ANNUAL 20
REPORT 20

SPACES TO BE LIVED IN

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

Registered in Bologna, Via Trattati Comunitari Europei 1957-2007 n. 13,
Tax ID, VAT no. 00397420399
Bologna Company Register no. 458582
Share capital subscribed and paid-in: Euro 650,000,000.00

The IGD Group and IGD Siiq S.p.A.: 2020 Annual Report

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IGD GROUP
1.1 LETTER TO THE SHAREHOLDERS

1. GRUPPO IGD

1.1 // Letter to the Shareholders

Dear Shareholders,

2020 was the **most difficult year in IGD's history**.

Even though we carefully analyzed all possible scenarios when structuring the Business Plan 2019-2021, we could not have imagined finding ourselves in such a challenging environment, with **heavy restrictions on shopping center operations** caused by the need to limit the spread of the **Covid-19 pandemic**.

After having begun the first two months of the year with results that indicated we were on the right path to achieving the Plan's targets, beginning in March 2020, in the face of severe lockdown measures, we found ourselves in an unprecedented situation. We, however, demonstrated that we knew how to **react quickly**, with clear **priorities**: **protect the health** of the people present on our properties and **safeguard the economic-financial sustainability** of our business.

During the period between **June and October**, when the **restrictions were eased partially**, the **valid positioning** of our assets and the **effectiveness of the measures** we were implementing to manage the Covid outbreak were confirmed as demonstrated by the speedy recovery of the operating performance in terms of footfalls and retailers' sales. **In the last few months of the year**, however, we once again found ourselves in front of limitations which **impacted a season that is crucial to retailers' sales**.

Overall, however, we closed 2020 with a **28.8% drop in Funds from Operations**, which came to €59.3 million. This change was largely in line with the **decrease of 25-28%** indicated in the **guidance provided last August**.

In order to better understand the performances recorded in this difficult year and the impact that the pandemic had on the numbers, we need to look at **the measures we adopted** in terms of **operational and financial management**.

> The measures taken to support tenants in 2020 will not have any carry over impact in 2021

Informed by the **sense of partnership and mutual sustainability** that IGD has always cultivated with its **retailers**, we managed this delicate phase with our Italian tenants by offering deferred **payments and temporary rent discounts on rent**, amounting to 1.7 month's rent on average, expensed entirely in the year.

> Our centers were always open, even during the lockdown

During the months when the restrictions were the most severe, we were able to verify **the important role of our shopping centers, which were always open**, as a place where you can purchase essential items, like food products, electronics, as well as health, personal and home care products. Located typically **just on the outskirts of urban areas, our locations** were always **accessible**, within the limits on movement allowed outside the place of residence.

> The reassuring sales and footfalls recorded in the period May-October

Beginning in May, as the restrictive measures were gradually eased, we were able to **regain partial possession of our business**. Even though organized events were still not allowed and despite the limitations on the hours of operation and mandatory distancing for food courts, we witnessed a **rapid recovery in footfalls and retailers' sales**. At the end of September IGD had recovered about 87% of the footfalls and around 97% of the retailers' sales recorded in the same month 2019.

Another encouraging sign emerged during the three-month period (**August, September and October**), during which **retailers' sales rose 0.3%** against the same period 2019, though footfalls were down by 12.6%.

> During the months subsequent to the reopening, IGD's visitors confirmed their appreciation for IGD's format

If the March-April lockdown period confirmed the vitality of the shopping center as a regional point of reference for the purchase of essential goods, the months of the reopening (between May and October) demonstrated **that the format of our shopping centers is entirely valid: medium sized** assets, **dominant** in their catchment areas, experienced as the ideal place for **safe, practical and convenient shopping**; IGD was able to differentiate itself from the competitors because it has a portfolio of **urban centers**, capable of offering a complete range of goods and services under one roof which allows for ample choice while optimizing time.

With the **second wave of the pandemic**, which became stronger beginning in **October**, came new restrictions which **penalized retailers' sales severely** in the last few months of the year when Black Friday and Christmas promotions take place. We, therefore, had to begin a **new phase of negotiations** with tenants similar to those carried out during the first and more severe lockdown.

> A controlled risk profile was maintained

The individual negotiations that we carried out with an impressive **707 retailers** allowed us to close 2020 with f**inancial occupancy at 94.3%**, and we succeeded in **collecting more than 91% of the net turnover**. We count on receiving the remainder in the first half of l 2021.

Leveraging on the fact that the rents per square meter of our shopping centers have always been fair, we were able to end the **negotiations without modifying the terms and conditions of the existing leases**, except for a couple or rare exceptions of retailers who were already experiencing difficulties even before the pandemic.

Even though most retailers expressed interest in variable rents, we **maintained the minimum guaranteed clauses in all our leases**, including in light of the fact that IGD needs to provide its investors with visibility on future cash flows as the company has both bonds and shares that are traded on financial markets.

The rents in the **110 leases renewed** in 2020 were **largely unchanged (-0.38%)**.

> The operating metrics testify to the superior resilience of IGD's portfolio

If we consider the long period of mandatory closures for many stores, the performance of the **operating metrics** of IGD's Italian portfolio was **substantial**. More in detail, we verified that our **performance** was **better than the sector average** based on the statistics of CNCC, the *Consiglio Nazionale dei Centri Commerciali*. An analysis of these figures shows **insolvencies particularly for large shopping centers**, located outside urban areas and, therefore, impossible to reach during the lockdown.

In 2020 the **footfalls at IGD's centers were down 29.5%** compared to 2019, versus a sector average of 34.2% in Italy. The **sales of retailers in IGD's malls** were also better than average, falling 27.6%, while the benchmark was down 29.9%.

We also shouldn't overlook the fact that for **supermarkets and hypermarkets**, which account for about one fourth of the value of IGD's real estate assets, t**he drop in sales was limited**, coming in at **-2.8%**.

In 2020 the shopping habits of visitors changed, also because they entered the shopping centers to make **more targeted purchases**, as demonstrated by **the increase of 21.9% in the average ticket** recorded in December 2020 compared to the same month in 2019.

> Winmarkt reports a good collection rate

In **Romania**, where there were also long lockdown periods due to the pandemic, IGD benefitted from the presence of a food anchor in its centers and, indirectly, the measures that called for the **closure of centers** of more than **15 thousand square meters**. As a result of these measures a **significant** part of the competition was eliminated which bode well for **the collection rate** that reached **an average of more than 94%** for the portfolio of 14 Winmarkt centers. Based on a more standardized approach than the one adopted for negotiations in Italy, a single policy was adhered to which consisted **in granting a one-off discount of two months' rent to all tenants impacted by the restrictions**. The rents in the leases renewed in 2020 were largely unchanged **(-0.47%)**, while the **occupancy rate** went from 97.6% at year-end 2019 to **93.6% at year-end 2020**.

> An extremely varied performance based on the type of activity

IGD's portfolio, with a couple of exceptions, was not subject to large retailer bankruptcies. Overall, only 5 tenants began bankruptcy proceedings.

There was, however, a **considerable difference in the performances depending on the category of merchandise**. The demand for home comfort improvement solutions was high, as well as for consumer electronics and personal care products. At the moment **restaurants**, however, continue to be penalized due to the continued restrictions and, in a few large urban centers, the lack of traffic between 12 non and 2:00 p.m. because many companies, above all in the service sector, continue to promote remote working.

Our **four cinemas** were also impacted negatively by the pandemic as, even after the restrictions were eased last spring, they remained closed due to the lack of new movies. While we entered into a framework agreement with Coop in 2018 which called for a new merchandise mix, that would have resulted in a gradual increase in the number of services by decreasing the size of the hypermarkets, the process has yet to be completed. At this point **restaurants represent only 7%** of total rents, and e**ntertainment not more than 4%**.

Conversely, the development of **personal services** contri-

IGD GROUP
1.1 LETTER TO THE SHAREHOLDERS

buted to the resiliency **of our revenues** at a time when non-essential businesses had to close.

The situation created by the pandemic did not, however, stop IGD's **commercial activities** which resulted in the introduction of **new brands** that better reflect current consumer trends.

> Measures for safeguarding financial sustainability

In the face of a foreseeable drop in rental income and the limited visibility of rent collection, IGD immediately took steps to **protect its cash flow**.

Even though the Covid-19 crisis was not foreseeable, it came at a time when we had **significant liquidity**, due to the liability management carried out in November 2019, which meant we didn't need to resort to bond issues at a time when the market would have been unfavorable.

A first measure was implemented already in March 2020 based on **which all non-essential investments were suspended**. For a large part of the year, construction sites remained closed due to Covid-19. A total **of €8.0 million** in investments were made on essential capex for maintenance and marketing/pre-letting. Another **€10.3 million** was spent on development in Livorno, where we revised the timetable for the **Porta a Mare project**, extending the completion date We are convinced that once the restrictions of the pandemic are overcome, our extensive requalification plan for the Tuscan city's waterfront will continue to be of great value, as shown also by the interest expressed by a large chain in managing the future hotel. A lot of appreciation has also been shown for the residences given the new lifestyles that are emerging which aspire to more comfortable living. We will revise the original design for the **Officine Storiche** section to some degree, as it is very focused on entertainment and restaurants.

Restyling and remodeling projects originally in the pipeline for 2019-2021 were suspended. Work is expected to resume in 2021.

With a view, once again, to preserving cash flow, as well as meeting the requirements for the government guaranteed loans, we reduced the dividend distribution for 2019 to €25.2 million which is the minimum amount required to maintain SIIQ status.

We also **renewed €60 million in committed credit lines through 2023** which were added to **€151 million in available uncommitted lines**.

In October 2020 IGD also received a **€36.3 million loan granted by MPS and guaranteed by SACE** and, at this point, a**ll our financial needs for 2021 were already covered**.

In January 2021 IGD also exercised the option for **early redemption** of the €70.8 million outstanding on the **bond maturing at the end of May**.

Today IGD's corporate debt is **rated by two agencies**: Fitch Ratings, which has issued a rating of BBB- with a negative outlook, and S&P Global Ratings, with a rating of BB+ with a negative outlook. Maintaining an investment grade rating is a priority so that the step-up clause of 1.25% on the outstanding bonds is not triggered which would impact us beginning in 2022, above all, when we will need to carry out our first refinancing.

> The pandemic severely impacted the economic-financial performance in 2020

When looking at the 2020 results, the fact that the Italian government has **not provided any sort of relief for real estate companies**, not even by lowering property taxes (IMU) must be taken into account. The only form of government aid IGD received came under the form of the unemployment subsidies received for headquarter personnel during the weeks of total lockdown and the SACE loan.

The main indicators in the 2020 financial statements reflect the net direct impact of Covid-19 for a total amount of around €**18.5 million** attributable to **lower revenues,** due to the one-off discounts granted on rent, **higher direct costs**, which include credit losses, as well as **rents payable on leasehold properties** that were lower than in 2019.

Core business EBITDA fell 20.6% to €99.4 million in 2020 as a result of the €27.1 million drop in **net rental income**, partially offset by savings in general expenses of €1.1 million The core business **EBITDA Margin** came to **65.4%**.

Based on the appraisals of the independent experts, the **fair value** of IGD SIIQ's real estate portfolio, including the leasehold properties, reached €2,309.01 million at year-end 2020, **5.22% lower** than at year-end 2019. Net financial debt, including the impact of IFRS16, was €1,155.5 million while t**he Loan-to-Value** came to **49.9%**, higher than the 47.6% posted year-end 2019.

Fair value adjustments and writedowns were negative for €146.0 million at year-end 2020 which had a noticeable impact on the bottom line of the income statement and resulted in a **net loss of €74.3 million**, compared to a net profit of €12.6 million in 2019.

As a result of the loss recorded by the parent company, attributable to the property writedowns, the **mandatory SIIQ distribution of a dividend was waived**. In light of the unforeseeable circumstances and with a view to safeguarding the Company's future financial sustainability, t**he Company will not pay a dividend for FY 2020**.

> We confirm our strategy for the future, because the format holds

The changes in consumer habits, which were accelerated, due, to a certain degree, to Covid, push us to **innovate**, using, on the one hand, the opportunities provided by **digital technology**, and, on the other hand, by including new brands in our malls which reflect current lifestyles. While we need to have a defensive approach for the duration of the pandemic, once the restrictions are eliminated, above all those relating to weekend openings, we will be able to be more proactive in our approach **to co-existing with e-commerce**: a channel that grew rapidly when mobility was limited, but which will **likely stabilize once things are back to normal**.

> True omnichannelism leads to the shopping center

During the months between June and October 2020, the rapid recovery in shopping center footfalls undermined the likelihood of a future "de-malling" which would be the demise of the format. We have to, therefore, be ready and able **to provide customers with a truly real omnichannel experience**. On the one hand in a few months we will begin to use **new interactive Customer Relationship Management applications**, which will make it possible for tenants to establish a dialogue with customers and develop personalized offers based on careful customer profiling. On the other hand, it will make it possible for retailers to use the shopping center spaces also as **flagship stores for traditional and/or online sales** and to organize practical ways to pick up the purchases made online: our centers will also be able to act as **logistic hubs**, undoubtedly practical given the accessibility and parking available.

Many of **our retailers**, above all the Italian ones, need **support from the shopping center in order to have effective CRM systems**, if they want to develop offers and promotions of goods and services which are **designed based on the catchment area**. In addition to providing data about footfalls, the new technologies will make it possible for us also to generate **contacts** and profile **customer segments** based on gender and age bracket. A **shopping center** with wi-fi, website and on social media is, after all, an **ideal gatherer of profiles**: it will, therefore, be much **more efficient** to develop these CRM systems for the **shopping center** rather than for the single retailer.

While we do not expect to make significant changes to our **merchandising mix**, we are already aware that will have to make a few **adjustments** on a **local level** and get ready to include more services in the merchandising mix **which** will fuel traffic and extend the life cycle of the centers **without putting pressure on rents**, if – as is our case – the historic ones were not high.

> A proactive dialogue with policy makers

During this time of crisis, we also **strengthened our work with trade associations**, particularly with the **Consiglio Nazionale dei Centri Commerciali**, of which our Director of Asset Management, Development and Network Management is **Chairman**.

We will intensify our **dialogue with the Italian government** in the coming months because the funds called for in the **"Next Generation EU" package** could be used in concrete programs which fuel change and innovation in shopping centers thanks to the tools that will be included in the **Italian Recovery Plan**. The investments we could make in **reducing the environmental impact and improving the energy efficiency** of our buildings are fully consistent with the **"Green Deal"**, guidelines and the digitalization process will help us to equip our shopping centers with the new CRM tools called for in the document "**A Europe fit for the Digital Age**".

Over the next few weeks, we will also solicit the finalization of the "**Ristori 5**" program, in order to include the tenant agreements in a clearer framework.

We will also be **tireless promotors** of the fact that traditional commerce needs the **correct means to make it through the crisis** and a **tax treatment that makes it possible to compete** with e-commerce on equal ground.

> Progress in Governance made in 2020

In 2020 we made **substantial progress in terms of Corporate Governance**. In March the anti bribery management system obtained **UNI ISO 37001** certification and the Organizational Model was, consequently, updated.

While not mandatory for IGD, based also on the last Board review it was strongly recommended to adopt a **Succession Plan**. In 2020, therefore, a project dedicated to the definition of a Plan was begun which addresses the succession of five strategic executives, in addition to the

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Chief Executive Officer.

When the new board is appointed on 15 April 2021, the criteria used to select **independent Directors and Statutory Auditors** will be even more rigorous and compliant with the best practices suggested by Borsa Italiana's Corporate Governance Committee.

A lot of work was, lastly, done on risk management, with an update of the **Enterprise Risk Management** model which, this year, was focused on the impact of the pandemic and, more specifically, on credit collection risk based on peer benchmarking.

> Financial sustainability will continue to be the priority in 2021

In light of an uncertain scenario for 2021, above all with respect to the amount of time needed to complete the Covid-19 vaccination program, IGD will have to act on all possible fronts to **maintain a solid financial profile**, which makes it possible to maintain an investment grade debt rating: a target which makes it necessary to bring the **Loan-to-Value to 45% or lower** as quickly as possible.

Lowering the **LTV**, the top short-term priority, is also key to **being ready to begin again** with the new **investments** which will make the centers even more appealing and will attract a growing number of customers into retailers' stores who are interested, specifically, in what they offer.

> The tools for maintaining a correct balance

Consistent with the Business Plan 2019-2021, between the first and second halves of 2021 we intend to **sell a portfolio of hypermarkets and supermarkets** which will bring in between €170 and €190 million. The sale of these stand-alone assets, which are not part of our freehold malls, at **book value** is **credible** in light of the transactions completed on the European market in the last few months.

While, at the moment, the demand for malls is stuck due to the uncertain future of the retail market, the pandemic highlighted **just how important it is to have points of sale for food shopping nearby**, including in light of high delivery costs and inefficient logistics.

We, therefore, **granted a mandate** to a premiere international advisor to explore investors' interest. We are sure that the **net initial yield** offered by the long-term leases pertaining to this portfolio could be **very attractive** in an environment in which interest rates are destined to remain very low.

We also have a wide variety of options from among the liability management tools available to us which allow us to look forward to the next debt maturities, which would be after May 2020, with serenity; this could include a direct market issue.

> When there is greater visibility about the future, it will be possible to build a new Business Plan

While, on the one hand, we are convinced that our shopping centers will **return to being "spaces to be lived in"** as per our payoff, on the other hand we have **less visibility** as to how long the **economic crisis** triggered by the pandemic will last. We, in fact, work in a sector that is noticeably influenced by **household spending**. Toward this end, we will carefully monitor the measures that the new Italian government might implement to sustain private consumption and provide retailers with aid in the event revenue is lost during the periods of closure.

As we have seen, the severe crisis triggered by Covid-19 **made it impossible for IGD to reach the targets of the Business Plan 2019-2021**, even though the results for the first of the three years were largely as forecast. In **2021,** while we expect to report **improvement**, particularly in the second half, we are aware that it won't be possible to fill the gap with respect to the Plan created in 2020. The previous targets are, therefore, to be considered obsolete in the new context.

Following adequate induction of the new directors, the **Board of Directors** that will be appointed on 15 April 2021 will undoubtedly work on a **new Business Plan** which will guide IGD through 2024.

> IGD's stock continues to be a dividend play

What we can already say, right now, to our shareholders is that the **lack of a dividend for 2020 will remain an isolated incident, connected** to the unprecedented situation **caused by the pandemic**.

Once the shopping centers return to normal operations, IGD will once again be a Company for which **shareholder remuneration through the distribution of a dividend is a strategic goal**.

We, in fact, have a track record of **paying dividends, each year, without interruption since our IPO in 2005**.

Not only: IGD has always paid a very generous dividend, with an **average yield of 7.0%** between 2010 and 2019. Even though the SIIQ regime requires that **70% of the net profit** generated by the rental business be distributed as a dividend, whenever it was possible IGD's Board of Directors proposed the payment of a dividend that was **higher than this minimum threshold**.

IGD has recently been trading at **around €4 euro**: a level which is well below EPRA NAV/NRV 2020 of €10.38, as well as the consensus target price of the analysts covering the stock of €4.6 euro. The room for **potential upside** is, therefore, clear, as well as, ample.

At a time characterized by great uncertainties, we would like to share **two certainties** with our shareholders: the validity of the **positioning of our real estate portfolio**, including In light of pandemic related stress-testing, and the **philosophy with which we manage it**; on the other, our **equity story**, of which attractive and sustainable shareholder remuneration will continue to be a pillar.

> The Chairman
Elio Gasperoni

> The Chief Executive Officer
Claudio Albertini

1.2 // Corporate and Supervisory Bodies – Summary

Bard of Directors	Office	Executive	Non Executive	Independent	Control and Risk Committee	Compensation and nominations Committee	Related Party Transactions Committee
Elio Gasperoni	**Chairman**	X					
Rossella Saoncella	**Vice Chairman**			X		X	
Claudio Albertini	**Chief Executive Officer**	X					
Gian Maria Menabò	**Director**		X				
Eric Jean Veron	**Director**			X			X
Livia Salvini	**Director**			X		X	X
Luca Dondi Dall'Orologio	**Director**			X	X		X
Isabella Landi (*)	**Director**			X	X		
Timothy Guy Michele Santini	**Director**			X		X	
Elisabetta Gualandri	**Director**			X	X		
Alessia Savino	**Director**		X				

** Coopted by the Board of Directors in substitution of a resigning independent Director*

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

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

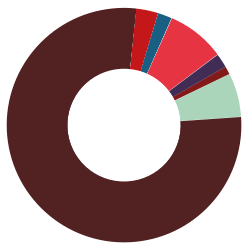
External Auditors
PricewaterhouseCoopers S.p.A.

Financial Reporting Officer
Carlo Barban

1.2.1 // Shareholders

> SHAREHOLDER BASE

> GEOGRAPHIC BREAKDOWN OF THE INVESTORS BY PERCENTAGE OF MARKET FLOAT *



** Source: data processed internally based on dividend recipients*

1.2.2 // Board of Directors

> BREAKDOWN BY GENDER

> INDEPENDENT/NON-INDEPENDENT DIRECTORS

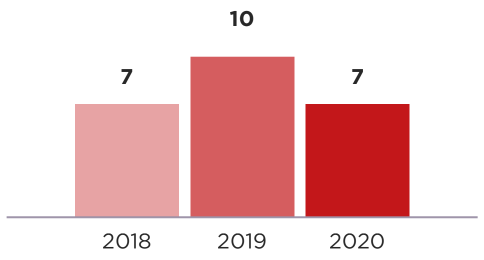
> TENURE OF THE MEMBERS OF THE BOD
(% of the total number of Directors)

> CHANGES COMPARED TO THE PRIOR MANDATE

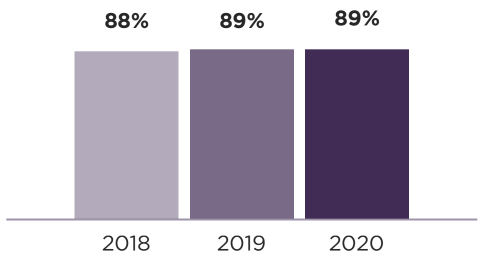
	Prior mandate	Current Mandate	FTSE MID CAP
No. of Directors	**13**	**11**	
Directors appointed by minorities	**2**	**4**	
% of women in B.o.D.	**31%**	**45%**	**26,20%**
% of independent Directors	**54%**	**64%**	
Directors' average age	**60**	**58**	**57,1**
Status of the Chairman	**Executive**	**Executive**	
Lead independent Director (LID)	**No**	**No**	

1.2.3 // Board of Directors' Activities

> NUMBER OF BOD MEETINGS



> RATE OF ATTENDANCE AT THE BOD MEETINGS



Board Review Process

Board review conducted
Si

Advisor
Egon Zehnder

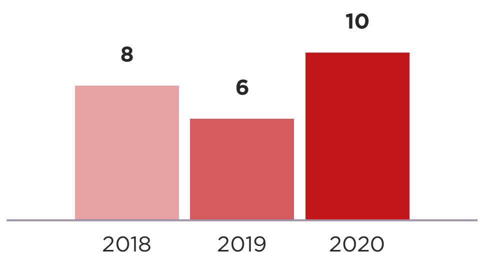
Self-assessment tools
Anonymous questionnaires / interview

> NUMBER OF COMMITTEE MEETINGS AND DIRECTORS' RATE OF ATTENDANCE

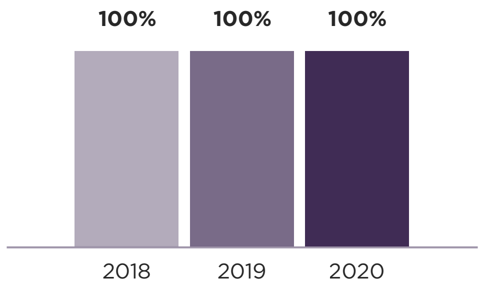
	No. of meetings	Attendance rate	Presence of independence members
Nominations and Compensation Committee	**5**	**100%**	**100%**
Control and Risk Committee	**10**	**100%**	**100%**
Related Party Transaction Committee	**2**	**100%**	**100%**

1.2.4 // Control and Risk Management System - Committee highlights

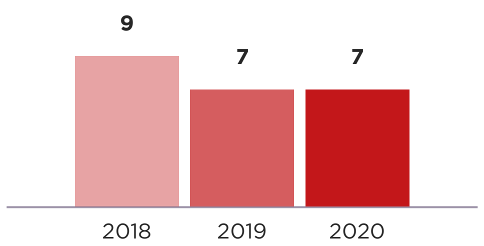
> NUMBER OF CONTROL AND RISK COMMITTEE MEETINGS



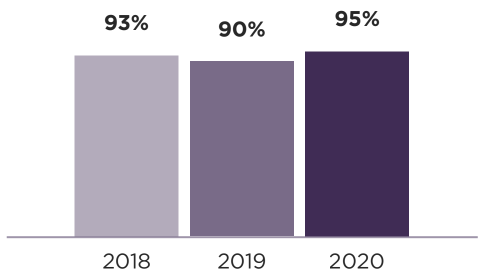
> RATE OF ATTENDANCE AT THE CONTROL AND RISK COMMITTEE MEETINGS



> NUMBER OF TIMES THE BOARD OF STATUTORY AUDITORS MET



> RATE OF ATTENDANCE AT THE BOARD OF STATUTORY AUDITORS' MEETINGS



Main elements of the control system

Risk management division
Yes

Enterprise risk management plan
Yes

Is the ERM plan discussed with the Committee?
Yes

Specific compliance programs in place (Antitrust/Anticorruption/ Whistleblowing...)
Yes

For more information see Chapter **3. Report on Corporate Governance and Ownership Structure**

2

// DIRECTORS' REPORT
DETAILED INDEX

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 2020 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.

