	Freehold property	67	//		H&M, Sevda, B&B Collection, Billa, Leonardo, Eponge, Pepco, Reshoes	Billa	878	520
Winmarkt	Braila	7,727	6,349	93	821	Win Magazin SA	1978	2004		100	Freehold property	45	//		Carrefour Market, Leonardo, Jolidon, Altex, Vodafone, Sevda, Pepco	Carrefour	673	550
Winmarkt	Buzau	5,302	4,953	32	314	Win Magazin SA	1975	2013		100	Freehold property	29	//		H&M, Carrefour Market, Leonardo, Pepco	Carrefour	800	650
Winmarkt	Tulcea	3,963	3,777	5	182	Win Magazin SA	1972	2002		100	Freehold property	27	//		H&M, B&B Collection, Leonardo, Altex, Fraher, Vodafone	Fraher	405	405
Winmarkt	Cluj Napoca	7,651	5,704	85	1,510	Win Magazin SA	1983	2011		100	Freehold property	36	//		Carrefour Market, dm drogerie, Leonardo, Big Fitness	Carrefour	1,338	1,188
Winmarkt	Bistrita	5,131	4,799	61	392	Win Magazin SA	1984	2005		100	Freehold property	33	//		Altex, Leonardo, dm drogerie, fast-food Pizzamania, Pepco			
Winmarkt	Alexandria	3,434	3,302	33	74	Win Magazin SA	1978	2013		100	Freehold property	31	//		Carrefour Market, Pepco, Eponge, Leonardo, Jolidon, Vodafone	Carrefour	680	680
Winmarkt	Slatina	6,086	4,833	29	1,102	Win Magazin SA	1975	2005		100	Freehold property	22	//		Altex, Telekom, B&B	Carrefour	553	505
Winmarkt	Vaslui	3,622	3,452	23	192	Win Magazin SA	1973	2006		100	Freehold property	26	//		Carrefour, Reshoes, Jolidon	Carrefour	527	527
Winmarkt	Turda	2,515	2,231	-	284	Win Magazin SA	1981	2007		100	Freehold property	9	//		Pepco			
TOTAL Malls		91,743	79,099	1,607	8,388													
Winmarkt Junior	Ploiesti	3,012	2,137	544	331	Win Magazin SA				100	Freehold property	2						
TOTAL		94,755	**81,236**	**2,151**	**8,719**													

ITALY

ANALYSIS BY ASSET CLASS

In the first half of 2019 the IGD Group's real estate portfolio was unchanged. The main changes for each asset class in the period are described below.

Changes in property use of leasehold and freehold assets in the first half of 2019 are summarized in the following table:

Amounts in million of Euro	IGD Group Investment Property						Direct Development Initiatives	Porta a Mare project (*)	Total investment property, land and development initiatives, assets held for trading	Right to use (IFRS 16)	Total investment property, land and development initiatives, assets held for trading
	Hypermarkets and Supermarkets	Shopping Malls Italy	Other (**)	Total Italy	Total Romania	Total IGD Group	Terreni e costi accessori	Porta a Mare Project (+)			
Book value 31.12.2018	**585.63**	**1,573.79**	**32.32**	**2,191.74**	**154.79**	**2,346.53**	**2.80**	**62.82**	**2,412.15**	**0.00**	**2,412.15**
Increase due to 2019 works	0.64	2.98	0.02	3.64	1.05	**4.69**	0.00	1.15	**5.84**	0.07	**5.91**
Increase due to acquisition/new openings	0.00	1.44	0.00	1.44	0.00	**1.44**	0.00	0.00	**1.44**	0.00	**1.44**
First IFRS 16 implementation	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**	65.87	**65.87**
Reclassification due to assets under construction	1.50	0.00	1.48	2.98	0.00	**2.98**	0.00	0.00	**2.98**	0.00	**2.98**
Net revaluation/write-downs	(4.39)	(25.16)	0.23	(29.32)	(4.67)	**(33.99)**	(0.06)	(0.03)	**(34.08)**	(4.73)	**(38.81)**
Book value 30.06.2019	**583.38**	**1,553.05**	**34.05**	**2,170.48**	**151.17**	**2,321.65**	**2.74**	**63.94**	**2,388.33**	**61.21**	**2,449.54**

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

(**) The figure includes non-current assets held for sale

HYPERMARKETS AND SUPERMARKETS

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

The hypermarkets and supermarkets were valued at 30 June 2019 by the appraisers CBRE, D&P, C&W and JLL based on the following percentages of FV:

Iper/Super	30/06/2019
CBRE	20%
D&P	10%
C&W	37%
JLL	33%
TOTALE	100%

The DCF method was used by all the appraisers for this asset class. CBRE, C&W and JLL used a standard duration of 10 years for all the assets; D&P used a variable duration depending on the expiration of the lease held by the retailer and the estimated fair value of the space in the year the lease was up for renegotiation.

In the first half of 2019, the remodeling of the downsized Fonti del Corallo Shopping Center was finalized and pre-letting continued of the three midsize retail areas and the services created in the additional space which were reclassified to the asset class “OTHER” already in the prior half.

The fair value of this asset class at 30 June 2019 was down by -0.38% (-€2.25 million) compared to 31 December 2018.

The reduction is attributable almost entirely to the Tiburtino hypermarket and the drop in variable sales, while the fair value of the Fonti del Corallo hypermarket rose noticeably due to the lower discount rate used and the completed remodeling.

The average discount rate was 6 bps lower than at 31 December 2018, coming in at 6.40%, while the average gross cap out rate rose 0.07% against 31.12.2018 to 6.34%.

The gross initial yield was 6.07%, basically in line (-0.01%) with the prior half.

The occupancy rate of this asset class was unchanged at 100%.

SHOPPING MALLS AND RETAIL PARKS

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

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

Shopping malls and retail parks were valued at 30 June 2019 by the appraisers CBRE, D&P, C&W and JLL based on the following percentages of FV:

Gallerie/RP	30/06/2019
CBRE	30%
D&P	30%
C&W	22%
JJL	18%
TOTALE	100%

The DCF method was used by all the appraisers for this asset class. In the DCF models of CBRE, C&W, and JLL a standard duration of 10 years was used for all assets; D&P used a standard duration of 15 or 18 years for this asset class.

The fair value of this asset class reached €1,553.1 million, a decrease of 1.32% (-€20.7 million) with respect to 31 December 2018.

The drop in fair value was distributed across all the assets (21 out of 26 malls).

The discount rate used was 0.12% higher than at 31.12.2018, coming in at 7.14%.

The discount rate used was higher for twelve out of twenty-six malls due to a drop in revenue and the new pre-letting at lower than expected rents. A lower discount rate was used solely for the Maremà mall, while the discount rate for the remaining 14 malls was unchanged.

The average gross cap also fell by 0.25% compared to the prior half to 6.87%. The exit yield for all the malls was lower. The average gross initial yield for this asset class came to 6.43%, an increase of +0.10% compared to the prior half explained mainly by the drop in FV.

The financial occupancy rate came to 95.05% at 30.06.2019, a decrease of 119 bps against 31.12.2018.

DEVELOPMENT PROJECTS

At 30 June 2019 this asset class comprised one plot of land to be used for the expansion of the Porto Grande Shopping Center in Porto d'Ascoli (AP) by constructing two midsize retail areas with a total GLA of around 5,000 m^2.

"Development projects" were valued entirely by C&W using the residual method.

The fair value of this asset class reached €2.7 million at 30 June 2019, a drop of 2.1% or €0.59 million compared to the prior half.

PORTA A MARE PROJECT (TRADING)

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 30 June 2019 entirely by the independent appraiser CBRE using the conversion method.

The project can be broken down into the following areas:

- Mazzini (residential, offices, parking and public parking) which has a total GLA of 5,173 m^2. Sales of residential units began in 2013 and should be completed in the first half of 2020;
- Officine Storiche (retail, residential, parking and public parking) which has a total GLA of 20,490 m^2. Work began in first half 2015 and is expected to be completed in 2020;
- Lips (retail, tourist services, accommodations and temporary residences) which has a total GLA of 15,867 m^2;
- Molo Mediceo (retail, services and temporary residences) which has a total GLA of 7,350 m^2;
- Arsenale (retail, temporary residences and parking) which has a total GLA of 7,771 m^2.

The fair value of this asset class reached €63.9 million at 30 June 2019, an increase of 1.78% (+€1.12 million) against 31 December 2018 attributable to the work begun on the Mazzini area.

The fair value of the Porta a Mare Project at 30 June 2019 includes the retail properties not destined for sale which will continue to be owned by the IGD Group.

OTHER

The fair value of this class of property amounted to €34 million at 30 June 2019, an increase of 5.35% (+€1.7 million) against 31 December 2018. The increase in FV is attributable to the progress made in the half on the Fonti di Corallo property where the last capex were made and the first activities were opened.

This asset class was valued at 30 June 2019 by the appraisers CBRE, D&P and C&W based on the following percentages of FV:

Altro	30/06/2019
CBRE	38%
D&P	61%
C&W	1%
TOTALE	100%

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

ROMANIA

The Winmarkt properties were valued at 30 June 2019 by the appraisers CBRE and D&P based on the following percentages of FV:

Winmarkt	**30/06/2019**
CBRE	45%
D&P	55%
TOTALE	100%

The DCF method was used by both independent experts.

D&P applied a standard duration of 15 years and CBRE of between 5 and 10 years.

The FV of this asset class at 30 June 2019 decreased by 2.34% or €3.62 million compared to 31 December 2018 due entirely to shopping malls.

The biggest reductions in FV were recorded by Galati, Piatra Neamt and Plojesti Grand Omnia.

The average gross initial yield for the malls was 0.14% higher than at 31 December 2018, coming in at 6.94%, due to the drop in FV.

The discount rate was 0.04% lower than in the prior half due entirely to Galeria Plojesti Gran Omnia. The average gross cap out for the malls reached 7.64%, down -0.06% against the prior half.

The financial occupancy rate for the Winmarkt malls came to 96.45%, a decrease of 61 bps with respect to the prior half.

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

Summary at 30.06.2019:

	N° of asset	GLA (sqm)	gross initial yield	gross cap out	Weighted discount Rate	Financial occupancy rate	Annual rental value/sqm	Erv/mq
Hypermarkets and Supermarkets	25	235,418	6.07%	6.34%	6.40%	100%	147	146
Shopping malls Italy	27	417,730	6.43%	6.87%	7.14%	95.05%	231	243
Totale Italy	59	666,835	n.a.	n.a.	n.a	n.a	n.a	n.a
Totale Romania	15	94,855	6.94%	7.64%	8.20%	96.45%	104	107
Total IGD	74	761,124	n.a	n.a	n.a	n.a	n.a	n.a

Summary at 31.12.2018:

	N° of asset	GLA (sqm)	gross initial yield	gross cap out	Weighted discount Rate	Financial occupancy rate	Annual rental value/sqm	Erv/mq
Hypermarkets and Supermarkets	25	235,418	6.08%	6.27%	6.46%	100%	149	147
Shopping malls Italy	27	417,730	6.41%	6.72%	7.12%	96.24%	232	243
Totale Italy	59	666,835	n.a.	n.a.	n.a	n.a	n.a	n.a
Totale Romania	15	94,855	6.80%	7.70%	8.23%	97.11%	102	106
Total IGD	74	761,124	n.a	n.a	n.a	n.a	n.a	n.a

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

Category	Book value 30/06/2019	Accounting method	Market Value 30/06/2019	Book value 31/12/2018	Change
Real Estate Investment IGD Group					
Hypermarkets and Supermarkets	583.38	fair value	583.38	585.63	-2.25
Shopping malls Italy	1,553.05	fair value	1,553.05	1,573.79	-20.74
Other (**)	34.05	fair value	34.05	32.32	1.73
Total Italy	**2,170.48**		**2,170.48**	**2,191.74**	**-21.26**
Shopping malls Romania	148.27	fair value	148.27	151.89	-3.62
Other Romania	2.90	fair value	2.90	2.90	0.00
Total Romania	**151.17**		**151.17**	**154.79**	**-3.62**
Total IGD Group	**2,321.65**		**2,321.65**	**2,346.53**	**-24.88**

Category	Book value 30/06/2019	Accounting method	Market Value 30/06/2019	Book value 31/12/2018	Change
Plot of land and ancillary costs	2.74	Adjusted cost / Fair Value	2.74	2.80	-0.06
Direct development initiatives	**2.74**	**Adjusted cost / Fair Value**	**2.74**	**2.80**	**-0.06**

Category	Book value 30/06/2019	Accounting method	Market Value 30/06/2019	Book value 31/12/2018	Change
Porta a Mare Project*	63.94	Adjusted cost / Fair Value	63.94	62.82	1.12

Category	Book value 30/06/2019	Accounting method	Market Value 30/06/2019	Book value 31/12/2018	Change
Right of use (IFRS 16)	61.21	fair value	61.21	0.00	61.21
Total rights of use	**61.21**		**61.21**	**0.00**	**61.21**

	Investment properties, plots of land, development initiatives, assets held for sale		Market Value 30/06/2019	Book value 31/12/2018	Change
Total	**2,449.54**		**2,449.54**	**2,412.15**	**37.39**

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

(**) The figure includes non-current assets held for sale.

The details of the main development projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	EXPECTED INVESTMENT	BOOK VALUE AT 30.06.2019 (Mn/€)	% HELD	STAUTS
PORTO GRANDE	Extension	Porto d'Ascoli (AP)	5,000 mq	II°half 2020	approx. 9.9 Mn/€	2.74	100%	Planning stage completed. All the construction permits and authorisation for pre-letting activities have been issued
					Totale	**2.74**		

1.9. The SIIQ Regulatory Environment

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

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

Based on Legislative Decree n. 133 of 12 September 2014, converted as amended into Law n. 164 of 11 November 2014, exempt operations may also include the capital gains and losses relating to rental properties and interests held in SIIQ or SIINQ, as well as the income, capital gains and losses, relating to interests held in "qualified" real estate funds. In order to fulfill the distribution requirements, the SIIQs must distribute (or risk losing their SIIQ status): (i) at least 70% of the distributable income generated by exempt operations upon approval of the full year financial statements; (ii) at least 50% of the capital gains generated by the sale of rental properties, interests in SIIQs or SIINQs, as well as in qualified real estate investment funds within two years of their realization.

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

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

Subjective requirements

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

Statutory requirements

The corporate bylaws must include:

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

Objective requirements

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

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

Ownership requirements

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

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

COMPLIANCE WITH SUBJECTIVE, OBJECTIVE AND OWNERSHIP REQUIREMENTS

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

Based on the parent company's financial statements at 30 June 2019, similar to year-end 2018, the objective requirements were all satisfied. The asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenues from the rental of freehold properties or other property rights rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

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

COMPLIANCE WITH CORPORATE BY-LAW REQUIREMENTS

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

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

The Company did not invest, either directly or through its subsidiaries, more than 30% of its assets in a single property with urban and functional characteristics.
With regard to the limits on the concentration of investment and counterparty risk, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that: "*income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income"*.
The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income.

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

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

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

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

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

With regard to 2018, as resolved in previous years, during the AGM held on 10 April 2019 shareholders approved the distribution of income generated by exempt operations for an amount that complied with the distribution requirements.

More in detail, shareholders approved the distribution of a total dividend of €55,170,951.50, stemming from:

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

1.10. Subsequent events

There are no events to report.

1.11. Outlook

The Group recorded a significant increase in recurring net profit in the first half of 2019 and we expect to continue along this growth path in the second half of the year, albeit with a more prudent approach given what is still a relatively weak macro-economic scenario in Italy and the temporary impact of the work underway in our shopping centers. In light, however, of a few factors that could impact the Group's economic results, such as a weak consumer trends, the slight increase in strategic vacancies resulting in higher costs which cannot be rebilled and the temporary impact of remodeling the midsize retail areas and hypermarkets, the Group has decided to revise the FFO guidance for FY 2019 from +6/7% to a range of between +4% and +5%.

1.12. 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. For more information regarding the transactions that took place during first half 2019, please refer to the specific section of the Explanatory Notes.

1.13. Treasury shares

IGD had a total of 53,150 treasury shares at 30 June 2019, recognized as a €331,810 reduction in net equity.

1.14. Research and development

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

1.15. Significant transactions

During the half ended 30 June 2019, 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 Group companies.

