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MINUTES OF THE GENERAL SHAREHOLDERS' MEEETING IN ORDINARY SESSION OF A LISTED COMPANY IN THE REPUBLIC OF ITALY

On Thursday the eleventh of June two thousand twenty at one minute past ten in the morning

11 June 2020

In Bologna, Via dei Trattati Comunitari Europei 1957-2007 n. 13, third floor, at the headquarters of the company referred to herein.

I, Daniela Cenni, notary residing in Castenaso (Bologna) and member of the Bologna Board of Notaries, received:

- ELIO GASPERONI, born in Cervia (RA), on 22 September 1953, domiciled for the purposes herein in Bologna, Via Trattati Comunitari Europei 1957-2007 n. 13, tax ID n. GSP LEI 53P22 C553N, who declares to be appearing before me in his capacity as Chairman of the Board of Directors of

"IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A." or in abbreviated form **"IGD SIIQ SPA"** with registered offices in Bologna, Via dei Trattati Comunitari Europei 1957-2007 n. 13, Bologna Company Register, Tax ID and VAT no 00397420399, Bologna Chamber of Commerce no. 458582 with share capital approved of Euro 650,000,000.00 (six hundred and fifty million and zero hundredths), fully subscribed and paid-in, a joint stock company listed on the MTA managed by Borsa Italiana S.p.A. **(**hereinafter referred to as the "**Company**"), subject to the direction and coordination of COOP ALLEANZA 3.0 Soc. Coop. with registered offices in Castenaso.

The party appearing before me, of whose identity I am certain, in his quality as Chairman of the Board of Directors of the Company, declares he will act as Chairman of this meeting, pursuant to Art. 14.1 of the corporate bylaws and Art. 3 of the current Regulations for Meetings of the Shareholders, and proposes that the undersigned notary Daniela Cenni act as secretary for the meeting so that the minutes may be taken.

As no one opposed the motion, the Chairman acknowledges and declares the following:

- this ordinary shareholders' meeting was regularly convened, in accordance with the law and Art. 11.2 of the bylaws, in this place, in first call at 10:00 a.m. today and in second call, if necessary, on 12 June 2020 same place and time, as per the notice of call published on 11 May 2020 on the company's website, on the authorized storage platform 1Info, www.emarketstorage.com, as well as in the newspaper "Italia Oggi 7" on 11 May 2020";

– In light of the COVID-19 epidemic and in order to provide shareholders, company representatives, employees and consultants with the maximum protection, the Company exercised the option provided in Art. 106, paragraph 4, of Law Decree n. 18 of 17 March 2020 ("Cura Italia") converted into Law n. 27 of 24 April 2020, and established that the meeting may be attended solely via proxies granted to the Company's Designated Representative, pursuant to Art. 135-*undecies* of Legislative

Decree n. 58/98;
– as indicated in the notice of call, the Company appointed Computershare S.p.A. to act as the Designated Representative for the proxies and to receive voting instructions pursuant to Articles 135-*undecies* and 135-*novies* of Legislative Decree 58/1998 and made the proxy form available at the Company's registered office and on its website; Computershare S.p.A., the Designated Representative, received the proxies with the voting instructions in accordance with the laws referred to herein.
The Chairman acknowledges that:
– in addition to himself, the Board of Directors is represented in the meeting hall by the Chief Executive Officer Claudio Albertini while the directors Rossella Saoncella, Luca Dondi dall'Orologio and Alessia Savino are in attendance via video conference; the others are absent;
– attending via video conference from the Board of Statutory Auditors are the Chairman Anna Maria Allievi, the standing auditors Daniela Preite and Roberto Chiusoli;
– attending via video conference as a representative of the external auditors PricewaterhouseCoopers S.p.A. is Federico Scapinelli;
– Michela Deodato of Computershare S.p.A is in attendance via video conference;
– in attendance are also Carlo Barban, the Company's Director of Administration, Legal & Corporate Affairs and Daniele Cabuli, the Company's Commercial Director, who were authorized to attend the Shareholders' Meeting; while the manager Raffaele Nardi is in attendance via video conference;
– a few Company employees are also in attendance in order to provide technical support during today's meeting of the shareholders, while counsel Enrico Giordano of Studio Chiomenti is in attendance via video conference;
- the ordinances relating to the health crisis calling for a minimum distance to be maintained between participants in the meeting hall are being complied with.
The Chairman then certifies that:
- the share capital approved amounts to EUR 650,000,000.00 (six hundred fifty million and zero hundredths) fully subscribed and paid-in, divided into 110,341,903 (one hundred ten million three hundred forty one nine hundred and three) ordinary shares, without a stated par value, which entitle the holder to vote and attend this Shareholders' Meeting;
– the Company has a total of 109,249 (one hundred and nine thousand two hundred forty nine) treasury shares, or 0.10% (zero point ten percent) of the share capital, for which the voting rights are suspended in accordance with Art. 2357-*ter* of the Italian Civil Code;
– when the valid constitution of today's shareholders' meeting was verified, the Designated Representative had received proxies from 224 shareholders representing 71,467,559 (seventy one million four hundred sixty seven five hundred fifty nine) shares, of which the intermediary was apprised in accordance with Art. 83-*sexies* of Legislative Decree 58/1998, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten million three hundred forty one thousand nine hundred and three) ordinary shares without a stated par value comprising the share capital;

– the intermediaries sent the certificates, attesting to share ownership and based on which those entitled may attend this meeting, to the Company in accordance with the law and the corporate bylaws;
- the compliance of the proxies assigned, including partial, granted to Computershare S.p.A. with the law and the corporate bylaws was verified;
– pursuant to paragraph 3 of Art. 135-*undecies* of Legislative Decree 58/1998, the shares for which proxies were assigned, including partial, to the Designated Representative will be calculated for the purposes of the regular formation of this meeting, while the shares for which no voting instructions were provided will not be counted for the purposes of determining the majority or the quorum needed to approve resolutions;
- the shareholders entitled to attend this shareholders meeting via proxy are indicated in the list that the Chairman gave me, which after having been examined and signed by myself and the parties listed, I attach to these minutes as Annex "**A"**.
The Chairman acknowledges that at nine minutes past ten in the morning director Eric Jean Veron and the manager Andrea Bonvicini are connected via tele-conference and requests that Michela Deodato, who is assisting with this shareholders' meeting in the name of and on behalf of the Designated Representative, confirm that votes will be cast in accordance with the instructions received. Michela Deodato confirms that votes will only be cast in accordance with the instructions received.
The Chairman notes that:
- the meeting is being videotaped for the sole purpose of facilitating writing of the minutes and any videos will be destroyed after the minutes have been recorded;
- no requests for changes/additions to the Agenda, pursuant to Art. 126-bis of Legislative Decree 58/1998, were received.
The Chairman notes that each participant's video and tele conference connection is clear and without interference, acknowledges that he can confirm the identity and right of the participants to intervene in the discussion and that the latter are able to participate in the discussion and interact with one another, the Chairman and with myself, the notary, as well as cast votes.
The Chairman then declares that the meeting of the shareholders is regularly constituted and may resolve on the following:

AGENDA

1. Separate financial statements at 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions.
2. Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions.
3. Report on Compensation and the compensation paid in accordance with Art. 123-*ter*, paragraphs 3-*ter* and 6, of Legislative Decree n. 58/98:
3.1 First section: report on the compensation policy. Binding resolution.
3.2 Second section: report on the compensation paid. Non-binding resolution.
4. Purchase and disposal of treasury shares; related and consequent

resolutions.
The Chairman acknowledges that, with regard to the items on the Agenda, the formalities called for by law and applicable regulations have all been complied with.
More in detail:
- the report relating to the items on the Agenda, prepared in accordance with Art. 125-*ter* of Legislative Decree 58/1998 and Art. 72 of the Regulations for Issuers, was made available to the public on 11 May 2020 at the Company's headquarters, on the corporate website www.gruppoigd.it, as well as on the authorized storage platform, www.emarketstorage.com;
- the draft separate financial statements, the consolidated financial statements, the directors' report on operations, the annual report on corporate governance and ownership structure and the Report on Compensation and compensation paid, were made available to the public on 18 March 2020 at the Company's registered office and on the Company's website www.gruppoigd.it as well as on the authorized storage system www.emarketstorage.com;
- the reports of the external auditors on the draft financial statements and consolidated financial statements, as well as the Board of Statutory Auditors' report, were published on 18 March 2020 in the same manner;
- all the documentation listed above was sent to the shareholders that requested it and was given to the Designated Representative participating in today's AGM;
- all of the mandatory CONSOB formalities relative to the above mentioned documentation was also completed.
The Chairman informs that no shareholders submitted questions regarding the items on the agenda the day before the AGM pursuant to Art. 127-ter of Legislative Decree n. 58/1998.
The Chairman again points out and states that:
– the Company qualifies as a SME pursuant to Art. 1, paragraph w-*quater* of Legislative Decree 58/1998;
– the parties who hold, directly or indirectly, more than the 3% threshold, set temporarily by CONSOB in Resolution n. 21326 of 9 April 2020, of IGD SIIQ S.p.A.'s subscribed share capital, based on the stock ledger, the notifications received pursuant to Art. 120 of Legislative Decree 58/1998 and other available information, are the following:
- Coop. Alleanza 3.0 soc. coop owns n. 45,153,442 (forty five million one hundred fifty three thousand four hundred forty two) ordinary shares or 40.92% (forty point ninety two per cent) of the share capital;
- Unicoop Tirreno, a cooperative company, owns 10,881,625 (ten million eight hundred eighty one thousand six hundred twenty five) ordinary shares or 9.86% (nine point eighty six per cent) of the share capital, of which only 8,681,625 (eight million six hundred eighty one thousand six hundred twenty five), or 7.868% (seven point eight hundred sixty eight per cent) of the share capital with voting rights;
- Europa Plus SCA SIF own 4,633,285 (four million six hundred thirty three thousand two hundred eighty five) ordinary shares or 4.20% (four point twenty per cent) of the share capital;
- the Company has no other shareholders with ordinary shares amounting to more

than 3% (three per cent) of the subscribed share capital with voting rights;
– the Company is subject to the direction and coordination of Coop Alleanza 3.0 Soc. coop. pursuant to and in accordance with Art. 2497 of the Italian Civil Code.

Lastly, the Chairman, points out that based on Article 122 of TUF voting rights stemming from shares for which the mandatory disclosures called for in paragraph one of the same Article 122 have failed to be made may not be exercised and acknowledges that currently the Company is not party to any shareholder agreements.
Before opening the discussion of the first item on the Agenda, the Chairman describes the methods being used to proceed with the shareholder meeting which comply with the measures adopted to limit the spread of COVID - 19:
- shareholders entitled to intervene in the Shareholders' Meeting may do so solely through the Company's Designated Representative as per the power granted pursuant to Art. 106, paragraph 4, of Law Decree n. 18 of 17 March 2020, converted into Law n. 27 of 24 April 2020, therefore voting instructions for all or some of the proposed resolutions in the Agenda are in the proxies granted by the shareholders to the Designated Representative;
- Computershare S.p.A will use technical devices to manage the vote tally;
– a list of those voting against or who abstained, as well as those voting in favor of the resolution, will be attached to these minutes; this will apply to the votes cast for each resolution.
The Chairman reminds that the members of the Board of Directors and the Statutory Auditors may request to take the floor and asks those who would like to close the audio – video connection before the end of the meeting to advise accordingly so that it may be reflected in the minutes.
Lastly, the Chairman informs that, pursuant to and in accordance with the Privacy Code, the personal data provided by the shareholders and those entitled to vote will be processed and treated by the Company solely for the purposes of the shareholders' meeting and any related formalities.
The Chairman reports the following fees, net of yearly inflation indexation, were paid to the external auditors PricewaterhouseCoopers S.p.A.:
- for the audit of the separate financial statements as at 31/12/2019 (including the audit of the company's accounting procedures pursuant to art. 14, first paragraph, letter b) of Legislative Decree 39/2010): €85,086.00 (eighty five thousand and eighty six/00) including expenses (in addition to VAT) for a total of approximately 1,310 man-hours;
- for the audit of the consolidated financial statements as at 31/12/2019: €20,509.00 (twenty thousand five hundred and nine/00) including expenses (in addition to VAT) for a total of approximately 420 man-hours;
- for the audit of the half-year financial statements €29,495.00 (twenty nine thousand four hundred ninety five/00) including expenses (in addition to VAT) for a total of approximately 400 man-hours;
and points out that the above mentioned fees include the contributions made to CONSOB.

The Chairman then opens the discussion of the first item on the Agenda.

1. Separate financial statements at 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions.

The Chairman notes that the Board of Directors' report prepared for today's meeting and the additional documentation relating to the first item on the Agenda were made available to the public by the legal deadline at the Company's headquarters, on the corporate website www.gruppoigd.it, as well as on the authorized storage platform, www.emarketstorage.com, as well as distributed to the participants. More in detail, the Annual Report for the year closed on 31 December 2019 (including the draft the financial statements at 31 December 2019, the Directors' Report on Operations and the relative certifications) along with the external auditors' and Board of Statutory Auditors' reports, the annual report on corporate governance and ownership structure and the report on compensation and the compensation paid were made available. He proposes, therefore, to dispense with the reading of these documents to which reference should be made.

As no objections were expressed, the Chairman informs that in the report prepared pursuant to Legislative Decree 58/1998, the external auditors *PricewaterhouseCooper S.p.A.*, expressed an unqualified opinion.

The Chairman then passes the floor to Ms. Allievi, Chairman of the Board of Statutory Auditors who, on behalf of the entire Board of Statutory Auditors, confirms the content of the report found in the Annual Report and included in the documentation made available to the public and declares to have no comments to make in this regard.

The Chairman then reads the proposed resolution relative to the first item on the Agenda

"The shareholders of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. meeting in ordinary session at the Annual General Meeting,

- *having seen the Board of Directors' report on operations;*
- *having seen the Board of Statutory Auditors' report;*
- *having examined the Company's financial statements for the year ended 31 December 2019;*
- *having acknowledged the report prepared by the external auditors PricewaterhouseCoopers S.p.A.;*

resolves

to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2019 which show a Net Profit of Euro 9,470,568.34 (nine million four hundred seventy thousand five hundred sixty eight and thirty four hundredths) and the Board of Directors' report".

After having read the proposed resolution, the Chairman opens the discussion and reminds that the members of the Board of Directors may request to take the floor.

As no one asks to take the floor, the Chairman, after confirming that all the parties identified at the beginning of the meeting are still connected, calls upon Michela

Deodato, who is participating in the shareholders' meeting in the name of and on behalf of the Designated Representative, to confirm that she is in possession of voting instructions for all the shares for which proxies were made. On behalf of the Designated Representative Michela Deodato states that she has the voting instructions for all the shares subject to proxies.

After acknowledging the statement made by Michela Deodato on behalf of the Designated Representative, the Chairman notes that 71,467,559 (seventy one million four hundred sixty seven thousand five hundred fifty nine) shares will be voted, relative to which the notices called for in Art. 83-*sexies* of Legislative Decree 58/1998 were received, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten million three hundred forty one thousand nine hundred and three) shares comprising the share capital.

The Chairman then puts the proposed resolution read up for vote and invites Michela Deodato to state the voting instructions received from the Designated Representative. On behalf of the Designated Representative Ms. Deodato states that:

- 71,396,667 (seventy one million three hundred ninety six seven hundred sixty seven) shares voted in favor;
- 0 (zero) shares voted against;
- 70,892 (seventy thousand eight hundred ninety two) shares abstained;

0 (zero) shares did not vote.

After Michela Deodato, on behalf of the Designated Representative, announced the outcome of the votes cast, the Chairman declares that the proposal relating to the first item on the Agenda was approved by a large majority.

I, the notary, then attach the vote tally given to me by the Chairman to these minutes as Annex "**B"**).

The Chairman then opens the discussion of the second item on the Agenda:

2. Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions.

After having reiterated that the Directors' report was made available to the public as described above, the Chairman refers to the content of the report and points out that, in accordance with the law, the Board of Directors formulated a motivated proposal for the allocation of the net income and distribution of the dividend to Shareholders.

The Chairman then reads the proposed resolution relative to the second item on the Agenda:

"*The shareholders of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. meeting in ordinary session at the Annual General Meeting, examined the report prepared by the Board of Directors and*

resolves

1. to allocate Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s statutory profit for FY 2019 of €9,470,568.34 (nine million four hundred seventy thousand five hundred sixty eight and thirty four hundredths) as follows:

· €2,390,837.24 (*two million three hundred ninety thousand eight hundred thirty seven and twenty four hundredths*) *of the profit from exempt operations as to a*

reserve for distributable net income;

· *€1,501,076.95 (one million five hundred one thousand seventy six and ninety five hundredths) of the profit from taxable operations to a reserve for distributable net income;*

· *€5,578,654.15 (five million five hundred seventy eight thousand six hundred fifty four and fifteen hundredths) as a dividend from exempt operations;*

and to reclassify the fair value reserve by €27,958,708.62 (twenty seven million nine hundred fifty eight seven hundred eight and sixty two hundredths), following the changes made to distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 (three hundred eleven million one hundred seventeen five hundred fifty eight and eighty one hundredths) to €283,158,850.19 (two hundred eighty three million one hundred fifty eight thousand eight hundred fifty and nineteen hundredths);

2. to pay a dividend of €0.228152 (zero point two hundred twenty eight thousand one hundred fifty two) per share on each of the outstanding ordinary shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date.

The total dividend payout, calculated based on the number of IGD shares outstanding at the date of 30 April 2020 (110,232,654 ordinary shares), amounts to €25,149,800.48 (twenty five million one hundred forty nine thousand eight hundred and forty eight hundredths) to be taken from:

· *for €5,578,654.15 (five million five hundred seventy eight thousand six hundred fifty four and fifteen hundredths), distributable income generated by exempt operations;*

· *for €19,571,146.33 (nineteen million five hundred seventy one thousand one hundred forty six and thirty three hundredths), utilization of the reserve for retained earnings from exempt operations.*

The earnings distributed from exempt operations totals €25,149,800.48 (twenty five million one hundred forty nine thousand eight hundred and forty eight hundredths) or €0.228152 (zero point two hundred twenty eight thousand one hundred fifty two) per share.

The dividend will be payable as from 22 July 2020 with shares going ex-dividend on 20 July 2020 (detachment of coupon n. 4) In accordance with Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, the shareholders of IGD at the record date (21 July 2020) as per the records of the intermediary, pursuant to Art. 83-quater, par. 3 of Legislative Decree n.58 of 24 February 1998, will be entitled to receive the dividend;

3. to grant the Chairman and the Chief Executive Officer, jointly or severally, the power to determine the exact number of shares with dividend rights entitled to receive dividends, the exact amount of the dividend to be distributed, noting that any change in the number of treasury shares held by the Company at the time of distribution will not impact the amount of the dividend per share as determined above, but will result in an increase or decrease to the share premium reserve."

After having read the proposed resolution, the Chairman opens the discussion and notes that the members of the Board of Directors and the Statutory Auditor may take the floor.
As no one asks to take the floor, the Chairman, after confirming that all the parties identified at the beginning of the meeting are still connected, calls upon Michela Deodato, who is participating in the shareholders' meeting in the name of and on behalf of the Designated Representative, to confirm that she is in possession of voting instructions for all the shares for which proxies were made. On behalf of the Designated Representative Michela Deodato states that she has the voting instructions for all the shares subject to proxies.
After acknowledging the statement made by Michela Deodato on behalf of the Designated Representative, the Chairman notes that 71,467,559 (seventy one million four hundred sixty seven thousand five hundred fifty nine) shares will be voted, relative to which the notices called for in Art. 83-*sexies* of Legislative Decree 58/1998 were received, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten million three hundred forty one thousand nine hundred and three) shares comprising the share capital.
The Chairman then puts the proposed resolution read up for a vote and invites Michela Deodato to state the voting instructions received from the Designated Representative. On behalf of the Designated Representative Ms. Deodato states that:
- 71,029,250 (seventy one million twenty nine thousand two hundred and fifty) shares voted in favor;
- 438,309 (four hundred thirty eight thousand three hundred and nine) shares voted against;
- 0 (zero) shares abstained;
0 (zero) shares did not vote.
After Michela Deodato, on behalf of the Designated Representative, announces the outcome of the votes cast and the Chairman declares that the proposal relating to the first item on the Agenda was approved by a large majority.
I, the notary, then attach the vote tally given to me by the Chairman to these minutes as Annex "**C"**).
The Chairman then opens the discussion of the third item on the Agenda:

3. Report on compensation and the compensation paid in accordance with Art. 123-*ter*, paragraphs 3-*ter* and 6, of Legislative Decree n. 58/98:
3.1 First section: report on the compensation policy. Binding resolution.
3.2 Second section: report on the compensation paid. Non-binding resolution.

The Chairman recalls that, pursuant to art. 123-*ter* of Legislative Decree 58/98, shareholders are asked to resolve on the first and second sections of the Report on Compensation and the compensation paid. Pursuant to Art. 123-*ter*, paragraph 3, of Legislative Decree 58/1998, the first section describes the Company's policy with respect to the compensation of the members of the Board of Directors, the Board of

Statutory Auditors and executives with strategic responsibilities for 2020, as well as the procedures used in the adoption and implementation of this policy. This section, pursuant to Art. 123-*ter*, paragraphs 3-*bis* and 3-*ter*, of TUF, as introduced in Legislative Decree n. 49/2019, is subject to the binding resolution of the ordinary Shareholders' Meeting.

The second section contains information about the compensation paid to the members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities (shown as an aggregate) in 2019. This section, pursuant to the new paragraph 6 of Art. 123-*ter* TUF, introduced in Legislative Decree n. 49/2019, is subject to the non-binding resolution of the ordinary Shareholders' Meeting.

Once again, the Chairman reiterates that the Directors' report was made available to the public as described above. The Chairman then reads the proposed resolution relative to the first section:

"The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,

- *having examined and discussed the first section of the Report on Compensation and Compensation Paid called for under art. 123-ter, paragraph 3, of Legislative Decree n. 58 dated 24 February 1998, prepared by the Board of Directors based on the recommendations of the Remuneration and Nominations Committee, which describes the Company's policy relating to remuneration of members of the Board of Directors, the Board of Statutory Auditors, and executives with strategic responsibilities, as well as the procedures used to adopt and implement said policy*

resolves

- *to approve the first section of the Report on Compensation and Compensation Paid adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 3-bis) and 3-ter) of TUF.".*

After having read the proposed resolution, the Chairman opens the discussion and reminds that the members of the Board of Directors and the Statutory Auditor may take the floor.

As no one asks to take the floor, the Chairman, after confirming that all the parties identified at the beginning of the meeting are still connected, calls upon Michela Deodato, who is participating in the shareholders' meeting in the name of and on behalf of the Designated Representative, to confirm that she is in possession of voting instructions for all the shares for which proxies were made. On behalf of the Designated Representative Michela Deodato states that she has the voting instructions for all the shares subject to proxies.

After acknowledging the statement made by Michela Deodato on behalf of the Designated Representative, the Chairman notes that 71,467,559 (seventy one million four hundred sixty seven thousand five hundred fifty nine) shares will be voted, relative to which the notices called for in Art. 83-*sexies* of Legislative Decree 58/1998 were received, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten million three hundred forty one thousand nine hundred and three) shares comprising the share capital.

The Chairman then puts the proposed resolution read up for a vote and invites Michela Deodato to state the voting instructions received from the Designated Representative. On behalf of the Designated Representative Ms. Deodato states that:

- 69,076,924 (sixty nine million seventy six thousand nine hundred and twenty four) shares voted in favor;
- 2,390,635 (two million three hundred ninety thousand six hundred thirty five) shares voted against;
- 0 (zero) shares abstained;

0 (zero) shares did not vote.

After Michela Deodato, on behalf of the Designated Representative, announced the outcome of the votes cast, the Chairman declares that the proposal relating to the first item on the Agenda was approved by a large majority.

I, the notary, then attach the vote tally given to me by the Chairman to these minutes as Annex "**D"**).

The Chairman then reads the proposed resolution relative to the second section:

"The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,

- *having examined and discussed the second section of the Report on Compensation and the compensation paid called for under art. 123-ter, paragraph 4, of Legislative Decree n. 58 dated 24 February 1998, prepared by the Board of Directors based on the recommendations of the Remuneration and Nominations Committee, which describes the paid salaries to the members of the Board of Directors, the Board of Statutory Auditors, executives with strategic responsibilities in 2019 or related to 2019;*

resolves

in favor to the second section of the Report on Compensation and the compensation paid adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 6 of Legislative Decree n. 58 dated 24 February 1998."

After having read the proposed resolution, the Chairman opens the discussion and reminds that the members of the Board of Directors and the Statutory Auditor may take the floor.

As no one asks to take the floor, the Chairman, after confirming that all the parties identified at the beginning of the meeting are still connected, calls upon Michela Deodato, who is participating in the shareholders' meeting in the name of and on behalf of the Designated Representative, to confirm that she is in possession of voting instructions for all the shares for which proxies were made. On behalf of the Designated Representative Michela Deodato states that she has the voting instructions for all the shares subject to proxies.

After acknowledging the statement made by Michela Deodato on behalf of the Designated Representative, the Chairman notes that 71,467,559 (seventy one million four hundred sixty seven thousand five hundred fifty nine) shares will be voted, relative to which the notices called for in Art. 83-*sexies* of Legislative Decree 58/1998 were received, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten

million three hundred forty one thousand nine hundred and three) shares comprising the share capital.
The Chairman then puts the proposed resolution read up for a vote and invites Michela Deodato to state the voting instructions received from the Designated Representative. On behalf of the Designated Representative Ms. Deodato states that:
- 60,568,213 (sixty million five hundred sixty eight thousand two hundred thirteen) shares voted in favor;
- 10,880,530 (ten million eight hundred eighty thousand five hundred thirty) shares voted against;
- 18,816 (eighteen thousand eight hundred sixteen) shares abstained;
0 (zero) shares did not vote.
After Michela Deodato, on behalf of the Designated Representative, announces the outcome of the votes cast, the Chairman declares that the proposal relating to the first item on the Agenda was approved by a large majority.
I, the notary, then attach the vote tally given to me by the Chairman to these minutes as Annex "**E"**).
The Chairman then opens the discussion of the fourth item on the Agenda:
4. Purchase and disposal of treasury shares; related and consequent resolutions.
With regard to this item, the Chairman again notes that the Board of Directors' report prepared was made available to the public by the legal deadline at the Company's headquarters, on the corporate website www.gruppoigd.it, as well as on the authorized storage platform, www.emarketstorage.com, as well as made available to the participants.
The Chairman points out that on 10 April 2019 the Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares pursuant to Art. 2357, second paragraph, of the Italian Civil Code. The authorization to purchase treasury shares was effective for 18 (eighteen) months as from the date of the shareholder's resolution and, therefore, through 10 October 2020, while the authorization to dispose of treasury shares was without a time limit.
While waiting to fully understand the impact of the Covid-19 health crisis and any measures to adopt because of it, the purchase of treasury shares has been suspended and we propose to the Shareholders' Meeting not to renew the authorization to purchase and dispose of treasury shares, as well as revoke the authorization to purchase shares, effective immediately.
The Chairman then reads the proposed resolution:
"The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., having acknowledged the proposal submitted by the Board of Directors,

resolves

1. to revoke the prior authorization granted by the Ordinary General Meeting on 10 April 2019 to buy treasury shares;
2. to grant the Board of Directors and on its behalf the Chairman and the Chief Executive Officer, severally, the broadest powers to take all other action necessary or useful to implementing the above resolutions and to make the necessary market

disclosures in accordance with the law."

After having read the proposed resolution, the Chairman opens the discussion and reminds that the members of the Board of Directors and the Statutory Auditor may take the floor.

As no one asks to take the floor, the Chairman, after confirming that all the parties identified at the beginning of the meeting are still connected, calls upon Michela Deodato, who is participating in the shareholders' meeting in the name of and on behalf of the Designated Representative, to confirm that she is in possession of voting instructions for all the shares for which proxies were made. On behalf of the Designated Representative Michela Deodato states that she has the voting instructions for all the shares subject to proxies.

After acknowledging the statement made by Michela Deodato on behalf of the Designated Representative, the Chairman notes that 71,467,559 (seventy one million four hundred sixty seven thousand five hundred fifty nine) shares will be voted, relative to which the notices called for in Art. 83-*sexies* of Legislative Decree 58/1998 were received, or 64.769192% (sixty four point seven hundred sixty nine thousand one hundred ninety two percent) of the 110,341,903 (one hundred ten million three hundred forty one thousand nine hundred and three) shares comprising the share capital.

The Chairman then puts the proposed resolution read up for a vote and invites Michela Deodato to state the voting instructions received from the Designated Representative. On behalf of the Designated Representative Ms. Deodato states that:

- 68,910,255 (sixty eight million nine hundred ten thousand two hundred fifty five) shares voted in favor;
- 2,557,304 (two million five hundred fifty seven thousand three hundred and four) shares voted against;
- 0 (zero) shares abstained;

0 (zero) shares did not vote.

After Michela Deodato, on behalf of the Designated Representative, announces the outcome of the votes cast, the Chairman declares that the proposal relating to the first item on the Agenda was approved by a large majority.

I, the notary, then attach the vote tally given to me by the Chairman to these minutes as Annex "**F"**).

Attached to these minutes are also:

- Annex **"G",** the report on the items on the Agenda prepared by the Board of Directors in accordance with Article 125 *ter* TUF;
- Annex **"H",** the separate financial statements at 31 December 2019 with the report of the Statutory Auditors and the Report of the External Auditors;
- Annex **"I",** the consolidated financial statements at 31 December 2019 with the Report of the External Auditors;
- Annex **"L",** the Report on Operations;
- Annex **"M"**, the Report on the Compensation Policy;
- Annex "**N**", the outcome of the votes cast for each resolution, along with the number of shares represented.

As there are no other items left on the Agenda to discuss, the Chairman declares the

Shareholders’ Meeting adjourned at forty-five minutes past ten o’clock in the morning.

*****

My client declares to be aware of and have received a copy of the information provided pursuant to Art. 13 of Legislative Decree n. 196 of 30 June 2003 and to consent to the treatment of his personal data pursuant to and in accordance with Legislative Decree 196/2003; these data, which will be included in a data bank and electronic filing systems will be used solely for the purposes of these minutes and related formalities.

I, the Notary, have dispensed with reading the annexes as per the express permission from my client.

I, the Notary, have received this document typewritten, by a person in my confidence and completed by my hand and the person in my confidence, on eight standard pages, twenty-nine front sides and part of the thirtieth page and read by me to my client who approves them.

Signed at five minutes past eleven.

Signed Elio Gasperoni - DANIELA CENNI

General Shareholders' Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

SITUATION AT THE TIME OF CONSITUTION OF THE MEETING

At the meeting n. 71,467,559 ordinary shares are now represented

Equal to 64.769192% of the share capital, all entitled to vote.

At the meeting there are n. 224 shareholders,

all of them represented by proxy.

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders : 224

IGD IMMOBILIARE GRANDE DISTRIBUZIONE SIIQ S.p.A.

Elenco Intervenuti (Tutti ordinati cronologicamente)

Assemblea Ordinaria

Badge		Titolare / Tipo Rap. / Deleganti / Rappresentati legalmente	Ordinaria	
1		COMPUTERSHARE SPA - RAPPRESENTANTE DESIGNATO IN QUALITA' DI DELEGATO 135-UNDECIES TUF IN PERSONA DI MICHELA DEODATO	0	
1	D	UNICOOP TIRRENO SOCIETA` COOPERATIVA A.R.L.	8.681.625	
2	D	COOP ALLEANZA 3.0 SOC. COOP.	45.153.442	
3	D	COOP LOMBARDIA S.C.R.L	2.678.879	
4	D	COOPERATIVA RENO SCARL	23.017	
		Totale azioni	**56.536.963**	
			51,237981%	
2		COMPUTERSHARE SPA - RAPPR. DESIGNATO IN QUALITA` DI SUBDELEG 135-NOVIES TUF (ST. TREVISAN) IN PERSONA DI MICHELA DEODATO	0	
1	D	MORGAN STANLEY INVESTMENT FUNDS	25	
2	D	BLACKROCK INDEX SELECTION FUND	73.886	
3	D	SCHWAB GLOBAL REAL ESTATE FUND	160.424	
4	D	VANGUARD INVESTMENT SERIES, PLC	18.641	
5	D	ACADIAN INTERNATIONAL SMALL-CAP	4.693	
6	D	SEGALL BRYANT&HAMILL INT SMAL CAP TRUST	86.989	
7	D	BAYVK A3 FONDS	686.200	
8	D	BNP PARIBAS EASY	415.668	
9	D	UNISUPER	12.220	
10	D	AMP INTERNATIONAL PROP INDEX FD HEDGED	13.315	
11	D	STRATEGIC GLOBAL PROPERTY FUND	14.825	
12	D	STICHTING AHOLD DELHAIZE PENSIOEN	17.827	
13	D	PWM FUNDS SICAV	7.892	
14	D	DAIWA GLOBAL REIT INDEX MOTHER FUND	6.240	
15	D	DAIWA SEKAI REIT INDEX MOTHER FUND	166	
16	D	SHINKO GLOBAL REIT INDEX MOTHER FUND	17	
17	D	STICHTING SHELL PENSIOENFONDS	55.364	
18	D	SHELL TRUST (BERMUDA) LIMITED AS TRUSTEE OF THE SHELL INTERNATIONAL PENSION FUND	412	
19	D	SHELL TRUST (BERMUDA) LTD AS TRUSTEE OF THE SHELL OVERSEAS CONTRIBUTORY PENSION FUND	5.811	
20	D	NFS LIMITED TRAFALGAR COURT ADMIRAL PARK ST. PETER PORT	26.148	
21	D	VANGUARD INTERNATIONAL SMALL COMPANIES I	8.129	
22	D	VANGUARD INTERNATIONAL PROPERTY SECURITI	36.736	
23	D	SAS TRUSTEE CORPORATION	26.786	
24	D	ONEPATH GLOBAL SHARES - SMALL CAP (	4.595	
25	D	TCORPIM LISTED PROPERTY FUND	2.634	
26	D	ONEPATH GLOBAL LISTED PROP HE INDEX POOL	40.529	
27	D	ABU DHABI RETIREMENT PENSIONS AND BENEFI	68.066	
28	D	EQ.ADVISORS TRUST-1290 VT REA EST PORT	1.131	
29	D	PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO	87.872	
30	D	SHELL PENSIONS TRUST LIMITED AS TRU	26.470	
31	D	VANGUARD ESG INTERNATIONAL STOCK ETF	5.375	
32	D	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	644.947	
33	D	CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	3.048	
34	D	ALLIANZGI-FONDS DSPT	4.223	
35	D	NEW YORK STATE COMMON RETIREMENT FU	24.599	

Elenco Intervenuti (Tutti ordinati cronologicamente)

Assemblea Ordinaria

Badge	Titolare / Tipo Rap.	Deleganti / Rappresentati legalmente	Ordinaria
36	D	BLACKROCK INSTITUTIONAL TRUST COMPANY N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	865.998
37	D	BLACKROCK INSTITUTIONAL TRUST COMPA	156.987
38	D	TRUST AND CUSTODY SERVICES BANK LTD. AS TRUSTEE FOR MIZUHO TRUST AND BANKING CO. LTD. AS TRUSTEE FOR BLACKROCK DEVELOP	528
39	D	VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST	17.737
40	D	MSCI ACWI EX-U.S. IMI INDEX FUND B2	2.316
41	D	MSCI WORLD SMALL CAP EQUITY ESG SCREENED INDEX FUND B	5.605
42	D	DEVELOPED REAL ESTATE INDEX FUND B(GREIT	23.075
43	D	BLACKROCK MSCI EAFE SMALL CAP EQUIT	40.428
44	D	BLACKROCK CDN GLOBAL DEVELOPED REAL ESTA	67.668
45	D	BAILLIE GIFFORD WORLDWIDE FUNDS PLC	112.435
46	D	BLACKROCK MSCI EMU IMI INDEX FD B (EMUIM	45
47	D	TOPS GLOBAL FUND OF REITS FUNDS INVESTMENT TRUST NO. 1	8.460
48	D	HSBC ETFS PLC	6.692
49	D	ALLIANZ PV-WS RCM SYSPRO INDEXING EUROLAND	14.593
50	D	MUL-LYXOR ITALIA EQUITY PIR	3.451
51	D	LYXOR MSCI EMU SMALL CAP UE	24.126
52	D	WESPATH FUNDS TRUST	170
53	D	VANGUARD EUROPEAN STOCK INDEX FUND	89.071
54	D	VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	192.562
55	D	DB X TRACKERS MSCI APAC EQUITY	14.630
56	D	SHELL CANADA 2007 PENSION PLAN 400	499
57	D	ACADIAN INTERNATIONAL SMALL CAP FUND	72.561
58	D	CDW 73 IRR PARA GL	1.314
59	D	1975 IRREV TRUST OF C D WEYERHAEUSER	4.525
60	D	WBW TRUST NUMBER ONE	486
61	D	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	777
62	D	RAYTHEON MASTER PENSION TRUST .	59.149
63	D	HP INC MASTER TRUST	6.595
64	D	TXMF LSV	119.800
65	D	ROWF GT ALPHAEXTEXUSC	17.433
66	D	NATWEST DEP BG MA GROWTH FUND	530.845
67	D	ALASKA PERMANENT FUND CORPORATION	5.132
68	D	PENSION RESERVES INVESTMENT TRUST FUND	122.313
69	D	METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND	46.400
70	D	BNYMTD GLO PROP SECS EQ TKR FUND	136.693
71	D	PHC NT SMALL CAP	8.568
72	D	VIRGINIA RETIREMENT SYSTEM .	5.363
73	D	STICHTING BEDRIJFSTAKPENSIOENFONDS VOOR HET SCHILDERS AFWERKINGS EN GLASZETBEDRIJF	5.606
74	D	ALASKA PERMANENT FUND CORPORATION	520
75	D	ALASKA PERMANENT FUND CORPORATION	10.952
76	D	CX9F LSV INT SMALL CAP	1
77	D	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	278

Elenco Intervenuti (Tutti ordinati cronologicamente)

Assemblea Ordinaria

Badge	Titolare Tipo Rap.	Deleganti / Rappresentati legalmente	Ordinaria
78	D	STICHTING SPOORWEGPENSIOENFONDS	42.528
79	D	CTJ RE STANLIB GLOBAL EQ ARR USD	20.540
80	D	BNYM SMALL CAP EUROLAND FD BNYMTCIL	1.157
81	D	FT FTSE EPRANAREIT GLOB RE INDEX FD	1.968
82	D	BAILLIE GIFFORD MULTI ASSET INCOME FUND	1.958
83	D	STATE OF WISCONSIN INVESTMENT BOARD	3.908
84	D	NATWEST DEP BG DIV GROWTH FD	1.387.357
85	D	UMC BENEFIT BOARD, INC	1.531
86	D	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	1
87	D	INDIANA PUBLIC RETIREMENT SYSTEM	2.489
88	D	CPA COP PSERS ACADIAN ASSET MGMT	8.992
89	D	THE CLEVELAND CLINIC FOUNDATION	16.378
90	D	AB SICAV I ALL MARKET INCOME	67.290
91	D	TRUST AND CUSTODY SERVICES BAN	84.231
92	D	THE NOMURA TRUST AND BANKING	43.281
93	D	MUF - LYXOR FTSE ITALIA MID CA	315.550
94	D	AMUNDI INDEX FTSE EPRA NAREIT GLOBAL	22.641
95	D	PALATINE IMMOBILIER	70.000
96	D	THE BANK OF IRELAND STAFF PENSIONS FUND	5.277
97	D	DOW RETIREMENT GROUP TRUST THE DOW CHEMICAL COMPANY	19.983
98	D	MRFF INVESTMENT COMPANY NO. 2 PTY LTD	20.708
99	D	FUTURE FUND INVESTMENT COMPANY NO.2 PTY LTD	66.153
100	D	NORTHERN TRUST UCITS COMMON CONTRACTUAL FUND	85.923
101	D	COMMONWEALTH GLOBAL PROPERTY SECURIES FUND 4	33.374
102	D	MUNICIPAL EMPLOYEES` ANNUITY AND BENEFIT FUND OF CHICAGO	647
103	D	MASTER TRUST AGREEMENT BETWEEN PFIZER INC AND THE NORTHERN TRUST COMPANY	1.125
104	D	EXELON CORPORATION PENSION MASTER RETIREMENT TRUST	42.107
105	D	WHEELS COMMON INVESTMENT FUND	3.177
106	D	VIRGINIA C. MARS REVOCABLE TRUST DATED AUGUST 6 1991	1.989
107	D	EXELON CORPORATION EMPLOYEES` BENEFIT TRUST FOR UNION EMPLOYEES	7.634
108	D	NTGI-QM COMMON DAILY ALL COUNTRY WORLD EX-US INVESTABLE MARKET INDEX FUND - NON LENDING	3.099
109	D	POLICEMEN`S ANNUITY AND BENEFIT FUND OF CHICAGO	36.697
110	D	NEW ZEALAND SUPERANNUATION FUND	3.016
111	D	GOVERNMENT EMPLOYEES SUPERANNUATION BOARD	7.121
112	D	MARGARET A. CARGILL FOUNDATION	19.000
113	D	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	303.644
114	D	NORTHERN FUNDS GLOBAL REAL ESTATE INDEX FUND	49.211
115	D	ANNE RAY FOUNDATION	26.700
116	D	EXELON CORPORATION DEFINED CONTRIBUTION RETIREMENT PLANS MASTER TRUST	3.961
117	D	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	827
118	D	1199 SEIU HEALTH CARE EMPLOYEES PENSION FUND	122.148
119	D	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	6.120

Elenco Intervenuti (Tutti ordinati cronologicamente)

Assemblea Ordinaria

Badge	Titolare Tipo Rap.	Deleganti / Rappresentati legalmente	Ordinaria
120	D	LSC PENSION TRUST	23.300
121	D	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	260
122	D	LEGAL AND GENERAL GLOBAL REAL ESTATE DIVIDEND INDEX FUND	40.394
123	D	LEGAL AND GENERAL ICAV	2.641
124	D	VERDIPAPIRFONDET KLP AKSJEGLOBAL SMALL CAP INDEKS I	8.102
125	D	NORTHERN TRUST UCITS FGR FUND	47.821
126	D	CHALLENGE ITALIAN EQUITY	160.000
127	D	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	48.857
128	D	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	778
129	D	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	827
130	D	OLD WESTBURY SMALL AND MID CAP STRATEGIES FUND	43.777
131	D	MACQUARIE INVESTMENT MANAGEMENT LIMITED	24.500
132	D	MACQUARIE TRUE INDEX GLOBAL REAL ESTATE SECURITIES	21.328
133	D	AEGON CUSTODY B.V	31.531
134	D	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST	1.049
135	D	NEWBURG NOMINEES LIMITED AS CUSTODIAN FOR INVESTORS WHOLESALE GLOBAL PROPERTY (INDEX) TRUST	8.432
136	D	USAA INTERNATIONAL FUND	154.525
137	D	ABERDEEN STANDARD OEIC IV - ASI GLOBAL REIT TRACKER FUND	1.932
138	D	PAVILION GLOBAL REAL ESTATE SECURITIES POOL	978
139	D	GOVERNMENT OF NORWAY	63.467
140	D	RETURN TO WORK CORPORATION OF SOUTH AUST RALIA	2.521
141	D	UBS FUND MANAGEMENT (SWITZERLAND) AG	48.977
142	D	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	18.401
143	D	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASSIVE II	362
144	D	ISHARES II PUBLIC LIMITED COMPANY	5.382
145	D	ISHARES PUBLIC LIMITED COMPANY	384.353
146	D	ISHARES VII PLC	27.661
147	D	ISHARES III PUBLIC LIMITED COMPANY	1.284
148	D	KAISER PERMANENTE GROUP TRUST	15.673
149	D	KAISER FOUNDATION HOSPITALS	7.004
150	D	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	94.654
151	D	PENSION BENEFIT GUARANTY CORPORATION	130.304
152	D	INTERNATIONAL PAPER CO COMMINGLED INVESTMENT GROUP	54.308
153	D	BERNSTEIN FUND, INC.- INTERNATIONAL SMALL CAP PORTFOLIO	388.706
154	D	IAM NATIONAL PENSION FUND	6.345
155	D	JAPAN TR SV BK SMTB ALLIANCEBERNSTEIN KOKUSAI REIT MOTHER	1.528.487
156	D	TR+ CUST SERV BK LTD ATF SHINKO GLOBAL REIT INDEX MOTHER	105

Elenco Intervenuti (Tutti ordinati cronologicamente)

Assemblea Ordinaria

Badge	Titolare / Tipo Rap.	Deleganti / Rappresentati legalmente	Ordinaria
157	D	BRIGHTHOUSE FUNDS TRUST I - AB GLOBAL DYNAMIC ALLOCATION	7.409
158	D	ALBERTA INVESTMENT MANAGEMENT CORPORATION	7.178
159	D	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	520
160	D	MERCER GE INTERNATIONAL EQUITY FUND	25.812
161	D	STATE STREET GLOBAL ALL CAP EQUITY EX-US INDEX PORTFOLIO	13.675
162	D	KP INTERNATIONAL EQUITY FUND	44.639
163	D	LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION	220
164	D	MERCER INTERNATIONAL EQUITY FUND	13.363
165	D	GTAA PANTHER FUND L.P	253
166	D	MERCER UCITS COMMON CONTRACTUAL FUND	73.648
167	D	MERCER QIF CCF	5.548
168	D	STATE OF NEW JERSEY COMMON PENSION FUND D	9.958
169	D	SSGA SPDR ETFS EUROPE I PUBLIC LIMITED COMPANY	37.590
170	D	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	3.224
171	D	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	143.938
172	D	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	6.605
173	D	WASHINGTON STATE INVESTMENT BOARD	21.335
174	D	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ	11.172
175	D	WISDOMTREE EUROPE SMALLCAP DIVIDEND FUND	144.888
176	D	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND	398.339
177	D	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	26.861
178	D	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT	179.075
179	D	SSGA /TUCKERMAN GLB RE SEC INDEX NON-LEND ING COMMON TR F	97.273
180	D	UBS ETF	1.581
181	D	IBM 401K PLUS PLAN	60.984
182	D	IBM 401K PLUS PLAN	32.096
183	D	COLLEGE RETIREMENT EQUITIES FUND	13.617
184	D	SPDR PORTFOLIO DEVELOPED WORLD EX-US ETF	193.894
185	D	SPDR S&P INTERNATIONAL SMALL CAP ETF	20.737
186	D	SPDR STOXX EUROPE 50 ETF	819
187	D	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	24.747
188	D	FIRST STATE SUPERANNUATION SCHEME	17.193
189	D	VANECK VECTORS FTSE INTERNATIONAL PROPERTY (HEDGED) ETF	1.388
190	D	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F	627
191	D	STICHTING PHILIPS PENSIOENFONDS	9.455
192	D	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	160
193	D	PUBLIC AUTHORITY FOR SOCIAL INSURANCE	638
194	D	JOHNSON GORDON ALAN	32
195	D	MACKENZIE INTERNATIONAL QUANTITATIVE SMALL CAP FUND	2.797
196	D	ISHARES MSCI EAFE SMALL-CAP ETF	98.119
197	D	ISHARES EUROPE DEVELOPED REAL ESTATE ETF	5.793
198	D	ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF	28.991
199	D	ISHARES INTERNATIONAL DEVELOPED PROPERTY ETF	4.825

Badge	Titolare / Tipo Rap.	Deleganti / Rappresentati legalmente	Ordinaria
200	D	ISHARES MSCI EUROPE SMALL-CAP ETF	5.301
201	D	ISHARES DEVELOPED REAL ESTATE INDEX FUND OF BLACKROCK FUNDS	67.068
202	D	ISHARES CORE MSCI EUROPE ETF	99.924
203	D	ISHARES GLOBAL REIT ETF	118.837
204	D	ISHARES EDGE MSCI MULTIFACTOR INTL SMALL-CAP ETF	13.717
205	D	CONNECTICUT GENERAL LIFE INSURANCE COMPANY	496
206	D	ARROWSTREET INTERNATIONAL EQUITY EAFE TRUST FUND	56.614
207	D	LAZARD/WILMINGTON COLLECTIVE TRUST	30.191
208	D	CITY OF NEW YORK GROUP TRUST	70.892
209	D	ARROWSTREET (CANADA) GLOBAL ALL-COUNTRY FUND II	21.235
210	D	ARROWSTREET (CANADA) INTERNATIONAL DEVELOPED MARKET EX US FUND I	17.133
211	D	ARROWSTREET (CANADA) GLOBAL WORLD FUND I	20.280
212	D	TENNESSEE CONSOLIDATED RETIREMENT SYSTEM	120.027
213	D	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	844
214	D	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	3.367
215	D	VANGUARD DEVELOPED ALL-CAP EX NORTH AMERICA EQUITY INDEX POOLED	225
216	D	VANGUARD TOTAL WORLD STOCK INDEX FUND	11.083
217	D	VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEX FUND, A SERIES OF VANG	285.714
218	D	VANGUARD DEVELOPED MARKETS INDEX FUND	422.008
219	D	INTERNATIONAL MONETARY FUND	10.404
220	D	INTERNATIONAL MONETARY FUND	9.463
		Totale azioni	**14.930.596**
			13,531211%

Totale azioni in proprio	0
Totale azioni in delega	71.467.559
Totale azioni in rappresentanza legale	0
TOTALE AZIONI	71.467.559
	64,769192%
Totale azionisti in proprio	0
Totale azionisti in delega	224
Totale azionisti in rappresentanza legale	0
TOTALE AZIONISTI	224
TOTALE PERSONE INTERVENUTE	1

Legenda:

D: Delegante R: Rappresentato legalmente

General Shareholders’ Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

RESULT OF THE VOTING

Item: **Separate financial statements at 31.12.2019**

Take part in the vote:

n° **224** shareholders, holders of di n° **71,467,559** ordinary shares,

of which n° **71,467,559** entitled to vote,

equal to **64.769192**% of the share capital.

Voted:

		% of ordinary shares represented (Voting quorum)	**% shares entitled To vote**	**% share capital**
For	71,396,667	99.900805	99.900805	64.704944
Against	0	0.000000	0.000000	0.000000
Sub Total	71,396,667	99.900805	99.900805	64.704944
Abstained	70,892	0.099195	0.099195	0.064248
Non Voting	0	0.000000	0.000000	0.000000
Sub total	70,892	0.099195	0.099195	0.064248
Total	71,467,559	100.000000	100.000000	64.769192

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders: 224

General Shareholders’ Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

RESULT OF THE VOTING

Item: **Allocation of the net income and distribution of the dividend to Shareholders**

Take part in the vote:

n° **224** shareholders, holders of di n° **71,467,559** ordinary shares,

of which n° **71,467,559** entitled to vote,

equal to **64.769192**% of the share capital.

Voted:

		% of ordinary shares represented (Voting quorum)	% shares entitled To vote	% share capital
For	71,029,250	99.386702	99.386702	64.371964
Against	438,309	0.613298	0.613298	0.397228
Sub Total	71,467,559	100.000000	100.000000	64.769192
Abstained	0	0.000000	0.000000	0.000000
Non Voting	0	0.000000	0.000000	0.000000
Sub total	0	0.000000	0.000000	0.000000
Total	71,467,559	100.000000	100.000000	64.769192

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders: 224

General Shareholders’ Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

RESULT OF THE VOTING

Item: **First section: report on the compensation policy. Binding resolution**

Take part in the vote:

n° **224** shareholders, holders of di n° **71,467,559** ordinary shares,

of which n° **71,467,559** entitled to vote,

equal to **64.769192**% of the share capital.

Voted:

		% of ordinary shares represented (Voting quorum)	% shares entitled To vote	% share capital
For	69,076,924	96.654937	96.654937	62.602622
Against	2,390,635	3.345063	3.345063	2.166570
Sub Total	71,467,559	100.000000	100.000000	64.769192
Abstained	0	0.000000	0.000000	0.000000
Non Voting	0	0.000000	0.000000	0.000000
Sub total	0	0.000000	0.000000	0.000000
Total	71,467,559	100.000000	100.000000	64.769192

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders: 224

General Shareholders’ Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

RESULT OF VOTING

Item: **Second section: report on the compensation paid. Non-binding resolution**

Take part in the vote:

n° **224** shareholders, holders of di n° **71,467,559** ordinary shares,

of which n° **71,467,559** entitled to vote,

equal to **64.769192**% of the share capital.

Voted:

		% of ordinary shares represented (Voting quorum)	**% shares entitled To vote**	**% share capital**
For	60,568,213	84.749240	84.749240	54.891398
Against	10,880,530	15.224432	15.224432	9.860742
Sub Total	71,448,743	99.973672	99.973672	64.752140
Abstained	18,816	0.026328	0.026328	0.017052
Non Voting	0	0.000000	0.000000	0.000000
Sub total	18,816	0.026328	0.026328	0.017052
Total	71,467,559	100.000000	100.000000	64.769192

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders: 224

General Shareholders’ Meeting in Ordinary session of 11th June 2020
(Second call of 12th June 2020)

RESULT OF VOTING

Item: **Purchase and disposal of treasury shares**

Take part in the vote:

n° **224** shareholders, holders of di n° **71,467,559** ordinary shares,

of which n° **71,467,559** entitled to vote,

equal to **64.769192**% of the share capital.

Voted:

		% of ordinary shares represented (Voting quorum)	% shares entitled To vote	% share capital
For	68,910,255	96.421728	96.421728	62.451574
Against	2,557,304	3.578272	3.578272	2.317618
Sub Total	71,467,559	100.000000	100.000000	64.769192
Abstained	0	0.000000	0.000000	0.000000
Non Voting	0	0.000000	0.000000	0.000000
Sub total	0	0.000000	0.000000	0.000000
Total	71,467,559	100.000000	100.000000	64.769192

Shareholders in person: 0
Shareholders by proxy: 224
Witness: 2 Shareholders: 224

IMMOBILIARE GRANDE DISTRIBUZIONE SOCIETÀ DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.
Registered office: Via Trattati Comunitari Europei 1957-2007, n. 13, Bologna
Share capital fully subscribed and paid-in: EUR 650,000,000.00
comprising n. 110,341,903 ordinary shares
Bologna Companies Register and tax identification no. 00397420399
Bologna Chamber of Commerce (R.E.A.) no.: 458582
Company subject to the direction and control of Coop Alleanza 3.0 Soc. Coop.

ORDINARY ANNUAL GENERAL MEETING OF IGD SIIQ S.P.A.
11-12 JUNE 2020

EXPLANATORY NOTES ON THE ITEMS OF THE AGENDA PREPARED BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 125-*TER* AND 154-*TER* OF LEGISLATIVE DECREE N. 58/1998 AS WELL AS ART. 73 OF THE CONSOB REGULATION ADOPTED BY RESOLUTION N. 11971/1999

* * *

1. Separate financial statements at 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions;
2. Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions;
3. Report on compensation and the compensation paid in accordance with Art. 123-*ter*, paragraphs 3-*ter* and 6, of Legislative Decree n. 58/98:

   3.1 First section: report on the compensation policy. Binding resolution

   3.2 Second section: report on the compensation paid. Non-binding resolution
4. Purchase and dispose of treasury shares; related and consequent resolutions;

* * *

Item 1 of the Agenda of the Ordinary General Meeting - Separate financial statements at 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions.

Dear Shareholders,

The separate financial statements for the year ended on 31 December 2019 which are being submitted to you for your approval show a net profit of € 9,470,568**.** Total revenues amounted to €128.5 million, recording an increase with respect to the prior year of €3.6 million, equal to 2.9%. Operating costs, including G&A expenses, are lower with respect to the previous year and their impact on revenues has improved going from 21.9% to 20.8%. Please note that these changes are attributable primarily to the full year contribution of the rents and lease payments stemming from the acquisition of 4 shopping malls and a retail park completed in April 2018 and the application from January 1, 2019 of the new accounting standard IFRS16.

EBIT, which amounted to €44 million, was €29.2 million lower due to the decrease in the real estate portfolio's fair value.

Financial management showed a balance of €34.6 million at 31 December 2019, an increase of €3.1 million with respect to 2018 due mainly to (i) the decrease in IRS differentials, (ii) decrease in the financial expense of the bond loans, (iii) an increase in amortized costs, (iv) an increase in the financial expense recognized in the period as a result of IFRS 16 application, (v) higher interest linked to the loan commitments assumed as a result of the purchase of the 4 businesses finalized in April 2018, and (vi) higher financial charges on committed lines. a decrease in the financial expense related to the amortized cost of bonds following first-time application of the new IFRS 9, which resulted in an increase in the liabilities for bond loans and a decrease in the relative financial expense, as well as less utilization of short-term credit lines.

The IGD Group's total operating revenue at 31 December 2019 amounted to €162 million, a decrease of 3.7% compared to 2018 (the Group's total operating revenue at 31 December 2018 amounted to €162.5 million). The decrease is attributable primarily to the drop in revenue from property sales only partially offset by the full-year contribution to revenue made by the 4 shopping malls and retail park purchased in April 2018.

Rental income reached €155,259 thousand, showing an increase of 2.3% compared to the same period of the prior year. Direct costs from rental activities amounted to €18,683 thousand, a decrease of 32.6% with respect to the prior year (or an increase of 4.5% without considering the impacts of IFRS16). The increase in costs is attributable mainly to the condominium fees, property tax - *IMU*, *una-tantum* marketing costs, and insurance also due to the portfolio extension.

General expenses for the core business, including payroll costs at headquarters, amounted to €12,273 thousand, showing an increase of 7.1% compared to €11,4563 thousand posted at 31 December 2018. The increase is attributable primarily to an increase in payroll costs at headquarters explained mainly by higher payroll costs at headquarters linked to CCNL adjustments, as well as other one-offs recorded in the period (consultancies, corporate projects and operations)

The core business EBITDA in 2019 amounted to €125,195 thousand, an increase of 10.1% compared to the prior year. IGD Group's EBITDA at 31 December 2019 amounted to €124,557 thousand, with an increase of 10.6%. The changes in the components of total EBITDA during the year are shown below.

The EBITDA Margin for the core business amounted to 77.5%, up by 560 basis points with respect to the same period of previous year, or down by 88 basis points without considering the impacts of IFRS16.

EBIT, equal to €50,343 thousand, shows a decrease of 38.0% with respect to the same period of 2018.

The pre-tax income at 31 December 2019 amounted to €13.602 million, showing a decrease with respect to €48.7 million of 2017.

As a result of the above the Group posted a net profit of €12,591 thousand, showing a decrease of 72.9%, compared to €46,388 thousand posted in 2018. Core business Funds from Operations (FFO) amounted to €83,284 thousand, with an increase of €3,590 thousand or 4.5% compared to previous year.

Financial expense increase from the €32,498 thousand recorded at 31 December 2018 to €36,752 thousand at 31 December 2019.

IGD Group's net financial debt at 31 December 2019 shows an increase compared to 31 December 2018 of €54.8 million. Gearing ratio (0.95x) and Loan to Value (47.6%) show a slight increase compared with the prior year.

The Real Estate Portfolio at 31 December 2019

Based on CBRE Valuation S.p.A., Duff & Phelps REAG S.p.A., Cushman & Wakefield and Jones Lang Lasalle's independent appraisals, the market value at 31 December 2019 of IGD Group's real estate portfolio reached €2,381.41 million, decreasing compared to €2,412.15 million recorded at 31 December 2018.

In light of the above, the Board of Directors submits the following proposal to you for approval:

"*The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,*

- *having seen the Board of Directors' report;*
- *having seen the Board of Statutory Auditors' report;*
- *having examined the Company's financial statements for the year ended 31 December 2019;*
- *having acknowledged the report prepared by the external auditors PricewaterhouseCooper S.p.A.;*

resolve

1. *to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2019 with a Net Profit of €9,470,586.34 and the Board of Directors' report;*

* * *

Item 2 of the Agenda of the Ordinary General Meeting – Allocation of the net income and distribution of the dividend to Shareholders; related and consequent resolutions.

Dear Shareholders,

In light of the Covid-19 health crisis and the uncertainty as to its duration, as well as the inevitable slowdown in internal demand, consumption and, more in general, the country's economic cycle, in order to preserve the Company's financial stability, the Board of the Directors deemed it opportune to formulate a new proposal for the allocation of the 2019 earnings and change the proposed resolution approved during the Board of Directors' meeting held on 27 February 2020 and published on 10 March 2020. More in detail, the Board of Directors proposes to allocate – as a dividend - only 70% of the net profit generated by the property rental business, namely the minimum required to maintain REIT or SIIQ status as per Article 1, paragraph 123 of Law n. 296 of 27 December 2006 (i.e. .e. the 2007 Budget Law).

In light of the above, we propose to allocate €25,149,800.48 (€0.228152 per share) as dividends.

The statutory profit came to €9,470,568.34 at 31 December 2019, a decrease with respect to the €41,242,164 recorded in 2018.

The Board of Directors, subject to the approval of the financial statements for the year ended on 31 December 2019, proposes:

- to allocate €5,578,654.15 of the profit to dividend, as retained earnings from exempt operations
- to allocate €2,390,837.24 of the profit from exempt operations to distributable profits reserve
- to allocate €1,501,076.95 of the profit from taxable operations to distributable profits reserve;
- to reclassify the fair value reserve by €27,958,708.62, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 to €283,158,850.19.

The above dividend will be paid on each of the outstanding shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date.

The total dividend payout, calculated based on the number of shares outstanding at the date of this report, equal to 110,232,654 ordinary shares net of treasury shares held by the Company at that date, amounts to €25,149,800.48 to be taken from:

- for €5,578,654.15, distributable income generated by exempt operations;
- for €19,571,146.33, utilization of the reserve for retained earnings from exempt operations.

  The earnings distributed from exempt operations totals €25,149,800.48 or €0.228152 per share;

In light of the above, the Board of Directors submits the following proposal to you for approval:

"*The shareholders of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., meeting in ordinary session, having examined the Board of Directors report,*

resolve

1. *to allocate Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s statutory profit for 2018 of €9,407,568.34 as follows:*

- *€2,390,837.24 to distributable profits reserve, as retained earnings from exempt operations;*
- *€1,501,076.95 to distributable profits reserve, as retained earnings from taxable operations;*
- *€5,578,654.15 as dividends, as retained earnings from exempt operations;*

and to reclassify the fair value reserve by €27,958,708.62, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 to €283,158,850.19.

2. *to pay a dividend of €0.228152 per share on each of the outstanding ordinary shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date.*

   The total dividend payout, calculated based on the number of IGD shares outstanding at the date of 30 April 2020 (110,232,654 IGD shares), amounts to €25,149,800.48 to be taken from:

- *for €5,578,654.15, distributable income generated by exempt operations;*
- *for €19,571,146.33, utilization of the reserve for retained earnings from exempt operations.*

The earnings distributed from exempt operations total 25,149,800.48 or €0.228152 per share.

The dividend will be payable as from 22 July 2020 with shares going ex-dividend on 21 July 2020 (detachment of coupon n. 4) In accordance with Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, the shareholders of IGD at the record date (14 May 2019) as per the records of the intermediary, pursuant to Art. 83-quater, par. 3 of Legislative Decree n.58 of 24 February 1998, will be entitled to receive the dividend;

3. *to grant the Chairman and the Chief Executive Officer, jointly or severally, the power to determine the exact number of shares with dividend rights entitled to receive dividends, the exact amount of the dividend to be distributed, noting that any change in the number of treasury shares held by the Company at the time of distribution will not impact the amount of the dividend per share as determined above, but will result in an increase or decrease to the share premium reserve."*

* * *

Item 3 of the Agenda of the Ordinary General Meeting – Report on compensation and the

compensation paid salaries in accordance with Art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree n. 58/98:

3.1 First section: report on the compensation policy. Binding resolution

3.2 Second section: report on the compensation paid. Non-binding resolution

Dear Shareholders,

as you are well aware, pursuant to art. 123-*ter* of TUF, listed companies are required to prepare a Report on compensation and paid salaries and make it available to the general public.

This report was approved by the Board of Directors on 27 February 2020, subject to approval by the Nominations and Compensation Committee, and made available to the public at the Company's registered office, on the Company's website http://eng.gruppoigd.it/, in the *Governance – Shareholders' Meeting* section and on the authorized storage system eMarket STORAGE www.emarketstorage.com in accordance with the law.

Pursuant to Art. 123-*ter* of TUF – as recently amended by Legislative Decree n. 49 of 10 June 2019, in implementation of EU Directive 2017/828 of the European Parliament and the Council of 17 May 2017, which amended the EU Directive 2007/36 relating to long-term shareholder engagement – this Report is divided into two sections.

The first section describes the Company's policy with respect to the compensation of the members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities for 2020, as well as the procedures used in the adoption and implementation of this policy. This section, pursuant to Art. 123-*ter*, paragraphs 3-*bis* and 3-*ter*, of TUF, as introduced in Legislative Decree n. 49/2019, is subject to the binding resolution of the ordinary Shareholders' Meeting.

The second section contains information about the compensation paid to the members of the Board of Directors, the Board of Statutory Auditors and executives with strategic responsibilities (shown as an aggregate) in 2019. This section, pursuant to the new paragraph 6 of Art. 123-*ter* TUF, introduced in Legislative Decree n. 49/2019, is subject to the non-binding resolution of the ordinary Shareholders' Meeting.

In light of the above, this item on the Agenda will be voted on during the Shareholders' Meeting as two separate items, as proposed below.

* * * *

3.1 First section: report on compensation. Binding resolution

In light of the above, the Board of Directors submits the following proposal concerning the first section of this report, to you for approval:

“*The Ordinary Shareholders’ Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,*

- *having examined and discussed the first section of the Report on Compensation and Paid Salaries called for under art. 123-ter, paragraph 3, of Legislative Decree n. 58 dated 24 February 1998, prepared by the Board of Directors based on the recommendations of the Remuneration and Nominations Committee, which describes the Company’s policy relating to remuneration of members of the Board of Directors, the Board of Statutory Auditors, general managers and executives with strategic responsibilities, as well as the procedures used to adopt and implement said policy, and made available to the public in accordance with the law;*

resolves

to approve the first section of the Report on Compensation and Paid Salaries adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 3-bis) and 3-ter) of Legislative Decree n. 58 dated 24 February 1998.”

* * * *

3.2 Second section: report on paid salaries. Non-binding resolution

With regard to the second section of this Report, the Board of Directors will submit the following proposal to you for your approval:

“*The Ordinary Shareholders’ Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.,*

- *having examined and discussed the second section of the Report on Compensation and Paid Salaries called for under art. 123-ter, paragraph 4, of Legislative Decree n. 58 dated 24 February 1998, prepared by the Board of Directors based on the recommendations of the Remuneration and Nominations Committee, which describes the paid salaries to the members of the Board of Directors, the Board of Statutory Auditors, general managers and executives with strategic responsibilities in 2019 or related to 2019;*

resolves

in favor to the second section of the Report on Compensation and Paid Salaries adopted by the Board of Directors on 27 February 2020 pursuant to art. 123-ter, paragraphs 6 of Legislative Decree n. 58 dated 24 February 1998.”

* * * *

Item 4 of the Agenda of the Ordinary General Meeting – Purchase and dispose of treasury

shares; related and consequent resolutions.

Dear Shareholders,

We remind you that the Company annually provides for the renewal of the authorization to buy and sell treasury shares.

In light of the above on 10 April 2019 the Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares pursuant to Art. 2357, second paragraph, of the Italian Civil Code. The authorization to purchase treasury shares was effective for 18 (eighteen) months as from the date of the shareholder's resolution and therefore it will expire on 10 October 2020, while the authorization to dispose of treasury shares was without a time limit.

While waiting to fully understand the impact of the Covid-19 health crisis and any measures to adopt because of it, the purchase of treasury shares has been suspended and we propose to the Shareholders' Meeting not to renew the authorization to purchase and dispose of treasury shares, as well as revoke the authorization to purchase shares, effective immediately.

Useful valuation information provided pursuant to Art. 2357, paragraph 3 of the Italian Civil Code.

As of the date of this report the Company holds n. 35,825 treasury shares while its subsidiaries do not hold any shares in the Company. The subsidiaries are required to advise of any purchases made in a timely manner in accordance with and pursuant to Art. 2359-*bis* of the Italian Civil Code.

In light of the above, the Board of Directors submits the following proposal to you for approval:

"*The Ordinary Shareholders' Meeting of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A., having acknowledged the proposal submitted by the Board of Directors,*

resolve

1. *to revoke the authorization granted by the Ordinary General Meeting on 10 April 2019 to buy treasury shares;*
2. *to grant the Board of Directors and on its behalf the Chairman and the Chief Executive Officer, severally, the broadest powers to take all other action necessary or useful to implementing the above resolutions and to make the necessary market disclosures in accordance with the law*."

***

Bologna, 7 May 2020

On behalf of the Board of Directors

The Chairman

Elio Gasperoni

Annex “H” 39891/25676

1. IGD SIIQ S.p.A.
DRAFT SEPARATE FINANCIAL STATEMENTS
AT 31 DECEMBER 2019

5.1 // Income statement

(in thousands of Euros)	Note	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
Revenue	1	**127,633,926**	**123,743,501**	**3,890,425**
Revenues from third parties		82,451,366	78,140,522	4,310,844
Revenues from related parties		45,182,560	45,602,979	(420,419)
Other revenue	2	**874,580**	**1,145,188**	**(270,608)**
Other revenues from third parties		421,399	547,182	(125,783)
Other revenues from related parties		453,181	598,006	(144,825)
Operating revenues		**128,508,506**	**124,888,689**	**3,619,817**
Revenues and change in inventory		**128,508,506**	**124,888,689**	**3,619,817**
Service costs	3	11,845,204	13,221,587	(1,376,383)
Service costs from third parties		9,194,428	10,442,195	(1,247,767)
Service costs from related parties		2,650,776	2,779,392	(128,616)
Cost of labour	4	5,693,735	5,324,283	369,452
Other operating costs	5	9,228,998	8,828,144	400,854
Total operating costs		**26,767,937**	**27,374,014**	**(606,077)**
Depreciations, amortization and provisions		(928,607)	(693,226)	(235,381)
(Impairment losses)/Reversals on work in progress and inventories		(71,710)	(189,526)	117,816
Provisions for doubtful accounts		(465,857)	(666,137)	200,280
Change in fair value		(56,226,719)	(35,557,460)	(20,669,259)
Net revaluation acquisition		-	12,857,270	(12,857,270)
Depreciation, amortization, provisions, impairment and change in fa	6	**(57,692,893)**	**(24,249,079)**	**(33,443,814)**
EBIT		**44,047,676**	**73,265,596**	**(29,217,920)**
Income/ (loss) from equity investments and asset disposal	7	**4,539**	**(76,738)**	**81,277**
Financial Income		**139,245**	**197,947**	**(58,702)**
Financial income from third parties		14,417	21,917	(7,500)
Financial income from related parties		124,828	176,030	(51,202)
Financial charges		**34,753,258**	**31,697,182**	**3,056,076**
Financial charges from third parties		34,646,059	31,659,035	2,987,024
Financial charges from related parties		107,199	38,147	69,052
Net financial income (expense)	8	**(34,614,013)**	**(31,499,235)**	**(3,114,778)**
Pre-tax profit		**9,438,202**	**41,689,623**	**(32,251,421)**
Income taxes	9	(32,366)	447,459	(479,825)
NET PROFIT FOR THE PERIOD		**9,470,568**	**41,242,164**	**(31,771,596)**

5.2 // Statement of comprehensive income

(In thousands of Euro)	31/12/2019	31/12/2018
NET PROFIT FOR THE PERIOD	**9,470,568**	**41,242,164**
Other components of comprehensive income that will not be reclassified to profit/(loss)		
Recalculation of defined benefit plans	(170,027)	169,373
Total other components of comprehensive income that will not be reclassified to profit/(loss)	**(170,027)**	**169,373**
Other components of comprehensive income that will be reclassified to profit/ (loss)		
Effects of hedge derivatives on net equity	1,446,615	3,411,657
Tax effects of hedge derivatives on net equity	(266,398)	(740,204)
Total other components of comprehensive income that will be reclassified to profit/ (loss)	**1,180,217**	**2,671,453**
Total comprehensive profit/ (loss) for the period	**10,480,758**	**44,082,990**

5.3 // Statement of financial position

(in thousands of Euros)	Note	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	10	31,464	24,648	6,816
Goodwill	11	1,000,000	1,300,000	(300,000)
		1,031,464	**1,324,648**	**(293,184)**
Property, plant, and equipment				
Investment property	12	2,016,326,762	2,019,215,281	(2,888,519)
Buildings	13	7,643,966	7,887,472	(243,506)
Plant and machinery	14	163,472	82,150	81,322
Equipment and other goods	14	407,861	280,893	126,968
Leasehold improvements	14	0	35,025	(35,025)
Assets under construction and advance payments	15	26,423,514	26,284,555	138,959
		2,050,965,575	**2,053,785,376**	**(2,819,801)**
Other non-current assets				
Deferred tax assets	16	5,300,362	5,191,614	108,748
Sundry receivables and other non-current assets	17	75,116	71,978	3,138
Equity investments	18	186,473,918	186,473,918	0
		191,849,396	**191,737,510**	**111,886**
TOTAL NON-CURRENT ASSETS (A)		**2,243,846,435**	**2,246,847,534**	**(3,001,099)**
CURRENT ASSETS:				
Trade and other receivables	20	8,091,691	8,022,046	69,645
Related party trade and other receivables	21	237,239	1,439,057	(1,201,818)
Other current assets	22	1,615,686	4,277,082	(2,661,396)
Related parties other current assets	23	317,414	294,964	22,450
Related parties financial receivables and other current financial assets	24	91,923,773	98,767,426	(6,843,653)
Cash and cash equivalents	25	124,539,213	1,461,534	123,077,679
TOTAL CURRENT ASSETS (B)		**226,725,016**	**114,262,109**	**112,462,907**
TOTAL ASSETS (A + B)		**2,470,571,451**	**2,361,109,643**	**109,461,808**
NET EQUITY:				
Share capital		749,738,139	749,738,139	0
Share premium reserve		30,058,205	31,504,094	(1,445,889)
Treasury share reserve		(198,017)	(491,610)	293,593
Other reserves		419,472,787	415,171,690	4,301,097
Profit		9,471,179	58,425,167	(48,953,988)
TOTAL NET EQUITY (C)	26	**1,208,542,293**	**1,254,347,480**	**(45,805,187)**
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	41	14,835,796	17,110,619	(2,274,823)
Non-current financial liabilities	27	1,144,161,496	821,817,423	322,344,073
Provisions for employee severance indemnities	28	1,847,402	1,584,248	263,154
Provisions for risks and future charges	29	3,669,020	5,222,153	(1,553,133)
Sundry payables and other non-current liabilities	30	1,810,713	1,481,448	329,265
Related parties sundry payables and other non-current liabilities	30	13,721,967	11,892,499	1,829,468
TOTAL NON-CURRENT LIABILITIES (D)		**1,180,046,394**	**859,108,390**	**320,938,004**
CURRENT LIABILITIES:				
Current financial liabilities	31	49,960,840	223,439,468	(173,478,628)
Related parties current financial liabilities	31	9,317,969	1,703,932	7,614,037
Trade and other payables	33	11,272,157	11,611,986	(339,829)
Related parties trade and other payables	34	1,012,001	693,184	318,817
Current tax liabilities	35	1,952,146	1,868,786	83,360
Other current liabilities	36	8,415,441	7,975,772	439,669
Related parties other current liabilities	37	52,210	360,645	(308,435)
TOTAL CURRENT LIABILITIES (E)		**81,982,764**	**247,653,773**	**(165,671,009)**
TOTAL LIABILITIES (F=D+E)		**1,262,029,158**	**1,106,762,163**	**155,266,995**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**2,470,571,451**	**2,361,109,643**	**109,461,808**

5.4 // Statement of changes in equity

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Profits for the year	Total net equity
Balance on 01/01/2019	**749,738**	**31,504**	**414,680**	**58,425**	**1,254,347**
FTA IFRS 16	0	0	(1,450)	0	(1,450)
Balance on 01/01/2019 post IFRS 16	**749,738**	**31,504**	**413,230**	**58,425**	**1,252,897**
Profit of the year	0	0	0	9,471	9,471
Cash flow hedge derivative assessment	0	0	1,180	0	1,180
Other comprehensive income (losses)	0	0	(170)	0	(170)
Total comprehensive profit (losses)	**0**	**0**	**1,010**	**9,471**	**10,481**
Change of capital increase costs	0	0	23	0	23
Sale of treasury shares	0	0	294	0	294
Allocation of 2018 profit					
Dividends paid	0	(1,446)	(557)	(53,150)	(55,153)
To legal reserve	0	0	1,893	(1,893)	0
To other reserve	0	0	3,382	(3,382)	0
Balance at 31/12/2019	**749,738**	**30,058**	**419,275**	**9,471**	**1,208,542**

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Profits for the year	Total net equity
Balance on 01/01/2018	**599,760**	**29,971**	**389,312**	**103,774**	**1,122,817**
FTA IFRS 9	0	0	(4,354)	0	(4,354)
Balance on 01/01/2018 post IFRS 9	**599,760**	**29,971**	**384,958**	**103,774**	**1,118,463**
Profit of the year	0	0	0	41,242	41,242
Cash flow hedge derivative assessment	0	0	2,671	0	2,671
Other comprehensive income (losses)	0	0	169	0	169
Total comprehensive profit (losses)	**0**	**0**	**2,840**	**41,242**	**44,082**
Share capital increase	149,978	0	0	0	149,978
Share capital increase costs	0	0	(4,172)	0	(4,172)
Sales of unexercised rights	0	1,533	0	0	1,533
Sale of treasury shares	0	0	(366)	0	(366)
Allocation of 2017 profit					
Dividends paid	0	0	0	(55,171)	(55,171)
To legal reserve	0	0	0	0	0
To other reserve	0	0	31,420	(31,420)	0
Balance at 31/12/2018	**749,738**	**31,504**	**414,680**	**58,425**	**1,254,347**

5.5 // Statement of cash flows

(Amounts in thousand of Euro)	**31/12/2019**	**31/12/2018**
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**9,438**	**41,690**
Adjustments to reconcile net profit for the period with cash flow generated (absorbed) by operating activities		
Financial charges/(income)	34,612	30,644
Amortization and provisions	929	693
Doubtful accounts	466	666
Impairmente losses/(Reversals) on asset under construction and work in progress	72	190
Change in fair value - Increases/(decreases)	56,227	35,557
Acquisition net (revaluation)	0	(12,857)
Equity investments management	0	81
CASH FLOW FROM OPERATING ACTIVITIES:	**101,744**	**96,664**
Paid financial charges	(34,505)	(27,851)
Income taxes	18	(447)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**67,257**	**68,366**
Net change in current assets and liabilities with third parties	2,370	(3,024)
Net change in current assets and liabilties with related parties	1,190	577
Net change in non-corrent asset and liabilities with third parties	(2,840)	(1,155)
Net change in non-current assets and liabilities with related parties	1,829	1
TOTAL CASH FLOW FROM OPERATING ACTIVITIES (A)	**69,806**	**64,765**
(Investments) in fixed assets	(31,649)	(14,129)
Disposals of fixed assets	0	0
(Investments) in 4 business units	0	(104,640)
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(31,649)**	**(118,769)**
Change in non current financial assets	0	(9)
Change in financial receivables and other current financial assets	6,843	(8,237)
Sale/(purchase) of treasury share	294	(366)
(Adjustments)/share capital increase costs	24	147,339
Dividend distribution	(55,153)	(55,171)
Change in current financial debt with third parties	(176,353)	10,500
Change in current financial debt with related parties	7,615	216
Change in non current financial debt with third parties	302,746	(39,624)
Change in non current financial debt with related parties	(1,095)	(643)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**84,921**	**54,005**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C)	**123,078**	**1**
CASH BALANCE AT THE BEGINNING OF THE YEAR	**1,461**	**1,460**
CASH BALANCE AT THE END OF THE YEAR	**124,539**	**1,461**

5.6 // Notes to the financial statements

5.6.1. General information

The draft separate financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. at 31 December 2019 were approved and authorized for publication by the Board of Directors on 27 February 2020.
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.