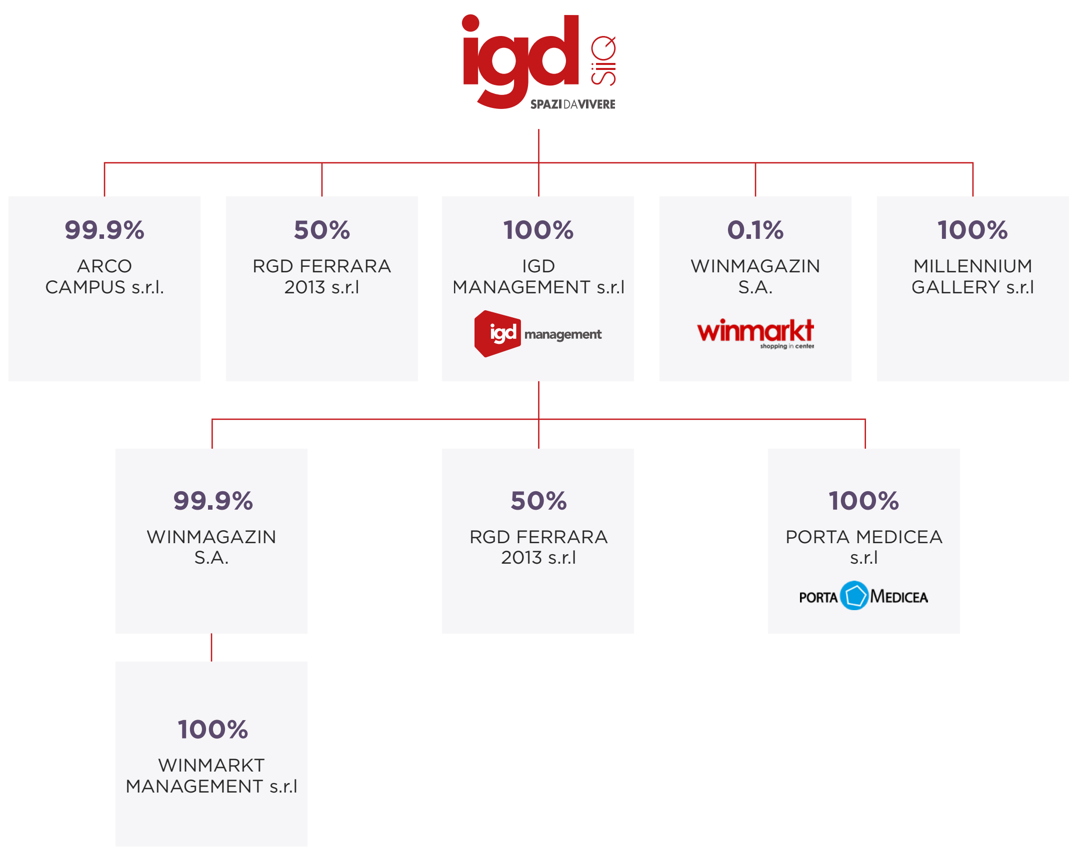
> Alternative Performance Indicators

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, EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and the EPRA Net Disposal Value (NDV) (the three new net asset value indicators introduced in EPRA's best practice recommendations which substitute EPRA net asset value/NAV and EPRA triple net asset value /NNNAV), the calculations of which are described in the Glossary and in paragraph 2.3 of this Report.

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 (94%). The international portfolio, which accounts for the remaining 6%, comprises the assets of Winmarkt, a Romanian chain of shopping centers which IGD controls through Win Magazin SA.



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

At 31 December 2020, in addition to the parent company, Gruppo IGD comprises:

> 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.

Gruppo IGD's operations can be broken down into three distinct divisions:

> Asset management, development and network management;

> Sales and marketing;

> 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, as well as 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 determine the right tenant mix and

2

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select the best retailers for each category of merchandise, negotiating with the retailers and managing the relationships with the current tenants.

> Lease management

At the end of 2020 IGD had 1,415 leases in Italy with a total of 707 retailers. During the year the Company signed 120 new leases explained by renewals (65) and turnover (105).

The leases have an average duration of 4.2 years for mall retailers and 14.1 years for hypermarkets.

At the end of 2020 there were 513 active leases in Romania; during the year 370 new leases were signed explained by renewals (290) and turnover (80). The leases have an average duration of 4.3 years.

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 system uses economic-financial data to 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 2020 the ten largest tenants in Italy represented 19.3% of the total rental income generated by malls, largely the same as the 18.9% reported in 2019. In Romania the ten largest retailers accounted for 39.5% of the total in 2020, compared to 37% in 2019.

IGD's retail offering is strengthened by the significant number of very appealing brands: in the Italian malls, international brands account for 39.7% of the total rental income, while in Romania these brands represent 37% of the total.

> Marketing

In 2020 the Marketing strategy evolved together with the development and spread of the pandemic in Italy. More in detail:

> During the period of the generalized lockdown (March/April), the priority was to keep in touch with customers: using the social networks content that reflected new habits was created and shared, which made it possible to maintain a significant rate of engagement;

> Once the lockdown was over, the goal was to communicate to customers that IGD's shopping centers were once again ready for them, with the utmost attention to health and the usual variety of merchandise. A specific campaign was organized on both the social networks (which had more than 7 million views) and in the local press (with 47 ads in 25 newspapers);

> With a view to supporting retailers' sales and providing shoppers with valid promotional offers, in October the second edition of the IGD sweepstakes or "Voglia di vincere" was organized with the participation of 27 shopping centers and prizes worth more than €600,000. The overall results were positive and helped to boost retailers' sales.

In 2020 IGD also finalized its Digital Marketing Plan, a leg in a journey begun a few years ago which sought to adapt the shopping centers' marketing strategies to reflect the opportunities provided by digital tools and increase customer contact. The purpose is to define a series of actions and services with a view to customer retention, loyalty and personalized offers. The Plan, which includes the roll-out of the Customer Relationship Management (CRM) system in the shopping centers during the first half of 2021, should be viewed as the beginning of a journey toward omnichannelism, developed in phases based on the results achieved, the response of the targets and changes in the market scenario.

> 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. The Group leveraged on these same capabilities to face and overcome the challenges stemming from the Covid pandemic.

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, medium sized 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 have a dominant position with respect to the 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, diagnostic laboratories 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 also worked on reducing the space covered by the hypermarkets to create new retail spaces. 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

The Business Plan 2019-2021 (presented on 7 November 2018), was defined based on assumptions made before the spread of the Covid-19 pandemic, in a scenario that is very different from the current one. Given this backdrop, the Company deemed it opportune to inform the market, on 6 August 2020, that the 2021 targets should no longer be considered valid.

The main strategic guidelines that will inform the Company's business execution are, however, provided below.

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 customers, as well as the integration of e-commerce, will be key. For these reasons, a **plan focused on innovation was developed**. A plan which strives to improve and personalize 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 customers 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 operating levers:

> **Requalification 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 the intense work done in 2019, several targets were reached already in the first year of the Business Plan, thanks also to the issue of a €400 million bond, maturing in 2024, which was used to repurchase part of a €300 million and a €162 million bond issue, maturing 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.

2.2 // Performance in 2020

2.2.1 // Income statement review

2020 was impacted noticeably by the spread of the Covid-19 epidemic, first in Asia, then in Europe, followed by the Americas; in an attempt to stem the spread of the virus, many governments were forced to impose severe containment measures beginning in March which had strong repercussions for global economic activity in the first six months of the year. As the spread of the pandemic slowed in the summer months, there was a better-than-expected recovery in the global economy, but the surge in infections seen in October and the subsequent reintroduction of containment measures in many countries fueled a new weakening of the economic cycle in the last quarter of 2020, above all in the more advanced markets[1]. A rebound is expected in 2021, even if the prospects for a recovery continue to be characterized by a high degree of uncertainty tied to developments in the pandemic and the timing of the large scale roll-out of vaccinations[2].

Italy was the first European country to be struck by COVID-19 and to have implemented severe restrictive measures which triggered a profound downturn in the economy in the first six months of the year; at the end of the first lockdown in May and with the pandemic slowing in the summer months, Italy also recorded better-than-expected growth in the third quarter[3] (GDP was 15.4% higher than in the previous quarter[4]), but with the surge in infections in the fall and the reintroduction in many countries of restrictive measures (albeit not as drastic as in the spring) the economy slowed again with GDP down 8.8% on average in 2020[5]. In the last quarter, however, the decrease was below expectations (-2.0% compared to the prior quarter) thanks above to stable manufacturing. Family spending was consistent with GDP, recording an average estimated drop of around 10% in the year, while the propensity to save rose decidedly due, above all, to caution in the face of the uncertain period[6].

Based on the most recent estimates, the performance in the first quarter of 2021 will also be negative as long as the current restrictive measures remain in effect[7]. There should be a more decisive recovery beginning in the second quarter when the first effects of the immunization programs, along with the natural decrease in infections in the spring and summer months, should cause the restrictions to be eased with an increase in consumption thanks also to the high stock of accumulated savings.

IGD's performance was recorded in this difficult environment, inevitably impacted by the restrictive measures adopted by the Italian government in response to the COVID-19 health crisis in 2020 which are still in effect.

The Group's shopping centers recorded positive performances in the first two months of the year (retailers' sales were up 2.0% at the end of February) but, as the epidemic spread, shopping center operation was limited considerably and only stores selling "essential" goods (such as, for example, food products, pharmaceutical and parapharmaceutical items, etc.) were allowed to stay open in the period 12 March – 18 May (closures totaled 66 days).

In the months from June to October there was a gradually easing of the restrictions and a return to almost full operation (though all the social distancing and sanitization measures used in the shopping centers were maintained): in this period, the shopping centers showed strong signs of recovery with the retailers' sales back in positive territory in the three-month period (August – October). The shopper turnout was more cautious, but characterized by a greater propensity to buy and a decided increase in the average ticket (+17%).

These dynamics confirm that consumers still enjoy traditional shopping and highlight the shopping centers' significant capacity to move quickly once stores could open and foot traffic was allowed.

In the wake, however, of the new surge in infections, beginning on 6 November the government enacted new restrictions which called for, among other things, the closure of all shopping centers on weekends and on holidays (closures totaled 21 days in November and December) with the exception solely of stores selling "essential" goods, which were allowed to operate. These restrictions, along with the limits on movement between cities placed periodically based on changes in infection rates, had a significant impact on the performance of our centers at a time of year that is usually very positive for shopping.

In light of the above, in 2020 the sales recorded by mall retailers were down by around 28% compared to the prior year, which was, however, better than the market average (Source: CNCC); conversely, despite the inevitable repercussions of the restrictive measures implemented (such as, for example, the closure of non-food categories and the limits on movement described above), sales at the Group's freehold hypermarkets and supermarkets were down only slightly against 2019.

At the start of the pandemic the Company implemented a series of initiatives consistent with its sustainability policies, beginning with the protection and safety of customers, shopping center employees and its own employees. As for the mall retailers, one of the categories hit the hardest by this crisis, the Company spoke directly with the tenants in order to determine the best way to provide support during the periods of mandatory closures and compensate for the loss in sales (also taking into account the relief mechanisms implemented by the Italian government).

The tenant negotiations relative to the first lockdown are currently almost completed and the negotiations relative to the November-December restrictions are beginning now.

Generally speaking, no changes to existing leases were made as a result of the negotiations (with rare exceptions), while, depending on the specifics of each case, payments were reformulated during the year, lease expirations were extended and temporary discounts were granted.

These measures produced tangible and encouraging results.

The occupancy of the Italian portfolio was maintained at a high level (94.3%), albeit lower than the 96.9% reported at 31 December 2019.

Excellent results were also achieved in terms of rent collection which reached more than 91% at 31 December, net of the discounts granted.

Normal pre-letting continued at the same time as these negotiations which, despite the difficult context, was effective and brought good results: 101 leases were signed in the year, explained for 55 by renewals and for 46 by turnover, at largely stable rents (-0.38%).

Romania was also severely impacted by the spread of Covid-19: beginning in the second quarter the containment measures adopted by the government caused a drastic drop in consumption and investments and GDP is expected to have dropped by around 5.2% in the year[8]. Similar to Italy, the government measures in Romania limited the operation of the Winmarkt malls: between March and May only the sale of essential goods was allowed (food products, pharmaceuticals, veterinary products…).

In the summer the restrictions were eased, but some restrictions are still in place, particularly for restaurants and entertainment businesses which are still subject to local restrictions based on changes in the infection rates. All of this impacted the operating performance of Winmarkt's shopping centers: occupancy reached 93.6% which, while still excellent, is lower than the 97.6% recorded year-end 2019 including as a result of the exit of a tenant with an extensive store footprint.

With regard to management of the lockdown, IGD opted to grant temporary discounts to the retailers during the two months of mandatory closures; the support provided facilitated rent collection. At 31 December, therefore, rent collection for FY 2020 amounted to more than 94%. Normal pre-letting continued during the year and 370 leases were signed (290 renewals and 80 attributable to turnover) at largely stable rents (-0.47%).

As for asset management, during the year IGD deemed it opportune to postpone/suspend a few capex and investments, budgeted but not essential, resulting in a re-

1. Source: ISTAT – Monthy bulletin on the performance of the Italian economy, January 2021
2. Source: Banca d'Italia – Economic Bulletin 1/2021, January 2021
3. Source: ISTAT – Economic prospects for Italy in 2020-2021, December 2020
4. Source: ISTAT – Quarterly economic accounts, December 2020
5. Source: ISTAT – Prelimnary GDP estimates, February 2021
6. Source: ISTAT - Economic prospects for Italy in 2020-2021, December 2020
7. Source: Confindustria – Economic flash, January 2021

8. Source: EUROPEAN COMMISSION – Autumn Economic Forecast, November 2020

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duction in the cash-out of circa €40 million. This decision was made in order to limit the negative impact of the decrease in revenues and maintain a solid and balanced financial structure. The restyling of the Porto Grande (San Benedetto del Tronto) and La Favorita (Mantua) shopping centers was, therefore, postponed. Work on these two projects, along with the restyling and remodeling of the hypermarket at the Casilino and Tiburtuno Shopping Centers (Rome), will resume in 2021 and should be completed the following year.

Work on Porta a Mare in Livorno and the development of the Officine Storiche section was also suspended, but resumed in the second half of 2020 and currently is expected to be completed by the end of first half 2022.

From a financial standpoint, the Company worked, above all, on safeguarding the solidity of its financial structure. Toward this end, in the first half €60 million in existing committed credit lines were renewed; an agreement was also signed with Banca Monte dei Paschi di Siena for a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program (at a rate which, including the cost of the government guarantee, is in line with the Group's average cost of debt).

With regard to IGD's ratings, given the impact of the Covid-19 outbreak, during the year S&P Global Ratings downgraded IGD's rating from BBB- to BB+ with a negative outlook, while Fitch Ratings Fitch Ratings Ltd confirmed the investment grade rating of BBB- and changed the outlook to negative. As a result of this confirmation, the economic conditions of the bond loans remain unchanged.

Thanks also to the actions on costs, the Company closed the year with cash on hand of €117 million which, as announced on 13 January 2021, will allow for early redemption of the circa €70 million outstanding on the "*€300,000,000 2.500 per cent Notes due 31 May 2021*".

The average cost of debt was 2.30% at 31 December 2020 versus 2.35% at year-end 2019, while the interest cover ratio or ICR came to 3.2X[9] (versus 3.4x at 31 December 2019.

The Loan to Value of 49.9% is higher than the 47.6% recorded at year-end 2019 and reflects the €146 million decrease in fair value.

As a result of the above the Funds from Operations (FFO) amounted to €59.3 million at 31 December 2020, 28.8% lower than at 31 December 2019.

Assuming an effective roll-out of the vaccinations, which should result in a gradual easing of the restrictions, as well as gradual improvement in the economy and consumption in 2021, above all in the second half, the Company estimates that FFO will grow between +3% and +4% in FY 2021.

This estimate does not take into account the potential impact of the disposal of a portfolio of stand-alone hypermarkets and supermarkets, for which a mandate has already been granted to a premier international advisor. Proceeds from the disposal will be used to lower the Loan to Value.

9. Excluding the effects of the last financial transaction; including these effects the figure reaches 2.7X at 31/12/2020

> THE CONSOLIDATED OPERATING INCOME STATEMENT IS SHOWN BELOW:

Group consolidated	(A) 31/12/2020	(B) 31/12/2019	Δ (A)/(B)
Revenues from freehold rental activities	133,755	142,680	-6.3%
Revenues from leasehold rental activities	11,876	12,579	-5.6%
Total income from rental activities	145,631	155,259	-6.2%
Rents and payable leases	-2	-3	-27.1%
Direct costs from rental activities	-36,116	-18,680	93.3%
Net rental income	109,513	136,576	-19.8%
Revenues from services	6,333	6,383	-0.8%
Direct costs from services	-5,214	-5,491	-5.0%
Net services income	1,119	892	25.4%
HQ Personnel expenses	-6,282	-6,816	-7.8%
G&A Expenses	-4,909	-5,457	-10.0%
CORE BUSINESS EBITDA (Operating income)	**99,441**	**125,195**	**-20.6%**
Core Business Ebitda Margin	*65.4%*	*77.5%*	
Revenues from trading	708	406	74.4%
Cost of sale and other costs from trading	-1,443	-1,044	38.3%
Operating result from trading	-735	-638	15.1%
EBITDA	**98,706**	**124,557**	**-20.8%**
Ebitda Margin	*64.7%*	*76.9%*	
Impairmant and Fair Value adjustments	-146,018	-72,788	n.a.
Depreciation and provisions	-4,963	-1,426	-29%
EBIT	**-52,275**	**50,343**	**n.a.**
Financial Management	-36,203	-36,752	-1.5%
Entraordinary Management	-72	11	n.a.
Pre-Tax Result	**-88,550**	**13,602**	**n.a.**
Taxes	14,229	-1,011	n.a.
Net Result of the period	**-74,321**	**12,591**	**n.a.**
(Profit/Loss) for the period related to third parties	0	0	n.a.
Group Net result	**-74,321**	**12,591**	**n.a.**

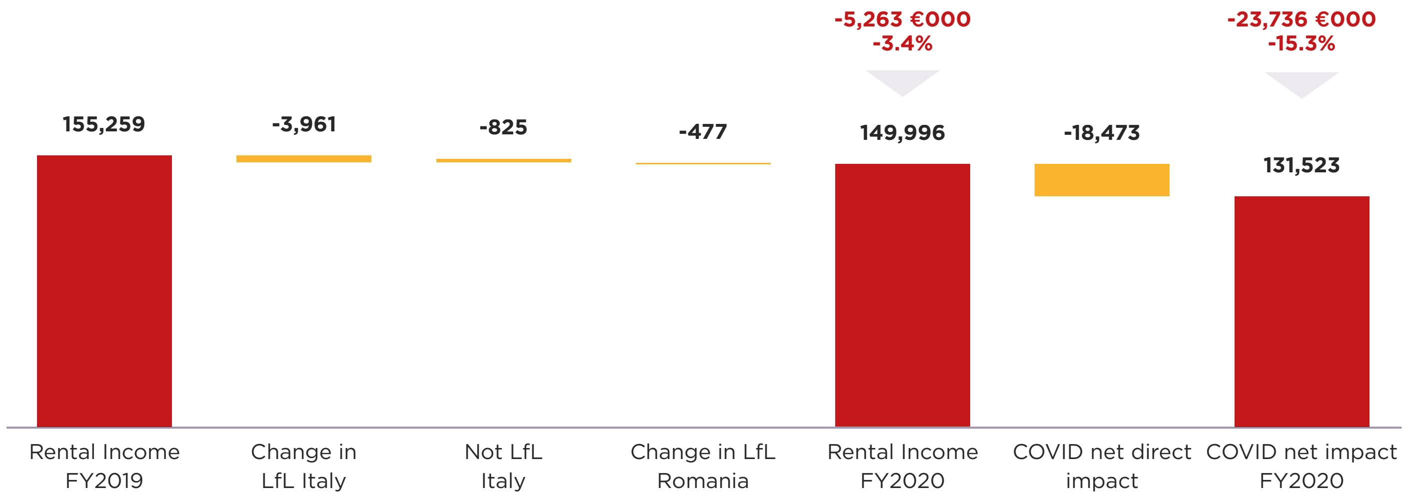
The Group recorded a net loss of €74,321 thousand at 31 December 2020 due mainly to the decrease in fair value and the impact of the pandemic on the business. Recurring net profit was, however, positive, albeit lower than at 31 December 2019 (-28.8%), and amounted to €59,284 thousand, including the net direct impact of Covid-19 for €18,473 thousand; this amount includes the €4,365 thousand in temporary discounts granted and €14,108 thousand relating to other net Covid-19 costs comprising €16,370 thousand in credit losses partially offset by savings stemming from lower rents payable of around €2,262 thousand.

In the operating income statement, 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).

> NET RENTAL INCOME

Rental income fell 6.2% to €145,631 thousand in 2020. This figure reflects the €4,365 thousand in COVID-19 discounts negotiated.

The chart below shows gross rental income of €149,996 thousand which is the figure before the €4,365 thousand in COVID-19 discounts negotiated. Net the discounts, rental income comes to €145,631 thousand (-6.2%; - €9,628 thousand).



The decrease of €5,263 thousand is explained by:

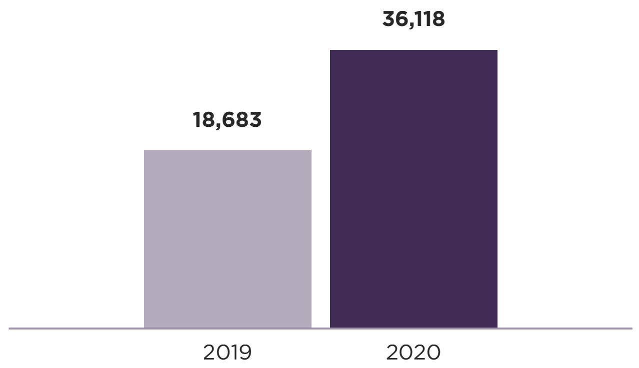
> For around -€3,961 thousand, lower revenue like-for-like in Italy. The decrease is almost entirely attributable to malls due above all to the drop in variable and temporary revenue attributable to the lockdown period and the restrictions, as well as vacancies due to openings that were delayed or cancelled; hypermarkets were slightly higher. 101 leases were signed in the year with an average downside of 0.38%;

> For €825 thousand, asset rotation at Darsena and Palazzo Orlando (September 2019) and remodeling of the Maioliche, Porto Grande, Conegliano and Fonti del Corallo hypermarkets;

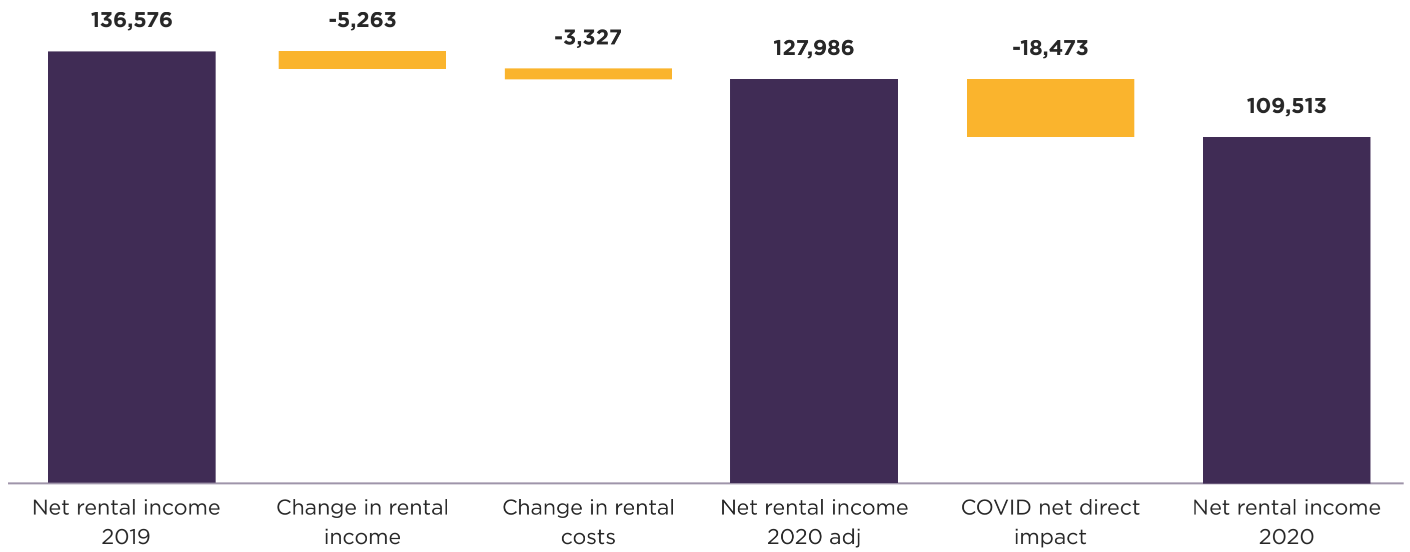
> For €477 thousand, lower revenue like-for-like in Romania due to higher discounts granted during the lockdown, as well as lower variable revenue and the exit of a tenant with multiple points of sale. 290 leases were signed in the period with an average downside of 0.47% on renewals.