2. IGD Group: Condensed interim consolidated financial statements at 30 June 2019

2.1 Consolidated income statement

(amounts in thousand of Euro)		30/06/2019 (A)	30/06/2018 (B)	Change (A)-(B)
Revenues	1	**77,344**	**74,099**	**3,245**
From third parties		56,071	52,852	3,219
From related parties		21,273	21,247	26
Other income	2.1	**3,188**	**3,120**	**68**
From third parties		1,897	1,886	11
From related parties		1,291	1,234	57
Revenues from properties sales	2.2	**-**	**2,721**	**(2,721)**
Operating revenues		**80,532**	**79,940**	**592**
Change in inventories	6	302	(2,555)	2,857
Total revenues and change in inventories		**80,834**	**77,385**	**3,449**
Realization costs	6	323	339	(16)
Service costs	3	7,344	11,475	(4,131)
Third parties service cost		5,710	9,968	(4,258)
Related parties service cost		1,634	1,507	127
Personnel costs	4	5,101	4,958	143
Other operating costs	5	5,441	5,017	424
Operating costs		**18,209**	**21,789**	**(3,580)**
Depreciations and amortization		(303)	(485)	182
Impairment losses		(163)	(443)	280
Impairment losses and reversals on work in progress and inventories		(141)	(288)	147
Change in fair value		(38,675)	(15,150)	(23,525)
Net revaluation acquisition		-	12,877	(12,877)
Total depreciations, amortization, provisions impairment and change in fair value	7	**(39,282)**	**(3,489)**	**(35,793)**
Operating result		**23,343**	**52,107**	**(28,764)**
Income/loss from equity investments and property sales	8	**3**	**(20)**	**23**
Financial Income		**26**	**25**	**1**
From third parties		25	23	2
From related parties		1	2	(1)
Financial charges		**16,441**	**16,068**	**373**
From third parties		16,391	16,050	341
From related parties		50	18	32
Net financial income	9	**(16,415)**	**(16,043)**	**(372)**
Pre-tax profit		**6,931**	**36,044**	**(29,113)**
Income taxes	10	(168)	1,239	(1,407)
NET PROFIT FOR THE PERIOD		**7,099**	**34,805**	**(27,706)**
Non-controlling interests in (profit)/loss for the period		-	-	-
Profit/loss for the period attributable to the Parent Company		**7,099**	**34,805**	**(27,706)**
- profit per share	11	0.065	0.377	
- diluted profit per share	11	0.065	0.377	

2.2 Consolidated statement of comprehensive income

(amounts in thousands of Euro)	30/06/2019	30/06/2018
NET RESULT FOR THE PERIOD	**7,099**	**34,805**
Ancillary costs to share capital increase	0	(4,278)
Tax effect due to ancillary costs to share capital increase	0	84
Total components of the comprehensive income statement that will not be reclassified to profit/(loss), net of tax effects	**0**	**(4,194)**
Effects of hedge derivatives on net equity	(5,091)	2,401
Tax effects of hedge derivatives on net equity	1,261	(538)
Other effects on income statements components	(63)	(36)
Total components of the comprehensive income statement that will be reclassified to profit/(loss)	**(3,893)**	**1,827**
TOTAL PROFIT/LOSS FOR THE PERIOD	**3,206**	**32,438**
Non-controlling interests in (profit)/loss for the period	0	0
TOTAL PROFIT/LOSS FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**3,206**	**32,438**

2.3 Consolidated statement of financial position

(amounts in thousands of euro)		30/06/2019 (A)	31/12/2018 (B)	Change (A)-(B)
NON-CURRENT ASSETS				
Intangible assets				
Intangible assets with finite useful lives	12	39	34	5
Goodwill	13	12,362	12,662	(300)
		12,401	**12,696**	**(295)**
Tangible assets				
Investment property	14	2,370,089	2,346,527	23,562
Buildings	15	7,767	7,887	(120)
Plant and machinery	16	74	213	(139)
Equipment and other assets	16	1,157	968	189
Leasehold improvements	16	41	547	(506)
Assets under construction and down payments	17	36,619	36,563	56
		2,415,747	**2,392,705**	**23,042**
Other non-current assets				
Deferred tax assets	18	-	-	-
Sundry receivables and other non-current assets	19	113	111	2
Equity investments	20	280	277	3
Non-current financial assets	21	174	243	(69)
Assets for derivative instruments	21	-	-	-
		567	**631**	**(64)**
TOTAL NON-CURRENT ASSETS (A)		**2,428,715**	**2,406,032**	**22,683**
CURRENT ASSETS:				
Inventories	22	33,424	33,213	211
Trade and other receivables	23	11,648	12,916	(1,268)
Related parties trade and other receivables	24	991	2,024	(1,033)
Other current assets	25	3,637	5,438	(1,801)
Related parties financial receivables and other current financial assets	26	96	96	-
Financial receivables and other current financial assets	26	-	-	-
Cash and cash equivalents	27	2,764	2,472	292
TOTAL CURRENT ASSETS (B)		**52,560**	**56,159**	**(3,599)**
Non-current assets held for sale (C)	14	**12,770**	**-**	12,770
TOTAL ASSETS (A+B+C)		**2,494,045**	**2,462,191**	**31,854**
NET EQUITY:				
Share capital		749,738	749,738	-
Share premium reserve		30,058	31,504	(1,446)
Treasure shares reserve		(332)	(492)	160
Other reserves		413,312	410,601	2,711
Group profit		9,661	60,987	(51,326)
Total Group net equity		**1,202,437**	**1,252,338**	**(49,901)**
Portion pertaining to minorities		-	-	-
TOTAL NET EQUITY (C)	28	**1,202,437**	**1,252,338**	**(49,901)**
NON CURRENT LIABILITIES				
Derivatives - liabilities	42	21,204	17,364	3,840
Non current financial liabilities	29	1,108,296	884,197	224,099
Provision for employee severance indemnities	30	2,620	2,567	53
Deferred tax liabilities	18	25,008	26,340	(1,332)
Provision for risk and future charges	31	6,278	5,597	681
Sundry payables and other non-current liabilities	32	8,141	7,850	291
Related parties sundry payables and other non-current liabilities	32	13,655	11,892	1,763
TOTAL NON CURRENT LIABILITIES (D)		**1,185,202**	**955,807**	**229,395**
CURRENT LIABILITIES:				
Current financial liabilities	33	79,626	226,475	(146,849)
Trade and other payables	35	9,441	14,301	(4,860)
Related parties trade and other payables	36	1,384	736	648
Current tax liabilities	37	5,688	2,373	3,315
Other current liabilities	38	10,267	10,161	106
Related parties other current liabilities	38	-	-	-
TOTAL CURRENT LIABILITIES (E)		**106,406**	**254,046**	**(147,640)**
TOTAL LIABILITIES (F=D+E)		**1,291,608**	**1,209,853**	**81,755**
TOTAL NET EQUITY AND LIABILITIES (C+F)		**2,494,045**	**2,462,191**	**31,854**

2.4 Consolidated statement of changes in equity

(amounts in thousands of Euro)	Share capital	Share premium reserve	Other reserve	Group profit	Group net equity	Non-controlling interest in capital and	Total net equity
Balance at 01/01/2019	**749,738**	**31,504**	**410,109**	**60,987**	**1,252,338**	**0**	**1,252,338**
FTA IFRS 16	0	0	1,886	0	1,886	0	1,886
Balance at 01/01/2019 post IFRS 16	**749,738**	**31,504**	**411,995**	**60,987**	**1,254,224**	**0**	**1,254,224**
Profit for the period	0	0	0	7,099	7,099	0	7,099
Cash flow hedge derivative assessment	0	0	(3,830)	0	(3,830)	0	(3,830)
Other comprehensive income (losses)	0	0	(63)	0	(63)	0	(63)
Total comprehensive profit (losses)	**0**	**0**	**(3,893)**	**7,099**	**3,206**	**0**	**3,206**
(Purchase)/Sale of treasury shares	0	0	160	0	160	0	160
Allocation of 2018 profit							
Dividends paid	0	(1,446)	(557)	(53,150)	(55,153)	0	(55,153)
To legal reserve	0	0	1,893	(1,893)	0	0	0
To other reserve	0	0	3,382	(3,382)	0	0	0
Balance at 30/06/2019	**749,738**	**30,058**	**412,980**	**9,661**	**1,202,437**	**0**	**1,202,437**

(amounts in thousands of Euro)	Share capital	Share premium reserve	Other reserve	Group profit	Group net equity	Non-controlling interest in capital and reserve	Total net equity
Balance at 01/01/2018	**599,760**	**29,971**	**384,832**	**101,190**	**1,115,753**	**0**	**1,115,753**
FTA IFRS 9	0	0	(4,354)	0	(4,354)	0	(4,354)
Saldo al 01/01/2018 post IFRS 9	**599,760**	**29,971**	**380,478**	**101,190**	**1,111,399**	**0**	**1,111,399**
Profit for the period	0	0	0	34,805	34,805	0	34,805
Capital increase costs	0	0	(4,194)	0	(4,194)	0	(4,194)
Cash flow hedge derivative assessment	0	0	1,863	0	1,863	0	1,863
Other comprehensive income (losses)	0	0	(36)	0	(36)	0	(36)
Total comprehensive profit (losses)	**0**	**0**	**(2,367)**	**34,805**	**32,438**	**0**	**32,438**
Share capital increase	149,978	0	0	0	149,978	0	149,978
Sale of unexercised rights	0	1,533	0	0	1,533	0	1,533
(Purchase)/Sale of treasury shares	0	0	13	0	13	0	13
Allocation of 2017 profit							
Dividends paid	0	0	0	(55,171)	(55,171)	0	(55,171)
To legal reserve	0	0	0	0	0	0	0
To other reserve	0	0	31,420	(31,420)	0	0	0
Balance at 30/06/2018	**749,738**	**31,504**	**409,544**	**49,404**	**1,240,190**	**0**	**1,240,190**

2.5 Consolidated statement of cash flows

(in thousands of Euros)	30/06/2019	30/06/2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**6,931**	**36,044**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Financial expense/(income)	16,415	16,043
Depreciation, amortization and provisions	303	491
Writedown of receivables	163	443
(Impairment losses)/reversals on work in progress	141	288
Changes in fair value - increases / (decreases)	38,675	15,150
Net (Revalution) of the acquisition of 4 business divisions	0	(12,874)
Gains/losses from equity investments	(3)	20
CASH FLOW FROM OPERATING ACTIVITIES	**62,625**	**55,605**
Financial expense paid	(25,517)	(23,172)
Income tax	(653)	(747)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	**36,455**	**31,686**
Change in inventories	(211)	2,555
Net change in current assets and liabilitiess	3,148	1,158
Net change in non-current assets and liabilitiess	69	(1,923)
CASH FLOW FROM OPERATING ACTIVITIES	**39,461**	**33,476**
(Investments) in non-current assets	(8,780)	(7,175)
Disposals of non-current assets	595	141
(Investment) in 4 business divisions	0	(104,623)
(Investments) in equity interests	0	(110)
CASH FLOW FROM INVESTING ACTIVITIES	**(8,185)**	**(111,767)**
Change in non-current financial assets	69	100
Change in financial receivables and other current financial assets	0	42
Sale (purchase) of treasury shares	160	(20)
Capital increase net of costs	0	147,317
Distribution of dividends	(55,153)	(55,171)
Change in current debt	(146,010)	3,391
Change in non-current debt	170,013	(15,229)
CASH FLOW FROM FINANCING ACTIVITIES	**(30,921)**	**80,430**
Exchange differences from translation of financial statements	(63)	0
NET INCREASE (DECREASE) IN CASH BALANCE	**292**	**2,139**
CASH BALANCE AT BEGINNING OF THE PERIOD	**2,472**	**2,509**
CASH BALANCE AT END OF THE PERIOD	**2,764**	**4,648**

2.6 Notes to the condensed interim consolidated financial statements

1. General information

The condensed interim consolidated financial statements of Immobiliare Grande Distribuzione at 30 June 2019 were approved and authorized for publication by the Board of Directors on 2 August 2019.

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

2. Summary of accounting standards

2.1. Preparation criteria

Statement of compliance with International Accounting Standards

The condensed interim consolidated financial statements for the period ended 30 June 2019 have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), that as of the reporting date had been endorsed following the procedure specified in Regulation (EC) 1606/2002 and specifically includes IAS 34 – Interim Financial Reporting. The IFRS have been applied consistently to all reporting periods presented. The condensed interim consolidated financial statements do not include all disclosures required in the annual financial statements, and should be read jointly with the Group's annual report for the year ended 31 December 2018.

Reporting formats

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

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

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

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

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

Changes in accounting standards

The new accounting standard **IFRS 16 - Leases**, which replaces IAS 17 ("Leasing") and its interpretations, has been applied since 1 January 2019. A lessee holding a lease with a term of more than 12 months is now required to recognize a right-of-use asset and a liability representing its obligation to make lease payments. For the lessor, the distinction between operating and finance leases remains intact. IFRS 16 enhances disclosures for both lessors and lessees.

The Group has used the simplified model for first-time adoption of IFRS 16, recognizing a right-of-use asset of an amount equal to the lease liability adjusted by any deferred or accrued income relating to the lease recognized in the statement of financial position immediately prior to the date of first adoption. The right-of-use asset has been recognized as investment property under property, plant and equipment; in accordance with IFRS 16 and IAS 40, its fair value has been appraised by independent experts. Changes in fair value have been recognized in a separate equity reserve during the transition to the new standard, and will subsequently be recognized under "Fair value changes" in the income statement.

To determine the fair value of the right-of-use, for each asset held under an operating lease (three malls that are in turn rented to third parties), the Group has discounted to present value the estimated cash flows over the life of the rental contracts. Unlike traditional real estate appraisals, the terminal value at the end of the explicit period has not been considered.

In light of the rental contracts for the malls at Centro Nova, Centro Piave, and Fonti del Corallo shopping centers, as of 1 January 2019 the Group has recognized a right-of-use asset under investment property in the amount of €65,870K and a lease liability of €62,359K. The difference between the right-of-use asset and the lease liability, deriving from the measurement of assets on the basis of expected cash flows, is recognized in a separate equity reserve amounting to €2,668K net of the tax effect. As required by IAS 40, the value in use of the malls at Centro Nova and Centro Piave shopping centers includes the value of plant and leasehold improvements recognized separately until 31 December 2018 (€634K); therefore, as of 1 January 2019 the Group has written off that amount by reducing, net of the tax effect, the positive equity reserve for first-time adoption of IFRS 16.

Under the rules for first-time adoption of IFRS 16, the value of the commercial licenses for the mall at Fonti del Corallo shopping center has been reduced by €300K to bring it into line with selling value.

The net positive impact of IFRS 16 on shareholders' equity at 1 January 2019, net of the tax effect, amounts to €1,886K.

In accordance with IAS 40, at the end of every financial period the Group will adjust the right-of-use assets recognized under investment property on the basis of independent appraisals. At 30 June 2019 this fair value adjustment led to a writedown of €4,657K.

The table below shows the income statement effects of IFRS 16 for the period ended 30 June 2019:

Amounts in thousands of Euro	30.06.2019
Lower rents first half 2019	5,096
Lower depreciations due to plant reversals and improvements on leasehold properties concerning "Centro Nova" and "Centro Piave" shopping centers	151
Higher impairments due to fair value change at 30.06.2019 of the right to use of the three shopping centers subject to IFRS 16	(4,657)
Higher financial charges	(964)
Tax effect	243
Total negative effect in the Income Statement at 30.06.2019 due to IFRS 16 implementation	**(131)**

On December 12, 2017 the IASB published "Annual Improvements to IFRSs: 2015-2017 Cycle." The main improvements concern:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, to clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. This is not the case if an entity obtains joint control;
- IAS 12 Income Taxes, to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

On 7 February 2018 the IASB published the document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" to clarify how an entity should treat an amendment, curtailment or settlement of a defined benefit plan. The entity is now required to update assumptions and remeasure the net liability or asset arising from the plan, and after the event takes place, it must use those updated assumptions to measure the current service cost and net interest for the period after the remeasurement. The new rules have not affected the Group's consolidated financial statements.

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

At 30 June 2019 the EU authorities had not yet finished the endorsement process necessary for the adoption of the following amendments and standards.

- On 18 May 2017 the IASB published IFRS 17 – Insurance Contracts, which will replace IFRS 4 of the same designation. The new standard aims to make sure an entity gives pertinent information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses of existing practices, by providing a single, principle-based framework to account for all insurance contracts, including reinsurance contracts.

  The new standard also includes presentation and disclosure requirements to improve comparability among the entities belonging to this sector.

- On 22 October 2018 the IASB published the document "Definition of a Business (Amendments to IFRS 3)," which provides clarifications on how to define a business for the purposes of correctly applying IFRS 3. Specifically, it clarifies that while a business usually creates an output, the presence of an output is not strictly necessary to identify a business where there is an integrated set of activities/processes and assets. However, to satisfy the definition of a business, an integrated set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. To that end, the IASB has replaced the phrase "ability to create outputs" with "ability to contribute to the creation of outputs" to clarify that a business can exist even if it does not have all the inputs and processes needed to produce an output.

  The amendment has also introduced an optional "concentration test" to determine whether an acquired set of activities/processes and assets is not a business. If the test is met, the set of activities/processes and assets is determined not to be a business and no further assessment is needed. If the test is not met, the acquired set of activities/processes and assets must undergo further analysis to identify whether it is a business. The amendment adds several illustrative examples to IFRS 3 to help entities understand how the new definition of business should be applied under specific circumstances. The changes apply to all business combinations and asset acquisitions occurring after 1 January 2020.

- On 31 October 2018 the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)," which changed the definition of the term "material" in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This amendment aims to make the definition of "material" more specific and introduces the concept of "obscured information" alongside the concepts of omitted or incorrect information already present in the two standards. It clarifies that information is "obscured" if it has been described in such a way as to have an effect on primary readers of financial statements similar to that which would have occurred if such information had been omitted or incorrect.
  These changes apply to all operations subsequent to 1 January 2020.

The directors do not expect the amendment to have a significant impact on the consolidated financial statements.