5.6.2. Summary of accounting standards

5.6.2.1. Preparation criteria

Statement of compliance with International Accounting Standards

The separate financial statements for 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. The IFRS have been applied consistently to all reporting periods presented with the exception of the IFRS16, as it is described in the paragraph "Changes in accounting standards".

Reporting formats

The items in the statement of financial position have been classified as current or non-current, and those in the income statement by type.
The income statement shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.
The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.
The statement of cash flows is prepared using the indirect method, adjusting the profit for non-cash items.

Presentation of the notes to the financial statements

To facilitate comprehension, all amounts below are expressed in thousands of euros (€/K) unless otherwise specified.

Changes in accounting standards

a) New 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.
IGD SIIQ S.p.A. 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 (a mall that is in turn rented to third parties and a parking lot at Centro d'Abruzzo shopping center), 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 lease contracts for the parking lot and the mall at Fonti del Corallo shopping center, as of 1 January 2019 the Company has recognized a right-of-use asset under investment property in the amount of €20,851K and a lease liability of €22,364K. 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 negative equity reserve amounting to €1,450K net of the tax effect.
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 total negative impact of IFRS 16 on shareholders' equity at 1 January 2019, net of the tax effect, amounts to €1,450K.
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 31 December 2019 this fair value adjustment led to a writedown of €4,178K.
The table below shows the income statement effects of IFRS 16 for the period ended 31 December 2019:

Amounts in thousand of Euro	**31.12.2019**
Lower payable leases 2019	3,446
Higher impairment due to rights of use affected by IFRS16 measured at fair value	(4,178)
Higher financial charges	(678)
Fiscal effect	109
Income statement total negative effect due to IFRS16 adoption	**(1,301)**

In adopting IFRS 16, the Company has opted for the exemption permitted by IFRS section 16:5(a) with respect to short-term leases.
Likewise, the Company has opted for the exemption permitted by IFRS 16:5(b) with respect to leases for which the underlying asset qualifies as low-value.
For these leases, the introduction of IFRS 16 has not resulted in the recognition of a lease liability and right-of-use asset, but the lease installments are recognized in profit or loss on a straight line basis over the lease term.

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.

Adoption of these amendments has not affected the Company's separate financial statements.

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. This amendment has had no effect on the Company's financial statements.
On 7 June 2017 the IASB published **Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)**. The interpretation requires entities to analyze uncertain tax treatments (individually or collectively, depending on the circumstances) on the assumption that the taxation authority will examine the amounts and will have full knowledge of all relevant information when doing so. If the entity concludes that it is not probable that the taxation authority will accept a particular tax treatment, it has to reflect the impact of the uncertainty when measuring its current and deferred income taxes. The interpretation includes no new mandatory disclosures, but requires the entity to determine whether it should provide information on the considerations made by management regarding the uncertainty of its accounting tax position, in accordance with IAS 1. The new interpretation has been applied since 1 January 2019. This amendment has had no effect on the Company's financial statements.

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

- 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. The changes were approved on 29 November 2019 and apply to all transactions after 1 January 2020. The directors do not expect the amendment to have a significant impact on the Company's financial statements.
- On 29 March 2018, the IASB amended the **"References to the Conceptual Framework in IFRS Standards."** The amendment is effective for periods beginning on or after 1 January 2020, although early adoption is permitted. The Conceptual Framework defines the basic concepts for financial reporting and guides the Board in its development of the IFRS. It helps ensure that the standards are conceptually consistent and that similar transactions are treated

in the same way, to provide useful information to investors, lenders and other creditors. The Conceptual Framework helps companies develop accounting policies when no IFRS applies to a particular transaction and, more generally, assists all parties in understanding and interpreting the IFRS. The directors do not expect the amendment to have a significant impact on the Company's financial statements.

- On 26 September 2019, the IASB published **"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform."** These modify IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, as well as IFRS 7 - Financial Instruments: Disclosures. Specifically, the amendment introduces temporary exceptions to some of the hedge accounting requirements, to mitigate the impact of uncertainty on future cash flows while the IBOR reform is still ongoing. The amendment also requires companies to make additional financial statement disclosures on the hedging relationships directly affected by the uncertainty of the IBOR reform to which they apply these exceptions. The amendments are effective from 1 January 2020, with early adoption permitted. The directors do not expect the amendment to have a significant impact on the Company's financial statements.

C) Accounting policies, amendments and interpretations not yet endorsed by the European Union

As of the date these accounts were approved, the European Union had not yet completed the endorsement process necessary for adopting the following accounting standards and amendments:

- 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 an 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 added an optional "concentration test," which allows an entity to exclude a business if the price paid for it refers substantially to a single asset or a group of assets. The changes apply to all business combinations and asset acquisitions occurring after 1 January 2020. The Directors do not expect a significant effect on the Company's financial statements from the adoption of this amendment.
- 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. Entities must apply the new standard to insurance and reinsurance policies issued, to reinsurance policies held, and to investment contracts with a discretionary participation feature (DPF). The standard is effective from 1 January 2021. The Directors do

not expect a significant effect on the Company's financial statements from the adoption of this amendment.

5.6.2.2. Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the market value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes an impairment loss, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

5.6.2.3. Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the recognition at market value of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.
Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.
Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.
Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.
In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized

in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.
If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the financial statements the Company uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.
Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IFRS 8 - Segment Reporting;
- when goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.
After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.
The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on intangible assets. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

5.6.2.4. Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.
Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.
Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.
The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.
Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.
Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits are obtained and/or the urban planning agreements signed, and once the procedure for obtaining administrative permits is completed and construction is underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.
As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, More specifically,

- a use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property);
- a use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property);
- a use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset.
According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of

outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate of return for similar investments.
The specific valuation policies used, as certified in the appraisal report, were as follows:

- For malls and offices: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate of return for similar investments;
- For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate of return for similar investments;
- For other properties: income method (DCF);
- for construction in progress (extensions and new constructions), the transformation method was used, based on the discounting of future rental income for the property net of construction costs and other expenses.

The above methods were applied individually to each property, according to their specific features.

5.6.2.5. IAS 23 - Borrowing costs

Borrowing costs directly attributable to the purchase and construction of investment property relating to both new constructions and extensions, are added to the carrying value of the property in question. Interest is capitalized provided that the augmented carrying amount of the asset does not increase beyond market value. The Company has not capitalized financial charges.

5.6.2.6. Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Category	Rate
Wiring, sprinkler system, compressed air	10%
HVAC system	15%
Fittings	20%
Plant management computer	20%
Special communication systems - telephone	25%
Special plant	25%
Alarm/security system	30%
Sundry equipment	15%
Office furnishings	12%
Cash registers and EPD machines	20%
Personal computers and accessories	40%

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.
In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.
When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

5.6.2.7. Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment.
Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

5.6.2.8. Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous. Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying amount (amortized cost method).

5.6.2.9. Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms and conditions. The carrying amount of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

5.6.2.10. Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

5.6.2.11. Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

5.6.2.12. Treasury shares

Treasury shares are recognized at cost and deducted from shareholders' equity. Any gains or losses generated by their subsequent sale are recognized in equity.

5.6.2.13. Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.
They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

5.6.2.14. General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.
The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

5.6.2.15. Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (*trattamento di fine rapporto* or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are taken to the statement of comprehensive income under "other comprehensive income". The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

5.6.2.16. Revenue

Revenue is recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the market value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

- Rent and business lease revenue

  Rental income and business lease revenue from the Company's freehold and leasehold properties is recorded on an accruals basis, according to the rental and leasing contracts in force.

- Service income

  Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

5.6.2.17. Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

5.6.2.18. Dividends

Dividends are recognized when the Company is entitled to their receipt.

5.6.2.19. Income taxes

a) Current taxes

Current tax liabilities for the 2019 and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.
Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

b) Deferred taxes

Deferred taxes are calculated on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse.
Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

5.6.2.20. Derecognition of financial assets and financial liabilities

a) Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- If the Company has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Company's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that IGD could be required to pay.

b) Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

5.6.2.21. Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.
In accordance with IFRS 9, derivative financial instruments used for hedging qualify for hedge accounting only if:

a. at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b. the hedge is expected to be highly effective;
c. the effectiveness of the hedge can be reliably measured;
d. the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:
Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.
Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.
If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

5.6.2.22. SIIQ status

A company with SIIQ (Società di Investimento Immobiliare Quotata) status, applicable to IGD since 1 January 2008, can exclude rental income and the equivalent for the purposes of IRES (corporate income tax) and IRAP (regional business tax) (see also section 2.8 of the Directors' report).
At 31 December 2019, as at the end of previous years, IGD satisfied both the “asset test” and the “profit test” required to retain SIIQ status.
In accordance with the SIIQ rules, the company does maintain marginal operations other than property rental and the equivalent (“taxable operations”).
Therefore, income from taxable operations has been subject to the standard rules of computation, while the SIIQ rules have been followed for income from exempt operations.

To determine the results of separate operations, subject to different accounting and tax treatment in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.
Income from exempt operations therefore include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.
Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.
Due to changes to the SIIQ rules introduced by Law 164 of 11 November 2014 ("Conversion into law, with amendments, of Decree 133 of 12 September 2014"), capital gains and losses on rental properties (whether realized or implicit in fair value measurements) are also included in exempt operations.
In accordance with paragraph 121 of Law 296/06 and with the clarifications contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue/income/dividends to total revenue/income/dividends.
As for properties (owned or held on the basis of other corporeal rights) forming part of rental package deals, the accurate and objective determination of the portion of fees pertaining to the real estate component has been ensured by making the exempt/taxable allocation on the basis of an expert appraisal to quantify the fair value of fees at each property that pertain to rent.
Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more reliable and objective than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.
The tables below show the breakdown of profit into exempt and taxable income, as well as the calculations made to verify satisfaction of the asset test and profit test of the property rental and equivalent businesses (also see Section 2.8 of the Directors' Report):

Income statement of taxable and exempt income (amounts in Euro)	**31/12/2019 total**	**31/12/2019 exempt income**	**31/12/2019 taxable income**
Total revenues and operating income	128,508,506	120,090,742	8,417,764
Total operating costs	(26,767,937)	(25,654,226)	(1,113,711)
(Amortizations and provisions)	(1,394,464)	(1,472,774)	78,310
(Impairment)/Reversals on work in progress	(71,710)	(71,710)	0
Change in fair value - increases / (decreases)	(56,226,719)	(52,610,311)	(3,616,408)
EBIT	**44,047,676**	**40,281,721**	**3,765,955**
Equity investments result	**4,539**	**0**	**4,539**
Financial income	139,245	11,101	128,144
Financial charges	(34,753,258)	(32,323,331)	(2,429,927)
Financial management result	**(34,614,013)**	**(32,312,230)**	**(2,301,783)**
PRE TAX PROFIT	**9,438,202**	**7,969,491**	**1,468,711**
Income taxes for the period	(32,366)	0	(32,366)
NET PROFIT FOR THE PERIOD	**9,470,568**	**7,969,491**	**1,501,077**

Confirmation of the economic conditions (Amountsi in Euro)	**31/12/2019**
Rental and equivalent income (exempt income) **(A)**	120,090,742
Capital gains	0
Total **(A)**	120,090,742
Positive components **(B)**	128,652,290
Capital gains	0
Total **(B)**	128,652,290
Income ratio (A/B)	**93.35%**

Confirmation of financial conditions (Amounts in Euro)		**31/12/2019**
Rental properties		2,016,326,762
Properties under construction		26,423,514
Stakes in SIINQ		0
Right to use		(16,714,113)
Total rental properties, properties under construction and stakes in SIINQ	**A**	**2,026,036,163**
TOTAL ASSETS	**B**	**2,470,571,451**
Elements excluded from the ratio:	**C**	**(237,736,243)**
Cash and cash equivalents		(124,539,213)
Group companies loans		(91,923,772)
Trade receivables		(8,328,930)
IGD SIIQ Headquarters		(7,643,966)
Derivative assets		0
Deferred tax assets		(5,300,362)
Tax credits		0
Right to use		0
Total adjusted assets B-C=D	**D**	**2,232,835,208**
FINANCIAL RATIO A/D		**90.74%**

5.6.3. Use of estimates

The preparation of the separate 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 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

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms selected on the basis of the following criteria: (i) recognized European-level qualifications, (ii) specialized expertise in the retail segment, and (iii) reputability and independence. The selection of the independent appraisers is by resolution of the Board of Directors. In line with recommendations from the supervisory authorities and the various industry best practices, the company has long followed a specific procedure that governs the selection rules for independent appraisers and the handling of information flows used in the process of assessing the properties' fair value.
To appraise the real estate portfolio at 31 December 2019, the following independent firms were selected: (i) CBRE Valuation S.p.A., (ii) Duff&Phelps Reag S.p.A. (formerly Real Estate Advisory Group S.p.A.), (iii) Cushman & Wakefield LLP and (iv) Jones Lang LaSalle S.p.A. Given their specialized expertise in the retail segment, IGD believes that the findings and assumptions used by the independent appraisers are representative of the market.
The properties in the portfolio are appraised individually, using for each one the appraisal techniques specified below in accordance with IFRS 13.

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate of return for similar investments.

The appraisal methods used, as specified in the individual certificates, are as follows:

- for malls and retail parks, offices, hypermarkets and supermarkets: discounted cash flow (DCF) method based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate of return for similar investments;

- for construction in progress (extensions and new constructions): transformation method, based on the discounting of future rental income for the property net of construction costs through to completion and other expenses.

With the DCF method, the market value of an investment property is the sum of the present values of the net cash flows it will generate for a number of years depending on the duration of the outstanding contracts. During the period, when the contracts expire, the rent used to compute revenue is replaced with the estimated rental value (ERV) determined by the appraiser, taking account of the contractual rent received, so that in the final year of the DCF revenue consists entirely of ERV. At the end of the period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate (gross cap out rate) for similar investments.
With the transformation method, the market value of a property in the planning or construction phase is calculated by discounting the future income from renting the property, net of construction and other costs to be incurred, for a number of years depending on the duration of plans. At the end of the period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate (gross cap out rate) for similar investments.
In both methods based on the discounting of future income, the key elements are:

1) the amount of net cash flow:
    a. for finished properties: rent received less property costs
    b. for construction in progress: estimated future rent less construction costs and property costs
2) the distribution of cash flows over time:
    a. for finished properties: generally even distribution over time
    b. for construction in progress: construction costs come before future rental income.
3) the discount rate
4) the gross cap out rate.

In appraising the different types of properties in the real estate portfolio, the independent experts base their considerations primarily on:

1) information received from IGD SIIQ, as follows:
    (i) for finished properties: data on the rental status of each unit in each shopping center, as specified in the Company's internal procedure; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs;
    (ii) for construction in progress: 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;
2) assumptions used by the independent appraisers, such as inflation, discount rates, cap out rates and ERVs, determined through their own professional judgment upon careful observation of the market. 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 provided by IGD to the independent appraisers and the latters' assumptions and appraisal methods are approved by the head of Real Estate Development and Management, who is responsible for organizing and coordinating the appraisal and for monitoring and verifying results before they are incorporated into the financial statements. The entire process is governed in detail by IGD SIIQ's internal procedure.

Disclosures on the fair value hierarchy 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 volatility;
    - iii) credit spreads;
  - (d) market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The following table shows IGD SIIQ investment property by type, measured at fair value at 31 December 2019. It does not include construction in progress (Porto Grande expansion, listed with assets under construction), which is measured at the lower of cost and appraised market value as opposed to fair value.

FAIR VALUE MEASUREMENTS AT 31 DECEMBER 2019 (in K Eur)	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property Italy:			
Shopping malls			583.6
Hypermarkets and supermarkets			1,399.2
Residual portions of property			16.8
Total investment property Italy			**1,999.6**
Right of use (IFRS 16)			
Right of use (IFRS 16)			16.7
Total right of use (IFRS 16)			**16.7**
Total IGD investment property measured at fair value			**2,016.3**

See chapter 4, section 3 ("Use of estimates") for further information.

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 property, plant and equipment.

Recoverability of deferred tax assets

The Company has deferred tax assets on deductible temporary differences and theoretical tax benefits for losses carried forward. In estimating recoverable value, the Company considered the results of the business plan in keeping with those used for impairment testing.

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 13: 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 31 December is determined on the basis of annual earnings reports from the individual tenants, if available, and otherwise on the basis of monthly reports.

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

5.6.4. Segment reporting

The income statement is broken down below by business segment, in accordance with IFRS 8.

Profit and Loss	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	CORE BUSINESS PROPERTIES		SERVICES		SHARED		TOTAL	
Total revenue and operating income	**127,634**	**123,784**	**874**	**1,105**	**0**	**0**	**128,508**	**124,889**
Direct costs (a) (excluding provision for doubtful accounts)	15,406	17,169	15	29	0	0	**15,421**	**17,198**
G&A expenses (b)	0	0	0	0	11,348	10,177	**11,348**	**10,177**
Total operating costs (a)+(b)	**15,406**	**17,169**	**15**	**29**	**11,348**	**10,177**	**26,769**	**27,375**
(Depreciation and amortizations)	(1,083)	(1,042)		0	(312)	(318)	**(1,395)**	**(1,360)**
(Impairment losses) /reversals on work in progress and inventory	(72)	0	0	0	0	0	**(72)**	**0**
Fair value change - increase/(decreases)	(56,227)	(22,889)		0	0	0	**(56,227)**	**(22,889)**
Total depreciation, amortization, provisions, impairment and fair value changes	**(57,382)**	**(23,931)**	**0**	**0**	**(312)**	**(318)**	**(57,694)**	**(24,249)**
EBIT	**54,846**	**82,684**	**859**	**1,076**	**(11,660)**	**(10,495)**	**44,045**	**73,265**
Income/ (loss) from equity investments and property sales	**0**	**0**	**0**	**0**	**5**	**(77)**	**5**	**(77)**
Financial income	**0**	**0**	**0**	**0**	**141**	**198**	**141**	**198**
- third parties	0	0	0	0	16	22	**16**	**22**
- related parties	0	0	0	0	125	176	**125**	**176**
Financial charges	**0**	**0**	**0**	**0**	**(34,753)**	**(31,697)**	**(34,753)**	**(31,697)**
- third parties	0	0	0	0	(34,646)	(31,659)	**(34,646)**	**(31,659)**
- related parties	0	0	0	0	(107)	(38)	**(107)**	**(38)**
Net financial income	**0**	**0**	**0**	**0**	**(34,612)**	**(31,499)**	**(34,612)**	**(31,499)**
PRE-TAX PROFIT	**54,846**	**82,684**	**859**	**1,076**	**(46,267)**	**(42,071)**	**9,438**	**41,689**
Income taxes for the period	0	0	0	0	(33)	447	**(33)**	**447**
NET PROFIT FOR THE PERIOD	**54,846**	**82,684**	**859**	**1,076**	**(46,234)**	**(42,518)**	**9,471**	**41,242**

5.6.5. Notes to the financial statements

	Note	31/12/2019	31/12/2018	Change
Revenue	1	**127,634**	**123,743**	**3,891**
Revenues from third parties		82,452	78,140	4,312
Revenues from related parties		45,182	45,603	(421)
Other revenue	2	**874**	**1,145**	**(271)**
Other revenues from third parties		421	547	(126)
Other revenues from related parties		453	598	(145)
Operating revenues		**128,508**	**124,888**	**3,620**

Note 1) Revenue

	Note	31/12/2019	31/12/2018	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	37,805	38,293	(488)
Freehold supermarkets - Rents and business leases from related parties	a.2	1,403	1,719	(316)
Freehold supermarkets - Rents and business leases from third parties	a.3	43	0	43
TOTAL HYPERMARKETS/SUPERMARKETS	a	**39,251**	**40,012**	**(761)**
Freehold malls, offices and city center	b.1	**82,169**	**77,675**	**4,494**
Rents		**9,769**	**9,045**	**724**
To related parties		4,873	4,565	308
To third parties		4,896	4,480	416
Business leases		**72,400**	**68,630**	**3,770**
To related parties		975	917	58
To third parties		71,425	67,713	3,712
Leasehold malls	b.2	**3,284**	**3,250**	**34**
Rents		**219**	**197**	**22**
To related parties		32	32	0
To third parties		187	165	22
Business leases		**3,065**	**3,053**	**12**
To related parties		59	56	3
To third parties		3,006	2,997	9
Other contracts and temporary rents	b.3	**2,930**	**2,806**	**124**
Other contracts and temporary rents		2,895	2,785	110
Other contracts and temporary rents - related parties		35	21	14
TOTAL MALLS	b	**88,383**	**83,731**	**4,652**
GRAND TOTAL	a+b	**127,634**	**123,743**	**3,891**
of which related parties		45,182	45,603	(421)
of which third parties		82,452	78,140	4,312

Rent and business lease revenue increased by a total of €3,891K for the year. The upturn concerned both rent and business lease revenue and income from the rental of commercial space, and stems primarily from the full-year contribution of revenue from the purchase of four shopping malls and a retail park in April 2018.

Note 2) Other income

	31/12/2019	31/12/2018	Change
Out-of-period income/charges	5	0	5
Portfolio and rent management revenues	229	340	(111)
Pilotage and construction revenues	169	186	(17)
Other income	18	20	(2)
Other revenues from third parties	**421**	**546**	**(125)**
Refunds from related parties	51	42	9
Pilotage and construction revenues from related parties	55	134	(79)
Portfolio and rent management revenues from related parties	29	72	(43)
Administrative services from related parties	318	351	(33)
Other revenues from related parties	**453**	**599**	**(146)**
Other revenue	**874**	**1,145**	**(271)**

Other income decreased by €271K. The trend concerned both third parties and related parties and reflects a decline in pilotage and portfolio & rent management revenue.

Note 3) Service costs

	31/12/2019	31/12/2018	Change
Service costs from third parties	**9,194**	**10,442**	**(1,248)**
Paid rents	45	3,474	(3,429)
Utilities	131	155	(24)
Promotional and advertising expenses	953	397	556
Centers management expenses for vacancies	1,025	556	469
Centers management expenses for ceiling to tenants' costs	1,453	1,519	(66)
Insurances	716	719	(3)
Professional fees	72	79	(7)
Directors' and statutory auditors' fees	1,236	727	509
External auditing fees	163	159	4
Investor relations, Consob, Monte Titoli costs	484	436	48
Shopping center pilotage and construction costs	15	20	(5)
Consulting	1,070	659	411
Real estate appraisals fees	445	350	95
Maintenance and repair expenses	316	339	(23)
Other costs of services	1,070	853	217
Service costs from related parties	**2,651**	**2,779**	**(128)**
Paid rents	2	2	0
Service	315	326	(11)
Centers management expenses for vacancies	735	624	111
Centers management expenses for ceiling to tenants' costs	1,436	1,601	(165)
Insurances	71	71	0
Directors' and statutory auditors' fees	88	151	(63)
Other costs of services	4	4	0
Service costs	**11,845**	**13,221**	**(1,376)**

Service costs decreased by €1,376K with respect to the previous year. Most of the trend is explained by a reduction in rent paid due to the recognition from 1 January 2019 of the leases for the Fonti del Corallo mall in Livorno and the parking lot at Centro d'Abruzzo in accordance with the new accounting standard IFRS 16. For further information on the new standard, see Section 5.6.2.1 of this report. The decrease was partially offset by *(i)* greater promotional expenses as a result of more initiatives held at various shopping centers during the year, *(ii)* greater costs for unlet space and ceilings on tenants' expenses, *(iii)* the provision of end-of-term benefits for directors, and *(iv)* consulting fees.
Related party service costs went down by €128K, due mainly to the decrease in facility management costs and directors' and statutory auditors' fees.
The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated refer to compensation for 2019.

Directors and statutory auditors	Title	Dates in office	End of term	Fees
Board of directors				
Elio Gasperoni	Chairman	01/01/19-31/12/19	2020 FY Approval	75,000
	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Claudio Albertini	Chief Executive Officer	01/01/19-31/12/19	2020 FY Approval	300,000
	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Rossella Saoncella	Vice Chairman	01/01/19-31/12/19	2020 FY Approval	25,000
	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Elisabetta Gualandri	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Livia Salvini	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Luca Dondi Dall'Orologio	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Gian Maria Menabò	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Alessia Savino	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Sergio Lugaresi	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Eric Jean Veron	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Timothy Guy Michele Santini	Director	01/01/19-31/12/19	2020 FY Approval	20,000
Board of statutory auditors				
Anna Maria Allievi	Chairman	01/01/19-31/12/19	2020 FY Approval	30,000
Roberto Chiusoli	Standing Auditor	01/01/19-31/12/19	2020 FY Approval	20,000
Daniela Preite	Standing Auditor	01/01/19-31/12/19	2020 FY Approval	20,000

Committes	Title	Dates in office	End of term	Fees
Control and risk committee				
Elisabetta Gualandri	Director (Chairman)	01/01/19-31/12/19	when no longer Director	12,000
Luca Dondi Dall'Orologio	Director	01/01/19-31/12/19	when no longer Director	8,000
Sergio Lugaresi	Director	01/01/19-31/12/19	when no longer Director	8,000
Compliance committee				
Gilberto Coffari	External (Chairman)	01/01/19-31/12/19	2020 FY Approval	12,000
Alessandra De Martino	External	01/01/19-31/12/19	2020 FY Approval	8,000
Paolo Maestri	External	01/01/19-31/12/19	2020 FY Approval	8,000
Nominations and compensation committee				
Rossella Saoncella	Director (Chairman)	01/01/19-31/12/19	when no longer Director	3,750
Livia Salvini	Director	01/01/19-31/12/19	when no longer Director	3,000
Timothy Guy Michele Santini	Director	01/01/19-31/12/19	when no longer Director	3,750
Related parties committee				
Livia Salvini	Director	01/01/19-31/12/19	when no longer Director	1,500
Luca Dondi Dall'Orologio	Director	01/01/19-31/12/19	when no longer Director	1,500
Eric Jean Veron	Director	01/01/19-31/12/19	when no longer Director	1,500

For further details, see the Remuneration Report prepared in accordance with the law.

Note 4) Cost of labor

The cost of labor is detailed below:

	31/12/2019	31/12/2018	Change
Wages and salaries	4,111	3,713	398
Social security	1,195	1,114	81
Severance pay	258	274	(16)
Other costs of services	129	223	(94)
Cost of labour	**5,693**	**5,324**	**369**

The main reason for the increase in the cost of labor is the full implementation of contractual adjustments. Severance pay includes contributions to supplementary funds in the amount of €92K.

The workforce is broken down by category below:

	31/12/2019	31/12/2018
Executives	5	6
Middle managers	16	15
Junior managers	24	22
Clerks	31	33
Total	**76**	**76**

Note 5) Other operating costs

	31/12/2019	31/12/2018	Change
IMU/TASI/Property tax	8,232	7,941	291
Other taxes	105	81	24
Contract registrations	361	304	57
Out-of-period income/charges	10	49	(39)
Membership fees	143	142	1
Losses on receivables	84	11	73
Fuel and tolls	129	143	(14)
Other costs of services	165	157	8
Other operating costs	**9,229**	**8,828**	**401**

The increase in other operating costs is due chiefly to the municipal property tax, reflecting the full-year impact of the tax on the new malls acquired in April 2018.

Note 6) Depreciation, amortization, provisions and fair value changes

	31/12/2019	31/12/2018	Change
Amortization of intangible assets	(12)	(14)	2
Amortization of tangible assets	(379)	(395)	16
Provisions for risks	(538)	(284)	(254)
Depreciations, amortization and provisions	**(929)**	**(693)**	**(236)**
Provisions for doubtful accounts	**(466)**	**(666)**	**200**
(Impairment losses)/Reversals on work in progress and inventories	**(72)**	**(190)**	**118**
Change in fair value	**(56,227)**	**(35,557)**	**(20,670)**
Net revaluation acquisition	**0**	**12,857**	**(12,857)**
Depreciation, amortization, provisions, impairment and change in fair value	**(57,694)**	**(24,249)**	**(33,445)**

- Amortization decreased by €2K as various software licenses have now been completely amortized. Depreciation went down by €16K, due mostly to the conclusion of the depreciation process for various equipment;
- Other provisions reflect the estimated liability for two IMU (municipal property tax) disputes regarding La Torre (Palermo) shopping center, for which €113K has been provided, and Esp shopping center (Ravenna), for which €25K has been set aside; and the allocation of €400K for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of Galimberti S.p.A., which had leased retail space from IGD SIIQ S.p.A. at Conè shopping center but has since vacated the premises;
- The allocation to the provision for doubtful accounts came to €466K, a decrease of €200K with respect to the previous year. The amount was determined by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See Note 19 for changes in this provision;

- (Impairment losses)/reversals on work in progress (-€72K) concern the impairment loss on the Porto Grande expansion, listed under assets under construction and carried at the lower of cost and appraised fair value;
- The item "Fair value changes" (€56,227K) covers *(i)* a revaluation of €4,339K and a writedown of €56,388K carried out to match the carrying value of investment property to appraised market value at 31 December 2019 (See Note 12 for details of movements in investment property); and *(ii)* a writedown of €4,178K due to the adoption of IFRS 16 and the consequent adjustment of right-of-use assets to independently appraised fair value as of 31 December 2019.

Note 7) Income/(loss) from equity investments and property sales

	31/12/2019	31/12/2018	Change
Dividends	5	4	1
Income/(loss) from equity investments	0	(81)	81
Income/ (loss) from equity investments and asset disposal	**5**	**(77)**	**82**

This item consists of dividends from the subsidiary Win Magazin SA and other companies.

Note 8) Financial income and charges

	31/12/2019	31/12/2018	Change
Bank interest income	2	1	1
Other interests income and equivalents	12	21	(9)
Financial income from third parties	**14**	**22**	**(8)**
Interest income from related parties	125	176	(51)
Financial income from related parties	**125**	**176**	**(51)**
Financial Income	**139**	**198**	**(59)**

Financial income decreased for the year. The trend was caused primarily by a drop in interest from related parties due to repayments during the year on loans granted previously to the subsidiaries Millennium Gallery S.r.l. and IGD Management S.r.l.

	31/12/2019	31/12/2018	Change
Interest expenses on security deposits	104	35	69
Interest expenses to parent company	3	3	0
Financial charges from related parties	**107**	**38**	**69**
Interest expenses to banks	25	5	20
Amortized mortgage loan costs	6,094	3,260	2,834
Loans amortized costs	1,180	416	764
IRS spread	5,755	6,041	(286)
Bond financial charges	14,363	18,859	(4,496)
Bond amortized costs	5,290	2,064	3,226
Financial charges on leasing	48	52	(4)
IFRS 16 financial charges	678	0	678
Other interests and charges	1,213	962	251
Financial charges from third parties	**34,646**	**31,659**	**2,987**
Financial charges	**34,753**	**31,697**	**3,056**

Total financial charges increased by €3,056K.
With related parties, financial charges increased due to the rise in the legally mandated interest rate from 0.3% in 2018 to 0.8% in 2019, which increased interest expense on the security deposits paid by Coop Alleanza 3.0 to secure its rent and lease agreements with IGD.
Financial charges with third parties increased by €2,987K, due primarily to:

- a reduction in IRS spreads reflecting the lower notional principal amount;
- a decrease in interest on bonds, given the settlement in January 2019 of the €150 million bond loan and the completion in November 2019 of an operation entailing a new €400 million bond loan issue and the partial buyback of outstanding bonds worth a total of €237,607K (€229,207K from the €300 million bond issue and €8,400K from the €162 million issue);
- an increase of €3,226K in amortized cost expense resulting from the recognition of the difference between the present value of new cash flows discounted at the original effective interest rate and the present value of the cash flows of the original liability, in the context of the operation entailing a new €400 million bond loan issue and the partial buyback of outstanding bonds worth a total of €237,607K;
- additional financial charges of €678K due to the adoption of IFRS 16 (see Note 5.6.2.1 for details);
- greater borrowing interest in light of the acquisition of the four businesses in April 2018 and the €200 million loan disbursed in two installments in the first quarter of 2019;
- greater interest on committed credit lines.

Note 9) Income taxes

	31/12/2019	31/12/2018	Change
IRES current taxes	*(318)*	*98*	*(416)*
IRAP current taxes	*272*	*268*	*4*
Total current taxes	(46)	366	(412)
Deferred tax liabilities	(9)	0	(9)
Deferred tax assets	(6)	33	(39)
Out-of-period income/charges - Provisions	28	49	(21)
Income taxes	**(33)**	**448**	**(481)**

Current and deferred tax decreased to a positive €33K.
IRES was positive, unlike the previous year, as a result of the tax consolidation process. In 2018 the tax consolidation produced a loss against which no deferred tax assets nor consolidation income were provided. Conversely, in 2019, the tax consolidation produced income that was eliminated in part through the use of prior tax losses and in part through the transfer to the consolidation of a portion of IGD's ACE benefit not used to reduce taxable income. The transfer led to the recognition of income that lowered the amount of IRES due.
IRAP was in line with the previous year.
See Note 16 for movements in deferred tax liabilities and deferred tax assets.
From 18 September to 18 December 2019, the Ravenna provincial tax office audited Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A. (merged to form IGD SIIQ S.p.A. in 2017) for tax years 2015 and 2016.
On 28 November 2019, Punta di Ferro SIINQ S.p.A. received its audit report with the following findings:

- Finding no. 1: IRES and IRAP taxes for 2015 on invoices treated in the income statement as maintenance, while the auditors believe they should be treated as assets, for disallowed deductions of €144,500.
- Finding no. 2: IRES tax for 2016 on a non-deductible provision for doubtful accounts of €40,238 that was mistakenly included among increases for exempt operations, rather than taxable operations.

Note that finding no. 1 would make it possible to deduct depreciation in the coming years on the amount added back to income.
Management is considering whether to recover depreciation for the years 2016, 2017 and 2018, as the Company obtained SIINQ status in 2016 and was later merged into a SIIQ (IGD), so the deduction (for taxable operations only) would increase consolidated fiscal losses by around €1,200 per year without producing any tax benefit. For IRAP purposes, the benefit would be approximately 100 euros.
Finding no. 2 does not generate any tax charge as the Company can use its ACE benefits for that year.
On 18 December 2019, IGD Property SIINQ S.p.A. received a clean audit report. Regarding the findings described above, as of 31 December 2019 IGD SIIQ S.p.A. had recognized a provision of €30K under taxes.
Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2019 and 31 December 2018.

Reconciliation of income tax applicable to profit before taxes	31/12/2019	31/12/2018
Pre-tax profit	**9,438**	**41,690**
Theoretical tax charges (rate 24%)	2,265	10,006
Profit resulting in the income statement	9,438	41,690
Increase:		
IMU - Property tax	7,930	7,617
Negative Fair value	55,888	72,052
Fair value on work in progess and inventories	72	190
Other increases	8,463	2,143
Decreases:		
Change in tax-exempt income	(65,586)	(76,589)
Deductible depreciation	(136)	(5,319)
Positive Fair value	(3,839)	(36,494)
Other changes	(9,735)	(3,019)
Tax income	**2,494**	**2,269**
Use of ACE Benefit	**2,494**	**2,269**
Lower current taxes recognized direcly in equity	**(3)**	**(98)**
Current taxes of the years	**3**	**98**
Income from tax consolidation	**(321)**	**0**
Total current IRES for the year	**(318)**	**98**
Difference between value and cost of production	**106,557**	**115,301**
Theoretical tax charges (rate 3.9%)	**4,156**	**4,497**
Difference between value and cost of production	**106,557**	**115,301**
Changes:		
Increases	9,354	8,414
Decreases	(3,944)	(4,369)
Change in exempt income	(99,411)	(107,439)
Other decuctions	(5,588)	(5,328)
Taxable IRAP income	**6,968**	**6,579**
Lower taxes for Irap recognized direcly in equity	0	(10)
Current IRAP for the year	**272**	**268**

Note 10) Intangible assets with finite useful lives

	01/01/2018	Increase	Decrease	Amortization	Reclassification	31/12/2018
Intangible assets with finite useful lives	22	17	0	(15)	0	24

	01/01/2019	Increase	Decrease	Amortization	Reclassification	31/12/2019
Intangible assets with finite useful lives	24	20	0	(12)	0	32

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of company trademarks and for business software. Trademarks are amortized over ten years and software over three years. During the year there were no impairment losses or reversals on intangible assets. The greatest increases during the period concern the tradenames of various shopping centers (€9K) and the renewal of a business software license (€11K).

Note 11) Goodwill

	01/01/2018	Increase	Decrease	Amortization	Reclassification	31/12/2018
Goodwill	1,300	0	0	0	0	1,300

	01/01/2019	Increase	Decrease	Amortization	Reclassification	31/12/2019
Goodwill	1,300	0	(300)	0	0	1,000

Goodwill has been allocated to the individual cash generating units (CGUs).
Below is the breakdown of goodwill by CGU at 31 December 2019:

Goodwill	31/12/2019	31/12/2018
Fonti del Corallo	1,000	1,300
Goodwill	**1,000**	**1,300**

Note 12) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

	01/01/2018	IFRS 16	Increase	Acquisitions	Other movements	Revaluation	Devaluation	Reclassification	31/12/2018
Investment property	1,829,951	0	9,595	208,336	0	36,850	(72,407)	6,890	2,019,215
Right-of-use IFRS16	0	0	0	0	0	0	0	0	0
Investment property	**1,829,951**	**0**	**9,595**	**208,336**	**0**	**36,850**	**(72,407)**	**6,890**	**2,019,215**

	01/01/2019	IFRS 16	Increase	Acquisitions	Other movements	Revaluation	Devaluation	Reclassification	31/12/2019
Investment property	2,019,215	0	10,132	14,133	1,446	4,339	(56,388)	6,735	1,999,612
Right-of-use IFRS16	0	20,852	3	0	0	0	(4,178)	37	16,714
Investment property	**2,019,215**	**20,852**	**10,135**	**14,133**	**1,446**	**4,339**	**(60,566)**	**6,772**	**2,016,326**

The change in investment property is due to:

- the first-time adoption of IFRS 16. As of 1 January 2019 the Company has recognized a right-of-use asset under investment property in the amount of €20,851K, concerning leases for the malls at Fonti del Corallo shopping center and the parking lot at Centro d'Abruzzo (see Section 5.6.2.1 for details);
- the reclassification to investment property of the following finished projects: *(i)* restyling of the Fonti del Corallo shopping center (€1,497K); *(ii)* 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 retail areas (€1,421K); *(iii)* the restyling and remapping (combination/splitting of stores) of the first floor of the Casilino mall in Rome (€2,585K); and *(iv)* the restyling of the Gran Rondò mall in Crema (€1,232K);
- extraordinary maintenance and earthquake proofing at shopping centers (€10,132K), 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 Note 43, and Section 2.5 of the directors' report;
- IGD's purchase on 30 September 2019 of 50% of the Darsena City mall in Ferrara (€14,133K), of which it was previously joint owner;
- fair value adjustments. Specifically, investment property was revalued in the amount of €4,339K and written down by €60,566K, for a net negative impact of €56,227K. See Section 2.2.1 of the directors' report for further information.

For the calculation of fair value and an analysis of the real estate portfolio, see section 2.6 ("The real estate portfolio") in this Annual Report.

Note 13) Buildings

	01/01/2018	Increase	Decrease	Amortization	Reclassification	31/12/2018
Historical cost	10,114	0	0	0	0	10,114
Depreciation fund	(1,983)	0	0	(244)	0	(2,227)
Net book value	**8,131**	**0**	**0**	**(244)**	**0**	**7,887**

	01/01/2019	Increase	Decrease	Amortization	Reclassification	31/12/2019
Historical cost	10,114	0	0	0	0	10,114
Depreciation fund	(2,227)	0	0	(244)	0	(2,471)
Net book value	**7,887**	**0**	**0**	**(244)**	**0**	**7,643**

This item refers to the purchase of the building that houses the head office. As in 2016, the only movement during the year was depreciation.

Note 14) Plant and machinery, equipment, and leasehold improvements

	01/01/2018	Increase	Decrease	Amortization	Reclassification	31/12/2018
Historical cost	191	25	0	0	0	216
Depreciation fund	(112)	0	0	(22)	0	(134)
Plant and machinery	**79**	**25**	**0**	**(22)**	**0**	**82**
Historical cost	2,793	133	0	0	0	2,926
Depreciation fund	(2,518)	0	0	(128)	0	(2,646)
Equipment and other goods	**275**	**133**	**0**	**(128)**	**0**	**280**
Historical cost	12	25	0	0	0	37
Depreciation fund	0	0	0	0	0	0
Leasehold improvements	**12**	**25**	**0**	**0**	**0**	**37**

	01/01/2019	Increase	Decrease	Amortization	Reclassification	31/12/2019
Historical cost	216	107	0	0	0	323
Depreciation fund	(134)	0	0	(26)	0	(160)
Plant and machinery	**82**	**107**	**0**	**(26)**	**0**	**163**
Historical cost	2,926	199	0	0	37	3,162
Depreciation fund	(2,646)	0	0	(109)	0	(2,755)
Equipment and other goods	**280**	**199**	**0**	**(109)**	**37**	**407**
Historical cost	37	0	0	0	(37)	0
Depreciation fund	0	0	0	0	0	0
Leasehold improvements	**37**	**0**	**0**	**0**	**(37)**	**0**

Most of the change in plant & machinery and equipment reflects work performed during the year (€306K), depreciation (€135K), and the reclassification of assets under construction (€37K). The decrease in leasehold improvements reflects the application of IFRS 16 from 1 January 2019 (for details, see Section 5.6.2.1 of this report).

Note 15) Assets under construction

	01/01/2018	Increase	Decrease	(Impairment losses)/Reversals	Reclassification from advance payments	Reclassification to assets	31/12/2018
Assets under construction	6,623	4,178	0	(190)	0	(6,934)	3,677
Advance payments	22,453	155	0	0	0	0	22,608
Assets under construction and advance payments	**29,076**	**4,333**	**0**	**(190)**	**0**	**(6,934)**	**26,285**

	01/01/2019	Increase	Decrease	(Impairment losses)/Reversals	Reclassification from advance payments	Reclassification to assets	31/12/2019
Assets under construction	3,677	5,488	0	(72)	1,572	(6,773)	3,892
Advance payments	22,608	1,496	0	0	(1,572)	0	22,532
Assets under construction and advance payments	**26,285**	**6,984**	**0**	**(72)**	**0**	**(6,773)**	**26,424**

The increase of €139K is mostly due to:

- investments during the year for a total of €7,060K (including the reclassification of the pre-payments), primarily for: (i) completion of the restyling of Fonti del Corallo shopping center (€934K); (ii) completion of Fonti del Corallo remapping under an agreement between IGD SIIQ and Unicoop Tirreno (€1,061K); (iii) restyling and remapping (combination/splitting of stores) of the first floor of the Casilino mall in Rome (€2,622K; (iv) restyling of the Gran Rondò mall in Crema (€1,232K); (v) restyling plans for La Favorita (Mantua) and Porto Grande (San Benedetto del Tronto) shopping centers (€210K); (vi) remapping of the shopping centers Le Maioliche (Faenza), Conè (Conegliano), and Porto Grande (San Benedetto del Tronto) under the agreement between IGD SIIQ and Coop Alleanza 3.0 to reduce the size of the hypermarket and expand the shopping mall (€698K); (vii) construction of new midsize retail areas at Gran Rondò shopping center and retail park in Crema (€45K); and (viii) restyling of Darsena (Ferrara) and Punta di Ferro (Forlì) shopping centers (€103K);
- the reclassification of investments completed during the year (€6,773K): €6,736 to investment property, as described earlier, and €37K to equipment and other assets;
- the writedown of the Portogrande expansion (€72K);
- a net decrease in advances paid (€76K).

See section 2.6 on the real estate portfolio for further details.

Note 16) Net deferred tax assets

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. Therefore, "net deferred tax assets" reflect deferred tax assets and liabilities.

	31/12/2019	31/12/2018	Change
Deferred tax assets	5,300	5,200	100
Deferred tax liabilities	0	(9)	9
Net deferred tax assets	**5,300**	**5,191**	**109**

Deferred tax assets are shown in detail below:

	31/12/2019	31/12/2018	Change
Capital operations	0	3	(3)
Taxed provisions	73	70	3
IAS 19	5	2	3
IRS operations	3,696	3,962	(266)
Loss from tax consolidation	1,163	1,163	0
IFRS 16 Livorno	363	0	363
Deferred tax assets	**5,300**	**5,200**	**100**

Deferred tax assets mainly originate from:

- taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- the recognition of deferred tax assets on mortgage hedging instruments (IRS);
- tax losses carried forward.

Most of the change for the year stems from: *(i)* the reversal of deferred tax assets on mortgage hedging instruments (IRS) due to the decrease in their negative fair value; and *(ii)* the effects of applying IFRS 16 from 1 January 2019.
Given the likelihood of future taxable income, prior-year losses are expected to be used, so the deferred tax assets are likely to be recovered.

Deferred tax assets	BALANCE AT 31/12/2018						BALANCE AT 31/12/2019	
			INCREASES	DECREASES	INCREASES	DECREASES		
	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS	TEMPORARY DIFFERENCE		DEFERRED TAX ASSETS		TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS
TFR Provision - Ias 19	102	2	12	0	3	0	114	5
Doubtful accounts	837	59	56	73	13	17	820	55
Variable salary	662	11	1,139	662	18	11	1,139	18
Loss from tax consolidation	4,847	1,164	0	0	0	0	4,848	1,163
Irs operations*	16,509	3,962	713	1,823	171	437	15,399	3,696
2015 capitalized costs on 2014 capital increase reserve*	22	0	0	22	0	0	0	0
Cost for capital increase 2015*	115	2	0	115	0	2	0	0
IFRS 16 Livorno	0	0	1,513	0	363	0	1,513	363
Total	**23,094**	**5,200**	**3,433**	**2,695**	**568**	**467**	**23,833**	**5,300**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities:

	31/12/2019	31/12/2018	Change
Bond	0	9	(9)
Deferred tax liabilities	**0**	**9**	**(9)**

Deferred tax liabilities refer to temporary differences regarding the value for tax purposes of the bond loans.

Deferred tax liabilities	BALANCE AT 31/12/2018						BALANCE AT 31/12/2019	
			INCREASES	DECREASES	INCREASES	DECREASES		
	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS	TEMPORARY DIFFERENCE		DEFERRED TAX ASSETS		TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS
Bond	495	9	0	495	0	9	0	0
Total	**495**	**9**	**0**	**495**	**0**	**9**	**0**	**0**

Note 17) Sundry receivables and other non-current assets

	31/12/2019	31/12/2018	Change
Security deposits	75	72	3
Sundry receivables and other non-current assets	**75**	**72**	**3**

This item increased as a result of security deposits paid during the year.

Note 18) Equity investments

Equity investments are detailed in the table below:

	01/01/2019	Increase	Decrease	Write-downs	31/12/2019
IGD Management s.r.l.	170,183	0	0	0	170,183
Millennium Gallery s.r.l.	14,463	0	0	0	14,463
Consorzio Proprietari Fonti del Corallo	7	0	0	0	7
Consorzio Proprietari C.C. Leonardo	52	0	0	0	52
Winmagazin S.A.	186	0	0	0	186
Consorzio I Bricchi	4	0	0	0	4
Consorzio del Commendone	6	0	0	0	6
Consorzio Puntadiferro	6	0	0	0	6
Arco Campus s.r.l.	1,441	0	0	0	1,441
Equity investment in subsidiaries	**186,348**	**0**	**0**	**0**	**186,348**
Rgd Ferrara 2013 S.r.l.	54	0	0	0	54
Equity investments in associates	**54**	**0**	**0**	**0**	**54**
Equity investments in other companies	**72**	**0**	**0**	**0**	**72**
Equity investments	**186,474**	**0**	**0**	**0**	**186,474**

This item is unchanged with respect to the prior year.
For investments deemed to be significant, the equity value (enterprise value + NFP) was determined and compared with the carrying value. Enterprise value was calculated by projecting operating cash flows for each company, based on estimates in the 2019-2021 strategic plan approved by the Board of Directors on 7 November 2018. The discount rate (WACC) was 4.19%, or 4.22% for equity investments in Romania; the risk premium contained in the cost of equity is 5.54%, while the borrowing rate used is the average rate of competitors or 2.02%. A perpetual growth rate (g) of 1% was assumed in the projection, except for Arco Campus, for which a g rate of 2% was used given the characteristics of its single rental contract. The test did not suggest the need to adjust the amounts reported.

Note 19) Trade and other receivables

	31/12/2019	31/12/2018	Change
Trade and other receivables	18,172	18,457	(285)
Provision for doubtful accounts	(10,079)	(10,435)	356
Trade and other receivables	**8,093**	**8,022**	**71**

Net trade receivables were stable with respect to the previous year.
They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits. Movements in the provision for doubtful accounts are displayed below:

	31/12/2019	31/12/2018	Change
Provision for doubtful account at the beginning of the period	**10,435**	**10,998**	**(563)**
Reverse	(1,065)	(1,326)	261
Write-down/(uses) interest on late payments	(3)	(9)	6
Provision	712	666	46
Acquisitions of 4 businesses units effect	0	106	(106)
Provision for doubtful account at the end of the year	**10,079**	**10,435**	**(356)**

Receivables are written down based on an analysis of each tenant's position.

Note 20) Related party trade and other receivables

	31/12/2019	31/12/2018	Change
Coop Alleanza 3.0	51	69	(18)
Rgd Ferrara 2013	68	393	(325)
Igd Management S.r.l.	37	61	(24)
Porta Medicea S.r.l.	0	39	(39)
Millennium Gallery S.r.l.	0	2	(2)
Win Magazin S.A.	0	8	(8)
Winmarkt Management S.r.l.	0	86	(86)
Alleanza Luce e Gas S.r.l.	23	26	(3)
Consorzio Conè	0	2	(2)
Unicoop Tirreno s.c.a.r.l.	29	736	(707)
Arco Campus S.r.l.	6	6	0
Librerie Coop s.p.a.	13	10	3
Consorzio Punta di Ferro	6	0	6
Consorzio Proprietari Centro Luna	4	0	4
Cons. propr. del compendio com. del Commendone	0	2	(2)
Consorzio Le Maioliche	0	(1)	1
Related party trade and other receivables	**237**	**1,439**	**(1,202)**

See Note 38 for comments.

Note 21) Other current assets

	31/12/2019	31/12/2018	Change
Tax credits			
VAT credits	235	296	(61)
IRES credits	379	375	4
IRAP credits	255	526	(271)
Due from others			
Accrued income and prepayments	546	374	172
Deferred costs	0	2,536	(2,536)
Other costs of services	201	170	31
Other current assets	**1,616**	**4,277**	**(2,661)**

Other current assets decreased by a total of €2,661. Most of the decrease in tax receivables reflects the trend in the IRAP (regional business tax) credit. The reduction in other assets is due to deferred costs, which at the end of the previous year covered the fees incurred for a two-tranche syndicated loan of €200 million contracted on 16 October 2018. When the loan was disbursed in the first quarter of 2019, those fees were reclassified to financial liabilities and released to the income statement following the amortized cost method.

Note 22) Related party other current assets

	31/12/2019	31/12/2018	Change
Receivables from tax consolidation			
In detail:			
IGD Management S.r.l.	50	187	(137)
Millenium Gallery S.r.l.	22	108	(86)
Porta Medicea S.r.l.	245	0	245
Total receivables from tax consolidation	**317**	**295**	**22**

This item consists of the amounts due from the subsidiaries Millennium Gallery S.r.l., IGD Management S.r.l., and Porta Medicea S.r.l. The increase reflects the transfer of their 2019 taxable income and IRES credits to the tax consolidation.

Note 23) Financial receivables and other current financial assets

	31/12/2019	31/12/2018	Change
To other related parties	91,829	98,672	(6,843)
To associates	95	96	(1)
Related parties financial receivables and other current financial assets	**91,924**	**98,768**	**(6,844)**

The amount due from associates refers to the original €150K loan granted in 2013 to RGD Ferrara 2013 S.r.l., reduced to €95K in 2017, plus interest calculated at the 3-month Euribor plus 350 basis points.

Receivables from other related parties consist of loans granted to the subsidiaries Millennium Gallery S.r.l., IGD Management S.r.l. and Arco Campus S.r.l., all of them charging interest at the 3-month Euribor plus 50 basis points. Details of the major outstanding loans are provided below:

- loan granted to Millennium Gallery S.r.l.: €3,988K, fully repaid during the year;
- loan granted to IGD Management S.r.l. in previous years: €15 million;
- loan granted to IGD Management S.r.l.: €70,029K. In addition to the €76,729K outstanding at the end of 2018, during the year an additional €18,900K was disbursed and the subsidiary made payments of €25,300K;
- loan granted to Arco Campus S.r.l.: €2,749K. In addition to the €2,961K outstanding at the end of 2018, during the year an additional €60K was disbursed and the subsidiary made payments of €272K.

There is also a receivable arising from the use of a Group treasury account, due from Millennium Gallery S.r.l. for €3,532K.

Note 24) Cash and cash equivalents

	31/12/2019	31/12/2018	Change
Cash and cash equivalents	124,507	1,421	123,086
Cash on hand	33	41	(8)
Cash and cash equivalents	**124,540**	**1,462**	**123,078**

Cash and cash equivalents at 31 December 2019 consisted mainly of current account balances at banks. The substantial increase in this item is explained primarily by the new €400 million bond loan, used only in part to buy back outstanding bonds for a total of €237,607K. The liquidity should be used to redeem the remaining portion of the €300 million bond loan maturing in the first half of 2021.

Note 25) Net equity

	31/12/2019	31/12/2018	Change
Share capital	749,738	749,738	0
Share premium reserve	30,058	31,504	(1,446)
Other reserves	**419,275**	**414,680**	**4,595**
Legal reserve	121,845	119,952	1,893
Merger surplus reserve	0	557	(557)
Treasury share reserve	(198)	(492)	294
Result treasury share sale effect	(33)	(33)	0
Bond issue reserve	14,865	14,866	(1)
FTA IFRS 9 reserve	(4,354)	(4,354)	0
FTA IFRS 16 reserve	(1,450)	0	(1,450)
Recalculation of defined benefit plans	(17)	153	(170)
Cash flow hedge reserve	(12,196)	(13,376)	1,180
Fair value reserve	311,118	307,735	3,383
Capital increase reserve	(10,305)	(10,328)	23
Net profit (loss) of the year	**9,471**	**58,426**	**(48,955)**
Profit (loss) carried forward	0	17,184	(17,184)
Profit	9,471	41,242	(31,771)
Net Equity	**1,208,542**	**1,254,348**	**(45,806)**

The following actions taken during the year were approved by the annual general meeting held to approve the 2018 financial statements: (i) allocation of €3,382K in net profit to the fair value reserve; (ii) allocation of €1,893K in net profit to the legal reserve; and (iii) distribution of €55,153K in dividends for 2018 through the use of profit available for distribution (€34,745), a portion of profits carried forward from exempt and taxable operations (€18,405K), and the share premium reserve (€1,446K).
Net equity also changed due to:

- adjustment of the cash flow hedge reserves relating to outstanding contracts, by €1,180K;
- adjustment of the reserve for the recalculation of defined benefits (€170K);
- sale of treasury shares, for €294K;
- negative effect of first-time adoption of the new accounting standard IFRS 16, for €1,450K;
- positive change in costs for the capital increase carried out in 2018 (€23K net of the tax effect), recognized in a separate negative equity reserve as required by the accounting standards;
- recognition of the profit for the year in the amount of €9,471K.

As discussed in Section 2.5 of the directors' report, on 11 November 2019 the extraordinary shareholders' meeting approved a voluntary reduction in share capital pursuant to and for the purposes of Civil Code Art. 2445, from €749,738,139.26 to €650,000,000.00. The share capital will be reduced by €99,738K by allocating €8,155K to the legal reserve and €91,583K to a new distributable reserve. As a result, the legal reserve will have the balance required by Art. 2430 of the Italian Civil Code.
The purpose of this operation is to provide greater flexibility to the net equity structure by increasing the undistributable legal reserve while creating a distributable supply of funds, which also marries the particularities of SIIQ status (i.e. the mandatory distribution of 70% of the profit from exempt operations) with the expectations of the capital markets (return on investment or dividend yield).

On 19 February 2020, the Company recognized the capital reduction once the corresponding resolution had become fully effective, in accordance with Civil Code Art. 2445, as the deadline for opposing the reduction had passed without any creditors raising objections.
The shareholders' equity of IGD SIIQ S.p.A. reflecting the voluntary reduction in capital is broken down below.

	31/12/2019	31/12/2018	Change
Share capital	650,000	749,738	(99,738)
Share premium reserve	30,058	31,504	(1,446)
Other reserves	**519,013**	**414,680**	**104,333**
Legal reserve	130,000	119,952	10,048
Merger surplus reserve	0	557	(557)
Treasury share reserve	(198)	(492)	294
Result treasury share sale effect	(33)	(33)	0
Bond issue reserve	14,865	14,866	(1)
FTA IFRS 9 reserve	(4,354)	(4,354)	0
FTA IFRS 16 reserve	(1,450)	0	(1,450)
Recalculation of defined benefit plans	(17)	153	(170)
Cash flow hedge reserve	(12,196)	(13,376)	1,180
Fair value reserve	311,118	307,735	3,383
Capital increase reserve	(10,305)	(10,328)	23
Other reserves	91,583	0	91,583
Net profit (loss) of the year	**9,471**	**58,426**	**(48,955)**
Profit (loss) carried forward	0	17,184	(17,184)
Profit	9,471	41,242	(31,771)
Net Equity	**1,208,542**	**1,254,348**	**(45,806)**

Pursuant to Civil Code Article 2427, paragraph 7 *bis*, the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.
Utilizations of the share premium reserve in the three-year period 2017-2019 refer solely to the dividend distribution in May 2019.

Item/Description	Amount	Eligibility for use	Amount available	Amount distributable	Summary of the uses made in the past three years	
					Due to negative reserves coverage	Due to other reasons
Share capital	650,000					
Capital reserves:						
Share premium reserve	30,058	A, B, C	30,058	30,058		(1,446)
Treasury share reserve	(198)	A, B, C **	(198)	(198)		
Result from sale of treasury share effect	(33)	A, B, C **	(33)	(33)		
Bond issue reserve	14,865	A, B, C	14,865	14,865		
Total capital reserve	44,692		44,692	44,692		
Profit reserves:						
Legal reserve*	130,000	B				
Fair value reserve	311,118	B				
FTA IFRS 9 reserve	(4,354)	A, B, C **	(4,354)	(4,354)		
FTA IFRS 16 reserve	(1,450)	A, B, C **	(1,450)	(1,450)		
Cash Flow Hedge reserve	(12,196)	---				
Share capital increase cost reserve	(10,305)	A, B, C **	(10,305)	(10,305)		
Recalculation of defined benefit plans	(17)	---				
Distributable reserve	91,583	A, B, C	91,583	91,583		
New net profit/loss	0	A, B, C	0	0		
Total profit reserve	504,379		75,474	75,474		
Total reserve	549,071		120,166	120,166		

Legend: A: for capital increase - B: for loss coverage - C: for shareholder distribution
* Legal reserve contains capital for Euro 115,759 thousands
** Negative reserves reduce the available positive reserve

Note 26) 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	31/12/2019	31/12/2018	Change
Mortgage loans		**413,895**	**260,919**	**152,976**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	0	3,495	(3,495)
09 Interbanca IGD	25/09/2006 - 05/10/2021	15,012	29,546	(14,534)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	3,238	4,409	(1,171)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	35,144	39,130	(3,986)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	5,605	6,326	(721)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	15,364	17,070	(1,706)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	14,091	15,693	(1,602)
10 Mediocredito Faenza	05/10/2009 - 30/06/2029	7,893	8,822	(929)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	17,298	19,380	(2,082)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	11,846	13,523	(1,677)
15 CentroBanca Coné (Galleria)	22/12/2010 - 31/12/2025	22,982	25,602	(2,620)
29 ICREA	14/12/2017 - 30/06/2021	4,991	4,986	5
Loan UBI 1 Leonardo	19/04/2018 - 17/10/2022	45,389	47,360	(1,971)
Loan UBI 1 Lame RP Favorita	19/04/2018 - 17/07/2023	6,849	9,341	(2,492)
Loan UBI 2 Lame RP Favorita	19/04/2018 - 17/10/2021	8,107	9,597	(1,490)
Loan UBI 3 RP	19/04/2018 - 17/10/2021	3,316	6,639	(3,323)
Loan BNL 200ML LT	01/01/2019 - 15/10/2023	196,770	0	196,770
Debts for bonds		**710,306**	**557,305**	**153,001**
Bond 300 ML	31/05/2016 - 31/05/2021	70,611	298,720	(228,109)
Bond 162 ML	21/04/2015 - 21/04/2022	151,625	159,079	(7,454)
Bond 400 ML	28/11/2019 - 28/11/2024	388,472	0	388,472
Bond 100 ML	11/01/2017 - 11/01/2024	99,598	99,506	92
Due to other source of finance		**19,961**	**3,594**	**16,367**
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	3,249	3,594	(345)
IFRS 16 Livorno LT liabilities	01/01/2019 - 31/03/2026	16,365	0	16,365
IFRS 16 Abruzzo LT liabilities	01/01/2019 - 31/12/2023	347	0	347
Non-current financial liabilities		**1,144,162**	**821,818**	**322,344**
Related party non-current financial liabilities		**0**	**0**	**0**

Movements during the year are shown below:

Non current financial liabilities	31/12/2018	Increases	Repayments/Renegotiations	Amortized cost	Reclassifications	31/12/2019
Payables due to mortgage	260,920	200,000	(3,500)	(2,797)	(40,728)	413,895
Payables due to bond	557,304	388,472	(237,608)	2,138	0	710,306
Payables due to IFRS 16	0	19,598	0	0	(2,886)	16,712
Payables due to other source of finance	3,594	0	0	0	(345)	3,249
TOTAL	**821,818**	**608,070**	**(241,108)**	**(659)**	**(43,959)**	**1,144,162**

Mortgage loans

Mortgage loans are secured by properties. The change in 2019 reflects *(i)* the reclassification to current financial liabilities of the principal falling due in the next 12 months; and *(ii)* the disbursement of the €200 million loan contracted by IGD on 16 October 2018 with a pool of banks, including BNP Paribas Italian Branch as mandated lead arranger, underwriter global coordinator, and bookrunner. IGD has taken out a three-year, variable-rate senior unsecured loan whose maturity can be extended to five years at the Company's request. As agreed by the parties, the loan was disbursed in two tranches in the first quarter of 2019. Tranche A, €125 million, was used for the redemption of the original €150 million bond loan on 7 January 2019. Tranche B, €75 million, was used to pay back some short-term credit lines and cover general cash needs.

Due to other sources of finance and for IFRS 16

This item covers the non-current portion of liabilities arising from:

- the lease for HQ premises;
- the adoption of IFRS 16 for the mall at Fonti del Corallo shopping center and the parking lot at Centro d'Abruzzo.

Bonds

On 11 November 2019 the Board of Directors approved a new non-subordinated, non-convertible bond loan of up to €500 million. The main purpose of the operation is to reduce the cost of debt and extend existing financial maturities. On 20 November 2019 IGD completed the placement of the new non-subordinated, non-convertible bond with institutional investors in Italy and abroad, in accordance with applicable laws and regulations (excluding the United States pursuant to Regulation S of the United States Securities Act of 1933, as amended). On 28 November 2019 IGD issued the new bonds with a unit nominal value of €100,000, and multiples of 1,000 up to a maximum of €199,000, for a total nominal value of €400,000,000.

The new bonds are governed by English law and have the following characteristics:

- 5-year duration, maturity 28 November 2024;
- issue price at 99.336% of nominal value;
- fixed rate of 2.125% per annum, payable at the end of every year, with a possible annual increase of no more than 1.25% contingent on factors associated with the bonds' rating;
- at maturity, lump-sum redemption at par plus interest payable at that time; early redemption is possible under various circumstances, including change of control, under the terms and conditions stated in the bond regulations.

With the funds raised through the bond issue, IGD SIIQ S.p.A. has:

- conducted a partial buy-back, through an intermediate tender offer also approved by the Board of Directors on 11 November 2019, of the following outstanding bonds for a total of €237.6 million: (i) €229.2 million worth of the €300 million bond loan maturing on 31 May 2021 and paying 2.5% interest; and (ii) €8.4 million worth of the €162 million bond loan maturing on 21 April 2022 and paying 2.65% interest;
- acquired the cash needed to redeem, at maturity, the non-repurchased portion of the €300 million bond loan maturing on 31 May 2021 (€70.8 million);
- raised the funds needed to partially finance and/or refinance the investments called for in the 2020 Strategic Plan (€91.6 million).

Details of outstanding bonds are presented in the table below:

DEBTS FOR BONDS	NON CURRENT PORTION 31/12/2018	CURRENT PORTION 31/12/2018	New issue/refund	Repurchase of old bonds	Ancillary costs amortization at 31/12/19	Financial charges at 31/12/2019	NON CURRENT PORTION 31/12/2019	CURRENT PORTION 31/12/2019	Nominal interest rate	Actual interest rate
Bond 150 ML		124,900	(124,900)				0	0		
Additional transition costs		(8)			8		0	0		
Coupon rate 31.12.18		4,747				(4,747)	0			
Paid interests						4,840	0	0		
Coupon rate 31.12.19							0	0		
Total Bond 150 ML	**0**	**129,639**		**0**	**8**	**93**	**0**	**0**	**3.875%**	**4.17%**
Bond 162 ML	162,000			(8,400)			153,600			
Additional transition costs	(2,921)			266	680		(1,975)			
Coupon rate 31.12.18		2,969				(2,969)				
Paid interests						4,427				
Coupon rate 31.12.19						2,815		2,815		
Total Bond 162 ML	**159,079**	**2,969**		**(8,134)**	**680**	**4,273**	**151,625**	**2,815**	**2.650%**	**3.94%**
Bond 300 ML	300,000			(229,207)			70,793			
Additional transition costs	(1,280)			633	466		(182)			
IFRS 9 Effects					3,505					
Coupon rate 31.12.18		4,375				(4,375)		0		
Paid interests						10,334				
Coupon rate 31.12.19						1,032		1,032		
Total Bond 300 ML	**298,720**	**4,375**		**(228,574)**	**3,971**	**6,991**	**70,611**	**1,032**	**2.500%**	**2,80%***
* Including the effect of the Cash Flow Hedge reserve										
Bond 100 ML	100,000						100,000			
Additional transition costs	(494)				92		(402)			
Coupon rate 31.12.18		1,056				(1,056)				
Paid interests						2,250				
Coupon rate 31.12.19						1,056		1,056		
Total Bond 100 ML	**99,506**	**1,056**		**0**	**92**	**2,250**	**99,598**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML			400,000				400,000			
Additional transition costs			(11,729)		201		(11,528)			
Coupon rate 31.12.18								0		
Paid interests						0				
Coupon rate 31.12.19						756		756		
Total Bond 400 ML	**0**	**0**	**388,271**	**0**	**201**	**756**	**388,472**	**756**	**2.125%**	**2.76%**
Total bonds	**557,304**	**138,039**	**388,271**	**(236,708)**	**4,952**	**14,363**	**710,306**	**5,660**		
Cash Flow Hedge reserve (bond 300 ML)	**(830)**				**337**		**(493)**			
Total financial charges					**5,289**	**14,363**				

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2019.

	Name	Guarantees givens	Type of product	End date	Financial "covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
05	05 BreBanca IGD	Mondovicino shopping mall	Mortgage	10/01/2023					
06	06 Unipol Lungosavio IGD	Lungo Savio shopping center (Mall)	Mortgage	31/12/2023					
07	07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	31/03/2024					
08	08 Carisbo Guidonia IGD	Tiburtino shopping center	Mortgage	27/03/2024	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 through to maturity	0.93			
09	09 Interbanca IGD	Centro d'Abruzzo shopping center (Hypermarket); Porto Grande shopping center (Mall, Hypermarket); SC Globo hypermarket; Le Porte di Napoli shopping center (Hypermarket); SC Il Maestrale hypermarket; SC Leonardo; SC Miralfiore hypermarket	Loan	05/10/2021	Consolidated financial statements:ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2 from 31/12/2006 to maturity	0.93			
10	10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	Loan	30/06/2029	IGD Siiq SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	0.94			
14	14 MPS Palermo	La Torre shopping center (Mall)	Mortgage	30/11/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.7 ii) Loan to Value ratio for individual property must not exceed 70%	0.93	37.98%		
15	15 CentroBanca Cone Gall	Conè shopping center (Mall)	Loan	31/12/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2	0.93			
13	13 CR Veneto Mondovi	Mondovicino Retail Park	Mortgage	01/11/2024	Certified consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	0.93			
17	17 Carige Palermo IGD	La Torre shopping center (Hypermarket)	Mortgage	30/06/2027					
29	29 Iccrea Chirografario	none	Unsecured loan	30/06/2021	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.60 from 31/12/2017 to maturity; ii) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 60%;	0.90	48.73%		
30	30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgagebacked loan	17/07/2023					
31	31 Ubi 2 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgagebacked loan	18/10/2021					
32	32 Ubi 3 rp	La Favorita shopping center (Retail Park)	Mortgage	18/10/2021					
33	33 Ubi 5 leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	Loan	17/10/2023	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 ii) Loan to Value ratio for individual property must not exceed 55%	0.90	43.04%		
26	26 Notes 2,65% - 21/04/2022	unsecured	Bond	21/04/2022	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.55; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.00. - [excluding effect of IFRS16 accounting standards]	48.73%	3.54	12.58%	1.61
27	27 Notes 2,50% - 31/05/2021	unsecured	Bond	31/05/2021	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	48.73%	3.54	12.58%	1.61
28	28 Notes 2,25% - 11/01/2024	unsecured	Bond	11/01/2024	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.50 - [including effect of IFRS16 accounting standards]	49.81%	3.54	14.41%	1.61
35	35 Bond 400M - 2,125% - 28/11/24	unsecured	Bond	28/11/2024	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt (net of Cash and Cash equivalentsi) > 1.25 - [excluding effect of IFRS16 accounting standards]	43.66%	3.54	12.58%	1.88
34	34 Syndicated Loan	unsecured	Syndicated loan	16/10/2023	i) Ratio Total Asset - Intangible Asset 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 Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	48.73%	3.54	12.58%	1.61

Note 27) Provision for employee severance indemnities

	01/01/2019	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2019
Provisions for employee severance indemnities	**1,584**	**170**	**(99)**	**162**	**30**	**1,847**

	01/01/2018	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2018
Provisions for employee severance indemnities	**1,602**	**(169)**	**(56)**	**182**	**25**	**1,584**

The following charts show the demographic and financial assumptions used:

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.