The direct costs for the rental business amounted to €36,118 thousand. The increase in costs is attributable mainly to the net direct COVID-19 costs (€14,108 thousand including the credit losses). Net of these items, direct costs would have amounted to €22,010 thousand, €3,327 thousand higher than in the prior year, due mainly to higher provisions for doubtful accounts, condominium fees, and indemnities, partially offset by lower direct personnel expense, IMU (property tax) and other minor items.

> Direct costs from rental activities



Net rental income, including the net direct impact of Covid-19, amounted to €109,513 thousand or 19.8% less than in the prior year.



Net rental income freehold amounted to €97,169 thousand, down 21.9% with respect to the prior year. The margin is sizeable, coming in at 72.6% of revenue, but lower than in the prior year due to the drop in revenue and, above all, higher direct costs.

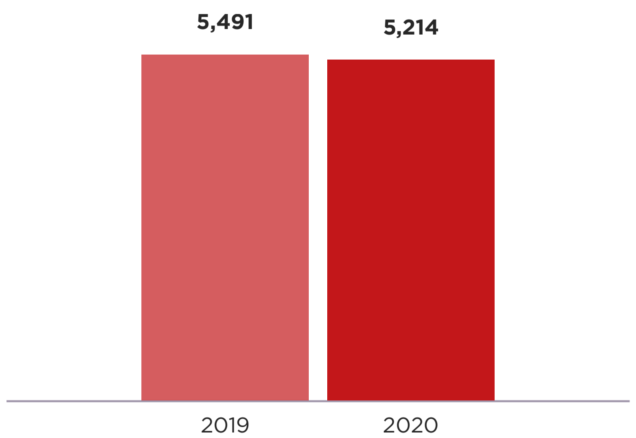
Net rental income leasehold amounted to €12,344 thousand, 2.1% less than in the prior year.

> NET SERVICE INCOME

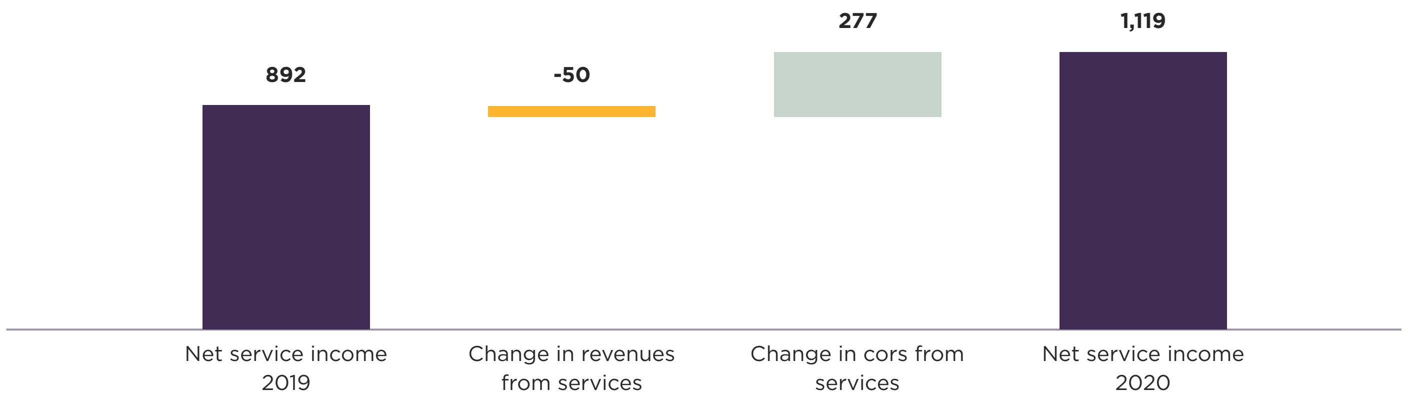
Revenue from services was down slightly against the prior year. Most of this revenue comes from the facility management business (92.3% of the total or €5,845 thousand), which was higher than in the prior period (+0.7%) due mainly to a new management mandate. Revenue from agency was up slightly, while revenue from pilotage and other services (revenues from outsourced services) was down.

The direct costs for services amounted to €5,214 thousand, a decrease of €277 thousand (-5.0%) compared to the same period of the prior year due mainly to lower network personnel expense.

> Direct costs from services



Net services income amounted to €1,119 thousand, an increase of 25.4% compared to the prior year, rising as a percentage of services income from 14.0% in the prior year to 17.7%.

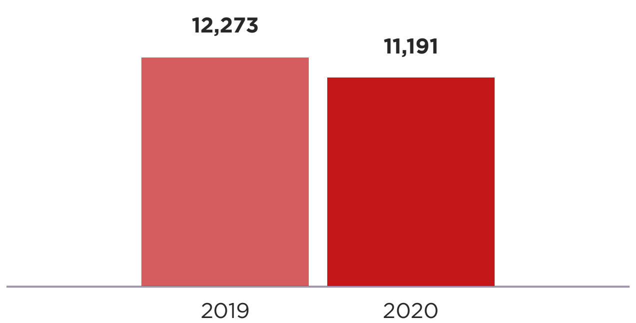


> GENERAL EXPENSES FOR THE CORE BUSINESS

General expenses for the core business, including payroll costs at headquarters, came to €11,191 thousand, down (-8.8%) against the €12,273 thousand posted at 31 December 2019, attributable to the actions on costs taken by the Group, primarily payroll costs at headquarters and consultancies, events and company management costs, partially offset by an increase in corporate communication costs attributable to post-lockdown promotional campaigns.

These costs came to around 7.4% of core business revenue.

> Core business G&A Expenses

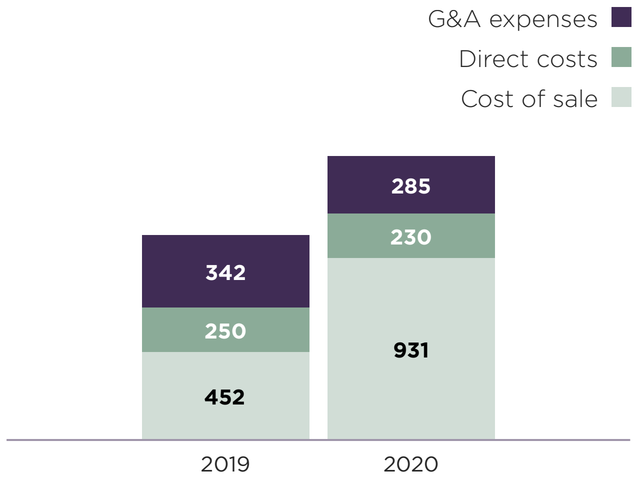


> OPERATING RESULTS FOR TRADING

Trading posted an operating loss of €735 thousand, coming in lower compared to 31 December 2019.

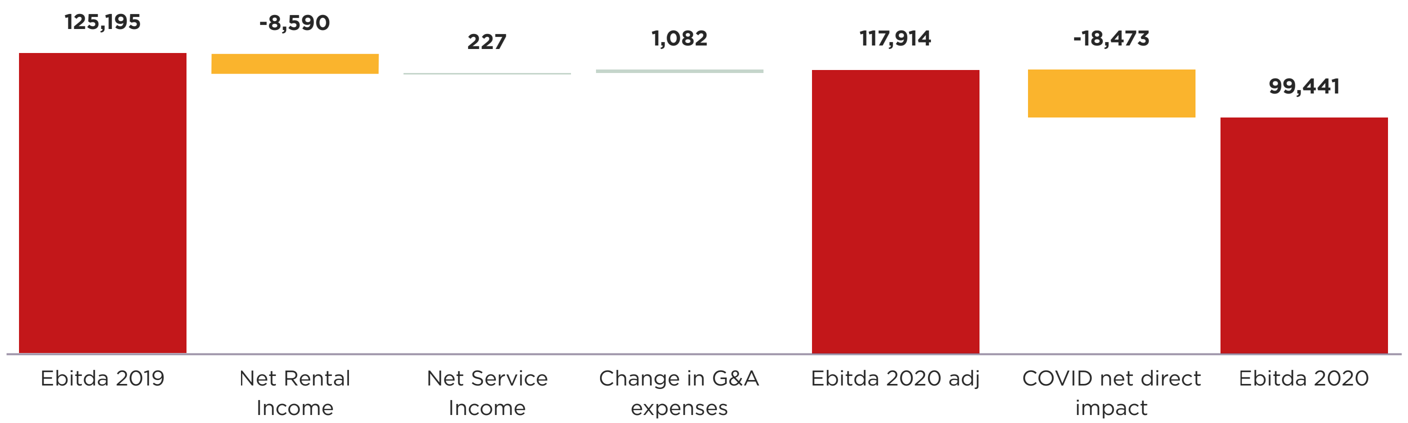
During the year two residential units in the Mazzini area, two garages and two parking spots were sold, as described in greater detail in section 1.5. Two preliminary sales agreements were signed as a result of which almost all the residential units in this area have been sold/pledged.

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



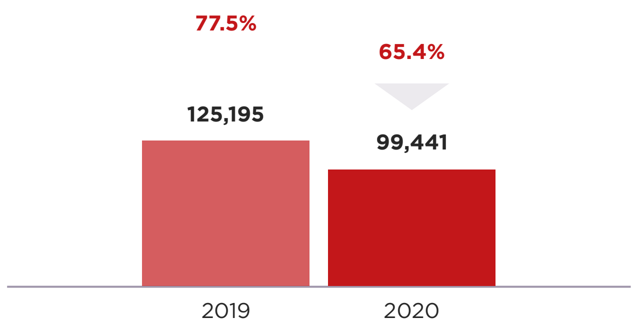
> EBITDA

In FY 2020 core business EBITDA fell 20.6% against the prior year to €99,441 thousand, while total EBITDA fell by 20.8% to €98,706 thousand. The changes in the components of core business EBITDA during 2020 are shown below.



The core business **EBITDA MARGIN** reached 65.4%, lower than in the prior year.

> Core business EBTDA



DIRECTORS' REPORT
2.2 PERFORMANCE IN 2020

> FAIR VALUE ADJUSTMENTS AND IMPAIRMENT

Fair value adjustments and impairment were negative for €146,018 thousand at 31 December 2020, higher than the €72,788 thousand recorded at 31 December 2019, explained by:

> For €11,669 thousand, the right-of-use assets stemming from IFRS 16 application including the increases recorded in the year;

> For €17,700 thousand, the restyling completed in the year, extraordinary maintenance of the properties owned by the Gruppo IGD's Italian companies and progress on the work done on the Officine Storiche section in Livorno;

> For €104,473 thousand, the fair value adjustments of the investment properties held by Gruppo IGD's Italian subsidiaries based on the appraisals made by independent experts at 31 December 2020;

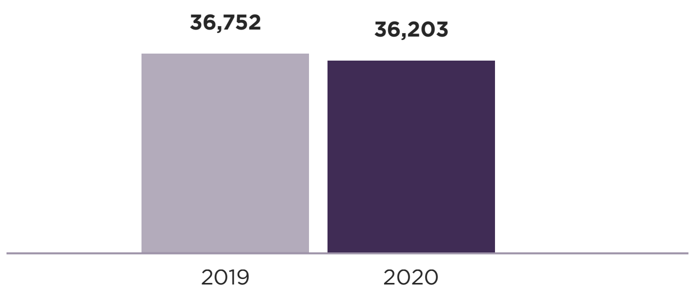
> For €526 thousand, the extraordinary maintenance of the Romanian subsidiary Win Magazin S.a.'s freehold properties;

> For €11,650 thousand, fair value adjustments of the investment properties held by the Romanian subsidiary Win Magazin SA based on the appraisals made by independent experts at 31 December 2020.

> EBIT

EBIT amounted to -€52,275 thousand, lower than in the prior year; this change is attributable to the factors described above.

> FINANCIAL INCOME AND CHARGES



Financial charges went from €36,752 thousand at 31 December 2019 to €36,203 thousand at 31 December 2020. The decrease, of around €551 thousand, is attributable mainly to:

> Lower amortized cost stemming from the new €400 million bond issue and the partial buyback of outstanding bonds in November 2019;

> Lower differentials on financial derivatives;

> Lower financial expense on mortgages and IFRS 16;

> Higher financial expense for bond loans.

The **average cost of debt** (without considering recurring and non-recurring transaction costs) at 31 December 2020 was 2.30%, slightly lower than the 2.35% recorded at 31 December 2019, while the weighted average effective cost of debt went from 2.98% at 31 December 2019 to 2.70%.

The **interest cover ratio (ICR)**, the ratio of Ebitda to interest expense, came to 2.73x, lower compared to the 3.39x posted at 31 December 2019.

> EQUITY INVESTMENTS AND PROPERTY SALES

This item showed a loss of €72 thousand at 31 December 2020 due to the complete write-off of IGD Management S.r.l.'s investment in Iniziative Bologna Nord.

> TAXES

	31/12/2020	31/12/2019	Change
Current taxes	1,013	1,450	(437)
Deferred tax liabilities	(18,202)	(502)	(17,700)
Deferred tax assets	1,254	37	1,217
Out-of-period income/charges - Provisions	(153)	26	(179)
Substitutive taxes on assets revaluation	1,859	0	1,859
Income taxes	(14,229)	1,011	(15,240)

The tax burden, current and deferred, reached €14,229 thousand at 31 December 2020, a decrease of €15,240 thousand against 31 December 2019.

Current tax, relating mainly to the taxes recognized by the Romanian subsidiaries, is €437 thousand lower than in the prior year due mainly to the drop in revenue attributable to the lockdown.

The substitute tax for realignment and revaluation refers to the option granted by Art. 110 of Decree Law 104 of 14/08/2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken by the subsidiaries Millennium Gallery (revaluation only, substitute tax of €530 thousand) and IGD Management (realignment and revaluation, substitute tax of €1,329 thousand).

The change in deferred tax assets and deferred tax liabilities, of €16,483 thousand, is explained by:

> For €8,291 thousand to the release, in the consolidated financial statements, of the deferred tax liabilities recognized in prior years on the disparity between fair value and the amount valid for tax purposes of the Sarca mall held by IGD's subsidiary IGD Management under the ordinary tax regime. This disparity was basically eliminated by IGD Management's exercise of the option granted by Art. 110 of Decree Law 104 of 14/08/2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes;

> For €4,931 thousand to the release, in the consolidated financial statements, of the deferred tax liabilities recognized in prior years on the disparity between fair value and the amount valid for tax purposes of the Millennium Center in Rovereto held by IGD's subsidiary Millennium Gallery under the ordinary tax regime. This disparity was basically eliminated by IGD Management's exercise of the option granted by Art. 110 of Decree Law 104 of 14/08/2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes;

> For €1,790 thousand to the adjustment of deferred taxes to reflect the disparity between fair value and the amount valid for tax purposes, caused by fair value adjustments on investment properties held by the Romanian subsidiary Win Magazin under the ordinary tax regime;

> For €1,196 thousand to deferred taxation under IFRS 16;

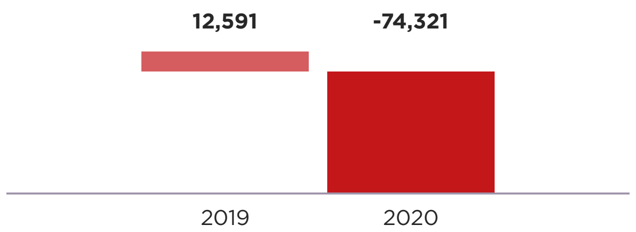
> For €270 thousand to the provision for doubtful accounts and other taxed provisions.

At 31 December 2020 €1.5 million in deferred tax assets were recognized on only a part of the past losses stemming from tax consolidation. Similar to 2019, in 2020 no further tax assets were recognized as it is doubtful that all the conditions for their recovery will materialize.

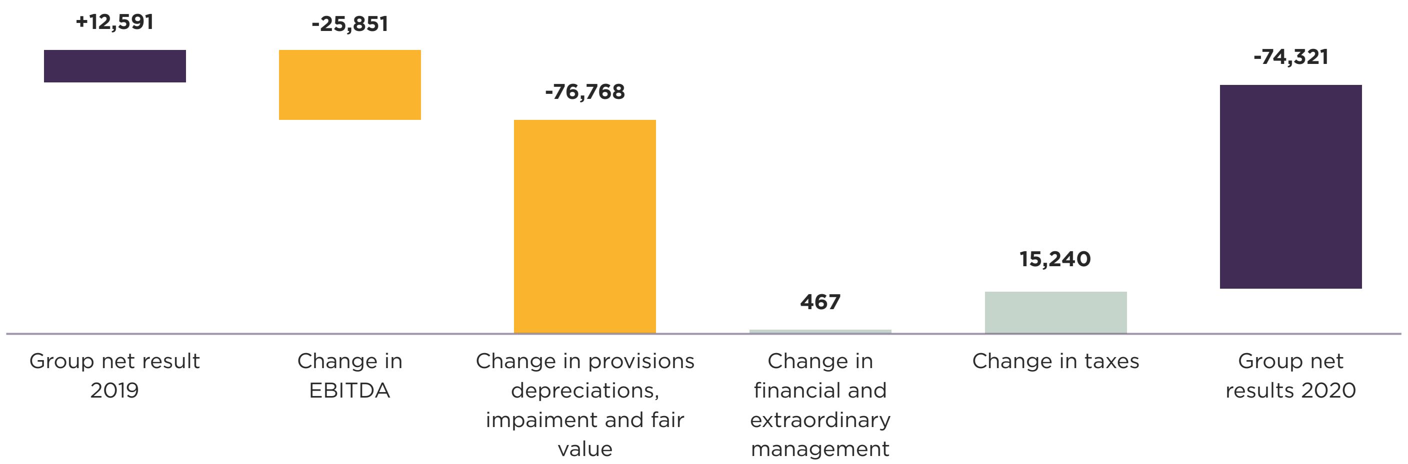
Contingent assets/liabilities consists mainly of the effects for the various Group companies of the cancellation of the IRAP (regional business tax) balance for 2019 and first advance payment for 2020, as provided for by the "Decreto Rilancio" (Recovery Decree) published in the Gazzetta Ufficiale on 19 May 2020.

> GROUP NET LOSS

As a result of the above, the Group recorded a net loss of €74,321 thousand, compared to a net profit of €12,591 thousand at 31 December 2019.



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



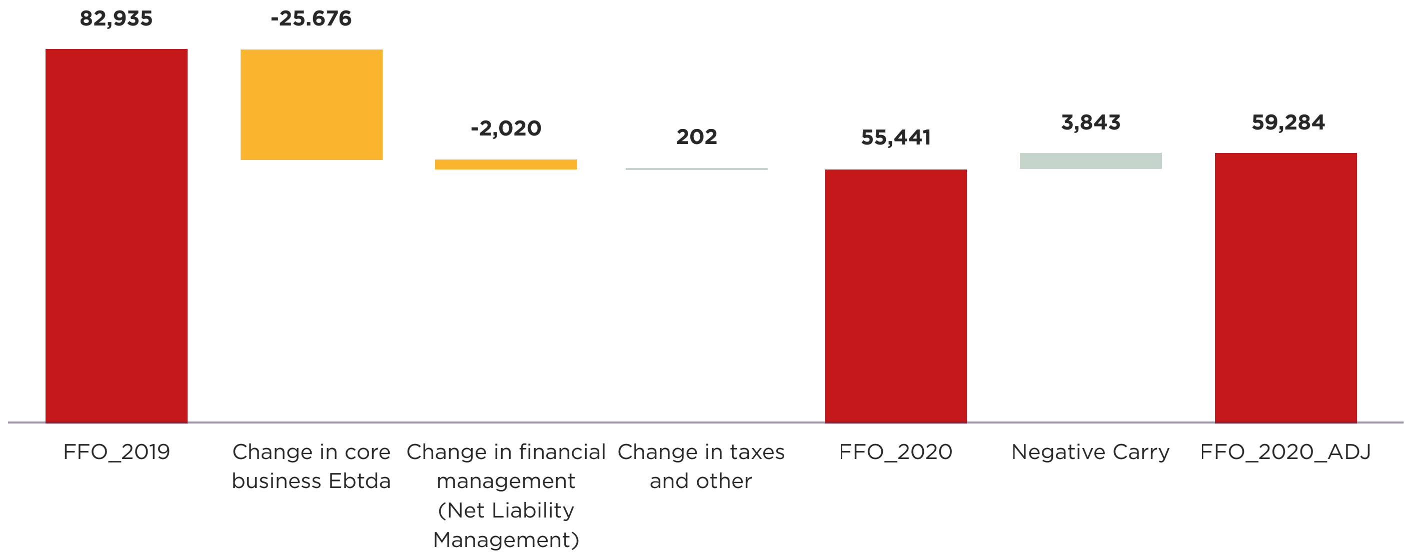
> FFO GESTIONE CARATTERISTICA

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 €59,284 thousand at 31 December 2020, lower than in prior year as a result of the decrease in EBITDA explained primarily by the estimated one-off impact of COVID-19. Financial charges were lower, net of the negative carry for 2020 stemming from the new €400 million bond issue finalized in November 2019 and rents payable.

Founds from Operations	2020	2019	Delta	Delta%
Core business EBITDA*	100,105	125,769	(25,664)	-20.4%
IFRS16 Adjustments (payable leases)	(10,313)	(10,302)	(11)	0.1%
Financial Management Adj	(33,405)	(31,384)	(2,020)	6.4%
Current taxes for the period Adj	(946)	(1,148)	202	-17.6%
FFO	55,441	82,935	(27,494)	-33.2%
Negative Carry	3,843	349	3,494	
FFO ADJ	59,284	83,283	(24,000)	-28.8%

** Net of non-recurring expenses*

DIRECTORS' REPORT
2.2 PERFORMANCE IN 2020



2.2.2 // Statement of financial position and financial review

The Gruppo IGD's statement of financial position at 31 December 2020 can be summarized as follows:

(amount in thousand if Euro)	31.12.2020	31.12.2019	Δ	%
Fixed assets	2,234,484	2,365,214	(130.730)	-5.85%
Asset under construction and advanced payments	42,674	40,827	1,847	4.33%
Intangible assets	8,568	12,535	(3,967)	-46.30%
Other tangible assets	8,526	8,970	(444)	-5.21%
Sundry receivables and other non-current assets	129	118	11	8.43%
Equity Investments	151	223	(72)	-47.68%
Net working capital	30,421	18,441	11,980	39.38%
Funds	(7,060)	(7,125)	65	-0.92%
Sundry payables and other non-current liabilities	(23,311)	(21,873)	(1,438)	6.17%
Net deferred tax (assets) / liabilities	(10,286)	(26,313)	16,027	-155.81%
Total use of funds	2,284,296	2,391,017	(106,721)	-4.67%
Total shareholders' equity	1,114,442	1,211,014	(96,572)	-8.67%
Net (assets) and liabilities for derivative instruments	14,396	17,365	(2,969)	-20.62%
Net debt	1,155,458	1,162,638	(7,180)	-0.62%
Total sources	2,284,296	2,391,017	(106,721)	-4.67%

DIRECTORS' REPORT
2.2 PERFORMANCE IN 2020

The principal changes compared to 31 December 2019, relate to:

// Investment property, which was €130,730 thousand lower due mainly to:

> Continuation of the extraordinary maintenance relating primarily to earthquake proofing at the Centro d'Abruzzo and Porto Grande shopping centers, waterproofing at the La Favorita Shopping Center, fit-out work at the Darsena Shopping Center and compliance with fire safety regulations mainly at a few Romanian shopping centers for €6,601 thousand;

> The reclassification of assets under construction and advances following completion in the period of the work done on: (i) the remodeling of the Le Maioliche Shopping Center for €754 thousand (ii) substitution of lighting with LED lighting systems in order to increase energy efficiency at the Punta di Ferro Shopping Center in Forlì for €324 thousand, (iii) restyling of the first floor of the Darsena Shopping Center in preparation for the opening of a leisure zone for €416 thousand, and (iv) compliance with fire safety regulations mainly in a few Romanian shopping centers for €16 thousand;

> The fair value adjustment of investment property which was revalued in the amount of €12,729 thousand and written down by €139,901 thousand for a net negative impact of €127,172 thousand;

> Impairment of the right-of-use assets relating to the malls in the "Centro Nova", "Centro Piave" and "Fonti del Corallo" shopping centers based on the independent appraisals of €11,669 thousand.

// Assets under construction and advances, which showed a decrease of €1,847 thousand attributable primarily to:

> Investments made in the period explained mainly by: (i) for €155 thousand, restyling at the Gran Rondò Mall in Crema; (ii) for €247 thousand, preparation for restyling at La Favorita in Mantua and Porto Grande in San Benedetto del Tronto; (iii) for €411 thousand, the remodeling of 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; (iv) for €559 thousand, of which €77 thousand relative to advances paid in prior years, restyling at the Darsena Shopping Center in Ferrara and Punta di Ferro in Forlì, and (v) for around €7,585 thousand, of which €782 thousand relative to advances paid in prior years, continuation of the work on Officine Storiche;

> For €1,510 thousand, the reclassification to investment property of work completed in the period;

> Writedowns of: (i) the Porto Grande expansion (€257 thousand), (ii) the Officine Storiche section of the Porta a Mare project, nearing completion (€4,025 thousand), and (iii) land owned by the subsidiary IGD Management S.r.l. (€541 thousand);

> For €587 thousand, the net decrease in advances.