2.2. Consolidation

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 30 June 2019, prepared by the boards of directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. The scope of consolidation has not changed since 31 December 2018. 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	% Group consolidated	Held by	% of share capital held	Activity
Parent Company								
IGD SIIQ S.p.A.	Bologna via trattati comunitari Europei 1957-2007	Italy	749,738,139.26	Euro				Facility Management
Subsidiaries consolidated on a line-by-line basis								
IGD Management S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	75,071,221.00	Euro	100%	IGD SIIQ S.p.A.	100.00%	Facility Management and Services
Millennium Gallery S.r.l	Bologna via trattati comunitari Europei 1957-2007	Italy	100,000.00	Euro	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	Euro	100%	IGD Management s.r.l.	100.00%	Building and marketing company
Win Magazin S.A.	Bucarest	Romania	113,715.30	Lei	100%	IGD Management s.r.l. 99,9% IGD SIIQ S.p.A. 0,1%	100.00%	Facility Management
Winmarkt management S.r.l.	Bucarest	Romania	1,001,000	Lei	100%	Win Magazin S.A.	100.00%	Agency and Facility Management
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	1,500,000.00	Euro		IGD SIIQ S.p.A.	99.98%	Management of real estate and sport facilities/equipment; construction trading and rental of properties used for commercial and sport activities
Associated valued at equity								
RGD Ferrara 2013 S.r.l.	Roma, via Piemonte 38	Italy	100,000.00	Euro		IGD SIIQ S.p.A.	50%	Management of Darsena City shopping center

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

Name	Type of control	% held	Registered Office
Consorzio dei proprietari CC Leonardo	Direct	54.30%	VIA AMENDOLA 129, IMOLA (BO)
Consorzio dei proprietari CC I Bricchi	Direct	72.25%	VIA PRATO BOSCHIERO, ISOLA D'ASTI (LOC MOLINI)
Consorzio proprietari Centrolame	Direct	72.53%	VIA MARCO POLO 3, BOLOGNA (BO)
Consorzio del centro commerciale Katanè	Direct	53%	VIA QUASIMODO, GRAVINA DI CATANIA LOC SAN PAOLO
Consorzio del centro commerciale Conè	Direct	65.78%	VIA SAN GIUSEPPE SNC, QUARTIERE DELLO SPORT CONEGLIANO (TV)
Consorzio del centro commerciale La Torre-Palermo	Direct	55.04%	VIA TORRE INGASTONE, PALERMO LOC BORGONUOVO
Consorzio proprietari del centro commerciale Gran Rondò	Direct	49.01%	VIA G. LA PIRA n. 18. CREMA (CR)
Consorzio dei proprietari del centro commerciale Fonti del Corallo	Direct	68.00%	VIA GINO GRAZIANI 6, LIVORNO
Consorzio dei proprietari del centro commerciale Centrosarca	Indirect	62.50%	VIA MILANESE, SESTO SAN GIOVANNI (MI)
Consorzio Porta a Mare Mazzini	Direct	80.90%	VIA G. D'ALESIO, 2 - LIVORNO
Consorzio del parco commerciale Clodì	Direct	70.35%	S.S. ROMEA n. 510/B; CHIOGGIA (VE)
Consorzio Centro Le Maioliche	Direct	70.52%	VIA BISAURA N.13, FAENZA (RA)
Consrozio ESP	Direct	64.59%	VIA MARCO BUSSATO 74, RAVENNA (RA)
Consorzio Proprietari Puntadiferro	Direct	62.34%	Piazzale della Cooperazione 4, FORLI' (FC)
Consorzio dei proprietari del compendio commerciale del Commendone	Direct	52.60%	Via Ecuador snc, Grosseto

3. Use of estimates

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

Investment property and inventory

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and in-depth knowledge of the characteristics of the properties appraised. To that end, on 7 May 2019 the Board of Directors of IGD SIIQ S.p.A. extended for 2019 the two-year assignment (2017-2018) awarded on 9 May 2017 to CBRE Valuation S.p.A., Duff&Phelps REAG S.p.A., Jones Lang LaSalle S.p.A., and Cushman & Wakefield LLP, specialized in the appraisal of investment property, to prepare a report from which the company can determine the fair value of the currently rented portions of malls, hypermarkets, supermarkets, fitness centers, stores, offices, and land. The periodic appraisals are conducted according to an internal procedure that governs the entire process of valuing investment property at fair value: criteria for the selection and appointment of independent experts; protocols for extending assignments, for the periodic rotation of assets among appraisers, and for sharing information and documents between the company and the independent experts; and overall monitoring and responsibility. The appraisers' contracts define valuation criteria and methods, the means and timing of physical inspections and any other checks of the appraised properties, and the specific reasoning for the method(s) used to appraise the individual asset. The main information required by the appraisers includes, for rented properties, the rental status of each unit in each shopping center; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs. For construction in progress, the information concerns the start and end dates of the work, the status of building permits and authorizations, remaining costs, the state of progress, the ribbon-cutting date and projected rentals. The independent appraisers formulate their own assumptions, such as inflation rates, discount rates and capitalization rates, on the basis of their professional judgment. The following are taken into account when determining the capitalization and discounting rates used to value individual properties:

• the type of tenant currently occupying the property or responsible for complying with rental obligations and the possible future occupants of vacant properties, as well as the market's general perception of their creditworthiness;

• the division of responsibilities for insurance and maintenance between the lessor and the lessee;

• the remaining economic life of the property.

The information given to the appraisers, their assumptions, and the models they use are approved by the Director of Property Development and Management, who is responsible for organizing and coordinating the appraisals and for monitoring and checking them before their results are published in the financial statements.

IGD periodically conducts sensitivity analyses on the values assigned to its assets in order to monitor the impact on the real estate portfolio of changes in the discount rate or capitalization rate as a result of macroeconomic developments. Monitoring of the indicators defined in the enterprise risk management system supports the Company's evaluation of how this risk is likely to evolve.

Fair value hierarchy

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

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

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

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

FAIR VALUE MEASUREMENTS 30/06/2019 Amounts in thousands of Euro	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 MARKETS (LEVEL 3)
Investment property Italy:			
Malls and retail parks			1,553,049
Hypermarkets and supermarkets			583,381
Residual portions of property (**)			34,048
Total investment property Italy			**2,170,478**
Investment property Romania:			
Shopping malls			148,270
Office Building			2,900
Total investment property Romania			**151,170**
IGD Group: investment property			**2,321,648**
Porta a Mare project			
Porta a Mare project (*)			30,540
Total assets held for trading			**30,540**
Right to use (IFRS 16)			
Right to use (IFRS 16)			61,212
Total right to use (IFRS 16)			**61,212**
Total IGD Group investment property measured at fair value			**2,413,400**

(**) The figure includes the Non-current assets held for sale

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

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

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

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

The following table shows the ranges of unobservable inputs at 30 June 2019:

Portfolio	Appraisal method	Discount rate 30/06/19		GROSS CAP OUT RATE 30/06/19		Yearly rent €/sqm 30/06/19	
		min	max	min	max	min	max
TOTAL MALLS/RP	**Income-based (DCF)**	**6.60%**	**8.00%**	**5.75%**	**9.18%**	**10**	**522**
TOTAL HYPER/SUPER	**Income-based (DCF)**	**5.75%**	**7.25%**	**5.29%**	**7.00%**	**66**	**197**
TOTAL Winmarkt	**Income-based (DCF)**	**7.40%**	**9.50%**	**6.26%**	**9.59%**	**42**	**198**

The Group conducts periodic sensitivity analyses on its properties to monitor the impact that changes ("shocks") in the most important unobservable inputs (discount rate and/or gross cap out rate), as a result of macroeconomic trends, would have on the value of its portfolio.
Rate shocks of +/-0.5% are tested individually and jointly to determine how they increase/decrease the value of the real estate portfolio by asset class. The sensitivity analysis at 30 June 2019 is reported below.

Sensitivity analysis at 30 June 2019

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 30/06/2019 +0.5 discount rate	-22,183	-61,879	-1,545	-6,040	-91,647
Market value at 30/06/2019 -0.5 discount rate	22,758	63,990	1,554	6,340	94,642
Market value at 30/06/2019 +0.5 gross cap out	-27,126	-65,750	-1,585	-5,060	-99,521
Market value at 30/06/2019 -0.5 gross cap out	27,625	77,195	1,767	5,840	112,427
Market value at 30/06/2019 +0.5 discount rate +0.5 gross cap out	-47,821	-122,541	-2,988	-10,720	-184,070
Market value at 30/06/2019 -0.5 discount rate -0.5 gross cap out	56,643	146,404	3,551	12,480	219,078
Market value at 30/06/2019 +0.5 discount rate -0.5 gross cap out	8,766	12,245	192	-410	20,793
Market value at 30/06/2019 -0.5 discount rate +0.5 gross cap out	-5,668	-1,685	29	980	-6,344

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

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

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

Recoverable amount of goodwill

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

Recoverability of deferred tax assets

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

Fair value of derivative instruments

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

Variable revenue

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

Provision for doubtful accounts

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

Contingent liabilities

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

The Group monitors the status of such litigation and consults with its attorneys and with experts in law and taxation.

4. Segment reporting

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

INCOME STATEMENT	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		UNSHARED		TOTAL	
Total revenues and operating income	77,344	**74,099**	**3,188**	**3,120**	**0**	**2,721**	**0**	**0**	**80,532**	**79,940**
Change in work in progress inventories	0	**0**	**0**	**0**	**302**	**(2,894)**	**0**	**0**	**302**	**(2,894)**
Direct costs (a) (excluding Provision for doubtful accounts)	**8,784**	13,004	2,723	2,560	323	157	0	0	11,830	15,721
G&A Expenses (b)	0	0	0	0	0	0	6,379	5,729	6,379	5,729
Total operating costs (a)+(b)	**8,784**	**13,004**	**2,723**	**2,560**	**323**	**157**	**6,379**	**5,729**	**18,209**	**21,450**
(Depreciations, amortizations and provisions)	(372)	(715)	0	(40)	0	(1)	(94)	(172)	(466)	(928)
(Impairment losses)/Reversals on work in progress and inventories	(59)	0	0	0	(82)	(205)	0	0	(141)	(205)
Change in fair value - increases/(decreases)	(38,730)	(1,955)	0	0	55	(401)	0	0	(38,675)	(2,356)
Total depreciations, amortization, provisions, impairment and fair value changes	**(39,161)**	**(2,670)**	**0**	**(40)**	**(27)**	**(607)**	**(94)**	**(172)**	**(39,282)**	**(3,489)**
EBIT	**29,399**	**58,425**	**465**	**520**	**(48)**	**(937)**	**(6,473)**	**(5,901)**	**23,343**	**52,107**
Income/(loss) from equity investments and property sales	0	**0**	**0**	**0**	**0**	**0**	**3**	**(20)**	**3**	**(20)**
Financial income:	0	**0**	**0**	**0**	**0**	**0**	**26**	**25**	**26**	**25**
Financial charges:	0	**0**	**0**	**0**	**0**	**0**	**16,441**	**16,068**	**16,441**	**16,068**
Net financial income	0	**0**	**0**	**0**	**0**	**0**	**(16,415)**	**(16,043)**	**(16,415)**	**(16,043)**
PRE-TAX PROFIT	29,399	**58,425**	**465**	**520**	**(48)**	**(937)**	**(22,885)**	**(21,964)**	**6,931**	**36,044**
Income taxes for the period	0	0	0	0	0	0	(168)	1,239	(168)	1,239
NET PROFIT FOR THE PERIOD	29,399	**58,425**	**465**	**520**	**(48)**	**(937)**	**(22,717)**	**(23,203)**	**7,099**	**34,805**
Non-controlling interests in (Profit)/Loss for the period	0	0	0	0	0	0	0	0	0	0
Parent company share of net profit	**29,399**	**58,425**	**465**	**520**	**(48)**	**(937)**	**(22,717)**	**(23,203)**	**7,099**	**34,805**

REVENUES FROM FREEHOLD PROPERTIES	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY AND ISLANDS		ABROAD		TOTAL	
LEASE AND RENTAL INCOME	37,861	34,535	26,457	26,607	4,877	4,788	69,195	65,930
ONE-OFF REVENUES	0	6	0	0	0	0	0	6
TEMPORARY LOCATION RENTS	1,232	1,138	553	608	0	0	1,785	1,746
OTHER RENTAL INCOME	21	-4	66	94	7	8	94	98
TOTAL	**39,114**	**35,675**	**27,076**	**27,309**	**4,884**	**4,796**	**71,074**	**67,780**

BALANCE SHEET	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		UNSHARED		TOTAL	
-Investment property	*2,370,089*	*2,346,527*	*0*	*0*	*0*	*0*	*0*	*0*	*2,370,089*	*2,346,527*
-Assets under construction	*36,619*	*36,563*	*0*	*0*	*0*	*0*	*0*	*0*	*36,619*	*36,563*
Intangible assets	*11,355*	*11,655*	*1,007*	*1,007*	*0*	*0*	*39*	*34*	*12,401*	*12,696*
Other tangible assets	*1,114*	*1,718*	*153*	*9*	*5*	*1*	*7,767*	*7,887*	*9,039*	*9,615*
Non current assets held for sale	*12,770*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*12,770*	*0*
- Sundry receivables and other non-current assets	*0*	*0*	*0*	*0*	*0*	*0*	*113*	*111*	*113*	*111*
- Equity investments	*27*	*25*	*0*	*0*	*0*	*0*	*253*	*252*	*280*	*277*
NWC	*(10,521)*	*(8,236)*	*1,034*	*1,534*	*32,407*	*32,721*	*0*	*0*	*22,920*	*26,019*
Funds	*(7,667)*	*(6,812)*	*(1,203)*	*(1,327)*	*(28)*	*(25)*	*0*	*0*	*(8,898)*	*(8,164)*
Sundry payables and other non-current liabilities	*(15,876)*	*(13,822)*	*0*	*0*	*(5,920)*	*(5,920)*	*0*	*0*	*(21,796)*	*(19,742)*
Net deferred tax (assets)/liabilities	*(27,570)*	*(20,568)*	*0*	*0*	*2,562*	*(5,772)*	*0*	*0*	*(25,008)*	*(26,340)*
Total use of funds	**2,370,340**	**2,347,050**	**991**	**1,223**	**29,026**	**21,005**	**8,172**	**8,284**	**2,408,529**	**2,377,562**
Total Group Net Equity	*1,176,393*	*1,233,772*	*(196)*	*(320)*	*26,237*	*18,886*	*3*	*0*	*1,202,437*	*1,252,338*
Non-controlling interests in capital and reserves	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Net derivatives (assets)/liabilities	*21,204*	*17,364*	*0*	*0*	*0*	*0*	*0*	*0*	*21,204*	*17,364*
Net financial position	*1,172,742*	*1,095,914*	*1,187*	*1,543*	*2,789*	*2,119*	*8,170*	*8,284*	*1,184,888*	*1,107,860*
Total sources	**2,370,339**	**2,347,050**	**991**	**1,223**	**29,026**	**21,005**	**8,173**	**8,284**	**2,408,529**	**2,377,562**

Notes to the consolidated financial statements

Revenue and other income

(amounts in thousands of Euro)	Note	30/06/2019	30/06/2018	Change
Revenues	1	**77,344**	**74,099**	**3,245**
- from third parties		56,071	52,852	3,219
- from related parties		21,273	21,247	26
Other income	2.1	**3,188**	**3,120**	**68**
- from third parties		1,897	1,886	11
- from related parties		1,291	1,234	57
Revenues from sale of trading properties	2.2	**-**	**2,721**	**(2,721)**
Operating revenues		**80,532**	**79,940**	**592**

The increase in total operating revenue (by around €592K) mainly reflects the larger portfolio after the acquisition of four businesses in April 2018, as partially offset by lost income due to the sale of residential units held in the first half of 2018.

Note 1) Revenue

(amounts in thousa+C30:G74nds of Euro)	Note	30/06/2019	30/06/2018	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	**19,133**	**19,102**	**31**
Leasehold hypermarkets - Rents and business leases from related parties	a.2	**60**	**60**	**0**
Freehold supermarkets - Rents and business leases from related parties	a.3	**734**	**857**	**(123)**
TOTAL HYPERMARKETS/SUPERMARKETS	a	**19,927**	**20,019**	**(92)**
Freehold properties, offices and city center	b.1	**49,393**	**46,022**	**3,371**
Rents		**9,603**	**9,142**	**461**
To related parties		617	619	(2)
To third parties		8,986	8,523	463
Business leases		**39,790**	**36,880**	**2,910**
To related parties		483	405	78
To third parties		39,307	36,475	2,832
Leasehold malls	b.2	**5,824**	**5,915**	**(91)**
Rents		**314**	**306**	**8**
To related parties		59	59	0
To third parties		255	247	8
Business leases		**5,510**	**5,609**	**(99)**
To related parties		125	124	1
To third parties		5,385	5,485	(100)
Other contracts and temporary rents	b.3	**2,200**	**2,143**	**57**
Other contracts and temporary rents		2,138	2,123	15
Other contracts and temporary rents - related parties		62	20	42
TOTAL MALLS	b	**57,417**	**54,080**	**3,337**
GRAND TOTAL	a+b	**77,344**	**74,099**	**3,245**
of which related parties		21,273	21,247	26
of which third parties		56,071	52,852	3,219

Total revenue increased by €3,245K compared with the same period last year.

Rent from freehold hypermarkets and supermarkets decreased by €92K.

Rent and business lease revenue from freehold malls, offices and city center properties rose by €3,371K, chiefly as a result of: *(i)* the opening of the expanded Crema center in May 2018; *(ii)* the acquisition of four businesses from Eurocommercial Properties in April 2018; and *(iii)* like-for-like revenue growth in at Romanian malls (+1.8%).

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

Note 2.1) Other income

(amounts in thousands of Euro)	Note	30/06/2019	30/06/2018	Change
Contigent assets/liabilities		7	0	7
Facility management revenues		1,649	1,629	20
Portfolio and rent management revenues		110	73	37
Pilotage and construction revenues		58	79	(21)
Marketing revenues		0	46	(46)
Other revenues		73	59	14
Other income from third parties		**1,897**	**1,886**	**11**
Facility management revenues - related parties		1,252	1,114	138
Marketing revenues - related parties		25	92	(67)
Portfolio and rent management revenues - related parties		14	28	(14)
Other income from related parties		**1,291**	**1,234**	**57**
Other income		**3,188**	**3,120**	**68**

Other income from third parties was essentially in line with the previous year.

Other income from related parties increased by €57K, due mainly to the rise in facility management revenue.

Note 2.2) Income from the sale of trading properties

During the period, no sales were finalized, but agreements were reached for the sale of three residential units, four enclosed garage units and a parking space at the Mazzini property. The preliminary contracts for these transactions were signed in July 2019.