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%

Additional information

- sensitivity analysis, showing the impact in absolute terms of each reasonably possible change in actuarial hypotheses at the close of the year;
- amount of contribution for the following year;
- average financial duration of the liability for defined benefit plans;
- estimated payouts.

FINANCIAL ASSUMPTIONS	*2019*
Cost of living increase	1.20%
Discount rate	1.04%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	2.400%

Sensitivity analysis of main variables on TFR at 31 December 2019

	(Euro/000)
Inflation rate +0,25% - TFR provision:	1,896.88
Inflation rate -0,25% - TFR provision:	1,799.77
Discount rate +0,25% - TFR provision:	1,785.85
Discount rate -0,25% - TFR provision:	1,912.24
Turnover rate +1% - TFR provision:	1,819.87
Turnover rate -1% - TFR provision:	1,879.33

Service Cost 2020	190.52
Plan duration	19.10

Estimated payouts, year 1	59.06
Estimated payouts, year 2	207.34
Estimated payouts, year 3	57.97
Estimated payouts, year 4	62.43
Estimated payouts, year 5	66.87

Note 28) General provisions

	01/01/2019	Reverse	Provision	Reclassifications	31/12/2019
Provision for taxation	1,840	(422)	168	150	1,736
Consolidated Fund risks and future charges	2,783	(3,686)	2,246	(150)	1,193
Bonus provisions	599	(601)	740	0	740
Provisions for risks and future charges	**5,222**	**(4,709)**	**3,154**	**0**	**3,669**

Provision for taxation

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

- the payment of €181K for tax assessments following IMU (municipal property tax) disputes for 2014, 2015 and 2016 regarding Fonti del Corallo shopping center;
- the use of €7K in provisions to pay a tax assessment following an IMU dispute for 2013 regarding Esp shopping center;
- the release to the income statement of €159K in provisions for disputes concluded in IGD's favor;
- the reclassification of €25K to current tax payables reflecting the payment, to take place in February 2020, of a tax assessment following an IMU dispute for 2014 regarding Esp shopping center;
- the reclassification of €50K to risk provisions for Guidonia, which cover potential liabilities arising from a dispute with the town of Guidonia regarding various retail licenses.

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 principal changes during the year were as follows:

- the allocation of €1,446K and the use of €3,600K resulting from the settlement reached by IGD, IIS, and Demostene S.p.A. of a lawsuit concerning the price supplement for IGD's purchase of the mall at Katané shopping center in Gravina di Catania in 2019;
- the allocation of €400K for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of Galimberti S.p.A., which had leased retail space from the Company at Conè shopping center but has since vacated the premises;
- the allocation of €400K in end-of-term benefits for directors.

Note 29) Sundry payables and other non-current liabilities

	31/12/2019	31/12/2018	Change
On-payments due over	800	0	800
Extension fees	1,000	0	1,000
Payable for substitute tax	0	1,470	(1,470)
Other liabilities	11	12	(1)
Sundry payables and other non-current liabilities	**1,811**	**1,482**	**329**

Movements in this item were as follows:

- a reduction due to the reclassification to current liabilities of the fifth and final installment of the substitute tax for the acquisition of SIINQ status by the absorbed company Punta di Ferro SIINQ S.p.A. at the end of the 2015 administrative year;
- an increase in advances due beyond one year for the advance received from BNP Paribas under the agreement for the sale of retail licenses at Fonti del Corallo mall, to be finalized in 2026 when the current lease expires;
- an increase in extension fees reflecting the two €500K fees that the Company will have to pay to BNP Paribas in 2021 and 2022 in order to extend the duration of the €200 million loan to 2022 and 2023, respectively. As of this writing, the Company believes an extension to both 2022 and 2023 is likely.
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Below are the details of related party payables:

	31/12/2019	31/12/2018	Change
Security deposits from Coop Alleanza 3.0 Soc. Coop.	13,192	11,361	1,830
Security deposits from Alleanza Luce e Gas S.r.l.	55	55	0
Security deposits from Unicoop Tirreno S.c.a.r.l.	25	25	0
Security deposits from Distribuzione Centro Sud S.r.l.	450	450	0
Related parties sundry payables and other non-current liabilities	**13,722**	**11,891**	**1,830**

Security deposits refer to sums received for the leasing of hypermarkets and malls. They pay interest at the rates provided for by law. As a result of the framework agreement signed with Coop Alleanza in late 2018 that revises the duration and amount of rent for hypermarkets, during the year Coop Alleanza adjusted the amount of security deposits to bring them into line with the new rent. See Note 38 for additional information.

Note 30) Current financial liabilities

	Duration	31/12/2019	31/12/2018	Change
Due to banks		**0**	**42,764**	**(42,764)**
Cassa risp. Firenze - Hot Money	12/02/2019 - 29/03/2019	0	11,000	(11,000)
Ubi Banca - Hot Money	12/02/2019 - 29/03/2019	0	20,000	(20,000)
Bnl - Bologna - Hot money	12/02/2019 - 29/03/2019	0	10,008	(10,008)
Emilbanca c/c	at sight	0	1,495	(1,495)
Banca Popolare Emilia Romagna c/c	at sight	0	261	(261)
Mortgage loans		**41,070**	**42,303**	**(1,233)**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	0	2,001	(2,001)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	1,184	1,122	62
06 Unipol Lungosavio IGD	31/12/2018 - 31/12/2023	723	681	42
09 Interbanca IGD	25/09/2006 - 05/10/2021	14,670	14,148	522
08 Carisbo Guidonia IGD TIBURTINO	07/03/2009 - 27/03/2024	4,131	4,132	(1)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,716	1,608	108
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,696	1,703	(7)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	933	0
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	2,118	2,066	52
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,677	1,641	36
15 CentroBanca Coné (Galleria)	22/12/2010 - 31/12/2025	2,640	2,640	0
Loan UBI 5 Leonardo	19/04/2018 - 17/10/2022	2,092	2,106	(14)
Loan UBI 1 Lame RP Fav	19/04/2018 - 17/10/2023	2,570	2,584	(14)
Loan UBI 2 Lame RP Fav	19/04/2018 - 17/10/2021	1,572	1,580	(8)
Loan UBI 3 RP	19/04/2018 - 17/10/2021	3,348	3,358	(10)
Due to other source of finance		**3,231**	**334**	**2,897**
Leasing IGD Office	30/04/2009 - 30/04/2027	345	334	11
IFRS 16 Livorno liabilities current	01/01/2019 - 31/03/2026	2,777	0	2,777
IFRS 16 Abruzzo liabilities current	01/01/2019 - 31/12/2023	109	0	109
Debts for bonds		**5,659**	**138,038**	**(132,379)**
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	2,815	2,969	(154)
Bond 300 ML	31/05/2016 - 31/05/2021	1,032	4,375	(3,343)
Bond 400 ML	28/11/2019 - 28/11/2024	756	0	756
Non-current financial liabilities		**49,960**	**223,439**	**(173,479)**
Total non-current financial liabilities vs related parties		**9,318**	**1,704**	**7,614**

Movements in current financial liabilities are as follows:

Current financial liabilities	31/12/2018	Coupon of the year	Increases	Repayments	Amortized cost	Reclassifications	31/12/2019
Payables due to banks	42,764	0	0	(42,764)	0	0	0
Payables due to mortgage	42,303	0	0	(41,961)	0	40,728	41,070
Payables due to bond	138,039	14,363	0	(146,752)	9	0	5,659
Payables due to IFRS 16	0	0	2,767	(2,767)	0	2,886	2,886
Payables due to other source of finance	334	0	0	(334)	0	345	345
TOTALI	**223,440**	**14,363**	**2,767**	**(234,578)**	**9**	**43,959**	**49,960**

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of liabilities stemming from the adoption of IFRS 16, the current portion of outstanding mortgage and bond loans (including interest accrued), short-term bank borrowings, and financial payables to related parties in connection with the use of a treasury account. The principal changes in current financial liabilities relate to:

- the closure of ultra-short-term credit lines;
- the repayment of principal falling due during the period on mortgage loans existing at the close of the previous year, and the reclassification of payments due within 12 months from non-current financial liabilities;
- the current portion pertaining to the €400 million bond loan issued in November 2019;
- the adoption of IFRS 16 for the mall at Fonti del Corallo shopping center and the parking lot at Centro d'Abruzzo;
- the redemption of the €150 million bond loan early in the year;

the increase in related party liabilities due to the amounts due for the use of pooled accounts with the subsidiary IGD Management S.r.l. (from €1,703K at the end of 2018 to €2,069K at 31 December 2019) and the subsidiary Porta Medicea S.r.l. (from a positive balance of €150K at the end of 2018 to a negative balance of €7,245K), plus interest accrued.

Note 31) Net financial position

The table below presents the net financial position at 31 December 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.

	31/12/2019	31/12/2018	Change
Cash and cash equivalents	(124,540)	(1,461)	(123,079)
Financial receivables and other current financial assets vs. related parties	(91,924)	(98,768)	6,844
LIQUIDITY	**(216,464)**	**(100,229)**	**(116,235)**
Current financial liabilities vs. related parties	9,318	1,703	7,615
Current financial liabilities	0	42,764	(42,764)
Mortgage loans - current portion	41,070	42,303	(1,233)
Leasing - current portion	3,231	334	2,897
Bond loans - current portion	5,659	138,040	(132,381)
CURRENT DEBT	**59,278**	**225,143**	**(165,865)**
CURRENT NET DEBT	**(157,186)**	**124,914**	**(282,100)**
Leasing - non-current portion	19,961	3,594	16,367
Non-current financial liabilities	413,895	260,919	152,976
Bond loans	710,306	557,304	153,002
NON-CURRENT NET DEBT	**1,144,162**	**821,817**	**322,345**
Net debt	**986,976**	**946,731**	**40,245**

Net debt increased by about €40 million with respect to 31 December 2018, due mainly to:

- the first-time adoption of IFRS 16;
- the disbursement of the first and second tranches of the €200 million loan;
- the redemption of bonds in the amount of €125 million;
- the payment of dividends for 2018;
- the issue of a new €400 million bond loan and simultaneous partial buy-back of outstanding bonds, for about €238 million;
- the closure of ultra-short-term credit lines.

Note 32) Trade and other payables

	31/12/2019	31/12/2018	Change
Trade payables within	11,272	11,612	(340)
Trade and other payables	**11,272**	**11,612**	**(340)**

This item decreased by €340K due to the different distribution over the course of the year of some restyling work underway at freehold properties.

Note 33) Related party trade and other payables

	31/12/2019	31/12/2018	Change
Coop Alleanza 3.0	241	216	25
Robintur s.p.a.	5	5	0
Alleanza Luce e Gas	183	0	183
Cons. propr. del compendio com. del Commendone (GR)	3	0	3
Consorzio prop. Fonti del Corallo	141	7	134
Consorzio Cone'	0	14	(14)
Consorzio Katanè	41	64	(23)
Consorzio Lame	0	47	(47)
Consorzio Leonardo	61	90	(29)
Consorzio La Torre	177	139	38
Consorzio Porta a Mare	25	34	(9)
Distribuzione Centro Sud s.r.l.	4	1	3
Consorzio Le Maioliche	0	1	(1)
Consorzio Punta di Ferro	6	58	(52)
Consorzio Proprietari Centro Luna	8	0	8
Consorzio Esp	4	4	0
Consorzio La Favorita	1	0	1
Consorzio Le Porte di Napoli	98	0	98
Igd Management S.r.l.	14	13	1
Related parties trade and other payables	**1,012**	**693**	**319**

Related party payables increased by €319K. See Note 38 for details.

Note 34) Current tax liabilities

	31/12/2019	31/12/2018	Change
Irpef/additional regional and municipality tax	442	398	44
Other taxes	25	0	25
Substitute tax	1,485	1,471	14
Current tax liabilities	**1,952**	**1,869**	**83**

This item was in line with the previous year. In June, the fourth installment was paid on the substitute tax for the achievement of SIINQ status by the merged company Punta di Ferro SIINQ S.p.A. at the end of administrative year 2015, in the amount of €1,478K. The fifth and final installment of €1,485K, due in June 2020, has been reclassified from non-current liabilities.

Note 35) Other current liabilities

	31/12/2019	31/12/2018	Change
Social security	224	226	(2)
Accrued income and prepayments	639	393	246
Insurance	8	9	(1)
Due to employees	391	374	17
Security deposits	5,884	5,689	195
Unclaimed dividends	5	1	4
Amounts due to director for emoluments	270	235	35
Other liabilities	995	1,049	(54)
Other current liabilities	**8,416**	**7,976**	**440**

These consist mainly of security deposits received from tenants. The increase is due primarily to the change in deferred revenue on the Darsena property.

Note 36) Related party other current liabilities

	31/12/2019	31/12/2018	Change
Due to tax consolidations	52	360	(308)
in detail:			
Igd Management S.r.l.	*52*	*52*	*0*
Porta Medicea S.r.l.	*0*	*308*	*(308)*
Related parties other current liabilities	**52**	**360**	**(308)**

This item decreased as a result of the tax consolidation process. In 2018, the subsidiary Porta Medicea S.r.l. had brought a loss to the consolidation, giving rise to a liability for IGD SIIQ S.p.A. Conversely, in 2019 the subsidiary contributed a profit and therefore produced a receivable for the Company.

Note 37) Dividends

During the year, as resolved by the annual general meeting of shareholders 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 as of 12 May 2019, for a total of €55,153K.

Note 38) 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 ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Alleanza 3.0	51	0	241	13,192	0	0	0	0
Robintur s.p.a.	0	0	5	0	0	0	0	0
Librerie Coop s.p.a.	13	0	0	0	0	0	0	0
Alleanza Luce e Gas	23	0	184	55	0	0	151	0
Unicoop Tirreno s.c.a.r.l.	28	0	0	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	3	0	0	0	0	0
Consorzio prop. Fonti del Corallo	0	0	141	0	0	0	135	0
Consorzio Katanè	0	0	40	0	0	0	47	0
Consorzio Leonardo	0	0	61	0	0	0	0	0
Consorzio La Torre	0	0	177	0	0	0	17	0
Consorzio Porta a Mare	0	0	25	0	0	0	0	0
Distribuzione Centro Sud s.r.l.	0	0	4	450	0	0	0	0
Rgd Ferrara 2013	68	594	0	0	0	0	0	0
Igd Management S.r.l.	37	85,041	66	0	2,070	0	0	0
Arco Campus S.r.l.	6	2,750	0	0	0	0	0	0
Millennium Gallery S.r.l.	0	3,539	0	0	0	0	0	0
Porta Medicea S.r.l.	0	0	0	0	7,248	0	0	0
Consorzio Punta di Ferro	6	0	6	0	0	0	0	0
Consorzio Proprietari Centro Luna	5	0	8	0	0	0	12	0
Consorzio Esp	0	0	4	0	0	0	0	0
Consorzio La Favorita	0	0	1	0	0	0	0	0
Consorzio Le Porte di Napoli	0	0	98	0	0	0	84	0
Total	**237**	**91,924**	**1,064**	**13,722**	**9,318**	**0**	**446**	**0**
Amount reported	**9,946**	**91,924**	**20,753**	**15,532**	**1,194,122**	**73**		
Total increase/decrease of the period							**31,649**	
% out of the total	**2.39%**	**100.00%**	**5.13%**	**88.35%**	**0.78%**	**0.00%**	**1.41%**	**0.00%**

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	32,933	0	383	100
Robintur s.p.a.	229	0	0	0
Librerie Coop s.p.a.	779	0	0	0
Alleanza Luce e Gas	213	0	0	0
Unicoop Tirreno s.c.a.r.l.	5,409	0	20	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	64	0
Consorzio Cone'	0	0	112	0
Consorzio Clodì	0	0	95	0
Consorzio I Bricchi	0	0	529	0
Consorzio Katanè	1	0	269	0
Consorzio Lame	0	0	15	0
Consorzio Leonardo	0	0	5	0
Consorzio La Torre	1	0	345	0
Consorzio Porta a Mare	0	0	243	0
Distribuzione Centro Sud s.r.l.	1,463	0	0	4
Rgd Ferrara 2013 S.r.l.	657	1	0	0
Igd Management S.r.l.	125	107	3	1
Millennium Gallery S.r.l.	3,587	11	0	0
Porta Medicea S.r.l.	144	1	0	2
Arco Campus S.r.l.	5	4	0	0
Win Magazin S.A.	25	0	0	0
Winmarkt Management S.r.l.	5	0	0	0
Consorzio Le Maioliche	0	0	214	0
R.P.T. Robintur	15	0	0	0
Consorzio Punta di Ferro	10	0	130	0
Consorzio Proprietari Centro Luna	35	0	0	0
Consorzio Esp	0	0	202	0
Consorzio La Favorita	0	0	22	0
Total	**45,636**	**124**	**2,651**	**107**
Amount reported	**128,508**	**139**	**26,769**	**34,753**
% out of the total	**35.51%**	**89.21%**	**9.90%**	**0.31%**

The Company 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 2019, including for retail premises, amounted to €32.9 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 year ended 31 December 2019, €229K in rent was received from Robintur S.p.A. and €15K 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 year, the Company received €779K under these arrangements.
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 year, the Company received €213K under this arrangement, and also has payables for security deposits received.
Transactions with Distribuzione Centro Sud S.r.l. refer to the lease to those companies of the Guidonia and Afragola hypermarkets for €1.5 million, 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. For the year, the Company received €5.4 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., Win Magazin S.A., and RGD Ferrara 2013 S.r.l. 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., Millennium Gallery S.r.l., and RGD Ferrara 2013 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.

Note 39) Management of financial risk

In the course of business, IGD is exposed to various financial risks. To map and assess its risks, IGD SIIQ S.p.A. has developed an integrated risk management model based on the international Enterprise Risk Management standards (see section 2.12 of the Directors' Report). The Board of Directors reviews and agrees on policies to manage these risks.

Market risk

Market risk is the potential for changes in exchange rates, interest rates or prices to negatively affect the value of assets, liabilities or cash flows.

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 Company finances its operations through short-term borrowings, long-term secured and unsecured 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 94.5% of the Company'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 41 for quantitative information on derivatives.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.

The sensitivity analysis was conducted in consideration of the financial statement items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency.

INTEREST RATE RISK									
Interest rate risk - Exposure and sensitivity analysis	Benchmark	Income Statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Interest-bearing assets	Euribor	1,245	15	(125)	(1)	0	0	0	0
Hot money	Euribor	0	(428)	0	43	0	0	0	0
Financial liabilities at variable rate	Euribor	(3,039)	(3,037)	279	299	0	0	0	0
Derivatives									
- cash flow		2,652	1,727	(239)	(173)	0	0	0	0
- fair value		0	0	0	0	8,599	7,783	(822)	(803)
Total		**858**	**(1,723)**	**(85)**	**168**	**8,599**	**7,783**	**(822)**	**(803)**

The assumptions underlying the sensitivity analysis are as follows:

- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- ultra-short-term borrowings and deposits were analyzed according to exposure at the end of the year;
- the initial shift in the interest rate curve was assumed to be +100/-10 basis points (unchanged since the previous year);
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- The analysis assumes that all other risk variables remain constant.
- For the sake of comparison, the same measurement was conducted on 2018 and 2019.

The method used to analyze and determine significant variables did not change since the previous year.

Foreign exchange risk

IGD uses the euro as its accounting currency for all purchases and sales.

Price risk

The Company is exposed to the risk of changes in the rent charged on leasehold properties. The domestic and international real estate market is cyclical in nature and influenced by several macroeconomic variables, relating for example to general economic conditions, interest rates, inflation, tax laws, market liquidity, and the presence of other profitable investments.

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 constantly monitors its credit positions and uses an ad hoc program to assess each tenant's track record, 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.
The maximum credit risk on the Company's other financial assets, including cash and cash equivalents and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. The maximum exposure is presented gross of any mitigation through the use of various kinds of hedge.
The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value.
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximun exposure to credit risk	2019	2018
Receivables and loans		
Sundry receivables and other assets	75	72
Trade and other receivables	8,092	8,022
Related party trade and other receivables	237	1,439
Other assets	747	3,081
Cash and cash equivalents	124,507	1,421
Financial receivables and other financial assets	91,924	98,767
Total	**225,582**	**112,802**

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 Company's extensive credit lines (committed and uncommitted). 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.
Most long-term loans and outstanding bond 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.

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.
The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate bonds, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

LIQUIDITY RISK								
Maturity analisys at 31 December 2019	**On sight**	**< 3 months**	**3 - 6 months**	**6 months - 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**
LIABILITIES								
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	6,678	3,677	12,527	23,067	58,236	345,732	30,592	480,509
Leasing	32	64	97	195	396	1,248	1,811	3,843
Bonds	1,125	0	5,840	9,625	87,383	688,795	0	792,768
Short-term credit lines	(0)	0	0	0	0	0	0	(0)
Related party payables	9,318	0	0	0	0	0	0	9,318
Total	**17,153**	**3,741**	**18,464**	**32,887**	**146,015**	**1,035,775**	**32,403**	**1,286,438**
DERIVATIVES FINANCIAL INSTRUMENTS								
Interest rate swaps	459	772	1,505	2,463	3,957	5,713	261	15,130
Total	**459**	**772**	**1,505**	**2,463**	**3,957**	**5,713**	**261**	15,130
Exposure at 31 December 2019	**17,612**	**4,513**	**19,969**	**35,350**	**149,972**	**1,041,488**	**32,664**	**1,301,568**

LIQUIDITY RISK								
Maturity analisys at 31 December 2018 LIABILITIES	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	7,102	3,044	12,338	22,678	45,930	149,762	82,421	323,275
Leasing	32	64	96	193	395	1,268	2,288	4,336
Bonds	130,865	0	11,793	1,125	14,043	484,836	101,125	743,787
Short-term credit lines	42,764	0	0	0	0	0	0	42,764
Related party payables	1,704	0	0	0	0	0	0	1,704
Total	**182,467**	**3,108**	**24,227**	**23,996**	**60,368**	**635,866**	**185,834**	**1,115,866**
DERIVATIVES FINANCIAL INSTRUMENTS								
Interest rate swaps	674	694	1,710	2,906	4,725	6,139	(260)	16,588
Total	**674**	**694**	**1,710**	**2,906**	**4,725**	**6,139**	**(260)**	16,588
Exposure at 31 December 2018	**183,141**	**3,802**	**25,937**	**26,902**	**65,093**	**642,005**	**185,574**	**1,132,454**

Note 40) Derivative instruments

The Company 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 with assistance from specialized firms 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 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Fair Value - Hierarchy	31/12/2019	31/12/2018	Change	Level
Derivative assets	0	0	0	2
Derivative liabilities	(14,836)	(17,111)	2,275	2
IRS net effect	**(14,836)**	**(17,111)**	**2,275**	

The contracts are detailed below:

Contracts 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 account	4,980,396	4,980,396	4,980,396	4,980,396	4,409,378	4,980,396	4,980,396
Inception date	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	27/10/2009	28/10/2009
Maturity	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021	05/10/2021
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Contracts 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 account	5,136,192	9,963,250	6,848,256	6,336,033	5,136,192	9,963,250	9,963,250
Inception date	28/04/2010	27/08/2010	28/04/2010	28/04/2010	30/04/2010	31/08/2010	27/08/2010
Maturity	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	27/03/2024
Irs frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

Contracts 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 31 - UBI 0.333%
Nominal account	9,963,250	6,071,429	15,975,000	12,870,000	5,148,000	7,722,000	47,500,000
Inception date	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	17/01/2019
Maturity	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	17/10/2023
Irs frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	0.33%

Contracts in detail	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 account	48,000,000	50,000,000	30,000,000	15,000,000	57,000,000
Inception date	02/01/2019	02/01/2019	02/01/2019	02/01/2019	02/01/2019
Maturity	16/10/2023	16/10/2023	16/10/2023	16/10/2023	16/10/2023
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	0.12%	0.12%	0.12%	0.12%	0.08%

Note 41) Subsequent events

As described in Note 25, on 19 February 2020 IGD SIIQ S.p.A. recognized the capital reduction once the corresponding resolution had become fully effective, in accordance with Civil Code Art. 2445, as the deadline for opposing the reduction had passed without any creditors raising objections.

Note 42) Commitments

At 31 December 2019 the Company had the following significant commitments:

- contract for earthquake proofing upgrades at Porto Grande shopping center (Porto San Giorgio), for a remaining amount of €850K;
- contract for the remapping of Conè shopping center (Conegliano Veneto), for a remaining amount of €595K.

Please refer to what reported in the chapter 2.11 "Outlook" as regards the coronavirus emergency.

Note 43) Disputes

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 was 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 had 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 owed 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, were deemed to 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."
On 14 June 2019, Demostene S.p.A., assignee of the entire receivable due under the Court judgment, 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. The parties then began to negotiate the contours of a possible settlement.
At 30 June 2019, based on how the negotiations were proceeding for a settlement more favorable than the court judgment, IGD increased the provisions set aside in prior years by an additional €1,446K.
On 2 August 2019, IGD, IIS, and Demostene reached a settlement under which IGD will refrain from appealing the court judgment and pay to IIS and Demostene an all-inclusive amount of €3,600,000.00 (three million, six hundred thousand euros) plus VAT, while IIS and Demostene will refrain from: (i) appealing the court judgment (to seek the greater damages requested during the trial); (ii) enforcing the judgment and claiming, in particular, the greater damages it awards (on top of the €3,600,000.00 agreed in the settlement).
For whatever it may be worth, the deadline for appealing the judgment was 3 January 2020.

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 Proprietari 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 44) 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 SIIQ S.p.A. 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 decision discussed on 10 January 2020.

Note 45) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with accounting standard IFRS 9.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2019 the Company had no financial instruments in this category;
- Held-to-maturity investments: the Company does not own financial instruments belonging to this category.
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Company has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss. At 31 December 2019 the Group had no financial instruments in this category;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Company's financial instruments are included in the statement of financial position as follows. The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments. The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date. The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits. The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables. The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2019 and 31 December 2018:

Data at 31 December 2019	Carrying value										Fair value
	Financial assets/liabilities designated at fair value	Financial assets/liabilities measured at fair value held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives	Total	of which current	of which non current	
ASSETS											
Other non current assets											
Sundry receivables and other non current assets	0	0	75	0	0	0	0	75	0	75	**75**
Equity investments	0	0	186,473	0	0	0	0	186473	0	186473	**186,473**
Non current financial assets	0	0	0	0	0	0	0	0	0	0	**0**
Current assets											
Trade and other receivables	0	0	8,092	0	0	0	0	8,092	8,092	0	**8,092**
Related party trade and other receivables	0	0	237	0	0	0	0	237	237	0	**237**
Other current assets	0	0	747	0	0	0	0	747	747	0	**747**
Related party financial receivables and other current financial assets	0	0	91,924	0	0	0	0	91,924	91,924	0	**91,924**
Cash and cash equivalents	0	0	124,540	0	0	0	0	124,540	124,540	0	**124,540**
TOTAL FINANCIAL ASSETS	**0**	**0**	**412,088**	**0**	**0**	**0**	**0**	**412,088**	**225,540**	**186,548**	**412,088**
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	14,836	14,836	0	14,836	**14,836**
Due to banks	0	0	0	0	0	0	0	0	0	0	**0**
Leasing	0	0	0	0	0	3,594	0	3,594	345	3,249	**3,496**
Bonds	0	0	0	0	0	715,965	0	715,965	5,659	710,306	**733,694**
Due to other source of finance	0	0	0	0	0	19,598	0	19,598	2,886	16,712	**19,598**
Mortgage loans	0	0	0	0	0	454,965	0	454,965	41,070	413,895	**448,913**
Related party financial payables	0	0	0	0	0	9,318	0	9,318	9,318	0	**9,318**
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	1,811	0	1,811	0	1,811	**1,811**
Related party sundry payables and other non current liabilities	0	0	0	0	0	13,722	0	13,722	0	13,722	**13,722**
Current liabilities											
Trade and other payables	0	0	0	0	0	11,272	0	11,272	11,272	0	**11,272**
Related party trade and other payables	0	0	0	0	0	1,012	0	1,012	1,012	0	**1,012**
Other current liabilities	0	0	0	0	0	8,416	0	8,416	8,416	0	**8,416**
TOTAL FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**0**	**1,239,673**	**14,836**	**1,254,509**	**79,978**	**1,174,531**	**1,266,088**

Data at 31 December 2018	Carrying value										Fair value
	Financial assets/liabilities designated at fair value	Financial assets/liabilities measured at fair value held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives	Total	of which current	of which non current	
ASSETS											
Other non current assets											
Sundry receivables and other non current assets	0	0	72	0	0	0	0	72	0	72	**72**
Equity investments	0	0	186474	0	0	0	0	186474	0	186474	**186,474**
Non current financial assets	0	0	0	0	0	0	0	0	0	0	**0**
Current assets											
Trade and other receivables	0	0	8,022	0	0	0	0	8,022	8,022	0	**8,022**
Related party trade and other receivables	0	0	1,439	0	0	0	0	1,439	1,439	0	**1,439**
Other current assets	0	0	3,081	0	0	0	0	3,081	3,081	0	**3,081**
Related party financial receivables and other current financial a	0	0	98,767	0	0	0	0	98,767	98,767	0	**98,767**
Cash and cash equivalents	0	0	1,462	0	0	0	0	1,462	1,462	0	**1,462**
TOTAL FINANCIAL ASSETS	**0**	**0**	**299,317**	**0**	**0**	**0**	**0**	**299,317**	**112,771**	**186,546**	**299,317**
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	17,111	17,111	0	17,111	**17,111**
Due to banks	0	0	0	0	0	42764	0	42,764	42,764		**42,764**
Leasing	0	0	0	0	0	3,928	0	3,928	334	3,594	**3,773**
Bonds	0	0	0	0	0	695,343	0	695,343	138,039	557,304	**700,034**
Due to other source of finance	0	0	0	0	0	0	0	0	0	0	**0**
Mortgage loans	0	0	0	0	0	303,223	0	303,223	42,303	260,920	**295,043**
Related party financial payables	0	0	0	0	0	1,704	0	1,704	1,704	0	**1,704**
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	11	0	11	0	11	**11**
Related party sundry payables and other non current liabilities	0	0	0	0	0	11,892	0	11,892	0	11,892	**11,892**
Current liabilities											
Trade and other payables	0	0	0	0	0	11,612	0	11,612	11,612	0	**11,612**
Related party trade and other payables	0	0	0	0	0	693	0	693	693	0	**693**
Other current liabilities	0	0	0	0	0	7,916	0	7,916	7,916	0	**7,916**
TOTAL FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**0**	**1,079,086**	**17,111**	**1,096,197**	**245,365**	**850,832**	**1,092,553**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and bonds. To calculate the fair value of liabilities measured at amortized cost, the Group has discounted future cash flows to present value using a risk-free (zero coupon) curve estimated at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD. The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2019 the estimated credit spread was 2.25% (2.50% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral given	Carrying value 2019	Carrying value 2018
Security deposits		
Sundry receivabled and other assets	75	72

The following table shows the impairment of trade receivables:

IMPAIRMENT	Impairment of trade receivables 2019	Impairment of trade receivables 2018
Opening balance	10,435	10,998
Allocations for individual writedowns	712	666
Utilizations	(1,065)	(1,326)
Other movements	(3)	97
Total	**10,079**	**10,435**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the cash flow hedge reserve under equity (net of the tax effects) came to a positive €1,180K in 2019 and a positive €2,671K in 2018.

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement at 31/12/2019	Carrying value						
	Financial assets/liabilities measured at fair values	Financial assets/liabiltiies held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives
	31-Dec-19						
Net gain (loss)							
Financial assets/liabilities							(5,755)
Trade and other receivables			(466)				
Total	**0**	**0**	**(466)**	**0**	**0**	**0**	**(5,755)**

Income statement at 31/12/2018	Carrying value						
	Financial assets/liabilities measured at fair values	Financial assets/liabiltiies held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives
	31-Dec-18						
Net gain (loss)							
Financial assets/liabilities							(6,040)
Trade and other receivables			(666)				
Total	**0**	**0**	**(666)**	**0**	**0**	**0**	**(6,040)**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	2019	2018
Interest income on financial assets not measured at fair value		
Deposits	14	23
Related party receivables	125	176

INTEREST EXPENSES	2019	2018
Interest expenses on financial liabilities not measured at fair value		
Security deposits	104	35
Sundry payables and other liabilities	1,213	962
Due to Parent company	3	3
Financial liabilities		
Mortgage loans	7,274	3,676
Leasing	48	52
IFRS 16	678	0
Bonds	19,653	20,923
Short-term borrowings	25	5

5.7 // Proposal to approve the financial statements, allocate the net profit and distribute dividends

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2019, which close with a net profit of €9,470,568.34. Subject to approval of the financial statements for the year ending 31 December 2019 and the Report of the Board of Directors, we propose:

- ✓ allocating €7,969,393.52 of the net profit to dividends, specifying that this sum derives from exempt operations;
- ✓ allocating €97.87 of the net profit to the distributable earnings reserve, specifying that this sum derives from exempt operations;
- ✓ allocating €1,501,045.11 of the net profit to dividends, specifying that this sum derives from taxable operations;
- ✓ allocating €31.84 of the net profit to the distributable earnings reserve, specifying that this sum derives from taxable operations;
- ✓ to reclassify the fair value reserve by €27,958,708.62, following partial changes to the distributable income pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for retained earnings by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €311,117,558.81 to €283,158,850.19.

The total dividend payout, calculated based on the number of the Company's shares outstanding (110,276,800), amounts to €55,153,039 to be taken from:

- ✓ for €7,969,393.52, distributable income derived entirely from exempt operations;
- ✓ for €27,958,619.76, the distributable earnings reserve derived from exempt operations;

  The income distributed from exempt operations amounts to €35,928,013.28 or €0.325712 per share;
- ✓ for €1,501,045.11, or €0.013608 per share, distributable income derived entirely from taxable operations;
- ✓ for €17,723,980.61, or €0.160680 per share, partial utilization of the share premium reserve.

The Board of Directors grants the Chairman and the Chief Executive Officer, jointly or severally, the power to determine the exact number of shares entitled to receive dividends and the exact amount of the dividends to be distributed.

Bologna, 27 February 2020
THE CHAIRMAN
ELIO GASPERONI

5.8 // Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Alleanza 3.0 Soc. Coop. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Alleanza 3.0 Soc. Coop. are presented below:

FINANCIAL STATEMENT COOP Alleanza 3.0	**YEAR 2018**	**YEAR 2017**
BALANCE SHEET (ex art. 2424 C.C.)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID	1,031	442,177
B) - FIXED ASSETS	3,974,023,535	4,190,805,870
C) - CURRENT ASSETS	3,961,149,809	4,451,752,240
D) - ACCRUED INCOME AND PREPAYMENTS	13,409,267	11,948,496
TOTAL ASSETS	**7,948,583,642**	**8,654,948,783**
LIABILITIES		
A) - NET EQUITY	2,082,384,102	2,358,221,190
B) - GENERAL PROVISIONS	128,384,530	76,818,746
C) - PROVISIONS FOR EMPLOYEES SEVERANCE INDEMNITIES	143,094,515	143,363,446
D) - PAYABLES	5,588,350,696	6,069,778,776
E) - ACCRUED INCOME AND PREPAYMENTS	6,369,799	6,766,625
TOTAL LIABILITIES AND NET EQUITY	**7,948,583,642**	**8,654,948,783**
MEMORANDUM ACCOUNT		
INCOME STATEMENT (ex art. 2425 C.C.)		
A) - PRODUCTION VALUE	4,144,396,616	4,155,265,332
B) - PRODUCTION COSTS	(4,478,023,443)	(4,297,412,798)
C) - FINANCIAL INCOME AND CHARGES	144,034,311	198,503,203
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(107,249,036)	(87,723,587)
E) EXTRAORDINARY INCOME AND CHARGES		
Income taxes	7,274,581	(6,227,688)
PROFIT (LOSS) FOR THE PERIOD	**(289,566,971)**	**(37,595,538)**

5.9 // Information pursuant to Art. 149 *duodecies* of Consob's regulations for issuers

The following chart, prepared in accordance with Art. 149 *duodecies* of Consob's regulations for issuers, shows the fees pertaining to 2019 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(amounts in thousand of Euro)	SERVICE PROVIDER	RECIPIENT	FEES IN 2019
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	138
Sustainability report auditing	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	25
New bond issuance consulting (*)	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	170
Total			**333**

(*) The fees paid to PricewaterhouseCoopers Advisory S.p.A. in connection with the new bond loan issued in November 2019 have been recognized as ancillary expenses for that operation and included in amortized costs.

5.10 Certification of the Separate Financial Statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS
pursuant to Art. 81 ter of the Consob Regulation adopted
with Resolution 11971 of 14 May 1999, as amended

1. We, the undersigned, Claudio Albertini as chief executive officer and 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 separate financial statements during the year 2019.

2. We also confirm that:

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

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

Bologna, 27 February 2020

Claudio Albertini	Carlo Barban
Chief Executive Officer	Financial Reporting Officer

5.11 Attachments

CERTIFICATION PURSUANT TO ART. 16
CONSOB RESOLUTION 20249/2017

IN ACCORDANCE WITH ART. 2.6.2 OF THE REGULATIONS FOR MARKETS ORGANIZED AND MANAGED BY BORSA ITALIANA S.P.A.

Pursuant to Article 2.6.2 of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., it is hereby declared that IGD SIIQ S.p.A., under the management and control of Coop Alleanza 3.0 S.c.a.r.l., meets the listing conditions stated in Art. 16 of Consob Regulations for markets, adopted with Consob Resolution 20249 of 28 December 2017.

27 February 2020

For the Board of Directors
The Chairman of the Board of Directors

(Elio Gasperoni)

List of equity investments

Name	Registered office	Country	Share capital	Net profit (Euro)	Net equity (Euro)	% held	Control	No. of shares/quota	Carrying value (Euro)
IGD Management S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	75.071.221 (euro)	3,238,178	144,070,641	100%	IGD SIIQ S.p.A.	75,071,221	170,183,477
Millennium Gallery S.r.l	Bologna via trattati comunitari Europei 1957-2007	Italy	100.000 (euro)	146,147	1,110,204	100%	IGD SIIQ S.p.A.	100,000	14,463,025
Porta Medicea S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	60.000.000 (euro)	1,032,989	47,563,417	100%	IGD Management s.r.l.	60,000,000	47,437,573
Win Magazin S.A.	Bucarest	Romania	113715,3 (lei)	2,841,364	110,967,875	99.99%	IGD Management s.r.l.	114	185,618
						0.01%	IGD SIIQ S.p.A.	113,602	157,221,548
Winmarkt management S.r.l.	Bucarest	Romania	1001000 (lei)	4,584	227,356	100%	Win Magazin S.A.	1,001,000	158,340
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	1.500.000 (euro)	40,558	1,465,727	100%	IGD SIIQ S.p.A.	1,500,000	1,440,509
RGD Ferrara 2013 S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	100.000 (euro)	(8,736)	99,768	50%	IGD SIIQ S.p.A.	50,000	54,251
						50.00%	IGD Management s.r.l.		
Consorzio I Bricchi (*)	Isola D'Asti (Loc.Molini) Via prato boschiero	Italy	6.000 (euro)	0	5,998	72%	IGD SIIQ S.p.A.	4,335	4,335
Consorzio proprietari C.C. Leonardo (*)	Imola (Bologna) Via Amendola 129	Italy	100.000 (euro)	0	100,000	52%	IGD SIIQ S.p.A.	52,000	52,000
Consorzio proprietari C.C. Fonti del Corallo (*)	Livorno Via Gino Garziani 6	Italy	10.000 (euro)	0	12,400	68%	IGD SIIQ S.p.A.	6,800	6,800
Consorzio proprietari del Compendio commerciale del Commendone (*)	Grosseto Via Ecuador	Italy	10.000 (euro)	0	10,000	52.60%	IGD SIIQ S.p.A.	5,260	6,039
Consorzio Puntadiferro (*)	Forlì, Piazzale della Cooperazione 4	Italy	10.000 (euro)	0	10,000	62%	IGD SIIQ S.p.A.	6,234	6,234

* Data refers to the Financial Statements as at 31 December 2018.

5.12 External Auditors Report

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Independent auditor's report

in accordance with article 14 of Legislative Decree N. 39 of 27 January 2010 and article 10 of Regulation (EU) N. 537/2014

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter, also the Company), which comprise the statement of financial position as of 31 December 2019, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the illustrative notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of Immobiliare Grande Distribuzione SIIQ SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Valuation of investment properties and assets under construction *See notes N. 6, 12 and 15 and paragraphs "Summary of accounting standards" and "Use of estimates" of the illustrative notes to the financial statements as of 31 December 2019.* As of 31 December 2019 Immobiliare Grande Distribuzione SIIQ SpA's investment properties and assets under construction are equal to, respectively, Euro 2,016.3 million and Euro 26.4 million, totaling Euro 2,042.7 million, which represented 82,7% of total assets. Investment properties are measured at fair value in accordance with IAS 40 as endorsed by the European Union and assets under construction are valued at cost less impairments, or at fair value if the procedure for obtaining administrative permits has been completed and construction is underway. The fair value of Company's investment properties and assets under construction, which is based on appraisals carried out by independent experts (hereinafter, also the "Appraisers"), was of particular importance in auditing the Company's financial statements and is a key audit matters of the audit as it is based on a complex process of estimate as well as on the use of assumptions that are impacted by future market conditions, specifically in relation to the estimated rental value, the estimated vacancy rates (i.e. the forecast percentage of investment property space that remains vacant), the rate used to capitalize the net rental income at the end of the measurement period and the rate used to discount the cash flows relating to each investment property.	Our approach in auditing such financial statements items firstly included the understanding and evaluating of the methodologies and procedures defined by the Company and approved by the Board of Directors on 19 December 2013 to verify the independence and the competence of the independent the Appraisers engaged to determine the fair value of investment properties and assets under construction, as well as the procedures dealing with the selection and rotation of the Appraisers and the sharing of information between Company Management responsible for managing the real estate portfolio and the Appraisers. The audit approach therefore included testing of controls put in place by Company over the aforementioned processes and procedures in order to verify the fair value measurement models prepared by the Appraisers as well as the results of such models. Based on our understanding, evaluating and testing of aforementioned controls, we therefore planned and performed substantive auditing tests on such financial statement line items. In this respect, we highlight that the tests of details on the real estate portfolio were performed on a sample of investments considered to be significant based on the risk and size of each investments, with the aim to cover all kinds of investments and all the Appraisers involved, as well as to rotate the real estate portfolio selected by us. Specifically, we verified the reasonableness of the methodologies adopted and of the main assumptions reflected in the valuation models

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(discounted cash flow) through review and analysis of the appraisals prepared by the independent experts and discussions with Company Management and the independent experts; such analyses and discussions were conducted involving the PwC experts in real estate valuation. Particular emphasis was placed on verifying the reasonableness of those variables that have the most significant impact in determining the fair value, like the estimated rental value, the estimated vacancy rate, the rate used to capitalize the net rental income at the end of the measurement period and the rate used to discount cash flows related to each investment property, with respect to the best practices normally adopted for the valuation of similar investment properties in the same real estate sector of the Company. With regard to assets under construction, we also verified the consistency between the estimated costs to complete the constructions, included in the valuation model, and the budget of costs approved by the Company's Board of Directors. We also verified on a sample basis the consistency between the cash flows included in the valuation models and the rents arising from the contracts signed with tenants and between figures relating to insurance costs and the IMU property tax and related supporting documentation.

For those investments selected, we also verified the mathematical accuracy of the valuation models prepared by the independent experts.
Finally, taking into account that the fair value measurement of investment properties and assets under construction is based on the use of measurement models with unobservable inputs (Level 3 in the fair value hierarchy included in IFRS 13 as endorsed by the European Union), we verified the Company's disclosures in the illustrative notes to the financial statements regarding the methodology adopted to determine fair value, the estimate of inputs, the results of valuations and the fair value sensitivity analysis performed.

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Other matters

As required by law, the Company included in the illustrative notes to the financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- We concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) N. 537/2014

On 18 April 2013, the shareholders of Immobiliare Grande Distribuzione SIIQ SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending from 31 December 2013 to 31 December 2021.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) N. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree N. 58/1998

The Directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N. 58/1998, with the financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 18 March 2020

PricewaterhouseCoopers SpA

Signed by

Giuseppe Ermocida
(Partner)

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

5.13 Report of the Board of Statutory Auditors

IMMOBILIARE GRANDE DISTRIBUZIONE

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

Registered Office Via Trattati Comunitari Europei 1957-2007 n. 13 Bologna, Italy

REA 458582 Company Register no. 00397420399

Share capital: €650,000,000.00 fully paid-in

Company under the management and control of Coop Alleanza 3.0 Soc. Coop.

Statutory auditors' report to the Annual General Meeting of IGD Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata (SIIQ) S.p.A. pursuant to Art. 153 of Legislative Decree 58/1998 and Art. 2429 of the Italian Civil Code

* * * * *

Dear shareholders:

The Board of Statutory Auditors, pursuant to Art. 153 of Legislative Decree 58/1998 (the Consolidated Finance Act) and Art. 2429 of the Italian Civil Code, is required to report to the shareholders during the general meeting on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct.

The Board of Statutory Auditors is also called upon to comment on any proposals relating to the financial statements, their approval, and the agenda items for the Annual General Meeting.

During the year the Board of Statutory Auditors carried out its duties in accordance with the Italian Civil Code, Legislative Decrees 58/1998 and 39/2010, and the by-laws, as well as applicable special laws and the provisions issued by the stock exchange regulator (Commissione Nazionale per le Società e la Borsa or Consob) while also taking into account the recommendations of the Italian Accounting Profession.

Through the date on which this report was prepared, we have proceeded with the control and supervisory activities assigned to us by law in compliance with the instructions issued by Consob on the subject of corporate control.

During the year, the Board of Statutory Auditors gathered the information necessary to fulfill its duties through direct contact with in-house personnel and by attending the meetings of the Board of Directors. Members of the Board of Statutory Auditors also attended the meetings of various committees, most notably the Internal Control Committee, the Nominations and Compensation Committee, and the Related Party Transactions Committee, and exchanged information with the external auditor PriceWaterhouseCoopers S.p.A., the Internal Audit division, the Financial Reporting Officer and the Supervisory Board.

The Board of Statutory Auditors notes that the separate and consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with the IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB), ratified by the European Commission and currently in effect. When necessary, reference was made to the guidelines issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), or the documents prepared by the Italian Accounting Profession (*OIC* or *Organismo Italiano di Contabilità*).

Without prejudice to the above, the information called for in Consob Bulletin no. 1025664 of 6 April 2001, as subsequently amended, is provided below.

As was the case in last year's report, we have therefore followed the format and numbering specified in the Consob bulletin.

I. DESCRIPTION OF TRANSACTIONS WITH A MAJOR IMPACT ON THE BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION

The most relevant corporate events in 2019 are summarized below:

- On 16 October 2018 a pool of banks, including BNP Paribas as mandated lead arranger, underwriter, global coordinator, and bookrunner, granted IGD a three-year, senior unsecured loan of €200 million with the option to extend its maturity to five years. The loan was used as follows:
    - on 2 January 2019 the Parent Company received tranche A or €125,000,000 and on 7 January 2019 it used this amount to redeem the remainder of the original €150,000,000 bond, which amounted to €124,900.000 at 31 December 2018;
    - on 29 March 2019 the Parent Company received tranche B or €75,000,000, which was used to extinguish a few short-term credit lines. On the same date, IGD signed

five interest rate swap agreements for a total of €200 million hedging both tranche A and tranche B of the loan.

- On 26 February 2019 the Board of Directors approved the draft separate and consolidated financial statements for FY 2018, as well as the Report on Corporate Governance and Ownership Structure, included in the annual report, and the Board of Director's Remuneration 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 10 April 2019 the Annual General Meeting approved the 2018 financial statements 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 was payable as from 15 May 2019. The total dividend payable, calculated based on the number of shares outstanding at the date of the AGM (110,276,800) net of any treasury shares held on that date, amounted to €55,138,400.00, made up of:
  - €33,790,720.29, distributable income derived entirely from exempt operations;
  - €15,304,621.34 in profits carried forward from exempt operations. Overall, the income distributed from exempt operations amounted to €49,095,341.63 or €0.445201 per share;
  - €2,434,994.22 in profits carried forward from taxable operations and income generated prior to achieving SIIQ status.

  Total earnings distributed subject to ordinary income tax amounted to €4,611,775.77 or €0.041820 per share; and €1,431,282.60, or €0.012979 per share, from the partial use of the share premium reserve.

  During the AGM the shareholders also approved the first section of the Remuneration Report, previously 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), but on 23 April

2019, Standard & Poor's Global Ratings assigned IGD a “BBB-" rating with outlook stable, so the Group decided to confirm the 2019 guidance for FFO (growth of +6-7%).

- On 7 May, the Board of Directors examined and approved the interim financial report at 31 March 2019.
- On 7 June 2019 the court of Ravenna issued judgment no. 600/2019, recognizing the claims of Iniziative Immobiliari Siciliane and ordering IGD to pay €4,616,023.84 plus interest as a supplement to the sales price paid for the mall at Katané shopping center in Gravina di Catania, as well as €230,801.19 in damages (plus legal and consulting fees) for the failure to increase the variable rent paid. 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, had been assigned to them without recourse. After having made the opportune assessments and as resolved by the Board of Directors, on 2 August 2019 IGD signed a settlement agreement with Demostene S.p.A., assignee of the credit, and Iniziative Immobiliari Siciliane S.r.l., the assignor of the credit as well as the plaintiff, based on which IGD would pay a supplement to the contract price in the amount of €3,600,000.00 plus VAT and Iniziative Immobiliari Siciliane would expressly waive the right to any appeals or further proceedings.
- On 2 August 2019 the Board of Directors examined and approved the Half-Year Financial Report at 30 June 2019 and in light of various factors, decided to revise the FFO guidance for FY 2019 from +6-7% to a range of between +4% and +5%.
- In September 2019 IGD received, for the second time in a row, the ’"EPRA BPR Gold Award” (Best Practice Recommendations) for its Consolidated Annual Report 2018.
- With regard to the binding agreements signed by the Group on 28 June 2019, on 30 September 2019 the Group signed the definitive agreements with a premiere international player calling for: • the sale by Porta Medicea S.r.l. (a wholly-owned subsidiary of IGD Management) of “Palazzo Orlando,” an office building in Livorno, for €12.8 million plus taxes; • the purchase by IGD of 50% of the “Darsena City” shopping mall, which it already co-owned; • the purchase by IGD Management S.r.l. (a wholly-owned subsidiary of IGD), of the remaining 50% held in the joint venture RGD Ferrara 2013 S.r.l. – owner since 2013 of the "Darsena City" operations – of which IGD was joint-owner. The Group paid a total of €13.9 million (plus taxes) for the two acquisitions.
- On 22 October 2019 the rating agency Fitch Ratings Ltd (“Fitch”) assigned IGD a rating of “BBB-” with a stable outlook.

- On 7 November 2019 the Board of Directors examined and approved the interim financial report at 30 September 2019.
- On 11 November 2019 the Extraordinary Shareholders' Meeting approved a voluntary reduction in share capital pursuant to and for the purposes of Civil Code Art. 2445, from €749,738,139.26 to €650,000,000.00. The share capital would be reduced by €99,738,139.26 by allocating €8,154,918.00 to the legal reserve and €91,583,221.26 to a newly formed distributable capital reserve. This transaction, neutral from an equity standpoint, does not modify the targets of the 2019–2021 Strategic Plan nor the dividend policy contained therein. The purpose of this operation is to provide greater flexibility to the net equity structure by increasing the undistributable legal reserve while creating a distributable supply of funds, which also marries the particularities of SIIQ status (i.e. the mandatory distribution of 70% of the profit from exempt operations) with the expectations of the capital markets (return on investment or dividend yield).
- On 28 November 2019 IGD issued a new €400,000,000 bond. On the same date IGD used part of the proceeds from the new bond issue to launch an intermediate tender offer in order to repurchase outstanding bonds for a total of €237.6 million: (i) €229.2 million worth of the €300 million bond loan maturing on 31 May 2021 (coupon 2.5%) (ii) €8.4 million worth of the €162 million bond loan maturing on 21 April 2022 (coupon 2.65%).

The Parent Company's performance and financial position can be summarized as follows.

The 2019 financial statements, submitted for the approval of the Annual General Meeting, close with a net profit of €9,471 thousand. Total revenue and other income came to €128.5 million, an increase of €3.6 million (+2.9%) on the previous year, while operating costs (including overheads) went down, improving from 21.9% to 20.8% of revenue. The changes were caused mostly by the full-year contribution of revenue earned by the four shopping malls and the retail park acquired in April 2018 and by the adoption of IFRS 16 as from 1 January 2019.
At €44 million, EBIT was €29.2 million lower than in 2018 due to the decrease in the fair value of the property portfolio.
Net financial expense of €34.6 million was €3.1 million higher than the previous year, due chiefly to: (i) a decrease in IRS spreads, (ii) a decrease in interest on bonds, (iii) an increase in amortized cost expense, (iv) higher financial charges recognized as a result of the adoption of IFRS 16, (v) greater interest on loans taken out to finance

the purchase of four businesses in April 2018, and (vi) greater interest on committed credit lines.

In 2019 the Board of Statutory Auditors received information about the transactions with a major impact on the balance sheet, income statement and financial position carried out by the company and its subsidiaries, by attending board of directors meetings and sitting with top management, as well as with Internal Audit and the financial audit company (PWC).

To the extent of our knowledge, these transactions were not manifestly imprudent or hazardous, present no potential conflict of interest, do not violate shareholder resolutions, and are not liable to compromise the company's financial soundness.

The Directors' Report that you have received provides ample and complete information about these transactions. Please refer to that report for details of the transactions and the reasons why they were undertaken by the Board of Directors, which approved them in accordance with the law and the company by-laws. The Board of Statutory Auditors acknowledges the content of the Directors' Report and has no particular observations to make in this regard.

The Board of Statutory Auditors also acknowledges that at 31 December 2019, IGD SIIQ S.p.A. still complied with the subjective, statutory, and objective requirements called for under the special SIIQ or società di investimento immobiliare quotate (REIT or real estate investment trust) system introduced by Art. 1 of Law 296 of 27 December 2006 – the 2007 Budget Law – as well as Art. 3 of Ministerial Decree 174 of 7 September 2007.

During the year the company's shareholders approved the distribution of income generated by exempt operations which was in line with the legal requirements. In greater detail, as mentioned above, the shareholders approved the payment of €55,153 thousand (€0.50 per share).

II. III. UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING TRANSACTIONS WITH OTHER GROUP COMPANIES AND RELATED PARTIES; EVALUATION OF THE INFORMATION PROVIDED BY THE DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTERCOMPANY AND RELATED PARTY TRANSACTIONS

Based on the Directors' Report and the information provided by the Board of Directors or received from the Chief Executive Officer, the management team, and the statutory auditors of the subsidiaries – or otherwise gathered during our supervisory activities – the Board of Statutory Auditors finds that no unusual or atypical transactions were carried out with group companies, third parties or related parties.

In keeping with the recommendations of the Corporate Governance Code, with particular reference to price sensitive information pursuant to Art. 114(1) of the Consolidated Finance Act (TUF), in December 2006 the company had adopted an internal Procedure for the management, handling and disclosure of price sensitive information and documents. In accordance with Art. 115-*bis* TUF, in June 2006 the company also instituted a register of persons with access to price sensitive information. With the enactment of EU Regulation 596/2014 ("MAR"), the company adopted a Policy for the Management, Handling and Public Disclosure of Confidential and Price Sensitive Information and the Registry of Insiders. In 2018, the company updated this policy in order to comply with the guidelines for the management of price sensitive information adopted by Consob in October 2017.

Considering the favorable opinion released by the Related Party Transactions Committee on 7 November 2019 and the fact that application of the Procedure from 2017 to 2019 showed that it provides effective assurance of the transparency and of the substantive and procedural fairness of related party transactions carried out by the company directly or through its subsidiaries, in accordance with Consob Communication DEM/10078683/2010 of 24 September 2010 that urges companies to review their related party transaction procedures every three years, on 7 November 2019 the Board of Directors deemed the current Procedure adopted on 11 November 2010 (as later amended) to be adequate and in no need of modification.

IV. COMMENTS AND PROPOSALS RELATING TO THE FINDINGS FOUND IN THE EXTERNAL AUDITORS' REPORTS AND THE ADDITIONAL REPORT

The financial audit assignment was granted to PriceWaterhouseCoopers S.p.A. (the "External Auditors") for the period 2013 – 2021, during the Annual General Meeting held on 18 April 2013 based on the Board of Statutory Auditors' detailed proposal and technical-economic analyses in accordance with the law.

The consolidated and separate financial statements at 31 December 2019 were audited by PriceWaterhouseCoopers S.p.A. whose reports, prepared pursuant to Art. 14 of Legislative Decree 39 of 27 January 2010 and Art. 10(39) of EU Regulation 537/2014, were issued on 18 March 2020.

With regard to the opinions and the certifications relative to the financial statements included in the audit report, the external auditors:

- confirmed that the separate and consolidated financial statements of IGD SIIQ S.p.A. and the IGD Group correctly and truthfully represent the company's financial position, performance and cash flows for the year ended 31 December 2019, in accordance with the IFRS adopted by the European Union, as well as the provisions passed in implementation of Art. 9 of Legislative Decree 38/2005;
- stated that the Directors' Report relating to the separate and consolidated financial statements at 31 December 2019 and specific information contained in the report on corporate governance and ownership structure drafted pursuant to Art. 123-bis (4) TUF were prepared in accordance with the law;
- stated, pursuant to Art. 14(2)(e) of Legislative Decree 39/2010, based on the knowledge and understanding of the business acquired during the audit, that it has nothing to report in this regard.

On 18 March 2020 the External Auditors presented another report to the Board of Statutory Auditors in accordance with Art. 11 of EU Regulation 537/2014, stating that they had found no deficiencies in the internal control system relating to the financial reporting process worthy of being pointed out to the heads of governance.

In the additional report the External Auditors, in accordance with Art. 6 of EU Regulation 537/2014, also informed the Board of Statutory Auditors that no situations compromising independence had materialized.

V. INAPPROPRIATE CONDUCT AND ACTIONS TAKEN UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE

In 2019 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

VI. COMPLAINTS RECEIVED AND ACTIONS TAKEN

In 2019 and up to this writing, the Board of Statutory Auditors has not received any complaints from shareholders and/or from third parties, nor is it aware that the company has received any reports or complaints from shareholders and/or third parties, hence it has taken no action in this regard.

VII. ADDITIONAL ASSIGNMENTS GRANTED TO THE EXTERNAL AUDITORS AND THEIR COSTS

PriceWaterhouseCoopers S.p.A. was granted the financial audit assignment for the separate and consolidated financial statements effective as of the approval of the 2019 annual report, and is also tasked with giving its opinion of the accuracy of the Directors' Report and the information presented in the Report on Corporate Governance and Ownership Structure pursuant to paragraph 1 letters c, d, f, l, m and paragraph 2 letter b of Art. 123 bis of Legislative Decree 58/1998. The cost of these services in 2019 was €138 thousand. The external auditors and/or other entities belonging to the same group also received: (i) €25 thousand for auditing the Corporate Sustainability Report; (ii) €170 thousand in connection with the new bond issue. The financial audit of the Romanian subsidiaries (Win Magazin S.A. e Winmarkt Management S.r.l.) was performed by PriceWaterhouseCoopers Audit S.r.l., which received fees of €26 thousand for these services.

PriceWaterhouseCoopers S.p.A. also served as external auditors for the following subsidiaries: (i) IGD Management S.r.l.; (ii) Millennium Gallery S.r.l.; (iii) Porta Medicea S.r.l. and (iv) Arco Campus S.r.l. Total fees came to €43 thousand.

The Board of Statutory Auditors acknowledges that the directors, in compliance with Art. 149 *duodecies* of the Regulations for Issuers, disclosed the entire amount paid in 2019 to PriceWaterhouseCoopers S.p.A. and/or other entities belonging to the same group for both audit and other services. That amount was €402 thousand.

VIII. ASSIGNMENTS GRANTED TO COMPANIES AFFILIATED WITH THE EXTERNAL AUDITORS AND THEIR COSTS

The Board of Statutory Auditors is not aware of any assignments made in 2019 to companies connected to the financial audit company PricewaterhouseCoopers S.p.A. on a continuous basis.

IX. OPINIONS ISSUED BY THE BOARD OF STATUTORY AUDITORS IN 2019 AS REQUIRED BY LAW

In 2019 the Board of Statutory Auditors issued opinions when required by law, the by-laws or Consob regulations. Our opinions and key observations include:

- the opinion issued on 7 November 2019, pursuant to Art. 5(4) of EU Regulation 537/2014, on services other than financial audit relating to the exchange of outstanding bonds for new ones and to the issue of a new bond loan, for which fees of €170 thousand were incurred;

- the opinion relating to the bonuses paid in 2018 to the chief executive officer, the chief operating officer, and executives with strategic responsibilities;
- the opinion relating to the approval of the report on the remuneration of directors, the chief executive officer, the general manager, and executives with strategic responsibilities.

X. FREQUENCY AND NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

Typically the Board of Directors meets according to the financial calendar disclosed to the market in compliance with stock exchange regulations. The Board also meets as needed and when deemed opportune to examine specific topics which could impact the company's operations. In 2019, 10 (ten) meetings were held.

The Board of Directors may invite company executives to attend the Board meetings in order to provide in-depth information about the items on the agenda. The Board of Directors may also invite external consultants to attend when deemed appropriate and/or necessary in order to provide specialized information and/or opinions.

The current composition of the Board of Directors complies with the law relating to equal gender opportunity (Law 120/2011).

As in the prior year, the Board of Directors hired Egon Zehnder International S.p.A. to perform a board review in order to assess the size, composition and functioning of the Board of Directors and its committees.

The results of the review were presented during the Board of Directors meeting of 27 February 2020 and are discussed in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors met 7 (seven) times in 2019 in accordance with Art. 2429 of the Italian Civil Code. The Board of Statutory Auditors also attended the meetings of the Board of Directors, the Annual General Meeting, and: i) five out of six meetings of the Internal Control Committee; (ii) three out of five meetings of the Nominations and Compensation Committee; and (iii) both meetings of the Committee for Related Party Transactions. The Board of Statutory Auditors also encouraged and attended meetings with the company's top management, the External Auditors, and the Internal Audit department.

The Board of Statutory Auditors coordinates and guides the Internal Control and Internal Audit Committee pursuant to Art. 19 of Legislative Decree 39/2010. In accordance with the recommendations contained in Art. 7 of the Corporate Governance Code, the company has included operating methods in its own governance rules that strive to simplify coordination of control functions. These include a requirement for all of the control functions to meet at least once a year in order to discuss the issues they have faced during the period. In 2019 two meetings were organized: in February 2019 to discuss the consolidated and separate financial statements at 31 December 2018, and in December 2019 to discuss each of the control functions' audit plans for 2020.

XI. OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION, THE LAW AND THE CORPORATE BY-LAWS

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's by-laws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the Directors' Report. We have nothing to report regarding the directors' activities and actions. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections; information received from department heads; meetings with the Financial Reporting Officer, Internal Audit, the Internal Control Committee, and the Nominations and Compensation Committee; and information exchanged with the External Auditors. More specifically, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's by-laws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

The chief operating officer and the financial reporting officer regularly attended our meetings, by right or by invitation, in order to explain and participate in the discussion of the agenda items. Other managers also attended the meetings based on the specific topics on the agenda.

XII. COMMENTS ON THE ORGANIZATIONAL STRUCTURE

To the extent of its responsibility, the Board of Statutory Auditors verified and monitored the adequacy and proper functioning of the company’s organizational structure.

The organizational structure appears to be adequate and to meet the company’s needs, and we have no comments nor anything to report in this regard.

We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and procedures, having acknowledged the improvements made to render the organizational structure more efficient.

The organization and services, both internal and outsourced, were found to be adequate and in compliance with the law and to guarantee correct, effective and efficient operations.

The statutory auditors found no problem areas and/or significant development to report relative to the company’s organizational structure. We found no deficiencies, i.e. situations to report relating to the effective functioning of corporate bodies, divisions, systems and procedures.

XIII. COMMENTS ON THE INTERNAL CONTROL SYSTEM

The Board of Statutory Auditors evaluated and verified the adequacy of the company's internal control system, including through periodic meetings with (i) the financial reporting officer, (ii) Internal Audit, (iii) the Internal Control Committee, (iv) the Supervisory Board, (v) the head external auditor, and (vi) the director in charge of the internal control and risk management system, as well as through documentation provided by the company and discussions with top management. We found no significant shortcomings in this regard.

The internal audit activities were outsourced to a company specialized in this area which periodically reported to the Board of Statutory Auditors, the Internal Control Committee, and the Supervisory Board on its actions and progress, mentioning specific operational needs wherever necessary and recommending the most appropriate means of implementing the Plan of Work.

The Head of Internal Audit also coordinates the Enterprise Risk Management (ERM) process, ensuring that reports are provided to the director in charge of the internal control and risk management system, the Internal Control Committee, and, if necessary, the Board of Directors. In 2019 the audit of the controls called for in Risk Control Matrix 262 was carried out on behalf of the financial reporting officer by Internal Audit, which is outsourced to Mario Galiano, senior partner of Grant Thornton Consultants S.r.l. The yearly report prepared by the financial reporting officer confirms the mapping of all the processes, risks and controls of all the in-scope companies of the IGD Group and the Romanian affiliates.

The Internal Control Committee and the Supervisory Board per Decree 231/2001 made their reports available during the year.

Based on the controls carried out and the information obtained during periodic meetings with the Internal Control Committee, Internal Audit, the external auditors, the financial reporting officer, the director in charge of internal control and risk management, and the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system is reliable and timely, and adequately meets the needs of the company and its operations.

Data and documentation related to the proposed agendas of the Board of Directors meetings and the various committee meetings was provided ahead of time in the most efficient and discrete way possible.

Based on the evaluations made during our supervisory activities and on the work done by the Internal Control Committee, at the end of 2019 the Board of Statutory Auditors had nothing of concern to report and found the overall internal control system to be adequate. In our opinion the internal control system does not present significant deficiencies, without prejudice to ongoing reviews of and improvements to organizational systems and methods, and was found to be reliable, effective and efficient.

XIV. COMMENTS ON THE ADMINISTRATIVE-ACCOUNTING SYSTEM AND ITS ABILITY TO PROVIDE A FAIR REPRESENTATION OF PERFORMANCE

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of company documentation, and examination of the reports provided by the external auditors PriceWaterhouseCoopers S.p.A. and by Internal Audit.

The administrative-accounting system was found to be adequate and to have met the

company's needs in 2019, in terms of both resources dedicated and professional expertise.
The External Auditors tested the accounting and administrative procedures and found these to be reliable. They also noted that the accounting records of operations were correct and the books were properly kept. PriceWaterhouseCoopers S.p.A. confirmed the thoroughness of the financial information provided, as well as the accounting standards used to prepare the consolidated and separate financial statements, and had no particular comments in this regard. The firm also validated the completeness and accuracy of the Directors' Report to the financial statements.
Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 bis of the Italian Civil Code, as these are assigned to the External Auditors, we found on the basis of information received and inspections made pursuant to Civil Code Articles 2403 et seq that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.
The Board of Statutory Auditors has nothing to report concerning the adequacy of the administrative-accounting system and its ability to provide a fair representation of performance.
The chief executive officer and the financial reporting officer certified without reservation the accounting information contained in the separate and consolidated financial statements at 31 December 2019, as well as the information found in the Directors' Report relating to performance and the operating results, as well as the description of the risks and uncertainties to which the company is exposed. They also provided the certification called for by Art. 81 ter of Consob Regulation 11971 of 14 May 1999, as amended.

XV. COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998 – MANAGEMENT AND COORDINATION ACTIVITIES

The Board of Statutory Auditors verified the adequacy of the information provided by the company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.
With regard to close functional and operational ties and the presence of key IGD SIIQ S.p.A. personnel at the subsidiaries, the company guarantees a correct and adequate

flow of information supported by suitable documentation and accounting records.
There are no concerns about the instructions given to subsidiaries in order to acquire the information necessary for prompt compliance with the reporting obligations set by law.
The company is, therefore, fully able to comply with the law as concerns the reporting of significant events and production of the consolidated financial statements.
Likewise, it is fully able to exercise management and coordination of its subsidiaries as expressly contemplated by law.
The Board of Statutory Auditors acknowledges that IGD SIIQ S.p.A. is subject to the management and coordination of shareholder Coop Alleanza 3.0 Soc. Coop.

XVI. COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditors PriceWaterhouseCoopers S.p.A., verified compliance with all current laws and regulations regarding the preparation and drawing up of the separate and consolidated financial statements and the accompanying Directors' Report.
The statutory auditors met with the External Auditors responsible for both the accounting controls under Art. 2409 bis of the Italian Civil Code and the audit of the consolidated and separate financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.
With the auditors attention was paid, in particular, to the application of the accounting standards both already implemented and soon to be implemented, and to the most effective way to recognize the significant economic and financial items in the financial statements. Nothing that needed to be reported pursuant to Art. 155(2) of Legislative Decree 58 of 24 February 1998 emerged during these periodic meetings.
During these meetings the External Auditors found no irregularities, problem areas or omissions in the company's accounts worthy of reporting to the Board of Directors or the Board of Statutory Auditors. On these occasions we informed the External Auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

XVII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since its shares were admitted for trading (11 February 2005), the company has followed its own Corporate Governance regulations in order to comply with the standards and recommendations included in the Corporate Governance Code prepared by Borsa Italiana's Committee for Corporate Governance of Listed Companies in order to regulate compliance with laws and regulations and the composition, responsibilities and role of the corporate bodies in charge of company management. Over the years, the company has changed its governance rules in order to comply with the latest version of the Corporate Governance Code.

In full compliance with the Code recommendations, the Board of Directors has set up Board committees with advisory functions: the Internal Control Committee, the Nominations and Compensation Committee, and the Committee for Related Party Transactions.

As IGD is subject to the management and coordination of shareholder Coop Alleanza 3.0 Soc. Coop. based on Art. 2497 of the Italian Civil Code, it is subject to the provisions of Art. 16(4) of Consob’s Market Regulations, which call for all committees instituted as per the Corporate Governance Code to be comprised solely of independent directors.

The members of the above mentioned committees were appointed during the Board of Directors’ meeting held on 6 June 2018 after shareholders appointed the new Board of Directors during the AGM held on 1 June 2018.

More specifically, given the ownership structure and the company’s governance, it was deemed no longer necessary to institute a Chairman’s Committee. The following committees remain:

- the Nominations and Compensation Committee was formed in 2012, in compliance with the Corporate Governance Code, by combining the Compensation Committee and the Nominations Committees into a single body. It consists of three non-executive independent directors: Rossella Saoncella (chair), Livia Salvini, and Timothy Guy Michele Santini. The chairman of the Board of Directors, the vice chairman, and the chief executive officer are entitled to attend committee meetings and the chairman of the Board of Statutory Auditors may be invited to attend. The Committee met five times in 2019 and the chairman of the Board of Statutory Auditors attended three out of five meetings;
- the Control and Risk Committee is comprised of three non-executive independent directors: Elisabetta Gualandri (chair), Luca Dondi Dall’Orologio, and Sergio Lugaresi. In 2019 the committee held meetings regularly and in keeping with the company’s needs. It met six times during the year. The

chairman of the Board of Statutory Auditors, or another statutory auditor appointed by the chairman, attends the meetings of the Internal Control Committee as does the chairman of the Board of Directors as director in charge of the internal control and risk management system. The vice chairman of the Board of Directors and the chief executive officer may also be invited to attend Committee meetings. The chairman of the Board of Statutory Auditors, and on occasion some of the other statutory auditors, attended five of the meetings held in 2019;

- the Committee for Related Party Transactions was formed in order to comply with Art. 2391 bis of the Italian Civil Code and Art. 4 of Consob’s Regulations for Related Party Transactions and is currently comprised of three independent directors: Luca Dondi Dall’Orologio (chair), Livia Salvini, and Eric Jean Vèron. In 2019 the committee met twice. The chairman of the Board of Statutory Auditors attended both meetings.

The company has deemed it useful to describe the methods used to coordinate control activities, as described below.

The chairman of the Internal Control Committee and the chairman of the Board of Statutory Auditors (including in its role as internal control and financial audit committee), meet with self-determined frequency and at least one a year, as convened by the chairman of the Board of Statutory Auditors, to compare the results of their respective control activities and to assess planning and any coordination of their operations. To this end, the chairman of the Board of Statutory Auditors not only coordinates the work of the statutory auditors but is also a reference point for other corporate bodies involved in control systems. As mentioned above, two meetings of all the control bodies were convened in 2019.

The company has also formed a Supervisory Board with three members: Gilberto Coffari (chair), Paolo Maestri, and Alessandra De Martino. In 2019 it met six times on the basis of the company's needs, working with Internal Audit on monitoring and controls.

Since 2007, the Board of Directors has hired Egon Zehnder International S.p.A., headquartered in Milan, to perform an annual board review. The purpose of this review is the yearly assessment of the size, composition and functioning of the Board of Directors and its committees. The outcome of the board review was presented by the staff of Egon Zehnder International S.p.A. in a summary report which was

discussed during the Board of Directors meeting held on 26 February 2019. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its sub-committees.
In conclusion, and having verified operations during the year, the Board of Statutory Auditors expresses a positive opinion of the company's corporate governance system.

XVIII. CLOSING REMARKS

Dear shareholders:
We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, Internal Audit, and the external auditors PricewaterhouseCoopers S.p.A. cooperated with us fully during our supervisory activities.
We have found no omissions, inappropriate conduct, imprudent transactions, or irregularities worthy of mention; thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.
We have no comments to make in this regard.
The Directors' Report also contains information about the compensation policy and the remuneration paid to the directors, statutory auditors, chief operating officer, and managers with strategic responsibilities, as well as information on the shares of the company held by such individuals. Again, we have no comments to make in this regard.

* * * * *

Dear shareholders:

In concluding this report, we would like to express our sincerest thanks to all those who have assisted us in the course of our work and for the vote of confidence you expressed by appointing us.