// Other plant, property and equipment which changed due primarily to depreciation recognized in the period.

// Intangible assets which changed due primarily to:

> A decrease in goodwill: as at 31 December 2020 the wholly-owned subsidiary Millennium Gallery S.r.l. had exercised the option granted by Law Decree n. 104 of 14/08/2020 (the "August Decree," converted into Law 126 of 13/10/2020) to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. The subsidiary had revalued the land and building comprising the Millennium Center in Rovereto at 31 December 2020 the separate financial statements based on Italian accounting standards. In the consolidated financial statements, the statutory impact of this transaction was eliminated by the tax effect which basically aligns the book value of the real estate investment with the relative value for tax purposes was not. The alignment of these amounts resulted in the release of provisions for deferred tax recognized in the consolidated financial statements. As the recoverability of the goodwill, recognized at the time of the acquisition and of first-time consolidation of Millennium Gallery, was calculated based on the provisions for deferred tax, once these provisions were released the €3,952 thousand in goodwill was written off entirely;

> Amortization recognized in the reporting period.

// Equity investments, which dropped by about €72 thousand due to the write-down of the Group's 15% interest in Iniziative Bologna Nord.

// Net working capital which showed an increase of €11,980 thousand against 31 December 2020 explained primarily by:

> An increase in trade and related party receivables of €7,146 thousand attributable mainly to the difficulties encountered by a few tenants caused by the pandemic and the mandatory closures that continued during the year;

> An increase in inventory of €241 thousand linked to (i) the work done in the period explained for €3,509 thousand by work carried out, (ii) by impairment of €2,353 thousand, and (iii) the sale of two residential units, two garages and two parking places;

> An increase in other current assets of around €652 thousand due mainly to the increase in VAT credits pertaining to the subsidiary Porta Medicea;

> An increase of €1,101 thousand in other current liabilities explained mainly by (i) for €500 thousand, the reclassification from non-current liabilities of the first extension fee that IGD SIIQ S.p.A. must pay in 2021 to 2021 to BNP Paribas to extend the maturity of the €200 million loan through 2022, and (ii) the cost of the portion of the guarantee payable in 2021 granted by SACE on the €36 million loan taken out in 2020 as part of the Garanzia Italia program (at a rate, including the government guarantee in line with the Group's average cost of debt);

> A decrease in liabilities of around €787 thousand, relating mainly to the payment in 2020 of the last instalment of the substitute tax owed by the company Punta di Ferro SIINQ S.p.A., absorbed by IGD, for adhering to the Siinq regime, partially offset by the recognition of the current portion of the tax on the revaluation and realignment carried out by the subsidiaries IGD Management and Millennium described above;

> A decrease in trade payables of €4,401 thousand after slowing/suspending non-essential investments in 2020.

(in thousand of Euros)	31.12.2020	31.12.2019	Δ	%
Work in progress inventory and advances	**33,843**	**33,602**	**241**	**0,71%**
ST trade receivables	**18,260**	**11,114**	**7,146**	**39.13%**
Related party trade and other receivables	**775**	**921**	**(146)**	**-18.84%**
Other current assets	**3,736**	**3,084**	**652**	**17.45%**
Trade and other payables	**12,091**	**15,960**	**(3,869)**	**-32.00%**
Related parties trade and other payables	**499**	**1,031**	**(532)**	**-106.61%**
Current tac liabilities	**1,814**	**2,601**	**(787)**	**-43.38%**
Oter current liabilities	**11,789**	**10,688**	**1,101**	**9.34%**
Net working capital	**30,421**	**18,441**	**11,980**	**39.38%**

// Provisions for risks and charges which showed a decrease of €65 thousand explained primarily by (i) the payment in July 2020 of variable compensation for 2019 (ii) the provisions made for bonuses payable to employees in 2021, (iii) utilization of provisions made during the prior year relating to complaints filed by the former employees of a retailer to whom IGD had leased a business inside the Coné Shopping Center, (iv) provisions made for a few IMU disputes underway relating to the ESP (Ravenna) and La Torre (Palermo) shopping centers, and (v) adjustments to employee severance (TFR and TFM);

// Payables and other non-current liabilities, increased €1,438 thousand due mainly to (i) for, €1,083 thousand, the estimated amount to be paid to SACE in the period 2022 - 2025 for the guarantee on the new loan of €36,300 thousand, (ii) for €1,240 thousand, the non-current portion of the tax on the revaluation and realignment carried out by the subsidiaries IGD Management and Millennium described above (iii) partially offset by the decrease of €500 thousand following the reclassification to current assets of the portion of the extension fee to be paid in October 2021 to Bnp Paribas for extending the maturity of the €200 million loan through 2022;

// Deferred tax liabilities net of deferred tax assets, which went from €26,313 thousand to €10,286 thousand. For more information refer to the section on taxes.

// The **Group's net equity** amounted to €1,114,442 thousand at 31 December2020. The decrease of €96.572 thousand is explained mainly by:

> For €25,150 thousand the distribution of the dividend for 2019;

> An adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around +€3,528 thousand for the parent company and -498 thousand for a subsidiary;

> The sale of all treasury shares held in September 2020, €198 thousand of which is attributable to the elimination of the relative negative reserve and €200 thousand to the contingent liability recognized on the sale of these shares;

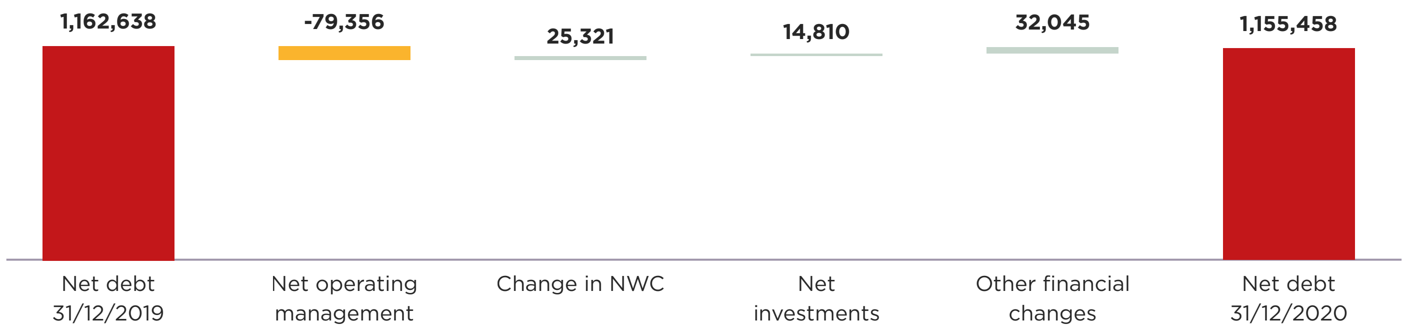
> For approximately -€97 thousand, movements in the translation reserve for the translation of foreign currency financial statements

> For -32 thousand, an adjustment to the reserve "Restatement of defined benefit plans";

> For €74,321 thousand, the Group's portion of the loss recorded in the reporting period.

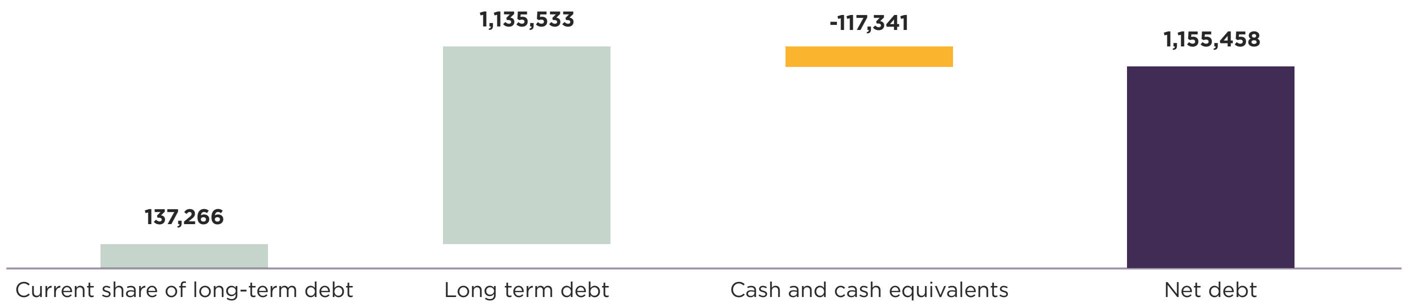
// **Net liabilities for derivatives** were down against the prior year due to the fair value measurement of hedging instruments at 31 December 2020 which was €2,969 thousand lower than in the prior year

// The **net financial position** at 31 December 2020 was about €7.2 million lower than in the period year. The changes are shown below:

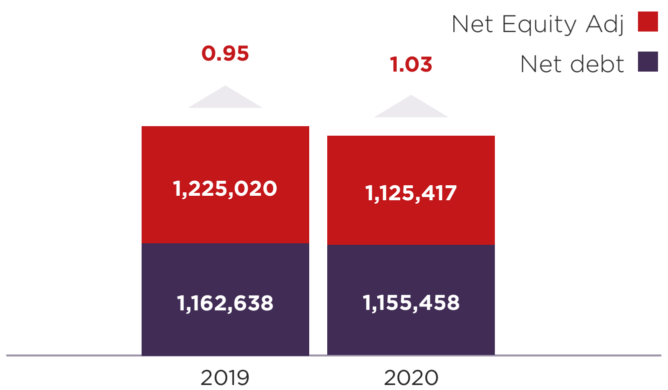


For more information about changes in the NFP please refer to the consolidated statement of cash flows in Chapter 4.5.

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 ratio came to 1.03 at 31 December 2020, higher than the 0.95 recorded at 31 December 2019.



2.3 // EPRA Performance Indicators

Gruppo IGD decided to report on a few of the EPRA performance indicators, in accordance with the recommendations of EPRA[10], found in "*EPRA Best Practices Recommendations*"[11].

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 by 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.

NET ASSET VALUE METRICS: are the main performance indicators that provide stakeholders with information about the fair value of the company's assets and liabilities.

In October 2019, three new asset value indicators were introduced in EPRA Best Practices Recommendations: **EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV)** which replace EPRA NAV and EPRA NNNAV.

Consistent with EPRA Best Practices Recommendations, the new EPRA NAV indicators were used for the first time in the half-year report at 30 June 2020 which includes a reconciliation of the calculation used for the old and new indicators, along with the calculation used for the comparison period (2019).

NET REINSTATEMENT VALUE (NRV): The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. It represents the repurchase value of the company, assuming the company does not sale any properties and is calculated based on the equity attributable to the Group (as shown in the IFRS financial statements), excluding the fair value movements in hedging instruments and deferred taxes on property valuation surpluses.

NET TANGIBLE ASSETS (NTA): the underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability. It represents a scenario in which a few properties could be sold. At 31 December 2020 the company does not have any assets which could be sold and for this reason the deferred taxes coincide with the amount excluded from the NRV calculation. Contrary to NRV, the goodwill and the intangible assets included in the financial statements are excluded from the equity attributable to the Group.

NET DISPOSAL VALUE (NDV): represents the stakeholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. In this disposal scenario goodwill is excluded from the Group's portion of equity, while the fair value of debt is included.

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

10. European Public Real estate Association
11. See www.epra.com

DIRECTORS' REPORT
2.3 EPRA PERFORMANCE INDICATORS

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:

EPRA Performance Measure	31/12/2020	31/12/2019
EPRA NRV/NAV (€'000)	1,145,827	1,258,008
EPRA NRV/NAV per share	€10.38	€11.40
EPRA NTA	1,137,258	1,245,473
EPRA NTA per share	€10.31	€11.29
EPRA NDV	1,149,534	1,192,894
EPRA NDV per share	€10.42	€10.81
EPRA Net Initial Yeld (NIY)	5.8%	5.9%
EPRA 'topped-up' NIY	5.9%	6.0%
EPRA Vacancy Rate Gallerie Italia	7.6%	4.5%
EPRA Vacancy Rate Iper Italia	0.0%	0.0%
EPRA Vacancy Rate Totale Italia	5.7%	3.2%
EPRA Vacancy Rate Romania	6.5%	2.4%
EPRA Cost Ratios (including direct vacancy costs)	17.9%	18.5%
EPRA Cost Ratios (excluding direct vacancy costs)	15.3%	16.1%
EPRA Earnings (000)	€62,941	€87,335
EPRA Earnings per share	€0.57	€0.79

The NAV calculations at 31 December 2020 are shown below:

	Net Asset Value	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS Equity attributable to shareholders		1,114,442	1,114,442	1,114,442	1,114,442	1,114,442
Exclude	Deferred tax in relation to fair value gains of IP	16,989	16,989		16,989	
Exclude	Fair value of financial intruments	14,396	14,396		14,396	
Exclude	Goodwill as per the IFRS balance sheet		(8,533)	(8,533)		
Exclude	Intangibles as per the IFRS balance sheet		(36)			
Include	Fair value of fixed interest rate debt			43,625		43,625
NAV		1,145,827	1,137,258	1,149,534	1,145,827	1,158,067
Fully diluted number of shares		110,341,903	110,341,903	110,341,903	110,341,903	110,341,903
NAV per share		10.38	10.31	10.42	10.38	10.50

The NAV calculations at 31 December 2019 are shown below:

	Net Asset Value	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS Equity attributable to shareholders		1,211,015	1,211,015	1,211,015	1,211,015	1,211,015
Exclude	Deferred tax in relation to fair value gains of IP	29,628	29,628		29,628	
Exclude	Fair value of financial intruments	17,365	17,365		17,365	
Exclude	Goodwill as per the IFRS balance sheet		(12,485)	(12,485)		
Exclude	Intangibles as per the IFRS balance sheet		(50)			
Include	Fair value of fixed interest rate debt			(5,636)		(5,636)
NAV		1,258,008	1,245,473	1,192,894	1,258,008	1,205,379
Fully diluted number of shares		110,341,903	110,341,903	110,341,903	110,341,903	110.341,903
NAV per share		11.40	11.29	10.81	11.40	10.92

The NRV/NAV were down against the figure posted at 31 December 2019 (-8.9%) due mainly to the changes in net equity and deferred taxes. These changes are primarily attributable to: (i) the dividends approved; (ii) other minor changes in equity and (iii) the decrease in the properties' fair value, partially offset by the FFO and the increase in the cash flow hedge reserve.

The NTA was lower than at 31 December 2019 (-8.7%). The difference with respect to the NRV relates to exclusion of goodwill and the intangible assets included in the financial statements.

The NDV is lower than in the prior year (-3.6%) due mainly, in addition to the above, the increase in the fair value of the debt calculated based by discounting cash flows at a risk-free rate plus a market spread. This is explained by the use of a risk-free yield curve and the market spread updated based on conditions at 31 December 2020, in addition to a change in the composition of debt (in terms of both duration and cost).

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

EPRA NIY and "Topped-up" NIY disclosure		Consolidated 31.12.2020					Consolidated 31.12.2019				
€'000		Italy	Romania	**Total** (no IFRS16)	Leasehold	**Total**	Italy	Romania	**Total** (no IFRS16)	Leasehold	**Total**
Investment property - wholly owned		2,054,991	138,640	**2,193,631**	43,320	**2,236,951**	2,197,556	150,290	**2,347,846**	54,800	**2,402,646**
Investment property - share of JVs/ Funds		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Trading property (including share of JVs)		72,060	0	**72,060**	0	**72,060**	33,560	0	**33,560**	0	**33,560**
Less developments		-276,634	0	**-276,634**	0	**-276,634**	-479,301	0	**-479,301**	0	**-479,301**
Completed property portfolio		1,850,417	138,640	**1,989,057**	43,320	**2,032,377**	**1,751,814**	150,290	**1,902,104**	54,800	**1,956,905**
Allowance for estimated purchasers' costs		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Gross up completed property portfolio valuation	**B**	**1,850,417**	**138,640**	**1,989,057**	**43,320**	**2,032,377**	**1,751,815**	**150,290**	**1,902,105**	54,800	**1,956,905**
Annualised cash passing rental income		112,289	9,519	**121,808**	12,433	**134,241**	106,129	10,418	**116,547**	12,568	**129,115**
Property outgoings		-13,819	-1,187	**-15,006**	-365	**-15,371**	-12,287	-1,297	**-13,584**	-417	**-14,000**
Annualised net rents	**A**	**98,470**	**8,332**	**106,802**	**12,068**	**118,870**	**93,842**	**9,121**	**102,963**	**12,151**	**115,114**
Add: notional rent expiration of rent free periods or other lease incentives		964	282	**1,246**	26	**1,272**	1,700	282	**1,982**	143	**2,125**
Topped-up net annualised	**C**	**99,434**	**8,614**	**108,048**	**12,094**	**120,142**	95,542	9,403	**104,945**	12,294	**117,239**
EPRA NIY	**A / B**	**5.3%**	**6.0%**	**5.4%**	**27.9%**	**5.8%**	**5.4%**	**6.1%**	**5.4%**	**22.2%**	**5.9%**
EPRA "Topped-up" NIY	**C / B**	**5.4%**	**6.2%**	**5.4%**	**27.9%**	**5.9%**	**5.5%**	**6.3%**	**5.5%**	**22.4%**	**6.0%**

The net initial yield (NIY) 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.

The annualized rental income includes all the adjustments that the company is contractually entitled to consider at the close 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.

The EPRA vacancy rate in Italy was 5.7% higher than in the prior year (when it reached 3.2%), due to the increased vacancy rate for malls (7.6% versus 4.5% in the prior year), while full vacancy was posted for hypermarkets, consistent with the prior year. The EPRA vacancy rate in Romania came to 6.5% versus 2.4% in 2019.

Epra Vacancy Rate			**Hyper Italy**	**Malls Italy**	**Total Italy**	**Romania**
Estimated Rental Value of vacant space	A	X	**-**	**7.55**	**7.55**	**0.64**
Estimated Rental Value of the whole portfolio	B	X	**33.7**	**99.2**	**132.9**	**9.9**
EPRA Vacancy Rate	A/B	X%	**0.00%**	**7.61%**	**5.68%**	**6.45%**

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

EPRA	Cost Ratios	2020	2019
Include	*(i)* Administrative / operating expense line per IFRS income statement	**-34,559**	**-37,017**
Include	*(ii)* Net service charge costs/fees	**3,979**	**3,505**
Include	*(iii)* Management fees less actual / estimated profit element	**5,213**	**5,472**
Include	*(iv)* Other operating income / recharges intended to cover overhead expenses less any related profits	**1**	**19**
Include	*(v)* Share of Joint Ventures expenses		
Exclude (if part of the above)	*(vi)* Investment Property depreciation		
Exclude	*(vii)* Ground rent costs	**2**	**3**
Exclude	*(viii)* Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) **(A)**		**-25,364**	**-28,018**
	(ix) Direct vacancy costs	**-3,745**	**-3,601**
EPRA Costs (excluding direct vacancy costs) **(B)**		**-21,619**	**-24,417**
	(x) Gross Rental Income less ground rent costs - per IFRS	**145,629**	**155,256**
	(xi) Lesess: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	**-3,979**	**-3,505**
	(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income (C)		**141,650**	**151,751**
EPRA Cost Ratio (including direct vacancy costs) (A/C)		**17.9%**	**18.5%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)		**15.3%**	**16.1%**

The decrease in the EPRA cost ratio is linked to the increase in direct costs as a percentage of gross rental income.

The estimated one-off impact of Covid-19 (of €18,473 thousand) recognized in provisions was not included in this calculation (namely the "(i) Administrative/operating expense line of the IFRS income statement").

In the first half of 2020 and in the same period of the prior year, the Group only capitalized project management costs linked to the Porta a Mare project of €25 thousand.

The Epra Earnings per share calculation is shown below:

EPRA - European Public Real Estate Association - Earnings & Earnings Per Share	FY CONS_ 2020	FY CONS_ 2019
Earnings per IFRS income statement	**-74,321**	**12,591**
Epra Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	**146,018**	**72,788**
(ii) Profits or losses on disposal of investment properties development properties held for investment and other interests	**72**	**-11**
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	**223**	**69**
(iv) Tax on profits or losses on disposals	**-62**	**-19**
(v) Negative goodwill / goodwill impairment	**3,952**	**0**
(vi) Changes in fair value of financial instruments and associated close-out costs	**1,053**	**3,442**
(vii) Acquisition costs on share deals and non-controlling joint venture interests	**0**	**0**
(viii) Deferred tax in respect of EPRA adjustments	**-13,994**	**-1,524**
(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	**62,941**	**87,336**
Company specific adjustments:		
(a) General provisions and depreciations	**1,012**	**1,426**
(b) Non-controlling interest in respect of the above	**0**	**0**
(c) Tax on profit or losses on disposals	**62**	**19**
(d) Contingent tax	**-151**	**26**
(e) Other deferred tax	**-1,095**	**1,059**
(f) Capitalized interests	**0**	**0**
(g) Current Tax	**64**	**302**
(h) Ground rent costs, adjustment financial results and non - recurring expenses	**-4,065**	**-7,446**
(i) Other Adjustment for no core activities	**513**	**562**
Company specific Adjusted Earnings	**59,281**	**83,285**
Earnings Per Share *Number of shares**	**110,341,903**	**110,341,903**
Earnings Per Share	**0.57**	**0.79**

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 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 2020 shows a significant decrease of €24,395 thousand or -27.9% against the same period of the prior year, attributable mainly to the estimated one-off impact of Covid-19 (€18,503 thousand) included in the provisions.

> Additional information on investment properties

In accordance with EPRA Best Practices Recommendations updated as at October 2019, the capital expenditure made in the last two years is shown below:

Capital expenditure (Euro / migliaia)	31/12/2020	31/12/2019
Acquisitions	**0**	**14,130**
Development	**10,310**	**6,690**
Investment properties	**7,980**	**21,900**
Incremental lettable space	**0**	**0**
No incremental lettable space	**1,999**	**9,651**
Tenant incentives	**0**	**0**
Other material non-allocated types of expenditure	**5,981**	**12,249**
Capitalised interest (if applicable)	**0**	**0**
Total CapEx	**18,290**	**42,720**
Conversion from accrual to cash basis		
Total CapEx on cash basis	**18,290**	**42,720**

The Group is not party to any joint ventures.

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).

The Estimated Rental Value of Vacant Space is reported on in the section above on the Epra Vacancy Rate. For details on the revenues of the first 10 tenants and the average residual duration of the existing leases refer to "Contract Management" in section 2.1.1.

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 in the Report on Operations and section 4.6.3 Use of Estimates in the Explanatory Notes.

DIRECTORS' REPORT
2.4 THE STOCK

The reports issued by each independent expert on the appraisals made at 31 December 2020 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 index; 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.

IGD is included in a number of indices.

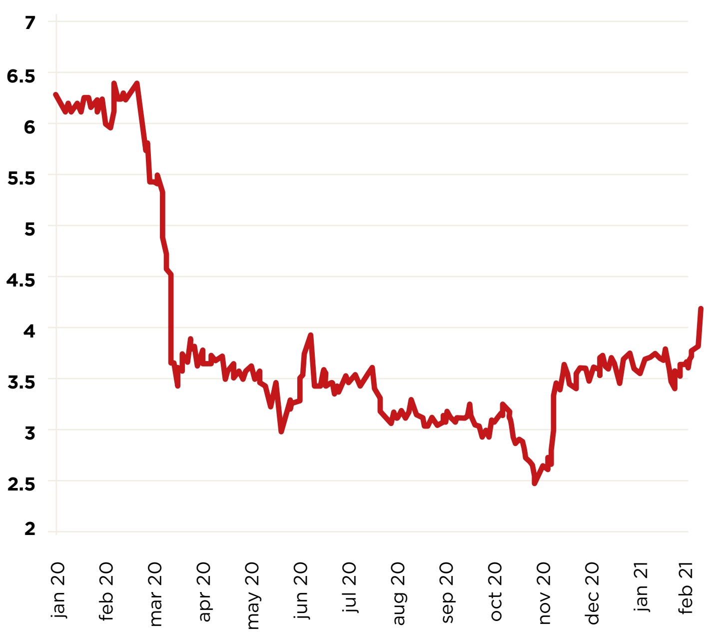
International indices: FTSE Russel, MSCI, S&P, STOXX and Wisdomtree.

Real estate sector indices: EPRA (European Public Real Estate Association), IEIF (Institut de l'Epargne Immobilière et Foncière) and GPR (Global Property Research).

IGD is included in the following ESG (Environment, Social & Governance) indices, as well: GPR IPCM LFFS Sustainable GRES Index, GPR Eurozone ESG+, EURO STOXX Total Market ESG-X, STOXX Developed Markets Total Market ESG-X, STOXX Europe Total Market ESG-X.

IGD has obtained the following ESG ratings and scores: BB from MSCI, B+ (71.10) from Refinitiv, 38 from Vigeo Eiris.