Note 3) Service costs

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Service costs - Third parties	**5,710**	**9,968**	**(4,258)**
Paid rents	164	5,215	(5,051)
Promotional and advertising expenses	190	215	(25)
Centers management expenses due to vacancies	710	509	201
Center management expenses due to ceiling to tenat costs	856	821	35
Facility management administration costs	373	347	26
Insurances	413	399	14
Professional fees	60	59	1
Directors and Statutory Auditors fees	610	376	234
External auditing fees	126	87	39
Investor relations, Consob, Monte Titoli costs	221	208	13
Shopping centers pilotage and construction costs	14	11	3
Consulting	560	430	130
Real estate appraisals fees	255	197	58
Maintenance and repairs	199	137	62
Other	959	957	2
Service costs - Related parties	**1,634**	**1,507**	**127**
Service	153	144	9
Centers management expenses due to vacancies	458	401	57
Center management expenses due to ceiling to tenat costs	918	843	75
Insurances	36	36	-
Directors and Statutory Auditors fees	67	83	(16)
Other	2	0	2
Service costs	**7,344**	**11,475**	**(4,131)**

Service costs were €4,131K lower than during the first half of 2018.

Most of the decrease was for rent paid, due to the application of the new accounting standard IFRS 16. For further information on that standard, see Section 2.1.

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

Note 4) Cost of labor

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Wage and salaries	3,842	3,640	202
Social Security	919	944	(25)
Severance pay	210	241	(31)
Other costs	130	133	(3)
Personnel costs	**5,101**	**4,958**	**143**

The cost of labor was slightly higher than in the first half of 2018.

Note 5) Other operating costs

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
IMU/TASI/Tax Property	4,791	4,553	238
Other taxes	63	26	37
Contract registration	238	183	55
Contingent asset/liabilities	18	11	7
Membership fees	67	70	(3)
Losses on receivables	36	0	36
Fuel and tolls	109	91	18
Other costs	119	83	36
Other operating costs	**5,441**	**5,017**	**424**

The increase in IMU/TASI/Property tax is due chiefly to the Group's share of IMU (municipal tax) for the four malls acquired with the purchase of four businesses in April 2018.

Note 6) Change in work in progress inventory

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Construction costs for the period	323	339	(16)
Change in inventories for disposal	(21)	(2,894)	2,873
Change in work in progress inventories	**302**	**(2,555)**	**2,857**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno increased by €302K, mostly reflecting the advancement of works during the period.

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

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Amortization of intangible assets	(9)	(8)	(1)
Amortization of tangible assets	(225)	(394)	169
Provision for doubtful accounts	(163)	(443)	280
Provision for risks	(69)	(83)	14
Amortization and provisions	**(466)**	**(928)**	**462**
Impairment losses and reversals on work in progress and inventorie	(141)	(288)	147
Change in fair value	(38,675)	(15,150)	(23,525)
Net acquisition revaluation	-	12,877	(12,877)
Total depreciation, amortization, provisions, impairment and fair value changes	**(39,282)**	**(3,489)**	**(35,793)**

Depreciation and amortization decreased by €168K, due mainly to the application of the new accounting standard IFRS 16 (see Section 2.1 for details).

The allocation to the provision for doubtful accounts came to €163K, down from €443K for the first half of 2018, reflecting the release of provisions no longer deemed necessary. The allocation was made by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See Note 23 for changes in this provision.

Other provisions refer to the estimated outcome of IMU (municipal property tax) disputes regarding Esp (Ravenna) and La Torre (Palermo) shopping centers.

"(Impairment losses)/reversals on work in progress and Inventory" (-€141K) cover the following: (i) an impairment loss of €59K for the expansion of Porto Grande (see Note 17), to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 30 June 2019; *(ii)* an impairment loss of €82K regarding work in progress inventory for the Porta a Mare project, to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 30 June 2019 (see Note 22).

The negative amount for "Fair value changes" (€38,675K) covers: *(i)* net writedowns of €38,730K (see Note 14) to match the carrying value of investment property and non-current assets held for sale to fair value at 30 June 2019; and *(ii)* a writeback of €55K to match the carrying value of work in progress on Officine Storiche to its market value, as discussed in Note 17.

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

The overall gain of €3K derives from the results of investments accounted for using the equity method.

Note 9) Financial income and charges

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Bank interest income	7	3	4
Interests and other income	10	11	(1)
Interests income due to VAT repayment	1	0	1
Exchange gains	7	9	(2)
Financial income from third parties	**25**	**23**	**2**
Interest income from related parties	1	2	(1)
Financial income from related parties	**1**	**2**	**(1)**
Total financial income	**26**	**25**	**1**

Financial income was consistent with the first half of the previous year.

(amounts in thousands of Euro)	30/06/2019	30/06/2018	Change
Interest expenses on security deposits	50	18	32
Financial charges to related parties	**50**	**18**	**32**
Interest expenses to banks	21	2	19
Mortgage loan interests	3,108	1,603	1,505
Mortgage loan amortized costs	542	203	339
IRS spread	3,162	3,425	(263)
Financial charges due to bonds	7,114	9,398	(2,284)
Bonds amortized costs	845	947	(102)
Financial charges on leasing	990	26	964
Other interests, fees and charges	609	446	163
Financial charges to third parties	**16,391**	**16,050**	**341**
Total financial charges	**16,441**	**16,068**	**373**

Financial charges went from €16,068K in the first half of 2018 to €16,441K this year. The net increase of €373K is due mainly to: *(i)* the application of IFRS 16; *(ii)* greater borrowing interest in light of the acquisition of the four businesses in April 2018 and the €200 million loan disbursed in the first quarter of 2019; *(iii)* lower financial charges due to reimbursement of the €125 million bond loan in early January 2019; *(iv)* higher interest on committed credit lines.

At 30 June 2019, the average cost of debt (without considering recurring and non-recurring transaction costs) was 2.43%, down from 2.65% at 31 December 2018, while the weighted average effective cost of debt (including ancillary charges) went from 2.88% to 2.66% for the same period.

Note 10) Income taxes

(amounts in thousands of Euro)	30/06/2019	30/06/2018	change
Current taxes	655	748	(93)
Deferred tax liabilities	(886)	365	(1,251)
Deferred tax assets	65	128	(63)
Out-of-period income/charges	(2)	(2)	-
Income taxes	**(168)**	**1,239**	**(1,407)**

The impact of current and deferred taxes was a positive €168K for the period, an improvement of €1,407K with respect to the first half of 2018. Most of the change is due to: *(i)* the adjustment of deferred tax assets and deferred tax liabilities to reflect the disparity between fair value and the amount valid for tax purposes, caused by fair value adjustments on investment properties held by subsidiaries without SIIQ status; and *(ii)* deferred taxation under IFRS 16 (see Section 2.1 regarding the first-time adoption of this new accounting standard).

Below is a reconciliation between theoretical income tax and actual income tax for the periods ended 30 June 2019 and 30 June 2018.

Reconciliation of income taxes applicable to pre-tax profit	30/06/2019	30/06/2018
Pre-tax profit	**6,931**	**36,044**
Theoretical tax charge (rate 24%)	1,664	8,651
Profit resulting in the Income statement	6,931	36,044
Increases:		
IMU - Property tax	4,331	4,017
Impairment on w ork in progress and inventories	142	205
Other increases	2,191	3,586
Decreases:		
Change in tax-exempt income	(34,532)	(20,027)
Deductible depreciation	(3,185)	(7,775)
Change in fair value	37,373	(6,186)
Other changes	(10,945)	(5,594)
Taxable income	**2,306**	**4,270**
Use of ACE benefit	**1,331**	**970**
Taxable income net of losses and ACE benefit	**975**	**3,300**
Lower current taxes recognized directly in equity	**(1)**	**(86)**
Current taxes of the year	**473**	**545**
Total current Ires for the period (a)	**473**	**545**
Difference between value and cost of production	**63,575**	**47,715**
Theoretical Irap (3.9%)	2,479	1,861
Difference between value and cost of production	**63,575**	**47,715**
Change:		
Increases	5,568	5,318
Decreases	(8,897)	(4,325)
Change in exempt income	(50,566)	(35,575)
Other deductions	(5,113)	(4,911)
Taxable IRAP income	**4,567**	**8,222**
Lower taxes for Irap recognized directly in equity	**0**	**(12)**
Current IRAP for the year (b)	**182**	**203**
Total current taxes (a+b)	**655**	**748**

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.

	30/06/2019	30/06/2018
Net profit attributable to IGD SIIQ S.p.A. shareholders	7,099	34,805
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	7,099	34,805
Weighted average number of ordinary shares for purposes of basic earnings per share	109,682,003	92,275,302
Weighted average number of ordinary shares for purposes of diluted earnings per share	109,682,003	92,275,302
Basic earning per share	0.065	0.377
Diluted earning per share	0.065	0.377

Note 12) Intangible assets with finite useful lives

	Balance at 31/12/2018	Increases	Decreases	Amortization	Balance at 30/06/2019
Intangible assets with finite useful lives	34	14	0	(9)	39

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

Note 13) Goodwill

	Balance at 31/12/2018	Increases	Decreases	Value reduction	Balance at 30/06/2019
Goodwill	12,662	0	0	(300)	12,362

Goodwill has been allocated to the individual cash generating units (CGUs).
Below is the breakdown of goodwill by CGU at 30 June 2019:

Goodwill	30/06/2019	31/12/2018
Millennium s.r.l.	3,952	3,952
Winmagazine S.A.	5,409	5,409
Winmarkt Management s.r.l.	1	1
Fonti del Corallo	1,000	1,300
Centro Nova	546	546
San Donà	448	448
Service	1,006	1,006
Total	**12,362**	**12,662**

As mentioned in Section 2.1, under the rules for first-time adoption of IFRS 16, the value of the mall operation business at Fonti del Corallo shopping center has been reduced by €300K to bring it into line with selling value.

Goodwill for Millennium and Winmagazin refers to consolidation differences arising upon acquisition and first-time consolidation of the corresponding legal entities. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisals by CBRE Valuation S.p.A., Duff&Phelps REAG S.p.A., Jones Lang LaSalle S.p.A., and Cushman & Wakefield LLP in accordance with the criteria described in Note 14 below. Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability derives from the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the amount relevant for tax purposes. Goodwill for the CGUs Fonti del Corallo, Centro Nova, San Donà, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. For the latter, the Group performs impairment tests every year at 31 December, and whenever circumstances indicate that the recoverable amount of goodwill may have been impaired. For both types described, at 30 June 2019 there were no signs from quantitative and/or qualitative indicators, and specifically from fair value movements in investment property, suggesting that the tests be conducted anew.

Note 14) Investment property

	Balance at 31/12/2018	FTA IFRS 16	Increases	Revaluations	Impairment	Reclassifications to asset held for sale	Reclassifications from assets under construction	Balance at 30/06/2019
Investment property	2,346,527	0	6,136	3,239	(37,237)	(12,770)	2,982	2,308,877
Rights to use IFRS 16	0	65,870	74	0	(4,732)	0	0	61,212
Total investment property	**2,346,527**	**65,870**	**6,210**	**3,239**	**(41,969)**	**(12,770)**	**2,982**	**2,370,089**

Investment property increased by €23,562K, due mainly to:

- the first-time adoption of IFRS 16. As of 1 January 2019 the Group has recognized a right-of-use asset under investment property in the amount of €65,870K, in light of the rental contracts for the malls at Centro Nova, Centro Piave, and Fonti del Corallo shopping centers, and a lease liability of €62,359K;
- the reclassification to investment property of the following finished projects: restyling of the Fonti del Corallo shopping center (€1,497K), and the remapping of that property under an agreement between IGD SIIQ and Unicoop Tirreno to reduce the size of the hypermarket and create three midsize stores (€1,485K);
- fair value adjustments. Specifically, investment property was revalued in the amount of €3,239K and written down by €41,969K, for a net negative impact of €38,730K. See Section 1.4 for additional details;
- extraordinary maintenance and earthquake proofing at shopping centers (€4,764K), specifically Città delle Stelle in Ascoli, Casilino and Tiburtino in Rome, La Torre in Palermo, Centro Lame in Bologna, and Esp in Ravenna;
- the addition of €1,446K to the purchase price of the Katanè mall as ordered by the Court of Ravenna on 7 June 2019. For further information, see Section 45 of these notes and Section 1.7 of the Directors' Report;
- the reclassification to non-current assets held for sale of the Palazzo Orlando office building in Livorno (€12,770K), after the Group entered into a binding agreement with a major international real estate firm on 28 June 2019. The final contract will be signed by 30 September 2019.

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

Note 15) Buildings

	Balance at 31/12/2018	Increases	Decreases	Depreciation	Balance at 30/06/2019
Historical cost	10,114	0	0	0	10,114
Accumulated depreciations	(2,227)	0	0	(120)	(2,347)
Net book value	**7,887**	**0**	**0**	**(120)**	**7,767**

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

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

	Balance at 31/12/2018	Increases	Decreases	Depreciation	Change in currency translation	Balance at 30/06/2019
Historical cost	3,197	71	(200)	0	0	3,068
Accumulated depreciations	(2,984)	0	0	(10)	0	(2,994)
Plants and machinery	**213**	**71**	**(200)**	**(10)**	**0**	**74**
Historical cost	5,694	316	0	0	(25)	5,985
Accumulated depreciations	(4,726)	0	0	(90)	(12)	(4,828)
Equipments and other goods	**968**	**316**	**0**	**(90)**	**(37)**	**1,157**
Historical cost	3,019	8	(509)	0	0	2,518
Accumulated depreciations	(2,472)	0	0	(5)	0	(2,477)
Leasehold improvements	**547**	**8**	**(509)**	**(5)**	**0**	**41**

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect *(i)* work performed during the half-year, *(ii)* the adoption of IFRS 16 from 1 January 2019 (see Section 2.1 for details), and *(iii)* depreciation for the period. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.

Note 17) Assets under construction

	Balance at 31/12/2018	Increases	Decreases	(Impairment losses)/Reversals	Change in fair value	Change in currency translation	Reclassification	Balance at 30/06/2019
Assets under construction	33,944	1,965	0	(59)	55	0	(1,476)	34,429
Advance payments to suppliers for the purchase of tangible assets	2,619	1,570	(421)	0	0	(6)	(1,572)	2,190
Assets under construction and advance payments	**36,563**	**3,535**	**(421)**	**(59)**	**55**	**(6)**	**(3,048)**	**36,619**

Assets under construction and advances increased by €56K, due mainly to:

- investments during the half-year totaling €3,535K, primarily for (i) completion of restyling work at Fonti del Corallo shopping center (€1,006K); (ii) completion of Fonti del Corallo remapping under an agreement between IGD SIIQ and Unicoop Tirreno (€1,207K); (iii) ongoing work at Officine Storiche (€835K); (iv) restyling of the Casilino mall (€487K);
- a decrease of €3,048K for investments completed during the half-year and reclassified to investment property, as described earlier;
- a writedown of €59K for the Portogrande expansion, offset by a positive €55K for the fair value measurement of the Officine Storiche project (Porta a Mare), which is nearing completion;
- a decrease of €421K in advances paid.

Note 18) Deferred tax assets and deferred tax liabilities

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

	30/06/2019	31/12/2018	Change
Capital operations	1	2	(1)
Taxed provisions	286	332	(46)
Irs operations	5,252	3,990	1,262
Impairment losses on inventories	2,560	2,560	0
Impairment losses on equity investments and financial receivables	271	271	0
Loss from tax consolidation	1,163	1,163	0
Property investments	(34)	(18)	(16)
Other effects	19	22	(3)
IFRS 16	362	0	362
Total deferred tax assets	**9,880**	**8,322**	**1,558**

	30/06/2019	31/12/2018	Change
Property investments	13,736	13,697	39
Bonds	9	9	0
Irs operations	0	(1)	1
Other effects	177	170	7
IFRS 16	786	0	786
Total deferred tax liabilities	**14,708**	**13,875**	**833**

	30/06/2019	31/12/2018	Change
Net deferred tax assets	0	0	0
Net deferred tax liabilities	(4,828)	(5,553)	725

Deferred tax assets mainly originate from:

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

Most of the change for the period reflects deferred tax assets on mortgage hedging instruments (IRS) due to the decrease in their negative fair value, as well as the adoption of IFRS 16 from 1 January 2019 (see Section 2.1 for further information).

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

For the Italian companies, at 30 June 2019 the balance of deferred tax assets of €9,880K and deferred tax liabilities of €14,708K was a net liability of €4,828K.

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

	30/06/2019	31/12/2018	Change
Property investments Romania	20,180	20,787	(607)
Italian companies net deferred tax liabilities	4,828	5,553	(725)
Total deferred tax liabilities	**25,008**	**26,340**	**(1,332)**

Note 19) Sundry receivables and other non-current assets

	30/06/2019	31/12/2018	Change
Security deposits	92	88	4
Other receivables	21	23	(2)
Total sundry receivables and other non-current assets	**113**	**111**	**2**

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

Note 20) Equity investments

	31/12/2018	Increases	Decreases	Revaluations / (Impairment)	30/06/2019
CONS.PROPR.DEL COMPENDIO COM.DEL COMMENDONE (GR)	6				6
Consorzio prop. Fonti del Corallo	7				7
Consorzio I Bricchi	4				4
Consorzio Leonardo	52				52
Consorzio Punta di Ferro	6				6
Equity investment in subsidiaries	**75**	**0**	**0**	**0**	**75**
Rgd ferrara 2013	54			3	57
Millennium Center	4				4
Equity investments in associates	**58**	**0**	**0**	**3**	**61**
Equity investments in other companies	**144**	**0**	**0**	**0**	**144**
Total equity investments	**277**	**0**	**0**	**3**	**280**

The increase in equity investments in associates (+€3K) is explained by the valuation of RGD Ferrara using the equity method.

Note 21) Non-current financial assets

	30/06/2019	31/12/2018	Change
Total non-current financial assets	**174**	**243**	**(69)**

These consist of the interest-free loan due from Iniziative Bologna Nord S.r.l (in liquidation) in the amount of €174K, net of a €430K writedown. The decrease since 31 December 2018 reflects a repayment received in the first half of 2019.