Bologna, 18 March 2020

The Board of Statutory Auditors

(Anna Maria Allievi)

(Daniela Preite)

(Roberto Chiusoli)

1. IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4.1 // Consolidated income statement

(in thousands of Euros)	Note	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
Revenue	**1**	**155,259**	**151,760**	**3,499**
Revenues from third parties		113,375	109,105	4,270
Revenues from related parties		41,884	42,655	(771)
Other revenue	**2.1**	**6,383**	**6,309**	**74**
Other revenues from third parties		3,791	3,869	(78)
Other revenues from related parties		2,592	2,440	152
Revenues from property sales	**2.2**	**406**	**4,445**	**(4,039)**
Operating revenues		**162,048**	**162,514**	**(466)**
Change in inventory	**6**	1,288	(4,365)	5,653
Revenues and change in inventory		**163,336**	**158,149**	**5,187**
Construction costs for the period	**6**	1,729	564	1,165
Service costs	**3**	15,847	23,889	(8,042)
Service costs from third parties		12,587	20,684	(8,097)
Service costs from related parties		3,260	3,205	55
Cost of labour	**4**	10,217	9,810	407
Other operating costs	**5**	10,823	10,372	451
Total operating costs		**38,616**	**44,635**	**(6,019)**
Depreciations, amortization and provisions		(1,026)	(1,104)	78
(Impairment losses)/Reversals on work in progress and inventories		(992)	(234)	(758)
Provisions for doubtful accounts		(561)	(884)	323
Change in fair value		(71,796)	(42,902)	(28,894)
Net revaluation acquisition		-	12,857	(12,857)
Depreciation, amortization, provisions, impairment and change in fair va	**7**	**(74,375)**	**(32,267)**	**(42,108)**
EBIT		**50,345**	**81,247**	**(30,902)**
Income/ (loss) from equity investments and asset disposal	**8**	**11**	**(85)**	**96**
Financial Income		**86**	**92**	**(6)**
Financial income from third parties		84	89	(5)
Financial income from related parties		2	3	(1)
Financial charges		**36,840**	**32,590**	**4,250**
Financial charges from third parties		36,736	32,554	4,182
Financial charges from related parties		104	36	68
Net financial income (expense)	**9**	**(36,754)**	**(32,498)**	**(4,256)**
Pre-tax profit		**13,602**	**48,664**	**(35,062)**
Income taxes	**10**	1,011	2,276	(1,265)
NET PROFIT FOR THE PERIOD		**12,591**	**46,388**	**(33,797)**
Non-controlling interests in (profit)/loss for the period		-	-	-
Profit/(loss) for the period attributable to the Parent Company		**12,591**	**46,388**	**(33,797)**
Basic earnings per share	**11**	0.114	0.459	(0.345)
Diluted earnings per share	**11**	0.114	0.459	(0.345)

4.2 // Consolidated statement of comprehensive income

(In thousands of Euro)	31/12/2019	31/12/2018
NET PROFIT FOR THE PERIOD	**12,591**	**46,388**
Other components of comprehensive income that will not be reclassified to profit/(loss)		
Recalculation of defined benefit plans	(290)	262
Total other components of comprehensive income that will not be reclassified to profit/(loss)	**(290)**	**262**
Other components of comprehensive income that will be reclassified to profit/ (loss)		
Effects of hedge derivatives on net equity	(820)	3,181
Tax effects of hedge derivatives on net equity	278	(684)
Other effects on income statement components	(133)	(10)
Total other components of comprehensive income that will be reclassified to profit/ (loss)	**(675)**	**2,487**
Total comprehensive profit/ (loss) for the period	**11,626**	**49,137**
Non-controlling interests in (profit)/loss for the period	0	0
Profit/(loss) for the period attributable to the Parent Company	**11,626**	**49,137**

4.3 // Consolidated statement of financial position

(in thousands of Euros)	Note	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	50	34	16
Goodwill	13	12,485	12,662	(177)
		12,535	**12,696**	**(161)**
Property, plant, and equipment				
Investment property	14	2,365,214	2,346,527	18,687
Buildings	15	7,643	7,887	(244)
Plant and machinery	16	161	213	(52)
Equipment and other goods	16	1,166	968	198
Leasehold improvements	16	0	547	(547)
Assets under construction and advance payments	17	40,827	36,563	4,264
		2,415,011	**2,392,705**	**22,306**
Other non-current assets				
Sundry receivables and other non-current assets	19	118	111	7
Equity investments	20	223	277	(54)
Non-current financial assets	21	174	243	(69)
		515	**631**	**(116)**
TOTAL NON-CURRENT ASSETS (A)		**2,428,061**	**2,406,032**	**22,029**
CURRENT ASSETS:				
Work in progress inventory and advances	22	33,602	33,213	389
Trade and other receivables	23	11,114	12,916	(1,802)
Related party trade and other receivables	24	921	2,024	(1,103)
Other current assets	25	3,084	5,438	(2,354)
Related parties financial receivables and other current financial assets	26	0	96	(96)
Cash and cash equivalents	27	128,677	2,472	126,205
TOTAL CURRENT ASSETS (B)		**177,398**	**56,159**	**121,239**
TOTAL ASSETS (A + B)		**2,605,459**	**2,462,191**	**143,268**
NET EQUITY:				
Share capital		749,738	749,738	0
Share premium reserve		30,058	31,504	(1,446)
Treasury share reserve		(198)	(492)	294
Other reserves		416,263	410,601	5,662
Group profit		15,153	60,987	(45,834)
Total Group net equity		**1,211,014**	**1,252,338**	**(41,324)**
Capital and reserves of non-controlling interests		0	0	0
TOTAL NET EQUITY (C)	28	**1,211,014**	**1,252,338**	**(41,324)**
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	42	17,365	17,364	1
Non-current financial liabilities	29	1,232,669	884,197	348,472
Provisions for employee severance indemnities	30	3,057	2,567	490
Deferred tax liabilities	18	26,313	26,340	(27)
Provisions for risks and future charges	31	4,068	5,597	(1,529)
Sundry payables and other non-current liabilities	32	8,152	7,850	302
Related parties sundry payables and other non-current liabilities	32	13,721	11,892	1,829
TOTAL NON-CURRENT LIABILITIES (D)		**1,305,345**	**955,807**	**349,538**
CURRENT LIABILITIES:				
Current financial liabilities	33	58,820	226,475	(167,655)
Trade and other payables	35	15,960	14,301	1,659
Related parties trade and other payables	36	1,031	736	295
Current tax liabilities	37	2,601	2,373	228
Other current liabilities	38	10,688	10,161	527
TOTAL CURRENT LIABILITIES (E)		**89,100**	**254,046**	**(164,946)**
TOTALE PASSIVITA' (F=D+E)		**1,394,445**	**1,209,853**	**184,592**
TOTAL NET EQUITY AND LIABILITIES (C + F)		**2,605,459**	**2,462,191**	**143,268**

4.4 // Consolidated statement of changes in equity

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Group profit	Group net equity	Non-controlling interests capital and reserves	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 of the year	0	0	0	12,591	12,591	0	12,591
Cash flow hedge derivative assessment	0	0	(542)	0	(542)	0	(542)
Other comprehensive income (losses)	0	0	(423)	0	(423)	0	(423)
Total comprehensive profit (losses)	**0**	**0**	**(965)**	**12,591**	**11,626**	**0**	**11,626**
Sale of treasury shares	0	0	294	0	294	0	294
Change in capital increase costs	0	0	23	0	23	0	23
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 31/12/2019	**749,738**	**30,058**	**416,065**	**15,153**	**1,211,014**	**0**	**1,211,014**

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Group profit	Group net equity	Non-controlling interests capital and reserves	Total net equity
Balance at 01/01/2018	**599,760**	**29,971**	**384,832**	**101,190**	**1,115,753**	**0**	**1,115,753**
FTA IFRS 9	0	0	(4,354)	0	(4,354)	0	(4,354)
Balance at 01/01/2018 post IFRS 9	**599,760**	**29,971**	**380,478**	**101,190**	**1,111,399**	**0**	**1,111,399**
Profit of the year	0	0	0	46,388	46,388	0	46,388
Cash flow hedge derivative assessment	0	0	2,497	0	2,497	0	2,497
Other comprehensive income (losses)	0	0	252	0	252	0	252
Total comprehensive profit (losses)	**0**	**0**	**2,749**	**46,388**	**49,137**	**0**	**49,137**
Share capital increase	149,978	0	0	0	149,978	0	149,978
Sale of unexercised rights option	0	1,533	0	0	1,533	0	1,533
Share capital increase costs	0	0	(4,172)	0	(4,172)	0	(4,172)
Sale of treasury shares	0	0	(366)	0	(366)	0	(366)
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 31/12/2018	**749,738**	**31,504**	**410,109**	**60,987**	**1,252,338**	**0**	**1,252,338**

4.5 // Consolidated statement of cash flows

(in thousands of Euro)	31/12/2019	31/12/2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**13,602**	**48,664**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Financial charges/ (income)	36,752	32,590
Depreciation, amortization and provisions	1,026	1,104
Writedown of receivables	561	884
(Impairment losses)/reversals on work in progress	992	234
Changes in fair value - increases / (decreases)	71,796	42,902
Net (Revalution) of the acquisition of 4 business divisions	0	(12,857)
Gains/losses from disposals - equity investments	0	85
CASH FLOW FROM OPERATING ACTIVITIES	**124,729**	**113,606**
Financial charges paid	(35,385)	(30,040)
Income tax	(1,476)	(1,429)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	**87,868**	**82,137**
Change in inventory	(1,309)	4,176
Net change in current assets and liabilities w. third parties	7,343	(4,160)
Net change in non-current assets and liabilities w. third parties	(1,368)	(1,188)
CASH FLOW FROM OPERATING ACTIVITIES	**92,534**	**80,965**
(Investments) in non-current assets	(40,236)	(20,279)
Disposals of non-current assets	12,800	36
(Investment) in 4 business divisions net of cash and cash equivalents acquired	0	(104,640)
(Investments) in equity interests	(59)	0
CASH FLOW FROM INVESTING ACTIVITIES	**(27,495)**	**(124,883)**
Change in non-current financial assets	69	(8)
Change in financial receivables and other current financial assets	0	42
Disposal/ (purchase) of treasury shares	294	(366)
Capital increase net of costs	23	147,339
Distribution of dividends	(55,153)	(55,171)
Change in current debt	(177,391)	(7,271)
Change in non-current debt	293,379	(40,674)
CASH FLOW FROM FINANCING ACTIVITIES	**61,221**	**43,891**
Exchange rate differences on cash and cash equivalents	(133)	(10)
NET INCREASE (DECREASE) IN CASH BALANCE	**126,127**	**(37)**
CASH BALANCE AT BEGINNING OF THE PERIOD	**2,472**	**2,509**
RGD Ferrara cash balance	**78**	**0**
CASH BALANCE AT END OF THE PERIOD	**128,677**	**2,472**

4.6 // Notes to the financial statements

1.1.1. General information

The consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. at 31 December 2019 were approved and authorized for publication by the Board of Directors on 27 February 2020.

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.

1.1.2. Summary of accounting standards

1.1.2.1. Preparation criteria

Statement of compliance with International Accounting Standards

The 2019 consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), that as of the reporting date had been endorsed following the procedure specified in Regulation (EC) 1606/2002. The IFRS have been applied consistently to all reporting periods presented.

Reporting formats

The items in the statement of financial position have been classified as current or non-current, and those in the income statement by type.
The statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.
The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.
The statement of cash flows is prepared using the indirect method, adjusting the pre-tax profit for non-cash items.
The financial statements, tables and explanatory notes are expressed in thousands of euro (€/000 or €K), unless otherwise specified.

Changes in accounting standards

a) New 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 and a parking lot at Centro d'Abruzzo shopping center), 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 lease contracts for the parking lot and 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 €66,431K and a lease liability of €62,920K. 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, Centro Piave, and Fonti del Corallo 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 31 December 2019 this fair value adjustment led to a writedown of €11,851K.

The table below shows the income statement effects of IFRS 16 for the period ended 31 December 2019:

Amounts in thousand of Euro	31.12.2019
Lower payable leases 2019	10,302
Lower depreciation due to plants transfer and improvement on leasehold goods in "Centro Nova" and "Centro Piave"	310
Higher impairment due to rights of use of the shopping centers affected by IFRS16 measured at fair value	(11,851)
Higher financial charges	(1,931)
Fiscal effect	832
Income statement total negative effect due to IFRS16 adoption	**(2,338)**

In adopting IFRS 16, the Group has opted for the exemption permitted by IFRS section 16:5 (a) with respect to short-term leases. Likewise, the Group has opted for the exemption permitted by IFRS 16:5 (b) with respect to leases for which the underlying asset qualifies as low-value. For these leases, the introduction of IFRS 16 has not resulted in the recognition of a lease liability and right-of-use asset, but the lease installments are recognized in profit or loss on a straight line basis over the lease term.

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.

Adoption of the amendment has not affected the Group's consolidated financial statements.

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 rule has not affected the Group's consolidated financial statements.
On 7 June 2017 the IASB published "**Uncertainty over Income Tax Treatments (IFRIC Interpretation 23).**" The interpretation requires entities to analyze uncertain tax treatments (individually or collectively, depending on the circumstances) on the assumption that the taxation authority will examine the amounts and will have full knowledge of all relevant information when doing so. If the entity concludes that it is not probable that the taxation authority will accept a particular tax treatment, it has to reflect the impact of the uncertainty when measuring its current and deferred income taxes. The interpretation includes no new mandatory disclosures, but requires the entity to determine whether it should provide information on the considerations made by management regarding the uncertainty of its accounting tax position, in accordance with IAS 1. The new interpretation has been applied since 1 January 2019. The rule has 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

- 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. The changes were approved on 29 November 2019 and apply to all transactions after 1 January 2020. The directors do not expect the amendment to have a significant impact on the consolidated financial statements.
- On 29 March 2018, the IASB amended the **"References to the Conceptual Framework in IFRS Standards."** The amendment is effective for periods beginning on or after 1 January

2020, although early adoption is permitted. The Conceptual Framework defines the basic concepts for financial reporting and guides the Board in its development of the IFRS. It helps ensure that the standards are conceptually consistent and that similar transactions are treated in the same way, to provide useful information to investors, lenders and other creditors. The Conceptual Framework helps companies develop accounting policies when no IFRS applies to a particular transaction and, more generally, assists all parties in understanding and interpreting the IFRS. The directors do not expect the amendment to have a significant impact on the consolidated financial statements.

- On 26 September 2019, the IASB published **"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform."** These modify IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, as well as IFRS 7 - Financial Instruments: Disclosures. Specifically, the amendment introduces temporary exceptions to some of the hedge accounting requirements, to mitigate the impact of uncertainty on future cash flows while the IBOR reform is still ongoing. The amendment also requires companies to make additional financial statement disclosures on the hedging relationships directly affected by the uncertainty of the IBOR reform to which they apply these exceptions. The amendments are effective from 1 January 2020, with early adoption permitted. The directors do not expect them to have an impact on consolidated financial statements.

C) Accounting standards not yet endorsed by the European Union

As of the date these accounts were approved, the European Union had not yet completed the endorsement process necessary for adopting the following accounting standards and amendments:

- 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 an 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 added an optional "concentration test," which allows an entity to exclude a business if the price paid for it refers substantially to a single asset or a group of assets. The changes apply to all business combinations and asset acquisitions occurring after 1 January 2020.
- 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. Entities must apply the new standard to insurance and reinsurance policies issued, to reinsurance policies held, and to investment contracts with a discretionary participation feature (DPF). The standard is effective from 1 January 2021.

1.1.2.2. Consolidation

a) Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2019, prepared by the directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. As mentioned in Section 2.1 of this report, on 30 September 2019 the wholly-owned subsidiary IGD Management S.r.l. purchased the remaining 50% of RGD Ferrara 2013 S.r.l. (owner of the Darsena City business since 2013), of which it was previously joint owner. Therefore, at 31 December 2019, the Group owned 100% of RGD Ferrara 2013 S.r.l. and the subsidiary was consolidated on a line-by-line basis. This entailed consolidating its statement of financial position data as of 31 December 2019 and its income statement figures for the period 1 October 2019 - 31 December 2019.

In short, the acquisition of RGD Ferrara 2013 S.r.l. contributed the following opening balance sheet figures at 30 September 2019 (in €/000):

Assets/Liabilities values	30/09/2019
Goodwill	115
Deferred tax assets	74
Receivables and other current assets	177
Cash	78
Assets	444
Financial liabilities to non current associates	95
Payables and other current liabilities	243
Liabilities	**338**
Net equity (A)	**106**
Acquisition value of equity investment in IGD Management (B)	**59**
Carrying amount of equity investment in IGD at 31 December 2018 (B)	**54**
Higher acqusition value vs. acquired assets/liabilities to goodwill (B-A)	**7**

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.

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	Registered office	Country	Share capitale	Currency	% of consolidated Group interest	Held by	% of share capital held	Activities
Parent company								
IGD SIIQ S.p.A.	Bologna via trattati comunitari Europei 1957-2007	Italy	749,738,139.26	Euro				Shopping center management
Subsidiaries fully consolidated								
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%	Shopping center 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%	Shopping center 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%	Construction 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%	Shopping center management
Winmarkt management S.r.l.	Bucarest	Romania	1,001,000	Lei	100%	Win Magazin S.A.	100.00%	Services, Agency and facility management
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	1,500,000.00	Euro	99.98	IGD SIIQ S.p.A.	99.98%	Activities of asset management, sport facilities and equipments management, construction, sale and rent of properties to be used for commercial and sport activities
RGD Ferrara 2013 S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	100,000.00	Euro	100%	IGD SIIQ S.p.A. 50% IGD Management s.r.l. 50%	100%	Darsena city shopping center management

Name	Type of control	% held	Regisered office
Owner consortium of SC Leonardo	Direct	52.00%	VIA AMENDOLA 129, IMOLA (BO)
Owner consortium of SC I Bricchi	Direct	72.25%	VIA PRATO BOSCHIERO, ISOLA D'ASTI (LOC MOLINI)
Owner consortium of Centrolame	Direct	66.43%	VIA MARCO POLO 3, BOLOGNA (BO)
Consortium of SC Katanè	Direct	53.00%	VIA QUASIMODO, GRAVINA DI CATANIA LOC SAN PAOLO
Consortium of SC Conè	Direct	65.78%	VIA SAN GIUSEPPE SNC, QUARTIERE DELLO SPORT CONEGLIANO (TV)
Consortium of SC La Torre-Palermo	Direct	55.04%	VIA TORRE INGASTONE, PALERMO LOC BORGONUOVO
Owner consortium of SC Gran Rondò	Direct	48.69%	VIA G. LA PIRA n. 18. CREMA (CR)
Owner consortium of SC Fonti del Corallo	Direct	68.00%	VIA GINO GRAZIANI 6, LIVORNO
Owner consortium of SC Centrosarca	Indirect	62.50%	VIA MILANESE, SESTO SAN GIOVANNI (MI)
Consortium Porta a Mare Mazzini	Direct	80.90%	VIA G. D'ALESIO, 2 - LIVORNO
Consortium of RP Clodì	Direct	70.35%	S.S. ROMEA n. 510/B; CHIOGGIA (VE)
Consortium of SC Le Maioliche	Direct	70.52%	VIA BISAURA N.13, FAENZA (RA)
Consortium ESP	Direct	64.59%	VIA MARCO BUSSATO 74, RAVENNA (RA)
Owner consortium of SC Puntadiferro	Direct	62.34%	Piazzale della Cooperazione 4, FORLI' (FC)
Owner consortium of commercial area I Commendone	Direct	52.60%	Via Ecuador snc, Grosseto
Owner consortium of SC Le Porte di Napoli	Direct	70.56%	Via S. Maria La Nuova, Afragola (NA)

b) Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its direct and indirect subsidiaries at 31 December 2019. The subsidiaries' accounts are prepared each year using the same accounting standards as the parent. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the income statement;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;
- the financial statements of all IGD SIIQ Group companies that use a functional currency other than that used in the consolidated statements are translated into euros as follows:
    - the assets and liabilities of each statement of financial position submitted are translated at the exchange rates in force on the reporting date;
    - the revenue and costs of each income statement are converted at the average exchange rates for the period;
    - all exchange gains and losses arising from this process are shown in the translation reserve under net equity.
- equity investments in joint ventures and associates are consolidated using the equity method. As such, the investment is initially carried at cost, which is then adjusted upward or downward to reflect changes in net equity after purchase. The adjustments are taken to the income statement in proportion to the Group's share of the company's profit or loss.

1.1.2.3. Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the market value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangible assets can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes an impairment loss, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified. In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value

is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

1.1.2.4. Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the recognition at market value of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.
Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.
Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.
Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.
In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.
If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.
Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IFRS 8 - Segment Reporting;

- when goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.
After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.
The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on intangible assets. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

1.1.2.5. Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.
Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.
Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.
The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.
The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.
Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.
Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits are obtained and/or the urban planning agreements signed, and once the procedure for obtaining administrative permits is completed and construction is underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property."

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit

price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.
As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, More specifically:

- a use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property);
- a use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property);
- a use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

Highest and best use is determined from the perspective of market participants. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset.

1.1.2.6. IAS 23 - Borrowing costs

Borrowing costs directly attributable to the purchase and construction of investment property and inventory, relating to both new constructions and extensions, are added to the carrying value of the property in question. Interest is capitalized provided that the augmented carrying amount of the asset does not increase beyond market value. The Group has not capitalized financial charges.

1.1.2.7. Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Category	Rate
Wiring, sprinkler system, compressed air	10%
HVAC system	15%
Fittings	20%
Plant management computer	20%
Special communication systems - telephone	25%
Special plant	25%
Alarm/security system	30%
Sundry equipment	15%
Office furnishings	12%
Cash registers and EPD machines	20%
Personal computers and accessories	40%

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.
In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.
When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

1.1.2.8. Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.
Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying amount (amortized cost method).

1.1.2.9. Inventory

Inventory is measured at the lower of cost and market value (which corresponds to net realizable value). The cost of inventory includes all purchase, transformation and other costs incurred to bring the inventory to its present location and condition. Given the nature of the Group's inventory, the specific cost method is used.

1.1.2.10. Trade and other receivables

Receivables are initially shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms and conditions. The carrying amount of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

1.1.2.11. Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

1.1.2.12. Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

1.1.2.13. Treasury shares

Treasury shares are recognized at cost and deducted from shareholders’ equity. Any gains or losses generated by their subsequent sale are recognized in equity.

1.1.2.14. Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.
They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds to their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

1.1.2.15. General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated. The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

1.1.2.16. Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are taken to a specific reserve in the statement of comprehensive income under "other comprehensive income." The Group does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Group does not offer employee incentive plans in the form of share participation instruments.

1.1.2.17. Revenue

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the market value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenue is posted to the income statement.

- Rent and business lease revenue

Rental income and business lease revenue from the Group's freehold and leasehold properties is recorded on an accruals basis, according to the rental and leasing contracts in force.

- Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

- Revenue from property sales

Revenue from property sales is recognized in profit or loss upon transfer of ownership or, for lease-to-own agreements, when the property is delivered.

1.1.2.18. Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

1.1.2.19. Income taxes

a) Current taxes

Current tax liabilities for the present and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date. Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

b) Deferred taxes

Deferred taxes are calculated on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

1.1.2.20. 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 equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.
Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period.
Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

1.1.2.21. Derecognition of financial assets and financial liabilities

a) Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Group's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that the Group could be required to pay.

b) Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

1.1.2.22. Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IFRS 9, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;

b) the hedge is expected to be highly effective;

c) the effectiveness of the hedge can be reliably measured;

d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

1.1.2.23. Parent company SIIQ status

A company with SIIQ (Società di Investimento Immobiliare Quotata) status, applicable to the parent company since 1 January 2008, can exclude rental income and the equivalent for the purposes of IRES (corporate income tax) and IRAP (regional business tax) (see also section 2.8 of the Directors' report to the IGD Group's consolidated financial statements).
At 31 December 2019, as at the end of previous years, IGD satisfied both the "asset test" and the "profit test" required to retain SIIQ status.
In accordance with the SIIQ rules, the company does maintain marginal operations other than property rental and the equivalent ("taxable operations").
Therefore, income from taxable operations has been subject to the standard rules of computation, while the SIIQ rules have been followed for income from exempt operations.
To determine the results of separate operations, subject to different accounting and tax treatment in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.
Income from exempt operations therefore include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.
Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.
Due to changes to the SIIQ rules introduced by Law 164 of 11 November 2014 ("Conversion into law, with amendments, of Decree 133 of 12 September 2014"), capital gains and losses on rental properties (whether realized or implicit in fair value measurements) are also included in exempt operations.
In accordance with paragraph 121 of Law 296/06 and with the clarifications contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue/income/dividends to total revenue/income/dividends.
As for properties (owned or held on the basis of other corporeal rights) forming part of rental package deals, the accurate and objective determination of the portion of fees pertaining to the real estate component has been ensured by making the exempt/taxable allocation on the basis of an expert appraisal to quantify the fair value of fees at each property that pertain to rent.
Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more reliable and objective than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

1.1.3. Use of estimates

The preparation of the 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 selected on the basis of the following criteria: (i) recognized European-level qualifications, (ii) specialized expertise in the retail segment, and (iii) reputability and independence. The selection of the independent appraisers is by resolution of the Board of Directors.
In line with recommendations from the supervisory authorities and the various industry best practices, the company has long followed a specific procedure that governs the selection rules for independent appraisers and the handling of information flows used in the process of assessing the properties' fair value.
To appraise the real estate portfolio at 31 December 2019, the following independent firms were selected: (i) CBRE Valuation S.p.A., (ii) Duff&Phelps Reag S.p.A. (formerly Real Estate Advisory Group S.p.A.), (iii) Cushman & Wakefield LLP and (iv) Jones Lang LaSalle S.p.A. Given their specialized expertise in the retail segment, IGD believes that the findings and assumptions used by the independent appraisers are representative of the market.
The properties in the portfolio are appraised individually, using for each one the appraisal techniques specified below in accordance with IFRS 13.
According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate of return for similar investments.
The appraisal methods used, as specified in the individual certificates, are as follows:

- for malls and retail parks, offices, hypermarkets and supermarkets: discounted cash flow (DCF) method based on net rental income for the next n years. According to this method, at the end of the given period it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at an applicable market rate of return for similar investments;

- for construction in progress (extensions and new constructions): transformation method, based on the discounting of future rental income for the property net of construction costs through to completion and other expenses.

With the DCF method, the market value of an investment property is the sum of the present values of the net cash flows it will generate for a number of years depending on the duration of the outstanding contracts. During the period, when the contracts expire, the rent used to compute revenue is replaced with the estimated rental value (ERV) determined by the appraiser, taking account of the contractual rent received, so that in the final year of the DCF revenue consists entirely of ERV. At the end of the period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate (gross cap out rate) for similar investments.

With the transformation method, the market value of a property in the planning or construction phase is calculated by discounting the future income from renting the property, net of construction and other costs to be incurred, for a number of years depending on the duration of plans. At the end of the period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate (gross cap out rate) for similar investments.

In both methods based on the discounting of future income, the key elements are:

1) the amount of net cash flow:
   a. for finished properties: rent received less property costs
   b. for construction in progress: estimated future rent less construction costs and property costs
2) the distribution of cash flows over time:
   a. for finished properties: generally even distribution over time
   b. for construction in progress: construction costs come before future rental income
3) the discount rate
4) the gross cap out rate.

In appraising the different types of properties in the real estate portfolio, the independent experts base their considerations primarily on:

1) information received from IGD SIIQ, as follows:
   (i) for finished properties: data on the rental status of each unit in each shopping center, as specified in the Company's internal procedure; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs;
   (ii) for construction in progress: 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;
2) assumptions used by the independent appraisers, such as inflation, discount rates, cap out rates and ERVs, determined through their own professional judgment upon careful observation of the market. 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 provided by IGD to the independent appraisers and the latters' assumptions and appraisal methods are approved by the head of Real Estate Development and Management, who is responsible for organizing and coordinating the appraisal and for monitoring and verifying results before they are incorporated into the financial statements. The entire process is governed in detail by IGD SIIQ's internal procedure.

Disclosures on the fair value hierarchy 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.

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

Regarding the effects of applying the new IFRS 16 from 1 January 2019, see Section 4.6.2.1 of this report.

The following table shows IGD Group investment property by type, measured at fair value at 31 December 2019. It does not include construction in progress (Porto Grande expansion, listed with assets under construction, and non-retail portions of the Porta a Mare project, listed with inventory) as these are measured at the lower of cost and appraised market value as opposed to fair value.

FAIR VALUE MEASUREMENTS at 31/12/2019 Amounts in thousands of Euro	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKETS (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property Italy:			
Malls and retail parks			1,555,490
Hypermarkets and supermarkets			583,623
Residual portion of property			21,011
Total investment property Italy			**2,160,124**
Investment property Romania:			
Shopping malls			147,590
Office Building			2,700
Total investment property Romania			**150,290**
IGD Group investment property			**2,310,414**
Porta a Mare project			
Porta a Mare project (*)			34,700
Total assets held for trading			**34,700**
Right to use (IFRS 16)			
Right to use (IFRS 16)			54,810
Total right ot use (IFRS 16)			**54,810**
Total IGD Group investment property measured at fair value			**2,399,924**

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

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

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

The following table shows the ranges of unobservable inputs at 31 December 2019:

Portfolio	**Appraisal method**	**Discount rate 31/12/2019**		**GROSS CAP OUT RATE 31/12/2019**		**Yearly rent €/sqm 31/12/2019**	
		min	**max**	**min**	**max**	**min**	**max**
TOTAL MALLS/RP	Income-based (DCF)	6.10%	7.67%	5.79%	9.04%	10	515
TOTAL HYPER/SUPER	Income-based (DCF)	5.60%	7.52%	5.30%	7.00%	66	240
TOTAL Winmarkt	Income-based (DCF)	7.35%	9.40%	6.27%	9.60%	40	203

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 31 December 2019 is reported below.

Sensitivity analysis at 31.12.2019

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 31/12/2019 +0.5 discount rate	(22,189)	(59,797)	(1,214)	(6,020)	(89,220)
Market value at 31/12/2019 - 0.5 discount rate	22,845	61,207	1,443	6,480	91,975
Market value at 31/12/2019 +0.5 gross cap out	(27,229)	(65,271)	(785)	(4,830)	(98,115)
Market value at 31/12/2019 - 0.5 gross cap out	32,056	74,706	935	5,670	113,367
Market value at 31/12/2019 +0.5 discount rate +0.5 gross cap out	(47,921)	(120,517)	(1,878)	(10,630)	(180,946)
Market value at 31/12/2019 - 0.5 discount rate -0.5 gross cap out	56,922	140,993	2,380	12,260	212,555
Market value at 31/12/2019 +0.5 discount rate -0.5 gross cap out	8,753	12,153	(299)	(840)	19,767
Market value at 31/12/2019 - 0.5 discount rate +0.5 gross cap out	(5,475)	(6,303)	638	1,170	(9,970)

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 property, plant and equipment.

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 considered the results of the business plan in keeping with those used for impairment testing.

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 13: 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 31 December is determined on the basis of annual earnings reports from the individual tenants, if available, and otherwise on the basis of monthly reports.

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.

1.1.4. 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.

Profit and Loss	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		Total	
Total revenue and operating income	**155,259**	**151,760**	**6,383**	**6,309**	**406**	**4,445**	**0**	**0**	**162,048**	**162,514**
Change in work in progress inventory	**0**	**0**	**0**	**0**	**1,288**	**(4,365)**	**0**	**0**	**1,288**	**(4,365)**
Direct costs (a) (excluding provision for doubtful accounts)	19,083	26,882	5,491	5,130	1,769	866	0	0	26,343	32,878
G&A expenses (b)	0	0	0	0	0	0	12,273	11,757	12,273	11,757
Total operating costs (a)+(b)	**19,083**	**26,882**	**5,491**	**5,130**	**1,769**	**866**	**12,273**	**11,757**	**38,616**	**44,635**
(Depreciation and amortizations)	(1,400)	(1,567)	0	(52)	(2)	(1)	(185)	(368)	(1,587)	(1,988)
(Impairment losses) /reversals on work in progress and inventory	(72)	0	0	0	(920)	(930)	0	0	(992)	(930)
Fair value change - increase/(decreases)	(71,796)	(29,349)	0	0	0	0	0	0	(71,796)	(29,349)
Total depreciation, amortization, provisions, impairment and fair value changes	**(73,268)**	**(30,916)**	**0**	**(52)**	**(922)**	**(931)**	**(185)**	**(368)**	**(74,375)**	**(32,267)**
EBIT	**62,908**	**93,962**	**892**	**1,127**	**(997)**	**(1,717)**	**(12,458)**	**(12,125)**	**50,345**	**81,247**
Income/ (loss) from equity investments and property sales	**0**	**0**	**0**	**0**	**0**	**0**	**11**	**(85)**	**11**	**(85)**
Financial income	**0**	**0**	**0**	**0**	**0**	**0**	**86**	**92**	**86**	**92**
Financial charges	**0**	**0**	**0**	**0**	**0**	**0**	**36,840**	**32,590**	**36,840**	**32,590**
Net financial income	**0**	**0**	**0**	**0**	**0**	**0**	**(36,754)**	**(32,498)**	**(36,754)**	**(32,498)**
PRE-TAX PROFIT	**62,908**	**93,962**	**892**	**1,127**	**(997)**	**(1,717)**	**(49,201)**	**(44,708)**	**13,602**	**48,664**
Income taxes for the period	0	0	0	0	0	0	1,011	2,276	1,011	2,276
NET PROFIT FOR THE PERIOD	**62,908**	**93,962**	**892**	**1,127**	**(997)**	**(1,717)**	**(50,212)**	**(46,984)**	**12,591**	**46,388**
Non-controlling interests in (Profit)/ Loss of the period	0	0	0	0	0	0	0	0	0	0
Parent company share of net profit for the period	**62,908**	**93,962**	**892**	**1,127**	**(997)**	**(1,717)**	**(50,212)**	**(46,984)**	**12,591**	**46,388**

BALANCE SHEET	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
- Investment property	2,365,214	2,346,527	0	0	0	0	0	0	2,365,214	2,346,527
- Assets under construction	40,827	36,563	0	0	0	0	0	0	40,827	36,563
Intangible assets	11,478	11,655	1,007	1,007	0	0	50	34	12,535	12,696
Other tangible assets	1,131	1,718	190	9	7	1	7,642	7,887	8,970	9,615
- Sundry receivables and other non-current assets	0	0	0	0	0	0	117	111	117	111
- Equity investments	(0)	25	0	0	0	0	223	252	223	277
NWC	(16,797)	(8,236)	1,112	1,534	34,127	32,721	0	0	18,442	26,019
Funds	(1,584)	(6,812)	(5,516)	(1,327)	(25)	(25)	0	0	(7,125)	(8,164)
Non-current payables and other liabilities	(15,953)	(13,822)	0	0	(5,920)	(5,920)	0	0	(21,873)	(19,742)
Net deferred tax (assets)/ liabilities	(28,875)	(20,568)	0	0	2,562	(5,772)	0	0	(26,313)	(26,340)
Total use of funds	**2,355,441**	**2,347,050**	**(3,207)**	**1,223**	**30,751**	**21,005**	**8,032**	**8,284**	**2,391,017**	**2,377,562**
Total shareholders' equity	1,184,472	1,233,772	(4,509)	(320)	31,051	18,886	0	0	1,211,014	1,252,338
Net (assets) and liabilities for derivative instruments	17,365	17,364	0	0	0	0	0	0	17,365	17,364
Net financial position	1,153,604	1,095,914	1,302	1,543	(300)	2,119	8,032	8,284	1,162,638	1,107,860
Total sources	**2,355,441**	**2,347,050**	**(3,207)**	**1,223**	**30,751**	**21,005**	**8,032**	**8,284**	**2,391,017**	**2,377,562**

REVENUE FROM FREEHOLD PROPERTIES	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY&ISLANDS		ABROAD		TOTAL	
Lease & retail income	76,078	72,554	52,425	53,350	9,950	9,638	138,453	135,542
One-off revenue	4	44	0	17	0	0	4	61
Temporary location rentals	2,405	2,236	1,307	1,257	0	0	3,712	3,493
Other rental income	85	2	411	175	15	13	511	190
TOTAL	**78,572**	**74,836**	**54,143**	**54,799**	**9,965**	**9,651**	**142,680**	**139,286**

1.1.5. Notes to the consolidated financial statements

Note 1) Revenue and other income

	Note	31/12/2019	31/12/2018	Change
Revenue	**1**	**155,259**	**151,760**	**3,499**
Revenues from third parties		113,375	109,105	4,270
Revenues from related parties		41,884	42,655	(771)
Other revenue	**2.1**	**6,383**	**6,309**	**74**
Other revenues from third parties		3,791	3,869	(78)
Other revenues from related parties		2,592	2,440	152
Revenues from property sales	**2.2**	**406**	**4,445**	**(4,039)**
Operating revenues		**162,048**	**162,514**	**(466)**

In 2019 the IGD Group earned revenue and other income of €162,048K, including €406K from property sales (residential units in the Mazzini section of the Porta a Mare project). The decrease of €466K is due primarily to the trend in property sales, partially offset by the positive impact of portfolio changes with the acquisition of four businesses in April 2018.

Note 1.1) Revenue

	Note	31/12/2019	31/12/2018	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	37,805	38,293	(488)
Leasehold hypermarkets - Business leases from related parties	a.2	121	120	1
Freehold supermarkets - Rents and business leases from related parties	a.3	1,403	1,719	(316)
Freehold supermarkets - Rents and business leases from third parties	a.4	43	0	43
TOTAL HYPERMARKETS/SUPERMARKETS	**a**	**39,372**	**40,132**	**(760)**
Freehold malls, offices and city center	**b.1**	**99,640**	**95,693**	**3,947**
Rents		**19,155**	**18,693**	**462**
To related parties		1,099	1,182	(83)
To third parties		18,056	17,511	545
Business leases		**80,485**	**77,000**	**3,485**
To related parties		975	917	58
To third parties		79,510	76,083	3,427
Leasehold malls	**b.2**	**11,764**	**11,657**	**107**
Rents		**626**	**614**	**12**
To related parties		118	117	1
To third parties		508	497	11
Business leases		**11,138**	**11,043**	**95**
To related parties		258	253	5
To third parties		10,880	10,790	90
Other contracts and temporary rents	**b.3**	**4,483**	**4,278**	**205**
Other contracts and temporary rents		4,378	4,224	154
Other contracts and temporary rents - related parties		105	54	51
TOTAL MALLS	**b**	**115,887**	**111,628**	**4,259**
GRAND TOTAL	**a+b**	**155,259**	**151,760**	**3,499**
of which related parties		41,884	42,655	(771)
of which third parties		113,375	109,104	4,271

Rent and business lease revenue increased by €3,499K for the year.
Rent from freehold hypermarkets and supermarkets decreased by €760K with respect to 2018.
Rent and business lease revenue from freehold malls and offices rose by €4,259K, chiefly as a result of:

- the full-year contribution of the four businesses acquired in April 2018;

- the full-year contribution of the Crema shopping center expansion, completed in May 2018;
- like-for-like growth (+0.3%) thanks to occupancy initiatives completed in the final quarter of 2019, rising fees, and increased rent from temporary spaces, partially offset by greater temporary discounts granted;
- higher like-for-like revenue in Romania (+3.2%), due in part to occupancy and renegotiation initiatives.

For further information, see the income statement review (section 2.2.1) in the Directors' Report.

Note 2.1) Other income

	31/12/2019	31/12/2018	Change
Out-of-period income/charges	7	0	7
Facility management revenues	3,297	3,258	39
Portfolio and rent management revenues	229	293	(64)
Pilotage and construction revenues	164	225	(61)
Marketing revenues	0	47	(47)
Other income	94	46	48
Other revenues from third parties	**3,791**	**3,869**	**(78)**
Facility management revenues from related parties	2,507	2,233	274
Pilotage and construction revenues from related parties	3	112	(109)
Marketing revenues vs related parties	56	23	33
Portfolio and rent management revenues from related parties	29	72	(43)
Other revenues from related parties	**2,592**	**2,440**	**152**
Other revenue	**6,383**	**6,309**	**74**

Other income from third parties decreased by €78K, primarily reflecting the trend in pilotage revenue, marketing revenue, and portfolio and rent management fees.
Other income from related parties increased by €152K, due mainly to the rise in facility management revenue.

Note 2.2) Income from the sale of trading properties

This came to €406K in 2019 and concerns 1 residential unit, 2 enclosed garage units and one parking space in the Mazzini section of Porta a Mare. In 2018 the Group sold 14 residential units, 14 enclosed garage units and one parking space.

Note 3) Service costs

	31/12/2019	31/12/2018	Change
Service costs from third parties	**12,587**	**20,684**	**(8,097)**
Paid rents	220	10,448	(10,228)
Promotional and advertising expenses	1,078	428	650
Centers management expenses for vacancies	1,772	1,290	482
Centers management expenses for ceiling to tenants' costs	1,617	1,603	14
Facility management administration costs	753	700	53
Insurances	839	841	(2)
Professional fees	110	126	(16)
Directors' and statutory auditors' fees	1,263	787	476
External auditing fees	232	216	16
Investor relations, Consob, Monte Titoli costs	484	436	48
Shopping center pilotage and construction costs	19	30	(11)
Consulting	1,302	901	401
Real estate appraisals fees	480	470	10
Maintenance and repair expenses	369	360	9
Other costs of services	2,049	2,048	1
Service costs from related parties	**3,260**	**3,205**	**55**
Service	316	327	(11)
Centers management expenses for vacancies	1,055	606	449
Centers management expenses for ceiling to tenants' costs	1,726	2,046	(320)
Insurances	71	71	0
Directors' and statutory auditors' fees	88	151	(63)
Other costs of services	4	4	0
Service costs	**15,847**	**23,889**	**(8,042)**

Service costs decreased by €8,042K for the year.
Most of the trend is explained by a reduction in rent paid due to the recognition from 1 January 2019 of the leases for the Centro Nova, Centro Piave and Fonti del Corallo (Livorno) malls and for the parking lot at Centro d'Abruzzo in accordance with the new accounting standard IFRS 16. For further information on the new standard, see Section 4.6.2.1 of this report. That decrease was partially offset by *(i)* greater promotional expenses as a result of more initiatives held at various shopping centers during the year, *(ii)* greater costs for unlet space, *(iii)* the provision of end-of-term benefits for directors, and *(iv)* consulting fees.
Related party service costs increased by €55K, due mainly to greater costs for unlet space, offset by decreased costs for ceilings on tenants' expenses and lower directors' and statutory auditors' fees.

Note 4) Cost of labor

	31/12/2019	31/12/2018	Change
Wages and salaries	7,585	7,156	429
Social security	1,992	1,860	132
Severance pay	431	491	(60)
Other costs	209	303	(94)
Cost of labour	**10,217**	**9,810**	**407**

The increase reflects the higher number of employees and the full implementation of contractual adjustments.
Severance pay includes contributions to supplementary funds in the amount of €147K.

The workforce is broken down by category below:

	31/12/2019	31/12/2018
Executives	5	6
Middle managers	29	25
Junior managers	73	75
Clerks	70	70
Total	**177**	**176**

Note 5) Other operating costs

	31/12/2019	31/12/2018	Change
IMU/TASI/Property tax	9,540	9,262	278
Other taxes	119	97	22
Contract registrations	442	381	61
Out-of-period income/charges	20	58	(38)
Membership fees	143	142	1
Losses on receivables	90	13	77
Fuel and tolls	223	221	2
Other costs	246	198	48
Other operating costs	**10,823**	**10,372**	**451**

Most of the increase in other operating costs refers to IMU/TASI/Property tax for the Group's share of IMU (municipal tax) on the four malls acquired with the purchase of four businesses in April 2018, as well as greater losses on receivables.

Note 6) Change in work in progress inventory

	31/12/2019	31/12/2018	Change
Construction costs for the period	1,729	565	1,164
Change in inventories for disposal	(441)	(4,930)	4,489
Change in inventory	**1,288**	**(4,365)**	**5,653**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno decreased by €1,288K due to the sale of residential units as detailed in Note 2.2, net of the advancement of works for the period (see Note 22 for further information).

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

	31/12/2019	31/12/2018	Change
Amortization of intangible assets	(18)	(19)	1
Amortization of tangible assets	(470)	(801)	331
Provisions for risks	(538)	(284)	(254)
Depreciations, amortization and provisions	**(1,026)**	**(1,104)**	**78**
Provisions for doubtful accounts	**(561)**	**(884)**	**323**
(Impairment losses)/Reversals on work in progress and inventories	**(992)**	**(234)**	**(758)**
Change in fair value	**(71,796)**	**(42,902)**	**(28,894)**
Net revaluation acquisition	**0**	**12,857**	**(12,857)**
Depreciation, amortization, provisions, impairment and change in fair valu	**(74,375)**	**(32,267)**	**(42,108)**

- Depreciation and amortization decreased by €332K, due mainly to the application of the new accounting standard IFRS 16 (see Section 4.6.2.1 for details).
- Other provisions reflect the estimated liability for two IMU (municipal property tax) disputes regarding La Torre (Palermo) shopping center, for which €113K has been provided, and Esp shopping center (Ravenna), for which €25K has been set aside. This item also increased because of a €400K provision for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of Galimberti S.p.A., which had leased retail space from IGD at Conè shopping center but has since vacated the premises.
- The allocation to the provision for doubtful accounts came to €561K, a decrease of €323K compared with the previous year, 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;
- "(Impairment losses)/reversals on work in progress and inventory" (-€992K) cover the following: (i) an impairment loss of €72K for the expansion of Porto Grande (see Note 17), to bring carrying value into line with the lower of cost and market value as stated in the appraisal of 31 December 2019; (ii) an impairment loss of €920K regarding work in progress inventory for the Porta a Mare project, to bring carrying value into line with the lower of cost and market value as stated in the appraisal of 31 December 2019 (see Note 22);
- The item "Fair value changes" (-€71,796K) primarily covers: *(i)* a net writedown of €71,862 (see Note 14) to match the carrying value of investment property to its market value at 31 December 2019; *(ii)* a writeback of €66K to match the carrying amount 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

	31/12/2019	31/12/2018	Change
Income/(loss) from property sales	11	0	11
Income/(loss) from equity investments	0	(85)	85
Income/ (loss) from equity investments and asset disposal	**11**	**(85)**	**96**

Net income of €11K for the year refers to the sale of Palazzo Orlando (see Section 2.5 of the directors' report to the consolidated financial statements).

Note 9) Financial income and charges

	31/12/2019	31/12/2018	Change
Bank interest income	15	8	7
Other interests income and equivalents	20	34	(14)
Interest income from related parties	1	0	1
Exchange rate (losses)/gains	48	47	1
Financial income from third parties	**84**	**89**	**(5)**
Interest income from related parties	2	3	(1)
Financial income from related parties	**2**	**3**	**(1)**
Financial Income	**86**	**92**	**(6)**

Financial income was essentially in line with the previous year. Interest income from related parties is described in Note 40.

	31/12/2019	31/12/2018	Change
Interest expenses on security deposits	104	36	68
Financial charges from related parties	104	36	68
Interest expenses to banks	38	5	33
Mortgages interests vs banks	6,222	3,410	2,812
Amortized mortgage loan costs	1,195	430	765
IRS spread	6,365	6,663	(298)
Bond financial charges	14,363	18,859	(4,496)
Bond amortized costs	5,290	2,064	3,226
Financial charges on leasing	48	52	(4)
Financial charges IFRS 16	1,931	0	1,931
Other interests and charges	1,284	1,071	213
Financial charges from third parties	36,736	32,554	4,182
Financial charges	36,840	32,590	4,250
Net financial expense	36,754	32,498	4,256

Total financial charges increased by €4,250K.
Financial charges with third parties increased by €4,182K, due primarily to:

- a reduction in IRS spreads reflecting the lower notional principal amount;
- a decrease in interest on bonds, given the settlement in January 2019 of the €150 million bond loan and the completion in November 2019 of an operation entailing a new €400 million bond loan issue and the partial buyback of outstanding bonds worth a total of €237,607K (€229,207K from the €300 million bond issue and €8,400K from the €162 million issue);
- an increase of €3,226K in amortized cost expense resulting from the recognition of the difference between the present value of new cash flows discounted at the original effective interest rate and the present value of the cash flows of the original liability, in the context of the operation entailing a new €400 million bond loan issue and the partial buyback of outstanding bonds worth a total of €237,607K;
- additional financial charges of €1,931K due to the adoption of IFRS 16 (see Note 4.6.2.1 for details);
- greater borrowing interest in light of the acquisition of the four businesses in April 2018 and the €200 million loan disbursed in two installments in the first quarter of 2019;
- greater interest on committed credit lines.

For 2019, the average cost of debt (without considering recurring and non-recurring transaction costs) was 2.35%, down from 2.65% the previous year, while the weighted average effective cost of debt went from 2.88% to 2.98%.

Note 10) Income taxes

	31/12/2019	31/12/2018	Change
Current taxes	1,450	1,431	19
Deferred tax liabilities	(502)	488	(990)
Deferred tax assets	37	359	(322)
Out-of-period income/charges - Provisions	26	(2)	28
Total income taxes for the period	**1,011**	**2,276**	**(1,265)**

Current and deferred taxes came to €1,011K, improved since the previous year.
Current taxes were consistent with 2018.
The change in deferred tax assets and deferred tax liabilities is mostly due to their adjustment to reflect the disparity between market value and the amount valid for tax purposes, caused by fair value adjustments on certain investment properties held by subsidiaries without SIIQ status, and to the adoption of IFRS 16 from 1 January 2019.
From 18 September to 18 December 2019, the Ravenna provincial tax office audited Punta di Ferro SIINQ S.p.A. and IGD Property SIINQ S.p.A. (merged to form IGD SIIQ S.p.A. in 2017) for tax years 2015 and 2016, and IGD Management S.r.l. for tax year 2016.
On 29 October 2019, IGD Management S.r.l. received the audit report, with one finding as regards VAT: a violation of Art. 17(6)(a) *ter* of Presidential Decree 633/72 (the reverse charge rule).
On 28 November 2019, Punta di Ferro SIINQ S.p.A. received its audit report with the following findings:

- Finding no. 1: IRES and IRAP taxes for 2015 on invoices treated in the income statement as maintenance, while the auditors believe they should be treated as assets, for disallowed deductions of €144,500.00.

- Finding no. 2: IRES tax for 2016 on a non-deductible provision for doubtful accounts of €40,238.00 that was mistakenly included among increases for exempt operations, rather than taxable operations.

Note that finding no. 1 would make it possible to deduct depreciation in the coming years on the amount added back to income.
Management is considering whether to recover depreciation for the years 2016, 2017 and 2018, as the Company obtained SIINQ status in 2016 and was later merged into a SIIQ (IGD), so the deduction (for taxable operations only) would increase consolidated fiscal losses by around €1,200 per year without producing any tax benefit. For IRAP purposes, the benefit would be approximately 100 euros.
Finding no. 2 does not generate any tax charge as the Company can use its ACE benefits for that year.
On 18 December 2019, IGD Property SIINQ S.p.A. received a clean audit report. Regarding the findings described above, as of 31 December 2019 IGD SIIQ S.p.A. had recognized a provision of €30K under taxes.

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2019 and 31 December 2018.

Reconciliation of income tax applicable to profit before taxes	31/12/2019	31/12/2018
Pre-tax profit	**13,602**	**48,665**
Theoretical tax charges (rate 24%)	3,264	11,680
Profit resulting in the income statement	13,602	48,665
Increase:		
IMU - Property tax	8,634	8,319
Fair value on work in progess and inventories	992	234
Other increases	13,117	8,101
Decreases:		
Change in tax-exempt income	(65,586)	(76,589)
Deductible depreciation	(6,453)	(11,305)
Negative Fair value	67,601	42,902
Other changes	(28,290)	(11,130)
Tax income	**3,617**	**9,197**
Use of past losses	**51**	**0**
Use of ACE Benefit	**2,631**	**2,379**
Taxable income net of losses and ACE Benefit	**935**	**6,818**
Lower current taxes recognized direcly in equity	**(3)**	**(98)**
Current taxes of the years	**987**	**1,012**
Total current IRES for the year (a)	**987**	**1,012**
Difference between value and cost of production	**120,093**	**127,047**
Theoretical tax charges (rate 3.9%)	4,684	4,955
Difference between value and cost of production	**120,093**	**127,047**
Changes:		
Increases	12,782	10,045
Decreases	(12,135)	(12,138)
Change in exempt income	(99,411)	(107,439)
Other decuctions	(9,193)	(8,801)
Taxable IRAP income	**12,136**	**8,714**
Lower taxes for Irap recognized direcly in equity	**0**	**(10)**
Current IRAP for the year (b)	**463**	**421**
Total current taxes (a+b)	**1,450**	**1,433**

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 calculations have been made considering the effects of treasury shares held at the end of 2019. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

	31/12/2019	31/12/2018
Net profit attributable to IGD SIIQ S.p.A. shareholders	12,591	46,388
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	12,591	46,388
Weighted average number of ordinary shares for purposes of basic earnings per share	109,989,326	101,104,970
Weighted average number of ordinary shares for purposes of diluted earnings per share	109,989,326	101,104,970
Basic earnings per share	**0.114**	**0.459**
Diluted earnings per share	**0.114**	**0.459**

Note 12) Intangible assets with finite useful lives

	01/01/2018	Increase	Decrease	Amortization	31/12/2018
Intangible assets with finite useful lives	35	18	0	(19)	34

	01/01/2019	Increase	Decrease	Amortization	31/12/2019
Intangible assets with finite useful lives	34	34	0	(18)	50

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of company trademarks and for business software. Trademarks are amortized over ten years and software over three years. During the year there were no impairment losses or reversals on intangible assets. The greatest increases during the year concern the tradenames of various freehold shopping centers (€9K), the renewal of a business software license (€11K), and the creation of a subsidiary's website (€10K).

Note 13) Goodwill

	01/01/2018	Increase	Variation of consolidated area	Impairment	Reclassification	31/12/2018
Goodwill	12,662	0	0	0	0	12,662

	01/01/2019	Increase	Variation of consolidated area	Impairment	Reclassification	31/12/2019
Goodwill	12,662	123	0	-300	0	12,485

Goodwill has been allocated to the individual cash generating units (CGUs).
Below is the breakdown of goodwill by CGU at 31 December 2019:

Goodwill	31/12/2019
Millennium Gallery s.r.l.	3,952
Win Magazin S.A.	5,409
Winmarkt Management s.r.l.	1
RGD Ferrara 2013 s.r.l.	123
Fonti del Corallo	1,000
Centro Nova	546
Centro Piave	448
Service	1,006
Goodwill	**12,485**

As mentioned in Section 4.6.2.1, 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. In addition, as described in Section 4.6.2.2, goodwill has increased by €123K due to the first line-by-line consolidation of RGD Ferrara 2013 S.r.l.

Goodwill for Millennium and Win Magazin 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 Section 3 above. Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability derives from the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount. Goodwill for the CGUs Fonti del Corallo, Centro Nova, Centro Piave, Darsena, Service, and Winmarkt Management S.r.l. pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. The figures were retested for impairment during preparation of the financial statements. For the Service and Winmarkt Management S.r.l. CGUs, value in use was calculated by projecting operating cash flows based on the 2020 budget and on estimates in the 2019-2021 strategic plan approved by the Board of Directors on 7 November 2018. The discount rate (WACC) was 4.19%; the risk premium contained in the cost of equity is 5.54%, while the borrowing rate used is the average rate of competitors or 2.02%. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported. For Fonti del Corallo, value in use was adjusted to the amount stated in the contract with BNP Paribas for the sale of the retail licenses for the mall, to be finalized in 2026 when the current lease expires. For the Centro Nova, Centro Piave, and Darsena CGUs, value in use was compared with the sale value of the retail licenses as inferred from similar market transactions. This comparison did not raise the need to adjust the amounts in the financial statements.

Note 14) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with increases, decreases, and changes in fair value shown separately.

	01/01/2018	IFRS 16	Increase	Acquisitions	Decrease	Revaluation	Devaluation	Reclassification	Others	31/12/2018
Investment property	2,157,176	0	11,109	208,336	(5)	37,791	(79,802)	11,922	0	2,346,527
Right-of-use IFRS16	0	0	0	0	0	0	0	0	0	0
Investment property	**2,157,176**	**0**	**11,109**	**208,336**	**(5)**	**37,791**	**(79,802)**	**11,922**	**0**	**2,346,527**

	01/01/2019	IFRS 16	Increase	Acquisitions	Decrease	Revaluation	Devaluation	Reclassification	Others	31/12/2019
Investment property	2,346,527	0	14,353	14,133	12,770	5,269	(65,280)	6,736	1,446	2,310,414
Right-of-use IFRS16	0	66,431	183	0	0	0	(11,851)	37	0	54,800
Investment property	**2,346,527**	**66,431**	**14,536**	**14,133**	**12,770**	**5,269**	**(77,131)**	**6,773**	**1,446**	**2,365,214**

The changes in investment property since 31 December 2018 concern:

- 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 €66,431K, in light of the rental contracts for the malls at Centro Nova, Centro Piave, and Fonti del Corallo shopping centers and the parking lot at Centro d'Abruzzo;

- the reclassification to investment property of the following finished projects: *(i)* restyling of the Fonti del Corallo shopping center (€1,497K); *(ii)* 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 retail areas (€1,421K); *(iii)* the restyling and remapping (combination/splitting of stores) of the first floor of the Casilino mall in Rome (€2,585K); and *(iv)* the restyling of the Gran Rondò mall in Crema (€1,232K);
- extraordinary maintenance and earthquake proofing at shopping centers (€14,536K), 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 2.5 of this report and Note 45 to the consolidated financial statements;
- IGD's purchase on 30 September 2019 of 50% of the Darsena City mall in Ferrara (€14,133K), of which it was previously joint owner;
- the sale by the wholly-owned subsidiary Porta Medicea S.r.l. of Palazzo Orlando, an office building in Livorno, for €12.8 million plus taxes;
- fair value adjustments. Specifically, investment property was revalued in the amount of €5,269K and written down by €77,131K, for a net negative impact of €71,862K.

Note 15) Buildings

	01/01/2018	Increase	Decrease	Amortization	31/12/2018
Historical cost	10,114	0	0	0	10,114
Depreciation fund	(1,983)	0	0	(244)	(2,227)
Net book value	**8,131**	**0**	**0**	**(244)**	**7,887**

	01/01/2019	Increase	Decrease	Amortization	31/12/2019
Historical cost	10,114	0	0	0	10,114
Depreciation fund	(2,227)	0	0	(244)	(2,471)
Net book value	**7,887**	**0**	**0**	**(244)**	**7,643**

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

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

	01/01/2018	Increase	Decrease	Amortization	Reclassification	31/12/2018
Historical cost	3,168	29	0	0	0	3,197
Depreciation fund	(2,908)	0	0	(76)	0	(2,984)
Plant and machinery	**260**	**29**	**0**	**(76)**	**0**	**213**
Historical cost	5,532	136	(40)	0	66	5,694
Depreciation fund	(4,516)	(4)	0	(206)	0	(4,726)
Equipment and other goods	**1,016**	**132**	**(40)**	**(206)**	**66**	**968**
Historical cost	2,992	27	0	0	0	3,019
Depreciation fund	(2,195)	0	0	(277)	0	(2,472)
Leasehold improvements	**797**	**27**	**0**	**(277)**	**0**	**547**

	01/01/2019	Increase	Decrease	Amortization	Reclassification	31/12/2019
Historical cost	3,197	176	(165)	0	0	3,208
Depreciation fund	(2,984)	0	35	(98)	0	(3,047)
Plant and machinery	**213**	**176**	**(130)**	**(98)**	**0**	**161**
Historical cost	5,694	326	0	0	0	6,020
Depreciation fund	(4,726)	0	0	(128)	0	(4,854)
Equipment and other goods	**968**	**326**	**0**	**(128)**	**0**	**1,166**
Historical cost	3,019	0	(780)	0	(35)	2,204
Depreciation fund	(2,472)	0	268	0	0	(2,204)
Leasehold improvements	**547**	**0**	**(512)**	**0**	**(35)**	**0**

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect (i) purchases during the year (€502K), mainly latest-generation movie projectors for the cinema at Sarca shopping center and office equipment for the HQ space leased to third parties; (ii) depreciation for the period (€226K); and (iii) the adoption of IFRS 16 from 1 January 2019 (see Section 4.6.2.2 for details).

Note 17) Assets under construction

	01/01/2018	Increase	Decrease	(Writedowns)/ Revaluation	Fair Value changes	Reclassification to assets under construction	Reclassificatio n	31/12/2018
Assets under construction	38,233	8,112	0	(887)	(190)	0	(11,324)	33,944
Advance payments	2,233	677	(201)	0	0	0	(90)	2,619
Assets under construction and advance payments	**40,466**	**8,789**	**(201)**	**(887)**	**(190)**	**0**	**(11,414)**	**36,563**

	01/01/2019	Increase	Decrease	(Writedowns)/ Revaluation	Fair Value	Reclassification to assets under construction	Reclassificatio n	31/12/2019
Assets under construction	33,944	10,472	0	(72)	66	1,572	(6,773)	39,209
Advance payments	2,619	1,596	(1,025)	0	0	(1572)	0	1,618
Assets under construction and advance payments	**36,563**	**12,068**	**(1,025)**	**(72)**	**66**	**0**	**(6,773)**	**40,827**

The change for the year in assets under construction and advances refers to:

- investments during the year including reclassifications from advances, for a total of €11,889K, primarily for: (i) completion of the restyling of Fonti del Corallo shopping center (€934K); (ii) completion of Fonti del Corallo remapping under an agreement between IGD SIIQ and Unicoop Tirreno (€1,061K); (iii) restyling and remapping (combination/splitting of stores) of the first floor of the Casilino mall in Rome (€2,622K); (iv) restyling of the Gran Rondò mall in Crema (€1,232K); (v) restyling plans for La Favorita (Mantua) and Porto Grande (San Benedetto del Tronto) shopping centers (€210K); (vi) remapping of the shopping centers Le Maioliche (Faenza), Conè (Conegliano), and Porto Grande (San Benedetto del Tronto) under the agreement between IGD SIIQ and Coop Alleanza 3.0 to reduce the size of the hypermarket and expand the shopping mall (€698K); (vii) construction of new midsize retail areas at Gran Rondò shopping center and retail park in Crema (€45K); (viii) restyling of Darsena (Ferrara) and Punta di Ferro (Forlì) shopping centers (€103K); and (ix) ongoing work at Officine Storiche (€4,984K);
- the reclassification of investments completed during the year (€6,773K): €6,736 to investment property, as described earlier, and €37K to equipment and other assets;
- a writedown of €72K for the Portogrande expansion, offset by a positive €66K for the fair value measurement of the Officine Storiche project (Porta a Mare), which is nearing completion;
- a net decrease in advances paid (€1,001K).

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. Net deferred tax assets reflect the deferred tax assets and liabilities of the Italian companies, while the deferred tax liabilities shown in the statement of financial position concern the Romanian subsidiary.

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

	31/12/2019	31/12/2018	Change
Capital operation	0	2	(2)
Taxed provisions	395	332	63
Interest rate swap operations	4,005	3,990	15
Impariment loss on inventories	2,560	2,560	0
Impariment loss on equity investments and financial receivables	271	271	0
Loss from tax consolidation	1,163	1,163	0
Property investment	(79)	(18)	(61)
Other effects	318	22	296
IFRS 16	364	0	364
Total deferred tax assets	**8,997**	**8,322**	**675**

	31/12/2019	31/12/2018	Change
Property investments	14,798	13,697	1,101
Bond	0	9	(9)
Interest rate swap operations	0	(1)	1
Other effects	184	170	14
IFRS 16	331	0	331
Total deferred tax liabilities	**15,313**	**13,875**	**1,438**

	31/12/2019	31/12/2018	Change
Net deferred tax assets	0	0	0
Net deferred tax liabilities	(6,316)	(5,553)	(763)

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 market 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 4.6.2.2 for further information).
Deferred tax liabilities principally concern the difference between the market value of investment property and its value for tax purposes. Most of the change relates to the decrease in the value for tax purposes of certain investment properties held by the Group companies IGD Management S.r.l. and Millennium Gallery S.r.l. as a result of depreciation for the year.
Given the likelihood of future taxable income, prior-year losses are expected to be used, so the deferred tax assets are likely to be recovered.

At 31 December 2019, for the Italian companies, the balance of deferred tax assets of €8,997K and deferred tax liabilities of €15,313K was a net liability of €6,316K.
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 Win Magazin SA.

	31/12/2019	31/12/2018	Change
Property investments Romania	19,997	20,787	(790)
Italian companes net deferred tax liabilities	6,316	5,553	763

Note 19) Sundry receivables and other non-current assets

	31/12/2019	31/12/2018	Change
Security deposits	94	88	6
Due to other	24	23	1
Sundry receivables and other non-current assets	**118**	**111**	**7**

This item increased as a result of security deposits paid during the year.

Note 20) Equity investments

	01/01/2019	Increase	Decrease	Revaluations/ (Write-downs)	31/12/2019
Cons. propr. del compendio com. del Commendone (GR)	6	0	0	0	6
Consorzio prop. Fonti del Corallo	7	0	0	0	7
Consorzio I Bricchi	4	0	0	0	4
Consorzio Leonardo	52	0	0	0	52
Consorzio Punta di Ferro	6	0	0	0	6
Equity investment in subsidiaries	**75**	**0**	**0**	**0**	**75**
Rgd Ferrara 2013	54	0	(54)	0	0
Millennium Center	4	0	0	0	4
Equity investments in associates	**58**	**0**	**(54)**	**0**	**4**
Equity investments in other companies	**144**	**0**	**0**	**0**	**144**
Equity investments	**277**	**0**	**(54)**	**0**	**223**

The decrease in equity investments in associates is due to the first line-by-line consolidation of RGD Ferrara 2013 S.r.l., previously carried using the net equity method, of which IGD Management S.r.l. acquired the remaining 50% on 30 September 2019.

Note 21) Non-current financial assets

	31/12/2019	31/12/2018	Change
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

	01/01/2019	Increase	Decrease	Revaluations/ (Writedowns)	Reclassification	31/12/2019
"Porta a Mare" project	33,170	1,729	(441)	(920)	21	33,559
Advances	43	21	0	0	(21)	43
Work in progress inventory	**33,213**	**1,750**	**(441)**	**(920)**	**0**	**33,602**

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 €1,729K; (ii) a decrease for the final sale of 1 property, 2 enclosed garage units and 1 parking space (€441K); (iii) a writedown to adjust carrying amount to the lower of cost and appraised market value (€920K).

Note 23) Trade and other receivables

	31/12/2019	31/12/2018	Change
Trade and other receivables	24,394	26,404	(2,010)
Provision for doubtful accounts	(13,280)	(13,488)	208
Trade and other receivables	**11,114**	**12,916**	**(1,802)**

Trade receivables, gross of the provision for doubtful accounts, decreased by €2,010K due mainly to an increase in payments received, an improvement in maturity brackets, and the closure of some receivables associated with the sale of apartments in 2018 by the subsidiary Porta Medicea S.r.l. Receivables are recognized net of the provision for doubtful accounts, which reflects positions not considered to be fully recoverable. The allocation for the year, €807K, was calculated based on the problems encountered with individual receivables recognized at 31 December 2019 and on all available information. The use of €1,135K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.
The change in the scope of consolidation concerns the provision for doubtful accounts of RGD Ferrara 2013 S.r.l. as a result of IGM Management S.r.l.'s purchase of the remaining 50% of that company and its consequent line-by-line consolidation in the Group's financial statements.
Movements in the provision for doubtful accounts are shown below:

	31/12/2019	31/12/2018	Change
Provision for doubtful account at the beginning of the period	**13,488**	**14,107**	**(619)**
Foreign exchange effect	(29)	(2)	(27)
Reverse	(1,135)	(1,593)	458
Write-down/(uses) interest on late payments	(3)	(14)	11
Provision	807	884	(77)
Variation area/extraord.operations	152	0	152
Other movements	0	106	(106)
Provision for doubtful account at the end of the period	**13,280**	**13,488**	**(208)**

The following table shows receivables by geographical area:

	31/12/2019	31/12/2018	Change
Receivables Italy	22,704	24,690	(1,986)
Provision for doubtful accounts	(12,104)	(12,274)	170
Net receivables Italy	**10,600**	**12,416**	**(1,816)**
Receivables Romania	1,690	1,714	(24)
Provision for doubtful accounts	(1176)	(1,214)	38
Net receivables Romania	**514**	**500**	**14**
Total Net Receivables	**11,114**	**12,916**	**(1,802)**

Note 24) Related party trade and other receivables

	31/12/2019	31/12/2018	Change
Coop Alleanza 3.0	71	90	(19)
Librerie Coop s.p.a.	13	11	2
Alleanza Luce e Gas	23	26	(3)
Unicoop Tirreno s.c.a.r.l.	31	736	(705)
Cons. propr. del compendio com. del Commendone (GR)	0	2	(2)
Consorzio Cone'	0	2	(2)
Consorzio Crema (Gran Rondò)	0	8	(8)
Consorzio Katanè	326	546	(220)
Consorzio Lame	0	56	(56)
Consorzio Leonardo	61	1	60
Consorzio La Torre	124	121	3
Consorzio Porta a Mare	24	24	0
Rgd Ferrara 2013	0	393	(393)
Consorzio Punta di Ferro	6	0	6
Millennium Center	16	7	9
Consorzio Proprietari Centro Luna	7	0	7
Consorzio Esp	1	1	0
Consorzio La Favorita	17	0	17
Consorzio Le Porte di Napoli	197	0	197
Mercato Coperto Ravenna	4	0	4
Related party trade and other receivables	**921**	**2,024**	**(1,103)**

See Note 40 for details.

Note 25) Other current assets

	31/12/2019	31/12/2018	Change
Tax credits			
VAT credits	997	1,101	(104)
IRES credits	380	375	5
IRAP credits	339	651	(312)
Due from others			
Advances paid to suppliers	0	3	(3)
Insurance credits	4	34	(30)
Accrued income and prepayments	1,072	469	603
Deferred costs	3	2,553	(2,550)
Other costs of services	289	252	37
Other current assets	**3,084**	**5,438**	**(2,354)**

Other current assets decreased by a total of €2,354. Most of the decrease in tax receivables reflects the trend in the IRAP (regional business tax) credit. The reduction in other assets is due to deferred costs, which at the end of the previous year covered the fees incurred for a two-tranche syndicated loan of €200 million contracted on 16 October 2018. When the loan was disbursed in the first quarter of 2019, those fees were reclassified to financial liabilities and released to the income statement following the amortized cost method.

Note 26) Financial receivables and other current financial assets

	31/12/2019	31/12/2018	Change
Financial receivables and other current financial assets	0	0	0
Related parties financial receivables	0	96	(96)
Related parties financial receivables and other current financial assets	**0**	**96**	**(96)**

Financial assets from related parties referred to the loan granted to RGD Ferrara 2013 S.r.l. and decreased in 2019 due to the line-by-line consolidation of that subsidiary.

Note 27) Cash and cash equivalents

	31/12/2019	31/12/2018	Change
Cash and cash equivalents	128,599	2,380	126,219
Cash on hand	78	92	(14)
Cash and cash equivalents	**128,677**	**2,472**	**126,205**

Cash and cash equivalents at 31 December 2019 consisted mainly of current account balances at banks. The substantial increase in this item is explained primarily by the new €400 million bond loan, used only in part to buy back outstanding bonds for a total of €237,607K. The liquidity should be used to redeem the remaining portion of the €300 million bond loan maturing in the first half of 2021.

Note 28) Net equity

	31/12/2019	31/12/2018	Change
Share capital	749,738	749,738	0
Share premium reserve	30,058	31,504	(1,446)
Other reserves	**416,065**	**410,109**	**5,956**
Legal reserve	121,845	119,952	1,893
Merger surplus reserve	0	557	(557)
Treasury share reserve	(198)	(492)	294
Result treasury share sale effect	(33)	(33)	0
Bond issue reserve	14,865	14,865	0
Translation reserve	(4,687)	(4,554)	(133)
FTA IFRS 9 reserve	(4,354)	(4,354)	0
Recalculation of defined benefit plans	(17)	153	(170)
Cash flow hedge reserve	(12,196)	(13,376)	1,180
Fair value reserve	311,118	307,736	3,382
Subsidiaries cash flow hedge reserve	(1,808)	(86)	(1,722)
Recalculation of defined benefit plans subsidiaries	(51)	69	(120)
Capital increase reserve	(10,305)	(10,328)	23
FTA IFRS 16 reserve	1,886	0	1,886
Net profit (loss) of the year	**15,153**	**60,987**	**(45,834)**
Group profit (loss) carried forward	2,562	14,599	(12,037)
Group profit	12,591	46,388	(33,797)
Total Group net equity	**1,211,014**	**1,252,338**	**(41,324)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Net Equity	**1,211,014**	**1,252,338**	**(41,324)**

Consolidated net equity at 31 December 2019 amounted to €1,211,014K, a decrease of €41,324 for the year. The change is due to:

- payment of €55,153K in dividends for 2018;
- adjustment of the cash flow hedge reserves for outstanding derivatives (+€1,180K for the parent company and -€1,722K for a subsidiary);
- movements in treasury shares, for €294K;
- the positive effect of 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 €133K;
- adjustment of the reserve for the recalculation of defined benefits, for a negative €290K;
- positive change in costs for the capital increase carried out in 2018 (€23K net of the tax effect), recognized in a separate negative equity reserve as required by the accounting standards;
- Group's share of net profit for the year (€12,591K).

As discussed in Section 2.5 of the directors' report, on 11 November 2019 the parent company's extraordinary shareholders' meeting approved a voluntary reduction in share capital for IGD SIIQ S.p.A., pursuant to and for the purposes of Civil Code Art. 2445, from €749,738K to €650,000K. The share capital will be reduced by €99,738K by allocating €8,155K to the legal reserve and €91,583K to a new distributable reserve. As a result, the legal reserve will have the balance required by Art. 2430 of the Italian Civil Code.

The purpose of this operation is to provide greater flexibility to the net equity structure by increasing the undistributable legal reserve while creating a distributable supply of funds, which also marries the particularities of SIIQ status (i.e. the mandatory distribution of 70% of the profit from exempt operations) with the expectations of the capital markets (return on investment or dividend yield).

On 19 February 2020, IGD SIIQ S.p.A. recognized the capital reduction once the corresponding resolution had become fully effective, in accordance with Civil Code Art. 2445, as the deadline for opposing the reduction had passed without any creditors raising objections.

The shareholders' equity of IGD SIIQ S.p.A. reflecting the voluntary reduction in capital is broken down below.