> IGD's stock price since 2 January 2020



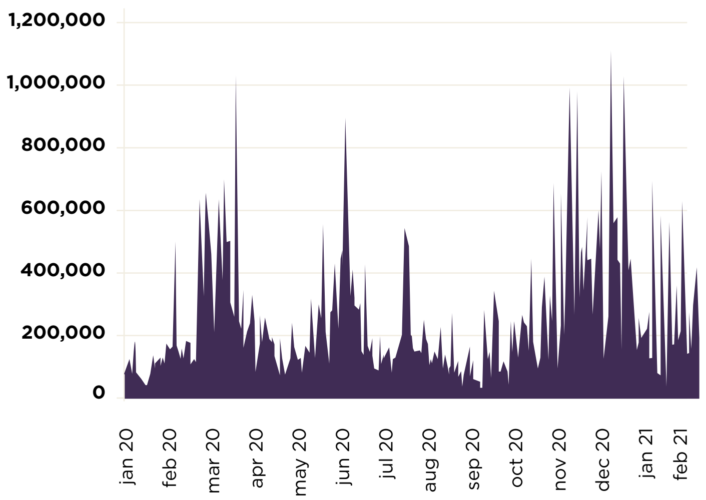
** Source: Italian Stock Exchange data compiled by IGD*

IGD's stock price dropped 41.9% in 2020: from the €6.20 recorded on 30.12.2018, the stock fell to €3.60 on the last day of trading for the year, 30 December 2020. In the twelve months there were noticeable swings in the stock price which reached its 2020 high of €6.39 on 6 February and the year low of €2.47 on 28 October.

Beginning at the end of February, when the Covid-19 emergency hit, the stock plummeted causing the price to reach a period low of €3.5. The negative perception of the retail real estate sector caused IGD's stock to trade in a range of between €3 and €4 through the middle of October, to then fall to its year low of €2.47 at the end of the same month.

Following the publication, on 5 November 2020, of IGD's consolidated results for the first nine months of 2020, the market recognized the resilience of indicators like footfalls and retailers' sales, in addition to the effectiveness of the actions taken to protect financial solidity. The Group's positive fundamentals fueled a rapid recovery in the stock price which returned to around €3.5. The sideways drift that characterized the next three months could indicate an accumulation phase that would sustain a new trend for the stock which exceeded the €4 level on 10 February 2021.

> Volumes of IGD stock traded since 2 January 2020

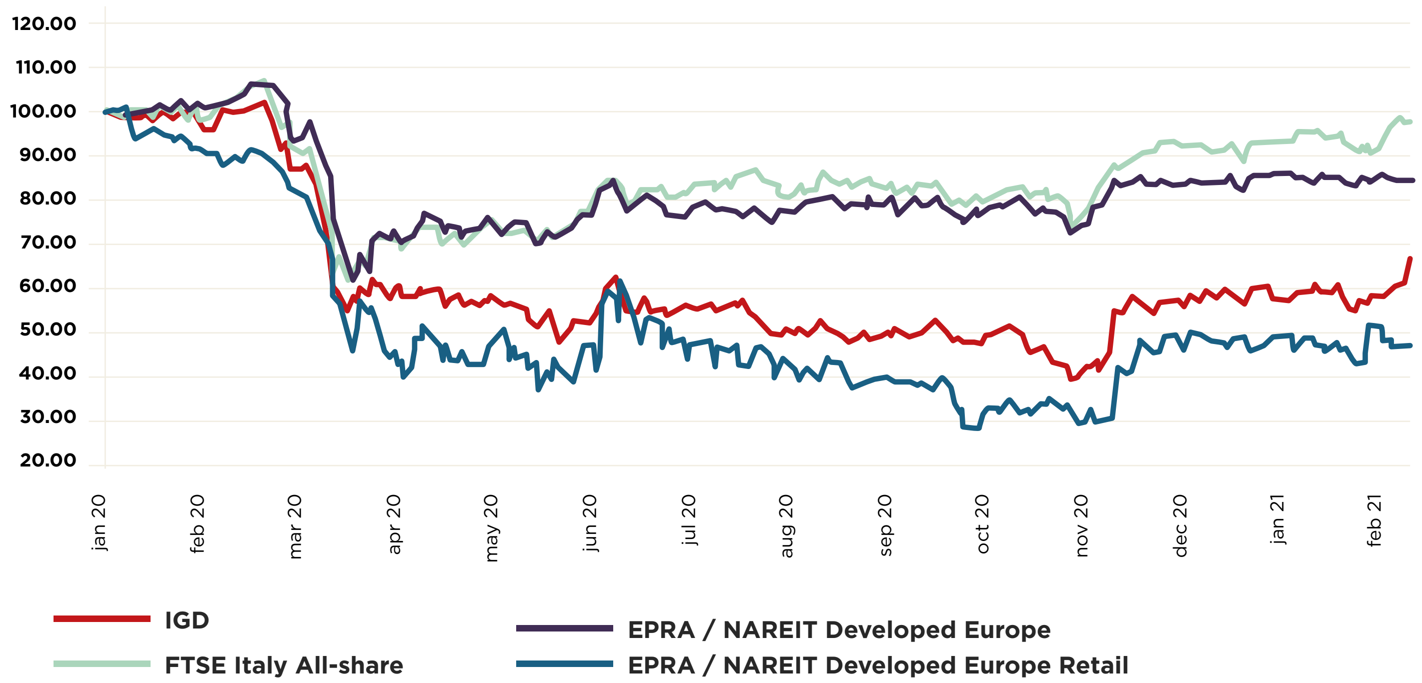


** Source: Italian Stock Exchange data compiled by IGD*

In 2020 an average of 261,262 IGD shares were traded each day. Average volumes in the first half (247,427 shares) were slightly lower than in the second half of the year (274,776 shares). The average daily volume traded in 2020 was 73.3% higher compared to the daily average of 150,782 shares traded in 2019.

On 7 September 2020 IGD's liquidity enhancement program ended following revocation of the authorization to purchase treasury shares by the Shareholders' Meeting on 11 June 2020. On 1 and 2 September the authorized intermediary sold all the treasury shares purchased as a result of the program.

> IGD's stock vs. the Italian stock market index FTSE Italia All- Share and EPRA/NAREIT Developed Europe and EPRA/NAREIT Developed Europe Retail (base 2.1.2020 = 100)



** Source: Italian Stock Exchange data compiled by IGD*

2

DIRECTORS' REPORT
2.4 THE STOCK

The measures adopted to contain the spread of Covid-19 convinced that the world's main economies would enter a deep recession. This caused a downward spiral in stock prices beginning on 20 February 2020.

After the lows hit mid-March, during the most uncertain phase of the pandemic's first wave, stock prices recovered rapidly. The mix of expansive monetary and fiscal policies put in place by the United States and Europe fueled the investors' belief in a substantial economic recovery.

In Europe, specifically, investors appreciated the size and nature of the resources made available by the European Union which, through the €750 billion Recovery Fund, aims to stimulate economic recovery by supporting investments in energy transition and digitalization. On the other hand, the ECB's monetary policy caused a generalized decrease in bond yields, which also caused the BTP-Bund spread to gradually shrink from May 2020 onward.

At the end of 2020 there was a further uptick in the main stock indices due also to the positive outcome of the trade agreements relative to the UK's exit from the EU, along with the announcement of a vaccination roll-out which made the possible elimination of the restrictions imposed by the different governments as of October 2020 to slow the second wave of the pandemic more plausible.

In this context, while the Italian stock market index FTSE Italy All-share closed 2020 down 5.6% against the last trading session of 2019, the performance of the real estate sector indices was weaker. The European sector index EPRA/NAREIT Developed Europe fell 13.9% in 2020, while the EPRA/NAREIT Developed Europe Retail – the most significant benchmark for retail property companies like IGD – was down by 50.9%.

The comparison of IGD's stock reveals that, while it was impacted by the market's very negative perception of the retail real estate sector, in 2020 it consistently outperformed the retail segment's benchmark index.

Investors penalized the "Retail REITs" heavily based on the difficulties encountered by the major players with "super-regional" catchment areas. This type of format saw an explosion in vacancy rates, anchor tenants in crisis and footfalls plummeting due to the limited mobility of shoppers during the lockdown which was immediately reflected in the p&l of some of the biggest players with sizeable reductions in revenue, often structured as a percentage of retailers' sales, as well a lack of financial stability. Investors, consequently, feared the need for sizeable capital increases at very dilutive prices.

This perception of the retail segment also affected IGD, even though the characteristics of IGD's shopping centers are very different from those of the jumbo centers: footfalls and retailers' sales, in fact, showed great resilience in the period May-October when the restrictions were eased.

The less negative performance of the EPRA/NAREIT Developed Europe index is explained by the preference brokers and asset managers had for real estate companies more exposed to logistics and the residential segment, along with less leverage and a more stable cash flow and NAV. The ability of offices to return to a pre-Covid situation was more controversial given the opportunities that emerged after months of remote working.

Despite the uncertainties that continue to dominate the perception of the retail segment, due to the lack of visibility on when and how operating conditions will normalize as the roll-out of vaccines progresses, there is ample consensus that there could be a recovery in the second half of 2021 and that interest rates will remain very low.

With regard specifically to the Italian economy, investors are waiting to see which measures the new government will include in the Recovery Plan to promote a recovery in consumption.

IGD's stock, even though it has recovered more than 60% since the low of €2.47 hit at the end of October, continues to trade at very low multiples. At recent levels, around €4, there is still ample upside as demonstrated by the significant gap with respect to the EPRA NAV/NRV 2020 of €10.38 per share calculated based on the property appraisals at 31 December 2020.

> Dividend

> The dividend 2019

Given the need to guarantee the Company's financial sustainability in the wake of the crisis caused by Covid-19, on 7 May 2020 IGD's Board of Directors formulated a new proposal for the allocation of the 2019 earnings and changed the resolution of 27 February 2020 which called for a dividend of €0.50 per share. The new proposal for a dividend of €0.228152 per share for 2019 – equal to 70% of the net profit generated by the property rental business, namely the minimum required to maintain REIT or SIIQ status - was approved by the Shareholders' Meeting on 11 June 2020. The shares went ex-divi (detachment of coupon 4) on 20 July 2020 and were payable as from 22 July 2020.

> The Board of Directors proposes to not distribute a dividend for 2020

As a result of the loss recorded by the parent company IGD SIIQ SpA in 2020 the distribution requirement was waived. Given the need to preserve financial stability in the unprecedented environment created by the pandemic, during the meeting held on 25 February 2021 the Board of Directors decided to propose that shareholders not approve distribution of a dividend for 2020.

> Investor relations and financial communication

> Analyst coverage

Even though the MiFID II directive caused a reduction in coverage, at year-end 2020 IGD's stock was covered by five analysts. None of these coverages is "sponsored-research".

The consensus target price, monitored by the Company, was €4.64 at year-end 2020.

Most of the analysts' recommendations are positive (Buy, Accumulate or Outperform), while two analysts have a neutral rating. None of the brokers have issued a sell recommendation.

> Presentations and meetings with investors

In 2020 IGD organized four conference calls:

- 27 February, to discuss the FY 2019 results;
- 7 May, to discuss the results for first quarter 2020;
- 6 August, to discuss results for first half 2020;
- 5 November, to discuss the results for the first nine months of 2020.

There were 105 participants in the conference calls, of which 94 were institutional investors. These figures are considerably higher than in 2019 when there were 105 participants, with 52 institutional investors.

Even though no meetings were held in March and April 2020 due to the pandemic, beginning in May IGD's management began to participate in virtual events which made it possible to meet with 49 institutional investors during the year.

In order to maintain a dialogue with equity portfolio managers IGD participated in Borsa Italiana's Virtual STAR Conference (in both the 26 May and 6 October editions) and in Borsa Italiana's Italian Equity Roadshow 2020 Asia and Australia held on 26 May, while on 28 May the Company took part in the EPRA Virtual Corporate Access Day. On 18 June IGD's management also participated in Morgan Stanley's Virtual Europe & EEMEA Property Conference 2020 and on 30 June in Borsa Italiana's Digital Italian Equity Sustainability Week. On 9 September IGD was present at Banca IMI's ISMO Virtual Conference.

On the DCM side, IGD participated in the Debt Conference organized by Goldman Sachs on 16 May and Morgan Stanley's Virtual Fixed Income Real Estate held on 1 October.

A series of virtual one-on-one meetings were also organized with equity investors and bondholders interested in getting a better understanding of specific aspects of IGD's historic performance and prospects.

> Online communication

In 2020, the main goal for the online communication strategy was to review the "look&feel" of the corporate website in order to render it more consistent with the corporate image through the choice of colors, graphics and images.

In the 2020-2021 Italian Webranking, which Comprend developed in partnership with Lundquist, IGD's ranking was better than in 2019, going from 18th to 17th, with 67.9 points.

In 2020 IGD used the social media proactively, with an active presence on LinkedIn, YouTube, Facebook and Twitter. More in detail, the focus on LinkedIn caused page views to increase 120% with respect to 2019.

> Information provided by the IR team

2020 was the thirteenth consecutive year in which the investor newsletter was made available in the Media section of IGD's website in Italian and English each quarter.

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 regular updates.

The IR Board Report, which provides the Board of Directors with updated information about changes in the institutional shareholder base, analysts' target prices, as well as IGD's stock valuations, was also prepared 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 2020 EPRA (the European Public Real Estate Association), for the third year in a row, gave IGD's Consolidated Annual Report 2019 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 168 European real estate companies.

As for the Corporate Sustainability Report 2019, for the sixth consecutive year IGD received the "EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations), after having analyzed the reports of 152 European real estate companies.

> Financial calendar 2021

25 February

Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2020.

15-16 April

Annual General Meeting convened to approve the financial statements for the year ending 31 December 2020 in first call and second call.

6 May

Board of Directors' meeting to approve the Interim Financial Report at 31 March 2021.

5 August

Board of Directors' meeting to approve the Half-Year Financial Report at 30 June 2021.

4 November

Board of Directors' meeting to approve the Interim Financial Report at 30 September 2021.

2.5 // Significant events

The main events for the reporting period are described below.

// Corporate events

During the 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 thousand, by allocating €8,155 thousand to the legal reserve and €91,583 thousand to a newly formed distributable capital reserve. As a result of the share capital reduction the legal reserve equals the amount established under Art. 2430 of the Italian Civil Code. The purpose of this transaction was to give greater flexibility to the equity structure, by increasing the unavailable legal reserve and creating an available and distributable reserve, with a view also to reconciling the characteristics of the SIIQ regime (in particular, the mandatory distribution of 70% of the profit deriving from exempt operations) with the expectations of the capital markets (return on invested capital or dividend yield). The period during which, pursuant to Article 2445 of the Italian Civil Code, creditors may challenge the voluntary share capital reduction, approved during IGD's Extraordinary Shareholders' Meeting held on 11 November 2019, lapsed on 10 February 2020 and the share capital reduction was recognized in the accounts.

On 27 February 2020 the Board of Directors approved the draft separate and consolidated financial statements for FY 2019, as well as the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, and the Compensation Report. The Board of Directors also approved the tenth Corporate Sustainability Report.

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.

In light of the severity of the international public health crisis caused by COVID-19, the measures adopted by the public authorities and with a view to guaranteeing compliance with the restrictions required to protect public health, the Annual General Meeting, originally convened on 9 April 2020, in first call, and on 10 April 2020, in second call, to approve, inter alia, the financial statements as at 31 December 2019 and the dividend to be paid shareholders, was postponed to 11 June 2020, in first call, and to 12 June 2020, in second call.

On 23 March 2020 the rating agency Standard & Poor's Global Ratings changed IGD SIIQ's rating from "BBB- "with a negative outlook to "BB+" (with a negative outlook) due to the challenging retail environment in Italy and the measures taken in response to the COVID-19 pandemic which could have a negative impact on the operating performance and, consequently, on credit metrics while, at the same time, recognizing the company's robust liquidity profile. On 8 April 2020, the rating agency Fitch Ratings Ltd confirmed IGD's "BBB- "rating, but, as a result of the global health crisis caused by COVID-19, the agency placed it on Rating Watch Negative. As a result of these changes and in accordance with the respective regulations, the step-up clauses, which could have led to an increase in interest rate of some bonds equal to 125bps, were not triggered. On 08 April 2020 Moody's Investors Service put IGD's long term corporate family rating and the "Ba1" senior unsecured rating of its securities maturing 2021 (with an outstanding of around €71 million) on rating watch. The outlook was changed from stable to "under review".

On 7 May 2020, 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 changed the proposed resolution approved during the Board of Directors' meeting held on 27 February 2020. More specifically, the Board of Directors proposed to allocate 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., the 2017 Budget Law).

On 11 June 2020 the Ordinary Annual General Meeting of IGD SIIQ S.p.A. approved the 2019 financial statements of IGD SIIQ S.p.A., and resolved to pay a dividend of €0.228152 per share. The total dividend payable on the 110,232,654 ordinary shares of IGD outstanding at 7 May 2020, net of treasury shares held by the company at the same date, amounted to €25,149,800.48 to be taken from:

> For €5,578,654.15, distributable income generated entirely by exempt operations;

> For €19,571,146.33, utilization of the reserve for retained earnings from exempt operations.

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

On 9 July 2020 Moody's downgraded IGD's long term corporate family rating from Ba1 to Ba2 with outlook stable due to the rapid spread of the coronavirus outbreak and deteriorating global economic outlook. As a result of these changes and in accordance with the respective regulations, the step-up clause was not triggered.

On 6 August 2020 the Board of Directors examined and approved the half-year financial report as at 30 June 2020.

Pursuant to the resolution approved during the Ordinary Shareholders' Meeting held on 11 June 2020 which revoked the prior authorization granted on 10 April 2019 for the purchase of treasury shares, Immobiliare Grande Distribuzione SIIQ S.p.A.'s liquidity enhancement program was terminated and all the treasury shares held were sold.

In September 2020 IGD received the "EPRA BPR Gold Award" (Best Practice Recommendations) for its 2019 Consolidated Annual Report for the third year in a row. This prize testifies to IGD's continuous commitment to further increasing the transparency and comparability of its communication, which benefits investors, the financial community and all the Group's stakeholders.

For the sixth consecutive year IGD also received the' "EPRA sBPR Gold Award" (sustainability Best Practice Recommendations), for the 2019 Corporate Sustainability Report which was assigned after examining the annual reports of 158 European sector companies. This prize confirms the high standards achieved by IGD in terms of sustainability reporting.

On 24 September 2020 IGD SIIQ signed an agreement with Banca Monte dei Paschi di Siena for a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program (at a rate that, including the cost of the government guarantee, is in line with the Group's average cost of debt). The loan guaranteed by SACE will be used by the Company to finance investments in Italy still in the pipeline and other operating costs, including working capital.

On 28 September 2020, Sergio Lugaresi tendered his resignation as an independent director due to other professional commitments.

On 1 October 2020 the rating agency Fitch Ratings Ltd confirmed the investment grade rating BBB-, removed the Rating Watch Negative and changed the outlook to negative.

On 16 October 2020 Banca Monte dei Paschi di Siena disbursed a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program to IGD SIIQ S.p.A. as per the loan agreement signed on 24 September 2020.

On 5 November 2020 the Board of Directors examined and approved the interim financial report at 30 September 2020.

On 23 December 2020, the Company notified Moody's Investors Service Ltd of its intention to withdraw from the contract for the rating services provided by Moody's to IGD. This decision was made with a view to optimizing the resources dedicated to ratings and making this activity more efficient. IGD will continue to be rated by two of the most important rating agencies: Fitch Ratings Ltd and S&P Global Ratings.

// Investments

During the first quarter of 2020 the Group continued with development of the Porta a Mare – Officine project, restyling of the La Favorita Shopping Center and Retail Park in Mantua and the Porto Grande center in San Benedetto del Tronto, the construction of the new medium sized retail areas at the Gran Rondò Shopping Center and Retail Park, remodeling of the spaces at Le Maioliche in Faenza, Conè in Conegliano and Porto Grande in San Benedetto del Tronto, as well as the restyling at the Darsena Shopping Center in Ferrara and Punta di Ferro in Forlì.

In the second quarter of 2020, in the wake of the Covid-19 health crisis and the lockdown period, the Group decided to suspend all work underway with the exception of anything that could not be postponed. Work then resumed in the third quarter of the year.

The investments made in 2020 are shown below:

DIRECTORS' REPORT
2.5 SIGNIFICANT EVENTS

		31.12.2020 Euro/mln
Development projects	Porta a Mare project: Officine Storiche retail area (in progress)	**6.80**
Development projects	Progetto Porta a Mare project (Trading) (in progress)	**3.51**
Development projects	Restyling in progress	**0.66**
Development projects	Restyling completed in 2020	**0.71**
Development projects	Extraordinary maintenance	**6.61**
Total investments carried out		**18.29**

> Development projects

"Porta a Mare" Project

In the first quarter of 2020 the Board of Directors of Porta Medicea S.p.A. accepted the proposal to sell the last residential unit. In April the preliminary sales agreement for this unit was finalized. In June, July and August the subsidiary also finalized the sale of two residential units for which preliminary agreements had been signed in 2019, as well as two garages and two parking places. As a result of these transactions all the residential units in the Mazzini section have been sold (preliminary agreements are in place for the sale of two units which should close in 2021).

As described above, in the second quarter work was suspended due to Covid-19 restrictions. In August and September work resumed on protecting the existing buildings and a revised plan for the project was drafted. Work began again in September 2020.

Work on the residential portion of the Officine Storiche area and urban planning works in the Molo, Lips and Arsenale areas continued in the year for a total of around €3,509 thousand, while work on the retail portion, the completion of which has been postponed to the first half of 2022 due to the pandemic, amounted to approximately €7,585 thousand, of which €782 thousand relates to the advances paid in prior periods. Seven preliminary sales agreements for residential units in the Officine Storiche area had been signed at 31 December 2020.

// Restyling

In the first quarter of 2020 remodeling was completed at the Le Maioliche Shopping Center in Faenza, as per the agreement signed between IGD SIIQ and Unicoop Tirreno to reduce the area of the hypermarket and create, consequently, three new medium sized retail areas. The costs incurred for work done in the quarter amounted to €153 thousand. The substitution of lighting with LED lighting systems in order to increase energy efficiency at the Punta di Ferro Shopping Center in Forlì was completed in the first half, as was the restyling of the first floor of the Darsena Shopping Center in preparation for the opening of a leisure zone. The work completed in the year amounted to €184 thousand and €375 thousand, respectively.

At 31 December 2020 work was still underway on:

> Planning the restyling of the La Favorita Shopping Center and Retail Park in Mantua and the Porto Grande Shopping Center in San Benedetto del Tronto. Work is expected to be completed in the second half of 2021. The costs incurred for the work done amounted to €247 thousand;

> Remodeling the spaces inside 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 2021. The work completed at 31 December 2020 totaled €258 thousand;

> Work on the new medium-sized retail areas in the Gran Rondò Shopping Center and Retail Park in Crema amounted to €155 thousand in the year. Currently, work is suspended.

As described above, in the wake of the Covid-19 health crisis and the lockdown, the Group decided to suspend all work in progress. Preparation for the work to be done at the La Favorita center in Mantua and Porto Grande in San Benedetto del Tronto resumed in the second half of 2020 and work is expected to begin in the second half of 2021.

La Favorita (MN)

DIRECTORS' REPORT
2.5 SIGNIFICANT EVENTS

2

La Favorita (MN) - Piazza food

Galleria Gran Rondò

> Extraordinary maintenance

In 2020, only extraordinary maintenance deemed essential continued for a total of €6,605 thousand, relating mainly to earthquake proofing at the Centro d'Abruzzo and Porto Grande shopping centers, waterproofing at the La Favorita and Fonti del Corallo shopping centers and fire alarm systems, primarily at a few Romanian shopping centers. Based on the fair value measurement of investment property, the value of the extraordinary maintenance was fully impaired at 31 December 2020.

2.6 // The Real Estate Portfolio

For a better understanding of the performance of Gruppo IGD SIIQ SPA's real estate portfolio in both Italy and Romania, below is a brief description of how the Italian and European retail real estate markets performed in 2020.

> The European and Italian real estate market

The performance in all markets was turned completely upside down by the Covid-19 pandemic that exploded at the beginning of the year which caused authorities worldwide to impose containment measures. These measures severely limited mobility and retail activities.

Investments in the European commercial real estate market reached €222.4 billion in 2020, 23% less than the amount transacted in 2019 (which was a record year for real estate transactions).

The largest European countries recorded decreases of between 19% and 35%, with the biggest drops in countries like Ireland (-63%) and the Czech Republic (-56%). With a decline of 28%, Italy was five points below the European average. Romania, together with Belgium, bucked the trend, posting growth of +24% and +29%, respectively.