Note 22) Work in progress inventory

	Balance at 31/12/2018	Increases	Decreases	(Impairment) / Revaluations	Balance at 30/06/2019
Porta a Mare project	33,170	312	0	(82)	33,400
Advances	43	0	(19)	0	24
Total inventories	**33,213**	**312**	**(19)**	**(82)**	**33,424**

Inventory for work in progress related to land, buildings (completed and under construction) and urban infrastructure works at the multifunctional complex in Livorno underwent: *(i)* an increase for work on the Officine Storiche section, totaling €312K; and *(ii)* an impairment loss of €82K to adjust carrying amount to the lower of cost and appraised fair value.

Note 23) Trade and other receivables

	30/06/2019	31/12/2018	Change
Trade and other receivables	24,698	26,404	(1,706)
Provision for doubtful accounts	(13,050)	(13,488)	438
Total trade and other receivables	**11,648**	**12,916**	**(1,268)**

Trade receivables, net of the provision for doubtful accounts, decreased by €1,268K with respect to 31 December 2018. This is due to an increase in payments received and also to offsetting at 30 June. Receivables are recognized net of the provision for doubtful accounts, which reflects positions not considered to be fully recoverable. The allocation for the half-year, €521K, was calculated based on the problems encountered with individual receivables recognized at 30 June and on all available information. The use of €935K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.

Movements in the provision for doubtful accounts are shown below:

	30/06/2019	31/12/2018	Change
Provision for doubtful accounts at the beginning of the period	**13,488**	**14,107**	**(619)**
Translation effect	(19)	(2)	(17)
Uses	(935)	(1,593)	658
Impairment / (Revaluations) interests on late payments	(5)	(14)	9
Provisions	521	884	(363)
Area Change	0	106	(106)
Provision for doubtful accounts at the end of the period	**13,050**	**13,488**	**(438)**

The following table shows receivables by geographical area:

	30/06/2019	31/12/2018	Change
Receivables Italy	22,916	24,690	(1,774)
Provision for doubtuful accounts	(11,842)	(12,274)	432
Net receivables Italy	**11,074**	**12,416**	**(1,342)**
Receivables Romania	1,782	1,714	68
Provision for doubtuful accounts	(1,208)	(1,214)	6
Net receivables Romania	**574**	**500**	**74**
Total net receivables	**11,648**	**12,916**	**(1,268)**

Note 24) Related party trade and other receivables

	30/06/2019	31/12/2018	Change
Coop Alleanza 3.0	67	90	(23)
Robintur spa	1	0	1
Librerie.Coop spa	19	11	8
Alleanza Luce e Gas	22	26	(4)
Unicoop Tirreno Scarl	34	736	(702)
CONS.PROPR.DEL COMPENDIO COM.DEL COMMENDONE (GR)	0	2	(2)
Consorzio Cone'	0	2	(2)
Consorzio Crema (Gran Rondò)	0	8	(8)
Consorzio I Bricchi	36	0	36
Consorzio Katané	449	546	(97)
Consorzio Lame	0	56	(56)
Consorzio Leonardo	0	1	(1)
Consorzio La Torre	0	121	(121)
Consorzio Porta a Mare	40	24	16
Rgd ferrara 2013	311	393	(82)
Consorzio Punta di Ferro	6	0	6
Millennium Center	6	7	(1)
Consorzio Esp	0	1	0
Related parties trade and other receivables	**991**	**2,024**	**(1,033)**

See Note 40 for details.

Note 25) Other current assets

	30/06/2019	31/12/2018	Change
Tax credits			
Vat credits	640	1,101	(461)
IRES credits	375	375	0
IRAP credits	465	651	(186)
Due from others			
Advances paid to suppliers	74	3	71
Insurance credits	34	34	0
Accrued income and prepayments	1,791	469	1,322
Deferred costs	16	2,553	(2,537)
Other	242	252	(10)
Other current assets	**3,637**	**5,438**	**(1,801)**

Other current assets decreased by €1,801K, due mainly to use of the VAT credit and a reduction in deferred costs for the loan contracted with BNP Paribas during the second half of 2018 but disbursed in January 2019, as partially offset by an increase in accrued assets and prepayments.

Note 26) Financial receivables and other current financial assets

	30/06/2019	31/12/2018	Change
Related parties financial receivables	96	96	0
Total related parties financial receivables and other current financial assets	**96**	**96**	**0**

Financial assets from related parties refer to the €95K loan granted to RGD Ferrara 2013 S.r.l., plus interest calculated at the 3-month Euribor plus 350 basis points.

Note 27) Cash and cash equivalents

	30/06/2019	31/12/2018	Change
Cash and cash equivalents	2,660	2,380	280
Cash on hand	104	92	12
Cash and cash equivalents	**2,764**	**2,472**	**292**

Cash and cash equivalents at 30 June 2019 consisted mainly of current account balances at banks.

Note 28) Net equity

	30/06/2019	31/12/2018	Change
Share capital	749,738	749,738	0
Share premium reserve	30,058	31,504	(1,446)
Other reserves	**412,980**	**410,109**	**2,871**
Legal reserve	121,845	119,952	1,893
Merger surplus reserve	0	557	(557)
Treasury shares negative reserve	(332)	(492)	160
Sale of treasury shares effect	(33)	(33)	0
Bond issue reserve	14,865	14,865	0
Translation reserve	(4,617)	(4,554)	(63)
FTA IFRS 9 reserve	(4,354)	(4,354)	0
Recalculation of defined benefit plans	153	153	0
Cash flow hedge reserve	(15,204)	(13,376)	(1,828)
Fair value reserve	311,118	307,736	3,382
Cash flow hedge reserve - subsidiaries	(2,088)	(86)	(2,002)
Recalculation of defined benefit plans - subsidiaries	69	69	0
Share capital increase reserve	(10,328)	(10,328)	0
FTA IFRS 16 reserve	1,886	0	1,886
Group net profit (loss) for the period	**9,661**	**60,987**	**(51,326)**
Group profit (loss) carried forward	2,562	14,599	(12,037)
Group profit (loss)	7,099	46,388	(39,289)
Group Net Equity	**1,202,437**	**1,252,338**	**(49,901)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Total net equity	**1,202,437**	**1,252,338**	**(49,901)**

The following actions taken during the period were approved by the annual general meeting held to approve the 2018 financial statements: *(i)* allocation of the parent's 2018 profit to the fair value reserve, in the amount of €3,382K; *(ii)* payment of €55,153K in dividends for 2018, using:

- the profit available for distribution in the amount of €35,968K;
- €15,305K in profits carried forward from exempt operations;
- €2,435K in profits carried forward from taxable operations;
- €1,445K from the share premium reserve.

Net equity also changed during the period due to:

- the adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€1,828K for the parent company and €2,002K for a subsidiary);
- movements in treasury shares, for €160K;
- first-time adoption of the new accounting standard IFRS 16, for €1,886K;
- movements in the reserve for the translation of foreign currency financial statements, for a negative €63K;
- parent's share of net profit for the period (€7,099K).

Note 29) Non-current financial liabilities

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

	Duration	30/06/2019	31/12/2018	Change
Due to mortgage loans		**497,111**	**323,298**	**173,813**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	2,496	3,495	(999)
09 Interbanca IGD	25/09/2006 - 05/10/2021	22,347	29,546	(7,199)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	3,832	4,409	(577)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	37,136	39,130	(1,994)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	5,971	6,326	(355)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	16,231	17,071	(840)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	14,892	15,693	(801)
10 Mediocredito Faenza	05/10/2009 - 30/06/2029	8,358	8,823	(465)
14 MPS Palermo (Gallerie)	21/12/2010 - 30/11/2025	18,346	19,380	(1,034)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	12,689	13,523	(834)
15 CentroBanca Cone (Gallerie)	22/12/2010 - 31/12/2025	24,292	25,602	(1,310)
29 ICCREA	14/12/2017 - 30/06/2021	4,989	4,986	3
01 Unipol SARCA	10/04/2007 - 06/04/2027	60,886	62,377	(1,491)
Fin UBI 5 Leonardo	19/04/2018 - 17/10/2022	46,374	47,360	(986)
Fin UBI 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	8,095	9,341	(1,246)
Fin UBI 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	8,852	9,597	(745)
Fin UBI 3 Rp LUNGO	19/04/2018 - 17/10/2021	4,977	6,639	(1,662)
Fin BNL 125ML lungo	02/01/2019 -15/10/2023	121,348	0	121,348
Fin BNL 75ML lungo	29/03/2019 - 15/10/2023	75,000	0	75,000
Due to bond		**557,975**	**557,304**	**671**
Bond 300 ML	31/05/2016 - 31/05/2021	298,957	298,719	238
Bond 162 ML	21/04/2015 - 21/04/2022	159,476	159,079	397
Bond 100 ML	11/01/2017 - 11/01/2024	99,542	99,506	36
Due to other source of finance		**53,210**	**3,595**	**49,615**
Sardaleasing per Bologna headquarters	30/04/2009 - 30/04/2027	3,423	3,595	(172)
Liabilities IFRS 16 Livorno long-term		17,753	0	17,753
Liabilities IFRS 16 Nova long-term		27,253	0	27,253
Liabilities IFRS 16 Piave long-term		4,781	0	4,781
Non-current financial liabilities		**1,108,296**	**884,197**	**224,099**

The following table shows movements in non-current financial liabilities:

Non-current financial liabilities	31/12/2018	IFRS 16	Increases	Amortized cost	Reclassification	30/06/2019
Payables due to mortgages	323,298	0	200,000	(3,432)	(22,755)	497,111
Payables due to bonds	557,304	0	0	671	0	557,975
Payables due to other sources of finance	3,595	54,096	0	0	(4,481)	53,210
TOTAL	**884,197**	**54,096**	**200,000**	**(2,761)**	**(27,236)**	**1,108,296**

Mortgage loans

Most of the increase in mortgage loans concerns the contract IGD signed on 16 October 2018 with a pool of banks, including the Italian branch of BNP Paribas, which is also serving as mandated lead arranger, underwriter, global coordinator, and bookrunner. The contract is for a €200 million senior unsecured loan, repayable in three years, which IGD can opt to extend to five years. "Tranche A" of the loan (€125 million) financed the redemption of the originally €150 million bond that matured on 7 January 2019, while "Tranche B" (€75 million), disbursed in March 2019, is being used to pay back some short-term credit lines and cover the Group's general cash needs.

Mortgage loans are secured by properties. The change, in addition to the above, is due to the reclassification to current financial liabilities of the principal falling due in the next 12 months. The average interest rate on adjustable-rate mortgage loans at 30 June 2019 was 1.05%.

Bonds

The decrease is due to the redemption at maturity, in January 2019, of the bond originally amounting to €150 million. Details of outstanding bonds are presented in the table below:

	Non-current portion	Current portion				Non-current portion	Current portion		
Payables due to bonds	**31/12/2018**	**31/12/2018**	**Bond issuance/repayment**	**Ancillary costs amortization at 30/06/2019**	**Financial charges at 30/06/2019**	**30/06/2019**	**30/06/2019**	**Nominal interest rate**	**Actual interest rate**
Bond 150 ML		124,900	(124,900)				0		
Additional transaction costs		(8)		9			0		
Coupon rate 31.12.2018		4,747			(4,747)				
Paid interests					4,840				
Coupon rate 30.06.2019					0		0		
Total Bond 150 ML	**0**	**129,639**		**9**	**93**	**0**	**0**	**3.875%**	**4.17%**
Bond 162 ML	162,000					162,000			
Additional transaction costs	(2,921)			398		(2,523)			
Coupon rate 31.12.2018		2,969			(2,969)				
Paid interests					4,293				
Coupon rate 30.06.2019					823		823		
Total Bond 162 ML	**159,079**	**2,969**		**398**	**2,147**	**159,477**	**823**	**2.65%**	**3.94%**
Bond 300 ML	300,000					300,000			
Additional transaction costs	(1,280)			237		(1,043)			
Coupon rate 31.12.2018		4,375			(4,375)		0		
Paid interests					7,500				
Coupon rate 30.06.2019					625		625		
Total Bond 300 ML	**298,720**	**4,375**		**237**	**3,750**	**298,957**	**625**	**2.50%**	**2,80%***
* including the effect of the cash flow hedge reserve									
Bond 100 ML	100,000					100,000			
Additional transaction costs	(494)			36		(458)			
Coupon rate 31.12.2018		**1,056**			(1,056)				
Paid interests					1,125				
Coupon rate 30.06.2019					1,056		1,056		
Total Bond 300 ML	**99,506**	**1,056**		**36**	**1,125**	**99,542**	**1,056**	**2.25%**	**2.35%**
Total bond	**557,304**	**138,038**		**680**	**7,115**	**557,975**	**2,504**		
Cash Flow Hedge reserve (bond 300 ML)	**(830)**			**165**		**(665)**			
Total financial charges				**845**	**7,115**				

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 30 June 2019.

Name	Guarantees given	Owner	Type of product	End date	Covenant	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
04 BNL Rimini IGD	Malatesta shopping center (hypermarket)	IGD SIIQ S.p.A.	Loan	06/07/2021	Financial condition of IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to difference between equity and dividends approved for the year must not exceed 2 through to maturity	82.11%			
05 BreBanca IGD	Mondovicino shopping mall	IGD SIIQ S.p.A.	Mortgage	10/01/2023					
01 Unipol Larice	Sarca shopping mall	IGD Management S.r.l.	Mortgage	06/04/2027	Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2.3	95.61%			
06 Unipol Lungosavio IGD	Lungo Savio shopping center (mall)	IGD SIIQ S.p.A.	Mortgage	31/12/2023					
07 Carige Nikefin Asti	I Bricchi shopping mall	IGD SIIQ S.p.A.	Mortgage	31/03/2024					
08 Carisbo Guidonia IGD	Tiburtino shopping center	IGD SIIQ S.p.A.	Mortgage	27/03/24	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	95.61%			
09 Interbanca IGD	Centro d'Abruzzo shopping center (hypermarket); Porto Grande shopping center (mall, hypermarket); Globo shopping center (hypermarket); Le Porte di Napoli shopping center (hypermarket); Il Maestrale shopping center (hypermarket); Leonardo shopping center (hypermarket); Miralfiore shopping center (hypermarket)	IGD SIIQ S.p.A.	Loan	05/10/21	Consolidated financial statements: ratio of net debt (including derivative assets liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	95.61%			
10 Mediocredito Faenza IGD	Le Maioliche shopping center (hypermarket)	IGD SIIQ S.p.A.	Loan	30/06/2029	IGD SIIQ S.p.A. financial statements: ratio of external net debt to equity + intercompany loans must not exceed 2.7	92.55%			
14 MPS Palermo	La Torre shopping center (mall)	IGD SIIQ S.p.A.	Mortgage	30/11/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) loan to value ratio for the individual property must not exceed 70%	95.61%	0.39		

Name	Guarantees given	Owner	Type of product	End date	Covenant	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
15 Centro Banca Conè mall	Conè shopping center (mall)	IGD SIIQ S.p.A.	Loan	31/12/2025	Consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to equity no higher than 2	95.61%			
13 CR Veneto Mondovì	Mondovicino Retail Park	IGD SIIQ S.p.A.	Mortgage	01/11/2024	Certified consolidated financial statements ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	95.61%			
17 Carige Palermo IGD	La Torre shopping center (hypermarket)	IGD SIIQ S.p.A.	Mortgage	30/06/2027					
29 Iccrea Chirografario	none	IGD SIIQ S.p.A.	Unsecured loan	30/06/2021	Consolidated financial statements: i) Ratio of net debt (excluding derivative liabilities) to equity must not exceed 1.60, from 31/12/2017 to maturity; ii) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%;	92.51%	0.47		
30 Ubi 1 lame_rp_fav	La Favorita shopping center (mall and retail park) and Lame shopping center (mall)	IGD SIIQ S.p.A.	Credit facility secured by mortgage	17/07/2023					
31 Ubi 2 lame_rp_fav	La Favorita shopping center (mall and retail park) and Lame shopping center (mall)	IGD SIIQ S.p.A.	Credit facility secured by mortgage	18/10/2021					
32 Ubi 3 rp	La Favorita shopping center (retail park)	IGD SIIQ S.p.A.	Mortgage	18/10/2021					
33 Ubi 5 leonardo	Leonardo shopping center (mall) and Centro Luna shopping center (mall)	IGD SIIQ S.p.A.	Loan	17/10/2023	Consolidated financial statements: ratio of net debt (excluding derivative assets and liabilities) to equity no higher than 1	95.61%			
24 Notes 3.875% - Due 07/01/2019	unsecured	IGD SIIQ S.p.A.	Bond	07/01/2019	i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.55; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.00.	46.67%	3.70	14.26%	1.84

26 Notes 2.65% - 21/04/2022	unsecured	IGD SIIQ S.p.A.	Bond	21/04/2022	i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.55; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.00.	46.67%	3.70	14.26%	1.84
Name	**Guarantees given**	**Owner**	**Type of product**	**End date**	**Covenant**	**Indicator i)**	**Indicator ii)**	**Indicator iii)**	**Indicator iv)**
27 Notes 2.50% - 31/05/2021	unsecured	IGD SIIQ S.p.A.	Bond	31/05/2021	i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.25	46.67%	3.70	14.26%	1.84
28 Notes 2.25% - 11/01/2024	unsecured	IGD SIIQ S.p.A.	Bond	11/01/2024	i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.50	46.67%	3.70	14.26%	1.84
34 Syndicated Loan	unsecured	IGD SIIQ S.p.A.	Syndicated loan	16/10/2023	i) Ratio of total assets - intangible assets to total debt (excluding derivative liabilities) under 60%; ii) Interest cover ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to total assets - intangible assets < 45%; iv) Ratio of unmortgaged properties to unsecured debt > 1.25	46.67%	3.70	14.26%	1.84

(*) All indicators are calculated without considering the impact of IFRS 16.