	31/12/2019	31/12/2018	Change
Share capital	650,000	749,738	-99,738
Share premium reserve	30,058	31,504	(1,446)
Other reserves	**515,803**	**410,109**	**105,694**
Legal reserve	130,000	119,952	10,048
Merger surplus reserve	0	557	(557)
Treasury share reserve	(198)	(492)	294
Result treasury share sale effect	(33)	(33)	0
Bond issue reserve	14,865	14,865	0
Translation reserve	(4,687)	(4,554)	(133)
FTA IFRS 9 reserve	(4,354)	(4,354)	0
Recalculation of defined benefit plans	(17)	153	(170)
Cash flow hedge reserve	(12,196)	(13,376)	1,180
Fair value reserve	311,118	307,736	3,382
Subsidiaries cash flow hedge reserve	(1,808)	(86)	(1,722)
Recalculation of defined benefit plans subsidiaries	(51)	69	(120)
Capital increase reserve	(10,305)	(10,328)	23
FTA IFRS 16 reserve	1,886	0	1,886
Other available reserves	91,583	0	91,583
Net profit (loss) of the year	**15,153**	**60,987**	**(45,834)**
Group profit (loss) carried forward	2,562	14,599	(12,037)
Group profit	12,591	46,388	(33,797)
Total Group net equity	**1,211,014**	**1,252,338**	**(41,324)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Net Equity	**1,211,014**	**1,252,338**	**(41,324)**

Reconciliation between net equity and profit of IGD SIIQ S.p.A. and the corresponding consolidated amounts

Reconciliation between the separate and consolidated financial statements				
	Net Profit		**Net Equity**	
	Group	Non-controlling interests	Group	Non-controlling interests
Balances shown in the parent's financial statements	**9,471**	0	**1,208,542**	0
Reversal of dividends	(4,500)	0	0	0
Reversal of impairment losses on consoliddated equity investments	2,279	0	0	0
Valuation at net equity of companies recorded in the statutory financial statements at cost	0	0	(387,896)	0
Effect of CFH reserve - subsidiaries	0	0	(1,722)	0
Effect of recalculation of defined benefit plans - subsidiaries	0	0	(120)	0
Adjustment of capital gain on the sale of assets from subsidiaries	(1,410)	0	(1,410)	0
Net equity and net profit (loss) for the year of consolidated companies	6,751	0	384,250	0
Allocation of differences to the assets of consolidated companies		0		0
- Goodwill fron consolidation of MILLENNIUM	0	0	3,952	0
- Goodwill fron consolidation of Win Magazin S.A.	0	0	5,410	0
- Goodwill fron consolidation of Winmarkt management SRL	0	0	1	0
- Goodwill fron consolidation of RGD Ferrara	0	0	7	0
Balances shown in the consolidated financial statement	**12,591**	**0**	**1,211,014**	**0**

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	31/12/2019	31/12/2018	Change
Mortgage loans		**473,289**	**323,298**	**149,991**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	0	3,495	(3,495)
09 Interbanca IGD	25/09/2006 - 05/10/2021	15,012	29,546	(14,534)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	3,238	4,409	(1,171)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	35,144	39,130	(3,986)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	5,605	6,326	(721)
01 Unipol SARCA	10/04/2007 - 06/04/2027	59,394	62,377	(2,983)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	15,364	17,071	(1,707)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	14,091	15,693	(1,602)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	7,893	8,823	(930)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	17,298	19,380	(2,082)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	11,846	13,523	(1,677)
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	22,982	25,602	(2,620)
29 ICREA	14/12/2017 - 30/06/2021	4,991	4,986	5
Loan Ubi 5 Leonardo	19/04/2018 - 17/10/2022	45,389	47,360	(1,971)
Loan Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	6,849	9,341	(2,492)
Loan Ubi 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	8,107	9,597	(1,490)
Loan Ubi 3 Rp	19/04/2018 - 17/10/2021	3,316	6,639	(3,323)
Loan BNL 200 ML	01/01/2019-15/10/2023	196,770	0	196,770
Debts for bonds		**710,306**	**557,304**	**153,002**
Bond 100 ML	11/01/2017- 11/01/2024	99,598	99,506	92
Bond 162 ML	21/04/2015 - 21/04/2022	151,625	159,079	(7,454)
Bond 300 ML	31/05/2016 - 31/05/2021	70,611	298,719	(228,108)
Bond 400 ML	28/11/2019 - 28/11/2024	388,472	0	388,472
Due to other source of finance		**49,074**	**3,595**	**45,479**
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	3,249	3,595	(346)
IFRS 16 Livorno LT liabilities	01/01/2019- 31/03/2026	16,365	0	16,365
IFRS 16 Abruzzo LT liabilities	01/01/2019- 31/12/2023	347	0	347
IFRS 16 Nova LT liabilities	01/01/2019 - 28/02/2027	25,487	0	25,487
IFRS 16 Piave LT liabilities	01/01/2019 - 30/06/2022	3,626	0	3,626
Non-current financial liabilities		**1,232,669**	**884,197**	**348,472**

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

NON CURRENT FINANCIAL LIABILITIES	31/12/2018	INCREASES	REPAYEMENTS	AMORTIZED COST	RECLASSIFICATION	31/12/2019
Payables due to mortgage	323,298	200,000	(3,500)	(2,780)	(43,729)	473,289
Payables due to bond	557,304	388,472	(237,607)	2,137	0	710,306
Payables due to IFRS 16	0	54,550	0	0	(8,725)	45,825
Payables due to other source of finance	3,595	0	0	0	(346)	3,249
TOTAL	**884,197**	**643,022**	**(241,107)**	**(643)**	**(52,800)**	**1,232,669**

Mortgage loans are secured by properties. The change in 2019 concerns: *(i)* the reclassification to current financial liabilities of the principal falling due in the next 12 months; and *(ii)* the disbursement of the €200 million loan contracted by IGD on 16 October 2018 with a pool of banks, including BNP

Paribas Italian Branch as mandated lead arranger, underwriter global coordinator, and bookrunner. IGD has taken out a three-year, variable-rate senior unsecured loan whose maturity can be extended to five years at the Company's request. As agreed by the parties, the loan was disbursed in two tranches in the first quarter of 2019. Tranche A, €125 million, was used for the redemption of the original €150 million bond loan on 7 January 2019. Tranche B, €75 million, was used to pay back some short-term credit lines and cover general cash needs.

Due to other sources of finance and for IFRS 16

This item covers the non-current portion of liabilities arising from:

- the lease for HQ premises;
- the adoption of IFRS 16 for the malls at Fonti del Corallo, Nova, and Piave shopping centers and the parking lot at Centro d'Abruzzo.

Bonds

On 11 November 2019 the Board of Directors approved a new non-subordinated, non-convertible bond loan of up to €500 million. The main purpose of the operation is to reduce the cost of debt and extend existing financial maturities. On 20 November 2019 IGD completed the placement of the new non-subordinated, non-convertible bond with institutional investors in Italy and abroad, in accordance with applicable laws and regulations (excluding the United States pursuant to Regulation S of the United States Securities Act of 1933, as amended). On 28 November 2019 IGD issued the new bonds with a unit nominal value of €100,000, and multiples of 1,000 up to a maximum of €199,000, for a total nominal value of €400,000,000.

The new bonds are governed by English law and have the following characteristics:

- 5-year duration, maturity 28 November 2024;
- issue price at 99.336% of nominal value;
- fixed rate of 2.125% per annum, payable at the end of every year, with a possible annual increase of no more than 1.25% contingent on factors associated with the bonds' rating;
- at maturity, lump-sum redemption at par plus interest payable at that time; early redemption is possible under various circumstances, including change of control, under the terms and conditions stated in the bond regulations.

With the funds raised through the bond issue, IGD SIIQ S.p.A. has:

- conducted a partial buy-back, through an intermediate tender offer also approved by the Board of Directors on 11 November 2019, of the following outstanding bonds for a total of €237.6 million: (i) €229.2 million worth of the €300 million bond loan maturing on 31 May 2021 and paying 2.5% interest; and (ii) €8.4 million worth of the €162 million bond loan maturing on 21 April 2022 and paying 2.65% interest;
- acquired the cash needed to redeem, at maturity, the non-repurchased portion of the €300 million bond loan maturing on 31 May 2021 (€70.8 million);
- raised the funds needed to partially finance and/or refinance the investments called for in the 2020 Strategic Plan (€91.6 million).

Details of outstanding bonds are presented in the table below:

DEBTS FOR BONDS	NON CURRENT PORTION 31/12/2018	CURRENT PORTION 31/12/2018	New issue/refund	Repurchase of old bonds	Ancillary costs amortization at 31/12/19	Financial charges at 31/12/2019	NON CURRENT PORTION 31/12/2019	CURRENT PORTION 31/12/2019	Nominal interest rate	Actual interest rate
Bond 150 ML		124,900	(124,900)				0	0		
Additional transition costs		(8)			8		0	0		
Coupon rate 31.12.18		4,747				(4,747)	0			
Paid interests						4,840	0	0		
Coupon rate 31.12.19							0	0		
Total Bond 150 ML	**0**	**129,639**		**0**	**8**	**93**	**0**	**0**	**3.875%**	**4.17%**
Bond 162 ML	162,000			(8,400)			153,600			
Additional transition costs	(2,921)			266	680		(1,975)			
Coupon rate 31.12.18		2,969				(2,969)				
Paid interests						4,427				
Coupon rate 31.12.19						2,815		2,815		
Total Bond 162 ML	**159,079**	**2,969**		**(8,134)**	**680**	**4,273**	**151,625**	**2,815**	**2.650%**	**3.94%**
Bond 300 ML	300,000			(229,207)			70,793			
Additional transition costs	(1,280)			633	466		(182)			
IFRS 9 Effects					3,505					
Coupon rate 31.12.18		4,375				(4,375)		0		
Paid interests						10,334				
Coupon rate 31.12.19						1,032		1,032		
Total Bond 300 ML	**298,720**	**4,375**		**(228,574)**	**3,971**	**6,991**	**70,611**	**1,032**	**2.500%**	**2,80%***
* Including the effect of the Cash Flow Hedge reserve										
Bond 100 ML	100,000						100,000			
Additional transition costs	(494)				92		(402)			
Coupon rate 31.12.18		1,056				(1,056)				
Paid interests						2,250				
Coupon rate 31.12.19						1,056		1,056		
Total Bond 100 ML	**99,506**	**1,056**		**0**	**92**	**2,250**	**99,598**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML			400,000				400,000			
Additional transition costs			(11,729)		201		(11,528)			
Coupon rate 31.12.18								0		
Paid interests						0				
Coupon rate 31.12.19						756		756		
Total Bond 400 ML	**0**	**0**	**388,271**	**0**	**201**	**756**	**388,472**	**756**	**2.125%**	**2.76%**
Total bonds	**557,304**	**138,039**	**388,271**	**(236,708)**	**4,952**	**14,363**	**710,306**	**5,660**		
Cash Flow Hedge reserve (bond 300 ML)	**(830)**				**337**		**(493)**			
Total financial charges					**5,289**	**14,363**				

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2019.

	Name	Guarantees givens	Type of product	End date	Financial "covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
05	05 BreBanca IGD	Mondovicino shopping mall	Mortgage	10/01/2023					
01	01 Unipol Larice	Sarca shopping mall	Mortgage	06/04/2027	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2.3	0.93			
06	06 Unipol Lungosavio IGD	Lungo Savio shopping center (Mall)	Mortgage	31/12/2023					
07	07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	31/03/2024					
08	08 Carisbo Guidonia IGD	Tiburtino shopping center	Mortgage	27/03/2024	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 through to maturity	0.93			
09	09 Interbanca IGD	Centro d'Abruzzo shopping center (Hypermarket); Porto Grande shopping center (Mall, Hypermarket); SC Globo hypermarket; Le Porte di Napoli shopping center (Hypermarket); SC Il Maestrale hypermarket; SC Leonardo; SC Miraflore hypermarket	Loan	05/10/2021	Consolidated financial statements:ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2 from 31/12/2006 to maturity	0.93			
10	10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	Loan	30/06/2029	IGD Siiq SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	0.94			
14	14 MPS Palermo	La Torre shopping center (Mall)	Mortgage	30/11/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.7 ii) Loan to Value ratio for individual property must not exceed 70%	0.93	37.981%		
15	15 CentroBanca Cone Gall	Conè shopping center (Mall)	Loan	31/12/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2	0.93			
13	13 CR Veneto Mondovi	Mondovicino Retail Park	Mortgage	01/11/2024	Certified consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	0.93			
17	17 Carige Palermo IGD	La Torre shopping center (Hypermarket)	Mortgage	30/06/2027					
29	29 Iccrea Chirografario	none	Unsecured loan	30/06/2021	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.60 from 31/12/2017 to maturity; ii) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 60%;	0.90	48.73%		
30	30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgagebacked loan	17/07/2023					
31	31 Ubi 2 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgagebacked loan	18/10/2021					
32	32 Ubi 3 rp	La Favorita shopping center (Retail Park)	Mortgage	18/10/2021					
33	33 Ubi 5 leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	Loan	17/10/2023	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 ii) Loan to Value ratio for individual property must not exceed 55%	0.90	43.043%		
26	26 Notes 2,65% - 21/04/2022	unsecured	Bond	21/04/2022	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.55; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.00. - [excluding effect of IFRS16 accounting standards]	0.49	3.54	12.58%	1.61
27	27 Notes 2,50% - 31/05/2021	unsecured	Bond	31/05/2021	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	0.49	3.54	12.58%	1.61
28	28 Notes 2,25% - 11/01/2024	unsecured	Bond	11/01/2024	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.50 - [including effect of IFRS16 accounting standards]	0.50	3.54	14.41%	1.61
35	35 Bond 400M - 2,125% - 28/11/24	unsecured	Bond	28/11/2024	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt (net of Cash and Cash equivalentsi) > 1.25 - [excluding effect of IFRS16 accounting standards]	0.44	3.54	12.58%	1.88
34	34 Syndicated Loan	unsecured	Syndicated loan	16/10/2023	i) Ratio Total Asset - Intangible Asset 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 Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	0.49	3.54	12.58%	1.61

Note 30) Provision for employee severance indemnities

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

	01/01/2019	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2019
Provisions for employee severance indemnities	2,567	289	(124)	276	49	3,057

	01/01/2018	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2018
Provisions for employee severance indemnities	2,574	(262)	(126)	342	39	2,567

The following charts show the demographic and financial assumptions used:

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.

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%

Additional information:

- sensitivity analysis, showing the impact in absolute terms of each reasonably possible change in actuarial hypotheses at the close of the year;
- amount of contribution for the following year;
- average financial duration of the liability for defined benefit plans;
- estimated payouts.

FINANCIAL ASSUMPTIONS	*2019*
Cost of living increase	1.20%
Discount rate	1.04%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	2.400%

Sensitivity analysis of main variables on TFR at 31 December 2019

Inflation rate +0.25% - Provisions for employees sevenance indemnities	3,115.49
Inflation rate -0.25% - Provisions for employees sevenance indemnities	2,951.90
Discount rate +0.25% - Provisions for employees sevenance indemnities	2,928.53
Discount rate -0.25% - Provisions for employees sevenance indemnities	3,141.32
Turnover rate +1% - Provisions for employees sevenance indemnities	2,984.43
Turnover rate -1% - Provisions for employees sevenance indemnities	3,087.35

Service cost 2019	323.65
Plan Duration	19.15

Estimated payments, year 1	141.67
Estimated payments, year 2	299.01
Estimated payments, year 3	94.27
Estimated payments, year 4	101.87
Estimated payments, year 5	109.39

Note 31) General provisions

	01/01/2019	Reverse	Provision	Reclassification	31/12/2019
Provision for taxation	1,840	(422)	168	150	1,737
Consolidated Fund risks and future charges	2,783	(3,686)	2,246	(150)	1,193
Bonus provisions	974	(974)	1,138	0	1,138
Provisions for risks and future charges	**5,597**	**(5,082)**	**3,552**	**0**	**4,068**

Provision for taxation

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

- the payment of €181K for tax assessments following IMU (municipal property tax) disputes for 2014, 2015 and 2016 regarding Fonti del Corallo shopping center;
- the use of €7K in provisions to pay a tax assessment following an IMU dispute for 2013 regarding Esp shopping center;
- the release to the income statement of €159K in provisions for disputes concluded in IGD's favor;
- the reclassification of €25K to current tax payables reflecting the payment, to take place in February 2020, of a tax assessment following an IMU dispute for 2014 regarding Esp shopping center;
- the reclassification of €50K to risk provisions for Guidonia, which cover potential liabilities arising from a dispute with the town of Guidonia regarding various retail licenses.

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 principal changes during the year were as follows:

- the allocation of €1,446K and the use of €3,600K resulting from the settlement reached by IGD, IIS, and Demostene S.p.A. of a lawsuit concerning the price supplement for IGD's purchase of the mall at Katané shopping center in Gravina di Catania in 2019;
- the allocation of €400K for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of Galimberti S.p.A., which had leased retail space from IGD SIIQ S.p.A. at Conè shopping center but has since vacated the premises;
- the allocation of €400K in end-of-term benefits for directors.

Note 32) Sundry payables and other non-current liabilities

	31/12/2019	31/12/2018	Change
Deferred income	5,920	5,920	0
Advances due one year	800	0	800
Extention fee	1,000	0	1,000
Payable for substitute tax	0	1,471	(1,471)
Other liabilities	432	459	(27)
Sundry payables and other non-current liabilities	**8,152**	**7,850**	**302**

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).
During the year, sundry payables and other non-current liabilities underwent the following changes:

- a reduction due to the reclassification to current liabilities of the fifth and final installment of the substitute tax for the acquisition of SIINQ status by the absorbed company Punta di Ferro SIINQ S.p.A. at the end of the 2015 administrative year;
- an increase in advances due beyond one year for the advance received from BNP Paribas under the agreement for the sale of retail licenses at Fonti del Corallo mall, to be finalized in 2026 when the current lease expires;
- an increase in extension fees reflecting the two €500K fees that IGD SIIQ S.p.A. will have to pay to BNP Paribas in 2021 and 2022 in order to extend the duration of the €200 million loan to 2022 and 2023, respectively. As of this writing, IGD SIIQ S.p.A. believes an extension to both 2022 and 2023 is likely.

Related party payables are shown below:

	31/12/2019	31/12/2018	Change
Coop Alleanza 3.0	13,191	11,362	1,829
Alleanza Luce e Gas	55	55	0
Unicoop Tirreno s.c.a.r.l.	25	25	0
Distribuzione Centro Sud s.r.l.	450	450	0
Related parties sundry payables and other non-current liabilities	**13,721**	**11,892**	**1,829**

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.
See Note 40 for additional information.

Note 33) Current financial liabilities

	Duration	31/12/2019	31/12/2018	Change
Bnl Bologna - Hot Money	12/12/2019 - 29/03/2019	0	10,008	(10,008)
Cassa risp. Firenze - Hot money	12/12/2019 - 29/03/2019	0	11,000	(11,000)
Ubo Banca - Hot Money	12/12/2019 - 29/03/2019	0	20,000	(20,000)
Banca Popolare Emilia Romagna c/c	on demand	0	261	(261)
Emilbanca c/c	on demand	0	1,494	(1,494)
Due to banks		**0**	**42,763**	**(42,763)**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/07/2021	0	2,001	(2,001)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	1,184	1,122	62
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	723	681	42
09 Interbanca IGD	25/09/2006-05/10/2021	14,670	14,147	523
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,131	4,132	(1)
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,020	3,037	(17)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,716	1,609	107
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,696	1,703	(7)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	933	0
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	2,118	2,066	52
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,677	1,641	36
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	2,640	2,640	0
Loan Ubi 5 Leonardo	19/04/2018 - 17/10/2022	2,092	2,106	(14)
Loan Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	2,570	2,584	(14)
Loan Ubi 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	1,572	1,580	(8)
Loan Ubi 3 Rp lungo	19/04/2018 - 17/10/2021	3,348	3,358	(10)
Mortgage loans		**44,090**	**45,340**	**(1,250)**
Leasing IGD Office	30/04/2009 - 30/04/2027	345	334	11
IFRS 16 Livorno liabilities current	01/01/2019- 31/03/2026	2,777	0	2,777
IFRS 16 Abruzzo liabilities current	01/01/2019- 31/12/2023	109	0	109
IFRS 16 Nova liabilities current	01/01/2019 - 28/02/2027	3,530	0	3,530
IFRS 16 Piave liabilities current	01/01/2019 - 30/06/2022	2,309	0	2,309
Due to other source of finance		**9,070**	**334**	**8,736**
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	2,815	2,969	(154)
Bond 300 ML	31/05/2016 - 31/05/2021	1,033	4,375	(3,342)
Bond 400 ML	28/11/2019 - 28/11/2024	756	0	756
Debts for bonds		**5,660**	**138,038**	**(132,378)**
Current financial liabilities		**58,820**	**226,475**	**(167,655)**

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

CURRENT FINANCIAL LIABILITIES	31/12/2018	COUPON OF THE YEAR	INCREASES	REPAYEMENTS	RECLASSFICATION	31/12/2019
Payables due to banks	42,763	0	0	(42,763)	0	0
Payables due to mortgage	45,340	0	0	(44,978)	43,728	44,090
Payables due to bond	138,038	14,363	0	(146,750)	0	5,660
Payables due to IFRS 16	0	0	8,370	(8,370)	8,725	8,725
Payables due to other source of finance	334	0	0	(334)	345	345
TOTAL	**226,475**	**14,363**	**8,370**	**(243,195)**	**52,798**	**58,820**

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of liabilities stemming from the adoption of IFRS 16, the current portion of outstanding mortgage and bond loans (including interest accrued), short-term bank borrowings, and financial payables to related parties in connection with the use of a pooled treasury account. The principal changes in current financial liabilities relate to:

- the closure of ultra-short-term credit lines;

- the repayment of principal falling due during the period on mortgage loans existing at the close of the previous year, and the reclassification of payments due within 12 months from non-current financial liabilities;
- the current portion pertaining to the €400 million bond loan issued in November 2019;
- the adoption of IFRS 16 for the malls at Fonti del Corallo, Nova, and Piave shopping centers and the parking lot at Centro d'Abruzzo;
- the redemption of the €150 million bond loan early in the year.

Note 34) Net financial position

The table below presents the net financial position at 31 December 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 €161 million, of which all was unutilized at the close of the year. Of the decrease in these facilities, €30 million is explained by their transfer to non-current liabilities in connection with the new €200 million loan, as described in the Directors' Report (for further information see Section 2.5).
Committed revolving credit facilities with banks, unutilized at 31 December, amount to €60 million.
See the section "Statement of financial position and financial review" of the Directors' Report for comments.

	31/12/2019	31/12/2018	Change
Cash and cash equivalents	(128,677)	(2,472)	(126,205)
Financial receivables and other current financial assets vs. related parties	0	(96)	96
LIQUIDITY	**(128,677)**	**(2,568)**	**(126,109)**
Current financial liabilities	0	42,763	(42,763)
Mortgage loans - current portion	44,090	45,340	(1,250)
Leasing - current portion	9,070	334	8,736
Bond loans - current portion	5,660	138,038	(132,378)
CURRENT DEBT	**58,820**	**226,475**	**(167,655)**
CURRENT NET DEBT	**(69,857)**	**223,907**	**(293,764)**
Non-current financial assets	(174)	(243)	69
Leasing - non-current portion	49,074	3,594	45,480
Non-current financial liabilities	473,289	323,298	149,991
Bond loans	710,306	557,304	153,002
NON-CURRENT NET DEBT	**1,232,495**	**883,953**	**348,542**
Net debt	**1,162,638**	**1,107,860**	**54,778**

Net debt increased by about €55 million with respect to 31 December 2018, due mainly to:

- the first-time adoption of IFRS 16;
- the disbursement of the first and second tranches of the €200 million loan;
- the redemption of bonds in the amount of €125 million;
- the closure of some short-term credit lines;
- the payment of dividends for 2018;
- the issue of a new €400 million bond loan and simultaneous partial buy-back of outstanding bonds, for about €238 million;
- the closure of ultra-short-term credit lines.

Note 35) Trade and other payables

	31/12/2019	31/12/2018	Change
Trade payables due to suppliers	15,960	14,301	1,659
Trade and other payables	**15,960**	**14,301**	**1,659**

Trade payables increased due mainly to work carried out by the subsidiary Porta Medicea S.r.l. during the last quarter of the year.

Note 36) Related party trade and other payables

	31/12/2019	31/12/2018	Change
Coop Alleanza 3.0	248	217	31
Robintur s.p.a.	8	11	(3)
Alleanza Luce e Gas	183	0	183
Cons. propr. del compendio com. del Commendone (GR)	3	0	3
Consorzio prop. Fonti del Corallo	141	7	134
Consorzio Cone'	0	14	(14)
Consorzio Katanè	40	64	(24)
Consorzio Lame	0	47	(47)
Consorzio Leonardo	61	90	(29)
Consorzio La Torre	177	139	38
Consorzio Porta a Mare	36	39	(3)
Consorzio Sarca	12	44	(32)
Distribuzione Centro Sud s.r.l.	4	1	3
Consorzio Le Maioliche	0	1	(1)
Consorzio Punta di Ferro	6	58	(52)
Consorzio Proprietari Centro Luna	8	0	8
Consorzio Esp	4	4	(0)
Consorzio La Favorita	1	0	1
Consorzio Le Porte di Napoli	99	0	99
Related parties trade and other payables	**1,031**	**736**	**295**

Most of the increase in related party payables (+€295K) reflects the amounts due to Alleanza Luce e Gas, the Consorzio Proprietari Fonti del Corallo, and the Consorzio Le Porte di Napoli.
See Note 40 for additional information.

Note 37) Current tax liabilities

	31/12/2019	31/12/2018	Change
Due to tax authorities for withholdings	646	591	55
Irap	64	2	62
Ires	258	217	41
VAT	117	72	45
Drainage consortium	0	2	(2)
Other taxes	31	18	13
Substitute tax	1,485	1,471	14
Current tax liabilities	**2,601**	**2,373**	**228**

This item increased by €228K with respect to the previous year. In June, the fourth installment was paid on the substitute tax for the achievement of SIINQ status by the merged company Punta di Ferro SIINQ S.p.A. at the end of administrative year 2015, in the amount of €1,478K. The fifth and final installment of €1,485K, due in June 2020, has been reclassified from non-current liabilities.

Note 38) Other current liabilities

	31/12/2019	31/12/2018	Change
Social security	367	361	6
Accrued liabilities and deferred income	686	855	(169)
Insurance	8	9	(1)
Due to employees	830	819	11
Security deposits	6,944	6,711	233
Unclaimed dividends	5	1	4
Advances received due within the year	581	73	508
Amounts due to director for emoluments	270	235	35
Other liabilities	997	1,097	(100)
Other current liabilities	**10,688**	**10,161**	**527**

These consist mainly of security deposits received from tenants. The increase is due primarily to the change in deferred revenue on the Darsena property.

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 €55,153.

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 ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Alleanza 3.0	71	0	248	13,191	0	0	0	0
Robintur s.p.a.	0	0	8	0	0	0	0	0
Librerie Coop s.p.a.	13	0	0	0	0	0	0	0
Alleanza Luce e Gas	23	0	183	55	0	0	151	0
Unicoop Tirreno s.c.a.r.l.	31	0	0	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	3	0	0	0	0	0
Consorzio prop. Fonti del Corallo	0	0	141	0	0	0	135	0
Consorzio Katanè	328	0	40	0	0	0	47	0
Consorzio Leonardo	61	0	61	0	0	0	0	0
Consorzio La Torre	124	0	177	0	0	0	17	0
Consorzio Porta a Mare	24	0	36	0	0	0	0	0
Consorzio Sarca	0	0	12	0	0	0	0	0
Distribuzione Centro Sud s.r.l.	0	0	4	450	0	0	0	0
Consorzio Punta di Ferro	6	0	6	0	0	0	0	0
Millennium Center	16	0	0	0	0	0	0	0
Consorzio Proprietari Centro Luna	7	0	8	0	0	0	12	0
Consorzio Esp	1	0	4	0	0	0	0	0
Carburanti 3.0	0	0	0	0	0	0	0	0
Consorzio La Favorita	17	0	1	0	0	0	0	0
Consorzio Le Porte di Napoli	196	0	98	0	0	0	84	0
Mercato Coperto Ravenna	3	0	0	0	0	0	0	0
Total	**923**	**0**	**1,031**	**13,721**	**0**	**0**	**446**	**0**
Amount reported	**48,721**	**174**	**27,679**	**21,873**	**1,291,489**	**118**		
Total increase/decrease for the period							**41,231**	**13,795**
% of the total	**1.89%**	**0.00%**	**3.73%**	**62.73%**	**0.00%**	**0.00%**	**1.08%**	**0.00%**

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	33,080	0	384	100
Robintur s.p.a.	315	0	0	0
Librerie Coop s.p.a.	978	0	0	0
Alleanza Luce e Gas	213	0	0	0
Unicoop Tirreno s.c.a.r.l.	5,410	0	20	0
Cons. propr. del compendio com. del Commendone (GR)	150	0	64	0
Consorzio Cone'	170	0	112	0
Consorzio Clodì	56	0	95	0
Consorzio Crema (Gran Rondò)	61	0	116	0
Consorzio I Bricchi	117	0	530	0
Consorzio Katanè	210	0	269	0
Consorzio Lame	185	0	15	0
Consorzio Leonardo	235	0	5	0
Consorzio La Torre	204	0	345	0
Consorzio Porta a Mare	78	0	243	0
Consorzio Sarca	179	0	472	0
Distribuzione Centro Sud s.r.l.	1,463	0	0	4
Rgd Ferrara 2013	404	0	0	0
Consorzio Le Maioliche	174	0	214	0
R.P.T. Robintur	15	0	0	0
Consorzio Punta di Ferro	168	0	130	0
Millennium Center	112	0	22	0
Consorzio Proprietari Centro Luna	151	0	0	0
Consorzio Esp	208	0	202	0
Consorzio La Favorita	137	0	22	0
Mercato Coperto Ravenna	3	0	0	0
Total	**44,475**	**0**	**3,260**	**104**
Amount reported	**162,048**	**86**	**38,616**	**36,840**
% of the total	**27.45%**	**0.00%**	**8.44%**	**0.28%**

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 2019, including for retail premises, amounted to €33.1 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 year ended 31 December 2019, €315K in rent was received from Robintur S.p.A. and €15K 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 year, the Group received €978K 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 year, the Group received €213K 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 €1.5 million, 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. For the year, the Company received €5.4 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., Win Magazin S.A., and RGD Ferrara 2013 S.r.l. 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., Millennium Gallery S.r.l., and RGD Ferrara 2013 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.

Note 41) Management of financial risk

In the course of business, the Group is exposed to various financial risks. To map and assess its risks, IGD SIIQ S.p.A. has developed an integrated risk management model based on the international

Enterprise Risk Management standards (see section 2.12 of the Directors' Report). The Board of Directors reviews and agrees on policies to manage these risks.

Market risk

Market risk is the potential for changes in exchange rates, interest rates or prices to negatively affect the value of assets, liabilities or cash flows.

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 Company finances its operations through short-term borrowings, long-term secured and unsecured 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 94.79% 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.
The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the financial statement items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency.

INTEREST RATE RISK									
Interest rate risk - Exposure and sensitivity analysis	Benchmark	Income Statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Interest-bearing assets	Euribor	1,287	25	(129)	(2)	0	0	0	0
Hot money	Euribor	0	(428)	0	(43)	0	0	0	0
Financial liabilities at variable rate	Euribor	(3,499)	(3,692)	325	365	0	0	0	0
Derivatives									
- cash flow		3,122	2,383	(286)	(238)	0	0	0	0
- fair value		0	0	0	0	12,369	11,959	(1,210)	(1,241)
Total		**910**	**(1,712)**	**(90)**	**82**	**12,369**	**11,959**	**(1,210)**	**(1,241)**

The assumptions underlying the sensitivity analysis are as follows:

- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- ultra-short-term borrowings and deposits were analyzed according to exposure at the end of the year;
- the initial shift in the interest rate curve was assumed to be +100/-10 basis points (unchanged since the previous year);
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;

- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date.
- The analysis assumes that all other risk variables remain constant.
- For the sake of comparison, the same measurement was conducted on 2012 and 2011.

The method used to analyze and determine significant variables did not change since the previous period.

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.

Price risk

The Group is exposed to the risk of changes in the rent charged on leasehold properties. The domestic and international real estate market is cyclical in nature and influenced by several macroeconomic variables, relating for example to general economic conditions, interest rates, inflation, tax laws, market liquidity, and the presence of other profitable investments.

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 constantly monitors its credit positions and uses an ad hoc program to assess each tenant's track record, 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.
The maximum credit risk on the Group's other financial assets, including cash and cash equivalents and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. The maximum exposure is presented gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value.
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximun exposure to credit risk	2019	2018
Receivables and loans		
Sundry receivables and other assets	118	111
Financial assets	0	0
Trade and other receivables	11,114	12,916
Related party trade and other receivables	921	2,024
Other assets	1,368	3,311
Cash and cash equivalents	128,599	2,380
Financial receivables and other financial assets	174	243
Total	**142,294**	**20,985**

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 (committed and uncommitted).
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.
Most long-term loans and outstanding bond 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.

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.
The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate bonds, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

LIQUIDITY RISK								
Maturity analisys at 31 December 2019 **LIABILITIES**	**On sight**	**< 3 months**	**3 - 6 months**	**6 months - 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	7,448	3,677	13,302	24,617	61,353	355,422	79,010	544,829
Leasing	32	64	97	195	396	1,248	1,811	3,843
Bonds	1,125	0	5,840	9,625	87,383	688,795	0	792,768
Short-term credit lines	0	0	0	0	0	0	0	0
Total	**8,605**	**3,741**	**19,239**	**34,437**	**149,132**	**1,045,465**	**80,821**	**1,341,440**
DERIVATIVES FINANCIAL INSTRUMENTS								
Interest rate swaps	619	772	1,658	2,765	4,515	6,843	620	17,792
Total	**619**	**772**	**1,658**	**2,765**	**4,515**	**6,843**	**620**	**17,792**
Exposure at 31 December 2019	**9,224**	**4,513**	**20,897**	**37,202**	**153,647**	**1,052,308**	**81,441**	**1,359,232**

LIQUIDITY RISK								
Maturity analisys at 31 December 2018 **LIABILITIES**	**On sight**	**< 3 months**	**3 - 6 months**	**6 months - 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**
NON DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	7,890	3,044	13,127	24,260	49,144	160,271	135,811	393,547
Leasing	32	64	96	193	395	1,268	2,288	4,336
Bonds	130,865	0	11,793	1,125	14,043	484,836	101,125	743,787
Short-term credit lines	42,764	0	0	0	0	0	0	42,764
Total	**181,551**	**3,108**	**25,016**	**25,578**	**63,582**	**646,375**	**239,224**	**1,184,434**
DERIVATIVES FINANCIAL INSTRUMENTS								
Interest rate swaps	674	694	1,710	2,906	4,725	6,139	(260)	16,588
Total	**674**	**694**	**1,710**	**2,906**	**4,725**	**6,139**	**(260)**	**16,588**
Exposure at 31 December 2018	**182,225**	**3,802**	**26,726**	**28,484**	**68,307**	**652,514**	**238,964**	**1,201,022**

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:

- keeping the net debt/equity ratio at 1x or below. The ratio was 0.88x at 31 December 2018 and 0.95x at the end of 2019 (0.91x disregarding the effects of the revised gearing ratio in accordance with IFRS 16);
- keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50%. The ratio was 47.58% at 31 December 2019 (46.38% disregarding the effects of IFRS 16), compared with 45.77x a year earlier.

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 with assistance from specialized firms 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 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Fair Value - Hierarchy	31/12/2019	31/12/2018	Change	Level
Derivative assets	0	0	0	2
Derivative liabilities	(17,365)	(17,364)	(1)	2
IRS net effect	**(17,365)**	**(17,364)**	**(1)**	

Contracts 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 account	4,980,396	4,980,396	4,980,396	4,980,396	4,409,378	4,980,396	4,980,396
Inception date	10/06/2009	10/06/2009	11/06/2009	12/06/2009	12/02/2009	27/10/2009	28/10/2009
Maturity	05/10/2021	05/10/2021	05/10/2021	05/10/2021	10/01/2023	05/10/2021	05/10/2021
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Contracts 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 account	5,136,192	9,963,250	6,848,256	6,336,033	5,136,192	9,963,250	9,963,250
Inception date	28/04/2010	27/08/2010	28/04/2010	28/04/2010	30/04/2010	31/08/2010	27/08/2010
Maturity	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	27/03/2024
Irs frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

Contracts 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 account	9,963,250	6,071,429	15,975,000	12,870,000	5,148,000	7,722,000	31,250,000
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	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	0.59%

Contracts in detail	IRS 30 – BIntesa 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 account	31,250,000	47,500,000	48,000,000	50,000,000	30,000,000	15,000,000	57,000,000
Inception date	08/06/2017	17/01/2019	02/01/2019	02/01/2019	02/01/2019	02/01/2019	02/01/2019
Maturity	06/04/2027	17/10/2023	16/10/2023	16/10/2023	16/10/2023	16/10/2023	16/10/2023
Irs frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 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

As described in Note 28, on 19 February 2020 IGD SIIQ S.p.A. recognized the capital reduction once the corresponding resolution had become fully effective, in accordance with Civil Code Art. 2445, as the deadline for opposing the reduction had passed without any creditors raising objections.

Note 44) Commitments

At 31 December 2019 the Group had the following major commitments:

- contract for the development of the Officine Storiche section, for a remaining amount of €17 million;
- contract for earthquake proofing upgrades at Porto Grande shopping center (Porto San Giorgio), for a remaining amount of €850K;

- contract for the remapping of Conè shopping center (Conegliano Veneto), for a remaining amount of €595K.

Please refer to what reported in the chapter 2.11 "Outlook" as regards the coronavirus emergency.

Note 45) Disputes

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

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 was 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 was 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 had 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 owed 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, were deemed to 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 judgment 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."
On 14 June 2019, Demostene S.p.A., assignee of the entire receivable due under the Court judgment, 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. The parties then began to negotiate the contours of a possible settlement.
At 30 June 2019, based on how the negotiations were proceeding for a settlement more favorable than the court judgment, IGD increased the provisions set aside in prior years by an additional €1,446K.
On 2 August 2019, IGD, IIS, and Demostene reached a settlement under which IGD will refrain from appealing the court judgment and pay to IIS and Demostene an all-inclusive amount of €3,600,000 (three million, six hundred thousand euros) plus VAT, while IIS and Demostene will refrain from: (i) appealing the court judgment (to seek the greater damages requested during the trial); (ii) enforcing the judgment and claiming, in particular, the greater damages it awards (on top of the €3,600,000 agreed in the settlement).
For whatever it may be worth, the deadline for appealing the judgment was 3 January 2020.

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 Proprietari 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 SIIQ S.p.A. 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 decision discussed on 10 January 2020.

Note 47) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IFRS 9.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2019 the Group had no financial instruments in this category;
- Held to maturity investments: the Group has no financial instruments belonging to this category;

- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss. At 31 December 2019 the Group had no financial instruments in this category;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Group's financial instruments are included in the statement of financial position as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2019 and 31 December 2018:

	Carrying value										
Data at 31 December 2019	**Financial assets/liabilities designated at fair value**	**Financial assets/liabilities measured at fair value held for trading**	**Receivables and loans**	**Financial assets held to maturity**	**Financial assets available for sale**	**Financial liabilities measured at amortized costs**	**Hedging derivatives**	**Total**	**of which current**	**of which non current**	**Fair value**
ASSETS											
Other non current assets											
Sundry receivables and other non current assets	0	0	118	0	0	0	0	118	0	118	**118**
Equity investments	0	0	223	0	0	0	0	223	0	223	**223**
Non current financial assets	0	0	174	0	0	0	0	174	0	174	**174**
Current assets											
Trade and other receivables	0	0	11,114	0	0	0	0	11,114	11,114	0	**11,114**
Related party trade and other receivables	0	0	921	0	0	0	0	921	921	0	**921**
Other current assets	0	0	3,084	0	0	0	0	3,084	3,084	0	**3,084**
Cash and cash equivalents	0	0	128,677	0	0	0	0	128,677	128,677	0	**128,677**
TOTAL FINANCIAL ASSETS	**0**	**0**	**144,311**	**0**	**0**	**0**	**0**	**144,311**	**143,796**	**515**	**144,311**
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	17,365	17,365	0	17,365	**17,365**
Due to banks	0	0	0	0	0	0	0	0	0	0	**0**
Leasing	0	0	0	0	0	3,594	0	3,594	345	3,249	**3,496**
Bonds	0	0	0	0	0	715,966	0	715,966	5,660	710,306	**733,694**
Due to other source of finance	0	0	0	0	0	54,550	0	54,550	8,725	45,825	**54,550**
Mortgage loans	0	0	0	0	0	517,379	0	517,379	44,090	473,289	**505,384**
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	8,152	0	8,152	0	8,152	**8,152**
Related party sundry payables and other non current liabilities	0	0	0	0	0	13,721	0	13,721	0	13,721	**13,721**
Current liabilities											
Trade and other payables	0	0	0	0	0	15,960	0	15,960	15,960	0	**15,960**
Related party trade and other payables	0	0	0	0	0	1,031	0	1,031	1,031	0	**1,031**
Other current liabilities	0	0	0	0	0	10,688	0	10,688	10,688	0	**10,688**
TOTAL FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**0**	**1,341,041**	**17,365**	**1,358,406**	**86,499**	**1,271,907**	**1,364,041**

Data at 31 December 2018	Carrying value										
	Financial assets/liabilities designated at fair value	Financial assets/liabilities measured at fair value held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives	Total	of which current	of which non current	Fair value
ASSETS											
Other non current assets											
Sundry receivables and other non current assets	0	0	111	0	0	0	0	111	0	111	**111**
Equity investments	0	0	277	0	0	0	0	277	0	277	**277**
Non current financial assets	0	0	243	0	0	0	0	243	0	243	**243**
Current assets											
Trade and other receivables	0	0	12,916	0	0	0	0	12,916	12,916	0	**12,916**
Related party trade and other receivables	0	0	2,024	0	0	0	0	2,024	2,024	0	**2,024**
Other current assets	0	0	3,311	0	0	0	0	3,311	3,311	0	**3,311**
Cash and cash equivalents	0	0	2,472	0	0	0	0	2,472	2,472	0	**2,472**
TOTAL FINANCIAL ASSETS	**0**	**0**	**21,354**	**0**	**0**	**0**	**0**	**21,354**	**20,723**	**631**	**21,354**
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	17,364	17,364	0	17,364	**17,364**
Due to banks	0	0	0	0	0	42763	0	42,763	42,763	0	**42,763**
Leasing	0	0	0	0	0	3,929	0	3,929	334	3,595	**3,773**
Bonds	0	0	0	0	0	695,342	0	695,342	138,038	557,304	**700,034**
Due to other source of finance	0	0	0	0	0	0	0	0	0	0	**0**
Mortgage loans	0	0	0	0	0	368,638	0	368,638	45,340	323,298	**352,985**
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	6,379	0	6,379	0	6,379	**6,379**
Related party sundry payables and other non current liabilities	0	0	0	0	0	11,892	0	11,892	0	11,892	**11,892**
Current liabilities											
Trade and other payables	0	0	0	0	0	14,301	0	14,301	14,301	0	**14,301**
Related party trade and other payables	0	0	0	0	0	736	0	736	736	0	**736**
Other current liabilities	0	0	0	0	0	9,107	0	9,107	9,107	0	**9,107**
TOTAL FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**0**	**1,153,087**	**17,364**	**1,170,451**	**250,619**	**919,832**	**1,159,334**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and bonds. To calculate the fair value of liabilities measured at amortized cost, the Group has discounted future cash flows to present value using a risk-free (zero coupon) curve estimated at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD. The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2019 the estimated credit spread was 2.25% (2.50% the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral given	Carrying value	
	2019	2018
Security deposits		
Sundry receivabled and other assets	118	111

The following table shows the impairment of trade receivables:

IMPAIRMENT	Impairment of trade receivables	
	2019	2018
Opening balance	**13,488**	**14,107**
Allocations for individual writedowns	804	870
Utilizations	(1,135)	(1,593)
Other movements	123	104
Total	**13,280**	**13,488**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from the impairment of trade receivables and hedge derivatives.
For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes of derivatives held by the parent company, charged to the cash flow hedge reserve under equity (net of the tax effects), came to a positive €1,180K in 2019 and a positive €2,672K the previous year. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to a separate cash flow hedge reserve under equity (net of the tax effects), amounted to a negative €1,722K in 2018 and a negative €175K the previous year.

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement at 31/12/2019	Carrying value						
	Financial assets/liabilities measured at fair values	Financial assets/liabiltiies held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives
	31-Dec-19						
Net gain (loss)							
Financial assets/liabilities	0	0	0	0	0	0	(6,365)
Trade and other receivables	0	0	(561)	0	0	0	0
Total	**0**	**0**	**(561)**	**0**	**0**	**0**	**(6,365)**

Income statement at 31/12/2018	Carrying value						
	Financial assets/liabilities measured at fair values	Financial assets/liabiltiies held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedging derivatives
	31-Dec-18						
Net gain (loss)							
Financial assets/liabilities	0	0	0	0	0	0	(6,663)
Trade and other receivables	0	0	(884)	0	0	0	0
Total	**0**	**0**	**(884)**	**0**	**0**	**0**	**(6,663)**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

INTEREST INCOME	2019	2018
Interest income on financial assets not measured at fair value		
Deposits	36	42
Related party receivables	2	3

INTEREST EXPENSES	2019	2018
Interest expenses on financial liabilities not measured at fair value		
Security deposits	104	36
Sundry payables and other liabilities	1,284	1,071
Financial liabilities		
Mortgage loans	7,417	3,840
Leasing	48	52
IFRS 16	1,931	0
Bonds	19,653	20,923
Short-term borrowings	38	5

4.7 // Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Alleanza 3.0 Soc. Coop. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 *bis* (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Alleanza 3.0 Soc. Coop. are presented below:

FINANCIAL STATEMENT COOP Alleanza 3.0	YEAR 2018	YEAR 2017
BALANCE SHEET (ex art. 2424 C.C.)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID	1,031	442,177
B) - FIXED ASSETS	3,974,023,535	4,190,805,870
C) - CURRENT ASSETS	3,961,149,809	4,451,752,240
D) - ACCRUED INCOME AND PREPAYMENTS	13,409,267	11,948,496
TOTAL ASSETS	**7,948,583,642**	**8,654,948,783**
LIABILITIES		
A) - NET EQUITY	2,082,384,102	2,358,221,190
B) - GENERAL PROVISIONS	128,384,530	76,818,746
C) - PROVISIONS FOR EMPLOYEES SEVERANCE INDEMNITIES	143,094,515	143,363,446
D) - PAYABLES	5,588,350,696	6,069,778,776
E) - ACCRUED INCOME AND PREPAYMENTS	6,369,799	6,766,625
TOTAL LIABILITIES AND NET EQUITY	**7,948,583,642**	**8,654,948,783**
MEMORANDUM ACCOUNT		
INCOME STATEMENT (ex art. 2425 C.C.)		
A) - PRODUCTION VALUE	4,144,396,616	4,155,265,332
B) - PRODUCTION COSTS	(4,478,023,443)	(4,297,412,798)
C) - FINANCIAL INCOME AND CHARGES	144,034,311	198,503,203
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(107,249,036)	(87,723,587)
E) EXTRAORDINARY INCOME AND CHARGES		
Income taxes	7,274,581	(6,227,688)
PROFIT (LOSS) FOR THE PERIOD	**(289,566,971)**	**(37,595,538)**

4.8 // List of significant equity investments

Below is a full list of significant equity investments held by IGD SIIQ S.p.A. at 31 December 2019.

Name	Registered office	Country	Share capitale	Currency	% of consolidated Group interest	Held by	% of share capital held	Activities
Parent company								
IGD SIIQ S.p.A.	Bologna via trattati comunitari Europei 1957-2007	Italy	749,738,139.26	Euro				Shopping center management
Subsidiaries fully consolidated								
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%	Shopping center 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%	Shopping center 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%	Construction 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%	Shopping center management
Winmarkt management S.r.l.	Bucarest	Romania	1,001,000	Lei	100%	Win Magazin S.A.	100.00%	Services, Agency and facility management
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	1,500,000.00	Euro	99.98	IGD SIIQ S.p.A.	99.98%	Activities of asset management, sport facilities and equipments management, construction, sale and rent of properties to be used for commercial and sport activities
RGD Ferrara 2013 S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	100,000.00	Euro	100%	IGD SIIQ S.p.A. 50% IGD Management s.r.l. 50%	100%	Darsena city shopping center management

4.9 // Information pursuant to Art. 149 *duodecies* of Consob's regulations for issuers

The following chart, prepared in accordance with Art. 149 *duodecies* of Consob's regulations for issuers, shows the fees pertaining to 2019 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(amounts in thousand of Euro)	SERVICE PROVIDER	RECIPIENT	FEES IN 2019
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	138
	PricewaterhouseCoopers S.p.A.	Subsidiaries: - IGD Management S.r.l. - Millennium Gallery S.r.l. - Porta Medicea S.r.l. - Arco Campus S.r.l.	43
	PricewaterhouseCoopers Audit S.r.l.	Romanian subsidiaries	26
Sustainability report auditing	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	25
New bond issuance consulting (*)	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	170
Total			**402**

(*) The fees paid to PricewaterhouseCoopers Advisory S.p.A. in connection with the new bond loan issued in November 2019 have been recognized as ancillary expenses for that operation and included in amortized costs.

4.10 // Certification of the consolidated financial statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and 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 year 2019.

2. We also confirm that:

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

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of the issuer and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 27 Februrary 2020

Claudio Albertini
Chief Executive Officer

Carlo Barban
Financial Reporting Officer

4.11 // External Auditors' Report

Independent auditor's report

in accordance with article 14 of Legislative Decree N. 39 of 27 January 2010 and article 10 of Regulation (EU) N. 537/2014

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter, also the "Company" and together with its subsidiaries, the "IGD Group"), which comprise the consolidated statement of financial position as of 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the illustrative notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the IGD Group as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Immobiliare Grande Distribuzione SIIQ SpA pursuant to the regulations and standards on ethics and independence applicable to audits of consolidated financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Valuation of investment properties, assets under construction and work in progress inventory *See notes N. 7, 14, 17 and 22 and paragraphs "Summary of accounting standards" and "Use of estimates" of the illustrative notes to the consolidated financial statements as of 31 December 2019.*	
As of 31 December 2019, IGD Group's investment properties and work in progress inventory are equal to, respectively, Euro 2,406 million (of which Euro 40.8 million relating to assets under construction) and Euro 33.6 million, totaling Euro 2,439.6 million, which represented 93.6% of total consolidated assets. Investment properties are measured at fair value in accordance with IAS 40 as endorsed by the European Union and work in progress inventory is measured at the lower of cost and net realizable value (which corresponds to fair value less cost to sell). Assets under construction are valued at cost less impairments, or at fair value if the procedure for obtaining administrative permits has been completed and construction is underway. The fair value of IGD Group's investment properties, assets under construction and work in progress inventory, which is based on appraisals carried out by independent experts (hereinafter, also the "Appraisers"), was of particular importance in auditing the IGD Group's consolidated financial statements and is a key audit matters of the audit as it is based on a complex process of estimate as well as on the use of assumptions that are impacted by future market conditions, specifically in relation to the estimated rental value and estimated vacancy rates (i.e. the forecast percentage of investment	Our approach in auditing such financial statements items firstly included the understanding and evaluating of the methodologies and procedures defined by the Company and approved by the Board of Directors on 19 December 2013 to verify the independence and the competence of the independent Appraisers engaged to determine the fair value of investment properties, assets under construction and work in progress inventory, as well as the procedures dealing with the selection and rotation of the Appraisers and the sharing of information between IGD Group Management responsible for managing the real estate portfolio and the Appraisers. The audit approach therefore included testing of controls put in place by IGD Group over the aforementioned processes and procedures in order to verify the fair value measurement models prepared by the Appraisers as well as the results of such models. Based on our understanding, evaluating and testing of aforementioned controls, we therefore planned and performed substantive auditing tests on such financial statement line items. In this respect, we highlight that the tests of details on the real estate portfolio were performed on a sample of investments considered to be significant based on the risk

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
property space that remains vacant), the rate used to capitalize the net rental income at the end of the measurement period and the rate used to discount the cash flows relating to each investment property.	and size of each investments, with the aim to cover all kinds of investments and all the Appraisers involved, as well as to rotate the real estate portfolio selected by us. Specifically, we verified the reasonableness of the methodologies adopted and of the main assumptions reflected in the valuation models (discounted cash flow) through review and analysis of the appraisals prepared by the independent experts and discussions with IGD Group Management and the independent experts; such analyses and discussions were conducted involving the PwC experts in real estate valuation. Particular emphasis was placed on verifying the reasonableness of those variables that have the most significant impact in determining the fair value, like the estimated rental value, the estimated vacancy rate, the rate used to capitalise the net rental income at the end of the measurement period and the rate used to discount cash flows related to each investment property, with respect to the best practices normally adopted for the valuation of similar investment properties in the same real estate sector of IGD Group. With regard to assets under construction, we also verified the consistency between the estimated costs to complete the constructions, included in the valuation model, and the budget of costs approved by the Company's Board of Directors. We also verified on a sample basis the consistency between the cash flows included in the valuation models and the rents arising from the contracts signed with tenants, and between figures relating to insurance costs and the IMU property tax and related supporting documentation. For those investments selected, we also verified the mathematical accuracy of the valuation models prepared by the independent experts.

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
	Finally, taking into account that the fair value measurement of investment properties and work in progress inventory is based on the use of measurement models with unobservable inputs (Level 3 in the fair value hierarchy included in IFRS 13 as endorsed by the European Union), we verified the Company's disclosures in the illustrative notes to the consolidated financial statements regarding the methodology adopted to determine fair value, the estimate of inputs, the results of valuations and the fair value sensitivity analysis performed.

Other matters

As required by law, the Company included in the illustrative notes to the consolidated financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA does not extend to those figures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the IGD Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate Immobiliare Grande Distribuzione SIIQ SpA or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the IGD Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IGD Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- We concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the IGD Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the IGD Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the IGD Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) N. 537/2014

On 18 April 2013, the Shareholders of Immobiliare Grande Distribuzione SIIQ SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2013 to 31 December 2021.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree N. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree N. 58/1998

The Directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the IGD Group as of 31 December 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N. 58/1998, with the consolidated financial statements of the IGD Group as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of IGD Group as of 31 December 2019 and are prepared in compliance with the law.

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With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 18 March 2020

PricewaterhouseCoopers SpA

Signed by

Giuseppe Ermocida
(Partner)

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

2. DIRECTORS' REPORT

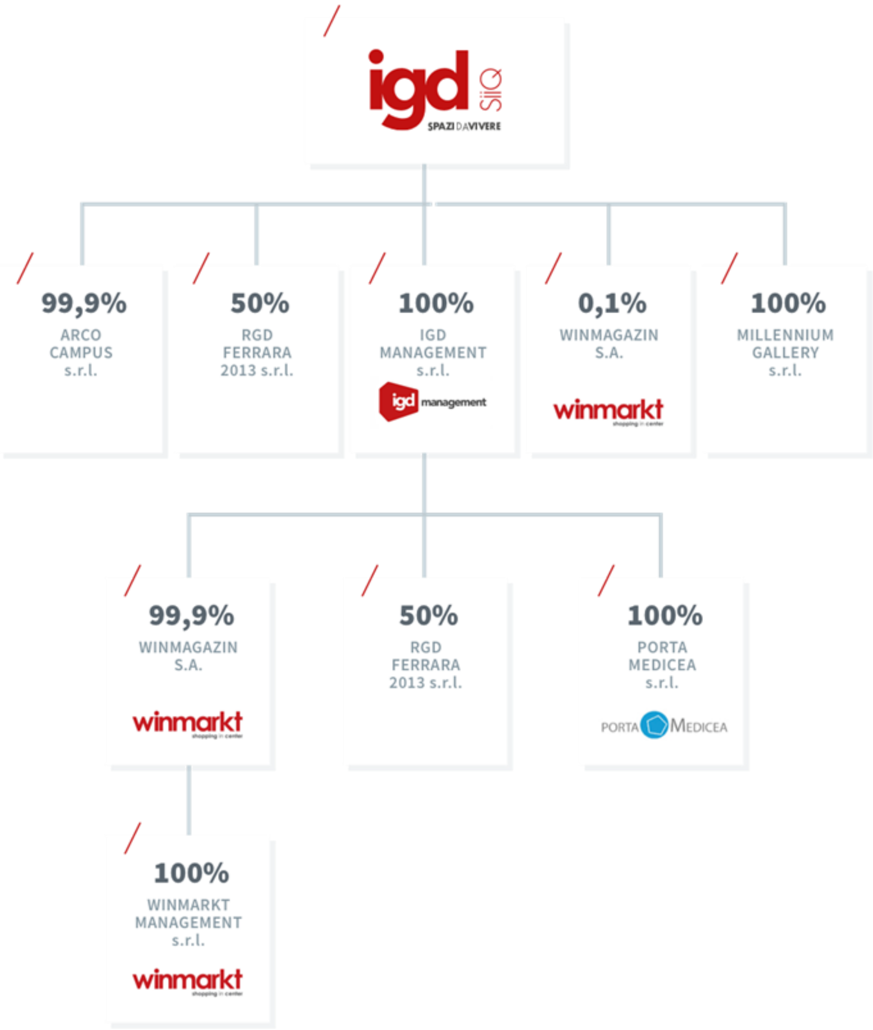
Dear Shareholders,
The directors' report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents. The consolidated financial statements at 31 December 2019 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ SpA and other Group companies as listed in the paragraph related to the scope of consolidation.

Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where clearly specified. These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards. The indicators deemed significant for the reading of the Group's financial statements include like-for-like revenue, core business EBITDA, core business EBITDA margin, FFO, net financial position, the interest cover ratio, the average cost of debt (net of ancillary expenses, recurring and non), the gearing ratio, the loan to value, the net asset value (NAV) and triple net asset value (NNNAV), the calculations of which are described in the Glossary.

2.1 // The IGD Group

IGD was the first company in Italy to obtain SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) status in 2008 and is still the only retail real estate company that qualifies as a SIIQ.
Most of the Group's real estate assets are in Italy (93.7%). The remainder is in Romania (6.3%), where IGD owns the Winmarkt chain of shopping centers through Win Magazin SA.



IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy.
On 30 September 2019 the purchase by IGD Management S.r.l. (a wholly-owned subsidiary of IGD) of 50% of RGD Ferrara 2013 S.r.l. (owner since 2013 of the Darsena City operations) was finalized. As a result of this acquisition the Group owned all of RGD Ferrara 2013 S.r.l.'s share capital at 30 September 2019. For information about the transaction please see sections 2.5 and 4.6.2.2 of this report.
At 31 December 2019 the IGD Group, in addition to the parent company, comprises the following companies:

- 100% of **Millennium Gallery**, (owner of part of the Rovereto shopping mall and a business division in the shopping center in Crema);
- 100% 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 CentroSarca shopping mall in Milan, also holds the majority of the operations which are not included in the SIIQ perimeter;
    - 100% of WinMagazine SA, the Romanian subsidiary, through which it controls 100% of WinMarktManagement Srl, the company responsible for the team of Romanian managers;

- 100% of Porta Medicea Srl, responsible for the 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.

The IGD Group's operations can be broken down into three distinct divisions**:**

- **Asset management and development;**
- **Sales, marketing and network management;**
- **International.**

The three divisions, grouped in two areas, report to the Chief Operating Officer.

2.1.1 Our activities

Property

IGD is the biggest Italian retail property company; as a property company IGD acquires retail properties, both already operational and newly completed (shopping centers, hypermarkets, supermarkets and malls) from which it extracts value over the long term. Occasionally, the sale of freehold assets is also considered with a view to maintaining an optimal portfolio structure through an appropriate asset rotation strategy.

Property management and leasing

The property management and leasing of all the Group's freehold properties, as well as of some third-party assets, represents IGD's most important business. The main objective is to enhance the long-term value of the portfolio through active management of the properties, striving to maintain the properties as flexible and functional as possible and optimize costs taking into account the entire life cycle of the shopping center

This activity comprises:

1. **a technical division;**
2. **a commercial division;**
3. **a contracts division;**
4. **an operations and marketing division.**

Services

This activity consists in providing services to owners and tenants of hypermarkets, supermarkets and the mall stores which can be broken down as follows:

- **Facility Management**: IGD coordinates and supervises the drafting of the shopping center's marketing plan, as well as all the activities deemed essential to the operation of a shopping center: like security, cleaning and routine maintenance;

- **Agency Management and Pilotage:** which consists in the analysis of the mall's competitive positioning in order to determine the right tenant mix and select the best retailers for each category of merchandise, negotiating with the retailers and managing the relationships with the current tenants.

Contract management

At the end of 2019 IGD had 1,468 leases in Italy with a total of 732 retailers. During the year the Company signed 234 new leases explained for 138 by renewals and the remaining 105 by turnover.
At the end of 2019 there were 590 active leases in Romania; during the year 390 new leases were signed explained for 230 by renewals and 160 by turnover.

Careful turnover management, on the one hand, provides IGD with an opportunity to change the offering in its malls in light of new consumer trends and, on the other, to select retailers who are the most reliable and have the best sales potential.

As part of its Enterprise Risk Management activities IGD has been analyzing the risk profile of its tenants for some time. The systems assign each tenant with a score based on the risk category to which it belongs in order to assess the percentage of retailers belonging to the same risk category, as well as the rents as a percentage of IGD's total revenue. Thanks to turnover, IGD was able to reduce the number of high risk tenants and, at the same time, lower the sales at risk as a percentage of total sales.

The concentration of retailers generating a significant portion of IGD's rental income is limited: in Italy the ten largest tenants represented 18.9% of the total rental income generated by malls in 2019, basically the same as the 19.9% reported in 2018. In Romania the ten largest retailers accounted for 36% of the total in 2019, higher than the 29.3% recorded in 2018.

IGD's retail offering is strengthened by the significant number of very appealing brands: in the Italian malls, international brands account for 40.3% of the total rental income, while in Romania these brands represent 38% of the total.

Marketing

In 2019 IGD opted to make significant investments in 3 areas:

- launching the "Grande Concorso", a raffle that was held in 25 shopping centers in September with almost a million tickets played which helped to boost retailers' sales;
- promoting the concept of the shopping center as a place where you can make your dreams come true. In September IGD launched a communication campaign dedicated to repositioning the image of 7 of its key shopping centers in Italy: ESP in Ravenna, Tiburtino in Rome, Centro Sarca in Milan, Katanè in Catania, Centro d'Abruzzo in Chieti, Le Porte di Napoli in Naples and Le Maioliche in Faenza. The message at the heart of the campaign: "I'm possible, the place where everything is possible", was combined with suggestive and engaging graphics; the campaign, which will be reproduced in specific events and also part of the shopping centers' creative elements in 2020, generated good results in terms of footfalls.
- expanding digital expertise, in order to make the most of the opportunities provided by digital innovation. A new role was also added to the company's staff, a Digital Marketing Specialist.

The marketing activities made a key contribution to enhancing the appeal of the shopping centers and in boosting new footfalls at a time when the food anchor is less attractive than in the past: in 2019 footfalls reached about 82.6 million in IGD's Italian centers, down slightly against the prior year (84.4 million in 2018), but consistent with the figures of the *Consiglio Nazionale dei Centri Commerciali*.

Mission

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

Vision

IGD has always been focused on the retail segment of the Italian real estate market. A top player because of the overall size of its portfolio, IGD has succeeded in delivering on Business Plan guidance thanks to the way in which it has interpreted its role over time, including during the lengthy consumer crisis which persisted throughout a large part of the last decade. The ability to listen to the different needs of retailers, the desire to offer a range of flexible and personalized retail solutions, the ability to meet the changing needs of international brands (including bigger spaces and different formats) in a timely manner have allowed IGD to build a professional profile with characteristics that are unique to Italy. A fair, collaborative and farsighted approach to working which is valued by the tenants has also had a positive impact on the results posted in IGD's income statement.

Contrary to the models used by the main European retail property companies, IGD has not focused on large shopping centers nor on a specific type of region: a calculated choice originally which has proven repeatedly to be successful over the last 12 years of the Company's development. IGD's property portfolio, comprised of 8 key assets and different, midsize centers, can be found throughout Italy typically near urban centers near motorways, along main roads, which allows for easy access to the centers. Most of the IGD's assets also strongly positioned in primary catchment areas.

Historically, the typical IGD shopping benefitted from a food anchor which helped to attract traffic all week long and promote customer loyalty which, in turn, benefitted mall retailers. More recently the format of IGD's centers is gradually being transformed, with the addition of more than one nonfood anchor which act as important "attractors" for the whole center and a growing number of personal services: not only restaurants, but also dental studios and fitness centers. Activities which reflect fully IGD's "Spaces to be lived in" concept and which respond to the needs that e-commerce cannot satisfy. Over the last few years IGD has worked on downsizing the space dedicated previously to the hypermarket to create new food courts and new retail spaces in a few centers. In 2019, including as a result of the strategic agreement signed with Coop Alleanza 3.0, work was completed on reducing the size of the hypermarkets at Fonti del Corallo in Livorno, Conè in Conegliano and Le Maioliche in Faenza, while work is still underway at the Porto Grande center in Ascoli Piceno. This approach, which has benefitted the retailers and has had a positive impact on the long-term sustainability of rents, today represents a benchmark for the rethinking of layouts at other centers where the hypermarket could be reformatted in order to adapt to new models of consumption.
The ability to rethink the merchandising mix and complete new fit-outs which reflect the new retailer formats lie at the heart of IGD's proven ability to maintain a high level of occupancy over time.

Strategic guidelines

2019 was the first year of the Business Plan 2019-2021, approved on 7 November 2018, which strives **to further solidify IGD's leadership in the Italian market** and **further strengthen its financial structure**.

The strategy in the plan leverages on 3 pillars which IGD intends to develop internally using company resources and expertise: innovation and operating excellence, asset management and financial strategy. As was the case in 2014, sustainability targets are included in the new plan.
In terms of innovation and operating excellence, IGD believes that in the coming years finding ways to promote interaction and personalized relationships with visitors, as well as the integration of e-commerce, will be key. For this reason, a **plan focused on innovation** was developed. A plan which strives to improve the customer journey, through initiatives and experiences that reinforce the shopping center's role as an entertainment hub and meeting place.
The asset management strategy consists in daily, dynamic and long-term management of our properties in order to better serve visitors and retailers. The investments planned, therefore, aim to

maintain and increase the quality of the portfolio, favoring innovation, appeal, quality materials, in addition to sustainability.
More in detail, IGD will focus on four areas:

- **riqualification of the existing portfolio;**
- **implementation of the strategic agreement with Coop Alleanza 3.0;**
- **completion of the current pipeline;**
- **strategic asset rotation.**

The financial strategy is geared to **maintaining rigorous financial discipline, consistent with the investment grade profile** in order to limit financial risks (interest rate and credit) and obtain the best market conditions possible.
Thanks to an intense 2019, several targets were reached already in the first year of the Business Plan, explained also by the issue of a €400,000,000 bond, expiring in 2024, which was used to repurchase part of a €300 million and a €162 million bond issue, expiring in 2021 and 2022, respectively
Lastly, with regard to Sustainability, the qualitative/quantitative targets referred to in the 2019-2021 Plan reflect the topics that emerged in the Materiality Analysis.
IGD's investment plan for the three-year period 2019-2021 was conceived with a view to rigorous financial discipline. The gradual completion of the investments called for will fuel important cash flow generation (reflected in the FFO) and, consequently, IGD's ability to provide shareholders with attractive and sustainable returns.

2.2 // Performance in 2019

2.2.1 Income statement review

2019 was a year of intense activity for the IGD Group, with important business and financial transactions brought to a close in a global market environment of limited growth due to a slowdown in international trade and investments. The prospects for world trade improved in the latter part of the year thanks to the progress made in the US – China trade disputes, but the downside risks linked to current geopolitical tensions remain.[1]
In Italy, after a positive, but not stellar, 2018, the economic cycle slowed further in 2019 with growth rates that plateaued at levels slightly above zero: based on ISTAT's preliminary estimates, the cumulative growth rate for GDP reached +0.2% at year-end 2019, lower than the +0.8% recorded in 2018[2]. This slowdown is attributable mainly to the weakness of the manufacturing sector and the drop in investments (particularly in capital goods), while internal demand and, above all, consumer spending[3] made a positive contribution: the rate of unemployment reached 9.8% at year-end, a drop of 0.5% against December 2018[4]. In terms of prices, there was a decided slowdown in 2019 compared to the prior year with an average rate of inflation that came to +0.6% in the year (versus +1.2% in 2018); this slowdown is due mainly to the trend in energy prices.[5]

IGD's portfolio succeeded in recording positive results in what was, therefore, not a particularly brilliant environment: retailers' sales in Italian malls were 0.5% higher at 31 December 2019, while footfalls fell slightly against the prior year. Sales, particularly after a negative first quarter, recovered and

[1] Source: Bank of Italy – *Economic Bulletin 1/2020*, January 2020
[2] Source: Istat – *Preliminary GDP Estimates*, January 2020
[3] Source: Bank of Italy – *Economic Bulletin 1/2020*, January 2020
[4] Source: Istat – *Unemployment figures,* January 2020
[5] Source: Istat – *Consumer Prices*, January 2020

remained positive in subsequent quarters. Even though the figure was lower than in the prior year, the trend for footfalls was similar, with a particularly negative first quarter and partial recovery in subsequent quarters which continued in January 2020 when footfalls were up 1.4%. First quarter sales were affected by unfavorable weather conditions which weren't in line with seasonal averages (above all in February and, subsequently, in May). These effects were neutralized and reversed during the year, thanks also to the good results of consumer electronics (+5.8%), food and beverage (+3.2%) and services (+8.2%), as well as the introduction of performing tenants and the positive performance of the centers restyled in 2019 (Fonti del Corallo and Casilino). Footfalls were also impacted by the negative performance of a few hypermarkets, particularly those where remodeling and restyling were underway.

Occupancy remained high (96.9%) and basically unchanged compared to year-end 2018 (97.2%).

A good performance was also posted by rental income in Italy: rising 2.3% at 31 December 2019, while net rental income was up 10.1% (+0.2% excluding IFRS16 application). This result reflects the full-year contribution made by the 4 malls and the retail park comprising the portfolio purchased in April 2018, as well as by the expanded Gran Rondò center in Crema inaugurated in May 2018. Like-for-like revenue was also higher (+0.3% against 31 December 2018), despite the temporary vacancies of a few midsize stores which were rapidly leased again (the effects of which will be more visible in 2020): during the year 243 leases (138 renewals and 105 new leases) were signed with an average upside of 1.1%[6].

During the year IGD continued with its asset management activities, consistent with the 2019-2021 Business Plan approved year-end 2018: in the fall two restyled centers were inaugurated, Casilino Shopping Center in Rome and Fonti del Corallo in Livorno: in both instances work was done on the interior and exterior of the centers in order to give them a new vitality and make them even more appealing, welcoming and comfortable for visitors. Remodeling work was also completed inside Le Maioliche (Faenza), Conè (Conegliano Veneto) and Porto Grande (San Benedetto del Tronto), while work continued on creating new retail units in the space previously occupied by the hypermarkets, which the Company is in the process of pre-letting; restyling of the Porto Grande center is also slotted for 2020.

With regard to the Porta a Mare project, IGD's most important mixed-use development project, in September the sale of Palazzo Orlando (an office building that is part of the Mazzini section) was finalized and, at the same time, the remaining 50% of the Darsena City Shopping Center in Ferrara, which was already 50% co-owned by the IGD Group, was purchased. Work continues on the Officine Storiche section, the heart of the project. This section comprises an area of around 20,000 square meters, 15,000 square meters of which will be dedicated to retail with 30 stores, 10 restaurants and 1 fitness center; work is expected to be completed by the end of 2020.

In Romania, the economy continues to grow at a more robust pace than in Italy and above the European average: estimates show that Gross Domestic Product grew 4.0% in 2019, in line with the 4.0%[7] recorded in the prior year. The main growth driver continues to be consumer spending, but investments also picked up due mainly to financial assistance from the European Union[8]. All of this, along with the restyling work and updating of the merchandising mix carried out by IGD over the last few years, translated into good operating results for IGD's shopping centers: occupancy improved further, rising from the 97.1% recorded in 2018 to 97.6% in 2019. The pre-letting and renegotiations carried out during the year resulted in significant upside (4.0%) on new leases. The combination of these factors contributed to the good performance of rental income which was 3.2% higher than in 2018.

In 2019 we also worked intensely on the Group's financial structure: in January IGD used the EUR 200 million senior unsecured facility (rate of 2.1%) granted year-end 2018 to redeem a EUR 125 million

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[6] Excluding the lease for the multiplex cinema at Centro Sarca
[7] Source: OECD – *Economic Outlook*, November 2019
[8] Source: OECD – *Economic Outlook*, November 2019

bond (coupon 3.875%). IGD also obtained two investment grade ratings from two different agencies: in April S&P Global Ratings assigned IGD a rating of "BBB-" (currently with a negative outlook) and then in October Fitch Ratings Ltd assigned IGD a "BBB-" rating with a stable outlook. In November, lastly, IGD issued €400,000,000 in new notes, expiring 28 November 2024, payable yearly in arrears at a fixed rate of 2.125%. The proceeds from the issue were used, in part, to repurchase part of a €300 million and a €162 million bond issue, expiring in 2021 and 2022, respectively, and, in part, to fully redeem the bond expiring in 2021, as well as for general corporate purposes. The issue was well received by the market and initially oversubscribed by important, accredited domestic and foreign investors. The main purpose of the above transaction was to reduce the cost of debt and extend current financial maturities. The average cost of debt at year-end 2019 was 2.35% versus 2.65% at year-end 2018, while the interest cover ratio or ICR came to 3.4x versus 3.5x at year-end 2018, with an average maturity of 4.1 years.

Net of the fair value adjustments that impacted the Group's net profit, as described below, Funds from Operations showed continuous growth rising 4.5% against 2018 to €83.3 million at 31 December 2019, consistent with the guidance disclosed to the market which called for an increase in the range of +4/5%.