> EUROPE 2020 €222.4 BN (-23% VS 2019)

≥ € 20 BN

UK 47.0 ▼ - 20%	**FRANCE** 28.2 ▼ - 35%	**GERMANY** 59.7 ▼ - 19%

€ 10-20 BN

NETHERLANDS 10.4 ▼ - 34%	**SWEDEN** 11.8	**NORWAY** 10.4

€ 5-10 BN

SPAIN 7.7 ▼ - 29%	**ITALY** 8.8 ▼ - 28%	**BELGIUM** 5.5 ▲ + 29%
POLAND 5.0 ▲ - 30%		

€ 2-5 BN

PORTUGAL 2.6	**SWITZERLAND** 4.1	**AUSTRIA** 2.0	**DENMARK** 2.7	**FINLAND** 4.4

€ 1-2 BN

IRELAND 1.8 ▲ - 63%	**SOUTH EAST EUROPE** 1.4	**CZECH REPUBLIC** 1.4 ▲ - 56%	**LUXEMBURG** 1.1 ▲ - 39%

< € 1 BN

BALTICS 0.6	**SLOVAKIA** 0.4	**ROMANIA** 0.9	**HUNGARY** 0.8

** Source: BNP data - Commercial real estate Investment in Europe 2020*

The Italian retail real estate market transacted around €8.8 billion in 2020, distributed across all asset classes as shown below (Source: CBRE):

> 2020 COMMERCIAL INVESTMENT BREAKDOWN ITALY

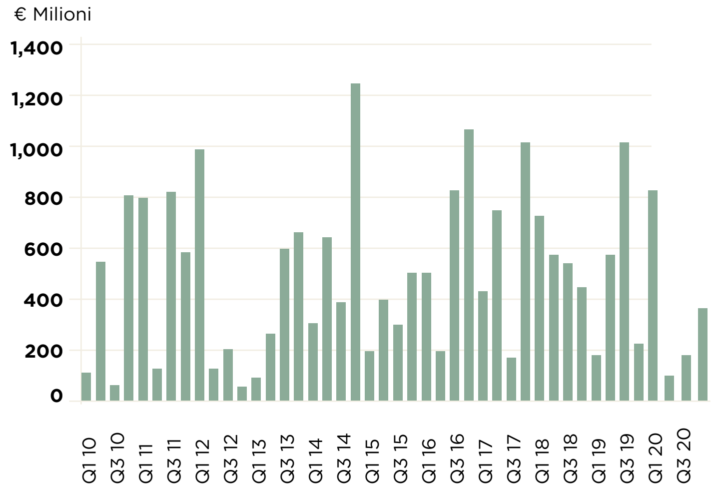
42%	Officies
16%	Retail
16%	Logistic
11%	Hotels
7%	Residential
7%	Other

> The Italian retail real estate market

Investments in the retail real estate market totaled around €1.4 billion in 2020, a decrease of 26% against the prior year.

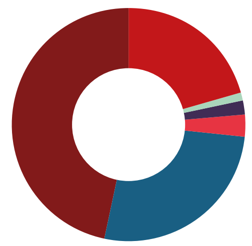
Real estate transactions were concentrated mainly in the first and fourth quarters when important transactions involving hyper/supermarkets and high street mixed-use prime assets were carried out.

> CHANGES IN RETAIL INVESTMENTS IN ITALY 2010-2020



** Fonte CBRE 4Q2020*

> TRANSACTIONS BY TYPE OF RETAIL REAL ESTATE 2020



21%	High street
1%	C&C
2%	Other Retail
3%	Retail warehouse
27%	Shopping center
47%	Supermarket

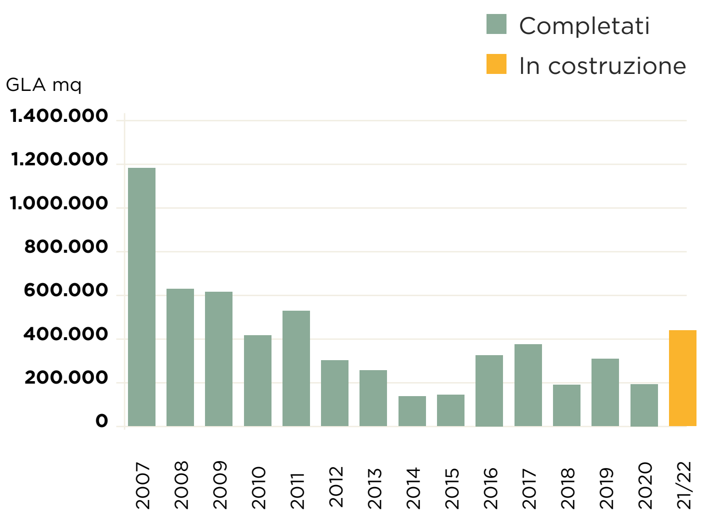
** Fonte CBRE 4Q2020*

Net yields for all segments of the retail sector reflected the market's performance. In the fourth quarter of 2020 yield decompression of between 0.10% and 1% was recorded compared to the same quarter of the prior year.

> The stock and the retail sector pipeline

In 2020 slightly more than 200 thousand m² in new stock was added. Even though development slowed due, in part, to the containment measures, no projects underway or just begun were cancelled. In the two-year period 2020-2021 we expect to see new stock of around 400 thousand m2 being added to the market, stemming mainly from projects in Milan, the biggest of which is the construction of the Cascina Merlata Shopping Center (northern Milan).

> NEW RETAIL DEVELOPMENTS COMPLETED AND STILL UNDERWAY AT 31 DECEMBER 2020 (GLA >10,000 M²)

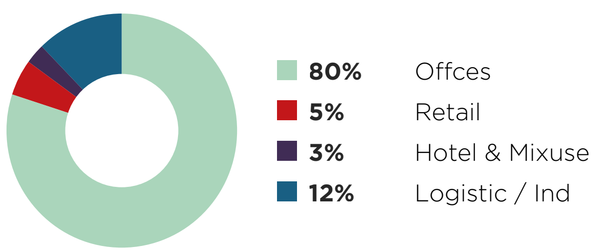


* Source CBRE 4Q2020

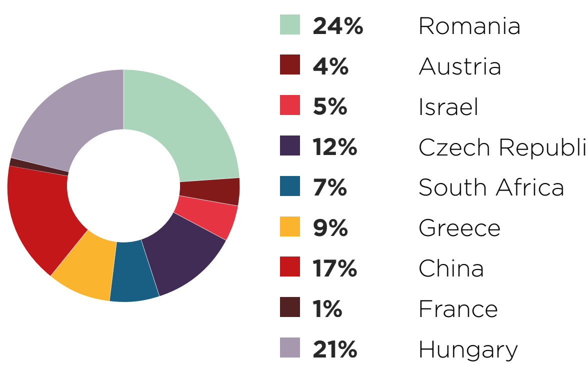
> The Romanian retail real estate market

In Romania real estate investments reached a total volume of around €896.5 million. 80% of the total was in the office segment, 12% logistics, 5% retail and the remaining 3%, hotel and mixed-use.

> 2020 COMMERCIAL INVESTMENT BREAKDOWN ROMANIA



> 2020 ROMANIA INVESTORS BREAKDOWN BY COUNTRY OF ORIGIN



While 24% of the investments in 2020 were made by domestic investors, international investors showed interest, albeit mainly in Bucharest, which accounted for 94% of the amount transacted in 2020 and, for the first time, included the Chinese investor Fosum.

The total stock of retail real estate grew by 139,000 m² (new GLA) in Romania, bringing the total GLA to 3.9 million m².

In 2020 the stock of retail properties comprised retail parks for 73% and shopping centers for 27%.

In the two-year period 2020-2021 we expect to see new retail stock of around 459 thousand m² being added to the market.

Prime rents for shopping centers reached around €70m²/month, about €45 m²/month for High Street, which is expected to decrease.

2.6.1 // The real estate assets

Based on the appraisals at 31 December 2020, Gruppo IGD SIIQ SPA's freehold real estate portfolio had a fair value of €2,265.69 million, to which the fair value of the leasehold properties (€43.32 million) should be added.

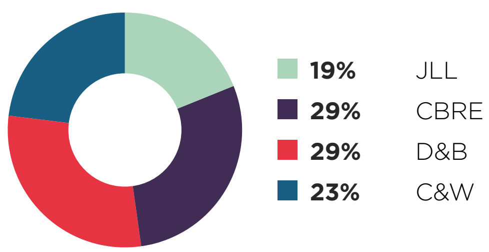
> Freehold assets

Gruppo IGD SIIQ SPA's real estate portfolio is comprised of commercial retail properties, of which 96.71% 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 2020 the development projects were solely in Italy. In 2020 the assignments granted to the four 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 two more years.

Following the renewal of the mandates, the property valuations in Italy were divided amongst the four appraisers at around 27% of the FV each (at 31 December 2019). The appraisals of the Romanian assets are divided between two appraisers, CBRE and D&P.

> BREAKDOWN OF IGD PORTFOLIO BY APPRAISER 31.12.2020



The breakdown of fair value by appraiser at 31 December 2020 in Italy and Romania is shown below:

Amounts in € million	Fair Value 31.12.20 Total	Fair Value 31.12.20 Italy	Fair Value 31.12.20 Romania
C&W	522.18	522.18	0
CBRE	656.9	582.76	74.14
JLL	427.13	427.13	0
Duff&Phelps	659.48	594.98	64.5
Total IGD's portfolio	2,265.69	2,127.05	138.64

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

The fees paid to the independent appraisers in 2020 are shown below:

Amounts in € thousand	Appraisals fees	Other fees	Total fees
CBRE	118	146	264
D&P	221	4	225
JLL	52	0	52
C&W	43	0	43
Total fees	434	150	584

The item "other compensation" refers mainly to the extraordinary maintenance carried out during the year by a CBRE network company at the Città delle Stelle Shopping Center in Ascoli.

The asset classes comprising the Group's real estate portfolio at 31 December 2020 are described below:

> "Hyper and super": 25 properties with a total GLA of about 228,000 m2, found in 8 regions in Italy. There were no changes in the perimeter of this asset class in 2020, but the GLA was reduced by about 7.2 m^2 due to the remodeling of the hypermarket in the Casilino center.

> "Malls and retail parks": 27 properties with a total GLA of about 423,000 m2, found in 12 regions in Italy. While there were no changes in the perimeter of this asset class in 2020, the GLA rose by around 4,000 m2 due to the remodeling of the hypermarket in the Casilino center;

> "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 m2. There were no changes in the perimeter of this asset class in 2020;

> "Progetto Porta a Mare": a mixed-use real estate complex with a residual GLA of approximately 51,870 m2 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 m2 GLA;

> "Winmarkt": a portfolio of 14 properties used primarily for retail purposes, and an office building, found throughout Romania covering a total area of approximately 94,000 m2. 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

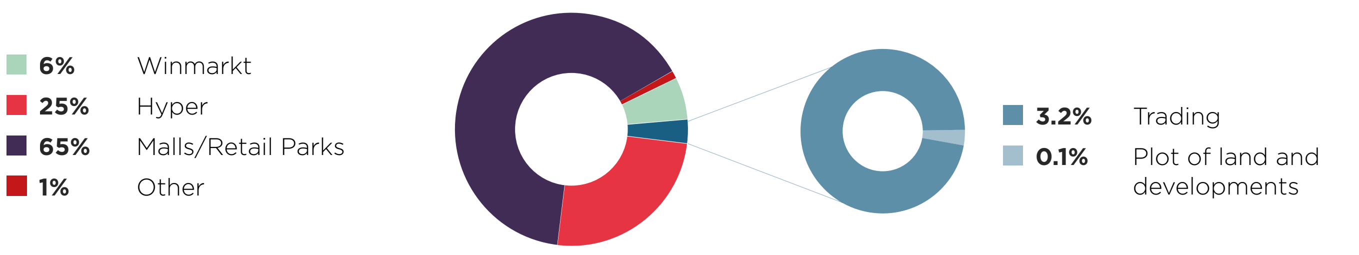
> 6 other

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

> 14 shopping malls

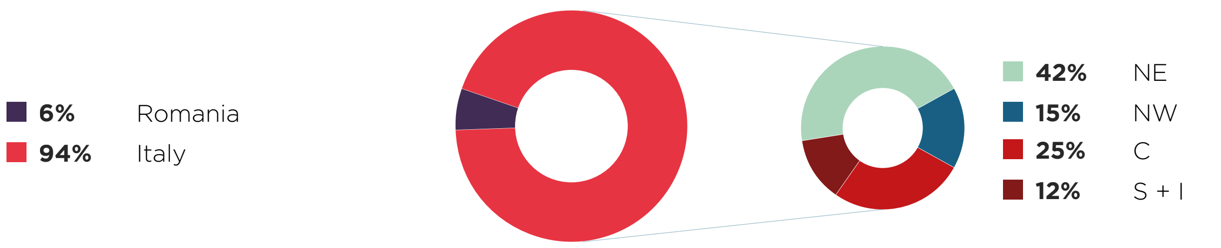
> 1 office building

> BREAKDOWN OF IGD'S REAL ESTATE PORTFOLIO BY FV AT 31.12.2020



> GEOGRAPHIC BREAKDOWN OF IGD'S PORTFOLIO IN ITALY AT 31.12.2020

Breakdown of IGD portfolio by geographical area 31.12.2020



DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> Leasehold assets

The leasehold assets comprise three Italian shopping malls, with a total GLA of around 31,700 m², found in Villanova di Castenaso (Bologna), San Donà di Piave (Venice) and Livorno.

> MAP OF IGD'S REAL ESTATE PORTFOLIO IN ITALY AT 31.12.2020

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 Malls, 1 Hyper;

Lazio:
2 Malls, 3 Hyper - Super;

Tuscany:
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.

> C MAP OF WINMARKT'S REAL ESTATE PORTFOLIO IN ROMANIA AT 31.12.2020

15 freehold assets

Muntenia:
6 Malls, 1 office building;

Moldova:
3 Malls + RP;

Oltenia:
1 Mall;

Transilvania:
3 Malls;

Dobrogea:
1 Mall;

The following tables provide the principal data relative to IGD's freehold real estate portfolios in Italy and Romania:

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> ITALY

Appraiser	Asset	Location	Mall and Retail Park GLA(sqm)	Other/ external areas	Ownership	Opening date	Date of last extension / restilyng / remodeling	% 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)	**7,549**	**543**	IGD SIIQ SPA	**2001**	**2019** Riduzione Iper - Ampliamento Galleria e Restyling 2021	**100**	Freehold property	**36**	**2**	**1**	**1,730**	Decathlon, Deichmann	Ipercoop	Nuova GLA ridotta **8,360 mq** da dicembre 2019
C&W	Centro Commerciale d'Abruzzo	San Giovanni Teatino (CH)	**12,571**	**3.610**	IGD SIIQ SPA	**2001**	**2014**	**100**	Freehold property	**45**	**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**
JLL	Galleria Commerciale Millennium	Rovereto (TN)	**7,683**	//	MILLENNIUM GALLERY SRL	**2004**	//	**100**	Piena Proprietà (excluding supermarket and a portion of the mall)	**28**	**4**		**900**	Game 7 Athletics, Oviesse, Trony, Bata	Superstore Coop (non di proprietà)	//
JLL	Ipermercato CC I Malatesta	Rimini (RN)	//	**882**	IGD SIIQ SPA	**2005**	//	**100**	Freehold property (Hypermarket + Wholesale area + Fitness area)					//	Ipercoop	**10,435**
JLL	Ipermercato Schio	Schio (VI)	//		IGD SIIQ SPA	**2008**	//	**100**	Freehold property (Hypermarket)					//	Ipercoop	**8,176**
C&W	Centro Commerciale Le Maioliche	Fenza (RA)	**25,045**	//	IGD SIIQ SPA	**2009**	//	**100**	Freehold property	**42**	**11**		**2,400**	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	Nuova GLA ridotta **6.163 mq** da dicembre 2019 **AV mq 3.906**
CBRE	Centro Commerciale Città delle stelle	Ascoli Piceno (AP)	**20,993**	**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)	**5,578**		IGD SIIQ SPA	**2002**	**2019** Restyling parziale e nuova MS PT	**100**	Freehold property	**23**	**3**		**1,260**	Euronics, Piazza Italia, Satur	Ipercoop	**13,742**
D&P	Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	**33,557**	//	IGD SIIQ SPA	**2009**	//	**100**	Freehold property	**99**	**13**		**3,800**	Desigual; Azzurra Sport, Piazza Italia, Obi, Scarpamondo, New Yorker, Euronics	Ipercoop	**7,663**
CBRE	Centro Commerciale La Torre	Palermo (PA)	**15,252**	//	IGD SIIQ SPA	**2010**	//	**100**	Freehold property	**43**	**6**		**1,700**	Expert, Scarpe&Scarpe, Piazza Italia, H&M, McDonald	Ipercoop	**11,217**
CBRE	Piastra Commerciale Mazzini	Livorno (LI)	**6,085**	//	IGD SIIQ SPA	**2014**	//	**100**	Freehold property	**24**	**1**			Unieuro, Coop	Coop	**1,440**
JLL	Centro Commerciale ESP	Ravenna (RA)	**29,952**	**3.200**	IGD SIIQ SPA	**1998**	**2017**	**100**	Freehold property	**84**	**16**	**1**	**3,304**	Deichmann, Game 7 Athletics, Unieuro, H&M, Piazza Italia, Bershka, Pull&Bear, OVS, Kiabi, Casa, Maisons du Monde, Scarpe&Scarpe	Ipercoop	**16,536**
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)	**33**	**4**			OVS, Piazza Italia, Calliope, Deichman	Ipercoop (non di proprietà)	//
CBRE	Retail Park CC Favorita	Mantova (MN)	**6,214**	//	IGD SIIQ SPA	**1996**	//	**100**	Piena Proprietà (solo edifici 1, 2A, 2B, 3)	**5**				Mediaworld, Terranova, Scarpe&Scarpe, Upim	//	//
C&W	Centro Commerciale Leonardo	Imola (BO)	**15,060**	//	IGD SIIQ SPA	**1992**	**2012** (Zara p1)	**100**	Freehold property	**60**	**7**			OVS, Zara, Mediaworld	IperCoop	**15,862**
JLL	Supermercato Cecina	Cecina (LI)	//	//	IGD SIIQ SPA	**1994**	//	**100**	Freehold property (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**
D&P	Ipermercato MS CC Fonti del Corallo	Livorno (LI)	**5,835**	//	IGD SIIQ SPA	**2003**	//	**100**	Piena Proprietà (solo Ipermercato + MS da riduzione Iper)		**5**			//	Ipercoop	**9,359**
JLL	Centro Commerciale e Retail Park Conè	Conegliano (TV)	**20,558**	//	IGD SIIQ SPA	**2010**	**2019** Riduzione Iper - Ampliamento Galleria 2021	**100**	Freehold property	**56**	**11**		**1,550**	Maisons du Monde, Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe, Stradivarius	Ipercoop	Nuova GLA ridotta **6,972 mq** da dicembre 2019 **AV 4,356**
JLL	Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	**2010**	//	**100**	Freehold property (Hypermarket)					//	Coop	**3,020**

> ITALY

Appraiser	Asset	Location	Mall and Retail Park GLA(sqm)	Other/ external areas	Ownership	Opening date	Date of last extension / restilyng / remodeling	% 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
CBRE	Galleria Commerciale Punta di Ferro	Forlì (FC)	**21,218**	//	IGD SIIQ SPA	**2011**	//	**100**	Freehold property (excluding hypermarket)	**93**	**3**		**2,854**	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	//
CBRE	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)	//
D&P	Galleria Commerciale Gran Rondò	Crema (CR)	**15,761**	//	IGD SIIQ SPA	**1994**	**2006**	**100**	Freehold property (excluding hypermarket)	**38**	**4**	presente distributore di proprietà Coop Lombardia	**1,280**	Oviesse, Promenade calzature	Ipercoop (non di proprietà)	//
D&P	Centro Commerciale Le Porte di Napoli	Afragola (NA)	**16,987**	//	IGD SIIQ SPA	**1999**	**2014**	**100**	Freehold property	**67**	**8**		**2,650**	Desigual, Euronics, H&M, Piazza Italia; Rosso Pomodoro	Ipercoop	**9,570**
D&P	Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	**23,652**	//	IGD MANAGEMENT SRL	**2003**	**2015**	**100**	Freehold property (excluding hypermarket)	**72**	**8**		**2,500**	OVS, H&M, Piazza Italia, Skyline Cinema, Roadhouse, Scarpe&Scarpe, Rosso Pomodoro	Ipercoop (non di proprietà)	//
D&P	Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	**17,194**	//	IGD SIIQ SPA	**2007**	//	**100**	Freehold property (excluding hypermarket)	**42**	**9**		**4,500**	Jysk, OVS, Librerie Coop, Brico IO, Foot Locker	Ipercoop (non di proprietà)	//
D&P	Centro Commerciale Darsena City	Ferrara (FE)	**16,250**	//	IGD SIIQ SPA	**2005**	//	**50**	Freehold property	**15**	**2**		**1,320**	Pittarosso, UCI, WeArena	Despar	**3,715**
CBRE	Centro Commerciale Katanè	Gravina di Catania (CT)	**14,935**	//	IGD SIIQ SPA	**2009**	//	**100**	Freehold property	**67**	**6**		**1,320**	Adidas, Euronics, H&M, Conbipel, Piazza Italia	IperCoop	**13,663**
D&P	Galleria Commerciale I Bricchi	Isola d'Asti (AT)	**15,994**	**245**	IGD SIIQ SPA	**2009**	//	**100**	Freehold property (Hypermarket)	**24**	**5**		**1,450**	Deichmann	Il Gigante (non di proprietà)	//
D&P	Retail Park Clodì	Chioggia (VE)	**9,329**	//	IGD SIIQ SPA	**2015**		**100**	Freehold property	**8**	**6**			OVS, Scarpe&Scarpe, Piazza Italia, Decathlon	Ipercoop	**7,490**
D&P	Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA		//	**100**	Freehold property (Supermarket)					//	Coop	**2,250**
	Centro Piave	San Donà di Piave (VE)	**11,618**	//	CSII SPA	**1995**	**2003**	//	Master Leasing	**48**	**5**		**1,500**	Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe, McDonald	Ipercoop	**15,826**
	Centro Nova	Villanova di Castenaso (BO)	**12,640**	//	CSII SPA e COPAIN HOLDING SPA	**1995**	**2008**	//	Master Leasing	**55**	**7**		**2,400**	H&M, Librerie Coop, Bershka, Pittarosso, Benetton, McDonald	Ipercoop	**18,268**
	Galleria CC Fonti del Corallo	Livorno (LI)	**7,054**	//	FONDO MARIO NEGRI	**2003**	//	//	Master Leasing	**55**	**2**		**1,600**	Oviesse, Librerie Coop, Bata, Swarovski	Ipercoop	

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> ROMANIA

Shopping Center	Location	Shopping center GLA (sqm)	Net Salling Area	Circulation (sqm) Rented	Rentable Warehouse/ off ice	Ownership	Opening date	Date extension / restilyng	% owned	Form of ownership	No. of store	No. of medium surfaces	Parking places	Main brands	Food Anchor	GLA food anchor	Food anchor sales area
Winmarkt Grand Omnia Center	Ploiesti	**19,689**	**16,870**	**309**	**1,129**	Win Magazin SA	**1986**	**2015**	**100**	Freehold property	**109**	//	**400**	Adidas, Levi's, Domo, Vodafone, Carrefour Market, dm drogerie, Leonardo, Jolidon, Eponge, Banca Transilvania, KFC, Flanco, Pepco	Carrefour	**1,215**	**1.215**
Winmarkt Big	Ploiesti	**4,864**	**2,776**	**442**	**1,016**	Win Magazin SA	**1976**	**2013**	**100**	Freehold property	**82**	//		Banca Transilvania, Carrefour Market	Carrefour	**882**	**700**
Winmarkt	Galati	**7,898**	**7,490**	**106**	**367**	Win Magazin SA	**1973**	**2005**	**100**	Freehold property	**36**	//		H&M, B&B, Sevda, Jolidon, Bigotti, Massini, Pepco, CGS	Billa	**827**	**569**
Winmarkt	Ramnicu Valcea	**7,913**	**7,684**	**51**	**166**	Win Magazin SA	**1973**	**2004**	**100**	Freehold property	**35**	//		H&M, Carrefour Market, Eponge, Leonardo, Jolidon, dm drogerie Markt, Domo	Carrefour	**900**	**900**
Winmarkt	Piatra Neamt	**5,948**	**4,879**	**337**	**839**	Win Magazin SA	**1985**	**2014**	**100**	Freehold property	**67**	//		H&M, Sevda, B&B Collection, Billa, Leonardo, Eponge, Pepco, Reshoes	Billa	**878**	**520**
Winmarkt	Braila	**7,727**	**6,349**	**93**	**821**	Win Magazin SA	**1978**	**2004**	**100**	Freehold property	**45**	//		Carrefour Market, Leonardo, Jolidon, Altex, Vodafone, Sevda, Pepco	Carrefour	**673**	**550**
Winmarkt	Buzau	**5,302**	**4,953**	**32**	**314**	Win Magazin SA	**1975**	**2013**	**100**	Freehold property	**29**	//		H&M, Carrefour Market, Leonardo, Pepco	Carrefour	**800**	**650**
Winmarkt	Tulcea	**3,963**	**3,777**	**5**	**182**	Win Magazin SA	**1972**	**2002**	**100**	Freehold property	**27**	//		H&M, B&B Collection, Leonardo, Altex, Fraher, Vodafone	Fraher	**405**	**405**
Winmarkt	Cluj Napoca	**7,651**	**5,704**	**85**	**1,510**	Win Magazin SA	**1983**	**2011**	**100**	Freehold property	**36**	//		Carrefour Market, dm drogerie, Leonardo, Big Fitness	Carrefour	**1,338**	**1,188**
Winmarkt	Bistrita	**5,131**	**4,799**	**61**	**392**	Win Magazin SA	**1984**	**2005**	**100**	Freehold property	**33**	//		Altex, Leonardo, dm drogerie, fast-food Pizzamania, Pepco			
Winmarkt	Alexandria	**3,434**	**3,302**	**33**	**74**	Win Magazin SA	**1978**	**2013**	**100**	Freehold property	**31**	//		Carrefour Market, Pepco, Eponge, Leonardo, Jolidon, Vodafone	Carrefour	**680**	**680**
Winmarkt	Slatina	**6,086**	**4,833**	**29**	**1,102**	Win Magazin SA	**1975**	**2005**	**100**	Freehold property	**22**	//		Altex, Telekom, B&B	Carrefour	**553**	**505**
Winmarkt	Vaslui	**3,622**	**3,452**	**23**	**192**	Win Magazin SA	**1973**	**2006**	**100**	Freehold property	**26**	//		Carrefour, Reshoes, Jolidon	Carrefour	**527**	**527**
Winmarkt	Turda	**2,515**	**2,231**	**-**	**284**	Win Magazin SA	**1981**	**2007**	**100**	Freehold property	**9**	//		Pepco			
TOTALE GALLERIE		**91,743**	**79,099**	**1,607**	**8,388**												
Winmarkt Junior	Ploiesti	**3,012**	**2,137**	**544**	**331**	Win Magazin SA			**100**	Freehold property	**2**						
TOTALE GENERALE		**94,755**	**81,236**	**2,151**	**8,719**												

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

2.6.2 // Analysis by asset class of the freehold portfolio

The main changes affecting the different asset classes in the year are described below.