Note 30) Provision for employee severance indemnities

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

The following charts show the demographic and financial assumptions used:

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

FINANCIAL ASSUMPTIONS	*2019*
Cost of living increase	1.5%
Discount rate	1.97%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0%
Increase in severance indemnity provision	2.625%

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

Note 31) General provisions

	Balance at 31/12/2018	Utilization	Allocation	Reclassifications	Balance at 30/06/2019
Provision for taxation	1,840	(168)	69	(226)	1,515
General provisions	2,783	(86)	1,446	50	4,193
Bonus provision	974	(974)	570	0	570
Total general provisions	**5,597**	**(1,228)**	**2,085**	**(176)**	**6,278**

Provision for taxation

This provision covers the charges that might arise from tax audits and other likely tax liabilities. The increase consists mainly of an additional allocation against pending IMU/ICI (local property tax) disputes, which mainly concern new classifications and cadastral rent calculations for two shopping centers. The utilizations of €168K refer to provisions made in prior years and now considered excessive, thanks to favorable court rulings on tax disputes. Of the reclassifications, €50K was reclassified to other general provisions, and €176K (set aside for a municipal property tax dispute) to taxes payable.

Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2020 on the basis of the Group's 2019 estimated results. The utilization refers to the payment made in the first half of 2019.

Other general provisions

These cover the risks arising from litigation in course, as well as probable future expenses. The increase for the period, €1,446K, refers to the price supplement for the purchase of the Katanè mall, as ordered by the Court of Ravenna on 7 June 2019. See Note 45 for further information.

Note 32) Sundry payables and other non-current liabilities

	30/06/2019	31/12/2018	Change
Deferred income	5,920	5,920	0
Payables due to substitute tax	0	1,471	(1,471)
Prepayment received	800	0	800
Other liabilities	1,421	459	962
Sundry payables and other non-current liabilities	**8,141**	**7,850**	**291**

Deferred income concerns the City of Livorno for additional secondary urban infrastructure works as provided for by contract (€2,470K) and works to be delivered to Porta a Mare S.p.A. (€3,450K).

Payables for substitute tax, at 31 December 2018, included the final installment of the substitute tax on the investment property Punta di Ferro, to be paid in the first half of 2020. At 30 June 2019 it was reclassified to other current liabilities.

Advances received refer to the advance from BNP Paribas under the agreement for the sale of the commercial licenses of the Fonti del Corallo mall, which will be finalized in 2026 when the current rental contract expires.

“Other liabilities” increased as a result of the two €500K extension fees that IGD will have to pay to BNP Paribas in 2021 and 2022 to extend the term of the €200 million loan contracted in the second half of 2018, respectively to 2022 and 2023. The extension is currently regarded as likely.

Related party payables are shown below:

	30/06/2019	31/12/2018	Change
Coop Alleanza 3.0	13,125	11,362	1,763
Alleanza luce e gas	55	55	0
Unicoop Tirreno Scarl	25	25	0
Distribuzione Centro Sud s.r.l.	450	450	0
Related parties sundry payables and other non-current liabilities	**13,655**	**11,892**	**1,763**

Security deposits refer to sums received for the leasing of hypermarkets and malls. They pay interest at the rates provided for by law. The increase in security deposits received from Coop Alleanza 3.0 falls under the framework agreement signed with Coop Alleanza in November 2018 that revises the duration and amount of rent.

Note 33) Current financial liabilities

	Duration	30/06/2019	31/12/2018	Change
Due to banks		**22,677**	**42,763**	**(20,086)**
Cassa risp. Firenze - Hot Money		0	11,000	(11,000)
UBI Banca - Hot Money	13/05/2019 - 31/07/2019	10,001	20,000	(9,999)
Bnl - Bologna - Hot money		0	10,008	(10,008)
Intesa Sanpaolo - Hot Money	13/05/2019 - 31/07/2019	7,000	0	7,000
Bnl - Bologna - Hot Money	13/05/2019 - 31/07/2019	5,001	0	5,001
Emilbanca c/c		0	1,494	(1,494)
Popolare Emilia Romagna	A VISTA	675	261	414
Due to mortgage loans		**45,665**	**45,340**	**325**
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	2,642	2,640	2
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,659	1,641	18
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	2,092	2,066	26
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	934	933	1
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,701	1,703	(2)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,661	1,609	52
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,130	4,132	(2)
09 Interbanca IGD	25/09/2006 - 05/10/2021	14,409	14,147	262
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	702	681	21
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	1,153	1,122	31
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	2,001	2,001	0
Rateo finanziamento BNL 200ml		14	0	14
Fin UBI 5 Leonardo	19/04/2018 - 17/10/2023	2,104	2,106	(2)
Fin UBI 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	2,537	2,584	(47)
Fin UBI 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	1,537	1,580	(43)
Fin UBI 3 Rp	19/04/2018 - 17/10/2021	3,354	3,358	(4)
01 Unipol SARCA	10/04/2017 - 06/04/2027	3,035	3,037	(2)
				-
Due to other source of finance		**8,780**	**334**	**8,446**
Leasing IGD HQ	30/04/2009 - 30/04/2027	339	334	5
Current liabilities IFRS 16 Livorno corrente		2,719	0	2,719
Current liabilities IFRS 16 Nova corrente		3,455	0	3,455
Current liabilities IFRS 16 Piave corrente		2,267	0	2,267
Due to bonds		**2,504**	**138,038**	**(135,534)**
Bond 100 ML	11/01/2017 - 11/01/2024	1,056	1,056	0
Bond 150 ML	07/05/2014 - 07/01/2019	0	129,638	(129,638)
Bond 162 ML	21/04/2015 - 21/04/2022	823	2,969	(2,146)
Bond 300 ML	31/05/2016 - 31/05/2021	625	4,375	(3,750)
Current financial liabilities		**79,626**	**226,475**	**(146,849)**

Movements in current financial liabilities are shown in the table below:

Current financial liabilities	31/12/2018	IFRS 16	Coupon of the year	Increases	Repayments	Amortized cost	Reclassification	30/06/2019
Payables due to banks	42,763	0	0	22,413	(42,499)	0	0	22,677
Payables due to mortgages	45,340	0	0	0	(22,430)	0	22,755	45,665
Payables due to bonds	138,038	0	7,114	0	(142,657)	9	0	2,504
Payables due to other sources of finance	334	8,265	0	0	(4,300)	0	4,481	8,780
TOTAL	**226,475**	**8,265**	**7,114**	**22,413**	**(211,886)**	**9**	**27,236**	**79,626**

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of outstanding mortgage and bond loans (including interest accrued), and the current portion of the financial liabilities arising from the adoption of IFRS 16.

The principal changes in current financial liabilities relate to:

- ✓ the redemption of the originally €150 million bond loan in January;
- ✓ the decrease in ultra-short-term credit lines.

Note 34) Net financial position

The table below presents the net financial position at 30 June 2019 and 31 December 2018. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

Uncommitted credit facilities with banks amount to €181 million, of which €158 million was unutilized at the close of the period.

Committed revolving credit facilities with banks, unutilized at 30 June, amount to €60 million.

See the section "Statement of financial position and financial review" of the Directors' Report for comments.

(amounts in thousands of Euro)	30/06/2019	31/12/2018	Change
Cash and cash equivalents	(2,764)	(2,472)	(292)
Financial receivables and other current financial assets vs related parties	(96)	(96)	-
LIQUIDITY	**(2,860)**	**(2,568)**	**(292)**
Current financial liabilities	22,677	42,763	(20,086)
Mortgage loans - current portion	45,665	45,340	325
Leasing - current portion	8,780	334	8,446
Bonds - current portion	2,504	138,038	(135,534)
CURRENT FINANCIAL DEBT	**79,626**	**226,475**	**(146,849)**
CURRENT NET FINANCIAL DEBT	**76,766**	**223,907**	**(147,141)**
Non-current financial assets	(174)	(243)	69
Leasing - Non-current portion	53,210	3,594	49,616
Non-current financial liabilities	497,111	323,298	173,813
Bonds	557,975	557,304	671
NON-CURRENT NET FINANCIAL DEBT	**1,108,122**	**883,953**	**224,169**
NET FINANCIAL POSITION	**1,184,888**	**1,107,860**	**77,028**

Note 35) Trade and other payables

	30/06/2019	31/12/2018	Change
Payables vs suppliers by	9,441	14,301	(4,860)
Payables vs suppliers for	0	0	0
Trade and other payables	**9,441**	**14,301**	**(4,860)**

Trade payables decreased due to the payment of the amount due for the purchase of part of the hypermarket at Grand Rondò shopping center in Crema.

Note 36) Related party trade and other payables

	30/06/2019	31/12/2018	Change
Coop Alleanza 3.0	242	217	25
Robintur spa	6	11	(5)
Adriatica Luce e Gas	150	0	150
Unicoop Tirreno Scarl	10	0	10
CONS.PROPR.DEL COMPENDIO COM.DEL	1	0	1
Consorzio prop. Fonti del Corallo	716	7	709
Consorzio Cone'	0	14	(14)
Consorzio Crema (Gran Rondò)	2	0	2
Consorzio I Bricchi	13	0	13
Consorzio Katané	22	64	(42)
Consorzio Lame	74	47	27
Consorzio Leonardo	43	90	(47)
Consorzio La Torre	0	139	(139)
Consorzio Porta a Mare	11	39	(28)
Consorzio Sarca	69	44	25
DistribuzioneCentro Sud s.r.l.	2	1	1
Consorzio Le Maioliche	1	1	-
Consorzio Punta di Ferro	10	58	(48)
Millennium Center	1	0	1
Consorzio Proprietari Centro Luna	9	0	9
Consorzio Esp	2	4	(2)
Current related parties trade and other payables	**1,384**	**736**	**648**

Related party payables increased by €648K, mostly for invoices received from the owners' consortium of Fonti del Corallo for restyling work in the first half of the year.

See Note 40 for additional information.

Note 37) Current tax liabilities

	30/06/2019	31/12/2018	Change
Due to tax authorities for withholdings	3,343	591	2,752
Ires/Irap	227	219	8
VAT	460	72	388
Drainage consortium	0	2	(2)
Other taxes	180	18	162
Substitute tax	1,478	1,471	7
Current tax liabilities	**5,688**	**2,373**	**3,315**

Most of the change, totaling €3,315K, concerns the increase in tax due by the parent company for withholding charged on dividends, to be paid in July 2019.

Note 38) Other current liabilities

	30/06/2019	31/12/2018	Change
Social security	359	361	(2)
Accrued liabilities and deferred income	797	855	(58)
Insurances	8	9	(1)
Due to employees	930	819	111
Security deposits	6,792	6,711	81
Unclaimed dividends	37	1	36
Advances received due within the year	73	73	0
Amounts due to directors for emoluments	277	235	42
Other liabilities	994	1,097	(103)
Other current liabilities	**10,267**	**10,161**	**106**

Other current liabilities were essentially unchanged since the previous year.

Related party payables are shown below:

	30/06/2019	31/12/2018	Change
Related parties other current liabilities	0	0	0
Related parties other current liabilities	**0**	**0**	**0**

Note 39) Dividends paid

During the period, as determined by the Annual General Meeting held to approve the 2018 financial statements on 10 April 2019, a dividend of €0.50 was paid for each of the 110,305,912 shares outstanding, for a total of €55,153K.

Note 40) Related party disclosures

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

	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITIES	FINANCIAL PAYABLES	SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS	Fixed asset - Increases	Fixed assets - Decreases
Coop Alleanza 3.0	67	0	242	13,125	0	0	0	0
Robintur spa	1	0	6	0	0	0	0	0
Librerie.Coop spa	19	0	0	0	0	0	0	0
Alleanza Luce e Gas	22	0	150	55	0	0	150	0
Unicoop Tirreno Scarl	29	0	10	25	0	0	0	0
CONS.PROPR.DEL COMPENDIO COM.DEL COMMENDONE (GR)	0	0	1	0	0	0	0	0
Consorzio prop. Fonti del Corallo	0	0	716	0	0	0	1,418	0
Consorzio Crema (Gran Rondò)	0	0	2	0	0	0	0	0
Consorzio I Bricchi	36	0	13	0	0	0	0	0
Consorzio Katané	448	0	22	0	0	0	11	0
Consorzio Lame	0	0	74	0	0	0	0	0
Consorzio Leonardo	0	0	43	0	0	0	0	0
Consorzio Porta a Mare	40	0	11	0	0	0	0	0
Consorzio Sarca	0	0	69	0	0	0	0	0
Distribuzione Centro Sud s.r.l.	6	0	2	450	0	0	0	0
Rgd ferrara 2013	311	96	0	0	0	0	0	0
Consorzio Le Maioliche	0	0	1	0	0	0	0	0
Consorzio Punta di Ferro	6	0	10	0	0	0	0	0
Millennium Center	6	0	1	0	0	0	0	0
Consorzio Proprietari Centro Luna	0	0	9	0	0	0	7	0
Consorzio Esp	0	0	2	0	0	0	0	0
Total	**991**	**96**	**1,384**	**13,655**	**-**	**0**	**1,586**	**-**
Amount reported	**49,700**	**270**	**21,092**	**21,796**	**1,187,922**	**113**		
Total increase/decrease for the period							**10,144**	**(1,130)**
% of the total	**1.99%**	**35.40%**	**6.56%**	**62.65%**	**0.00%**	**0.00%**	**15.63%**	

	REVENUES AND OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Alleanza 3.0	16,590	0	186	48
Robintur spa	158	0	0	0
Viaggia con noi srl	0	0	0	0
Librerie.Coop spa	481	0	0	0
Alleanza Luce e Gas	105	0	0	0
Campania Distribuzione Moderna	0	0	0	0
Unicoop Tirreno Scarl	2,890	0	10	0
CONS.PROPR.DEL COMPENDIO COM.DEL COMMENDONE (GR)	75	0	31	0
Vignale Comunicazioni Srl	0	0	0	0
Consorzio prop. Fonti del Corallo	0	0	0	0
Consorzio Cone'	85	0	57	0
Consorzio Clodì	28	0	47	0
Consorzio Crema (Gran Rondò)	31	0	55	0
Consorzio I Bricchi	59	0	265	0
Consorzio Katané	105	0	131	0
Consorzio Lame	93	0	8	0
Consorzio Leonardo	118	0	2	0
Consorzio La Torre	102	0	174	0
Consorzio Porta a Mare	39	0	120	0
Consorzio Sarca	90	0	252	0
Distribuzione Centro Sud s.r.l.	771	0	0	2
Iniziative Bo Nord	0	0	0	0
Rgd ferrara 2013	271	1	0	0
IGD Property SIINQ spa	0	0	0	0
Consorzio Le Maioliche	87	0	108	0
R.P.T. Robintur	8	0	0	0
Consorzio Punta di Ferro	84	0	65	0
Consorzio La Favorita	60	0	12	0
Millennium Center	54	0	11	0
Consorzio Proprietari Centro Luna	76	0	0	0
Consorzio Esp	105	0	100	0
Total	**22,564**	**1**	**1,634**	**50**
Amount reported	**80,532**	**26**	**18,209**	**16,441**
Total increase/decrease for the period				
% of the total	**28.02%**	**4.41%**	**8.97%**	**0.30%**

The Group has financial and economic relationships with its controlling company, Coop Alleanza 3.0 Soc. Coop.; with other companies in the Coop Alleanza 3.0 Group (Robintur S.p.A., Librerie Coop S.p.A., R.P.T. Robintur Travel Partner S.r.l. and Alleanza Luce e Gas S.r.l.); with Unicoop Tirreno Soc. Coop. and with Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0 Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.).

Related party transactions are conducted at arm's length and are recognized at face value.

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

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

- the rental of investment property to Coop Alleanza for use as hypermarkets and supermarkets; rental income in the first half of 2019, including for retail premises, amounted to €16.6 million;
- the provision of IT services by Coop Alleanza 3.0. Soc. Coop.;
- security deposits received on leases.

Transactions with Robintur S.p.A. and R.P.T. Robintur Travel Partner S.r.l. concern the leasing of store space at malls. For the period ended 30 June 2019, €158K in rent was received from Robintur S.p.A. and €8K from R.P.T. Robintur Travel Partner S.r.l.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers and the leasing of the third floor of the building that houses IGD's head office. For the half-year, the Group received €481K under this arrangement.

Transactions with Alleanza Luce e Gas S.r.l. refer to the rental of part of the second floor of the building where IGD has its head office. For the half-year, the Group received €105K under this arrangement.

Transactions with Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0. Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.) refer to the lease to those companies of the Guidonia and Afragola hypermarkets for €771K, as well as security deposits received on leases.

Transactions with Unicoop Tirreno Soc. Coop.

Transactions with Unicoop Tirreno Soc. Coop. consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets and supermarkets. For the half-year, the Group received €2.9 million under these arrangements.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries IGD Management S.r.l., Millennium Gallery S.r.l., Porta Medicea S.r.l., Arco Campus S.r.l. and Win Magazin S.A. concern the following: (i) administrative, technical and financial services provided by IGD; (ii) loans granted to the subsidiaries IGD Management S.r.l., Arco Campus S.r.l. and Millennium Gallery S.r.l., and financial payables to the subsidiary IGD Management S.r.l. for use of the pooled account; (iii) the tax consolidation agreement with IGD Management S.r.l., Millennium Gallery S.r.l. and Porta Medicea S.r.l.; (iv) the preliminary agreement for the purchase from a related party of the retail "Officine" portion of the Porta a Mare project in Livorno, for an original amount of €46.3 million, of which advances have been paid in the amount of €22.4 million.