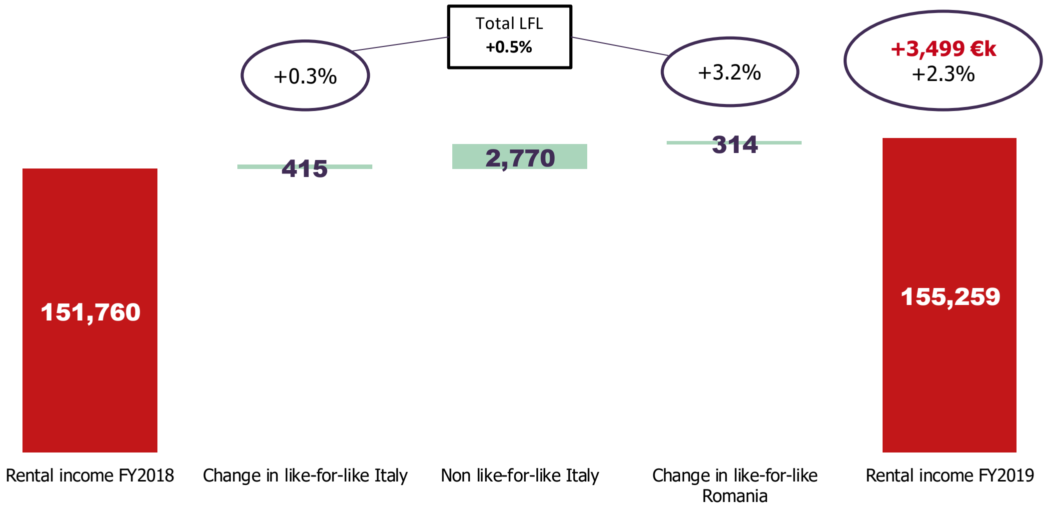
The consolidated operating income statement is shown below:

GROUP CONSOLIDATED	(A) 31/12/2019	(B) 31/12/2018	Δ (A)/(B)	IFRS 16 Effects (C)	31/12/2019 adj (A+C)
Revenues from freehold rental activities	142,680	139,286	2.4%	0	142,680
Revenues from leasehold rental activities	12,579	12,474	0.8%	0	12,579
Total income from rental activities	**155,259**	**151,760**	**2.3%**	**0**	**155,259**
Rents and payable leases	-3	-10,265	-100.0%	-10,302	-10,305
Direct costs from rental activities	-18,680	-17,463	7.0%	0	-18,680
Net rental income	**136,576**	**124,032**	**10.1%**	**-10,302**	**126,275**
Revenues from services	6,383	6,309	1.2%	0	6,383
Direct costs from services	-5,491	-5,162	6.4%	0	-5,491
Net services income	**892**	**1,147**	**-22.2%**	**0**	**892**
HQ Personnel expenses	-6,816	-6,707	1.6%	0	-6,816
G&A expenses	-5,457	-4,749	14.9%	0	-5,457
CORE BUSINESS EBITDA (Operating income)	**125,195**	**113,723**	**10.1%**	**-10,302**	**114,894**
Core business Ebitda Margin	*77.5%*	*71.9%*			
Revenues from trading	406	4,445	-90.9%	0	406
Cost of sale and other costs from trading	-1,044	-5,536	-81.1%	0	-1,044
Operating result from trading	**-638**	**-1,091**	**-41.5%**	**0**	**-638**
EBITDA	**124,557**	**112,632**	**10.6%**	**-10,302**	**114,255**
Ebitda Margin	*76.9%*	*69.3%*			
Impairment and Fair Value adjustments	-72,788	-30,279	n.a.	11,851	-60,937
Depreciations and Provisions	-1,426	-1,106	28.9%	-310	-1,736
EBIT	**50,343**	**81,247**	**-38.0%**	**1,239**	**51,582**
FINANCIAL MANAGEMENT	-36,752	-32,498	13.1%	1,931	-34,823
EXTRAORDINARY MANAGEMENT	11	-85	n.a.	0	11
PRE-TAX PROFIT	**13,602**	**48,664**	**-72.0%**	**3,170**	**16,772**
Taxes	-1,011	-2,276	-55.6%	-832	-1,843
PROFIT FOR THE PERIOD	**12,591**	**46,388**	**-72.9%**	**2,338**	**14,929**
(Profit/Loss) for the period related to third parties	0	0	n.a.	0	0
GROUP NET PROFIT	**12,591**	**46,388**	**-72.9%**	**2,338**	**14,929**

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

Net rental income

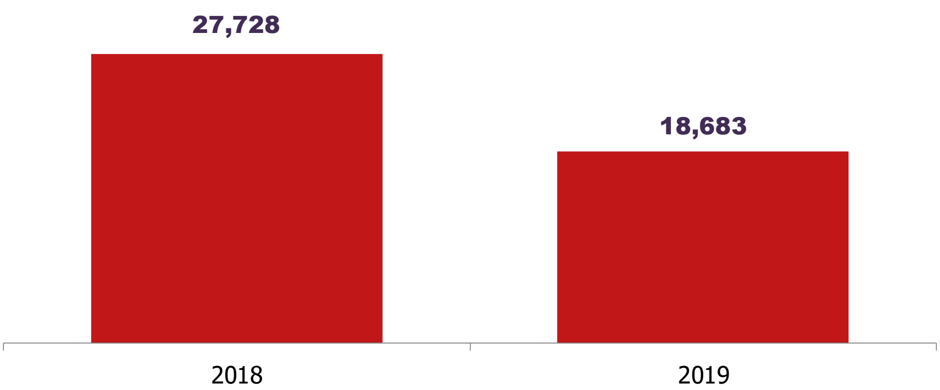
Rental income amounted to €155,259 thousand, an increase of 2.3% against the same period of the prior year.



The increase of €3,499 thousand is explained by:

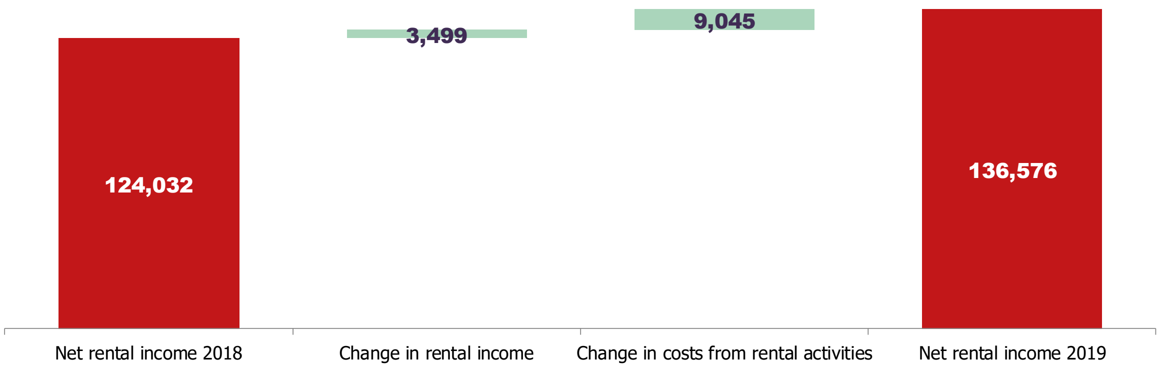
- for around €2,770 thousand, higher revenue not like-for-like attributable to the portfolio purchased from Eurocommercial Properties in April 2018 and the opening of the Grand Rondò mall extension in Crema in May 2018 which was partially offset by the strategic vacancies needed for ongoing fit out work;
- for €415 thousand, the like-for-like increase (+0.3%) in Italy, generated by a real estate portfolio valued at around €2 billion. Malls were up (+0.4%) due to the pre-letting carried out in the last quarter of the year, step-ups and higher revenue from temporary spaces, partially offset by an increase in temporary discounts. Hypermarkets were largely unchanged (+0.1%). 234 new leases were signed with an average upside of +1.1% (excluding the Sarca cinema); adjustments for inflation impacted for around 50 bps
- for around €314 thousand, higher like-for-like revenue in Romania (+3.2%), including as a result of pre-letting and renegotiations (230 renewals were signed with an average upside of +4.4%, along with 160 new leases linked to turnover). The like-for-like real estate portfolio in Romania was valued at around €150 million.

Direct costs from rental activities



The **direct costs for the rental business** amounted to €18,683 thousand, a decrease of about 32.6% compared to the same period of the prior year (an increase of 4.5% excluding the impact of IFRS 16; for more information about first-time adoption of IFRS 16 please refer to section 4.6.2.1 of this report). The increase in costs is attributable mainly to condominium fees, property tax (IMU), one-off marketing costs and insurance, linked also to the expanded portfolio.

Net rental income amounted to €136,576 thousand, an increase of 10.1% against the same period of the prior year (+1.8% excluding the impact of IFRS 16).

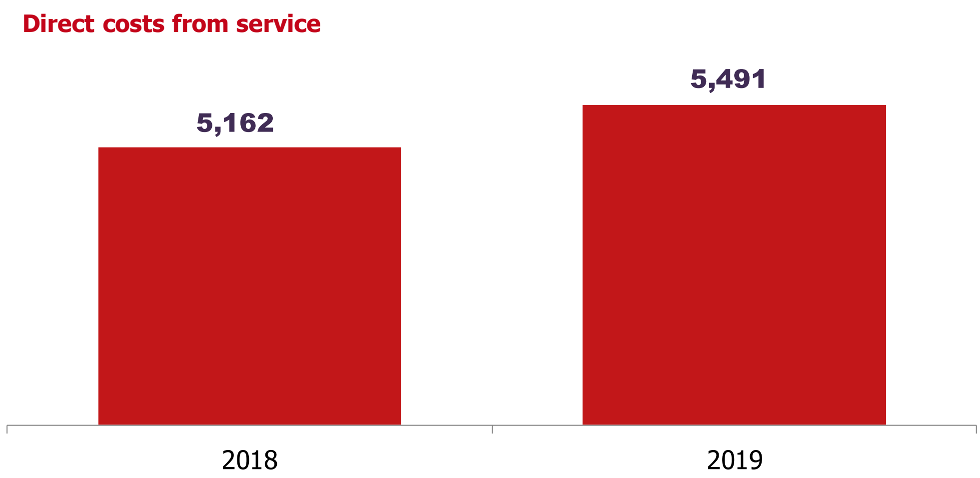


Net rental income freehold amounted to €124,490 thousand, an increase of 2.0% against the same period of the prior year, with a very sizeable margin of 87.3% of revenue, in line with the prior year. Net rental income leasehold amounted to €12,086 thousand. Excluding IFRS 16 application the figure comes to €1,788 thousand or 13.2% less than in the same period of the prior year.

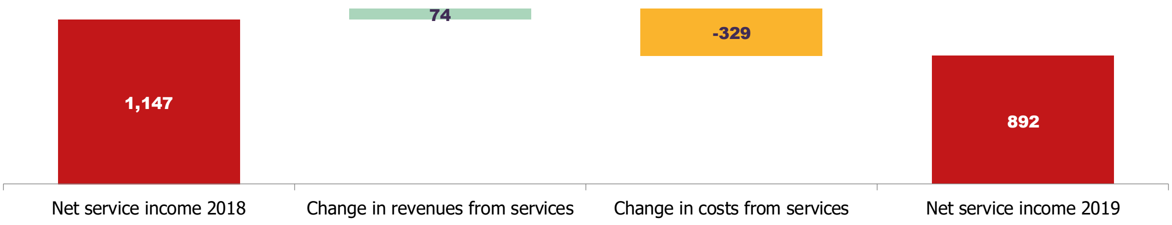
Net Service Income

Revenue from services rose €74 thousand (+1.2%) compared to the same period of the prior year. Most of this revenue comes from the facility management business (91% of the total or €5,803 thousand), which was higher than in the prior period (+7.3%) due mainly to new management mandates (La Favorita and Centro Luna). Revenue from other services (outsourcing services) and pilotage fell slightly.

The **direct costs for services** amounted to €5,491 thousand, an increase of €329 thousand (+6.4%) compared to the same period of the prior year attributable mainly to higher network payroll costs as a result of CCNL (the state collective labor agreement) adjustments.

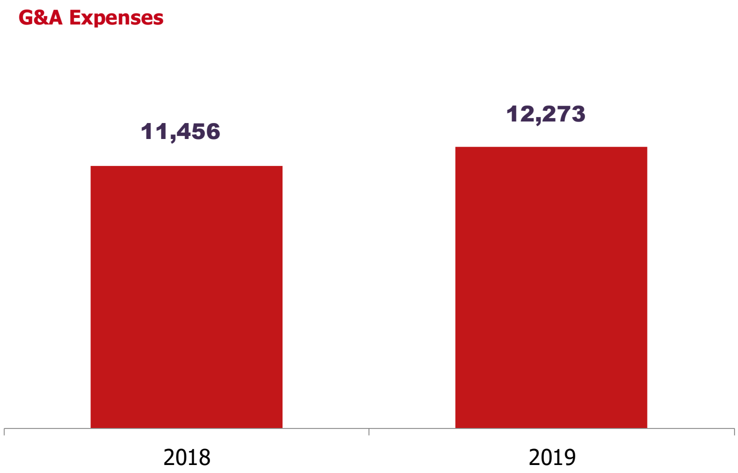


Net service income amounted to €892 thousand, a decrease of 22.2% compared to the same period of the prior year, falling as a percentage of revenue from services from the 18.2% recorded in the prior year to 14.0%.



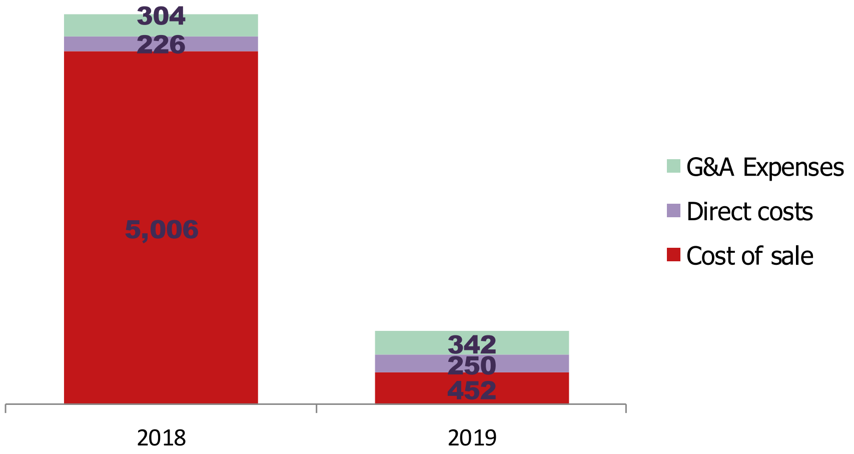
General expenses for the core business

General expenses for the core business, including payroll costs at headquarters, came to €12,273 thousand, an increase of 7.1% against the €11,456 thousand posted in the first nine months of 2018. This increase is attributable primarily to higher payroll costs at headquarters linked to CCNL adjustments, as well as other one-offs recorded in the period (consultancies, corporate projects and operations).
As a percentage of revenue these costs came to around 7.6%.



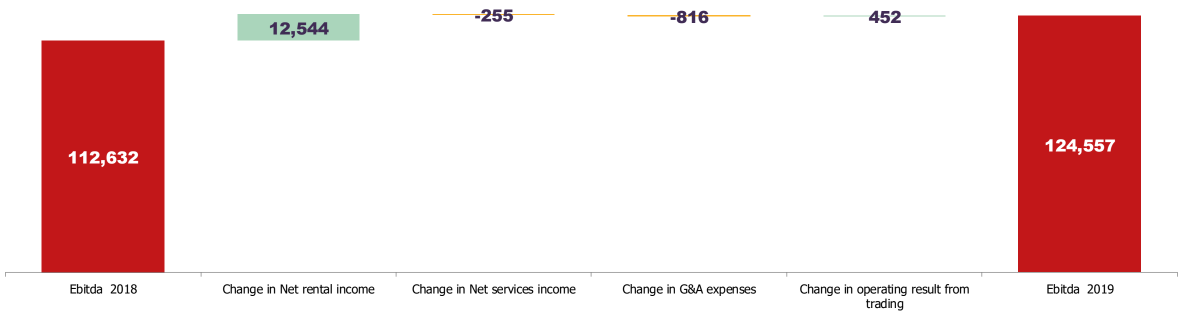
Operating results for trading

Trading posted an operating loss of €638 thousand, an improvement compared to the prior year. Revenue from property sales reached €406 thousand in the period and reflects the sale of 1 residential unit and the relative appurtenance, compared to 14 units in the prior year. The sale of 69 of the 73 original residential units have closed and preliminary sales agreements have been signed for 3 more residential units.
The total of the units sold/pledged has, therefore, reached 98.7% of the total saleable area.
The costs for the Porta a Mare project are broken down below:



EBITDA

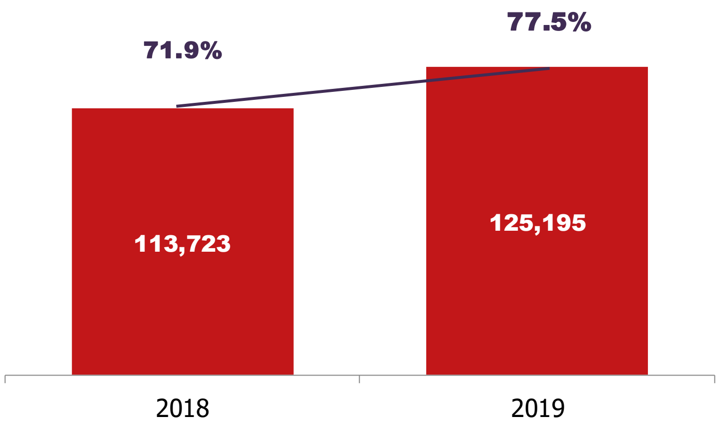
Core business **EBITDA** amounted to €125,195 thousand in 2019, an increase of 10.1% with respect to the same period of the prior year, while total EBITDA rose by 10.6% to €124,557 thousand. The changes in the components of total EBITDA during the year are shown below.



As mentioned above, the **EBITDA margin** mainly reflects 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 77.5%, 560 bps higher than in the same period of the prior year and down slightly by 88 bps excluding IFRS 16 application.

Core business Ebitda



Fair value adjustments and impairment

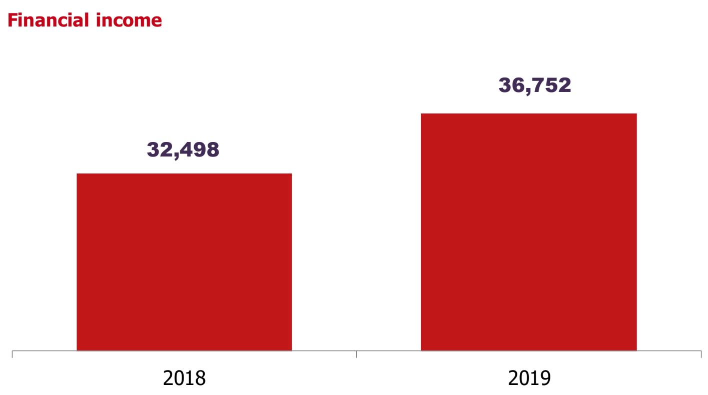
Fair value adjustments and writedowns were negative for €72,788 thousand at 31 December 2019, higher than the €30,279 thousand recorded at 31 December 2018, explained by:

- for €11,851 thousand, the right-of-use assets derived from IFRS 16 application including the property maintenance carried out;
- for €26,558 thousand, the restyling completed in the year, 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 €26,381 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 31 December 2019;
- for €1,446 thousand, the sales price adjustment paid for the Katanè mall as per the judgement issued by the Court of Ravenna on 7 June 2019. For more information please see section 2.5 of this report and section 45 of the explanatory notes;
- for €2,052 thousand, the extraordinary maintenance of the Romanian subsidiary Win Magazin SA's freehold properties;
- for €4,500 thousand, fair value adjustments of investment properties held by the Romanian subsidiary Win Magazin SA based on independent appraisals at 31 December 2019.

EBIT

EBIT amounted to €50,343 thousand, a decrease of 38.0% against 2018. In addition to the abovementioned rise in EBITDA, the result reflects the negative balance of writedowns and fair value adjustments of €72,788 thousand (€43,136 thousand in 2018) and the net positive impact of the four businesses acquired in 2018 of €12,857 thousand.

Financial income and charges



Financial charges went from €32,498 thousand at 31 December 2018 to €36,752 thousand at 31 December 2019. The increase, of around €4,254 thousand, is attributable mainly to:

- for €1,931 thousand, an increase in the financial charges 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 4.6.2.1 of the Explanatory Notes);
- for €3,226 thousand, the amortized cost expense stemming from recognition of the difference between the present value of the new cash flows discounted at the original effective interest rate and the present value of the cash flows of the original liability

following the issue of the new €400 million bond and the partial repurchase of outstanding bonds for a total €237,607 thousand;

- the decrease in financial charges for bonds following the redemption, in January 2019, of a €150 million bond loan and the issue of a new €400 million bond in November, as well as the partial refinancing of current debt amounting to €237,607 thousand, namely the outstanding €229,207 thousand of a €300 million bond and the outstanding €8,400 thousand of a €162 million bond € (for more information see section 2.5 of this report);
- 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;
- higher financial charges on committed lines.

The **average cost of debt** (without considering recurring and non-recurring transaction costs) at 31 December 2019 was 2.35%, down from 2.65% in the same period of the previous year, while the weighted average effective cost of debt went from 2.88% at 31 December 2018 to 2.98%.
The **interest cover ratio (ICR)**, the ratio of Ebitda to interest expense, came to 3.28x, net IFRS 16 application. Lower compared to the 3.47x posted in the prior year.

Equity investments and property sales

The result posted at 31 December 2019, €11 thousand, is attributable to the sale of the "Palazzo Orlando" property finalized in September (for more information about the transaction please refer to section 2.5 of this report).

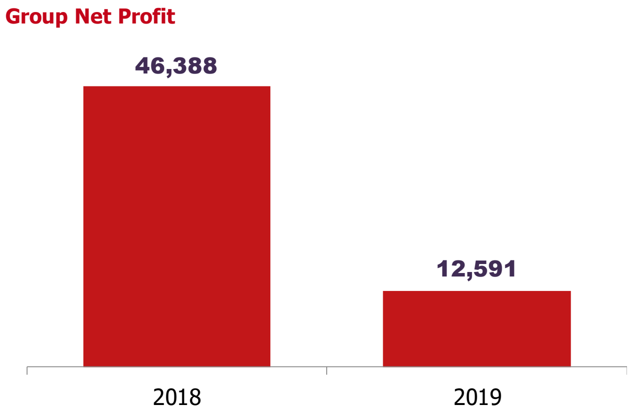
Taxes

	31/12/2019	31/12/2018	Change
Current taxes	1,450	1,431	19
Deferred tax liabilities	(502)	488	(990)
Deferred tax assets	37	359	(322)
Out-of-period income/charges - Provisions	26	(2)	28
Total income taxes for the period	**1,011**	**2,276**	**(1,265)**

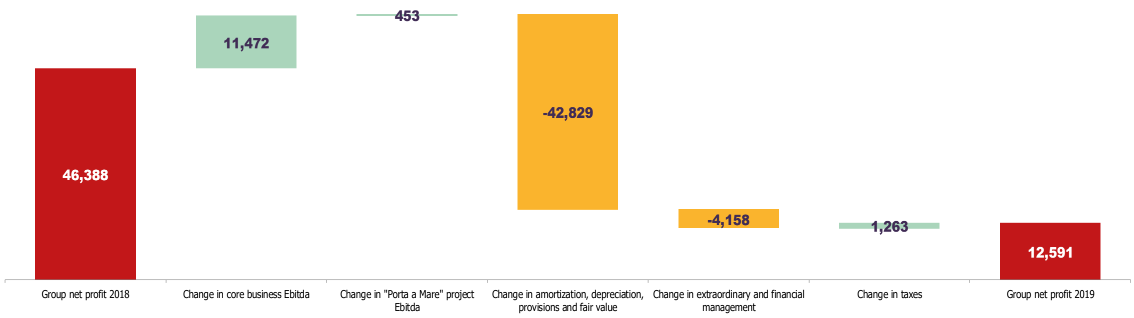
The tax burden, current and deferred, reached €1,011 thousand at 31 December 2019, a decrease of €1,265 thousand against 31 December 2018. The change is attributable primarily to *(i)* the adjustment made to deferred tax assets and liabilities in order to align the fair value with the tax assessed value of a few real estate investments held by subsidiaries and *(ii)* the impact of the deferred tax recognized in accordance with IFRS 16 (for more information about IFRS 16 adoption please refer to section 4.6.2.1 of the Explanatory Notes).

Group net profit

As a result of the above, the Group's net profit came to €12,591 thousand, lower than the €46,388 thousand recorded in 2018.



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



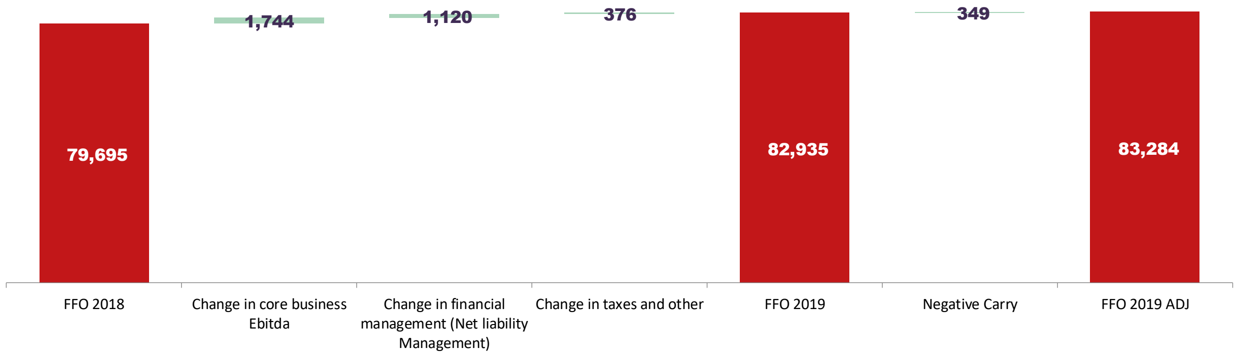
Core business FFO

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 €83,284 thousand at 31 December 2019, an increase of €3,590 thousand or 4.5% compared to the same period of the prior year. The change is explained by the improvement in core business Ebitda and financial charges described above. The figure does not reflect the one-off negative carry linked to the refinancing of future maturities.

The increase is consistent with the guidance disclosed to the market which called for an increase in the range of +4/5%.

Funds from Operations	2019	2018	Delta	Delta %
EBITDA Gestione Caratteristica*	**125,769**	**113,723**	**12,046**	10.6%
Rettifica IFRS16 (Locazioni Passive)	(10,302)	0	(10,302)	n.a.
Gest. Finanziaria Adj	(31,384)	(32,504)	1,120	-3.4%
Gestione Partecipazione/Straordinaria Adj	0	0	0	n.a.
Imposte correnti del periodo Adj	(1,148)	(1,524)	376	-24.7%
FFO	**82,935**	**79,695**	**3,240**	4.1%
Negative Carry	349	0	349	
FFO ADJ	**83,284**	**79,695**	**3,589**	4.5%

*Net of non-recurring expenses


1,744
1,120
376
349
79,695
82,935
83,284
FFO 2018
Change in core business Ebitda
Change in financial management (Net liability Management)
Change in taxes and other
FFO 2019
Negative Carry
FFO 2019 ADJ

2.2.2 Statement of financial position and financial review

The IGD Group's statement of financial position at 31 December 2019 can be summarized as follows:

(amounts in thousand of Euro)	31/12/2019	31/12/2018	Δ	%
Fixed assets	2,365,214	2,346,527	18,687	0.79%
Assets under construction and advances	40,827	36,563	4,264	10.44%
Intangible assets	12,535	12,696	(161)	-1.28%
Other tangible assets	8,970	9,615	(645)	-7.19%
Sundry receivables and other non-current assets	118	111	7	6.36%
Equity investments	223	277	(54)	-24.22%
NWC	18,441	26,019	(7,578)	-41.09%
Funds	(7,125)	(8,164)	1,039	-14.58%
Sundry payables and other non current liabilities	(21,873)	(19,742)	(2,131)	9.74%
Net deferred tax (assets)/liabilities	(26,313)	(26,340)	27	-0.10%
Total use of funds	**2,391,017**	**2,377,562**	**13,455**	**0.56%**
Total shareholders' equity	1,211,014	1,252,338	(41,324)	-3.41%
Net (assets) and liabilities for derivative instruments	17,365	17,364	1	0.01%
Net debt	1,162,638	1,107,860	54,778	4.71%
Total sources	**2,391,017**	**2,377,562**	**13,455**	**0.56%**

The principal changes, compared to 31 December 2018, relate to:

✓ **Investment property,** which rose by €18,687 thousand as a result mainly of:

- first-time application of IFRS 16. The Group recognized right-of-use assets of €66,431 thousand at 1 January 2019, relating to the leases on the malls in the "Centro Nova", "Centro Piave" and "Fonti del Corallo" shopping centers and the parking area in the "Centro d'Abruzzo", and lease liabilities of €62,920 thousand;
- the reclassification to investment property of finished projects relating to *(i)* for €1,497 thousand, restyling of the Fonti del Corallo Shopping Center, *(ii)* for €1,421 thousand, remodeling of the spaces in the same center as per the agreement signed between IGD SIIQ and Unicoop Tirreno to reduce the area of the hypermarket and create, consequently, three new midsize retail areas, *(iii)* for €2,585 thousand, restyling and remodeling of the space (joining/dividing stores) on the first floor of the Casilino mall in Rome and *(iv)* for €1,232 thousand, restyling of the Gran Rondò mall in Crema;
- extraordinary maintenance relating primarily to earthquake proofing, fire alarm and electrical systems in shopping centers, specifically at Città delle Stelle in Ascoli, Casilino and Tiburtino in Rome, La Torre in Palermo, Centro Lame in Bologna and ESP in Ravenna of €14,605 thousand;
- the addition of €1,446 thousand to the purchase price of the Katanè mall as ordered by the Court of Ravenna on 7 June 2019. For more information see section 2.5 of this report and note 45 of the Explanatory Notes;
- the acquisition, which was finalized on 30 September 2019, by IGD of the remaining 50% of the "Darsena City" Shopping Mall in Ferrara, of which it was already co-owner, for €14,132 thousand;
- the sale by Porta Medicea S.r.l. (a wholly-owned subsidiary of the IGD Group) of "Palazzo Orlando", an office building in Livorno, for €12.8 million (excluding taxes);

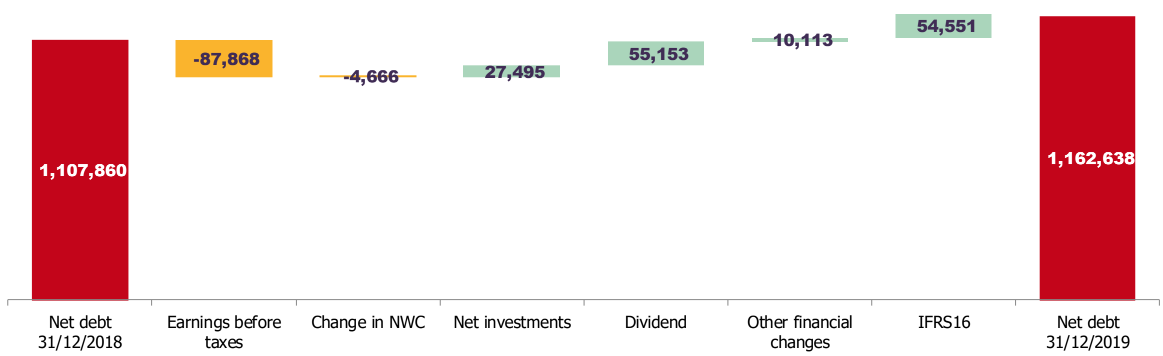
  - the fair value adjustment of investment property which was revalued in the amount of €5,269 thousand and written down by €77,131 thousand for a net negative impact of €71,862 thousand.

- ✓ **Assets under construction and advances,** which showed an increase of €4,264 thousand attributable primarily to:
  - Investments made in the year of around €11,889 thousand, explained mainly by: (i) for €943 thousand, completion of the restyling at the Fonti del Corallo Shopping Center; (ii) for €1,061 thousand, the remodeling work completed at the same center pursuant to the agreement signed between IGD SIIQ and Coop Alleanza 3.0; (iii) for €2,622 thousand, restyling and remodeling of the space (combining/dividing stores) on the first floor of the Casilino mall in Rome, (iv) for €1,232 thousand, restyling of the Gran Rondò mall in Crema; (v) for €210 thousand the planning of restyling at La Favorita in Mantova and Porto Grande in San Benedetto del Tronto; (vi) for €698 thousand, the remodeling of the Le Maioliche in Faenza, Conè in Conegliano and Porto Grande in San Benedetto del Tronto, pursuant to the agreement signed between IGD SIIQ and Coop Alleanza 3.0 to reduce the size of the hypermarket and increase the size of the mall; (vii) for €45 thousand, the creation of new midsize retail areas at the Gran Rondò Shopping Center and Retail Park in Crema; (viii) for €103 thousand, restyling at the Darsena Shopping Center in Ferrara and Punta di Ferro in Forlì, and (ix) for around €4,984 thousand, continuation of the work on Officine Storiche;
  - for €6,773 thousand, investments completed in the year and reclassified, for €6,736 thousand, to investment property as described above and, for €37 thousand, to equipment and other assets;
  - for €72 thousand, an impairment loss on the Portogrande expansion and, for €66 thousand, the positive impact of the fair value measurement of the Officine Storiche (Porta a Mare) construction project;
  - for €1,001 thousand, the decrease in advances.
- ✓ **Other plant, property and equipment** and **intangible assets** which changed due primarily to amortization and depreciation recognized in the period.
- ✓ **Equity investments,** which dropped by about €54 thousand due to the first-time consolidation of the wholly-owned subsidiary RGD Ferrara;
- ✓ **Net working capital** which showed a decrease of €7,578 thousand against 31 December 2018 explained primarily by:
  - an increase in work in progress inventory of €390 thousand attributable mainly, for €1,729 thousand, to the work carried out in the year and the sale of 1 property, 2 garages and 1 parking place, and, for €920 thousand, the writedown to adjust carrying amount to the lower of cost and appraised fair value;
  - a decrease in trade receivables payable by third parties of around €2,905 thousand;
  - a decrease in other current assets due mainly to the release of the €2,554 thousand in deferred costs linked to the new loan granted by BNP Paribas in October 2018, but disbursed in the first quarter of 2019;
  - an increase in trade payables of €1,954 thousand as a result primarily of work done in the last quarter of the year;
  - an increase in other current liabilities of €532 thousand attributable mainly to deferred revenue for 2020.

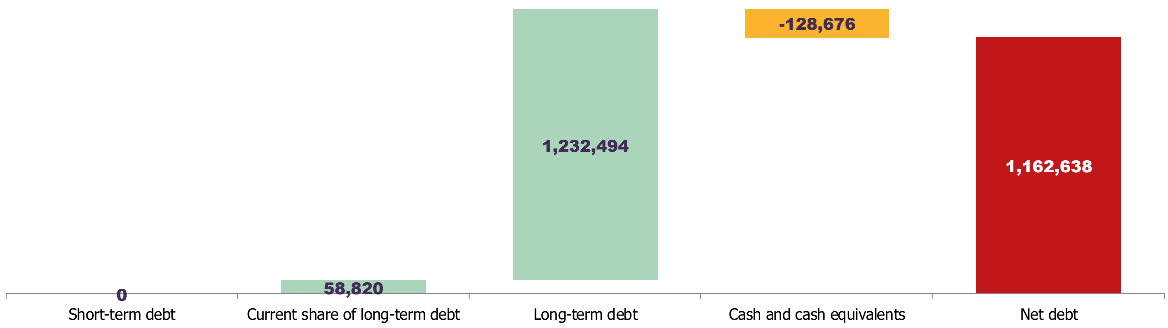
(amounts in thousand of Euro)	31/12/2019	31/12/2018	▲	%
Inventories and payments	33,602	33,212	390	1.16%
Trade receivables vs third parties	11,114	12,915	(1,801)	-16.20%
Trade and other receivables vs related parties	921	2,025	(1,104)	-119.87%
Other current assets	3,084	5,441	(2,357)	-76.43%
Trade and other payables	15,960	14,248	1,712	10.73%
Trade and other payables vs related parties	1,031	789	242	23.47%
Tax liabilities	2,601	2,376	225	8.65%
Other current liabilities	10,688	10,156	532	4.98%
NWC	**18,441**	**26,024**	**(7,583)**	**-41.09%**

- ✓ **Provisions**, which were €1,039 thousand lower due mainly to the utilization of the provision for risks and charges following the signing of the settlement agreement between IGD, IIS and Demostene S.p.A. to close the legal dispute relating to the purchase price adjustment for the mall in the «Katané» Shopping Center in Gravina di Catania paid by IGD in 2019, partially offset by the provisions made for bonuses payable to employees in 2020, for a few IMU disputes underway relating to the ESP (Ravenna) and La Torre (Palermo) shopping centers, as well as relating to complaints filed by the former employees of a retailer to whom IGD had leased a property, now redelivered, located in the Conè Shopping Center and adjustments to employee severance;
- ✓ **Payables and other non-current liabilities** increased by €2,131 thousand due to the increase in security deposits from subsidiaries pursuant to the framework agreement signed with Coop Alleanza 3.0 in November 2018 and the advances received, partially offset by the reclassification to tax payables of the current portion (payable within one year) of the substitute tax accrued to Punta di Ferro when it obtained SIINQ status;

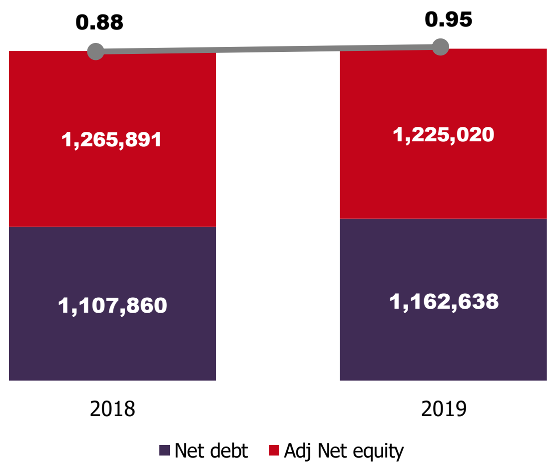
- ✓ The **Group's net equity** amounted to €1,211,014 thousand at 31 December 2019. The decrease of €41,324 thousand is explained by:
  - for €55,153 thousand, the distribution of the dividend for 2018;
  - an adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around €1,180 thousand for the parent company and around -€1,722 thousand for a subsidiary;
  - for €294 thousand, the partial sale of the treasury shares held;
  - for €1,886 thousand, the first-time application of IFRS 16;
  - for approximately -€133 thousand, movements in the translation reserve for the translation of foreign currency financial statements;
  - or €290 thousand, the adjustment of the reserve for the recalculation of defined benefit plans;
  - for €23 thousand, a positive change in the costs for the capital increase completed in 2018, net of the tax effect, recognized in a separate reserve for costs relative to capital increases in accordance with applicable accounting standards;
  - for €12,591 thousand, the Group's portion of the profit for the year.
- ✓ **Net liabilities for derivatives** were in line with the prior year;
- ✓ The **net financial position** at 31 December 2019 was about €54.8 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 0.91 at 31 December 2019 (gearing ratio of 0.95), higher than the 0.88 recorded at 31 December 2018.



2.3 // EPRA Performance Indicators

The IGD Group decided to report on a few of the EPRA performance indicators [9], in accordance with the recommendations found in "*EPRA Best Practices Recommendations*"[10].

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

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

EPRA Triple Net Asset Value (NNNAV): is the EPRA NAV adjusted to include the fair 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 a company's underlying operating performance net of fair value adjustments, gains and losses from the sale of investment property and a limited number of other items that are not considered to be part of the company's core business.

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

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

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

[9] European Public Real estate Association
[10] See www.epra.com

EPRA Performance Measures	31/12/2019	31/12/2018
EPRA NAV (€'000)	1,258,008	1,298,182
EPRA NAV per share	€ 11.40	€ 11.77
EPRA NNNAV	1,205,379	1,263,454
EPRA NNNAV per share	€ 10.92	€ 11.45
EPRA Net Initial Yield (NIY)	5.9%	5.4%
EPRA 'topped-up' NIY	6.0%	5.5%
EPRA Vacancy Rate Italian Malls	4.5%	3.8%
EPRA Vacancy Rate Italian Hypermarkets	0.0%	0.0%
EPRA Vacancy Rate Total Italy	3.2%	2.8%
EPRA Vacancy Rate Romania	2.4%	2.9%
EPRA Cost Ratios (including direct vacancy costs)	18.5%	18.7%
EPRA Cost Ratios (excluding direct vacancy costs)	16.1%	16.9%
EPRA Earnings (€'000)	€ 87,335	€ 76,146
EPRA Earnings per share	€ 0.79	€ 0.69

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

EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION NNNAV Calculation	31/12/2018 (a)		31/12/2019 (b)		Δ% (b vs a)
	€'000	p.s.	€'000	€ p.s.	
Total number of shares*		110,341,903		110,341,903	
1) **Group Shareholders' Equity**	**1,252,338**	**11.35**	**1,211,015**	**10.98**	**-3.3%**
Excludes					
Fair Value of financial instruments	17,364		17,365		n.a
Deferred taxes	28,480		29,628		n.a
Goodwill as a result of deferred taxes					
2) **EPRA NAV**	**1,298,182**	**11.77**	**1,258,008**	**11.40**	**-3.1%**
Includes					
Fair Value of financial instruments	(17,364)		(17,365)		n.a
Fair Value of debt	11,116		(5,636)		-150.7%
Deferred taxes	(28,480)		(29,628)		n.a
3) **EPRA NNNAV**	**1,263,454**	**11.45**	**1,205,379**	**10.92**	**-4.6%**

The NAV was down against the figure posted at 31 December 2018 (-3.1%) due mainly to the changes in net equity. These changes are primarily attributable to: (i) the payment of dividends in the year; *(ii)* other minor changes in equity and *(iv)* the change in the earnings for the year which were affected mainly by the decrease in the properties' fair value, only partially offset by the growth in FFO and the increase in the cash flow hedge reserve.

The NNNAV was lower than in the prior year (-4.6%). This change, in addition to the above, is attributable primarily to 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 risk-free rate and spread used, which were updated to reflect market conditions at 31 December 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:

NIY and "topped-up" NIY disclosure		Full year 31-Dec-19					Full year 31-Dec-18		
€'000		*Italy*	*Romania*	*Total (no IFRS16)*	*Leasehold*	*Total*	*Italy*	*Romania*	*Total*
Investment property – wholly owned		2,197,556	150,290	**2,347,846**	54,800	**2,402,646**	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)		33,560	0	**33,560**	0	**33,560**	33,170	0	**33,170**
Less developments		-479,301	0	**-479,301**	0	**-479,301**	-518,810	0	**-518,810**
Completed property portfolio		1,751,815	150,290	**1,902,105**	54,800	**1,956,906**	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***	***1,751,815***	***150,290***	***1,902,105***	***54,800***	***1,956,906***	***1,738,550***	***154,790***	***1,893,340***
Annualised cash passing rental income		106,129	10,418	**116,547**	12,568	**129,115**	104,602	10,161	**114,763**
Property outgoings		-12,287	-1,297	**-13,584**	-417	**-14,001**	-11,670	-1,150	**-12,820**
Annualised net rents	***A***	***93,842***	***9,121***	***102,963***	***12,151***	***115,114***	***92,931***	***9,011***	***101,943***
Add: notional rent expiration of rent free periods or other lease incentives		1,700	282	**1,982**	143	**2,125**	1,354	606	**1,960**
Topped-up net annualised	***C***	**95,542**	**9,403**	**104,945**	**12,295**	**117,239**	**94,286**	**9,617**	**103,903**
EPRA NIY	**A/B**	**5.4%**	**6.1%**	**5.4%**	**22.2%**	**5.9%**	**5.3%**	**5.8%**	**5.4%**
EPRA "topped-up" NIY	**C/B**	**5.5%**	**6.3%**	**5.5%**	**22.4%**	**6.0%**	**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, in 2019 the NIY of leasehold properties was also calculated, consistent with EPRA Best Practices Recommendations. These indicators, net of IFRS 16, were in line with the prior year with EPRA NIY coming in at 5.4% and "topped-up" NIY at 5.5%.

The **EPRA vacancy rate** in Italy was 3.2% higher than in the prior year (when it reached 2.8%), due to the increased vacancy rate for malls (4.5% versus 3.8% in the prior year), while full vacancy was posted for hypermarkets, consistent with the prior year. The EPRA vacancy rate in Romania came to 2.4%, higher than the 2.9% recorded in 2018.

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

EPRA **Cost Ratios**	**2019***	**2018**
Includes:		
(i) Administrative/operating expense line for IFRS income statement	-37,017	-44,878
(ii) Net service charge costs/fees	3,505	3,627
(iii) Management fees less actual/estimated profit element	5,472	5,132
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	19	30
(v) Share of Joint Ventures expenses		
Exclude (if part of the above):		
(vi) Investment Property depreciation		
(vii) Ground rent costs	3	10,265
(viii) Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) (A)	**-28,018**	**-25,824**
(ix) Direct vacancy costs	-3,601	-2,587
EPRA Costs (excluding direct vacancy costs) (B)	**-24,417**	**-23,237**
(x) Gross Rental Income less ground rent costs - for IFRS	155,256	141,496
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	-3,505	-3,627
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income (C)	**151,751**	**137,869**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**18.5%**	**18.7%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**16.1%**	**16.9%**

*Following the introduction of the new accounting standard IFRS16, rents owed for leasehold properties were not included in "(i) Administrative/operating expense line per IFRS income statement", "(vii) Ground rent costs" or "(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.
In 2019, and in the prior year, the Group Company did not capitalize operating costs, with the exception of €25 thousand in project management costs linked to Porta a Mare.

The Epra Earnings per share calculation is shown below:

EPRA Earnings & Earnings Per Share	2019	2018
Earnings for IFRS income statement	**12,591**	**46,388**
EPRA Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	72,788	30,280
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-11	85
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	69	561
(iv) Tax on profits or losses on disposals	-19	-157
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	3,442	0
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-1,524	-1,012
(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	**87,336**	**76,146**

Company specific adjustments:		
(a) General provisions and depreciations	1,426	1,104
(b) Non-controlling interests in respect of the above	0	0
(c) Tax on profits or losses on disposals	19	157
(d) Contingent tax	26	-2
(e) Other deferred tax	1,059	1,859
(f) Capitalized interests	0	0
(g) Current Tax	302	302
(h) Ground rent costs, adjustement financial results and non- recurring expenses	-7,446	
(i) Other Adjstument for no core activities	562	129
Company specific Adjusted Earnings	**83,285**	**79,695**

Earnings Per Share (New number of shares)		
Number of shares*	110,341,903	110,341,903
Earnings Per Share	**0.79**	**0.69**

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 31 December 2019 shows a significant increase of €11,190 thousand or +14.7% 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	31/12/2019	31/12/2018
Acquisitions	14,130	195,480
Development	6,690	6,160
Like-for-like portfolio	21,480	14,290
Other	420	30
Capital Expenditure	**42,720**	**215,960**

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

- 2.2.2 Statement of financial position and financial review
- 2.5 Significant events - Investments

and the Explanatory Notes (section 4.6) Notes 12), 13), 14), 15), 16), 17).
For the accounting standards used for the various asset classes please refer to the Explanatory Notes (section 4.6.2.1).
With regard to the real estate portfolio appraisals, the independent experts selected and the appraisal criteria used, please refer to section 2.6 The Real Estate Portfolio of the Report on Operations and section 4.6.3 Use of Estimates of the Explanatory Notes.
The reports issued by each independent expert on the appraisals made at 31 December 2019 are in section 2.7 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 2.6 The Real Estate Portfolio in the Report on Operations.

2.4 // 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
IGD SIIQ SpA's share capital amounts to €650,000,000.00, 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
  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 Dividend, WisdomTree International SmallCap Dividend, WisdomTree Global Dividend, WisdomTree International Equity, WisdomTree International High Dividend, WisdomTree Europe Equity Income
- S&P Developed BMI Index, S&P Developed Ex-Germany Customized REIT Index, S&P EPAC BMI Index, S&P Europe BMI Index, S&P Italy BMI Index, S&P Italy High Income REIT Index, S&P Eurozone BMI Index, S&P GIVI Developed Index, S&P GIVI Italy Index, S&P Global BMI Index, S&P Global SmallCap Select Index, S&P Intrinsic Value Weighted Developed Index, S&P Intrinsic Value Weighted Europe Index, S&P Intrinsic Value Weighted Global Index, S&P Low Beta Developed Index, S&P Pan Europe BMI, S&P Southern Europe BMI
- MSCI Europe Small Cap Index, MSCI Italy Small Cap Index, MSCI Italy Investable Market Index, MSCI ACWI IMI Index, MSCI World IMI Index, MSCI Europe Real Estate IMI Index
- EURO STOXX Total Market Index (TMI), Euro STOXX Total Market ESG-X, Euro STOXX Total Market Financials, Euro STOXX Total Market REITs, Euro STOXX Total Market Small, Euro STOXX Total Market Value, EUR (Net Return), Euro STOXX Total Market Value EUR (Price), Euro STOXX Total Market Value Small EUR (Net Return), Euro STOXX Total Market Value Small EUR (Price)
- STOXX All Europe Total Market Index (TMI), STOXX Developed Markets Total Market, STOXX Developed Markets Total Market ESG-X, STOXX Developed Markets Total Market Small, STOXX Developed and Emerging Markets Total Market, STOXX Europe TMI Value, STOXX Europe TMI

Value Small, STOXX Europe Total Market Index (TMI), STOXX Europe Total Market ESG-X, STOXX Europe Total Market Financials, STOXX Europe Total Market REITs, STOXX Europe Total Market Real Estate, STOXX Europe Total Market Real Estate Holding & Development, STOXX Europe Total Market Retail REITs, STOXX Europe Total Market Small EUR (Gross Return), STOXX Europe Total Market Small EUR (Net Return), STOXX Europe ex UK Total Market Index (TMI), STOXX Europe ex UK Total Market Small, STOXX Europe ex UK Total Market Small EUR (Price), STOXX Global Total Market, STOXX Italy Total Market Index (TMI).

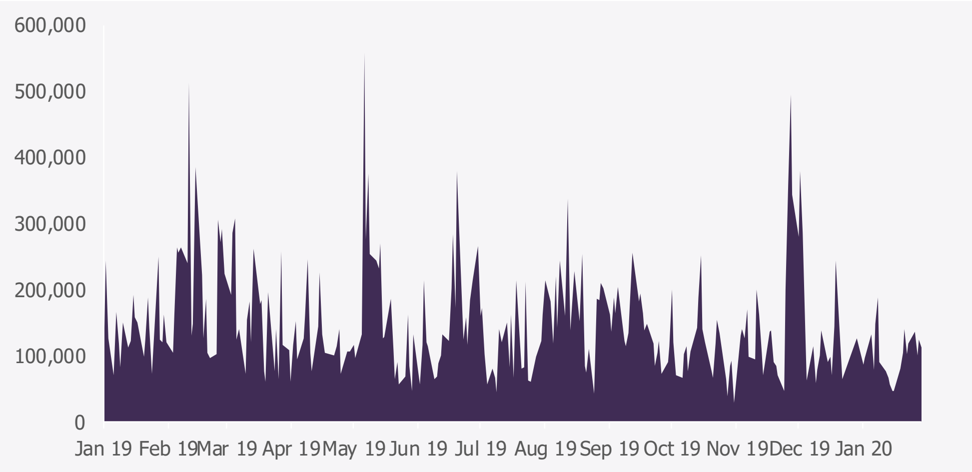
- iSTOXX Developed and Emerging Markets ex USA PK VN Real Estate, iSTOXX Italy Small Mid Cap
- IEIF Europe, IEIF Eurozone, IEIF Eurozone hors-France, IEIF Europe Continentale, IEIF Italie
  IEIF: Institut de l'Epargne Immobilière et Foncière
- GPR IPCM LFFS Sustainable GRES Index, GPR Europe ex-UK ESG+, GPR Eurozone ESG+
  GPR Global Property Research

IGD's stock price since 2 January 2019

Source: Italian Stock Exchange data compiled by IGD

IGD's stock price rose 15.2% in 2019: from the €5.38 recorded on 28.12.2018 to €6.20 on the last day of trading for the year, 30 December 2019.
The 2019 high was reached on 7 May (€6.86), while the low for the year (€5.24) was reached on 20 August, after which the stock began to rally to reach the period high of €6.44 on 29 November. Beginning mid-November 2019 the stock returned to trading above €6.

Volumes of IGD stock traded since 2 January 2019

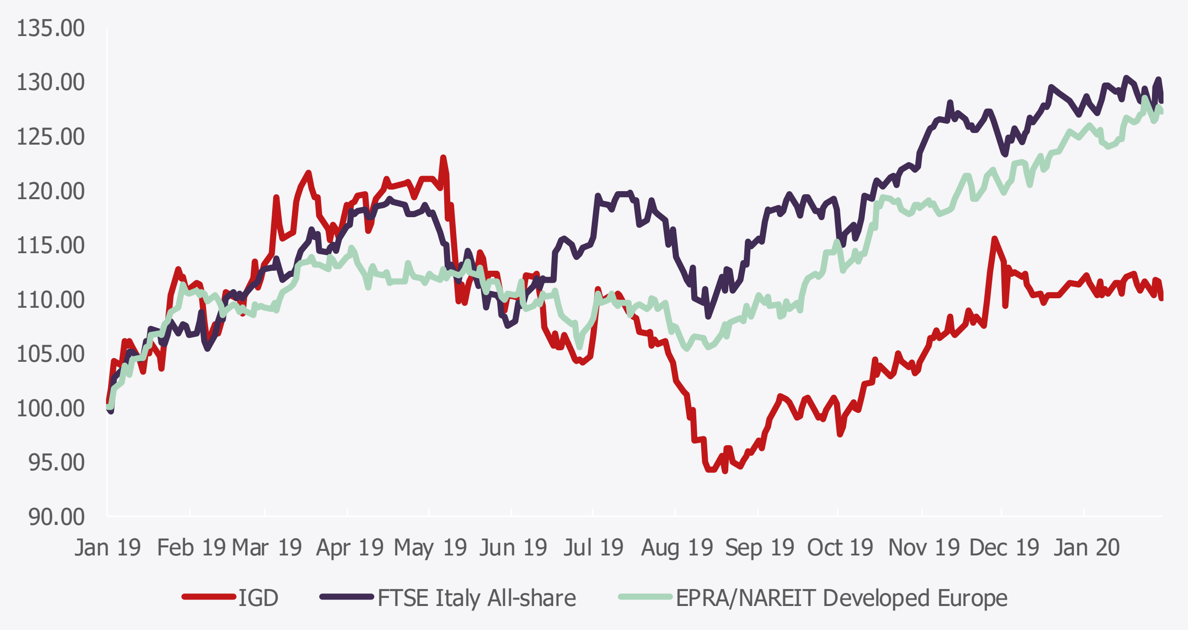


Source: Italian Stock Exchange data compiled by IGD

In 2019 an average of 150,782 IGD shares were traded each day. In the first half average volumes were slightly higher (160,891) than in the second half of the year (140,833), hitting a volume high around 13 May when the 2018 dividend was paid.

In 2019 the Company continued with the program aimed at enhancing the liquidity of IGD's shares begun on 4 September 2017 and, subsequently, extended through 4 September 2020. The purpose of this program, executed by an independent broker, is to support regular trading and avoid price fluctuations not in line with market trends.
There is a certain stability in the market float because of the shareholder base which includes a lot of long-term investors who purchased IGD's stock as a value investment and who are willing to keep the stock for as long as it takes the stock value to be fully expressed on the market.

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

2019 was a very positive year for the stock markets, with two main factors driving stock market growth: on the one hand, progress in the US – China trade talks, on the other, the change in direction of the Federal Reserve which cut interest rates 3 times in the 12-month period. The same accommodative stance was also adopted by central banks in China and Europe.

In a low-interest environment with high liquidity, investors, therefore, put aside the concerns about global recession that existed at the end of 2018.

While there was a certain volatility in the Italian stock market during the government crisis begun in July, which resulted in a shutdown and was then resolved with the formation of a new coalition on 5 September, it rose 27.2% in the year. Even if the moments of internal political tension affected the BTP-Bund spread and, consequently, the stock market prices, and even if the Italian GDP recorded the lowest growth in the Euro zone (+0.2%), the FTSE Italy All-Share index recorded growth in line with the main European indices driven by the brilliant performance of asset management stocks, the tech sector, luxury and utilities.

In this context, the European real estate sector also posted a very positive performance between year-end 2018 and year-end 2019 (+25.2%), supported by increasingly low interest rates. If on the one hand this dynamic caused investors to appreciate the high dividend yield the sector offered, specifically the REITs (Real Estate Investment Trusts), on the other hand, it allowed listed companies, particularly those with high debt levels, to obtain attractive financing and re-financing conditions. This proved very useful in an environment which made it hard to dispose of assets at prices that were not penalizing.

The office and hotel segments, however, benefitted from favorable market conditions and momentum. Retail was, however, the least favorite segment: retail real estate stocks were penalized by the expectation that lack of visible consumer trends would put pressure on rents going forward, with Brexit an unknown and an operating environment already tested by eCommerce.

In the latter part of 2019, however, the real estate sector benefitted overall from the repositioning carried out by many large institutional investors. Sector rotation caused several asset managers to take profit on utilities, which were trading at very high multiples, to then invest in undervalued sectors like real estate.

Even though IGD is an ideal value stock, it only benefitted partially from this rotation which primarily involved large caps.
IGD's stock, which outperformed the benchmarks through the beginning of May supported by the solid 2018 results and delivery of the Business Plan targets, underwent a steeper correction than the reference indices: it initially was in line with the real estate sector derating and then, between July and August, was penalized by the increased political risk in Italy, before showing a decided recovery in the second half of August which allowed the stock to close the year 18.3% higher than the low hit on 20 August.
2020 started on a very positive note, in the wake of the announcement that Phase 1 of the US – China trade agreement would be signed, which it was on 15 January. The prospect of an organized exit of the United Kingdom from the European Union also contributed to increased market clarity. Already in the first few weeks of 2020, however, there were elements that increased investors' risk perception. If the tensions in the Middle East caused an increase in volatility, without compromising the upward trend of the main stock exchanges, the spread of the coronavirus epidemic is affecting the trend's direction.
For the moment IGD's stock can, however, count on a few solid elements: a 2019 dividend yield which, if approved by the shareholders, will reach 8.1% and the new cash flows into PIR funds following approval of a new law which allows for investments in companies the size of IGD.
The consensus price of the brokers covering the stock at the end of January 2020 also came to €7.83, well above recent prices, with two analysts who value IGD above €9.
The gap between the EPRA NNNAV, calculated based on the real estate appraisals at 31 December 2019, which comes to €10.92 per share, also remains.
The results for 2019, lastly, will provide investors with ample proof as to how IGD is on the right path to reaching the targets included in the 2019-2021 Business Plan.

Dividend

The 2018 dividend

During the Annual General Meeting held on 10 April 2019 IGD's shareholders approved a dividend for 2018 of €0.50 per share. Shares went ex-div on 13 May 2019 (detachment of coupon n. 3) and the dividend was payable as from 15 May 2019. The total dividend payout, therefore, reached €55,152,956 or 69.3% of FFO, consistent with the dividend policy included in the 2019-2021 Dividend Policy.

The 2019 dividend

During the Annual General Meeting to be held on 9-10 April 2020, the Board of Directors will propose that shareholders approve a dividend of 50 euro cents per share for 2019, unchanged with respect to the prior year. The dividend yield on the stock price recorded at year-end 2019 (€6.20) is 8.1%: a level which confirms the Company's commitment to providing its shareholders with compelling returns.

Investor relations and financial communication

Analyst coverage

Even though the MiFID II directive caused a reduction in coverage by brokers in Europe, the same brokers (3 domestic and 3 pan-European) covering the stock at year-end 2018 were still covering IGD at year-end 2019.
The consensus target price, monitored by the Company, was €7.82 at year-end 2019.
2/3 of the analysts' recommendations are positive (Buy, Accumulate or Outperform), while 2 analysts have a neutral rating. None of the brokers have issued a sell recommendation.

Presentations and meetings with investors

In 2019 IGD organized four conference calls:

- 26 February, to discuss the FY 2018 results;
- 7 May, to discuss the results for first quarter 2019;
- 2 August, to discuss results for first half 2019;
- 7 November, to discuss the results for the first nine months of 2019.

There were 105 participants, of which about a half were institutional investors, in the conference calls.

In 2019, IGD's management met institutional investors who manage bond and equity portfolios during roadshows and conferences held in Europe's main financial centers (London, Paris, Frankfurt, Milan, Amsterdam, Brussels, Luxembourg and Madrid).

On the equity side, on 20 March IGD participated in the STAR Conference in Milan, on 22 May in the Italian Investment Conference of Kepler Cheuvreux and Unicredit, on 20 June in Morgan Stanley's Europe & EMEA Property Conference in London. On 2 July IGD was present at the Italian Sustainability Day organized at the Milan Stock Exchange for the third time IGD, while on 11 September the company participated in the EPRA Conference in Madrid, on 2 October in Banca IMI's Italian Stock Market Opportunities conference in Milan and, lastly, the Mid&Small conference held in Milan on 19 November.

On the debt side, in addition to taking part in the Real Estate Fixed-Income Conference organized by Morgan Stanley in London on 26 September, IGD's management also met with different bond fund managers during the bond roadshows that took place between 13 and 18 November.

In 2019 management met with a total of around 80 institutional investors.

Online communication

Testimony to the effective restyling and the appeal of enhanced content found on the new version of the corporate website www.gruppoigd.it , online since July 2018, in 2019 users more than doubled with respect to the prior year.

In the 2019-2020 Italian Webranking, which Comprend developed in partnership with Lundquist, IGD was ranked 18th with 69.2 points, higher than the 67.7 points awarded in 2018.

In 2019 IGD used the social media proactively, with an active presence on LinkedIn, YouTube, Facebook and Twitter. As of August 2019, IGD is also on SoundCloud where the financial community can register for conference calls.

Information provided by the IR team

2019 was the twelfth consecutive year in which the investor newsletter was made available in the Media section of the website in Italian and English each quarter. The newsletter is an engagement tool, targeting current and potential shareholders, which makes it possible to follow the Company's progress and new developments, providing additional information on topics relating to real estate activities, commercial initiatives, liability management and sustainability.

The Investor Relations team also continued to monitor its peers through a Peer Group Analysis of the operating results and trading multiples of retail real estate companies and to provide senior management with a report every quarter.

The IR Board Report, which provides the Board of Directors with information about the most significant changes in the institutional shareholder base, analysts' target prices, as well as IGD's stock valuations, was also prepared and updated every quarter.

Awards received for corporate reporting

IGD is committed to continuously improving the ways in which it discloses its economic-financial results and sustainability performance. The work done to provide greater detail, transparency and clarity in its annual report has, for some time, resulted in receiving prestigious international recognition.
In September 2019 EPRA (the European Public Real Estate Association), for the second time, gave IGD's Consolidated Annual Report 2018 the EPRA BPR Gold Award" (Best Practice Recommendations). The Gold Award was given to IGD for having complied with all the Association's high standards and after examining the quality of the annual reports of 175 European real estate companies. In 2015 and 2016 IGD received the Silver Award for Consolidated Annual Reports.
As for the Corporate Sustainability Report 2018, for the fifth year in a row IGD received the"EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations), after careful analysis of 158 European real estate companies.

Financial calendar 2020

27 February - Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2019.
9-10 April- Annual General Meeting convened to approve the financial statements for the year ending 31 December 2019 in first call and second call, respectively.
7 May - Board of Directors' meeting to approve the Interim Financial Report at 31 March 2020.
6 August - Board of Directors' meeting to approve the Half-Year Financial Report at 30 June 2020.
5 November - Board of Directors' meeting to approve the Interim Financial Report at 30 September 2020.

2.5 // SIGNIFICANT EVENTS

The main events for the year are described below.

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 redeem 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 four 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 was 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, amounted 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 amounted 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 amounted 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 redemption 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 thousand 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 adjustments for inflation and interest, in damages for the failure to increase the variable rent paid, in addition to legal expenses and consultancies.

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.
After having made the opportune assessments and as resolved by the Board of Directors, on 2 August 2019 IGD signed a settlement agreement with Demostene S.p.A., assignee of the credit, and Iniziative Immobiliari Siciliane S.r.l., the assignor of the credit, as well as the plaintiff, based on which IGD would pay a supplement to the contract price of €3,600,000.00, plus VAT, and Iniziative Immobiliari Siciliane would also expressly waive the right to any appeals or further proceedings.

On 2 August 2019 the Board of Directors examined and approved the Half-Year Financial Report at 30 June 2019. In light 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 decided to revise the FFO guidance for FY 2019 from +6/7% to a range of between +4% and +5%.

In September 2019 IGD received, for the second time in a row, the "'EPRA BPR Gold Award" (Best Practice Recommendations) for its Consolidated Annual Report 2018. This prize is recognition of IGD's enduring commitment to further increasing the transparency and comparability of its communication, which benefits investors, the financial community and all the Group's stakeholders, in general.
IGD also received, for the fifth year in a row, the "EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations), for the 2018 Corporate Sustainability Report which was awarded after careful examination of the CSR reports of 158 European sector companies. This prize confirms the high standards achieved by IGD in terms of sustainability reporting.

With regard to the binding agreements signed by the Group on 28 June 2019, on 30 September 2019 the Group signed the definitive agreements with a premiere international player calling for:

- 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);
- the purchase by IGD of 50% of the "Darsena City" Shopping Mall, which it already co-owned;
- the purchase by IGD Management Srl (a wholly-owned subsidiary of IGD), of the remaining 50% held in the joint venture RGD Ferrara 2013 Srl – owner since 2013 of the Darsena City operations – of which IGD was joint-owner.

The Group paid a total of €13.9 million (in addition to taxes) for the two acquisitions.
These transactions will make it possible for 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.
On 22 October 2019 the rating agency Fitch Ratings Ltd ("Fitch") assigned IGD a rating of "BBB-" with a stable outlook.

On 7 November 2019 the Board of Directors examined and approved the interim financial report at 30 September 2019.

During an Extraordinary Shareholders' Meeting held on 11 November 2019, IGD's shareholders approved the proposal to voluntarily reduce share capital, pursuant to and in accordance with Art. 2445 of the Italian Civil Code, from €749,738,139.26 to €650,000,000.00. More in detail, share capital was reduced by €99,738,139.26, by allocating €8,154,918.00 to the legal reserve and €91,583,221.26 to a newly formed distributable capital reserve.

This transaction, neutral from an equity standpoint, did not modify the targets of the 2019–2021 Strategic Plan nor the dividend policy contained therein. The purpose of the reduction is to establish a more flexible capital structure by creating a non-distributable legal reserve and an available distributable reserve, as well as reconciling the peculiarities of the SIIQ regime (specifically the mandatory distribution of 70% of the income generated by exempt operations) with the expectations of the capital markets (return on invested capital or dividend yield).

On 28 November 2019 IGD issued a new €400,000,000 bond. On the same date IGD used part of the proceeds from the new bond issue to repurchase the bonds tendered as a result of the tender offer on outstanding bonds for a total of €237.6 million. More in detail (i) €229.2 million of the €300 million bond due 31 May 2021, coupon 2.50%, and (ii) €8.4 million of the €162 million bond due 21 April 2022, coupon 2.65%. For more information on the transaction refer to the section "Loans" below.

Investments

During 2019 the Group continued with development of the Porta a Mare – Officine Storiche project, restyling and remodeling of the spaces in malls stemming from the downsizing of the hypermarkets in the shopping centers found in Faenza, Conegliano and Porto Grande, as well as the restyling of the shopping centers in San Benedetto del Tronto and Mantua. Work is expected to be completed mid-2020, with the exception of the restyling at the shopping centers in Mantua and Porto Grande which should be completed in 2021.
Restyling and remodeling of the space at the Fonti del Corallo center was also completed, as was the restyling and remodeling of the space (combining/dividing stores) on the first floor of the Casilino mall in Rome, restyling of the shopping center in Crema, and extraordinary maintenance.
The investments made at 31 December 2019 are shown below:

	31/12/2019 Euro/mn
Acquisition:	
Investment for the purchase of 50% Darsena malls (ancillary charges included)	14.13
Development projects:	
Porta a Mare project; Officine Storiche retail area (in progress)	4.98
Porta a Mare project (Trading) (in progress)	1.73
Restyling in progress	1.06
Restyling completed in 2019	5.85
Extraordinary maintenance	14.57
Other	0.42
Total investments carried out	**42.74**

Acquisitions

As described in the section Corporate Events, on 30 September 2019 the Group acquired the remaining 50% of the "Darsena City" Shopping Center from a premier international real estate player for €14.13 million, including ancillary charges.

Development projects

"Porta a Mare" Project

In 2019 the sale of a residential unit, for which a preliminary sales agreement had already been signed, closed. Two garages and one parking place were also sold. As a result of these transactions, 98.7% of the units are now sold/pledged.
Work on the Officine Storiche area (residential portion) continued for a total of around €1,729 thousand, while work on the retail portion, which is expected be completed in 2020, amounted to approximately €4,984 thousand.

Restyling

In 2019 work was completed on:

- the restyling of the Fonti del Corallo Shopping Center and the remodeling of the spaces in the same center as per the agreement signed between IGD SIIQ and Unicoop Tirreno to reduce the area of the hypermarket and create, consequently, three new midsize retail areas. The costs incurred for the restyling and the remodeling amounted to €1,995 thousand at 31 December 2019;
- the restyling of the Gran Rondò Mall in Crema. The costs incurred in the year for this work amounted to €1,232 thousand;

During the year work was also begun on:

- planning the restyling of the La Favorita Shopping Center and Retail Park in Mantua and the Porto Grande center in San Benedetto del Tronto. Work is expected to be completed by 2021. The costs incurred for the project, thus far, amounted to €210 thousand at 31 December 2019;
- remodeling the spaces inside the Le Maioliche center in Faenza, the Conè center in Conegliano and Porto Grande in San Benedetto del Tronto pursuant to the agreement signed between IGD SIIQ and Coop Alleanza 3.0 to reduce the size of the hypermarket and increase the size of the mall. The work is expected to be completed in 2020. A total of €698 thousand had been invested at 31 December 2019;
- creating new midsize retail areas in the Gran Rondò Shopping Center and Retail Park in Crema for a total of €45 thousand at 31 December 2019;
- restyling at Darsena in Ferrara and Punta di Ferro in Forlì for a total of €103 thousand at 31 December 2019.

Extraordinary maintenance

In September the requalification and remodeling of the multiplex cinema found inside Centro Sarca in Sesto San Giovanni was completed for a total of €1,946 thousand.
Extraordinary maintenance continued in the year for a total of €12,628 thousand, relating mainly to earthquake proofing at the Centro d'Abruzzo, Tiburtino, and Casilino shopping centers, building of canopies for the photovoltaic system at the ESP Shopping Center in Ravenna and fire alarm systems, primarily at a few Romanian shopping centers.

Loans

On 11 November 2019 the Board of Directors approved the issue of new senior, non-convertible notes for up to a maximum of €500 million. The purpose of the transaction is mainly to reduce the cost of

debt and lengthen the existing financial maturities. On 20 November 2019 IGD completed the placement of new senior, non-convertible notes with institutional investors in Italy and abroad, in accordance with applicable laws and regulations (excluding the United States of America, pursuant to Regulation S of the US Securities Act of 1933 as amended). On 28 November 2019 IGD issued the new notes, in denominations of €100,000 each, in multiples of 1,000 for up to €199,000, for a total nominal amount of €400,000,000.
The new notes are governed by English law and have the following characteristics:

- maturity of 5 years expiring on 28 November 2024;
- issue price of 99.336% of the nominal value;
- fixed rate of coupon of 2.125% to be paid annually in arrears, which may be increased by no more than 1.25% per year subject to the occurrence of certain events linked to the rating assigned to the New Notes;
- redemption at maturity at par, plus accrued and unpaid interest, without prejudice to early redemption provisions in certain instances, including change of control, as per the Terms and Conditions provided in the regulations governing the New Notes.

With the proceeds of the issue described above IGD SIIQ S.p.A.:

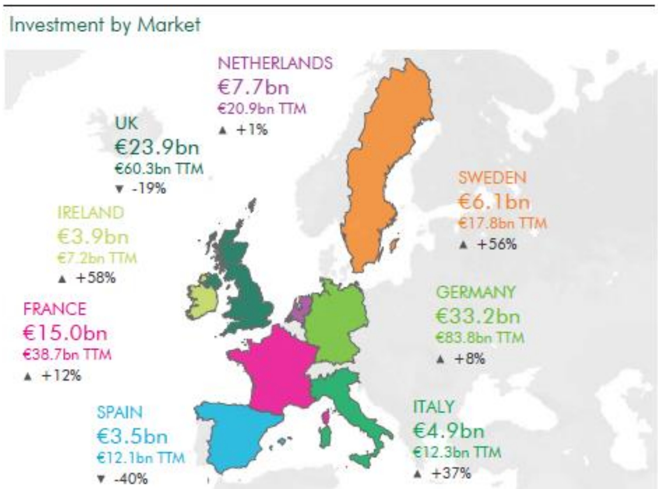
- repurchased the bonds tendered as a result of the intermediate tender offer approved by the Board of Directors of 11 November 2019 on outstanding bonds for a total of €237.6 million. More in detail (i) €229.2 million of the €300 million bond loan due 31 May 2021, coupon 2.50%, and (ii) €8.4 million of the €162 million bond loan due on 21 April 2022, coupon 2.65%.;
- repaid the outstanding nominal amount of the €300 million bond, due 31 May 2021, not repurchased of €70.8 million;
- gathered the resources needed to partially finance and/or refinance the investments called for in the 2020 Business Plan amounting to around €91.6 million.

2.6 // The Real Estate Portfolio

For a better understanding of IGD SIIQ SPA Group's real estate portfolio in both markets, below is a brief description of how the Italian and Romanian retail real estate markets performed in 2019.

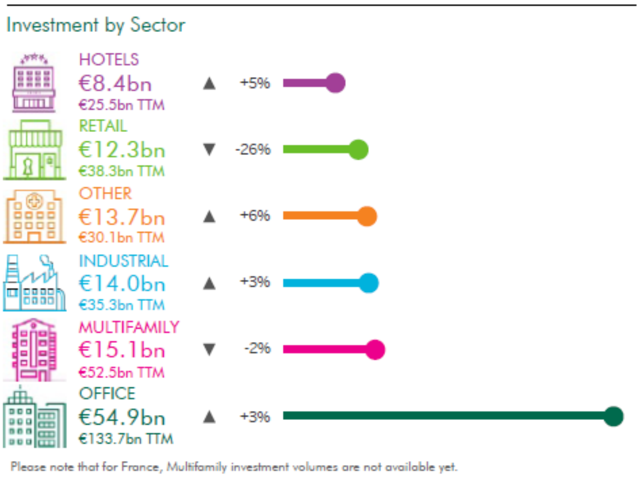
The European and Italian real estate market

For commercial real estate investments in Continental Europe, 2019 was a record year. Investments reached an historic high of €248 billion, an increase of 2% against the prior year. If you also take into account Ireland and Great Britain the total reaches €315 billion, 2% lower than in 2018.
The decline in investments was recorded entirely in Great Britain where uncertainties tied Brexit led investor to focus on Continental Europe, particularly Germany.
Historic highs were also recorded in France, the Netherlands, Sweden, Italy and Ireland in the year.



Source: Cbre Snapshot European Investment Market 4Q2019
Note: TTM trailing twelve months

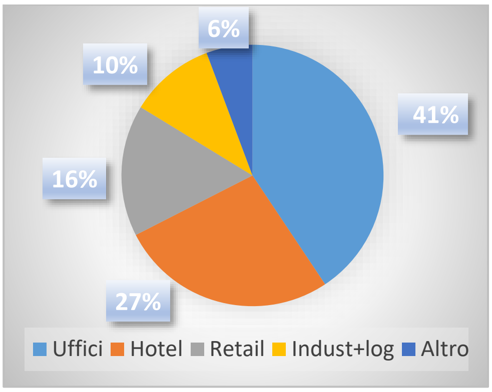
Transactions by real estate sector in 2019:
Growth was posted in all the real estate sectors, with the exception of retail, which reported a considerable decline, and multifamily, for which the decrease was less pronounced.