Amounts in € thousand	IGD Group Ivestment Property						Direct development initiative	Porta a Mare project	Total investment property, land and development initiatives, assets held for trading	Right to use (IFRS 16)	Total investment property, land and development initiatives, assets held for trading and right to use
	Hypermarket and supermarkets	Shopping malls Italy	Other	Total Italy	Total Romania	Total IGD group	Points of land and anciliary cost	Porta a Mare project (+)			
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
Increase due to work 2020	0.69	4.93	0.28	5.90	0.51	6.41	0.00	10.31	16.72	0,19	16.91
Disposal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.91)	(0.91)	0.00	(0.91)
Reclassification from assets under construction	0.00	1.49	0.00	1.49	0.01	1.50	0.00	0.78	2.28	0.00	2.28
Reclassification from remodeling	(18.31)	18.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net revaluation / writedowns	(7.03)	(106.93)	(1.03)	(114.99)	(12.17)	(127.16)	(0.26)	(6,38)	(133.80)	(11.68)	(145.48)
Book value 31.12.2020	558.97	1,473.29	20.26	2,052.52	138.64	2,191.16	2.47	72.06	2,265.69	43.32	2,309.01

2.6.2.1 // Italy

> Hypermarkets and supermarket

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 2020 by the appraisers CBRE Valuation S.p.A. (CBRE), Duff&Phelps Reag S.p.A. (D&P), Cushman & Wakefield LLP (C&W) and JLL S.p.A. (JLL) based on the following percentages of FV:

Hyper/Super	31/12/2020
JLL	38%
CBRE	13%
D&P	12%
C&W	37%
TOTAL	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, while 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 is up for renewal.

The fair value of this asset class reached €559 million in 2020, a decrease of -1.24% or €7.03 million compared to the prior year.

The average discount rate was 302 bps lower than in the prior year, coming in at 6.28%, while the average gross cap out rate was basically unchanged (-0.02%), coming in at 6.27%.

The weighted average gross initial yield was 6.02% at 31 December 2020.

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

> Shopping centers and Retail Park

Gruppp IGD'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 2020 by the appraisers CBRE, D&P, C&W and JLL based on the following percentages of FV:

Malls/RP	31/12/2020
JLL	15%
CBRE	30%
D&P	34%
C&W	21%
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 €1,473.3 million, a decrease of 6.43% or €101.235 million[12] with respect to the prior half year.

The average discount rate showed decompression of +0.12%[13] against the prior year, coming in at 7.06%.

The average gross cap showed decompression of +0.12%[13], coming in at 7.11%.

The average gross initial yield for this asset class came to 6.53%, a decrease of 0.02%[13] against the prior year.

The financial occupancy rate came to 92.39% at 31 December 2020, falling 3.12% against 2019.

> Development projects

At 31 December 2020 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 medium-size retail areas with a 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 €2.47 million at 31 December 2020, a drop of 9.4% or €0.257 million compared to the prior year.

> Porta a Mare Project

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 31 December 2020 entirely by the 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 6,000 m^2. Sales of the 73 residential units began in 2013 and at year-end 2020 69 units had been sold, 3 units rented and a preliminary agreement had been signed for the sale of 1 unit;

> 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 7 preliminary sales agreements were signed 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 €72.059 million at 31 December 2020, an increase of 5.57% or €3.8 million due to the progress made on the Officine section.

The fair value of the Porta a Mare Project at 31 December 2020 includes the retail properties not destined for sale which will continue to be owned by Gruppo IGD.

> Other

The fair value of this class of property was down 3.61% or €0.75 million at 31 December 2020, coming in at €20.2 million. The decrease in FV is attributable to decompression of 0.28% in the gross cap out which came to 6.52%

12. The figure refers to the difference with respect to the fair value at 31.12.2019 reclassified to reflect the remodeling of the hyper and the mall in the Casilino center.
13. The difference is against the same figure at 31.12.2019 reclassified to reflect the remodeling of the hyper and the mall in the Casilino center.

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and of 0.08% in the discount rate which came to 5.93%.

"Other" was valued at 31 December 2020 by the appraisers D&P and JLL based on the following percentages of FV:

Other	31/12/2020
D&P	99%
JLL	1%
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 2020 by the appraisers CBRE and D&P based on the following percentages of FV:

Winmarkt	31/12/2020
CBRE	47%
D&P	53%
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 7.75% or €11.65 million compared to 31 December 2019.

The average gross initial yield for the malls at 31 December 2020 was 0.26% higher than in the prior year, coming in at 7.35%.

The average discount rate for malls was 0.27% lower than in the same period of the prior year, coming in at 7.89%.

The average gross cap out for the malls reached 7.93%, showing decompression of 0.26% against the prior year.

The financial occupancy rate for the Winmarkt malls fell 4.01% against 31 December 2020 to 93.55%.

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

> SUMMARY AT 31.12.2020

	N. of Assets	GLA/sqm	gross initial yield	gross cap out	Weighted discount rate	Financial occupancy rate	Annual rental value/sqm	Erv/sqm
Hypermarket and Supermarket	25	228,000	6.02%	6.27%	6.28%	100%	148	148
Malls Italy	27	423,000	6.53%	7.11%	7.06%	92.39%	228	235
Total italy	52	651,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Romania	15	94,000	7.35%	7.93%	7.89%	93.55%	101	108
Total IGD Group	67	745,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

> 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
Hypermarket and Supermarket	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	52	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 Group	67	749,755	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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

Category	Book value 31/12/2020	Accounting method	Market value 31/12/2020	Market value 31/12/2019	Change
Investimenti immobiliari Gruppo IGD					
Hypermarket and supermarket	558,97	fair value	558,97	583,62	(24,65)
Shopping malls Italy	1.473,29	fair value	1.473,29	1.555,49	(82,20)
Other	20,26	fair value	20,26	21,01	(0,75)
Total Italy	2.052,52		2.052,52	2.160,12	(107,60)
Shopping malls Romania	135,94	fair value	135,94	147,59	(11,65)
Other Romania	2,70	fair value	2,70	2,70	-
Total Romania	138,64		138,64	150,29	(11,65)
Total IGD's Group	2.191,16		2.191,16	2.310,41	(119,25)

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Category	Book value 31/12/2020	Accounting method	Market value 31/12/2020	Market value 31/12/2019	Change
Plot of land and anciliary costs	**2.47**	**Adjusted cost/ fair value**	**2.47**	**2.73**	**(0.26)**
Direct Development Initiativea	**2.47**	**Adjusted cost/ fair value**	**2.47**	**2.73**	**(0.26)**

Category	Book value 31/12/2020	Accounting method	Market value 31/12/2020	Market value 31/12/2019	Change
Porta a Mare project*	**72.06**	**Adjusted cost/ costo rettificato**	**72.06**	**68.26**	**3.80**

Category	Book value 31/12/2020	Accounting method	Market value 31/12/2020	Market value 31/12/2019	Change
Right to use (IFRS 16)	**43.32**	**fair value**	**43.32**	**54.81**	**(11.49)**
Total right to use	**43.32**		**43.32**	**54.81**	**(11.49)**

	Investment properties, plots of land, development initiatives, assets held for trading and right to use	Market value 31/12/2020	Market value 31/12/2019	Change
Total	**2,309.01**	**2,309.01**	**2,436.21**	**(127.19)**

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 31.12.2020 (Mn/ €)	% held	Status
Porto Grande	Extension	Porto d'Ascoli	5,000 sqm	Jun 24	ca. 9.9 Mn/€	2.47	100%	Planning stage completed. All the building permits and authorisation for preletting activities have been issued
Total						**2.47**		

2.7 // Real Estate appraisals

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IGD-GRUPPOIGD-CERTVALPERBILANCIO-201231-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD** VIA TRATTATI COMUNITARI EUROPEI 1957-2007, 13 40127 BOLOGNA] ITALY
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**15 JANUARY 2021**
VALUATION DATE:	**31 DECEMBER 2020**
OUR REFERENCE:	*OUR REF: VAL/CLI/IGD-GRUPPOIGD-CERTVALPERBILANCIO-201231-01-ENG*

1. INSTRUCTIONS

1.1 APPOINTMENT

We are pleased to submit our report and valuation (the "Valuation Report"), which has been prepared in accordance with the Engagement Letter entered into between us dated 19 April 2019, a copy of which is to be found at the back of this document. This letter and the terms set out there in constitute the "Terms of Business", which form an integral part of this Valuation Report.

Therefore, it is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule (which forms part of the Terms of Business). Where Assumptions detailed in the Valuation Services Schedule are also referred to within this Valuation Report they are referred to as an "assumption" or "assumptions". Unless otherwise defined, all capitalised terms herein shall be as defined in the Terms of Business.

We have valued the property interest detailed in the Individual Report attached at Section A of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA*.

Detailed reports relating to the Properties are enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA*.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

1.2 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

1.3 COMPLIANCE WITH RICS "RED BOOK"

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

1.4 STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Mariacristina Laria MRICS has overall responsibility for the valuation and is in a position to provide an objective and unbiased

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valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

The valuation was prepared by the team of professionals of C&W V&A and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS. C & W (U.K.) LLP has been signatory to valuations provided to the Client for the same purpose as the report, from June 2014 until June 2020. Prior to June 2014, C & W (U.K.) LLP had no previous involvement in the valuation. In our most recent financial year, C & W (U.K.) LLP received less than 5% of its total fee income from the Client.

1.5 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.

1.6 BASES OF VALUATION

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

"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 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".

1.7 SPECIAL ASSUMPTIONS

A Special Assumption is referred to in the Glossary in the RICS Red Book as an assumption that "either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date", ("Special Assumption").

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

This valuation is not subject to any Special Assumptions.

1.8 DEPARTURES

We have made no Departures from the RICS Red Book.

1.9 RESERVATIONS

The valuation is not subject to any reservation.

1.10 INSPECTION

Details of our inspection of the Property are included in the Individual Report section of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA*.

1.11 MEASUREMENT

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the areas provided to us and calculated as per local market practice. Details of the floor areas of the Property are included in the Individual Report section of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA*.

1.12 ACCOMMODATION

Source of Floor Areas

We adopted floor areas provided by Gruppo IGD.

1.13 SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from you, listed in this Valuation Report.

We have made the assumption that the information provided by you, in respect of the Property we have valued is both full and correct. We have made the further assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

1.14 GENERAL COMMENT

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or Special Assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of

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certainty, or probability, that the valuer's opinion of value would exactly coincide with the price achieved were there an actual sale at the Valuation Date.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation were to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you contemplate a sale, we strongly recommend that the Property is given proper exposure to the market.

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case we will be pleased to reconsider our opinion of value in the light of their advice and opinions.

1.15 CURRENCY

The Properties have been valued in local currency.

2. 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-200630-01-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-200630-01-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,

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

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.

3. 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 single reports of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA*.

3.1 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

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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.

4. VALUATION

MATERIAL VALUATION UNCERTAINTY DUE TO COVID – 19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation[s] than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

Subject to the contents of this Valuation Report, our opinion of the Market Value of the freehold interest in the Properties as at the Valuation Date is:

€514,540,000
(Five hundred fourteen million five hundred and forty thousand Euro)

The above is an aggregated figure of the individual values for each Property in the portfolio. Please note that the Properties have been valued individually and assuming that each of the Properties would be marketed in an orderly way and not placed on the market at the same time. If the portfolio were to be sold as a single lot or in groups of properties, the total value could differ significantly.

Single Valuation Reports are enclosed under Attachment I of Ref: IGD-GruppoIGD-CertVal-201231-01-ITA.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

As per your request we report in the following table the Values gross of purchaser's costs, which is equal to €522,183,746.

5. CONFIDENTIALITY

The contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated.

Such publication or disclosure will not be permitted unless, where relevant, it incorporates adequate reference to our Terms of Business and the Special Assumptions and/or Departures from the RICS Red Book referred to herein. For the avoidance of doubt, such approval is required whether or not C & W (U.K.) LLP is referred to by name and whether or not the contents of our Valuation Report are combined with others.

6. DISCLOSURE

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.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the Terms of Business.

7. RELIANCE

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

(i) you;

(ii) by such other parties who have signed a Reliance Letter.

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For the avoidance of doubt, the total aggregate limit of liability specified in the Terms of Business (the "Aggregate Cap") shall apply in aggregate to (i) you (ii) such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

C & W (U.K.) LLP

SECTION A TERMS OF BUSINESS

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

CUSHMAN & WAKEFIELD

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20121 Milano
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PEC: finance@pec.cwllp.it
cushmanwakefield.it

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TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**15 JANUARY 2021**
VALUATION DATE:	**31 DECEMBER 2020**

1. INSTRUCTIONS

1.1 APPOINTMENT

We are pleased to submit our report and valuation (the "Valuation Report"), which has been prepared in accordance with the Engagement Letter entered into between us dated 19 April 2019, a copy of which is to be found at the back of this document. This letter and the terms set out there in constitute the "Terms of Business", which form an integral part of this Valuation Report.

Therefore, it is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule (which forms part of the Terms of Business). Where Assumptions detailed in the Valuation Services Schedule are also referred to within this Valuation Report they are referred to as an "assumption" or "assumptions". Unless otherwise defined, all capitalised terms herein shall be as defined in the Terms of Business.

We have valued the property interest detailed in the Individual Report attached at Section A.

Please also refer to the Individual Report for a description of the Property.

1.2 THE PROPERTIES

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

PORTAFOGLIO GRUPPO IGD			
#	Città	Provincia	Centro
1	Imola	BO	Centro Leonardo galleria
2	Bologna	BO	Centro Lame galleria
3	Bologna	BO	Il Borgo

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PORTAFOGLIO GRUPPO IGD			
#	Città	Provincia	Centro
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

Detailed reports relating to the Properties are enclosed under Attachment I of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-201231-01-ITA*.

1.3 COMPLIANCE WITH RICS "RED BOOK"

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

1.4 STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Mariacristina Laria MRICS has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

The valuation was prepared by the team of professionals of C&W V&A and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS. C & W (U.K.) LLP has been signatory to valuations provided to the Client for the same purpose as the report, from June 2014 until June 2020. Prior to June 2014, C & W (U.K.) LLP had no previous involvement in

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

the valuation. In our most recent financial year, C & W (U.K.) LLP received less than 5% of its total fee income from the Client.

1.5 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.

1.6 BASES OF VALUATION

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

"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 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".

1.7 SPECIAL ASSUMPTIONS

A Special Assumption is referred to in the Glossary in the RICS Red Book as an assumption that "either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date", ("Special Assumption").

This valuation is not subject to any Special Assumptions.

1.8 DEPARTURES

We have made no Departures from the RICS Red Book.

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1.9 RESERVATIONS

The valuation is not subject to any reservation.

1.10 INSPECTION

Details of our inspection of the Property are included in the Individual Report section.

1.11 MEASUREMENT

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the areas provided to us and calculated as per local market practice. Details of the floor areas of the Property are included in the Individual Report section.

1.12 ACCOMMODATION

Source of Floor Areas

We adopted floor areas provided by Gruppo IGD.

1.13 SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from you, listed in this Valuation Report.

We have made the assumption that the information provided by you, in respect of the Property we have valued is both full and correct. We have made the further assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

1.14 GENERAL COMMENT

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or Special Assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of value would exactly coincide with the price achieved were there an actual sale at the Valuation Date.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation were to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you contemplate a sale, we strongly recommend that the Property is given proper exposure to the market.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

A copy of this Valuation Report should be provided to your solicitors and they should be asked to inform us if they are aware of any aspect which is different, or in addition, to that we have set out; in which case we will be pleased to reconsider our opinion of value in the light of their advice and opinions.

1.15 CURRENCY

The Properties have been valued in local currency.

2. 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-201231-01-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-201231-01-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.

3. 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 single reports.

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3.1 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.

4. VALUATION

MATERIAL VALUATION UNCERTAINTY DUE TO COVID – 19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation[s] than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

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:

€512,100,000
(Five hundred twelve million and one hundred thousand Euro)

The above is an aggregated figure of the individual values for each Property in the portfolio. Please note that the Properties have been valued individually and assuming that each of the Properties would be marketed in an orderly way and not placed on the market at the same time. If the portfolio were to be sold as a single lot or in groups of properties, the total value could differ significantly.

Single Valuation Reports are enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-201231-01-ITA.*

As per your request we report the Value gross of purchaser's costs, which is equal to €519,708,763.

5. CONFIDENTIALITY

The contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated.

Such publication or disclosure will not be permitted unless, where relevant, it incorporates adequate reference to our Terms of Business and the Special Assumptions and/or Departures from the RICS Red Book referred to herein. For the avoidance of doubt, such approval is required whether or not C & W (U.K.) LLP is referred to by name and whether or not the contents of our Valuation Report are combined with others.

6. DISCLOSURE

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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-201231-01-ENG
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This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the Terms of Business.

7. RELIANCE

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

(i) you;

(ii) by such other parties who have signed a Reliance Letter.

For the avoidance of doubt, the total aggregate limit of liability specified in the Terms of Business (the "Aggregate Cap") shall apply in aggregate to (i) you (ii) such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

C & W (U.K.) LLP

Attachments that form part of this report:

SECTION A ENGAGEMENT LETTER

CBRE VALUATION S.p.A. con unico socio
Piazza degli Affari 2
20123 Milan
Switchboard +39 02 9974 6000
Fax +39 02 9974 6950

VALUATION CERTIFICATE FOR FINANCIAL STATEMENT

Report Date 02 February 2021

Addressee (or Client) IGD SiiQ SpA
Via Trattati Comunitari Europei 1957-2007, n.13
40127 Bologna (BO)

For the attention of: **Mr Roberto Zoia**

The Property Real estate properties owned by IGD SiiQ SpA as per attached schedule.

Property Description The portfolio under valuation consists in 4 shopping centres (including both the hypermarket and the gallery) in Italy and 5 in Romania, 5 retail galleries (one of which also includes a Retail park and a mixed use development in Italy plus and office building in Romania, as better described in the in the property report.

In relation to the portfolio of assets owned in Romania, please refer to the specific valuation certificate 20-64VAL-0417.

Ownership Purpose Investment.

Instruction To value the unencumbered Freehold interest in the Properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement 085-20 entered into between CBRE and the addressee dated 07 April 2020 countersigned the 8 May 2020.

Valuation Date 31 December 2020

Capacity of Valuer External Valuer, as defined in the current version of the RICS Valuation – Global Standards. / Independent Valuer, as defined in our instructions.

Purpose Financial reporting purpose for incorporation within the Company's accounts.

Market Value Market Value as at 31 December 2021:

€656,899,500.00 (SIX HUNDRED FIFTY-SIX MILLION EIGHT HUNDRED NINETYNINE THOUSAND AND FIVE HUNDRED/00 EUROS) exclusive of V.A.T.

Service Agreement Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.

However, for the avoidance of doubt, we confirm that our Valuation has been prepared in accordance with the Valuation assumptions provided by Bank of Italy for Reit Fund and contained in "Regolamento sulla gestione collettiva del risparmio

- Titolo V, Capitolo IV, Sezione II, paragrafi 2.5 'Beni Immobili' and 4, 'Esperti indipendenti'" dated 05 March 2015.

Novel Coronavirus (COVID – 19) The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

In the case of development valuations, we would draw your attention to the fact that, even in normal market conditions, the residual method of valuation is very sensitive to changes in key inputs, with small changes in variables (such as the timing of the development, finance/construction costs and sales rates) having a disproportionate effect on land value. Consequently, in the current market conditions – with the potential for cost volatility, supply and timing issues, fluctuating finance rates, liquidity issues and reduced transactional volumes – it is inevitable that there is even greater uncertainty, with site values being susceptible to much more variance than normal.

In Italy since the 23rd February 2020, the Government took immediate actions (ref. DPCM 23rd February 2020 and subsequent) to tackle the spread of Coronavirus, including home quarantine and other restrictions. The activities against the Italian Government's Coronavirus are resumed with new ordinances starting from the Prime Ministerial Decree (DPCM) dated October 18, 2020 (and subsequent).

Rental Income The valuation we have provided reflects the rental income as at the date of valuation, as set out within this report, which you have confirmed to be correct and comprehensive. It also reflects any issues concerning the anticipated cash-flow that you have advised us of, as set out within this report. Given the uncertainties relating to the Covid-19 virus and the current restrictions on business activities, it is likely that there will be significant rental defaults and/or insolvencies leading to voids and a resulting shortfall in rental income. Should this occur, there will be a negative impact on the value of the subject property.

Special Assumptions None

Compliance with Valuation Standards The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) (the Red Book) current as at the valuation date.

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.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.

Assumptions The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

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.

Variation from Standard Assumptions None.

Valuer The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the current edition of the RICS Valuation – Global Standards (the Red Book) and with the "Provvedimento della Banca d'Italia" released by Bank of Italy on 05 March 2015.

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 the Italy from the Addressee or other companies forming part of the same group of companies is less than 5.0% of the total Italy revenues.

Previous Involvement & Conflict of Interests We confirm that CBRE Valuation SpA has previously carried out Valuation on your behalf and for the same purpose in relation to some of the properties within the portfolio. This instruction is in effect a renewal of our previous agreement.

We do not consider that this previous involvement represents a conflict of interest.

Disclosure CBRE S.p.A. has carried out Valuation and Professional services on behalf of the addressee for 15 years and over.

CBRE

IGD SIIQ SPA | CBRE PROJECT REFERENCE 20-64VAL-0415
IGD SIIQ SPA
DATE OF VALUATION: 31 DECEMBER 2020

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

(i) Addressees of the Report; and

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

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.

We would draw your attention to the fact that where our appointment is from an entity to which the European Parliament and Council Directive 2011/61/EU ['the Directive'], concerning Alternative Investment Fund Managers ['AIFM'], applies, our role is limited to providing Valuations of individual property assets or liabilities [based on the assumptions as set out within our Valuation report] – not the net asset value ['NAV'] of either the Fund or the individual properties within the Fund. Furthermore, and for the avoidance of doubt, we are acting in the capacity of a 'Valuation adviser' to the AIFM and not as an 'external valuer' as defined in the Directive. Details of any limitations to our liability in respect of the Valuations we carry out are as set out within this report and our terms of engagement. You have confirmed that the 'Valuation function' under the Directive is performed by the Alternative Investment Fund Manager itself – not CBRE.

Publication 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.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6900
Davide.Cattarin@cbre.com

Yours faithfully

Elena Gramaglia MRICS
Director
MRICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6900
Elena.Gramaglia@cbre.com

CBRE Valuation S.p.A.
Valuation & Advisory Services
Piazza degli Affari, 2
20123 Milano
Project reference: 20-64VAL-0415
20-64VAL-0417

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W: www.cbre.it

CBRE

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

CBRE

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20123 Milan
Switchboard +39 02 9974 6000
Fax +39 02 9974 6950

VALUATION CERTIFICATE FOR FINANCIAL STATEMENT

Report Date 02 February 2020

Addressee (or Client) IGD SiiQ SpA

Via Trattati Comunitari Europei 1957-2007, n.13

40127 Bologna (BO)

For the attention of: **Mr Roberto Zoia**

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Valuation Date 31 December 2020

Capacity of Valuer External Valuer, as defined in the current version of the RICS Valuation – Global Standards. / Independent Valuer, as defined in our instructions.

Purpose Financial reporting purpose for incorporation within the Company's accounts.

Market Value Market Value as at 31 December 2020:

€584,840,000.00 (FIVE HUNDRED EIGHTY-FOUR MILLION EIGHT HUNDRED FOURTY THOUSAND/00 EUROS) exclusive of V.A.T.

Service Agreement Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached.

However, for the avoidance of doubt, we confirm that our Valuation has been prepared in accordance with the Valuation assumptions provided by Bank of Italy for Reit Fund and contained in "Regolamento sulla gestione collettiva del risparmio

www.cbre.it
CBRE VALUATION S.p.A. piazza degli Affari 2 20123 Milano
C.F./P. I.V.A. n. 04319600153 - cap. soc. € 500.000 i.v.
Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd
Regulated by RICS

RICS Regulated by RICS

- Titolo V, Capitolo IV, Sezione II, paragrafi 2.5 'Beni Immobili' and 4, 'Esperti indipendenti'" dated 05 March 2015.