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

Transactions with RGD Ferrara 2013 S.r.l., formed on 30 September 2013 to manage the Darsena City shopping center in Ferrara (a joint venture between IGD and Beni Stabili), consist of: (*i*) rental of the Darsena property by IGD (rent for the first half of 2019 amounted to €271K) and (*ii*) an interest-bearing loan in the amount of €96K, with interest charged at the 3-month Euribor plus a spread of 350 basis points.

Note 41) Management of financial risk

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

Interest rate risk

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

The Finance department monitors interest rate risk constantly, in coordination with top management, including through analysis and measurement tools developed within the Group's enterprise risk management program. It also monitors trends in the main economic and financial indicators that may affect the Group's performance. Interest rate swaps hedge 87.1% of the Group's exposure to rate fluctuations on long-term loans, including bonds. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model, and conducts routine scouting activities to find opportunities to reduce the cost of debt with banks and/or the capital markets.
See Note 42 for quantitative information on derivatives.

Liquidity risk

This refers to problems with liquidity management, insufficient resources to finance the business, and difficulty keeping up with loans or obtaining new credit. Liquidity is monitored through cash flow planning, and risk is mitigated by the Group's extensive credit lines.
The Finance department uses a financial forecasting tool to monitor expected cash flows over a one-quarter rolling horizon and makes sure there is enough liquidity to operate the business, while establishing the proper ratio of bank debt to capital market debt.
As for long-term loans, each bank facility finances a specific project, which reduces the risk of needing to refinance. Some long-term loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.
Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.
Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation and financial viability.

Credit risk

Credit risk takes the form of customer insolvency and difficulty collecting payments. To mitigate these risks, tenants go through a pre-contractual selection process, based on financial standing and earnings prospects.
Reviews of potential customers are performed also with the help of external specialists and aim to identify any risk factors for the company. Monthly analyses analyze the level of risk associated with each tenant and monitor their solvency.
All customers are asked for bank guarantees and/or security deposits to guarantee fulfillment of their commitments. Throughout the life of the contract, the company monitors compliance on an ongoing basis, and follows internal credit management procedures in the event any problems arise; when the business relationship is secure, measures to assist the tenant may be taken. The Group also uses an ad hoc program to measure each tenant's risk level and solvency, an analysis that is formally conducted every quarter but monitored on a daily basis to stay abreast of the actions taken or needed to collect receivables.

Foreign exchange risk

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

Capital management

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

1. keeping the net debt/equity ratio at 1x or below. The ratio was 0.88x at 31 December 2018 and 0.97x at 30 June 2019 (0.93x without considering the impact of the new accounting standard, IFRS 16);
2. keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50%. At 30 June 2019 this ratio was 48.22% (47.02% without considering the impact of IFRS 16), compared with 45.77% at the end of 2018.

Note 42) Derivative instruments

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

Fair value - Hierarchy	30/06/2019	31/12/2018	Change	level
Derivative assets	0	0	0	2
Derivative liabilities	(21,204)	(17,364)	(3,840)	2
IRS - net effect	**(21,204)**	**(17,364)**	**(3,840)**	

Contrcts in detail	IRS 07 - Banca Aletti 3.420%	IRS 09 - BNP Paribas 3.439%	IRS 10 - ex MPS 3.439%	IRS 08 - ex MPS 3.420%	IRS 06 - Carisbo 3.3495%	IRS 12 - Carisbo 3.177%	IRS 11 - ex MPS 3.175%
Nominal amount	6,168,518	6,168,518	6,168,518	6,168,518	4,970,307	6,168,518	6,168,518
Inception date	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	27/10/2009	28/10/2009
Maturity	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021	05/10/2021
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	:uribor 3 months	Euribor 3 months	:uribor 6 months	:uribor 3 months	Euribor 3 months
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Contrcts in detail	IRS 16 - Aletti 3.285%	IRS 17 - Aletti 2.30%	IRS 14 - Carisbo 3.272%	IRS 13 - Carisbo 3.412%	IRS 15 - ex MPS 3.25%	IRS 18 - MPS 2.30%	IRS 19 - Carisbo 2.30%
Nominal amount	5,381,351	10,478,750	7,175,135	6,681,665	5,381,351	10,478,750	10,478,750
Inception date	28/04/2010	27/08/2010	28/04/2010	28/04/2010	30/04/2010	31/08/2010	27/08/2010
Maturity	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	27/03/2024
Irs frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	:uribor 3 months	Euribor 6 months	:uribor 3 months	:uribor 3 months	Euribor 3 months
Customer rate	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

Contrcts in detail	IRS 20 - Carisbo 2.285%	IRS 21 - MPS 2.80%	IRS 22 - Carisbo 3.25%	IRS 24 - Carisbo 2.429%	IRS 23 - Carisbo 2.429%	IRS 25 - Aletti 2.427%	IRS 29 - BNL 0,5925%
Nominal amount	10,478,750	6,785,715	16,800,000	13,530,000	5,412,000	8,118,000	32,000,000
Inception date	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	08/06/2017
Maturity	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	06/04/2027
Irs frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	:uribor 6 months	Euribor 3 months	:uribor 3 months	:uribor 3 months	Euribor 3 months
Customer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	0.59%

Contrcts in detail	IRS 30 - INTESA 0,5925%	IRS 31 - UBI 0.333%	IRS 33 - BNP - 0.115%	IRS 35 - MPS - 0.115%	IRS 36 - BPM - 0.115%	IRS 37 - ICCREA - 0.115%	IRS 34 - BNP 0.075%
Nominal amount	32,000,000	48,500,000	48,000,000	50,000,000	30,000,000	15,000,000	57,000,000
Inception date	08/06/2017	17/01/2019	29/03/2019	29/03/2019	29/03/2019	29/03/2019	29/03/2019
Maturity	06/04/2027	17/10/2023	15/10/2021	15/10/2021	15/10/2021	15/10/2021	15/10/2021
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	:uribor 3 months	Euribor 3 months	:uribor 3 months	:uribor 3 months	Euribor 3 months
Customer rate	0.59%	0.33%	0.12%	0.12%	0.12%	0.12%	0.08%

Note 43) Subsequent events

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

Note 44) Commitments

At 30 June 2019 the Group had the following major commitments:

- Contract with C.M.B. for the development of the Officine Storiche section, for a remaining amount of €20.7 million.
- Contract for the development of the Officine Storiche section, for a remaining amount of €19.6 million;
- Contract for the restyling of the Casilino shopping center, for a remaining amount of €1,846K;
- Contract for earthquake proofing upgrades at Centro d'Abruzzo shopping center, for a remaining amount of €272K;

Note 45) Disputes

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

Darsena

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

In light of the definitive Court of Cassation ruling with respect to the judgment passed by the Arbitration Board of Milan, this case is officially closed, with no impact on the Group's accounts.

Actions against IGD

In light of the definitive ruling by the Appeals Court of Bologna, this case is officially closed, with no impact on the Group's accounts.

Iniziative Immobiliari Siciliane S.r.l.

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

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

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

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

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

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

After the standard exchange of pleadings, the court agreed to allow expert testimony to quantify the rent valid for calculating the price supplement, if any, and indicated the variables the expert should consider for this purpose.

Although the wording of the queries (and therefore the parameters for computing rent in order to quantify any price supplement) clarified a number of issues, it was indeed somewhat ambiguous and left other issues open to debate. After the expert report was filed, at the court session of 23 May 2017 (previously set for the purpose of discussing the findings of the expert witness), both IGD and IIS complained—for different reasons—about the methodology used by the expert witness and the content of the resulting report, and asked the court to order a review.

On 25 November 2017, the court ordered the expert witness to perform additional steps as requested by IGD in its filings, and scheduled a review of the conclusions for 14 March 2018. The expert witness filed the supplementary report on 7 February 2018 and added additional information on 12 February.

In the supplementary report, the expert witness calculated, with some inaccuracies, the annual rent pertaining to the period in question, as ordered by the court at IGD's request. The report confirmed that on the basis of the parameters set by the court: (i) the rent accrued during the period in question (October 30, 2013 to October 29, 2014) and collected by the end of that period would have entailed a price supplement of 0 (zero); (ii) the rent accrued during the period (without considering how much was actually collected by October 29, 2014) would have entailed a price supplement (because annual rent would have exceeded the contractual threshold of €4,075,000.00), albeit of a drastically smaller amount than stated in the initial report.

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

Once the supplementary report was filed, and IGD had asked the judge for clarifications regarding some conclusions with which it disagreed, the court set the deadline for submitting concluding statements, which were filed by the parties on time.

In a decision dated 3 June 2019, the court settled the dispute by siding largely with the plaintiff, and issued a detailed report supporting its findings.

Specifically, the court deemed that Art. 3 of the mall purchase agreement, which sets the rules for calculating the price supplement, reflects the parties' intention, *"in accordance with industry practice, to anchor any price supplement to the property's overall profitability following the start-up phase."* In the court's opinion, *"the reference in said article to the 'total* *annual rent in force upon the fifth anniversary, received for the rental/leasing of the stores making up the mall' means that in determining whether a price supplement is due, the key criterion is the rent charged over the period in question, where the word 'received' indicates that the computation shall exclude all that is not strictly attributable to the rental/leasing of the individual stores located in the mall and does not suggest that the criterion is the sum actually received by the defendant."*

Accordingly, the court ordered IGD to cover all legal and expert witness expenses, and to pay: (i) a price supplement of €4,616,023.84, plus interest at the legally mandated rate from February 9, 2018 through the date of payment; and ii) the sum of €230,801.19, plus inflation adjustment and interest at the legally mandated rate, as damages for the *"failure to honor the price supplement with reference to variable rent."*

Despite the explanations given, the court's decision has various weaknesses that might be grounds for appeal. In particular, IGD questions two aspects of the decision: the court's use of the accruals principle alone in place of the cash principle, considering the word "received" in Art. 3 of the agreement and the query put to the expert witness ("for contracts under which the full rent for the period October 30, 2013 to October 29, 2014 had not been collected by that end date of October 29, 2014, the expert witness is asked to prepare a dual calculation, excluding and including the amounts not received"); and the impact of certain items the court accepted for the purpose of calculating the annual rent.

On 14 June 2019, Demostene S.p.A., assignee of the entire receivable due under the court decision, notified IGD by registered email of the non-recourse factoring in its favor of the rights produced by the decision in addition to accrued and future interest and ancillary payments.

Given the above, at the moment IGD is considering whether to appeal the decision (retaining the right, of course, to weigh any settlement offers more in its favor), with backing from its lawyers, who (again without prejudice to any more favorable settlement offers) believe there are several grounds for appeal and a good chance the outcome would be largely positive.

At 30 June 2019, on the basis of negotiations for a settlement more in its favor, IGD increased the provisions set aside in prior years by €1,446K.

Centro Sarca

An accident that occurred at Centro Sarca shopping center on 15 September 2018 has triggered a pending criminal case before the Court of Monza, currently in the preliminary investigation stage. Under investigation are IGD's general manager in his capacity as legal representative of the subsidiary IGD Management, and the regional manager for Northern Italy in his capacity as legal representative of Consorzio Propietari Centro Sarca.

The defense attorney's opinion is that the measures taken by the Company absolve these two parties of liability, and that in the absence of specific complaints, IGD Management will also be found not liable.

Note 46) Tax litigation

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

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

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

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

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

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

2.7 Certification of the condensed interim consolidated financial statements

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

1. We, the undersigned, Claudio Albertini as chief executive officer and Carlo Barban as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-*bis* (3) and (4) of Legislative Decree 58/98:
- the adequacy of in relation to the characteristics of the business; and
- the company's due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the first half of 2019.

2. We also confirm that:

2.1. the condensed consolidated financial statements:
a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
b) correspond to the ledgers and accounting entries;
c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation;

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

Bologna, 2 August 2019

Claudio Albertini	*Carlo Barban*
Chief Executive Officer	Financial Reporting Officer

2.8 External Auditors' Review report on consolidated condensed interim financial statements

pwc

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter, also the "Company") and its subsidiaries (hereinafter, also "IGD Group") as of 30 June 2019 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of IGD Group as of 30 June 2019 are not prepared, in all

PricewaterhouseCoopers SpA

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material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 2 August 2019

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

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

2.9 Appraisals

CBRE

CBRE VALUATION S.P.A.
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Milan, July, the 25th 2019

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

VALUATION CERTIFICATE

INTRODUCTION

Instruction

In accordance with our proposals 92/19 and 93/19 dated 9th April 2019 countersigned on 8th May 2019, we have determined the Market Value of operating Shopping Galleries, Hypermarkets office portions and plots of land owned by IGD SIIQ SpA as at 30th June 2019. The scope of work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio for balance sheet purposes. The Portfolio is composed as follows:

Italian Portfolio:

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

Winmarkt Portfolio:

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

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

I. Addressees of the Report; or

II. Parties who have received prior written consent from CBRE in the form of a reliance letter.

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

Compliance with Valuation Standards

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

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

Moreover, our valuations are carried out in accordance with criteria of Title V, Chapter IV, Section II, Paragraph 2.4.5, 2.4.6, and 2.5 of the Bank of Italy Regulation dated January, 19th 2015 ["Regolamento sulla gestione collettiva del risparmio"] and in accordance with the Guidelines of Assogestioni and with the joined communication Banca d'Italia – Consob dated July, 29th 2010 relative to the valuation process of the properties of the Common Investment Funds, as well as according to the Decree DM 30/2015 dated March, 5th 2015.

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

Assumptions

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

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

Market Conditions

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

Valuer

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

Independence

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

Conflicts of Interest

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

Reliance and publication

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

Sources of Information

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

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

Inspections

As instructed, we have not re-inspected all the properties for the purpose of this valuation. For the purpose of this valuation exercise, we have inspected the following properties: Centro Esp, Casilino, Tiburtino, Centroluna, Palazzo Orlando and Porte a Mare and all properties of the portfolio Winmarkt.

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

Areas

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

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

Environmental Matters

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

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

Repair and Condition

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

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

Town Planning, Titles, Tenures and Lettings

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

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

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

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

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

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

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

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

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

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

Rental Values

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

Environmental Matters

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

VALUATION CRITERIA

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

Shopping galleries and Hypermarkets:

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

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

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

Valuation Methodology

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

Market Value

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 30th June 2019 is:

Euro 724,279,500
(Seven Hundred Twenty-Four Million, Two Hundred Seventy Nine Thousand, Five Hundred Euro/00)

exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.
Ref. 19-64VAL-0175, 19-64VAL-0176,

Davide Cattarin
(Managing Director)

For and on behalf of
CBRE Valuation Spa

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

Legal Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively for IGD SIIQ S.p.A. (the "Client") in accordance with the Framework Agreement and the addendum engagement entered into between CBRE and the Client dated 08 May 2019 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.
Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.
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(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or
(ii) €10,000,000
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None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.
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Milan, July, the 25th 2019

I.G.D.

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VALUATION CERTIFICATE

INTRODUCTION

Instruction

In accordance with our proposals 92/19 dated 9th April 2019 countersigned on 8th May 2019, we have determined the Market Value of operating Shopping Galleries, Hypermarkets office portions and plots of land owned by IGD SIIQ SpA as at 30th June 2019.

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

The Portfolio is composed as follows:

Italian Portfolio:

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

Winmarkt Portfolio:

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

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

I. Addressees of the Report; or

II. Parties who have received prior written consent from CBRE in the form of a reliance letter.

This Report is to be read and construed in its entirety and reliance on this Report is strictly subject to the disclaimers and limitations on liability on page 5. Please review this information prior to acting in reliance on the contents of this Report. If you do not understand this information, we recommend you seek independent legal counsel.

Compliance with Valuation Standards

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

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Moreover, our valuations are carried out in accordance with criteria of Title V, Chapter IV, Section II, Paragraph 2.4.5, 2.4.6, and 2.5 of the Bank of Italy Regulation dated January, 19th 2015 ["Regolamento sulla gestione collettiva del risparmio"] and in accordance with the Guidelines of Assogestioni and with the joined communication Banca d'Italia – Consob dated July, 29th 2010 relative to the valuation process of the properties of the Common Investment Funds, as well as according to the Decree DM 30/2015 dated March, 5th 2015.

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

Assumptions

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

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

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

Market Conditions

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

Valuer

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

Independence

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

Conflicts of Interest

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

Reliance and publication

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Sources of Information

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

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

Inspections

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

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

Areas

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

The Gross Leasable Area (GLA) is defined as the amount of floor space available to be rented in a commercial property. It does not include portions which do not produce income for the property owner

CBRE

such us vertical connections (stairwells, lifts and landings), technical spaces, shafts, common spaces (lobby, meeting rooms).

Environmental Matters

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

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

Repair and Condition

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

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

Town Planning, Titles, Tenures and Lettings

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

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

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

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

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

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

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

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

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

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

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

Rental Values

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

Environmental Matters

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

VALUATION CRITERIA

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

Shopping galleries and Hypermarkets:

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

Valuation Methodology

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

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

Market Value

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 30th June 2019 is:

Euro 660,340,000

(Six Hundred Sixty Million Three Hundred and Forty Thousand Euro/00)

exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.

Rif. 19-64VAL-0175, 19-64VAL-0176

Davide Cattarin
(Managing Director)

For and on behalf of
CBRE Valuation Spa

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

Legal Disclaimer

This valuation report (the "Report") has been prepared by CBRE Valuation S.p.A. ("CBRE") exclusively IGD SIIQ S.p.A. (the "Client") in accordance with the Framework Agreement and the addendum engagement entered into between CBRE and the Client dated 08 May 2019 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.
Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.
CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:
(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or
(ii) €10,000,000
Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report.
Nothing in this Report shall exclude liability which cannot be excluded by law.
If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.
None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.
If you do not understand this legal notice then it is recommended that you seek independent legal advice.