Source: Cbre Snapshot European Investment Market 4Q2019
Note: TTM trailing twelve months

The best result ever was also achieved in Italy where the commercial real estate market posted growth of 27% compared to 2018 with transactions totaling €12.3 billion, in absolute terms.

Commercial real estate transactions in Italy 2019



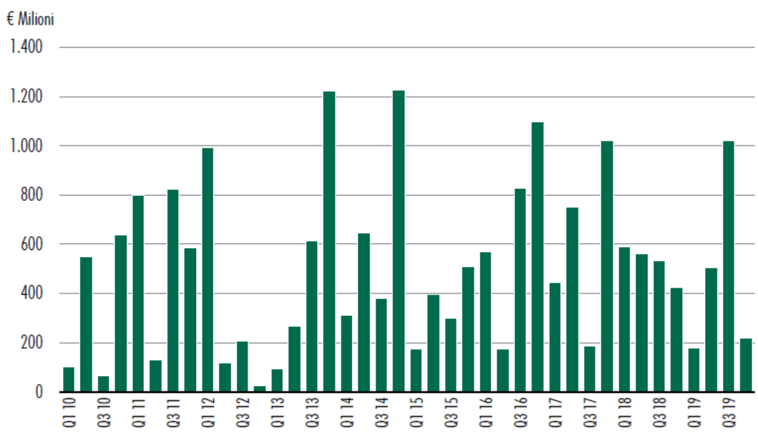
Source CBRE 4Q2019

The Italian retail real estate market

Investments in the retail real estate market totalled around €2 billion in 2019, a drop of 13% compared to the prior year, but considerably better compared to the rest of Europe.

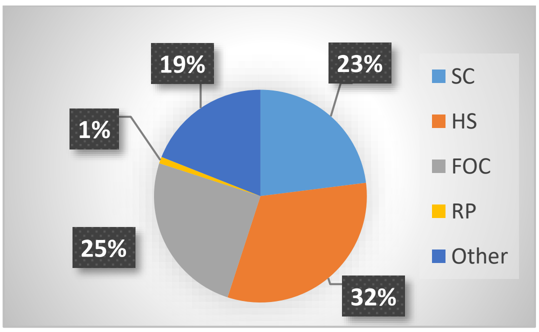
The investments were mainly in high street, although in the second half of 2019 there was a noticeable recovery in shopping centers which, by the end of the year, comprised 23% of total investments. Of note is the FOC segment which in 2019 grew to reach 25% of the total transactions for the year.

Change in retail investments in Italy 2010-2019



Source CBRE 4Q2019

Transactions by type of retail real estate 2019



Source CBRE 4Q2019

Net yields for the retail sector reflected the market's performance and only the yields for high street were consistent with 2018, coming in at 3%.
In the fourth quarter of 2019 the other categories posted an increase in net yields of between 20 bps, for secondary high street, and 50 bps, for Shopping Center good secondary compared to the same four-month period in 2018.

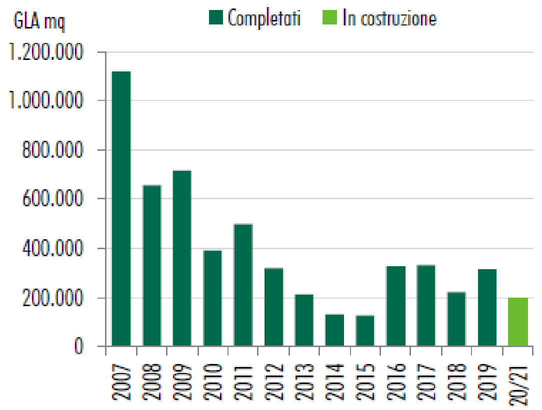
Rendimenti (%)	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
High Street Prime	3,00	3,00	3,00	3,00	3,00	3,00	3,00
High Street Secondary	4,50	4,50	4,50	4,50	4,60	4,60	4,70
Shopping Centre Prime	4,90	4,90	5,00	5,15	5,25	5,25	5,40
SC Good Secondary	6,00	6,25	6,25	6,25	6,5	6,50	6,75
Retail Park Prime	5,90	5,90	6,00	6,10	6,25	6,25	6,40
Retail Park Good Secondary	6,75	6,75	6,90	7,00	7,10	7,25	7,25

Source CBRE 4Q2019

The stock and the retail sector pipeline

In 2019 315 thousand m^2 in new "out of town retail" stock was added, along with around 10 thousand m^2 in expansions of existing centers. In the two-year period 2020-2021 we expect to see new stock of around 200 thousand m^2 being added to the market, stemming mainly from the construction of Cascina Merlata (northern Milan) which is currently underway.

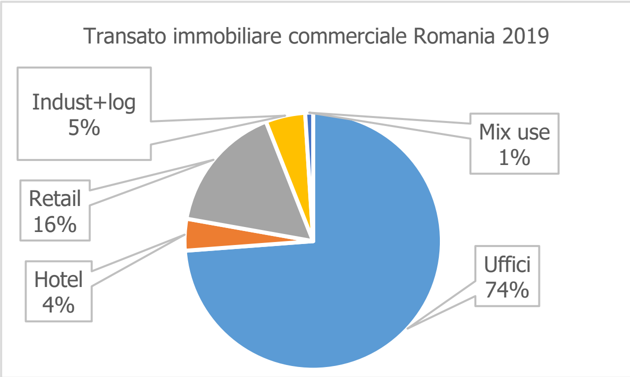
New retail developments completed and still underway at 31 December 2019 (GLA >10,000 m^2)



Fonte CBRE 4Q2019

The Romanian retail real estate market

In Romania the total volume of real estate investments also reached a record, with investments slightly above €1 billion at €1.06 billion.



74% of the total was in the office segment, 16% retail and the remaining 10% logistics, hotel and mixed use.

The total stock of retail real estate grew by 174,000 m^2 in new GLA, bringing the total GLA to 3.75 million m^2. The shopping center format continues to be the preferred format in the Romanian retail market and the expansion of existing centers accounts for 40% of the new GLA.

In 2020 an additional 208,000 m^2 of new GLA, comprised mainly of shopping centers, is expected be added to the market. The country's average density is 193 m^2/1,000 inhabitants, but in the capital the density reaches 561 m^2/1,000 inhabitants.
Prime rents for shopping centers reached around €60 m^2/month, about €55 m^2/month for High Street and between €8/15 m^2/month for Retail Parks.

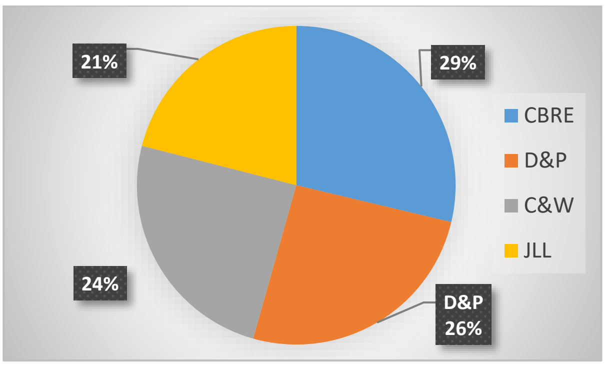
2.6.1 THE REAL ESTATE PORTFOLIO

Based on the appraisals at 31 December 2019, the IGD SIIQ SPA Group's freehold real estate portfolio has a fair value of €2,381 million, to which the fair value of the leasehold properties (€54.8 million) should be added.

FREEHOLD ASSETS

The IGD SIIQ SPA Group's real estate portfolio is comprised of commercial retail properties, of which 97.2% 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 31 December 2019 the development projects were solely in Italy.
In 2019 the assignments granted to the 4 real estate appraisal companies, 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), were renewed for one more year.
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.

Breakdown of the IGD Group's portfolio by appraiser:



The breakdown of fair value by appraiser at 31 December 2019 in Italy and Romania is shown below:

Amounts in € million	Fair Value 31.12.19 Total	Fair Value 31.12.19 Italy	Fair Value 31.12.19 Romania
C&W	549.34	549.34	0
CBRE	707.14	640.75	66.39
JLL	468.92	468.92	0
Duff&Phelps	656	572.1	83.9
Total IGD's Portfolio	**2,381.40**	**2,231.11**	**150.29**

The fees paid at 31 December 2019 to the independent appraisers are shown below:

Amounts in thousands of Euro	Appraisals fees	Other fees	Total fees
CBRE	131	48	179
Duff&Phelps	187	22	209
J LL	62	11	73
C&W	78	0	78
Total IGD's Portfolio	**458**	**81**	**539**

The asset classes comprising the Group's real estate portfolio at 31 December 2019 are described below:

- "Hyper and super": 25 properties with a total GLA of about 236,000 m^2, found in 8 regions in Italy. There were no changes in the perimeter of this asset class in 2019;
- "Malls and retail parks": 27 properties with a total GLA of about 419,000 m^2, found in 12 regions in Italy. On 30 September 2019 the IGD SIIQ Group, already co-owner of 50%, bought the remaining 50% of Centro Darsena in Ferrara;
- "Other": two mixed use properties which are part of freehold shopping centers, a store, two office units, and a mixed use property used by athletes and sports associations as housing/offices, for a total of 6 properties with a GLA of about 9,000 m^2 . On 30 September 2019 the IGD SIIQ Spa Group finalized the sale of the office building, Palazzo Orlando, in Livorno;
- "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 94,755 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 Siiq Group has 60 properties in Italy and can be broken down by asset class as follows:

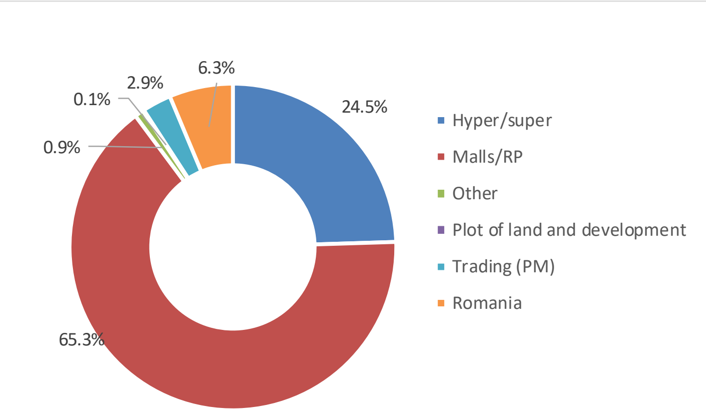
- 25 hypermarkets and supermarkets
- 27 shopping malls and retail parks
- 1 development project

- 1 asset held for trading
- 6 other

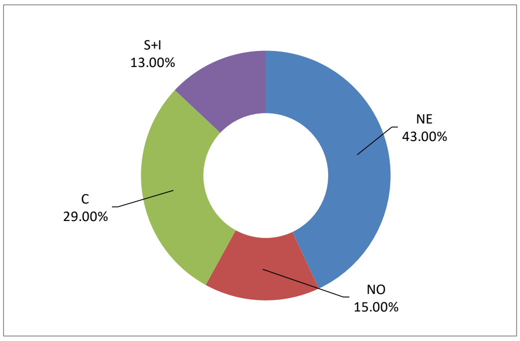
The IGD Group has 15 properties in Romania, broken down as follows:

- 14 shopping malls
- 1 office building

Breakdown IGD's real estate portfolio by FV



Geographic breakdown of IGD's portfolio in Italy at 31.12.2019

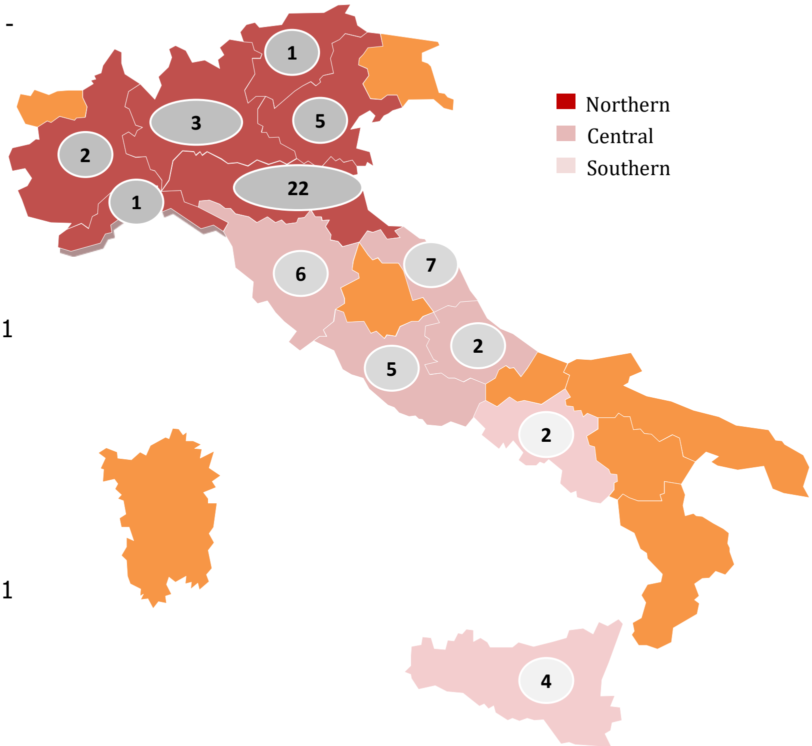


LEASEHOLD ASSETS

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 real estate portfolio in Italy at 31.12.2019

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

Map of Winmarkt's real estate portfolio in Romania at 31.12.2019

15 freehold assets

Muntenia: 6 malls,1 office building;
Moldova: 3 malls +RP;
Oltenia:1 mall;
Transilvania: 3 malls;

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

Appraisers	Asset	Location	Mall and Retail park GLA (sqm)	Other / External areas (sqm)	Ownership	Opening date	Last extension / restyling / remodeling date	% owned	Form of ownership	No. of shops	No. of medium surfaces	No. of other / external areas	Parking places	Main brands	Food anchor	GLA food anchor
C&W	Centro Commerciale Borgo	Bologna (BO)	6,975	//	IGD SIIQ SPA	1989	2015	100	Freehold property	33	4		1,450	Librerie Coop, Unieuro, Scarpe&Scarpe	Ipercoop	11,480
C&W	Ipermercato CC Miralfiore	Pesaro (PU)	//	//	IGD SIIQ SPA	1992	//	100	Freehold property (hypermarket)					//	Ipercoop	10,412
C&W	Ipermercato CC Globo	Lugo di Romagna (RA)	//	//	IGD SIIQ SPA	1997	2005	100	Freehold property (hypermarket)					//	Ipercoop	7,937
C&W	Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	13,653	543	IGD SIIQ SPA	2001	//	100	Freehold property	36	2	1	1,730	Decathlon, Deichmann	Ipercoop	8,360
C&W	Centro Commerciale d'Abruzzo	San Giovanni Teatino (CH)	12,571	3,610	IGD SIIQ SPA	2001	2014	100	Freehold property	44	7	3	1,730	Decathlon, Euronics, Librerie Coop, Piazza Italia; Terranova; Intersport; Scarpamondo	Ipercoop	14,127
C&W	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
C&W	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)	//
C&W	Ipermercato CC I Malatesta	Rimini (RN)	//	882	IGD SIIQ SPA	2005	//	100	Freehold property (Hypermarket + Wholesale area + Fitness area)					//	Ipercoop	10,435
C&W	Ipermercato Schio	Schio (VI)	//		IGD SIIQ SPA	2008	//	100	Freehold property (only hypermarket)					//	Ipercoop	8,176
C&W	Centro Commerciale Le Maioliche	Faenza (RA)	25,297	//	IGD SIIQ SPA	2009	//	100	Freehold property	42	8		2,400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	6,163
CBRE	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
CBRE	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	13,742
CBRE	Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	33,594	//	IGD SIIQ SPA	2009	//	100	Freehold property	99	13		3,800	Desigual; Azzurra Sport, Piazza Italia, Obi, Scarpamondo,NewYorker, Euronics	Ipercoop	7,663
CBRE	Centro Commerciale La Torre	Palermo (PA)	19,176	//	IGD SIIQ SPA	2010	//	100	Freehold property	44	6		1,700	Expert, Scarpe&Scarpe, Piazza Italia, H&M; McDonald	Ipercoop	7,110
CBRE	Piastra Commerciale Mazzini	Livorno (LI)	7,535	//	IGD SIIQ SPA	2014	//	100	Freehold property	23	1			Unieuro/Coop	Coop	
CBRE	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	Ipercoop	16,536
CBRE	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)	//
CBRE	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)	//
CBRE	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	//	//
C&W	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
JLL	Supermercato Cecina	Cecina (LI)	//	//	IGD SIIQ SPA	1994	//	100	Freehold property (only supermarket)					//	Coop	5,749
C&W	Centro Commerciale Lame	Bologna (BO)	6,141	//	IGD SIIQ SPA	1996	2003	100	Freehold property	43	1			Benetton, Original Marines, Camaieu	Ipercoop	15,201
JLL	Ipermercato CC Il Maestrale	Cesano di Senigallia (AN)	//	//	IGD SIIQ SPA	1999	//	100	Freehold property (hypermarket)					//	Ipercoop	12,501
JLL	Ipermercato CC Fonti del Corallo	Livorno (LI)		//	IGD SIIQ SPA	2003	//	100	Freehold property (only hypermarket)					//	Ipercoop	9,359
JLL	Centro Commerciale e Retail Park Conè	Conegliano (TV)	20,513	//	IGD SIIQ SPA	2010	//	100	Freehold property	56	9		1,550	Maison du Monde,Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe,	Ipercoop	6,972
JLL	Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	2010	//	100	Freehold property (only supermarket)					//	Coop	3,020
JLL	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)	//
JLL	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)	//
REAG	Galleria Commerciale Gran Rondò	Crema (CR)	15,764	//	IGD SIIQ SPA	1994	2006	100	Freehold property (excluding hypermarket)	38	4	presente distributor e di proprietà	1,280	Oviesse, Promenade calzature	Ipercoop (non di proprietà)	//
REAG	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
REAG	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	Ipercoop (non di proprietà)	//
REAG	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)	//
REAG	Centro Commerciale Darsena City	Ferrara (FE)	16,369	//	IGD SIIQ SPA	2005	//	50	Freehold property	15	2		1,320	Pittarosso, UCI, WeArena	Despar	
REAG	Centro Commerciale Katanè	Gravina di Catania (CT)	19,962	//	IGD SIIQ SPA	2009	//	100	Freehold property	67	6		1,320	Adidas, Euronics, H&M, Conbipel, Piazza Italia,	Ipercoop	8,631
REAG	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)	//
REAG	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
REAG	Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA		//	100	Freehold property (supermarket)					//	Coop	2,250
			419,000													236,000
	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)	7,455	//	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	Date of extension / restyling	% owned	Form of ownership	No. of shops	No. of medium surfaces	Parking places	Main brands	Food anchor	Food anchor GLA	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 Mall		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**												

2.6.2 ANALYSIS BY ASSET CLASS OF THE FREEHOLD PORTFOLIO

2.6.2.1 ITALY

In the second half of 2019 the perimeter of the IGD Group's real estate portfolio changed following the sale of Palazzo Orlando, an office building in Livorno classified as "Other". The purchase of the remaining 50% of the Darsena Shopping Center, which was already 50% co-owned by the IGD Group, was also finalized in the same transaction.

The main changes affecting the different asset classes in the year are described below.

	IGD Group Investment Property						Direct development initiatives	Porta a Mare projet (*)	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 and right to use
Amounts in € million	Hypermarkets and Supermarkets	Shopping malls Italy	Other	Total Italy	Total Romania	**Total IGD Group**	Plots of land and ancillary cost	Porta a Mare project (+)			
Book value at 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 work 2019	2.36	9.58	0.36	12.30	2.05	**14.35**	0.00	6.71	**21.06**	0.23	**21.29**
Increase due to acquisitons/new openings	0.00	15.56	0.00	15.56	0.00	**15.56**	0.00	0.00	**15.56**	0.00	**15.56**
Disposals	0.00	0.00	(12.77)	(12.77)	0.00	**(12.77)**	0.00	(0.42)	**(13.19)**	0.00	**(13.19)**
First implementation IFRS 16	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**	66.43	**66.43**
Reclassifications from assets under construction	1.50	3.82	1.42	6.74	0.00	**6.74**	0.00	0.00	**6.74**	0.00	**6.74**
Net revaluations/writedowns	(5.87)	(47.26)	(0.32)	(53.45)	(6.55)	**(60.00)**	(0.07)	(0.85)	**(60.92)**	(11.85)	**(72.77)**
Book value at 31.12.2019	**583.62**	**1,555.49**	**21.01**	**2,160.12**	**150.29**	**2,310.41**	**2.73**	**68.26**	**2,381.40**	**54.81**	**2,436.21**

HYPERMARKETS AND SUPERMARKETS

IGD's 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 31 December 2019 by the appraisers CBRE Valuation S.p.A. (CBRE), Duff&Phelps Reag S.p.A. (D&P), Cushman & Wakefield LLP (C&W) e JLL S.p.A. (JLL) based on the following percentages of FV:

Iper/Super	**31/12/2019**
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.
The fair value of this asset class reached €583.6 million, a decrease of -0.34% or €2.01 million compared to the prior year.
The average discount rate was 16 bps lower than in the prior year, coming in at 6.31%, while the average gross cap out rate rose 0.05% to 6.28%.
The gross initial yield was 6.06% at 31 December 2019.
The occupancy rate for 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 31 December 2019 by the appraisers CBRE, D&P, C&W and JLL based on the following percentages of FV:

Malls/RP	**31/12/2019**
CBRE	29%
D&P	32%
C&W	21%
JJL	18%
TOTAL	**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.
The fair value of this asset class reached €1,555.5 million, an increase of 0.16% with respect to the prior year due to the purchase of 50% of the Darsena Shopping Center. Like-for-like the fair value of this asset class was down by 1.16% or €18.3 million.
The discount rate used was -0.20% lower than in the prior half and 18% lower than in the previous year, coming in at 6.94%.
In the appraisals for the second half of 2019, the lower discount rate neutralized the impact that the lower rate of inflation had on the DCF.
The average gross cap was 0.09% lower than in the prior half and 0.24% lower than in the prior year, coming in at 6.96%.
The average gross initial yield for this asset class came to 6.52%, an increase of +0.09% compared to the prior half and of 0.11% against the prior year, explained mainly by the drop in FV.
The financial occupancy rate came to 95.51% at 31.12.2019, a decrease of 73 bps against 31.12.2018.

DEVELOPMENT PROJECTS

At 31 December 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 an estimated €2.7 million at 31 December 2019, a drop of 2.56% or €0.07 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 31 December 2019 entirely by the independent appraiser CBRE using the conversion or residual 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 the 73 residential units began in 2013 and were completed in 2019 as the last apartment for sale will be made available to IGD Group employees;
- 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 sales are expected to begin 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 €68.3 million at 31 December 2019, an increase of 8.6% (+€5.4 million) against 31 December 2018 attributable to the progress made in the Officine area. The sale of one apartment, two parking garages and one parking spot in the Mazzini area closed in the second half of 2019.
The fair value of the Porta a Mare Project at 31 December 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 was down 35% or €11.3 million at 31 December 2019, coming in at €21 million following the sale of Palazzo Orlando, an office building in Livorno. Like-for-like the fair value of this asset class was 5.17% or €1 million, higher than at 31 December 2018. The increase in FV is attributable almost entirely to the progress made in 2019 on the midsize retail space inside the Fonti di Corallo property where the last capex were made and the first activities were opened.

"Other" was valued at 31 December 2019 by the appraisers D&P and JLL based on the following percentages of FV:

Other	**31/12/2019**
D&P	98%
JLL	2%
TOTAL	**100%**

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

2.6.2.2 ROMANIA

The Winmarkt properties were valued at 31 December 2019 by the appraisers CBRE and D&P based on the following percentages of FV:

Winmarkt	31/12/2019
CBRE	44%
D&P	56%
TOTAL	**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 was down 2.91% or €4.5 million compared to 31 December 2018 due largely to shopping malls following a decrease in the ERV (estimated rental value) used in the DCF models.
The average gross initial yield for the malls was 0.29% higher than at 31 December 2018, coming in at 7.09%, due to the drop in FV.
The discount rate was 0.04% lower than in the prior year, coming in at 8.16%.
The average gross cap out for the malls reached 7.67%, down -0.03% against the prior half.
The financial occupancy rate for the Winmarkt malls came to 97.56%, a decrease of 50 bps with respect to 31 December 2018.
The most important figures relating to the real estate portfolios in Italy and Romania are shown below:

Summary at 31.12.2019:

	N° of assets	GLA (sqm)	gross initial yield	gross cap out	weighted discount rate	financial occupancy rate	Annual rental value/sqm	Erv/sqm
Hypermarkets and Supermarkets	25	236,000	6.06%	6.28%	6.31%	100%	149	147
Malls Italy	27	419,000	6.52%	6.96%	6.94%	95.51%	230	243
Total Italy	58	655,000	n.a.	n.a.	n.a	n.a	n.a	n.a
Total Romania	15	94,755	7.09%	7.67%	8.16%	97.56%	101	112
Total IGD's Group	73	749,755	n.a	n.a	n.a	n.a	n.a	n.a

Summary at 31.12.2018:

	N° of assets	GLA (sqm)	gross initial yield	gross cap out	weighted discount rate	financial occupancy rate	Annual rental value/sqm	Erv/sqm
Hypermarkets and Supermarkets	25	235,418	6.08%	6.27%	6.46%	100%	149	147
Malls Italy	27	417,730	6.41%	6.72%	7.12%	96.24%	232	243
Total Italy	59	653,200	n.a.	n.a.	n.a	n.a	n.a	n.a
Total Romania	15	94,855	6.80%	7.70%	8.23%	97.11%	102	106
Total IGD's Group	74	748,055	n.a	n.a	n.a	n.a	n.a	n.a

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

Category	Book value 31/12/2019	Accounting method	Market value 31/12/2019	Book value 31/12/2018	Change
IGD Group Real Estate Investments					
Hypermarkets and Supermarkets	583.62	fair value	583.62	585.63	(2.01)
Shopping malls Italy	1,555.49	fair value	1,555.49	1,573.79	(18.30)
Other	21.01	fair value	21.01	32.32	(11.31)
Total Italy	**2,160.12**		**2,160.12**	**2,191.74**	**(31.62)**
Shopping malls Romania	147.59	fair value	147.59	151.89	(4.30)
Other Romania	2.70	fair value	2.70	2.90	(0.20)
Total Romania	**150.29**		**150.29**	**154.79**	**(4.50)**
Total IGD Group	**2,310.41**		**2,310.41**	**2,346.53**	**(36.12)**

Category	Book value 31/12/2019	Accounting method	Market value 31/12/2019	Book value 31/12/2018	Change
Plots of land and ancillary costs	2.73	adjusted cost / Fair Value	2.73	2.80	(0.07)
Direct development initiatives	**2.73**	**adjusted cost / Fair Value**	**2.73**	**2.80**	**(0.07)**

Category	Book value 31/12/2019	Accounting method	Market value 31/12/2019	Book value 31/12/2018	Change
Porta a Mare project*	68.26	adjusted cost / Fair Value	68.26	62.82	5.44

Category	Book value 31/12/2019	Accounting method	Market value 31/12/2019	Book value 31/12/2018	Change
Right to use (IFRS 16)	54.81	fair value	54.81	0.00	54.81
Total rights to use	**54.81**		**54.81**	**0.00**	**54.81**

	Investment properties, plots of land, development initiatives, assets held for trading and rights to use		Market value 31/12/2019	Book value 31/12/2018	Change
Total	**2,436.21**		**2,436.21**	**2,412.15**	**24.06**

* 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 details of the main development projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	ESTIMATED INVESTMENT	BOOK VALUE AT 31.12.2019 (Mn/€)	% HELD	STATUS
PORTO GRANDE	Extension	Porto d'Ascoli (AP)	5,000 sqm	II° half 2020	c. 9.9 Mn/€	2.73	100%	Planning stage completed. All the building permits and authorisation for pre-letting activities have been issued
					Total	**2.73**		

2.7 // Appraisals of the independent experts

CUSHMAN & WAKEFIELD

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20121 Milano
Tel +39 02 63799 1
Fax +39 02 63799 250
PEC: finance@pec.cwllp.it
cushmanwakefield.it

IGD-GRUPPOIGD-CERTVALPERBILANCIO-191231-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**29 JANUARY 2020**
VALUATION DATE:	**31 DECEMBER 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

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Detailed reports relating to the Properties are enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-191231-01-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.

For translation purposes only – Italian version legally binding

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 31 December 2019.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-191231-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the previous 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-191231-01-ITA*.

For translation purposes only – Italian version legally binding

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-191231-01-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-191231-01-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-191231-01-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:

€541,190,000

(Five hundred forty-one million one hundred ninety 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-191231-01-ITA.*

As per your request we report the Value gross of purchaser's costs, which is equal to €549,336,590.

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-IGDSIIQNOSVILUPPO-VALCERTPERBILANCIO-191231-01-ENG

For translation purposes only – Italian version legally binding

TO:	**IGD SIIQ S.P.A.**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**29 JANUARY 2019**
VALUATION DATE:	**31 DECEMBER 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 Gallery
2	Bologna	BO	Centro Lame Gallery
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-191231-01-ITA*.

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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 dated 19 April 2019 is enclosed to this report under Attachment I.

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1.7 THIRD PARTY LIABILITY

The valuation has been carried out on behalf of IGD SIIQ S.P.A. 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 31 December 2019.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-191231-01-ITA*, all Properties were inspected both internally and externally during the site visits carried out for the previous 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-191231-01-ITA*.

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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-191231-01-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-191231-01-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-191231-01-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

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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:

€538,500,000

(Five hundred thirty-eight million five 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-191231-01-ITA*.

As per your request we report the Value gross of purchaser's costs, which is equal to €546,604,649.

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

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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

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

Milan, January, the 23rd 2020

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 31st December 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
Trading	Porta a Mare	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 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: Città delle Stelle, La Torre, La Favorita 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.

CBRE

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 31st December 2019 is:

Euro 707,149,500
(Seven Hundred Seven Million, One Hundred Forty Nine Thousand, Five Hundred Euro/00)

exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.
Ref. 19-64VAL-0390, 19-64VAL-0391,

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.
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.

CBRE

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

Milan, January, the 25th 2020

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 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 31st December 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

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: Città delle Stelle, La Torre and La Favorita 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).

CBRE

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

CBRE

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 31st December 2019 is:

Euro 638,890,000
(Six Hundred Thirty Eight Million Eight Hundred and Ninety Thousand Euro/00)
exclusive of transfer costs and VAT.

Yours faithfully

CBRE VALUATION S.p.A.

Rif. 19-64VAL-0390, 19-64VAL-0391

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, 31/12/2019

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 31st December 2019 of a Retail Portfolio held by IGD SiiQ S.p.A. comprising 9 Hypermarkets/Supermarkets, 4 Retail Galleries, 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 us, 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, one Retail Park and one Area Fitness 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	-
Conè	Conegliano VE)	Shopping Gallery + Retail Park	18,163	20,927
Civitacastellana	Civita Castellana (LT)	Supermarket	2,892	-
Conè	Conegliano (VE)	Hypermarket	9,498	6,972
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	9,350

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, 31st of December 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 9 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, 2018 and first 9 months of 2019 (first 8 months for Fonti del Corallo, Civita Castellana e Cecina);
- Non- recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2020;
- 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 € 454,850,000, while the sum of the rounded Gross Market Values is equal to € 468,919,600 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

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 10th February 2020
Ref. n° 21222,05 – 21199,05

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 Zola

Subject: **Determination of the Market Value as of December 31st, 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. 8 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 December 31st, 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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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

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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 December 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 located in Gravina di Catania (CC Katanè) and Livorno (CC Fonti del Corallo), to find out all the information (building qualities, preservation condition, etc.) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the information already known.

- Carried out an analysis of the conditions of the local real estate market, took the economic data detected therein into consideration and adapted it to the specific features of the Properties through appropriate statistical work-ups;

- Determined the building area on the basis of the documents supplied by the Client;

- Considered the draft of the "model" lease agreement, the individual amounts of the fees as indicated in the "rent-roll" and the related clauses (duration, insurance costs, maintenance costs, etc) provided by the Client;

- Determined the value of the Property on the assumption of its highest and best use, that is to say, considering among all legally permitted and financially feasible technical uses, only those that can potentially confer the maximum value to each Property;

- Considered the rental situation at the date of the appraisal and indicated by the Client;

- Specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of

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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 December 31st, 2019, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 656.000.000,00
(Euro Six Hundred Fifty Six Million /00)

Agrate Brianza, 10th February 2020
Ref. n° 21222,05 - 21199,05

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.

2.8 // The SIIQ Regulatory Environment and Information on the Company's Compliance

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.

The current requirements for eligibility under the special regime can be summarized as follows:

Subjective requirements

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

Statutory requirements

The corporate bylaws must include:

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

Objective requirements

- freehold rental properties or other properties, interests in other SIIQ/SIINQ, in SICAF and in "qualified" real estate funds must make up 80% of the real estate assets, the so-called "**Asset Test**".

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

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

Ownership requirements

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

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

COMPLIANCE WITH SUBJECTIVE, OBJECTIVE AND OWNERSHIP REQUIREMENTS

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

Based on the parent company's financial statements at 31 December 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 company 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 €55,152,956.00, stemming from:

- for €33,790,720.29, distributable income generated by exempt operations which is equal to 70% of the distributable income from these operations;
- for €15,304,565.94, profits carried forward from exempt operations;
- for €2,176,781.55, distributable income derived entirely from taxable operations;
- for €2,434,998.32, profits carried forward from taxable operations;
- for €1,445,889.90, partial utilization of the share premium reserve.

2.9 // Organization and human resources

ORGANIZATIONAL STRUCTURE

During the year IGD worked to:

- strengthen corporate expertise in order to both innovate the digital services offered by IGD (resulting in the hire of a Digital Strategist) and improve the functioning of the Accounting Department (resulting in the hire of one new resource);
- introduce the professional figures needed to manage the 2 shopping centers acquired in 2018 which were not previously managed by IGD (Centro la Favorita in Mantua and Centro Luna a Sarzana (SP)).

In 2019 the number of the IGD Group's employees increased slighting, going from 131 to 135.
The Winmarkt Group's workforce was slightly lower due to an increase in turnover and 2 retirements.

WORKFORCE and TURNOVER

The workforce of **IGD Group ITALIA** increased by 4 heads.

The breakdown of the IGD Group ITALIA personnel by job level and gender is shown below:

	Executive	Middle Managers	Junior Managers	Clerks	of which fixed terms	Total	Percentage
MEN	5	15	31	13	4	64	47%
WOMEN	0	8	27	36	1	71	53%
TOTAL	**5**	**23**	**58**	**49**	**5**	**135**	
Percentage	4%	17%	43%	36%		100%	100%
Percentage of total employees					(4%)		

The breakdown of turnover in IGD Group ITALIA personnel by job levels (including fixed term contracts) is shown below:

	Hires	Resignations	Difference
Executive	0	0	0
Middle Managers	0	0	0
Junior Managers	4	2	2
Clerks	7	5	2
TOTAL	**11**	**7**	**4**

The importance attached to job security is demonstrated by the number of indefinite contracts, which came to 96% of the total. The number of fixed term contracts decreased (-1), bringing the total to 5.

As a result of the resignation of 4 employees between 1.1.2019 and 31.12.2019, the turnover rate came to 3.0%.
While lower, the rate of turnover in Romania is still high due to, in addition to two retirements, the general economic environment and a very dynamic labor market.
The workforce at **WINMARKT Group ROMANIA** dropped by 2 heads.

The breakdown of the WINMARKT Group ITALIA personnel by job level and gender is shown below:

	Executive	Middle Managers	Junior Managers	Clerks	Total	Percentage
MEN	0	2	11	5	18	43%
WOMEN	0	4	4	16	24	57%
TOTAL	**0**	**6**	**15**	**21**	**42**	**100%**
Percentage	0%	14%	36%	50%	100%	

The breakdown of turnover in WINMARKT Group ITALIA personnel by job levels (including fixed term contracts) is shown below:

	Hires	Resignations	Difference
Executive	0	0	0
Middle Managers	1	1	0
Junior Managers	2	2	2
Clerks	2	4	(2)
TOTAL	**5**	**7**	**(2)**

There was a slight decrease (2 heads) in the Romanian workforce in 2019. The 2 fixed term contracts in Winmarkt are explained by a local regulation based on which a fixed term contract must be transformed into an indefinite contract, once retirement age is reached.

WELFARE

2019 was the third year of IGD's Corporate Welfare Plan.

IGD instituted a Welfare Portal which allows employees to access a series of services made available by the company as part of the Corporate Welfare Plan.

The goal is to increase the individual wellbeing of employees and their families in the community and have a positive impact on the organizational structure, as well as the workplace climate.

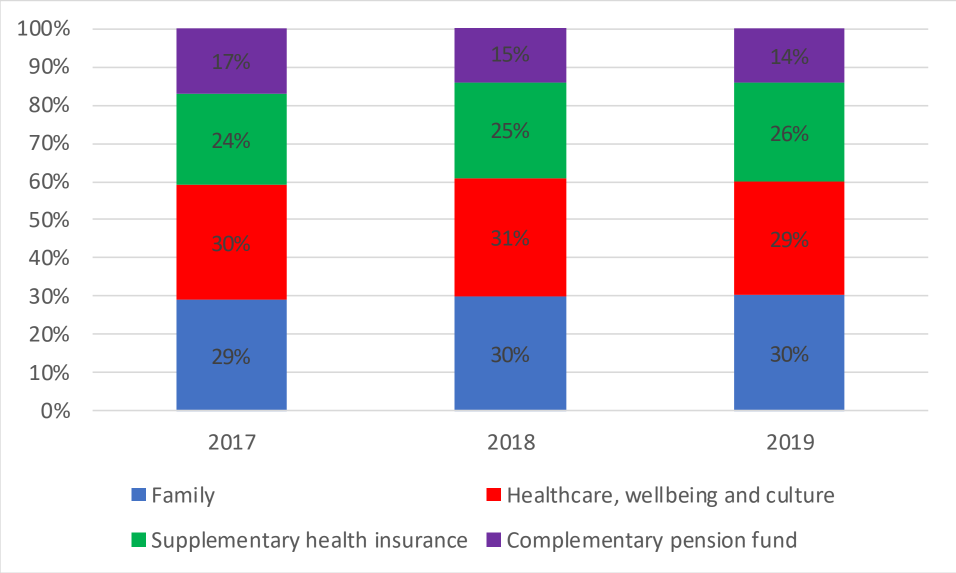
All permanent employees (with the exception of executives) have a personal budget (the same amount is provided proportionately to full and part time employees) which can be used during the year by using their personal passwords to access the portal.

Refund coupons and vouchers relating to courses and training, recreation, supplemental retirement plans, social assistance and health insurance can be found on the portal.

For the first time, all 123 eligible employees took advantage of the program.

The most popular categories were «Family» and «Health-Wellbeing-Culture», while "Supplemental Health Insurance" continues to grow, including as a result of the commitment to reduce refund turnaround time.

Comparison of the welfare services used



COMPENSATION POLICIES AND PROFESSIONAL DEVELOPMENT

In 2019, 135 employees reached their objective in Italy. The variable compensation paid reached 80% of the amount payable.
77 employees, or 57% of the entire workforce, were involved in the yearly performance evaluations (a slight increase against the prior year) and 11 merit based pay raises were granted (8% of the employees considered) in 2019.
In 2019, 5 career paths begun in 2018 were terminated. Three new career paths were also begun in the year.

In order to promote the growth and development of resources within the Winmarkt Group, in 2019 15 merit based pay raises were granted. With a view to promoting employee loyalty and rewarding seniority, effective 2018 there is also a voluntary indexing system for salaries in Romania, which is in addition to the normal compensation mechanism.

TRAINING

In 2019 the training offered by the IGD Group was focused, in addition to mandatory training, on other projects: firstly, an activity which, inspired by the change in IT systems, involved the entire workforce in a special 4-hour training session in how to use Office 365.
Middle and junior managers also participated in a half-day workshop in ISO37001I anti-corruption certification, designed to foster both understanding of the process and the implications for the country.
In 2020 the ISO37001I anti-corruption certification training will also be offered to other IGD employees.
2 Network Managers and 7 Area Managers also participated in a 4-day internal course in property management.
Other targeted refresher courses were also provided in order to develop and improve expertise (relating, for example, to compliance, new software, etc.).

Safety:

- general training for new hires;
- five-year update for managers;
- five-year update for subordinates;
- periodic updates for the workers' safety representatives;
- fire safety training;
- first aid training.

English: the courses, which were offered to 9 staff members, were developed to support roles which call for the daily use of English.
Both the amount spent and the number of employees involved increased with respect to 2018. In 2019, 134 employees, or 95.7% of the total, participated in at least one training course for a total of 1,837 hours and a cost of €47,023, slightly higher than in 2018. In 2018, 125 employees or 95% of the total were involved in at least one training course.

Training Winmarkt Group

In 2019 100% of the company employees in Romania participated for a total of 744 hours and a cost of €14,760.

Winmarkt also held its own company convention, a moment traditionally used by top management to make announcements and to provide employees with training through specific workshops which 100% of the company's workforce attended.
A few employees also participated in courses designed in to increase their administrative skills and knowledge of property management.

2.10 // Sustainability: strategy and performance 2019

As a key Italian player in the commercial real estate sector, with an important retail presence in Romania, IGD has been working since 2011 (when the path focused on sustainability was first begun) on making an active contribution to transitioning toward a "low carbon" economy in the countries where it operates. IGD strives to work ethically with all its stakeholders, making sure all the steps necessary to comply with the law, and have a positive impact, are taken. With regard, lastly, to the local community IGD intends not only to strengthen its significant role in shopping, but also to be the driver of social and economic change, providing a familiar meeting place and, at the same time, meeting the community's needs.

Sustainability has become an integral part of the business planning process, beginning already with the drafting of the Business Plan 2014-2016.

In 2017 the Company launched the strategy «Becoming Great», which summarizes the company's commitment to growth that is «Green, Responsible, Ethical, Attractive, Together».

The sustainability strategy is currently considered part of "Innovation and operating excellence", one of the three pillars of the Business Plan 2019-2021. The strategy reflects IGD's commitment to sustainable growth, shaped by the United Nations' Sustainable Development Goals (SDGs).

Implementation of the strategy is focuses on three areas:

1. Material issues
2. Sustainability targets (connected to planning)
3. The risks and policies/actions connected

2.10.1 The material issues

The first step in defining the sustainability strategy is to identify the material issues linked to the organization's economic, environmental and social impact, as well as considerably influence stakeholders' views and decisions. Defining these issues makes it possible for the company to focus on the real issues that need to be addressed in terms of sustainability, avoiding the use of resources (human and economic) to achieve objectives that are not material.

In accordance with the GRI Standards, in 2017 IGD, for the second time, conducted a materiality analysis. As a result of this analysis, which involved different company figures (including top management for the final approval) and sought to identify the most significant issues for IGD, as well as the stakeholders, 17 topics were identified (13 of which material and 4 relevant). Revised and amended each year based on the changes affecting the company and the world around it, currently IGD has identified 12 material issues that are included under the umbrella of the acronym (Becoming) G.R.E.A.T.

The material issues represent the cornerstones of the Sustainability strategy and its planning, as well as the topics reported on in the Corporate Sustainability Report. The risks, the relative policies and steps the Company is taking/will take over the next few years are identified for each material issue.

2.10.2 2. Sustainability targets (connected to planning)

In 2019 the Company updated the targets included in the Business Plan 2019-2021 and identified short, medium and long-term goals as detailed below:

GREEN

- Eliminate CO2 emissions: Italian portfolio Nearly Zero Energy Buildings by 2030;
- Obtain BREEAM certification for 80% of the Italian portfolio by 2030;
- Obtain UNI EN ISO 14001 certification for 95% of the Italian portfolio by 2020;
- Invest €5 million in improving energy efficiency over the three-year period 2019-2021;
- Continue installing photovoltaic systems;
- Install LED lighting systems in all the Italian properties by 2022;
- Increase awareness of visitors through campaigns in shopping centers and host events across all the properties dealing with ESG issues;
- Plastic free headquarters by 2020;
- Get the Waste2value project up and running and assess other circular economy projects.

RESPONSIBLE

- Training: focus on soft skills and the importance of cross-functional work;
- Conduct workplace climate survey between 2020 and 2021 and define follow-up steps to be taken;
- Corporate welfare: increase services;
- Share open positions through the IGD website and the Linkedin platform;
- Define individual CSR targets;
- Wellbeing: finalize the entire project;
- Continue with building safety projects.

ETHICAL

- ISO37001:2016: obtain certification in Italy in 2020;
- Legality rating: confirm the highest score (3 stars) at the time of the two-year renewal;
- Adhere to the Global Compact.

ATTRACTIVE

- Sustainable enhancement of the portfolio: complete restyling with improvements in the environmental impact of 10 shopping centers by 2030;
- Develop nationwide campaigns to raise the awareness of shopping center visitors regarding issues that reflect IGD's values;
- Innovation: define the digital strategy.

TOGETHER

- "Progetto ascolto", a project focused on listening to the expectations of the Millennials for the shopping centers of the future;
- Engage tenants in issues related to sustainability;
- Shopping center as a civic space: partnerships with the local community to promote active participation and co-planning initiatives.

2.10.3 The related risks and the policies/actions

Even though the Company is not required by law to prepare a Non- Financial Statement (pursuant to Legislative Decree 254/16, in implementation of EU Directive 2014/95/EU), IGD voluntarily worked to identify the risks connected to sustainability and classify them in relation to each material issue, while determining the policies/actions to be taken to mitigate any negative effects or transform the positive ones into opportunity, aware of the importance that this process may have for the company's business. The details of the risks identified can be found in the Corporate Sustainability Report in the chapter "Sustainability Strategy". With regard to climate change and the associated risks, beginning in 2019 IGD decided to address the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The purpose of the information requested is to foster greater understanding of IGD's approach to 4 areas: governance, strategy, risk management and the statistics/targets linked to climate change. Greater detail is provided in the chapter "Sustainability Strategy" in the CSR 2019.

The steps taken and the performances achieved in 2019

The Corporate Sustainability Report provides a yearly report on both the actions taken and the socio-environmental performances achieved by the Company in the year. The data and the information in the report are subject to Limited Assurance based on ISAE 3000 procedures. The CSR 2019 can be found on the corporate website at https://www.gruppoigd.it/sostenibilita/bilancio-di-sostenibilita/archivio-bilanci/

2.11 // Outlook

In 2020 the Group will proceed confidently with the implementation of its investment plan. Officine Storiche in Livorno, the heart of the most important development project in the pipeline, will be inaugurated in 2020. This investment will provide new revenue to support the FFO growth forecast in the Plan, which the Company estimates currently should be around +2% in 2020.
In light of the recent events relating to the Coronavirus emergency, the Group is monitoring the situation carefully and will fully comply with any ordinances issued by the authorities, both national and local.
The Group's executives are carefully assessing the potential impact on the company's performance, which to date, 27 February 2020, cannot be estimated.

2.12 // IGD SIIQ SPA's and the Group's Primary Risks and Uncertainties

In the future the Group's earnings and financial situation could be influenced by a series of risk factors. In order to systematically assess and monitor its risks, IGD SiiQ SpA developed an integrated Enterprise Risk Management (ERM) system which conforms to the highest international standards and the COSO framework (promoted by the Committee of Sponsoring Organizations of the Treadway Commission). This system provides a systematic approach to identifying the primary corporate risks, making it possible to assess the potential negative effects in advance and organize control mechanisms. The ERM model used also makes it possible to test different risk scenarios with a view to assessing the total risk appetite.
The Company monitors the different risks in light of the strategic, operational and financial goals, as well as compliance, using a model based on Key Risk Indicators, which assists management in assessing the level of exposure.
The Group's primary risks are listed below.

2.12.1 Strategic risks:

2.12.1.1 Risk - changes in purchasing power (inflation, decreased consumption, etc.) and competition

Risk factors:

- radical change in the consumer style of the end customer, which could have an impact on IGD's business linked to the shopping center model;
- regulatory changes which could strongly impact the company's activities and negatively impact the Group's revenue and the value of its assets.

Risk management:

Periodically the Company monitors the Italian economic situation, particularly when defining or updating the Business plan or annual budget. The analyses include a study of Italy's principal macroeconomic indicators (GDP, consumption, family income, inflation, etc.).
While these studies are being conducted, the Company also carries out in depth analyses of the competition and consumer trends, in light of the changes in consumer spending and inflation. Periodically, the Commercial Division analyzes the adequacy of the positioning and the offer, in order to take the steps needed to align commercial activities with marketing initiatives. When a new shopping

center/location is opened the Company, including with the help of specialized professionals, completes economic and geomarketing studies of the catchment area involved in order to have a complete vision of the specific market that the company will be entering and doing business in.
Great attention is also paid to the tenants' results. Management carefully monitors the sales statistics and the indicators that could point to any problems the tenants might be experiencing, paying particular attention to the tenants' sustainability: the steps taken to support the retailers and any operational changes are shared with the Commercial Division and are subject to the budget approved by the Board of Directors
Looking at changing consumer trends, the Company also carefully analyzes the merchandising mix in order to understand the overlap between e-commerce, traditional retail and services which cannot be replicated, like restaurants and personal services.
In the prior year controls for this type of risk were also subject to monitoring as part of the Group's enterprise risk management system based on which a sensitivity analysis was conducted relating to possible changes in the assumptions underlying the plan.
With regard to the Romanian market, in light of the positive market environment and the prospects for the next two years, the Company carried out extraordinary maintenance, in addition to work on revised layouts and fit outs in order to introduce new tenants (both national and international), increase the shopping centers' appeal, respond to the actions taken by competitors and meet customers' new needs.

2.12.1.2 Risk - changes in the global market/socio-political/regulatory environment

Risk factors:

- strong inflationary pressure;
- general national/international economic crisis;
- regulatory changes which have a strong impact on the regulations that the Company must comply with.

Risk management:

The Company constantly analyzes changes in the level of consumer spending and inflation rates through market studies, including those of specialized professionals. Management monitors the country's market conditions and political situation by looking at economic and financial stability indicators, as well as regulatory changes (introduction of new European and Italian laws/regulations) that could impact the company's compliance.
With regard to the Romanian market, Management constantly monitors the Country's economic performance, checking the main economic and financial stability indicators, like exchange rates, changes in the political scenario, the status of the European aid program, as well as any changes in local laws, in order to make sure no critical areas that could affect IGD's business have emerged.

2.12.1.3 Risk - failure to manage the impact of e-commerce penetration on the business

Risk factors:

- radical changes in the consumer habits of the final costumer
- structural changes which affect the consumers' access to the retail market

Risk management:

The Marketing Department periodically monitors and analyzes the Company's and the sector's data vis-a-vis the performance of e-commerce and shares the findings with the Commercial Division.
The Company participates in working groups of the national association of shopping centers (*CNCC* or *Consiglio Nazionale dei Centri Commerciali*) which discuss the controls that can be implemented in order to limit this risk and any contractual changes that could protect the company.
The company's current strategy focuses on two key aspects: on the one hand, the analysis and continuous fine tuning of the merchandise mix in order to introduce physical activities that cannot be replaced (like restaurants and personal services); on the other, the promotion of the shopping center as a meeting place (with a calendar of events, as well as multichannel spaces). The constant monitoring of the tenant's performance statistics is key to implementing the commercial and marketing policies designed to limit the affects that this risk factor might have.
As part of the Enterprise Risk Management project, the risk was monitored in order to assess the possible impact that the spread of e-commerce could have on business.

2.12.1.4 1.4 Risk – relating to financial strategy and debt refinancing

Risk factors:

- failed/ unclear identification of the Company's financial strategy resulting in delays in debt refinancing which could affect the ability to access the best sources of funding and cause the rating to be lowered.

Risk management:

The Company's financial strategy is geared to maintaining rigorous financial discipline, consistent with the investment grade profile. The Company uses different sources for funding and looks for the best conditions available on the capital markets, while also working to expand the investor base. In recent years it has used the most sophisticated types of financing and is capable of managing the preliminary and contractual phases. In 2018 the Company signed a €200 million an unsecured syndicated loan deal with BNP Paribas. The syndication was completed on 29 March 2019 with the allocation of the tranches to the lenders. The Company used the funds from the loan to redeem a €125 million bond loan (coupon 3.875%) expiring in January 2019. On 28 November 2019 the Company also issued €400,000,000 in new notes, expiring 28 November 2024, payable yearly in arrears at a fixed rate of 2.125%. The proceeds from the issue were used, in part, to repurchase part of a €300 million and a €162 million bond issue, expiring in 2021 and 2022, respectively, and, in part, to fully redeem the bond expiring in 2021, as well as for general corporate purposes. The issue was well received by the market and initially oversubscribed by important, accredited domestic and foreign investors.
IGD also works with banks to obtain, as well as modify, mortgage and unsecured loans. The company has €60 million in committed credit lines and significant short-term credit lines.
In the period 2005 – 2018 the Company gathered €470 million on the equity capital markets.

2.12.1.5 1.5 Risk – Strategy and composition of the tenant mix / merchandising mix

Risk factors:

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

Risk management:

The commercial planning is carried out by the Commercial Division based on the positioning goals shared with the Company and in accordance with internal procedures. The Company constantly monitors, including through the use of the updated internal sales data, the tenants' sales and the vacancy rates. All of the commercial choices made respect the policy defined by the Commercial Division and any atypical allocation of the space must be approved by the Commercial Division. Toward this end, the Commercial Division meets periodically in order to coordinate and check the steps taken in the region.
A tenant mix that meets qualitative standards is defined based on an assessment of the shopping center's location and a survey conducted, including with the support of specialized professionals, of the center's intrinsic characteristics and an evaluation of the region.
The Company also strengthened its ability to process data by creating a specific position within the organization which guarantees a more detailed flow of information and allows for targeted commercial policies on different levels: shopping center, tenants, merchandise. Periodically the Company also conducts surveys of customers and tenants over the phone and in the centers in order to assess the level of customer satisfaction with the services offered and the events organized.

With regard to the Romanian market, the decisions made relative to the tenant mix are linked to the location of the shopping center, the presence of one or more retail anchors, the existence (current or future) of competitors with similar offers. The Company also benchmark analysis tools to monitor competitors, trends, footfalls and brand positioning (market potential).
The subsidiary constantly checks changes in the Merchandising Mix and the Tenant mix through specific monthly reports in which the main performance indicators are looked at (Market Rent, occupancy, Merchandising Mix, Tenant Mix, weight of the international retailers, etc..).

2.12.1.6 1.6 Risk – crisis of medium/large spaces (retail and hypermarkets)

Risk factors:

- crisis of hypermarket retailers which could affect occupancy of large areas in shopping centers and their appeal, along with the Company's revenue;
- crisis of large retail tenants which could affect occupancy of large areas in shopping centers and the Company's revenues.

Risk management:

The Company constantly monitors the space reductions underway and remodels the shopping malls as needed or recalculates rents in order to render them more sustainable over time. The Commercial Division defined a synergic commercial strategy between hypermarkets and malls, strengthening the collaboration between marketing and management, in order to improve the customer experience. When looking at tenants, factors like the ability to attract customers with merchandise that reflects market trends, are taken into consideration. The Company also began, a few years ago, to introduce new food and beverage services and entertainment based on the new retail market trends.

2.12.2 Operational risks:

2.12.2.1 Risks - natural disasters (earthquakes, floods) and damages caused by third parties

Risk factors:

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

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

Risk management:

Given the type of business and its unique portfolio, the Company has taken out All Risk policies with a primary insurance company based on which each shopping center has annual coverage.
Based on the Group's risk management policy vis-à-vis damage to assets, each consortium of tenants and/or owners must stipulate its own All Risk policy with an insurance company.
With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities, including ownership, rental and management of property and moveable assets. The consortia, the Commercial and the Asset Management, Development and Network Management Divisions all constantly check the quality and maintenance of the properties in order to understand if further steps must be taken to limit risk.
The Company's policy is to invest in the maintenance and quality of its properties. When renewing the insurance for its buildings, the Company added and/or changed coverage as needed. A dedicated appraiser was also assigned to monitor the appraisals of damages to buildings in order to ensure consistency in any investigations and faster settlement of any claims. The Company also developed a procedure for the updating and monitoring of outstanding claims on a quarterly basis.
In light of the growing attention paid to earthquakes as result of the recent natural disasters that occurred in Italy, the Country is carrying out further studies of the potential risk factors and assessing whether changes should be made to controls and insurance coverage. In the last few years, the Company also negotiated further changes to the All Risk policy, increasing the amount insured for a few types of events deemed probable and potentially damaging.

2.12.2.2 2.2 Credit risk

Risk factors:

- client default;
- default of consortia tenants;
- credit recovery problems.

Risk management:

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

The analyses of potential clients are done, including with the help of specialized consultants, and focus on understanding potential risks for the Company.

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

may be taken. The credit positions of current and new tenants are constantly monitored through the use of a specific program which makes it possible to assess the credit history of each tenant, the level of risk associated with each tenant and the degree of solvency; this analysis is conducted each quarter, but monitored daily in order to constantly manage the measures taken or that need to be taken in terms of debt collection.
The Commercial Division works closely with the Legal and Corporate Affairs Division and also prepares periodic reports on credit collection for Management and the control bodies.
The consortia now use the same monitoring and credit collection activities as the Company, creating synergies allowing for the implementation of flexible procedures and periodic sharing of detailed reports with IGD's Commercial Division, and the Administrative, Legal and Corporate Affairs Division.
The operating structure of the Asset Management, Development and Network Management Division, divided into the central-northern and central-southern areas is such that the division guarantees a continuous regional presence which can monitor and foresee possible risk situations.
The ERM model used also calls for periodic monitoring in order to assess the adequacy of the risk management measures in place with respect to the actual level of risk.

2.12.2.3 Asset valuation risk

Risk factors:

- global economic crisis;
- changes in the domestic/international market which results in a significant devaluation of the asset portfolio.

Risk management:

The shopping centers are located throughout the country which reduces the exposure to risks connected to regional phenomenon. The analysis of sales figures, along with the monitoring of commercial dynamics, receivables, renegotiations, footfalls, support of the independent experts with the appraisal of the assets, help the management spot signs that changes are taking place in the retail real estate market.
Periodically the Company also runs sensitivity analyses involving the valuations of the portfolio assets in order to constantly monitor the effects that changes in the discount or cap rates, linked to the global economic environment, or revenue could have on the value of the assets. The monitoring of the indicators identified as part of the Enterprise Risk Management initiative supports the assessment of foreseeable changes in the level of this type of risk.

2.12.2.4 Contract risk

Risk factors:

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

Risk management:

The Company constantly monitors the relationships with its tenants through constant control of any breaches or violations of the agreements by the retailers and the Commercial Division's regional supervision. The Commercial Division is constantly in touch with the tenants by telephone, through meetings, including at headquarters, and any critical situations are analyzed to determine the steps that need to be taken. Each tenant is subject to selection based on parameters linked to financial solidity and the economic prospects of the business and credit history. Guarantees in the form of

sureties and security deposits, typically equal to six months' rent, are also typically requested before the lease is signed.
The Company, furthermore, uses standard rent/lease agreements that may be revised/amended based on the conditions agreed upon with the tenant; if need be the Company may avail itself of outside consultants or the internal legal department in order to define specific or unusual contractual clauses.
Management, if needed, also works with consultants who support the company in the search for new tenants and during negotiations.

2.12.2.5 Vacancy risk

Risk factors:

- Failure to reach the level of occupancy expected at the shopping centers which could impact appeal and profitability.

Risk management:

The Company controls vacancy risk through promotional activities and incentive schemes involving current and potential tenants.
Intense public relations activities are carried out with the tenants in order to ensure optimal occupancy, including through investments in promotional activities and launches.
The commercial team is comprised of highly experienced sector professionals who work to reach the Group's objectives in terms of revenue and occupancy.
Monitoring the occupancy of the different shopping centers and determining any steps that need to be taken to reach a vacancy rate that is close to zero are part of the daily asset management activities.
The company invests constantly in capex with a view to increasing the quality and appeal of the properties (including by changing layouts), adapting to changing market needs and/or changes in market conditions.

2.12.2.6 Information technology risk

Risk factors:

- Problems stemming from the correct functioning of the IT systems supporting the company's operations

Risk management:

The Company outsources the management of the IT systems.
During the year the Financial Reporting Officer carried out a 262 IT Test and a review of the IT systems used by the Company for administrative and accounting purposes.
The Company deployed a software for the management of tenant leases, invoices and the reporting of the tenants' sales. Furthermore, following the update of the regulations governing Privacy, the Company took steps to comply with the new norms. The assessment of the control system and the definition of a specific gap analysis was assigned to an external legal consultant.

2.12.3 Compliance risk

2.12.3.1 Fiscal risk

Risk factors:

- application of sanctions linked to violations of tax regulations,

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

Risk management:

The Company, which was granted SIIQ status beginning in 2008, has since then carefully monitored the associated tax risks; the valuations made regarding the taxation models used are prepared with the assistance of carefully selected specialized professionals and the Director of Administrative, Legal and Corporate Affairs constantly monitors any regulatory changes and the internal accounting procedures.
More in detail, the accounts for the taxable and exempt operations are maintained separately; the division also conducts asset and profit tests constantly, every six months and before extraordinary transactions, in order to ensure compliance with the SIIQ regulations.
The results of the tests are shared with management. The information found in financial reports and tax returns are examined and controlled by external tax experts.

2.12.3.2 Privacy risk

Risk factors:

- application of sanctions linked to violations of regulations protecting data and privacy.

Risk management:

After the European Privacy Regulation ("GDPR") took effect, the Company worked to comply with the new regulation, under the supervision of the Administrative, Corporate and Legal Affairs Division and in collaboration with the General Services Office. The Company availed itself of a specialized legal consultant who supports the Data Protection Officer ("DPO"), appointed by the Company, in the compliance with the new law. The consultant interfaces with the DPO (who is part of the Administrative, Corporate and Legal Affairs Division), as well as the Commercial Division, responsible for the management of the IT systems which is outsourced to Coop Alleanza 3.0 soc.coop.

Liability pursuant to Legislative Decree 231/01

Risk factors:

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

Risk management:

The Company adopted the "Model for organization, management and control" pursuant to Legislative Decree 231/01 which defines the guidelines, rules and conduct that should govern the company's activities and which must be complied with in order to minimize the risk that the crimes referred to in Legislative Decree. 231/01 are committed, and which ensures maximum transparency and fairness in the company's business dealings.
When Legislative Decree. 231/01 took effect, the Company also prepared a Code of Conduct applicable to all Group employees/staff members, without exception, who must ensure that they perform their duties in accordance with the standards included in the Code.
Toward this end, the Supervisory Board, instituted in accordance with the Decree, carries out its control and supervisory duties with the support of a specialized consultant in order to monitor compliance with the protocols, company procedures, as well as the functioning of and compliance with the Organizational Model. The Supervisory Board was constantly updated as to the controls adopted

by the Company relating to seismic risk, which was also monitored as part of the Enterprise Risk Management system, including with a view to the possible impact on health and safety.
The Supervisory Board constantly updates and amends the Organizational Model to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure. As of 2014, following the introduction of new offences relating to corruption, each year top management signs statements attesting to the lack of any conflicts of interest. In 2018, after Law n. 179 of 30 September 2017 (the "whistleblowing" law) took effect, the Organizational Model was updated in order to introduce a new whistleblowing system which is accessible via the home page of the company's website to all the Company's staff members and which guarantees anonymous reporting.
In 2019 the Company began the process needed to obtain ISO 37001 "Anti-Bribery Management Systems" certification which defines the standards for the anti-bribery management systems.

2.12.3.3 Regulatory risk associated with being a listed company (Consob, Borsa)

Risk factors:

- Sanctions, reprimands and citations for violations of the regulations issued by the stock exchange and regulatory agencies relating to the Company's responsibility as an issuer of financial instruments traded on a regulated market.

Risk management:

The Company pays the utmost attention to the norms and regulations governing listed companies.
More in detail, Corporate & Legal Affairs, which is part of the Administrative, Legal and Corporate Affairs Division, and Investor Relations work to ensure compliance with the regulatory agencies and monitor any market disclosures. This process, which calls for the close collaboration of the internal divisions involved in compiling, checking and disclosing data and information regarding the company's administration, accounts and operations, is done in accordance with internal procedures and under the supervision of the Chief Executive Officer and the Financial Reporting Officer.
After the EU Regulation n. 596/2014 ("MAR") took effect, the Company adopted a new procedure for the management, handling and disclosure of confidential and privileged information and instituted an Insider Registry. The market rules and regulations are constantly monitored in order to understand the possible ramifications for the Company.

2.12.3.4 Liability pursuant to Law 262/05

Risk factors:

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

Risk management:

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

Law 262/2005); (iii) ensure that the administrative and accounting procedures are complied with during the period in which the above documents are being drawn up.
The implementation and verification of the Internal Control System pursuant to Legislative Decree 262/05 are carried out by internal resources as instructed by and under the supervision of the Financial Reporting Officer appointed by the Board of Directors in accordance with the law; verifications are carried out by Internal Audit.
The administrative-accounting system adopted pursuant to L.262/05 is monitored periodically in order to understand if the risk controls implemented as per risk assessments are effectively applied, as well update the same in light of activities carried out by the Administrative, Corporate and Legal Affairs Division.
The Company, therefore, has adopted a specific model to assess administrative – accounting risks associated with financial reporting and updates this model continuously. The Company tests the adequacy and effective application of the administrative – accounting processes each year. The manual for the Financial Reporting Officer was also revised and all the administrative-accounting procedures were updated, specifically the procedures that impact reporting. The findings that emerge during the Testing 262 activities are analyzed periodically by the control bodies and the Board of Directors. The Company works constantly to make any changes recommended in order to continuously improve the administrative – accounting activities.
The Company also updated the "risk control matrix"; this activity involved the revision of key controls, in order to render the periodic audits more efficient.

2.12.4 Financial risks

2.12.4.1 Risks associated with funding and cash management

Risk factors:

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

Risk management:

Liquidity risk is managed through careful management of cash flow and is mitigated by the availability of substantial credit lines, committed and uncommitted
The Finance Division monitors cash flow through the use of quarterly financial forecasts (updated on a rolling basis) and ensures that available liquidity is sufficient to meet the company's business needs, and also establishes the correct ratio between bank borrowings and capital market debt.
With regard to medium/long term debt, the Group finances itself using: (i) medium/long term floating rate mortgage and unsecured loans, and (ii) fixed rate bond loans. Medium/long term borrowings may contain covenants and the Finance Division monitors this aspect constantly including together with company management through the use of the Enterprise Risk Management system in order to understand the impact that any breaches of these covenants could have on strategic, operational, compliance and financial risks.
Financial commitments are covered by funding made available by financial institutions and available committed and uncommitted credit lines.
This risk is managed prudently in order to avoid, in the event unexpected events should occur, excessive expense which could have a further negative impact on the company's market reputation and financial-economic flexibility.

The Company implemented a tool which makes it possible to i) analyze and measure interest rate risk, ii) understand the methods used to gather data and information relative to executed contracts in order to manage the interest rate risk, iii) develop a single model for risk assessment and management, iv) identify and measure financial risk taking into account:

a) fair value;
b) sensitivity cash flow;
c) stress tests;
d) probability of default.

All the information pertinent to cash management and funding are managed by a single division. The figures are also integrated with the economic – financial figures of the Finance and Treasury Division by Planning and Control and included in the Business Plan.

The Company is now more attractive to investors than in the past as shown by the recent bond placements and the two new "Investment Grade" ratings received which confirm the Company's excellent credit profile. In April 2019 S&P Global Ratings assigned a "BBB-"(currently with a negative outlook) rating to IGD and in October, Fitch Ratings Ltd gave IGD a "BBB-" rating, with a stable outlook.

2.12.4.2 Interest rate risk

Risk factors:

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

The Group's finances itself through short-term credit lines, floating rate medium/long term mortgages and unsecured loans, as well as fixed rate bond issues, therefore if interest rates are raised it is exposed to the risk that financial expense could increase and that any refinancing could be more costly.

Risk management:

Interest rate risk is monitored constantly by the Finance and Treasury Division and Top Management. Over the years the Company has gradually increased hedges of interest rate risk and reduced the level of debt in terms of LTV.

The Finance Division monitors any changes in the main financial-economic indicators that could possibly impact the company's performance.

To manage this risk, the Group has entered into IRS or Interest Rate Swap agreements which allow the Group to cover about 94.8% of its interest rate risk on medium/long term loans, including bond loans.

The Finance Division analyzes and measures interest rate risk and liquidity constantly in order to understand possible risk management solutions; furthermore, scouting activities are carried out periodically in order to find ways to reduce financing costs through bank borrowings and the debt capital markets. During the year the following financing transactions were finalized: i) a floating rate unsecured syndicated loan was obtained, hedged against interest rate risk through an Interest Rate Swap, ii) issue of fixed rate bond.

Following the change in the rating assigned by Moody's, the Finance Division is constantly verifying the parameters assessed by the three agencies with a view to understanding if the step-up clauses in a few outstanding bonds might be applied.

The specific tools used as part of the ERM process to address this type of risk are monitored periodically.

2.12.4.3 Foreign exchange risk

Risk factors:

- fluctuations in the Romanian currency, RON;

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

Risk management

The Romanian tenants' rents are in Euro but paid in RON; therefore, the company is exposed to the risk that changes in exchange rates could make it harder for retailers to meet their contractual obligations.

Currently IGD works to mitigate this risk by working constantly on the optimal merchandising and tenant mix, as well as on the management of the portfolio with a view to sustaining value, including through improvements. With a view to understanding the correct policies to adopt, the Company holds weekly meetings in order to monitor the credit profile of the different shopping centers and tenants and decide which steps should be taken in this regard. The Company monitors the rent as a percentage of the tenant's sales on a quarterly basis. The commercial policies are carefully defined and based on in depth research as to the market needs and the habits of the local consumers.

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

2.13 // Intercompany and related party transactions

With regard to related party and intercompany transactions, there are no transactions which qualify as unusual or atypical, as they fall within the Group's ordinary sphere of operations and take place under arm's-length conditions.

With regard to the rules of corporate governance and the "Procedures for Related Party Transactions", please refer to Section 3.12, "Report on Corporate Governance and Ownership Structure".

Details of related party transactions carried out in 2019 are provided in a section of the notes to the financial statements.

2.14 // Treasury shares

IGD had a total of 32,118 treasury shares at 31 December 2019, recognized as a €198,017 reduction in net equity.

2.15 // Research and development

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

2.16 / / Significant transactions

During the year ended 31 December 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.

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

The financial statements at 31 December 2019, being submitted to the shareholders for approval, show a net profit of €9,471 thousand. Total revenue and operating income amounted to €128.5 million, an increase against the prior year of €3.6 million or 2.9%, while operating costs including general expenses were lower than the previous year and lower as a percentage of revenue, going from 21.9% to 20.8%. These changes are mainly attributable to the full year contribution of the 4 shopping malls and retail park purchased in April 2018 and the application of IFRS 16 as of 1 January 2019.

EBIT, which amounted to €44 million, was €29.2 million lower than in the prior year due to the decrease in the real estate portfolio's fair value.

Financial charges amounted to €34.6 million at 31 December 2019, an increase of €3.1 million compared to 2018 due mainly to (i) the decrease in IRS spreads, (ii) the decrease in interest on bonds, (iii) the increase in charge on amortized costs, (iv) the increase in financial charges recognized in the reporting period as a result of IFRS 16 application, (v) higher interest on the loans used to purchase the 4 businesses finalized in April 2018, and (vi) higher financial charges on committed lines.
The net financial position was about €40 million higher.

Immobiliare Grande Distribuzione
Società di investimento Immobiliare Quotata S.p.A.
abbreviated IGD SIIQ SpA

REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

Pursuant to art. 123-*ter*, para 3-*ter* and 6 of Legislative Decree 24 February 1998, n. 58 (Testo Unico della Finanza - TUF)

Approved by the Board of Directors on February 27th 2020

Available on the website www.gruppoigd.it

igd SIIQ
SPAZI DA VIVERE

// GLOSSARY

2016-2018 Business Plan

2019-2021 Strategic Plan

Board of Directors

Code/Corporate Governance Code

Compensation Policy

FAR

Group

IGD/The Company

***Long Term Incentive Plan* (LTIP)**

Managers with Strategic Responsibilities

Regulations for Issuers

TUF

// GLOSSARY

// 2016-2018 Business Plan

The business plan referred to years 2016-2018 approved by the Board of Directors on 10th May 2016.

// 2019-2021 Strategic Plan

The strategic plan referred to years 2019-2021 approved by the Board of Directors on 7th November 2018.

// Board of Directors

IGD's Board of Directors.

// Code/Corporate Governance Code

The Corporate Governance Code for listed companies, as approved by the Corporate Governance Committee constituted by Borsa Italiana S.p.A. (the Italian Stock Exchange), ABI, ANIA, Assogestioni, Assonime and Confindustria, in effect at the time of this Report.

// Compensation Policy

The compensation policy approved by the Board of Directors on 27 February 2020, described in Part I of this Report.

// FAR

Fixed annual remuneration, calculated for the full year based on the gross monthly salary paid in December of the prior year, comprised of basic salary plus management bonuses (the calculation relative to variable compensation is, therefore, made net of any increases/adjustments made for seniority, any ad personam allowances and any and all other items or indemnities).

// Group

IGD and the companies its controls pursuant to Art. 93 of TUF.

// IGD/The Company

Immobiliare Grande Distribuzione SIIQ S.p.A.

// *Long Term Incentive Plan* (LTIP)

A medium/long-term incentive plan based on which beneficiaries receive a cash bonus if certain objectives, predetermined and approved by the Board of Directors, are achieved.

// Managers with Strategic Responsibilities

The managers identified by the Board of Directors in accordance with Art. 65, paragraph 1-quater, of the Regulations for Issuers.

// Regulations for Issuers

The regulations for issuers issued by CONSOB in Resolution n. 11971 of 14 May 1999, as amended.

// TUF

Legislative Decree n. 58 dated 24 February 1998, as amended.

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// Sector I - Compensation Policy

a) Bodies or parties involved in the preparation and approval of the compensation policy, respective roles, as well as the bodies or parties responsible for the correct implementation of the policy

Each year the Board of Directors approves the Compensation Policy, along with any amendments, as proposed by the Nominations and Compensation Committee (see letter b) below).

Pursuant to Art. 123-ter of TUF the Compensation Policy is submitted to the ordinary Shareholders' Meeting convened to approve the annual report for binding approval in accordance with Art. 2364 of the Italian Civil Code.

The Nominations and Compensation Committee is chiefly responsible for the correct implementation of the Compensation Policy, as well as the Chief Executive Officer and the Board of Directors.

b) Scope, composition (distinguishing between non-executive and independent directors), and functions of the Compensation Committee

The Nominations and Compensation Committee, which presented the Board of Directors with the proposed Compensation Policy, is comprised of the number of directors set by the Board of Directors upon appointment. The Nominations and Compensation Committee members are all non executive, independent members and at least one member possesses adequate understanding of and experience in finance as assessed by the Board of Directors upon appointment.