Milan, 30/06/2019

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

For the attention of Mr. R. Zoia

Subject: Valuation as at 30th June 2019 of a Retail Portfolio held by IGD SiiQ S.p.A. comprising 9 Hypermarkets/Supermarkets, 4 Retail Galleries and 1 Retail Park and 1 Area Fitness

Dear Mr. Zoia,

Following the assignment conferred on 3rd May 2019, we have performed the necessary analysis aiming to determine the Market Value and Market Rental Value (as defined in Section 2) of the properties identified in Section 1 of the present letter.

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

1. Subject properties

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

Asset	Address	Use	GLA m^2 current	GLA m^2 future (if applicable)
Punta di Ferro	Forlì (FC)	Shopping Gallery	21.233	-
Cecina	Cecina (GR)	Supermarket	5.749	-
Maremà	Grosseto	Shopping Gallery	17.110	-
Coné	Conegliano VE)	Shopping Gallery + Retail Park	18.163	20.927
Civitacastellana	Civita Castellana (LT)	Supermarket	2.892	-
Coné	Conegliano (VE)	Hypermarket	9.498	6.734
Lugo	Lugo (RA)	Hypermarket	7.937	-
Miralfiore	Pesaro (PU)	Hypermarket + Shop unit	10.470	-
Schio	Schio (VI)	Hypermarket	8.176	-
Millenium Center	Rovereto (TN)	Shopping Gallery	7.683	-
Malatesta	Rimini	Fitness area	882	-
Malatesta	Rimini	Hypermarket	12.724	-
Maestrale	Senigallia (AN)	Hypermarket	12.551	-
Fonti del Corallo	Livorno	Hypermarket	15.371	9.359

2. Scope of the Valuation analysis

The scope of the valuation analysis is to provide you with our professional opinion of the following values as at market conditions available at the valuation date, 30th of June 2019:

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

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

3. Basis of Valuation

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

The subject valuation is carried out in accordance with the following definition of Market Value settled by the International Valuation Standards Committee and referred to in the RICS Professional Standards

Global – RICS Valuation Professional Standards, issued June 2017, effective from 1 July 2017 (VPS 4 – Section 4).

Market Value

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

Market Rent

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

4. General Principles

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

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

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

5. Source of Information

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

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

- Tenancy Schedules;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years of 2015, 2016, 2017, 2018 and for the first 4 months of 2019 (Retail Gallery and Retail Park);
- Turnover figures (net VAT) of the Supermarket and Hypermarket divided per year for the years: 2015, 2016, 2017 and 2018;
- Non- recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2019;
- Asset summary identification schedules.

6. Valuation method

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

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

7. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is €458,732,000, while the sum of the rounded Gross Market Values is equal to €472,854,000 rounded.

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

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

Yours sincerely,

P. Marin

Pierre Marin MRICS
CEO Jones Lang LaSalle Spa

CUSHMAN & WAKEFIELD

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cushmanwakefield.it

IGD-GRUPPOIGD-CERTVALPERBILANCIO-190630-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**12 JULY 2019**
VALUATION DATE:	**30 JUNE 2019**

1. INSTRUCTIONS

1.1 THE PROPERTIES

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

GRUPPO IGD PORTFOLIO			
#	Location	Province	Property
1	Imola	BO	Centro Leonardo galleria
2	Bologna	BO	Centro Lame galleria
3	Bologna	BO	Il Borgo
4	San Giovanni Teatino	CH	Centro D'Abruzzo
5	Faenza	RA	Le Maioliche
6	Cesena	FC	Lungo Savio
7	San Benedetto del Tronto	AP	Porto Grande
8	San Benedetto del Tronto	AP	Porto Grande (Terreno - sviluppo)
9	Bologna	BO	Ipercoop Il Borgo
10	San Giovanni Teatino	CH	Ipercoop D'Abruzzo
11	Cesena	FC	Iper Cesena
12	San Benedetto del Tronto	AP	Ipercoop CC Porto Grande
13	Faenza	RA	Ipercoop Le Maioliche
14	Imola	BO	Ipercoop Leonardo
15	Bologna	BO	Ipercoop Lame

Detailed reports relating to the Properties are enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-190630-01-ITA*.

1.2 PURPOSE OF VALUATION

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

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

1.3 COMPLIANCE WITH RICS "RED BOOK"

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

1.4 DISCLOSURE OF CONFLICT OF INTEREST

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

1.5 BASIS OF VALUATION

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

MARKET VALUE

VS 3.2 defines the Market Value as follows:

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

MARKET RENT

VS 3.3 defines the Market Rent as follows:

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

1.6 ENGAGEMENT LETTER

Our engagement letter Valuation\Client\IGD_1 Portafoglio SIIQ_Correspondence\2019 - IGD-Portafoglio-EngLtr-190402-01-mcl entered into between us dated 19 April 2019, are enclosed to this report under Attachment I.

1.7 THIRD PARTY LIABILITY

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

1.8 VALUERS

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

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Terms of Business' as listed under Attachment I of this report.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 30 June 2019.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-190630-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the current valuation dated 30 June 2019.

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

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

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

5. INFORMATION SUPPLIED

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

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGD-CertVal-190630-01-ITA*.

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

6. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref IGD-GruppoIGD-CertVal-190630-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-190630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-190630-01-ITA*.

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

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

8. MARKET VALUE

Subject to the contents of this Valuation Report, our opinion of the Market Value of the freehold interest of the Properties forming part of the Portfolio and spilt as per your request as at the Valuation Date is:

€545,300,000

(Five hundred forty-five million three hundred thousand Euros)

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

More details are included in the Full Valuation Reports *Ref: IGD-GruppoIGD-CertVal-190630-01-ITA*.

As per your request we report the Value gross of purchaser's costs, which is equal to €553,538,065.

9. CONFIDENTIALITY

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

10. DISCLOSURE AND PUBLICATION

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

Attachments that form part of this report:

ATTACHMENT I ENGAGEMENT LETTER

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

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-190630-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**12 JULY 2019**
VALUATION DATE:	**30 JUNE 2019**

1. INSTRUCTIONS

1.1 THE PROPERTIES

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

PORTAFOGLIO GRUPPO IGD			
#	Città	Provincia	Centro
1	Imola	BO	Centro Leonardo galleria
2	Bologna	BO	Centro Lame galleria
3	Bologna	BO	Il Borgo
4	San Giovanni Teatino	CH	Centro D'Abruzzo
5	Faenza	RA	Le Maioliche
6	Cesena	FC	Lungo Savio
7	San Benedetto del Tronto	AP	Porto Grande
8	Bologna	BO	Ipercoop Il Borgo
9	San Giovanni Teatino	CH	Ipercoop D'Abruzzo
10	Cesena	FC	Iper Cesena
11	San Benedetto del Tronto	AP	Ipercoop CC Porto Grande
12	Faenza	RA	Ipercoop Le Maioliche
13	Imola	BO	Ipercoop Leonardo
14	Bologna	BO	Ipercoop Lame

More details relating to the Properties are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*.

1.2 PURPOSE OF VALUATION

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

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

1.3 COMPLIANCE WITH RICS "RED BOOK"

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

1.4 DISCLOSURE OF CONFLICT OF INTEREST

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

1.5 BASIS OF VALUATION

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

MARKET VALUE

VS 3.2 defines the Market Value as follows:

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

MARKET RENT

VS 3.3 defines the Market Rent as follows:

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

1.6 ENGAGEMENT LETTER

Our engagement letter Ref: Valuation\Client\IGD_1 Portafoglio SIIQ_Correspondence\2019 - IGD-Portafoglio-EngLtr-190402-01-mcl entered into between us dated 19 April 2019 is enclosed to this report under Attachment I.

1.7 THIRD PARTY LIABILITY

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

1.8 VALUERS

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

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Terms of Business' attached.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 30 June 2019.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the current valuation dated 30 June 2019.

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

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

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

5. INFORMATION SUPPLIED

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

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*.

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

6. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*.

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

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

8. MARKET VALUE

Subject to the contents of this report, our opinion of the Market Value of the freehold interest of the Properties forming part of the portfolio (excluding buildable land and development project) and spilt as per your request, as at the Valuation Date, is:

€542,600,000

(Five hundred forty-two million and six hundred thousand Euros)

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

More details are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-190630-01-ITA*.

As per your request we report the Value gross of purchaser's costs, which is equal to €550.793.836.

9. CONFIDENTIALITY

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

10. DISCLOSURE AND PUBLICATION

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

Attachments that form part of this report:

ATTACHMENT I ENGAGEMENT LETTER

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 30th July 2019
Ref. n° 21222,04 – 21199,04

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

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of June 30th, 2019 of a real estate portfolio consisting of n. 12 real estate assets intended for commercial use and n.1 real estate asset intended for residential and office mixed use, located on the Italian territory and n. 6 real estate assets located on the romanian territory, indicated as owned by GRUPPO IGD S.p.A.**

Dear sirs,
in compliance with Your request, REAG – Real Estate Advisory Group carried out the valuation of a real estate portfolio, indicated as owned by GRUPPO IGD S.p.A. (hereinafter the Client), in order to determine the market value as of June 30th, 2019.

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

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

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DUFF & PHELPS
Real Estate Advisory Group

Definitions

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

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

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

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

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

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

Valuation criteria

Valuations Asset by Asset of the entire portfolio have been carried out considering the conditions set out in drafts of leases and rent of business unit and individual "rent roll" provided by the Ownership, reflecting the rental situation as of June 2019.

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

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

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

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

- Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;
- Discounted Cash Flow Method (DCF) based:
  - on the calculation of future net incomes derived from Property renting for a period of "n." years;
  - on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;

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- on the discounted back net incomes (cash flow) as of the evaluation date.

REAG moreover:

- Carried out site inspections on the Properties in Romania, on the n.2 properties in Bologna (mixed use real estate property, office and residential), in Ferrara (CC La Darsena), Sesto San Giovanni (CC Sarca), Ravenna, Mondovì (CC Mondovicino), Isola d'Asti (CC I Bricchi), Chioggia (Clodì Retail Park), Crema (Cc Gran Rondò) and Afragola (CC Le Porte di Napoli), to find out all the information (building qualities, preservation condition, etc,) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the information already known.

- Carried out an analysis of the conditions of the local real estate market, took the economic data detected therein into consideration and adapted it to the specific features of the Properties through appropriate statistical work-ups;

- Determined the building area on the basis of the documents supplied by the Client;

- Considered the draft of the "model" lease agreement, the individual amounts of the fees as indicated in the "rent-roll" and the related clauses (duration, insurance costs, maintenance costs, etc) provided by the Client;

- Determined the value of the Property on the assumption of its highest and best use, that is to say, considering among all legally permitted and financially feasible technical uses, only those that can potentially confer the maximum value to each Property;

- Considered the rental situation at the date of the appraisal and indicated by the Client;

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- Specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes;

- No environmental impact study has been ordered made.

- Did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places.

Report content

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

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

Conclusions

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

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

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

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Given the above considerations

It is our opinion that, as of June 30th, 2019, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 637.660.000,00

(Euro Six Hundred Thirty Seven Million Sixty Six Hundred Thousand/00)

Agrate Brianza, July 30th, 2019
Ref. n° 21222,04 - 21199,04

Duff & Phelps REAG S.p.A.

Performed by:
Gianluca Molli
Associate Director
Retail, Special Divisions & Feasibility Dept.

Supervised and coordinated by:
Savino Natalicchio
Managing Director,
Special Divisions & Feasibility Dept.

Simone Spreafico
Managing Director
Advisory & Valuation Dept.

3. GLOSSARY

AGENCY MANAGEMENT

Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

AVERAGE COST OF DEBT

Refers to the average cost, without taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt.

The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

AVERAGE EFFECTIVE COST OF DEBT

Refers to the average cost, taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

CORE BUSINESS FFO

FFO is calculated by subtracting non-cash items (writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of extraordinary transactions and income generated by property sales from pre-tax profit, net of current tax. It is the indicator that best represents the performance of the Group's core business.

DEVELOPMENT PIPELINE

Program of investments in development.

DIRECT COSTS

Costs directly attributable to the shopping centers.

DIVIDEND YIELD

The dividend yield, or price/dividend ratio, is the company annual dividend payments made or announced divided by closing price of its ordinary shares at the end of the year.

EBIT (Operating profit)

EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, changes in the fair value of properties held and provisions for risk.

EBITDA (including core business)

EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings before interest payable, taxes, disposals, income/(loss) from equity investments, non-recurring transactions, amortization, depreciation, provisions, as well as impairment and fair value adjustments. Core business Ebitda refers to the core business included in the consolidated income statement which does not include the results posted by the "Porta a Mare Project".

EBITDA MARGIN (including core business)

This indicator is calculated by dividing Ebitda by operating income.

EPRA

European Public Real Estate Association.

EPRA NET INITIAL YIELD / NIY

EPRA NIY is a performance measurement index and it is calculated as the annualized rental income based on the cash rents passing at the balance sheet date (including one-off and variable income), less non-recoverable property operating expenses, divided by the gross market value of property, net of development property.

EPRA "topped-up" NIY

The EPRA topped-up NIY is a performance measurement index obtained by making an adjustment to the EPRA NIY with annualized and full term rental income (including one-off and variable income), ie excluding unexpired lease incentives such as discounted rent periods and step rents.

EPS / EARNINGS PER SHARE

Net profit divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV

The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

FACILITY MANAGEMENT

Supply of specialized services to shopping centers such as security, clearing and routine maintenance.

FINANCIAL OCCUPANCY

Calculated as the GLA rented at market rates and expressed as a percentage of the market value of the total GLA rented at market rates.

GENERAL EXPENSES

Corporate costs not attributable to the individual shopping center.

GEARING

The gearing ratio reflects the total debt to total equity ratio, including non-controlling interests, and net of the cash flow hedge reserve. It measures financial leverage which demonstrates the degree to which a company's operations are funded by owner's funds versus borrowings, and facilitates sector benchmark analysis.

GEARING REVISED

The revised gearing ratio is the ratio between the Net Financial Position and Shareholders' Equity, including minority interests, net of Cash Flow Hedge reserves and the effects of the application of the new IFRS 16 accounting standard.

GROSS EXIT CAP RATE

The terminal value of the gross revenue (rents, temporary and variable) calculated as a percentage of the exit value.

GROSS INITIAL YIELD

The gross initial yield of an investment is the annualized rental income used in the first year of the DCF model (Discounted Cash Flow) expressed as a percentage of the property's fair value.

GLA / GROSS LEASABLE AREA

The total floor area designed for tenant occupance which includes outside walls.

GROSS MARGIN

The result obtained by subtracting direct costs from revenues

HEDGING

The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortagage loans and bonds.

HYPERMARKET

Property with a sales floor in excess of 2,500 sqm, used for the retail sales of food and non-food products.

INITIAL YIELD

The annualized rental income from a property as a percentage of its valuation at the time of purchase.

INTEREST COVER RATIO (ICR)

Measure of the number of times a company's operating profit covers the interest payable on debt. It is an indicator used to understand a company's solvency and ability to assume debt. It is calculated by dividing EBITDA by the net financial expense.

INTEREST RATE SWAPS / IRS

Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Using to convert floating rate debt into fixed rate debt.

LIKE-FOR-LIKE PORTFOLIO

Real estate assets held in the portfolio for the entire year and the entire prior year.

LIKE FOR LIKE REVENUES

Revenues from rental activities of the assets held in the portfolio for the entire year and the entire prior year. They are separately calculated for Italy and Romania portfolios and they exclude:

- Revenues from assets that have been acquired, sold or subject to remodeling and therefore they have not realized any income in the period;
- missing revenues from instrumental vacancy due to different reasons (ie works carried out to create new layouts);
- exceptional and one-off revenues which would make the comparison less reliable.

LOAN TO VALUE (LTV)

Ratio between the amount borrowed and the market value of freehold properties.

MALL / SHOPPING MALL

Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

MIDSIZE STORE

A property with a sales floor area of 250 to 2,500 sqm used for the retail sales of non-food consumer goods.

NET ASSET VALUE (NAV) AND TRIPLE NET ASSET VALUE (NNNAV)

The equity pertaining to the Group, calculated based on EPRA indications which call for a few adjustments.
Certain items are excluded from the NAV calculation for lack of relevance in a business model with a long term view like the Group's. NNNAV provides more relevant information about the fair value of assets and liabilities. The NAV is adjusted to take into account the fair value of (i) hedges, (ii) debt and (iii) deferred taxes.
It represents the equity pertaining to the Group including in the calculation the fair value of the main assets and liabilities that are not included in the EPRA NAV, namely (i) hedges, (ii) debt and (iii) deferred taxes.

NET DEBT

Net debt shows financial structure and is calculated by adding long-term debt, short-term debt and the current portion of long-term debt included in "Non-current and current financial liabilities (with third parties and related parties)", net of "Cash and cash equivalents", "Non-current financial assets" and "Financial receivables and other current financial assets (with third parties and related parties)".

OCCUPANCY RATE

Gross let surface area as a percentage of properties' total surface area.

OVER-RENTED

Space rented for an amount exceeding its ERV.

PRE-LET

Lease signed by a tenant before development of the property has been completed.

REAL ESTATE ASSETS

The Group's freehold properties.

REAL ESTATE PORTFOLIO

The portfolio of freehold and leasehold properties rented out by the IGD Group.

REIT

Real Estate Investment Trust. Comparable to a SIIQ in Italy.

RETAIL PARK

Group of three or more complexes with a combined area of more than 4,500 sqm and shared parking.

REVERSIONARY POTENTIAL YIELD

The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

SHOPPING CENTER

Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

SIIQ

Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicily held listed compagnie whose prevalent activity is the rental of properties and equivalent, provided they meet a series of earinings and balance sheet requirements.

STORE

Property for the retail sale of non-food consumer goods.

SUPERMARKET

A property with a sales floor of 250 to 2,500 sqm used for the retail sale of food and non-food products.

TENANT MIX

Set of store operators and brands found within a mall.

UNDER-RENTED

Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL

The weighted average cost of debt and all other sources of capital, used to calculated the expected return on investments.