On 6 June 2018, the Board of Directors appointed independent directors Rossella Saoncella (Chairman), Livia Salvini and Timothy Guy Michele Santini to the Nominations and Compensation Committee.

The Nominations and Compensation Committee submits proposals and provides recommendations relating to remuneration in order to ensure that the compensation of the Company's directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and its subsidiaries.

The Nominations and Compensation Committee has the following functions:

a) To submit proposals to the Board of Directors regarding the general policy for the remuneration of Directors and Managers with Strategic Responsibilities;

b) Periodically assess the adequacy, the overall consistency and application of the compensation policy, referred to letter d below, availing itself, in the case of the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer;

c) To submit proposals or express opinions to the Board of Directors regarding remuneration of Executive Directors and other Directors holding special offices, as well as the performance targets linked to variable compensation and to ensure that the Board's decisions are complied with and verifying whether or not the performance targets are reached;

d) To submit opinions to the Board regarding the compensation of the Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers) of the subsidiaries deemed strategic based on the proposals submitted by the Chairman and the Parent Company's Chief Executive Officer;

e) To submit opinions to the Board regarding the overall compensation to be granted the Board members of the subsidiaries and affiliates;

f) Report to the Company's shareholders on how the Committee is fulfilling its duties.

In carrying out its duties, the Nominations and Compensation Committee collaborates with the relative corporate structures.

c) Name of any independent experts called upon to assist with the drafting of the compensation policy

No independent experts were involved by the Board of Directors in the preparation of the Compensation Policy.

d) Purpose of the compensation policy principles, duration and any changes in the policy with respect to the prior year

The Company's Compensation Policy seeks to attract, motivate and retain highly skilled professionals, capable of successfully managing the Company, as well as contribute to the business strategy and the Company's long-term interest and sustainability.

More in detail, the remuneration of the Chief Executive Officer, Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities aims to:

> Attract, motivate and retain highly qualified professional managers;

> To involve and incentivise the management deemed key to achieving the Company's and the Group targets;

> To promote the medium/long term creation of value for shareholders taking into account the interest of all the Company's relevant stakeholders;

> To create a strong link between remuneration and performance of the Company and the Group.

Pursuant art. 6 par. 2 of the Corporate Governance Code, the Compensation Policy takes into account the commitment needed to fulfil the duties of the other directors, as well as of involvement in any committees, but remuneration is not linked to the Company's results (see the following paragraph *n)*).

The Company's Board of Directors approved the Compensation Policy on 27 February 2020, based on the proposal submitted by the Nominations and Compensation Committee which met on 21 February 2020.

The Compensation Policy has an annual duration and refers to the remuneration of the Chief Executive Officer, the Directors holding special offices, the non-executive Directors, the Chief Operating Officer and the Managers with Strategic Responsibilities for 2020.

The Nominations and Compensation Committee did not make any significant changes to the 2020 Compensation Policy with respect to the 2019 version which was updated by the Board of Directors on 26 February 2019 following the renewal of the Board of Directors on 1 June 2018 and the approval of the Business Plan 2019-2021. More in detail, while waiting for CONSOB to issue regulations relative to the implementation of EU Directive 2017/828/EU, the Shareholders' *Rights Directive II*, the Compensation Policy reflects the provisions of the revised Art. 123-ter of TUF that are strictly applicable.

e) Description of the policies pertaining to fixed and variable compensation, the weight of the variable component with regard to total compensation, the difference between short and medium/long term variable compensation

With regard to fixed compensation, the Corporate Governance Code recommends that it should be enough to remunerate the Chief Executive Officer, the Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities for the job done in event the variable compensation is not paid due to a failure to reach performance targets.

With regard to variable compensation, the Corporate Governance Code recommends that the remuneration for the Chief Executive Officer, the Directors holding special offices, the Chief Operating Officer and the Managers with Strategic Responsibilities be defined based on the following criteria:

> The fixed and variable components should be fairly balanced;

> Limits should be set for the variable components;

> The performance targets have to be predetermined, quantifiable and linked to long/medium term value creation;

> The payment of a relevant portion of the variable component must be deferred for an adequate period of time with respect to its vesting.

With regard to the remuneration of the Executive Directors and the Directors holding special offices, the Company resolved that the variable component of the Chief Executive Officer's compensation, insofar as he has operating responsibilities, should be linked to the results achieved with a view to creating medium/long term value for shareholders.

The remuneration of the other Directors comprises solely a fixed component commensurate with the commitment asked of each director. These Directors will not be awarded any form of variable compensation as the activities carried out by these directors does not have a direct impact on the Company's economic results, particularly those that variable components are typically linked to.

The Compensation Policy also provides that the employment relationship of the Chief Operating Officer and the Managers with Strategic Responsibilities will continue to be governed by the national labor contract for managers of cooperative businesses.

In line with the above, based on the Compensation Policy, the Chief Executive Office remuneration is comprised of:

> A fixed portion composed of:

> The compensation for each director approved by the Ordinary Shareholders' Meeting in the ap pointment for the office of Board of Directors' member;

> The compensation approved by the Board of Directors, based on the Nominations and Com pensation Committee's proposal and subject to the positive opinion of the Board of Statutory Auditors, pursuant to Articles 25.1 of the bylaws and 2389, par. 3, of the Italian Civil Code.

> A variable portion to be established by the Board of Directors based on the proposal submitted by the Nominations and Compensation Committee subject to the favourable opinion of the Board of Statutory Auditors, linked to achieving certain performance targets:

More in detail, the variable component of the Chief Executive Officer's compensation comprises:

(i) **for 75%, a short term variable component**, tied to reaching yearly performance targets which include:

> Consolidated EBITDA margin with a margin of plus or minus 1% with respect to the budget (25% of the variable component);

> Earnings per share with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5% (25% of the variable component);

> Other qualitative targets identified by the Board of Directors based on the Nominations and Compensation Committee's proposal (25% of the variable component).

The Nominations and Compensation Committee must verify if the targets have been reached or not by 30 April of each year and, at any rate, after the Company's Board of Directors has approved the draft separate and consolidated financial statements for the year in question.

(ii) **for 25%, a three-year Long Term Incentive Plan**, included in the LTIP 2019 - 2021, based on which payment of the bonus is tied to achieving the three-year economic-financial targets found in the Strategic Plan 2019-2021 (each of which accounts for 50% of the bonus), namely:

> The Loan to Value must be maintained below 45%;

> Cumulative FFO must amount to €258 million.

Lastly, an additional amount equal **to 5% of the fixed compensation**, will be paid in the instance Loan to Value is below 43% at year-end 2021.

The main characteristics of the LTI Plan for the Chief Executive Officer are summarized below.

	LTIP 2019-2021
Duration	3 years
Goals	> Loan to Value below 45% > Cumulative FFO of €258 million
What happens in the case of *over-performance*	Payment of an additional amount, equal to 5% of the fixed compensation in the event Loan to Value falls below 43%

The Nominations and Compensation Committee must verify if the three-year targets above have been reached or not subsequent to the date on which the Company's Board of Directors has approved the draft separate and consolidated financial statements for 2021.

Based on the Compensation Policy, the total variable compensation payable to the Chief Executive Officer may not exceed 50% of the fixed salary determined by the Board of Directors. More in detail, (i) the short term variable component many not exceed 37.5% of the yearly fixed salary, and (ii) the medium-long term component may not exceed 12.50% of the fixed salary received by the Chief Executive Officer in the three-year period in question.

The payment of the variable component will be deferred for an appropriate period of time with respect to its vesting. The Company's practice is to pay the variable compensation at the end of the first six month period subsequent to the end of the vesting period.

Based on the Compensation Policy, the compensation of the **Chief Operating Officer** and **the Managers with Strategic Responsibilities** comprises:

> A fixed component which comprises the fixed FAR called for in the individual contract signed by the Company and the Chief Operating Officer and the Managers with Strategic Responsibilities which is line with the national labor contract for managers of cooperative businesses that governs the employment relationship;

> A variable component tied to the achievement of the following performance goals:

(i) **for 75%, a short term variable component**, tied to reaching yearly performance targets which include:

> Core business consolidated EBITDA margin with a margin of plus or minus 1% with respect to the budget (20% of the variable component);

> Earnings per share with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5% (5% of the variable component);

> For up to a maximum of 50% of the variable component, to two or more individual performance targets, to be defined on the basis of the work done by each manager, the strategic projects in which he/she is involved and the level of responsibility, the difference in which must, at any rate, be linked to the results achieved.

The payment of 50% of the variable component payable to the **Chief Operating Officer** is subject to the achievement of the following individual performance goals:

> Total core business revenue must be in line with the budget;

> FFO must be in line with the budget.

The Nominations and Compensation Committee will verify if the company targets have been reached by 30 April of each year and, at any rate, subsequent to the Board of Directors' approval of the Company's draft separate and consolidated financial statements for the reference year. The Chief Executive Officer and/or the Chief Operating Officer will verify if individual targets have been reached or not by the same deadline in accordance with the Company's policies.

(ii) **for 25%, a three-year Long Term Incentive Plan**, included in the LTIP 2019 - 2021, based on which payment of the bonus is tied to achieving the three-year economic-financial targets found in the Strategic Plan 2019-2021 (each of which accounts for 50% of the bonus), namely:

> The Loan to Value must be maintained below 45%;

> Cumulative FFO must amount to €258 million.

Lastly, an additional amount equal **to 5% of the fixed compensation** will be paid in the instance Loan to Value is below 43% at year-end 2021.

The main characteristics of the LTI Plan 2019-2021 for the Chief Operating Officer and the Managers with Strategic Responsibilities are summarized below:

	LTIP 2019-2021
Duration	3 years
Goals	> Loan to Value below 45% > Cumulative FFO of €258 million
What happens in the case of *over-performance*	Payment of an additional amount, equal to 5% of the fixed compensation in the event Loan to Value falls below 43%

The Nominations and Compensation Committee must verify if the three-year targets above have been reached or not subsequent to the date on which the Company's Board of Directors has approved the draft separate and consolidated financial statements for 2021.

Based on the Compensation Policy, the total variable compensation payable to the Chief Operating Officer and the Managers with Strategic Responsibilities may not exceed 40% of the fixed annual salary. More in detail, *(i)* the short term variable component many not exceed 30% of the gross yearly fixed salary received by the executive at 31 December of the year prior to the one in which the variable compensation is to be paid, and *(ii)* the medium-long term component may not exceed 10% of the gross annual fixed salary received by the executive in the three years prior to the one in which the variable compensation is to be paid.

The payment of the variable component will be deferred for an appropriate period of time with respect to its vesting. The Company's practice is to pay the variable compensation at the end of the first six month period subsequent to the end of the vesting period.

The fixed and variable components as a percentage of total compensation to be paid the Chief Operating Officer, the Chief Executive Officer and the Managers with Strategic Responsibilities will be determined, pursuant to art. 6 par. 1 letter a) of the Corporate Governance Code, on the basis of the Company's strategic objectives, in light of the sector in which IGD is active and the characteristics of its business. The two components must be balanced and in line with the goals of the Compensation Policy.

As of the date of this Report, the Company does not have any share based incentive plans.

f) Policy regarding non-cash benefits

As of the date of this Report, the Company has yet to adopt a policy regarding non-cash benefits. With regard to the Chief Operating Officer and the Managers with Strategic Responsibilities, the provisions relative to supplementary assistance (i.e. life insurance policies and insurance for permanent disabilities) found in the national labor contract for managers of cooperative businesses apply.

g) Variable components: description of the underlying performance targets, distinction between short and medium/long term variables, and information on the connection between any change in results and remuneration

Please refer to letter e) above.

h) Criteria used to establish the performance targets used to assign shares, options, other financial instruments and other components of variable compensation

The individual performance targets used in the Compensation Policy to determine whether or not the variable compensation should be paid or not are largely based on business and financial objectives, as well as the creation of value for shareholders in the medium-long term.

More specifically, in order to better direct and align managerial action with the objectives defined in the Company's 2019-2021 strategic plan, the medium-long term variable compensation is typically tied to the achievement of the economic-financial targets referred to in the 2019-2021 strategic plan.

The objectives and the targets are, generally, calculated on the basis of the Company's specific business activities and are indicators of the business's performance and profitability.

i) The Compensation Policy, the Company's long term interests and its risk management policy

Based on the Compensation Policy the performance targets described above and payment of variable compensation have to be in line with the Company's risk management policy and take into account the risks assumed by IGD, the capital and the liquidity needed to meet the Company's business needs.

More in detail, the Company found the LTIP 2019-2021 to be the most effective way to focus management on the long term creation of value for shareholders. Under the LTIP 2019-2021, in fact, the medium-long term compensation is payable only if the targets established herein have been reached at the end of the two-year period.

As shown in letter h) above, the above mentioned parameters are in line with the Company's mid-long term interests.

j) The vesting period, any deferred payment mechanisms, deferment periods, the criteria used to determine these periods and, if provided for, corrective measures

As of the date of this Report, the Company does not have any share based incentive plans.

Provisions have been introduced which allow the Company to include clawback clauses in employment contracts based on which all or part of the variable compensation paid (including deferred amounts) to the Chief Executive Officer, the Chief Operating Officer and the Managers with Strategic Responsibilities, shall be refunded within three years of payment (or withheld) if the relative corporate functions prove that the same was made on the basis of data that were manifestly incorrect.

With regard to deferred payment mechanisms and the criteria used, please refer to letter e) above.

k) Information relating to holding financial instruments after their acquisition, holding periods and the criteria used to determine the length of these periods

As indicated in letter e), no share based incentive plans are contemplated in the Compensation Policy.

l) Termination allowance

The Compensation Policy does not provide for any indemnities for the directors in the event of advance termination of the directorship or if it is not renewed, with the exception of what is described below.

In the event the mandate is terminated or is not renewed, the Chief Executive Officers will be paid: (i) a termination allowance equal to 15 months of the fixed salary paid to the Chief Executive Officer; (ii) another payment, after a non-compete agreement between the Company and the Chief Executive Officer has been signed, equal to 15 months of the fixed salary paid to the Chief Executive Officer. These amounts will be paid only in the event of (i) termination without just cause or if the mandate is not renewed; (ii) the CEO tenders just cause resignation.

With regard to the Chief Operating Officer and the Managers with Strategic Responsibilities, if the working relationship is terminated the national labour contract for managers of cooperatives will be applied.

Without prejudice to the above, in the event of termination the long term incentives offered to the Chief Executive Officer, the Chief Operating Officer and the Managers with Strategic Responsibilities will be subject to the specific provisions found in the LTIP regulations.

m) Additional insurance coverage and pension plans

The Chief Executive Officer, the non executive directors, the Chief Operating Officer and the Managers with Strategic Responsibilities are covered under mandatory insurance and pension plans, in addition to what is provided under the national labour contract for managers of cooperatives.

n) Pay policy for: (i) independent directors, (ii) committee members and (iii) carrying out special assignments

The Company, in light of the definition of executive directors found in Art. 2.C.1 of the Corporative Governance Code, considers all directors non executive with the exception of the Chief Executive Officer and the Chairman of the Board of Directors, given the assignment granted the latter to act as head of the Internal Control and Risk Management System.

As indicated in letter e) above, the Company resolved to award the Chief Executive Officer variable compensation as per the terms and conditions indicated. The remuneration of the non executive Directors and the Chairman of the Board of Directors is not linked to the Company's and/or the Group's economic results.

The remuneration of the non executive directors as indicated in item e) above, consists solely in the fixed emolument set by the shareholders.

The directors, members of the Control and Risk Committee receive additional compensation as resolved by the Board of Directors, while the directors, members of the Nominations and Compensation Committee and the Committee for Related Party Transactions receive an attendance fee for each meeting attended as resolved by the Board of Directors, subject to approval by the Nominations and Compensation Committee.

The Chairman of the Board of Directors and the Vice Chairman are paid an additional annual fixed salary for their respective offices as determined by the Board of Directors based on the Nominations and Compensation Committee's proposal.

n-*bis*) Pay policy for members of the Board of Statutory Auditors

The remuneration of the Board of Statutory Auditors is not linked to the Company's economic results and, therefore, consists solely in the fixed emolument.

Pursuant to Art. 2402 of the Italian Civil Code and Art. 26.11 of the bylaws, the compensation of the Board of Statutory Auditors is determined by IGD's shareholders.

During the Annual General Meeting held on 1st June 2018, shareholders set the annual gross compensation for the Chairman of the Board of Statutory Auditors at €30,000.00 and the annual gross compensation of the Standing Auditors at €20,000.00.

The relative expenses incurred by the Statutory Auditors will also be reimbursed.

o) Compensation policies of other companies

The Compensation Policy was drawn up by the Company without referring to the policies adopted by other companies.

p) Elements and conditions of the Compensation Policy which may be overridden in the presence of exceptional circumstances

Pursuant to Art. 123-ter, paragraph 3-bis of TUF, the Company may temporarily override the Compensation Policy in the presence of exceptional circumstances, namely situations in which it is necessary to override the Policy in order to pursue the long-term interests and overall sustainability of the Company or ensure its ability to remain on the market.

The following elements of the Policy may be overridden:

> The fixed and variable components of the compensation paid to the recipients of the Policy including, for example, the weight of these components as a percentage of total compensation, the performance targets to which payment of the variable components is linked, the vesting terms, as well as any share-based incentives;

> Provisions relating to bonuses or one-off emoluments;

> Provisions relating to possible severance and/or the amount of severance payable upon termination of office or the working relationship.

Any temporary waivers of the Compensation Policy must be approved by the Board of Directors, after having consulted with the Nominations and Compensation Committee, without prejudice to Regulation n. 17221 of 12 March 2010 and Procedure for related party transactions adopted by the Company, when applicable.

The Board of Directors' will determine the duration of the waiver and the specific elements of the Policy to be overridden as per the above.

// Sector II – Remuneration of the Board of Directors, the Board of Statutory Auditors, the General Manager and the Managers with Strategic Responsibilities in 2019

This part of the remuneration report contains the compensation owed the members of the Board of Directors, the Board of Statutory Auditors, as well as the Chief Operating Officer, for 2019.

Pursuant to Art. 123-ter, paragraph 6, of TUF, the shareholders will pass a non-binding resolution for or against this part of the Compensation Report.

> Part One – items comprising remuneration

The items comprising the remuneration received by the members of the Board of Directors, the Board of Statutory Auditors, and the Chief Operating Officer, as well as the aggregate amounts paid to the Managers with Strategic Responsibilities in 2019 are shown in this section of Part II.

REPORT ON REMUNERATION
1.1 BOARD OF DIRECTORS

1.1 // Board of Directors

1.1.1 // Chief Executive Officer

In 2019 the Chief Executive Officer was Director Claudio Albertini.

Mr. Albertini was appointed Chief Executive Officer by IGD's Board of Directors on 6 June 2018 after the renewal of the Board of Directors was approved by shareholders during the AGM held on 1 June 2018.

Below is a description of the items comprising the Chief Executive Officer's remuneration in 2019:

> Fixed component, comprising:

> A yearly gross salary of €20,000.00 for acting as a member of the Board of Directors for the period 1 January 2019 and 31 December 2019, as resolved during the Shareholders' Meeting held on 1 June 2018;

> A gross salary of €300,000.00 for acting as Chief Executive Officer for the period 1 January 2019 and 31 December 2019, as resolved during the Board of Directors meeting held on 6 June 2018. The amount of the fixed compensation was approved by the Board of Directors, as per the recommendations of the Nominations and Compensation Committee and after having consulted with the Board of Statutory Auditors in accordance with articles 25.1 of the corporate bylaws and 2389, paragraph 3, of the Italian Civil Code.

> Variable component: a significant part of the Chief Executive Officer's remuneration is linked to specific Company performance targets.

For 2019, the variable component of the remuneration was approved by the Board of Directors of 2 May 2019 based on the Nominations and Compensation Committee's proposal and following approval from the Board of Statutory Auditors.

More in detail, the Chief Executive Officer's variable compensation in 2019 consisted in:

> A short term variable compensation – which was equal to 75% of the total variable compensation - was set at a maximum of 37.5% of the fixed remuneration determined by the Board of Directors. Payment of this bonus is subject to achieving predetermined performance targets: 25% of the short term variable compensation is linked to the consolidated EBITDA margin and 25% to the earnings per share which must reach the levels indicated in the 2019 budget, while the remainder is linked to qualitative objectives. Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2019 have been approved. Any bonus owed, for up to a maximum of 37.5% of the fixed compensation, will be quantified and paid in 2020;

> A medium-long term variable compensation as set by the previous plan LTIP 2019-2021 – which represents 25% of the total variable compensation and cannot exceed 12.5% of the fixed compensation – subject to achieving the economic-financial targets found in the 2019-2021 Strategic Plan (each of which represents 50% of the bonus), namely:

> The Loan to Value must be maintained below 45%;

> Cumulative FFO must amount to €258 million.

The Nominations and Compensation Committee must verify if the three-year targets above have been reached subsequent to the date on which the Company's Board of Directors has approved the draft separate and consolidated financial statements for 2021. The bonus payable, therefore, under the LTIP 2019 – 2021, estimated at €30,000.00 gross for 2019, will be finalized and paid in 2022.

For more information about the termination allowance payable in the event of early termination or if the mandate is not renewed, please refer to section 1.5 below.

Please note, lastly, that in 2018 the Chief Executive Officer received (i) €69,658.00 gross in variable short-term compensation for 2018, after the Nominations and Compensation Committee verified that the 2018 performance targets had been achieved, and (ii) €66,080.00 in medium-long term compensation for 2017-2018 as per the LTI Plan 2017-2018 after having achieved the targets referred to in the Business Plan 2016-2018, namely (aa) Loan to Value below 50%; and (bb) distribution of 2/3 of FFO as dividends.

1.1.2 // Chairman of the Board of Directors

The Chairman of the Board of Directors in 2019 was Elio Gasperoni.

Mr. Gasperoni was appointed Chairman of the Board of Directors by IGD's Board of Directors on 6 June 2018 after the renewal of the Board of Directors was approved by shareholders during the AGM held on 1 June 2018.

The Chairman's remuneration is not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.

The Chairman's total compensation comprises:

> A yearly gross salary of €20,000.00 for acting as a member of the Board of Directors for the period 1 January 2019 and 31 December 2019, as resolved during the Shareholders' Meeting held on 1 June 2018;

> Compensation of €75,000.00 for acting as Chairman during the period 1 January 2019 - 31 December 2019, as resolved during the Board of Directors meetings held on 6 June 2018.

No termination allowances will be recognized in the event the Chairmanship is terminated.

1.1.3 // Vice Chairman of the Board of Directors

The Vice Chairman's remuneration is not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.

The Vice Chairman of the Board of Directors in 2019 was the director Rossella Saoncella, appointed during the Board of Directors meeting held on 6 June 2018, after the renewal of the Board of Directors was approved by shareholders during the AGM held on 1 June 2018.

The total remuneration of the Vice Chairman is broken down as follows:

> A yearly gross salary of €20,000.00 for acting as a member of the Board of Directors for the period 1 January 2019 and 31 December 2019, as resolved during the Shareholders' Meeting held on 1 June 2018;

> Compensation of €25,000,00 for acting as Vice Chairman paid for the period 1 January 2019 and 31 December 2019, as resolved during the Board of Directors meeting held on 6 June 2018.

No termination allowances will be recognized in the event the Chairmanship is terminated.

1.1.4 // Other members of the Board of Directors

The remuneration of the members of the Board of Directors is not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.

In 2019 IGD's Board of Directors comprised: the following directors: Claudio Albertini (Chief Executive Officer), Elio Gasperoni (Chairman), Rossella Saoncella (Vice Chairman), Luca Dondi Dall'Orologio, Elisabetta Gualandri, Sergio Lugaresi, Gian Maria Menabò, Livia Salvini, Timothy Guy Michele Santini, Alessia Savino and Eric Jean Véron appointed during the AGM held on 1 June 2018.

During the same meeting, shareholders also set the annual gross compensation for each member of the Board of Directors at €20,000.00.

No termination allowances will be recognized in the event the Directorships are terminated.

1.1.5 // Members of the Board Committees

1.1.5.1. // Control and Risk Committee

The directors, members of the Control and Risk Committee, receive additional fixed compensation as resolved by the Board of Directors.

In 2019 IGD's Control and Risk Committee comprised directors Elisabetta Gualandri, (Chairman), Luca Dondi Dall'Orologio and Sergio Lugaresi.

On 6 June 2018 the Board of Directors approved compensation of €12,000.00 for the Chairman and €8,000.00 for each of the Committee members;

1.1.5.2. // Committee for Related Party Transactions

The directors who are members of the Committee for Related Party Transactions receive an attendance fee for each Committee meeting attended.

In 2019 IGD's Committee for Related Party Transactions comprised directors Luca Dondi Dall'Orologio, Livia Salvini and Eric Jean Vèron. During the meeting held on 26 July 2018 Committee for Related Party Transactions, appointed Luca Dondi Dall'Orologio Chairman of the Committee. On 6 June 2018 the Board of Directors set an attendance fee for each Committee meeting attended of €750.00.

More in detail, the Committee for Related Party Transactions met 2 times in 2019: on 23 January 2019 and on 4 November 2019. In 2019, therefore, all the members of the Committee for Related Party Transactions (Luca Dondi Dall'Orologio, Livia Salvini and Eric Jean Véron) received €1,500.00 (for attending 2 meetings).

1.1.5.3. // Nominations and Compensation Committee

The directors who are members of the Nominations and Compensation Committee receive an attendance fee for each Committee meeting attended.

In 2019 IGD's Nominations and Compensation Committee comprised directors Rossella Saoncella (Chairman), Livia Salvini and Timothy Guy Michele Santini. On 6 June 2018 the Board of Directors set an attendance fee for each Committee meeting attended of €750.00.

More in detail, the Nominations and Compensation Committee met 5 times in 2019 on: 14 February 2019, 18 February 2019, 26 February 2019, 28 March 2019 and 2 May 2019. In 2019, therefore, the members of the Nominations and Compensation Committee received the following compensation:, the Chairman Rossella Saoncella and the director Timothy Guy Michele Santini received €3,750.00 (for attending 5 meetings) and Livia Salvini received €3,000.00 (for attending 4 meetings).

1.2 // Board of Statutory Auditors

The remuneration of the members of the Board of Statutory Auditors is not tied to the Company's economic results and, therefore, is comprised solely of a fixed component.

In 2019 IGD's Board of Statutory Auditors comprised: Anna Maria Allievi (Chairman), Daniela Preite and Roberto Chiusoli (Standing Auditors). During the Shareholders' Meeting held on 1 June 2018 shareholders set the annual gross compensation at €30,000.00 for the Chairman and €20,000.00 for the other Standing Auditors.

1.3 // Chief Operating Officer

In 2019 the Chief Operating Officer was Daniele Cabuli.

The compensation received by the Chief Operating Officer in 2019 can be broken down as follows:

> **Gross fixed salary:** €187,664.86;

> **Gross non-cash benefits:** €19,883.61;

> **Gross Variable compensation:** €56,071.19 including the short-term portion and the portion stemming from the LTI 2019-2021 relative to 2019.

More in detail, in 2019 the Chief Operating Officer's short term variable compensation –which represents 75% of the total variable compensation and cannot exceed 30% of the gross annual salary received in the previous year was subject to reaching the following performance objectives:

> Core business consolidated EBITDA margin with a deviation of plus or minus 1% with respect to the budget, for a percentage equal to 20% of the variable component;

> Earnings per share levels, with an increase versus the prior year, like-for-like excluding treasury shares, of plus or minus 5%, for a percentage equal to 5% of the short term variable component;

> For 50% of the variable compensation, two individual performance goals:

> Total core business revenue must be in line with the budget;

> FFO must be in line with budget.

Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2019 have been approved. The bonus payable, estimated at €42,053.39 gross for 2019, will be paid in 2020.

The Chief Operating Officer is also entitled to a bonus under the LTIP 2019-2021 – which represents 25% of the total variable compensation and may not exceed 10% of the FAR received for the three years prior to disbursement - subject to achieving the economic-financial targets found in the 3-years 2019-2021 Strategic Plan (each of which represents 50% of the bonus), namely:

> The Loan to Value must be maintained below 45%;

> Cumulative FFO must amount to €258 million.

The Nominations and Compensation Committee must verify if the two-year targets above have been reached subsequent to the date on which the Company's Board of Directors has approved the draft separate and consolidated financial statements for 2021. The bonus payable, therefore, under the LTIP 2019 – 2021, estimated at €14,017.80 gross for 2019, will be paid in 2022.

There are no specific agreements in place which provide for a termination allowance in the event of termination, with the exception of the provisions found in section 1.5.

Please note, lastly, that in 2019 the Chief Operating Officer received (i) €22,352.04 gross in variable short-term compensation for 2018, after the Nominations and Compensation Committee verified that the 2018 performance targets had been achieved, and (ii) €9,313.34 in medium-long term compensation for 2017-2018 as per the LTI Plan 2017-2018 after having achieved the targets referred to in the Business Plan 2016-2018, namely (aa) Loan to Value below 50%; and (bb) distribution of 2/3 of FFO as dividends.

1.4 // Managers with Strategic Responsibilities

In 2019 the Board of Directors defined Managers with Strategic Responsibilities as the managers who are part of the Company's Operating Division; namely the director of the Corporate and Legal Affairs Department, the director of the Asset Management and Development Division, the director of the Finance and Treasury Department, and the director of Planning, Control and Investor Relations.

In accordance with current law governing individual disclosure, the components of the compensation paid to the Managers with Strategic Responsibilities are shown below in aggregate amounts as none of the Managers with Strategic Responsibilities received total compensation that was higher than the highest total compensation received by the members of the Board of Directors, the Board of Statutory Auditors or the Chief Operating Officer.

> **Gross fixed compensation:** €546,640.63 ([1]);

> **Gross non-cash benefits:** €62,438.59;

> **Gross variable compensation:** €158,962.80 including the short-term portion and the portion stemming from the LTI 2019-2021 relative to 2019.

In 2019, the Managers with Strategic Responsibilities received variable short term compensation – which represents 75% of the variable compensation and may not exceed 30% of the FAR received for the year prior to disbursement - subject to achieving the following performance goals:

> Core business consolidated EBITDA margin had to be in a range of between 1% higher or lower than the budgeted amount, for 20% of the variable component;

> Earnings per share had to be in a range of between 5% higher or lower than the prior year, like-for-like excluding treasury shares, for 5% of the variable component;

> Two or more individual performance goals defined on the basis of the role of each Manager with Strategic Responsibilities, the strategic projects in which he/she was involved and the level of responsibility, and the extent to which any changes implemented impacted the 2018 results, for up to a maximum of 50% of the variable component.

Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2019 have been approved. The bonus, estimated at €119,222.10 gross for 2019, will be paid in 2020.

The Managers with Strategic Responsibilities are also entitled to a bonus under the LTIP 2019-2021 – which represents 25% of the total variable compensation and may not exceed 10% of the FAR received for the three years prior to disbursement - subject to achieving the economic-financial targets found in the 2019-2021 Strategic Plan (each of which represents 50% of the bonus), namely:

> The Loan to Value must be maintained below 45%;

> Cumulative FFO must amount to €258 million.

The Nominations and Compensation Committee must verify if the two-year targets above have been reached subsequent to the date on which the Company's Board of Directors has approved the draft separate and consolidated financial statements for 2021. The bonus payable, therefore, under the LTIP 2019 – 2021 will be paid in 2022.

There are no specific agreements in place which provide for a termination allowance in the event of termination, with the exception of the provisions found in section 1.5.

Please note, lastly, that in 2019 Managers with Strategic Responsibilities received (i) 72,993.48 gross in variable short-term compensation for 2018, after the Nominations and Compensation Committee verified that the 2018 performance targets had been achieved and (ii) €13,708.80 gross, in medium-long term compensation for 2017-2018 as per the LTI Plan 2017-2018 after having achieved the targets referred to in the Business Plan 2016-2018, namely (aa) Loan to Value below 50%; and (bb) distribution of 2/3 of FFO as dividends.

1.5 // Termination allowances

On 26 February 2019 the Board of Directors, in accordance with the recommendations of the Nominations and Compensation Committee, approved the following indemnities for the Chief Executive Officer in the event of

(1). This emolument includes the compensation due for positions held in IGD's subsidiaries that are repaid to the Company.

termination: (i) a termination allowance equal to 15 months of the fixed salary paid to the Chief Executive Officer; (ii) another payment, after a non-compete agreement between the Company and the Chief Executive Officer has been signed, equal to 15 months of the fixed salary paid to the Chief Executive Officer. These amounts will be paid only if the event of (i) termination without just cause or if the mandate is not renewed; (ii) the CEO tenders just cause resignation.

Without prejudice to the above, the regulations for the LTIP, approved by Board of Directors on 27 February 2020, based on the proposal of the Nominations and Compensation Committee and the favorable opinion of the Board of Statutory Auditors, relative to the Chief Executive Officer, the Chief Operating Office and the Managers with Strategic Responsibilities ("Recipients"), governs the impact of termination or resolution of the employment contract.

More in detail, the LTIP governed situations involving:

(i) Termination by mutual consent, with the written agreement of IGD;

(ii) Termination of one of the Plan beneficiaries without just cause pursuant to art. 2119 of the Italian Civil Code;

(iii) Termination of one of the Plan beneficiaries for just cause pursuant to art. 2119 of the Italian Civil Code;

(iv) Termination without just cause or just cause resignation tendered by the Chief Executive Officer.

In the above instances, the indemnity will be recalculated and the performance targets will be redefined on the basis of the amount of time the party was part of the Company or among the scope of the beneficiaries considered over the lifetime of the 2016-2018 Business Plan. No indemnity will be paid in the event of termination for just cause pursuant to and in accordance with art. 2119 of the Italian Civil Code and termination with cause or unjustified resignation pursuant to art. 2119 of the Italian Civil Code of one of the Plan beneficiaries, or in the event of termination with cause or resignation without cause of a director.

In the event working relationship is terminated with either the Chief Operating Officer or the Managers with Strategic Responsibilities, the national labour contract for managers of cooperatives will be applied.

> Part Two - Tables

The compensation paid or payable to the Board of Directors, the Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities, as a whole, by the Company, its subsidiaries and affiliates in 2018 are shown in the following tables.

> TABLE 1: COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS, THE CHIEF OPERATING OFFICER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES IN 2019

IGD 'S BOARD OF DIRECTORS

IGD 'S BOARD OF DIRECTORS

Name	Office	Dates in office	End of term		Fixed compensation in €	Compensation for committee membership	Not share based compensation		Non cash benefits	Other compensation	Total	Fair Value of the compensation	Termination allowance
							Bonuses and other incentives	Profit sharing					
Elio Gasperoni	Director and Chairman BoD	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 95,000**						**€ 95,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 95,000**						**€ 95,000**		
Claudio Albertini	Chief Executive Officer	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 320,000**		**€ 150,000 (2)**				**€ 470,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 320,000**		**€ 150,000**				**€ 470,000**		
Rossella Saoncella	Vice Chairman and Chairman of NCC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 45,000**	**€ 3,750**					**€ 48,750**		
				Compensation from subsidiares and affiliates									
				Total	**€ 45,000**	**€ 3,750**					**€ 48,750**		
Luca Dondi Dall'Orologio	Director and member of CRC and hairman of RPC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 9,500**					**€ 29,500**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 9,500**					**€ 29,500**		
Elisabetta Gualandri	Director and Chairman RCC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 12,000**					**€ 32,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 12,000**					**€ 32,000**		

(2). This item refers to the (i) maximum amount payable as short term variable compensation, for up to a maximum of 37.5% of the 2019 fixed compensation (the annual compensation of Ð 300,000.00 payable to the Chief Executive Officer approved by the BoD) and (ii) the maximum amount payable in 2019 under the LTIP 2019-2021 to the Chief Executive Officer, for up to a maximum of 12.50% of the fixed compensation, subject to reaching certain economic-financial targets indicated in the Strategic Plan 2019-2021 (each of which comprises 50% of the bonus), namely: (i) the Loan to Value must be maintained below 45%, and (ii) cumulated FFO equal to Ð 258 million must be achieved. Whether or not the targets of the LTIP 2019-2021 have been reached will be verified by the NCC after IGD's draft separate and consolidated financial statements for 2021 have been approved by the Board of Directors. The bonus will be paid in 2022.

REPORT ON REMUNERATION
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IGD 'S BOARD OF DIRECTORS

IGD 'S BOARD OF DIRECTORS

Name	Office	Dates in office	End of term		Fixed compensation in €	Compensation for committee membership	Not share based compensation		Non cash benefits	Other compensation	Total	Fair Value of the compensation	Termination allowance
							Bonuses and other incentives	Profit sharing					
Sergio Lugaresi	Director and member of RCC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 8,000**					**€ 28,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 8,000**					**€ 28,000**		
Gian Maria Menabò	Director	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**						**€ 20,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**						**€ 20,000**		
Livia Salvini	Director and member of RNC and RPC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 4,500**					**€ 24,500**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 4,500**					**€ 24,500**		
Timothy Guy Michele Santini	Director and member of RNC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 3,750**					**€ 23,750**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 3,750**					**€ 23,750**		
Alessia Savino	Director	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**						**€ 20,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**						**€ 20,000**		
Eric Jean Véron	Director and member of RPC	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**	**€ 1,500**					**€ 21,500**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**	**€ 1,500**					**€ 21,500**		

REPORT ON REMUNERATION
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BOARD OF STATUTORY AUDITORS IN OFFICE

BOARD OF STATUTORY AUDITORS IN OFFICE

Name	Office	Dates in office	End of term		Fixed compensation in €	Compensation for committee membership	Not share based compensation		Non cash benefits	Other compensation	Total	Fair Value of the compensation	Termination allowance
							Bonuses and other incentives	Profit sharing					
Anna Maria Allievi	Chairman	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 30,000**						**€ 30,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 30,000**						**€ 30,000**		
Roberto Chiusoli	Statutory Auditor	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**						**€ 20,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**						**€ 20,000**		
Daniela Preite	Statutory Auditor	**01/01/2019 31/12/2019**	Approval of 2020 financial statements	Compensation from IGD	**€ 20,000**						**€ 20,000**		
				Compensation from subsidiares and affiliates									
				Total	**€ 20,000**						**€ 20,000**		

CHIEF OPERATING OFFICER AND MANAGERS WITH STRATEGIC RESPONSIBILITES

CHIEF OPERATING OFFICER AND MANAGERS WITH STRATEGIC RESPONSIBILITES

Name	Office	Dates in office	End of term		Fixed compensation in €	Compensation for committee membership	Not share based compensation		Non cash benefits	Other compensation	Total	Fair Value of the compensation	Termination allowance
							Bonuses and other incentives	Profit sharing					
Daniele Cabuli	Chief Operating Officer			Compensation from IGD	**€ 187,664.86**		**€ 56,071.19 (3)**		**€ 19,883.61 (4)**		**€ 263,619.66**		
				Compensation from subsidiares and affiliates									
				Total	**€ 187,664.86**		**€ 56,071.19**		**€ 19,883.61**		**€ 263,619.66**		
Managers with Strategic Responsibilities (n 4)				Compensation from IGD	**€ 546,640.63**		**€ 158,962.80 (5)**		**€ 62,438.59 (6)**		**€ 768,042.02**		
				Compensation from subsidiares and affiliates									
				Total	**€ 546,640.63**		**€ 158,962.80**		**€ 62,438.59**		**€ 768,042.02**		

(3). This is an estimate of the variable compensation for 2019, including both the short term portion and the portion relating to the LTIP 2019-2021 for 2019.
(4). This refers to the insurance premiums paid yearly for supplementary assistance (life insurance policies and insurance for permanent disabilities) called for in the national labor contract for managers of cooperative businesses and subsequent agreements.
(5). This is an estimate of the variable compensation for 2019, including both the short term portion and the portion relating to the LTIP 2019-2021 for 2019.
(6). This refers to the insurance premiums paid yearly for supplementary assistance (life insurance policies and insurance for permanent disabilities) called for in the national labor contract for managers of cooperative businesses and subsequent agreements.

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> TABLE 2: MONETARY INCENTIVE PLANS FOR THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Name and Surname	Office	Plan		Yearly bonus			Bonus of previous years			Other bonus
				Payable/Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still defered	
Claudio Albertini	CEO	Compensation from IGD	2019 short term variable compensation	**€ 120,000.00 (7)**						
			LTIP Plan 2019-2021	**€ 30,000.00 (8)**						
			2018 short term variable compensation					**€ 69,658.00 (9)**		
			LTIP Plan 2017-2018					**€ 66,080.00 (10)**		
		Compensation from subsidiaries and affiliates								
		Total		**€ 150,000.00**				**€ 135,738.00**		
Daniele Cabuli	COO	Compensation from IGD	2019 short term variable compensation	**€ 42,053.39 (11)**						
			LTIP Plan 2019-2021	**€ 14,017.80 (12)**						
			2018 short term variable compensation					**€ 22,352.04 (13)**		
			LTIP Plan 2017-2018					**€ 9,313.34 (14)**		
		Compensation from subsidiaries and affiliates								
		Total		**€ 56,071.19**				**€ 31,665.38**		
Managers with Strategic Responsibilities (n. 4)		Compensation from IGD	2019 short term variable compensation	**€ 119,222.10 (15)**						
			LTIP Plan 2019-2021	**€ 39,740.70 (16)**						
			2018 short term variable compensation					**€ 72,993.48 (17)**		
			LTIP Plan 2017-2018					**€ 13,708.80 (18)**		
		Compensation from subsidiaries and affiliates								
		Total		**€ 158,962.80**				**€ 86,702.28**		

__(7).__ Whether or not the targets have been reached will be verified after IGD's draft separate and consolidated financial statements for 2019 have been approved. The bonus will be paid in 2020. In 2019 the Chief Executive Officer received Ð 135,738.00 gross in short term and long term variable compensation for 2018 and for the two-years 2017-2018.
__(8).__ This amount refers to the medium-long term variable compensation estimated and referred to 2019 following the LTIP 2019-2021, subject to the achievement of economic-financial targets of the Strategic Plan 2019-2021. Whether or not the targets have been reached will be verified by the RNC after IGD's draft separate and consolidated financial statements for 2021 have been approved. The bonus will be paid in 2022.
__(9).__ This amount refers to the short term variable compensation for 2018 paid in 2019.
__(10).__ This amount refers to the medium-long term variable compensation referred to the LTIP 2017-2018, paid in 2019.
__(11).__ This amount refers to the estimated short term variable compensation payable to the Chief Operating Officer for 2018. Whether or not the performance goals for 2018 have been reached will be verified after IGD's draft separate and consolidated financial statements for 2018 have been approved. The bonus will be paid in 2019.
__(12).__ This amount refers to the medium-long term variable compensation estimated and referred to 2019 following the LTIP 2019-2021, subject to the achievement of economic-financial targets of the Strategic Plan 2019-2021. Whether or not the targets have been reached will be verified by the RNC after IGD's draft separate and consolidated financial statements for 2021 have been approved. The bonus will be paid in 2022.
__(13).__ This amount refers to the short term variable compensation for 2018 paid in 2019.
__(14).__ This amount refers to the medium-long term variable compensation referred to the LTIP 2017-2018, paid in 2019.
__(15).__ This amount refers to the estimated short term variable compensation payable to the Managers with Strategic Responsibilities for 2019. Whether or not the performance goals for 2019 have been reached will be verified after IGD's draft separate and consolidated financial statements for 2019 have been approved. The bonus will be paid in 2020.
__(16).__ This amount refers to the medium-long term variable compensation estimated and referred to 2019 following the LTIP 2019-2021, subject to the achievement of economic-financial targets of the Strategic Plan 2019-2021. Whether or not the targets have been reached will be verified by the RNC after IGD's draft separate and consolidated financial statements for 2021 have been approved. The bonus will be paid in 2022.
__(17).__ This amount refers to the short term variable compensation for 2018 paid in 2019.
__(18).__ This amount refers to the medium-long term variable compensation referred to the LTIP 2017-2018, paid in 2019.

REPORT ON REMUNERATION
TABLES

// Sector III: Information on the interests held by the members of the Board of Directors, the Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities

The following table shows the interests held by the members of the Board of Directors, the Board of Statutory Auditors, the Chief Operating Officer in IGD and its subsidiaries.

> BOARD OF DIRECTORS CURRENTLY IN OFFICE AT 31/12/2019

Name	Office	Company in which interest is held	N. of shares held at the end of 2018	No. of shares purchased	No. of shares sold	No. of shares held at the end of 2019
Elio Gasperoni	Chairman					
Claudio Albertini	Chief Executive Officer		**20,355**			**20,355**
Rossella Saoncella	Vice Chairman					
Luca Dondi Dall'Orologio	Director					
Elisabetta Gualandri	Director		**950**			**950**
Sergio Lugaresi	Director					
Gian Maria Menabò	Director					
Livia Salvini	Director					
Timothy Santini	Director					
Alessia Savino	Director					
Eric Jean Véron	Director					

> BOARD OF STATUTORY AUDITORS CURRENTLY IN OFFICE AT 31/12/2019

Name	Office	Company in which interest is held	N. of shares held at the end of 2018	No. of shares purchased	No. of shares sold	No. of shares held at the end of 2019
Anna Maria Allievi	Chairman					
Roberto Chiusoli	Statutory Auditors					
Daniela Preite	Statutory Auditors					

The following table shows the interests held by the Chief Operating Officer in IGD and its subsidiaries.

Name	Office	Company in which interest is held	N. of shares held at the end of 2018	No. of shares purchased	No. of shares sold	No. of shares held at the end of 2019
Daniele Cabuli	Chief Operating Officer	IGD	**17,640**			**17,640**

The following table shows the interests held by Managers with Strategic Responsibilities in IGD and its subsidiaries.

Name	Office	N. of shares held at the end of 2018	No. of shares purchased	No. of shares sold	No. of shares held at the end of 2019
4	IGD	**21,958** [19]	**7,310**		**29,268**

(19). This number includes the IGD's shares held at 31 December 2018 by the current Managers with Strategic Responsibilities. The figure has been revised with respect to the corresponding item reported in the Remuneration Report approved by the Company's Board of Directors on 26 February 2019, which included the shares held at the end of 2018 by a manager with strategic responsibilities who ended on 31 December 2018.

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ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE / DELEGANTI E RAPPRESENTATI	Parziale	Totale	RISULTATI ALLE VOTAZIONI Ordinaria 1 2 3 4 5	
COMPUTERSHARE SPA - RAPPR. DESIGNATO IN QUALITA` DI SUBDELEG 135-NOVIES TUF (ST. TREVISAN) IN PERSONA DI MICHELA DEODATO - PER DELEGA DI	0			
MORGAN STANLEY INVESTMENT FUNDS	25		F F F F F	
AMP INTERNATIONAL PROP INDEX FD HEDGED AGENTE:BNP SS SIDNEY BRANCH	13.315		F F C C F	
NORTHERN TRUST UCITS COMMON CONTRACTUAL FUND RICHIEDENTE:NT NORTHERN TRUST UCITS COMMON	85.923		F F F F F	
COMMONWEALTH GLOBAL PROPERTY SECURIES FUND 4 RICHIEDENTE:NT COLONIAL FIRST STATE INVEST	33.374		F F C C F	
MUNICIPAL EMPLOYEES` ANNUITY AND BENEFIT FUND OF CHICAGO RICHIEDENTE:NT MUNICIPAL EMPLOYEES` ANNUIT	647		F F F F F	
MASTER TRUST AGREEMENT BETWEEN PFIZER INC AND THE NORTHERN TRUST COMPANY RICHIEDENTE:NT NT0 TREATY/NON	1.125		F F F C F	
EXELON CORPORATION PENSION MASTER RETIREMENT TRUST RICHIEDENTE:NT NT0 TREATY/NON TREATY TAX C	42.107		F F F C F	
WHEELS COMMON INVESTMENT FUND RICHIEDENTE:NT NT0 TREATY/NON TREATY TAX C	3.177		F F C C F	
VIRGINIA C. MARS REVOCABLE TRUST DATED AUGUST 6 1991 RICHIEDENTE:NT NT0 TREATY/NON TREATY TAX C	1.989		F F F C F	
EXELON CORPORATION EMPLOYEES` BENEFIT TRUST FOR UNION EMPLOYEES RICHIEDENTE:NT NT0 TREATY/NON TREATY TAX C	7.634		F F F C F	
NTGI-QM COMMON DAILY ALL COUNTRY WORLD EX-US INVESTABLE MARKET INDEX FUND - NON LENDING RICHIEDENTE:NT NT0 NON	3.099		F F F F F	
POLICEMEN`S ANNUITY AND BENEFIT FUND OF CHICAGO RICHIEDENTE:NT POLICEMEN`S ANNUITY AND BEN	36.697		F F F C F	
STRATEGIC GLOBAL PROPERTY FUND AGENTE:BNP SS SIDNEY BRANCH	14.825		F F F C F	
NEW ZEALAND SUPERANNUATION FUND RICHIEDENTE:NT NEW ZEALAND SUPERANNUATION	3.016		F F F C F	
GOVERNMENT EMPLOYEES SUPERANNUATION BOARD RICHIEDENTE:NT NT2 TREATY ACCOUNT CLIENTS	7.121		F F F C F	
MARGARET A. CARGILL FOUNDATION RICHIEDENTE:NT NT0 15% TREATY ACCOUNT CLIE	19.000		F F F F F	
NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST RICHIEDENTE:NT NT0 15% TREATY ACCOUNT LEND	303.644		F F F F F	
NORTHERN FUNDS GLOBAL REAL ESTATE INDEX FUND RICHIEDENTE:NT NT0 15% TREATY ACCOUNT CLIE	49.211		F F F F F	
ANNE RAY FOUNDATION RICHIEDENTE:NT NT0 15% TREATY ACCOUNT CLIE	26.700		F F F F F	
EXELON CORPORATION DEFINED CONTRIBUTION RETIREMENT PLANS MASTER TRUST RICHIEDENTE:NT NT0 15% TREATY ACCOUNT	3.961		F F F C F	
FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST RICHIEDENTE:NT NT0 15% TREATY ACCOUNT CLIE	827		F F F F F	
1199 SEIU HEALTH CARE EMPLOYEES PENSION FUND RICHIEDENTE:NT NT0 15% TREATY ACCOUNT LEND	122.148		F F C C C	
CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN RICHIEDENTE:NT NT0 15% TREATY ACCOUNT LEND	6.120		F F F C C	
STICHTING AHOLD DELHAIZE PENSIOEN AGENTE:BNP PARIBAS 2S-PARIS	17.827		F F F F F	
LSC PENSION TRUST RICHIEDENTE:NT NT0 15% TREATY ACCOUNT LEND	23.300		F F F F F	
FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST RICHIEDENTE:NT NT1 15% TREATY ACCOUNT CLIE	260		F F C C F	
LEGAL AND GENERAL GLOBAL REAL ESTATE DIVIDEND INDEX FUND RICHIEDENTE:NT NT0 UKDU UCITS 1.2%PCT TREA	40.394		F F C C F	
LEGAL AND GENERAL ICAV RICHIEDENTE:NT NT0 IEDU UCITS 15 PCT TREAT	2.641		F F C C F	
VERDIPAPIRFONDET KLP AKSJEGLOBAL SMALL CAP INDEKS I RICHIEDENTE:NT GS1 TREATY/NON TREATY TAX L	8.102		F F F C F	
NORTHERN TRUST UCITS FGR FUND RICHIEDENTE:NT GS0 NLDU UCITS 1.2%PCT TREA	47.821		F F F F F	
CHALLENGE ITALIAN EQUITY RICHIEDENTE:RBC CHALLENGE FUNDS	160.000		F F F F F	
LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED RICHIEDENTE:CBLDN S/A LEGAL AND GENERAL	48.857		F F C C F	
LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED RICHIEDENTE:CBLDN S/A LEGAL AND GENERAL	778		F F C C F	
LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED RICHIEDENTE:CBLDN S/A LEGAL AND GENERAL	827		F F C C F	
PWM FUNDS SICAV AGENTE:PICTET & CIE(EUROPE)	7.892		F F F C F	

F: Favorevole; C: Contrario; A: Astenuto; 1: Lista 1; 2: Lista 2; -: Non Votante; X: Assente alla votazione; N: Voti non computati; R: Voti revocati; Q: Voti esclusi dal quorum

ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE			RISULTATI ALLE VOTAZIONI Ordinaria	
DELEGANTI E RAPPRESENTATI	Parziale	Totale	1 2 3 4 5	
OLD WESTBURY SMALL AND MID CAP STRATEGIES FUND RICHIEDENTE:CBNY SA OLD WSTBY GB SM&MD CP FD	43.777		F F F C F	
MACQUARIE INVESTMENT MANAGEMENT LIMITED RICHIEDENTE:CBHK SA MIML ARROWSTREET GL EQ FD	24.500		F F F C F	
MACQUARIE TRUE INDEX GLOBAL REAL ESTATE SECURITIES RICHIEDENTE:CITIBANK NA HONG KONG SA MIML-MACQ TRUE INDX	21.328		F F F C F	
AEGON CUSTODY B.V RICHIEDENTE:CBLDN SA AEGON CUSTODY RE GLIREF	31.531		F F F C F	
LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST RICHIEDENTE:CBNY-LEGAL & GEN COLL INV TRST	1.049		F F C C F	
NEWBURG NOMINEES LIMITED AS CUSTODIAN FOR INVESTORS WHOLESALE GLOBAL PROPERTY (INDEX) TRUST	8.432		F F F C F	
USAA INTERNATIONAL FUND RICHIEDENTE:CBNY-USAA INTERNATIONAL FUND	154.525		F F F C F	
ABERDEEN STANDARD OEIC IV - ASI GLOBAL REIT TRACKER FUND RICHIEDENTE:CBLDN - AS OEIC IV-ASI GL REIT TR F	1.932		F F F C F	
PAVILION GLOBAL REAL ESTATE SECURITIES POOL RICHIEDENTE:RBC IST TREATY CLIENTS AC	978		F F F C F	
GOVERNMENT OF NORWAY RICHIEDENTE:CBNY SA GOVERNMENT OF NORWAY	63.467		F F F F F	
DAIWA GLOBAL REIT INDEX MOTHER FUND AGENTE:SUMITOMO MITSUI TRUS	6.240		F F F F F	
RETURN TO WORK CORPORATION OF SOUTH AUST RALIA RICHIEDENTE:CITIBANK NA NEW YORK SA WCIVGR RTN WRK CORP	2.521		F F C C F	
UBS FUND MANAGEMENT (SWITZERLAND) AG RICHIEDENTE:UBS CH AG FM CLIENT ASSETS	48.977		F F C C F	
UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII RICHIEDENTE:UBS CH AG FM CLIENT ASSETS	18.401		F F C C F	
CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASSIVE II RICHIEDENTE:UBS CH AG FM CLIENT ASSETS	362		F F C C F	
ISHARES II PUBLIC LIMITED COMPANY AGENTE:STATE STREET BK.TR.,BOSTON	5.382		F F F C F	
ISHARES PUBLIC LIMITED COMPANY AGENTE:STATE STREET BK.TR.,BOSTON	384.353		F F F C F	
ISHARES VII PLC AGENTE:STATE STREET BK.TR.,BOSTON	27.661		F F F C F	
ISHARES III PUBLIC LIMITED COMPANY AGENTE:STATE STREET BK.TR.,BOSTON	1.284		F F F C F	
KAISER PERMANENTE GROUP TRUST AGENTE:STATE STREET BK.TR.,BOSTON	15.673		F F C C F	
KAISER FOUNDATION HOSPITALS AGENTE:STATE STREET BK.TR.,BOSTON	7.004		F F C C F	
DAIWA SEKAI REIT INDEX MOTHER FUND AGENTE:SUMITOMO MITSUI TRUS	166		F F F F F	
SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF AGENTE:STATE STREET BK.TR.,BOSTON	94.654		F F F F F	
PENSION BENEFIT GUARANTY CORPORATION AGENTE:STATE STREET BK.TR.,BOSTON	130.304		F F F C F	
INTERNATIONAL PAPER CO COMMINGLED INVESTMENT GROUP AGENTE:STATE STREET BK.TR.,BOSTON	54.308		F F F C F	
BERNSTEIN FUND, INC.- INTERNATIONAL SMALL CAP PORTFOLIO AGENTE:STATE STREET BK.TR.,BOSTON	388.706		F F F C C	
IAM NATIONAL PENSION FUND AGENTE:STATE STREET BK.TR.,BOSTON	6.345		F F C C C	
JAPAN TR SV BK SMTB ALLIANCEBERNSTEIN KOKUSAI REIT MOTHER AGENTE:STATE STREET BK.TR.,BOSTON	1.528.487		F F F C C	
TR+ CUST SERV BK LTD ATF SHINKO GLOBAL REIT INDEX MOTHER AGENTE:STATE STREET BK.TR.,BOSTON	105		F F F C F	
BRIGHTHOUSE FUNDS TRUST I - AB GLOBAL DYNAMIC ALLOCATION AGENTE:STATE STREET BK.TR.,BOSTON	7.409		F F F C C	
ALBERTA INVESTMENT MANAGEMENT CORPORATION AGENTE:STATE STREET BK.TR.,BOSTON	7.178		F F F F F	
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA AGENTE:STATE STREET BK.TR.,BOSTON	520		F F F C F	
SHINKO GLOBAL REIT INDEX MOTHER FUND AGENTE:SUMITOMO MITSUI TRUS	17		F F F C F	
MERCER GE INTERNATIONAL EQUITY FUND AGENTE:STATE STREET BK.TR.,BOSTON	25.812		F F F C F	
STATE STREET GLOBAL ALL CAP EQUITY EX-US INDEX PORTFOLIO AGENTE:STATE STREET BK.TR.,BOSTON	13.675		F F C C F	
KP INTERNATIONAL EQUITY FUND AGENTE:STATE STREET BK.TR.,BOSTON	44.639		F F F C F	

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ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE DELEGANTI E RAPPRESENTATI	Parziale	Totale	RISULTATI ALLE VOTAZIONI Ordinaria 1 2 3 4 5	
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION AGENTE:STATE STREET BK.TR.,BOSTON	220		F F F C F	
MERCER INTERNATIONAL EQUITY FUND AGENTE:STATE STREET BK.TR.,BOSTON	13.363		F F F C F	
GTAA PANTHER FUND L.P AGENTE:STATE STREET BK.TR.,BOSTON	253		F F F F F	
MERCER UCITS COMMON CONTRACTUAL FUND AGENTE:STATE STREET BK.TR.,BOSTON	73.648		F F C C F	
MERCER QIF CCF AGENTE:STATE STREET BK.TR.,BOSTON	5.548		F F C C F	
STATE OF NEW JERSEY COMMON PENSION FUND D AGENTE:STATE STREET BK.TR.,BOSTON	9.958		F F F C F	
SSGA SPDR ETFS EUROPE I PUBLIC LIMITED COMPANY AGENTE:STATE STREET BK.TR.,BOSTON	37.590		F F C C F	
STICHTING SHELL PENSIOENFONDS AGENTE:JP MORGAN BANK LUXEM	55.364		F F F F F	
SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY AGENTE:STATE STREET BK.TR.,BOSTON	3.224		F F C C F	
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AGENTE:STATE STREET BK.TR.,BOSTON	143.938		F F F F F	
CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM AGENTE:STATE STREET BK.TR.,BOSTON	6.605		F F F F F	
WASHINGTON STATE INVESTMENT BOARD AGENTE:STATE STREET BK.TR.,BOSTON	21.335		F F C C F	
WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ AGENTE:STATE STREET BK.TR.,BOSTON	11.172		F F F C F	
WISDOMTREE EUROPE SMALLCAP DIVIDEND FUND AGENTE:STATE STREET BK.TR.,BOSTON	144.888		F F F C F	
WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND AGENTE:STATE STREET BK.TR.,BOSTON	398.339		F F F C F	
WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND AGENTE:STATE STREET BK.TR.,BOSTON	26.861		F F F C F	
SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT AGENTE:STATE STREET BK.TR.,BOSTON	179.075		F F C C F	
SSGA /TUCKERMAN GLB RE SEC INDEX NON-LEND ING COMMON TR F AGENTE:STATE STREET BK.TR.,BOSTON	97.273		F F C C F	
SHELL TRUST (BERMUDA) LIMITED AS TRUSTEE OF THE SHELL INTERNATIONAL PENSION FUND AGENTE:JP MORGAN CHASE BANK	412		F F F F F	
UBS ETF AGENTE:STATE STREET BK.TR.,BOSTON	1.581		F F C C F	
IBM 401K PLUS PLAN AGENTE:STATE STREET BK.TR.,BOSTON	60.984		F F F C F	
IBM 401K PLUS PLAN AGENTE:STATE STREET BK.TR.,BOSTON	32.096		F F C C F	
COLLEGE RETIREMENT EQUITIES FUND AGENTE:STATE STREET BK.TR.,BOSTON	13.617		F F F F F	
SPDR PORTFOLIO DEVELOPED WORLD EX-US ETF AGENTE:STATE STREET BK.TR.,BOSTON	193.894		F F C C F	
SPDR S&P INTERNATIONAL SMALL CAP ETF AGENTE:STATE STREET BK.TR.,BOSTON	20.737		F F C C F	
SPDR STOXX EUROPE 50 ETF AGENTE:STATE STREET BK.TR.,BOSTON	819		F F C C F	
MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F AGENTE:STATE STREET BK.TR.,BOSTON	24.747		F F C C F	
FIRST STATE SUPERANNUATION SCHEME AGENTE:STATE STREET BK.TR.,BOSTON	17.193		F F F C F	
VANECK VECTORS FTSE INTERNATIONAL PROPERTY (HEDGED) ETF AGENTE:STATE STREET BK.TR.,BOSTON	1.388		F F F F F	
SHELL TRUST (BERMUDA) LTD AS TRUSTEE OF THE SHELL OVERSEAS CONTRIBUTORY PENSION FUND AGENTE:JP MORGAN CHASE BANK	5.811		F F F F F	
BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F AGENTE:STATE STREET BK.TR.,BOSTON	627		F F F C F	
STICHTING PHILIPS PENSIOENFONDS AGENTE:STATE STREET BK.TR.,BOSTON	9.455		F F F C F	
VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND AGENTE:STATE STREET BK.TR.,BOSTON	160		F F F C F	
PUBLIC AUTHORITY FOR SOCIAL INSURANCE AGENTE:STATE STREET BK.TR.,BOSTON	638		F F F F F	
JOHNSON GORDON ALAN	32		F F F C F	
MACKENZIE INTERNATIONAL QUANTITATIVE SMALL CAP FUND	2.797		F F F F F	
ISHARES MSCI EAFE SMALL-CAP ETF	98.119		F F F C F	
ISHARES EUROPE DEVELOPED REAL ESTATE ETF	5.793		F F F C F	
ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF	28.991		F F F C F	
ISHARES INTERNATIONAL DEVELOPED PROPERTY ETF	4.825		F F F C F	
BLACKROCK INDEX SELECTION FUND	73.886		F F F C F	

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ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE DELEGANTI E RAPPRESENTATI	Parziale	Totale	RISULTATI ALLE VOTAZIONI Ordinaria 1 2 3 4 5	
NFS LIMITED TRAFALGAR COURT ADMIRAL PARK ST. PETER PORT AGENTE:JP MORGAN CHASE BANK	26.148		F F F C F	
ISHARES MSCI EUROPE SMALL-CAP ETF	5.301		F F F C F	
ISHARES DEVELOPED REAL ESTATE INDEX FUND OF BLACKROCK FUNDS	67.068		F F F C F	
ISHARES CORE MSCI EUROPE ETF	99.924		F F F C F	
ISHARES GLOBAL REIT ETF	118.837		F F F C F	
ISHARES EDGE MSCI MULTIFACTOR INTL SMALL-CAP ETF	13.717		F F F C F	
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	496		F F F C F	
ARROWSTREET INTERNATIONAL EQUITY EAFE TRUST FUND	56.614		F F F C F	
LAZARD/WILMINGTON COLLECTIVE TRUST	30.191		F F F C F	
CITY OF NEW YORK GROUP TRUST	70.892		A F F C F	
ARROWSTREET (CANADA) GLOBAL ALL-COUNTRY FUND II	21.235		F F F C F	
VANGUARD INTERNATIONAL SMALL COMPANIES I AGENTE:JP MORGAN CHASE BANK	8.129		F F F C F	
ARROWSTREET (CANADA) INTERNATIONAL DEVELOPED MARKET EX US FUND I	17.133		F F F C F	
ARROWSTREET (CANADA) GLOBAL WORLD FUND I	20.280		F F F C F	
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM	120.027		F F F C F	
VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	844		F F F C F	
VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	3.367		F F F C F	
VANGUARD DEVELOPED ALL-CAP EX NORTH AMERICA EQUITY INDEX POOLED	225		F F F C F	
VANGUARD TOTAL WORLD STOCK INDEX FUND	11.083		F F F C F	
VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEX FUND, A SERIES OF VANG	285.714		F F F C F	
VANGUARD DEVELOPED MARKETS INDEX FUND	422.008		F F F C F	
INTERNATIONAL MONETARY FUND	10.404		F F F C F	
VANGUARD INTERNATIONAL PROPERTY SECURITI AGENTE:JP MORGAN CHASE BANK	36.736		F F F C F	
INTERNATIONAL MONETARY FUND	9.463		F F C C F	
SAS TRUSTEE CORPORATION AGENTE:JP MORGAN CHASE BANK	26.786		F F F C F	
ONEPATH GLOBAL SHARES - SMALL CAP (AGENTE:JP MORGAN CHASE BANK	4.595		F F F C F	
TCORPIM LISTED PROPERTY FUND AGENTE:JP MORGAN CHASE BANK	2.634		F F F C F	
ONEPATH GLOBAL LISTED PROP HE INDEX POOL AGENTE:JP MORGAN CHASE BANK	40.529		F F F C F	
ABU DHABI RETIREMENT PENSIONS AND BENEFI AGENTE:JP MORGAN CHASE BANK	68.066		F F C C F	
EQ.ADVISORS TRUST-1290 VT REA EST PORT AGENTE:JP MORGAN CHASE BANK	1.131		F F F C C	
PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO AGENTE:JP MORGAN CHASE BANK	87.872		F F F F F	
SCHWAB GLOBAL REAL ESTATE FUND AGENTE:BROWN BROTHERS HARR	160.424		F F F F F	
SHELL PENSIONS TRUST LIMITED AS TRU AGENTE:JP MORGAN CHASE BANK	26.470		F F F F F	
VANGUARD ESG INTERNATIONAL STOCK ETF AGENTE:JP MORGAN CHASE BANK	5.375		F F F C F	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX AGENTE:JP MORGAN CHASE BANK	644.947		F F F C F	
CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AGENTE:JP MORGAN CHASE BANK	3.048		F F C C C	
ALLIANZGI-FONDS DSPT AGENTE:JP MORGAN CHASE BANK	4.223		F F C A F	
NEW YORK STATE COMMON RETIREMENT FU AGENTE:JP MORGAN CHASE BANK	24.599		F F F C F	
BLACKROCK INSTITUTIONAL TRUST COMPANY N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS AGENTE:JP MORGAN CHASE	865.998		F F F C F	
BLACKROCK INSTITUTIONAL TRUST COMPA AGENTE:JP MORGAN CHASE BANK	156.987		F F F C F	
TRUST AND CUSTODY SERVICES BANK LTD. AS TRUSTEE FOR MIZUHO TRUST AND BANKING CO. LTD. AS TRUSTEE FOR BLACKROCK	528		F F F C F	
VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST AGENTE:JP MORGAN	17.737		F F F C F	
VANGUARD INVESTMENT SERIES, PLC AGENTE:BROWN BROTHERS HARR	18.641		F F F C F	

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ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE

DELEGANTI E RAPPRESENTATI	Parziale	Totale	RISULTATI ALLE VOTAZIONI Ordinaria 1 2 3 4 5	
MSCI ACWI EX-U.S. IMI INDEX FUND B2 AGENTE:JP MORGAN CHASE BANK	2.316		F F F C F	
MSCI WORLD SMALL CAP EQUITY ESG SCREENED INDEX FUND B AGENTE:JP MORGAN CHASE BANK	5.605		F F F C F	
DEVELOPED REAL ESTATE INDEX FUND B(GREIT AGENTE:JP MORGAN CHASE BANK	23.075		F F F C F	
BLACKROCK MSCI EAFE SMALL CAP EQUIT AGENTE:JP MORGAN CHASE BANK	40.428		F F F C F	
BLACKROCK CDN GLOBAL DEVELOPED REAL ESTA AGENTE:JP MORGAN CHASE BANK	67.668		F F F C F	
BAILLIE GIFFORD WORLDWIDE FUNDS PLC AGENTE:BROWN BROTHERS HARR	112.435		F F F F F	
BLACKROCK MSCI EMU IMI INDEX FD B (EMUIM AGENTE:JP MORGAN CHASE BANK	45		F F F C F	
TOPS GLOBAL FUND OF REITS FUNDS INVESTMENT TRUST NO. 1 AGENTE:HONGKONG/SHANGHAI BK	8.460		F F C C F	
HSBC ETFS PLC AGENTE:HSBC BANK PLC	6.692		F F C C F	
ALLIANZ PV-WS RCM SYSPRO INDEXING EUROLAND AGENTE:HSBC TRINKAUS AND BU	14.593		F F C A F	
ACADIAN INTERNATIONAL SMALL-CAP AGENTE:BROWN BROTHERS HARR	4.693		F F F C F	
MUL-LYXOR ITALIA EQUITY PIR	3.451		F F F F F	
LYXOR MSCI EMU SMALL CAP UE	24.126		F F F F F	
WESPATH FUNDS TRUST	170		F F F F F	
VANGUARD EUROPEAN STOCK INDEX FUND	89.071		F F F C F	
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	192.562		F F F C F	
DB X TRACKERS MSCI APAC EQUITY	14.630		F F F C F	
SHELL CANADA 2007 PENSION PLAN 400	499		F F F C F	
ACADIAN INTERNATIONAL SMALL CAP FUND	72.561		F F F C F	
CDW 73 IRR PARA GL	1.314		F F F C F	
1975 IRREV TRUST OF C D WEYERHAEUSER	4.525		F F F C F	
SEGALL BRYANT&HAMILL INT SMAL CAP TRUST AGENTE:BROWN BROTHERS HARR	86.989		F F F C F	
WBW TRUST NUMBER ONE	486		F F F C F	
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	777		F F F C F	
RAYTHEON MASTER PENSION TRUST .	59.149		F F F C F	
HP INC MASTER TRUST	6.595		F F F C F	
TXMF LSV	119.800		F F F F F	
ROWF GT ALPHAEXTEXUSC	17.433		F F F C F	
NATWEST DEP BG MA GROWTH FUND	530.845		F F F F F	
ALASKA PERMANENT FUND CORPORATION	5.132		F F C C F	
PENSION RESERVES INVESTMENT TRUST FUND	122.313		F F F C F	
METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND	46.400		F F F F F	
BAYVK A3 FONDS AGENTE:BP2S-FRANKFURT	686.200		F F C C F	
BNYMTD GLO PROP SECS EQ TKR FUND	136.693		F F F C F	
PHC NT SMALL CAP	8.568		F F F F F	
VIRGINIA RETIREMENT SYSTEM .	5.363		F F F C F	
STICHTING BEDRIJFSTAKPENSIOENFONDS VOOR HET SCHILDERS AFWERKINGS EN GLASZETBEDRIJF	5.606		F F C C F	
ALASKA PERMANENT FUND CORPORATION	520		F F F C F	
ALASKA PERMANENT FUND CORPORATION	10.952		F F F C C	
CX9F LSV INT SMALL CAP	1		F F F F F	
DEUTSCHE XTRK MSCI EMU HDG EQ ETF	278		F F F C F	
STICHTING SPOORWEGPENSIOENFONDS	42.528		F F F F F	
CTJ RE STANLIB GLOBAL EQ ARR USD	20.540		F F F C F	
BNP PARIBAS EASY AGENTE:BP2S LUXEMBOURG	415.668		F C C C C	
BNYM SMALL CAP EUROLAND FD BNYMTCIL	1.157		F F F C F	
FT FTSE EPRANAREIT GLOB RE INDEX FD	1.968		F F F C F	
BAILLIE GIFFORD MULTI ASSET INCOME FUND	1.958		F F F F F	
STATE OF WISCONSIN INVESTMENT BOARD	3.908		F F F C F	
NATWEST DEP BG DIV GROWTH FD	1.387.357		F F F F F	
UMC BENEFIT BOARD, INC	1.531		F F F F F	

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ELENCO PARTECIPANTI

NOMINATIVO PARTECIPANTE DELEGANTI E RAPPRESENTATI	Parziale	Totale	RISULTATI ALLE VOTAZIONI Ordinaria 1 2 3 4 5	
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	1		F F C C F	
INDIANA PUBLIC RETIREMENT SYSTEM	2.489		F F F C F	
CPA COP PSERS ACADIAN ASSET MGMT	8.992		F F F F F	
THE CLEVELAND CLINIC FOUNDATION	16.378		F F F C F	
UNISUPER AGENTE:BNP SS SIDNEY BRANCH	12.220		F F F F F	
AB SICAV I ALL MARKET INCOME	67.290		F F F C C	
TRUST AND CUSTODY SERVICES BAN	84.231		F F F C F	
THE NOMURA TRUST AND BANKING	43.281		F F F C F	
MUF - LYXOR FTSE ITALIA MID CA	315.550		F F F F F	
AMUNDI INDEX FTSE EPRA NAREIT GLOBAL	22.641		F C F C F	
PALATINE IMMOBILIER	70.000		F F F C F	
THE BANK OF IRELAND STAFF PENSIONS FUND RICHIEDENTE:NT NT0 EU/NORWAY PENSION FUNDS	5.277		F F C C F	
DOW RETIREMENT GROUP TRUST THE DOW CHEMICAL COMPANY RICHIEDENTE:NT DOW RETIREMENT GROUP TRUST	19.983		F F F C F	
MRFF INVESTMENT COMPANY NO. 2 PTY LTD RICHIEDENTE:NT FUTURE FUND CLIENTS ACCOUNT	20.708		F F C C F	
FUTURE FUND INVESTMENT COMPANY NO.2 PTY LTD RICHIEDENTE:NT FUTURE FUND CLIENTS ACCOUNT	66.153		F F C C F	
		14.930.596		
COMPUTERSHARE SPA RAPPRESENTANTE DESIGNATO IN QUALITA` DI DELEGATO 135-UNDECIES TUF IN PERSONA DI MICHELA DEODATO - PER DELEGA DI	0			
UNICOOP TIRRENO SOCIETA` COOPERATIVA A.R.L.	8.681.625		F F F F F	
COOP ALLEANZA 3.0 SOC. COOP.	45.153.442		F F F F F	
COOP LOMBARDIA S.C.R.L RICHIEDENTE:FERRE` DANIELE	2.678.879		F F F F F	
COOPERATIVA RENO SCARL	23.017		F F F F F	
		56.536.963		

Legenda:
1 Bilancio di esercizio al 31.12.2019
2 Destinazione dell`utile di esercizio e distribuzione del dividendo
3 Prima sezione: relazione sulla politica in materia di remunerazione. Delibera vincolante
4 Seconda sezione: relazione su compensi corrisposti. Delibera non vincolante
5 Acquisto e disposizione di azioni proprie

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