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CBRE

Special Assumptions

None

Compliance with Valuation Standards

The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) (the Red Book) current as at the valuation date.

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.

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Assumptions

The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

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.

Variation from Standard Assumptions

None.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the current edition of the RICS Valuation – Global Standards (the Red Book) and with the "Provvedimento della Banca d'Italia" released by Bank of Italy on 05 March 2015.

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 the Italy from the Addressee or other companies forming part of the same group of companies is less than 5.0% of the total Italy revenues.

Previous Involvement & Conflict of Interests

We confirm that CBRE Valuation SpA has previously carried out Valuation on your behalf and for the same purpose in relation to some of the properties within the portfolio. This instruction is in effect a renewal of our previous agreement.

We do not consider that this previous involvement represents a conflict of interest.

Disclosure

CBRE S.p.A. has carried out Valuation and Professional services on behalf of the addressee for 15 years and over.

CBRE

IGD SIIQ SPA | CBRE PROJECT REFERENCE 20-64VAL-0415
IGD SIIQ SPA
DATE OF VALUATION: 31 DECEMBER 2020

Reliance

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

(i) Addressees of the Report; and

(ii) Parties who have received prior written consent from CBRE in the form of a reliance letter;

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.

We would draw your attention to the fact that where our appointment is from an entity to which the European Parliament and Council Directive 2011/61/EU ['the Directive'], concerning Alternative Investment Fund Managers ['AIFM'], applies, our role is limited to providing Valuations of individual property assets or liabilities [based on the assumptions as set out within our Valuation report] – not the net asset value ['NAV'] of either the Fund or the individual properties within the Fund. Furthermore, and for the avoidance of doubt, we are acting in the capacity of a 'Valuation adviser' to the AIFM and not as an 'external valuer' as defined in the Directive. Details of any limitations to our liability in respect of the Valuations we carry out are as set out within this report and our terms of engagement. You have confirmed that the 'Valuation function' under the Directive is performed by the Alternative Investment Fund Manager itself – not CBRE.

Publication

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.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Davide Cattarin
Managing Director

For and on behalf of
CBRE Valuation S.p.A.

+39 02 9974 6900
Davide.Cattarin@cbre.com

Yours faithfully

Elena Gramaglia MRICS
Director
RICS Registered Valuer

For and on behalf of
CBRE Valuation S.p.A.

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CBRE

JLL | Achieve Ambitions

Valuation Advisory

Valuation Certificate

Client: IGD SiiQ S.p.A.

Property: Retail Portfolio

12/2020 - FINAL

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Milan, 31/12/2020

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 2020 of a Retail Portfolio held by IGD SiiQ S.p.A. comprising 9 Hypermarkets/Supermarkets, 3 Retail Galleries, 1 Retail Park and 1 Area Fitness*

Dear Mr. Zoia,

Following the assignment conferred on 08th May 2020, 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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

1. Valuation Certificate

1.1. Subject properties

The retail portfolio under-analysis consists of 9 Hypermarkets/Supermarkets, 3 Retail Galleries, 1 Retail Park and 1 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
Ipermercato Miralfiore	Pesaro (PU)	Hypermarket + shopping unit	10,470
Globo	Lugo (RA)	Hypermarket	7,937
Ipermercato Maestrale	Senigallia (AN)	Hypermarket	12,551
Ipermercato Schio	Schio (VI)	Hypermarket	8,176
Supermercato Civitacastellana	Civita Castellana (LT)	Supermarket	2,892
Supermercato Cecina	Cecina (GR)	Supermarket	5,749
Ipermercato Coné	Conegliano (VE)	Hypermarket	9,498
Galleria Commerciale + RP Coné	Conegliano VE)	Shopping Gallery + Retail Park	18,161
Ipermercato Malatesta	Rimini	Hypermarket	12,724
Area Fitness Malatesta	Rimini	Fitness area	882
Galleria Millenium	Rovereto (TN)	Shopping Gallery	7,683
Ipermercato ESP	Ravenna (RA)	Hypermarket	16,536
Galleria Commerciale ESP	Ravenna (RA)	Galleria Commerciale	33,272

1.2. 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, 31th of December 2020:

- 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.

1.3. Basis of Valuation

Our analyses are carried out in accordance with the principles, guidelines and definitions contained in the RICS professional standards and guidance, global – RICS Valuation – Global Standards, issued November 2019, effective from 31 January 2020, 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 and guidance, global – RICS Valuation – Global Standards, issued November 2019, effective from 31 January 2020 (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."

The subject valuation is carried out in accordance with the following definition of Market Rent as settled by the International Valuation Standards Committee and referred to in the RICS professional standards and guidance, global – RICS Valuation – Global Standards, issued November 2019, effective from 31 January 2020 (VPS 4 – Section 5):

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."

1.4. Valuation Certainty[1] - RICS Valuation-Professional Standards VPGA 10

Global Pandemic

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

1.5. 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

1.6. 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;

[1] Please refer to VPGA 10 (latest issue dated November 2019) of RICS Valuation-Professional Standards edited by RICS.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Property: Retail Portfolio 12/2020 - FINAL

- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years off 2018, 2019 and for the first 9 months of 202020 (Retail Gallery and Retail Park);
- Turnover figures (net VAT) of the Supermarket and Hypermarket divided per year for the years: 2018, 2019 and first 9 months of 2020;
- Non- recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2020;
- Asset summary identification schedules.

1.7. 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.

1.8. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is € 412,950,000, while the sum of the rounded Gross Market Values is equal to € 427,127,000 rounded.

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

____

This certificate 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.

P. Marin

Pierre Marin MRICS
Chairman of the Board Jones Lang LaSalle Spa

DUFF & PHELPS
Real Estate Advisory Group

Agrate Brianza, 8th February 2021
Ref. n° 21222,07 – 21199,07

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

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of December 31st, 2020 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. 9 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, 2020.

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

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

Duff & Phelps REAG SpA a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB – Italy
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Capitale Sociale € 1.000.000,00 i.v
R.E.A. Milano 1047058.
C.F. / Reg. Imprese / P. IVA 05881660152
REAGInfo@duffandphelps.com

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

DUFF & PHELPS
Real Estate Advisory Group

Definitions

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

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

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

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

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

"Market Rent" **(MR)** is " (...) the estimated amount for which a property, or space within a Property, should lease on the date of valuation between a willing lessor and a willing lessee on

DUFF & PHELPS
Real Estate Advisory Group

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 2020.

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;

- on the discounted back net incomes (cash flow) as of the evaluation date.

REAG moreover:

- Carried out site inspections on the Properties located in Afragola (CC Porte di Napoli), Ferrara (CC Darsena City), Sesto San Giovanni (CC Sarca), Ravenna (via Aquileia), Mondovì (CC e RP Mondovicino), Isola d'Asti (CC I Bricchi), Chioggia (RP Clodì), Crema (Gran Rondò), Bologna (uffici e Virtus Arco Campus) in Italy, 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 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.

DUFF & PHELPS
Real Estate Advisory Group

Given the above considerations

It is our opinion that, as of December 31st, 2020, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 659.480.000,00
(Euro Six Hundred Fifty Nine Millions Four Hundred Eighty Thousands/00)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries and confirmed due to the second wave of COVID-19, with subsequent partial or total lockdown measures, between summer and autumn 2020.
Please note that the markets have demonstrated to be highly sensitive to the news spread by several pharmaceutical companies and international research centers regarding the imminent release of the anti COVID-19 vaccine, with extremely positive results.
Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.
Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of these properties under frequent review.

Agrate Brianza, 8th February 2021
Ref. n° 21222,07 - 21199,07

Duff & Phelps REAG S.p.A.

Performed by:
Gianluca Molli
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Advisory & Valuation Dept.

Duff & Phelps REAG S.p.A | GRUPPO IGD 6
Ref. n. 21222,07-21199,07 – December 31st, 2020

DNV·GL ISO 9001

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 allowed.

> 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

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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 sybjective, 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 2020, similar to year-end 2019, 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 real estate portfolio.

> 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 2019, as resolved in previous years, during the AGM held on 11 June 2020 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 €25,149,800.48, stemming from:

> For €5,578,654.15, distributable income generated entirely by exempt operations;

> For €19,571,146.33, profits carried forward from exempt operations.

2.9 // Organization and Human Resources

> Organizational structure

During the year IGD worked to:

> Maintain the company's level of employment stable, including by monitoring the shopping centers constantly during the Covid-19 crisis;

> Implement job rotations of network personnel in order to improve effectiveness and, at the same time, promote the professional growth of employees;

> Strengthen the staffing at Centro Borgo and Centro ESP, by hiring an assistant in each center;

> Strengthen the Tax Department, Administrative Procedures and Accounting Systems by adding the position of Tax Specialist which was filled by an internal resource;

> Streamline Project Management, following the resignation of one resource.

In 2020 the number of the IGD Group's employees increased slightly, going from 135 to 137.

The Winmarkt Group's workforce was slightly lower due to turnover, explained mainly by internal changes and one retirement, which was, however, limited despite the economic environment and a very dynamic labor market.

> Workforce and Turnover

The workforce of Gruppo IGD ITALIA increased by 2 heads.

The breakdown of Gruppo IGD ITALIA personnel by job level and gender is shown below:

	Executive	Middle Managers	Junior Managers	Clerks	Of which fixed terms	Total	Percentage
Men	5	16	29	16	4	66	48%
Women	0	8	27	36	2	71	52%
Total	5	24	56	52	6	137	
Percentage	4%	18%	41%	38%		100%	100%
Percentage on total employess					5%		

The breakdown of turnover in Gruppo IGD ITALIA personnel by job levels (including fixed term contracts) is shown below:

	Hires (*)	Resignations	Difference
Executive	0	0	0
Middle Managers	0	1	-1
Junior Managers	1	1	0
Clerks	4	1	3
Total	5	3	2

** Excluding promotion for E, MM and JIM*

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The breakdown of Gruppo IGD ITALIA personnel by job levels (including fixed term contracts) is shown below:

	Executive	Middle Managers	Junior Managers	Clerks	Of which fixed terms	Total	Percentage
IGD SIIQ	5	15	24	36	4	80	58%
IGD MANAGEMENT	0	9	31	16	2	56	41%
Porta Medicea	0	0	1	0	0	1	1%<
Total	5	24	56	52	6	137	
Percentage	4%	18%	41%	38%		100%	100%
Percentage on total employees					5%		

There were 6 fixed term contracts at the end of the year or 5% of the indefinite contracts, which was one more than in the prior year. The increase is attributable to the substitution of personnel on leave, which was two heads higher than at 31.12.2019.

The turnover rate in Italy, calculated as the number of indefinite contracts terminated between 1.1.2020 al 31.12.2020 and compared to the fixed term contracts at 31.12.2020, came to 2.3% due to the two resignations in the year.

The workforce at **Winmarkt ROMANIA** Group dropped by 2 heads (from 42 heads in 2019 to 40 heads in 2020).

Turnover in Romania, namely terminations (excluding fixed term contracts) as a percentage of permanent employees at 31.12.2020 came to 7.5%.

The breakdown of the Winmarkt ROMANIA Group personnel by job level and gender is shown below:

	Executive	Middle Managers	Junior Managers	Clerks	Total	Percentage
Men	0	2	9	5	16	40%
Women	0	4	4	16	24	60%
Total	0	6	13	21	40	100%
Percentage	0%	15%	33%	53%	100%	

The breakdown of the Winmarkt ROMANIA Group personnel by job level (including fixed term contracts) is shown below:

	Hires	Resignation	Change
Executive	0	0	0
Middle Managers	0	0	0
Junior Managers	0	2	-2
Clerks	1	1	0
Total	1	3	-2

The 2 fixed term contracts (out of a total of 40 contracts) in Winmarkt are explained by a local regulation based on which an indefinite contract must be transformed into a fixed term contract, once retirement age is reached.

> Welfare

2020 was the third year of IGD's Corporate Welfare Program.

IGD set up a Welfare Portal which allows employees to access a series of services made available by the company as part of the Corporate Welfare Program.

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 on the workplace environment.

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 utilized during the year by using their personal passwords to access the portal.

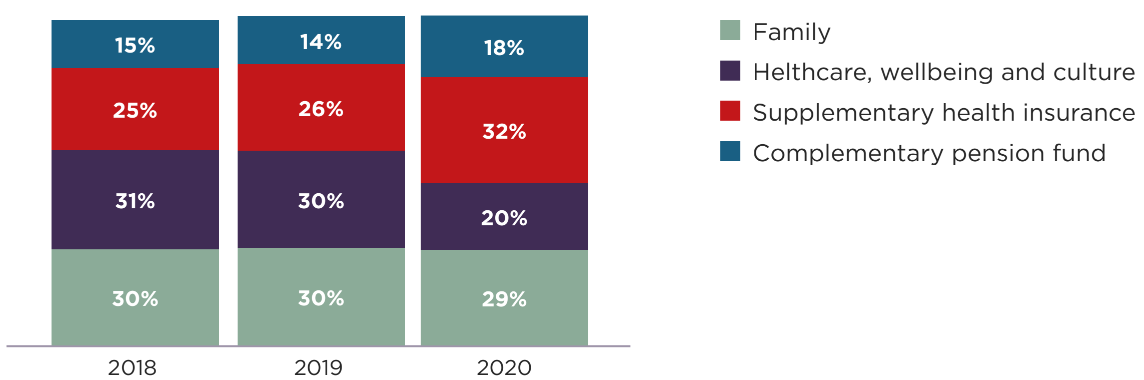
Refund coupons and vouchers relating to courses and training, recreation, supplemental retirement plans, social assistance and health insurance can be found on the portal.

124 out of 126 eligible employees took advantage of the program.

Due to the lockdown and Covid-19 restrictions, employees had less time to enjoy leisure time benefits. The category «Health-Wellbeing-Culture» lost in popularity, therefore, due to the various and repeated closures that affected the different activities (fitness, culture, entertainment, tourism, restaurants).

"Family" was one of the most popular categories but, for the first time, "Supplemental Health Insurance" was more popular, by 6 percentage points, which highlights a key concern in 2020. The category "Supplemental retirement plans" was also higher.

> COMPARISON OF WELLNESS SERVICES USED



> Compensation policies and professional development

In 2020, all employees in Italy with indefinite contracts were assigned company and individual targets (with the exception of this on long-term leaves of absence). The variable compensation paid in the year, related to targets achieved in 2019, reached 61% of the amount payable.

77 employees, or 56% of the entire workforce, were involved in the yearly performance evaluations (a percentage point lower than in the prior year). In 2020 there were no merit based pay raises because IGD decided to suspend pay raises in order to offset the negative economic impact of Covid-19 on company results.

The deadlines of the career paths already undertaken or included in a contract, were however, respected and as a result 5 new career paths began in 2020 and 4, begun in 2019, were terminated.

In order to promote the growth and development of resources within the Winmarkt Group, in 2020 17 merit-based pay raises were granted. With a view to promoting employee loyalty and rewarding seniority, a voluntary salary indexing system has also been in place in Romania since 2018, which is in addition to the normal compensation mechanism.

> Training

In 2020 the training offered by the IGD Group was focused on compliance, updating hard skills and an experimental program targeting soft skills.

As part of the training related to compliance, the training on the anti-corruption certification begun in 2019 was completed. Training was also provided on the Organizational Model and the new Code of Conduct. Mandatory courses relating to safety were offered to both new-hires and in order to renew expiring certifications. Lastly, an update on environmental regulations was offered to the entire network.

With regard to soft skills, for the first time remote virtual meetings were organized for groups or Virtual Teams which involved all employees. The purpose of each meeting was to discuss important topics, relating to professional and personal experiences during the crisis situation caused by the pandemic. The format called for opinion polls, an analysis of the events that had occurred and the impact on individual work; there were also discussions about actions that could be taken, in terms of both the business and human resources development.

Training was also provided through webinars and online classes, focused on specific updates which could further develop and enhance individual expertise (for example, changes in regulations, particularly with regard to the Covid-19 decrees, new software, language classes, etc.).

All these activities were carried out remotely, in compliance with the containment measures, with the exception of safety training which called for hands-on experiences (for example, fire safety).

Safety:

> Training for new hires;

> Five-year update for workers;

> Updates for the workers' safety representatives;

> Fire safety training updates.

> First aid training.

English:

the courses, which were offered to 8 staff members, were developed to support roles which call for the daily use of English.

In 2020, 136 employees, or 98.5% of the total, participated in at least one training course for a total of 1,120 hours and a cost of €44,773.

While more employees participated, the hours of training provided were less as classroom sessions, which typically last longer, were replaced by remote classes, which are generally shorter. The training that is part of the annual company convention, which all Group employees attend, was also not offered in 2020 as the convention was not held.

// Training Winmarkt Group

In 2020, given the health crisis triggered by Covid-19 beginning in March, it wasn't possible to provide the entire workforce with training in 2020. Training was offered to 55% of the company employees for a total of 388 hours and a cost of around €5,000.

The problems associated with the pandemic also made it impossible to hold the usual company convention, a moment traditionally used for both announcements and exchanges between top management and employees, as well as training through specific workshops and seminars, etc.

A few employees, however, participated in courses designed in to increase their administrative, as well as marketing and PR, skills.

2.10 // Sustainability: strategy and performance 2020

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 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.

Over time 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 «Becoming Great» strategy, which summarizes the company's commitment to growth that is «Green, Responsible, Ethical, Attractive, Together».

becoming g.r.e.a.t.

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). Consistent with the choice to adhere to the highest international standards, in 2020 IGD formalized its adhesion to the United Nations' Global Compact, the world's largest corporate sustainability initiative.

There are three elements that shape the implementation of the Company's strategy:

1. Material issues

2. Sustainability targets (connected to planning)

3. The risks and related policies/actions

2.10.1 // The material issues

The first step in defining the sustainability strategy is to identify the material issues that reflect the organization's economic, environmental and social impact and that have a considerable impact on 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. In subsequent years the issues were revisited by the Sustainability Committee until, finally, the current 12 material and 4 relevant topics were identified. In 2020 the 11 material topics identified in prior years were confirmed and "well-being and safety" was changed to "well-being, health and safety» in order to emphasize the company's commitment to these issues which became even more important during the 2020 pandemic and which drove IGD to identify ways to guarantee the "health" of its spaces. The material issues are summarized in the acronym (Becoming) G.R.E.A.T.

Green	Responsible	Ethical	Attractive	Together
1. Climate Change 2. Accessibility and mobility	3. Good employment 4. Gender equality 5. Wellbeing, health and safety	6. Governance, ethics and corruption	7. Sustainable enhancement of the portfolio 8. Retail offer 9. Spaces to be lived in 10. Innovation	11. Stakeholder engagement 12. Local

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 // 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. The actions taken with respect to each goal are detailed below:

	Target	Period	Actions carried in 2020
GREEN	**Zeroing of co2 emissions:** Italy portfolio Nearly Zero-energy Building **by 2030**	LONG TERM	Confirmed use of 100% energy from renewable sources
	Obtain **BREEAM certification for 80% of the fully-owned Malls in Italy by 2030**	LONG TERM	Breeam in Use certification obtained for 3 more Shopping Centres*: Conè, Leonardo and Le Porte di Napoli. Currently 30% of the Italy Malls are Breeam certified
	Continuation of installation of photovoltaic system	MEDIUM TERM	No new system was installed following the block/deferment of investments due to the pandemic
	Awareness raising aimed at visitors by means of campaigns in the shopping centres and the carrying out of **across-the-board events regarding ESG issues**	MEDIUM TERM	The «SOStenibilità tour» (Sustainability tour), the aim of which was to raise awareness in the public on the matter of the environment, scheduled to take place in the second half of 2020 / first quarter of 2021 was suspended due to the pandemic
	Obtain **UNI EN ISO 14001 certification for 95% of the freehold Malls by the end of 2020**	SHORT TERM	4 new Shopping Centres (Casilino, La Favorita, Centro Lame and Centro Luna) certified for a total of 95% of the fully-owned Malls in addition to the Bologna headquarters
	€5 mn of investments in the **2019-2021 three-year period** to **improve energy efficiency**	SHORT TERM	Total investments equal to approximately 3.2 mn, of which 2 mn in 2019 and 1.2 mn in 2020
	Installation of **LED lighting** systems **in the entire Italian portfolio by the end of 2022**	SHORT TERM	Altogether 19 Shopping Centres are equipped with LED lighting systems
	Transition from the experimental phase to the operational one of the **Waste2value** project and assessment of other projects on issue of circular economy	SHORT TERM	Access obtained to a grant offered by the Emilia Romagna Authority for water and waste Services. This grant will cover 80% of the overall estimated costs and it will be distributed when the project is implemented (within the first six months in 2021).
	Headquarters to be plastic free by the end of 2020	SHORT TERM	The Bologna headquarters became plastic free following the elimination of plastic bottles and cups in 2020

	Target	Period	Actions carried in 2020
RESPONSIBLE	Definition of individual targets linked to **CSR**	MEDIUM TERM	IGD intends to further expand this activity, also in light of the provisions in the new Corporate Governance Code of Listed Companies
	Corporate welfare: increase in services	MEDIUM TERM	The services included on the Welfare portal increased in 2020, with particular focus on childhood, assistance and numerous opportunities for online lessons
	Wellbeing: definition of overall project	MEDIUM TERM	The «wellbeing» project was postponed due to the restrictions in place in 2020
	Continuation of projects regarding the **safety of the structures**	MEDIUM TERM	Continuation of fall protection projects, and more specifically, of the dome skylights on the Shopping Centre roofs. The voluntary anti-seismic improvement measures have been momentarily suspended
	Training: focus on **soft skills** and on the importance of **cross-functional work**	SHORT TERM	Training with focus on soft skills has been rescheduled for 2021
	Advertising of available jobs on the **corporate website** and on **Linkedin**	SHORT TERM	Job posting was initiated on the corporate website (6th February 2020) and on Linkedin (19th February 2020). Altogether the posts recorded 15,653 views
	Third internal atmosphere assessment	SHORT TERM	Given the ongoing changes connected to the handling of the pandemic, the internal atmosphere assessment has been postponed until the end of the emergency. An assessment activity, however, was carried out on the repercussions of the pandemic within the company
ETHICAL	Obtain **ISO37001: 2016** certification in Italy in 2020	SHORT TERM	Certification obtained on 20th April 2020
	Legality Rating: confirm maximum score on the occasion of the two-year renewal	SHORT TERM	Legality Rating renewed with the maximum score (3 stars) in 2020
	Adhere to the Global Compact	SHORT TERM	Participation formalised during the year
ATTRACTIVE	**Sustainable enhancement** of the portfolio: carry out restyling activities with improvement in the environmental impact of 10 more Shopping Centres **by 2030**	LONG TERM	Several investments aimed at enhancing the portfolio were postponed in 2020 and rescheduled for 2021/2022
	Definition of **national campaigns** to raise awareness in the Shopping Centres' visitors on issues in line with IGD's values	SHORT TERM	A campaign was carried out at national level to inform visitors about the focus that the Shopping Centres placed on the health and safety of all those that spend time within them
	Innovation: definition of the «digital strategy»	SHORT TERM	The Digital Plan was defined at the end of 2020 and it is scheduled to be launched in 2021
TOGETHER	**Listening project regarding the expectations of millennials in relation to the Shopping Centre of the future**	MEDIUM TERM	The listening activity organised in cooperation with Nomisma was carried out at the end of 2020. The results will be analysed in 2021
	Tenant engagement on **sustainability** issues	MEDIUM TERM	Engagement activity has been postponed
	Shopping Centre in the role of **civic centre**: cooperation with the local area fostering involvement and co-planning activities	SHORT TERM	The «Social Borgo» project (inside Centro Borgo in Bologna) was suspended due to the pandemic, the aim being to implement it as soon as health and safety conditions allow so

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2.10.3 // The Risks and the relative 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. With respect to the risks identified in 2019, a few changes needed to be made in light of the impact that the pandemic had. Details of the risks identified can be found in the Corporate Sustainability Report in the chapter "Sustainability Strategy". With regard, specifically, 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 data/targets linked to climate change. Greater detail is provided in the chapter "Sustainability Strategy" in the CSR 2020.

> The steps taken and the results achieved in 2020

The Corporate Sustainability Report provides a yearly report on both the actions taken and the socio-environmental performance 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 2020 can be found on the corporate website at https://www.gruppoigd.it/sostenibilita/bilancio-di-sostenibilita/archivio-bilanci/.

2.11 // Outlook

With regard to the Covid-19 health crisis, given the persistence of the pandemic both domestically and worldwide, confirmed by the infection curve which calls for renewed caution in 2021, the Group is carefully assessing any additional impact that the pandemic might have on the economic-financial results and financial position, focusing, specifically, on three key indicators: (i) profitability, (ii) real estate valuations, and (iii) liquidity.

Looking at profitability projections for FY 2021, similar to what it did in 2020, the Group simulated the impact that a drop in the rental income generated by Italian and Romanian malls would have (hypermarkets and supermarkets, as well as a series of "essential" activities, were not and will not be affected by the containment measures implemented by the government in response to the health crisis). The Company decided to activate a series of initiatives aiming to support shopping center tenants by making one-off changes to the lease payments falling due in the first quarter of 2021 and, while waiting to receive indications from the government regarding tax relief and the financial assistance being offered businesses impacted by the pandemic, began good faith negotiations with individual tenants in order to adjust the leases. These precautionary steps were taken by the Company's management while waiting for greater clarity on the impact of the pandemic's current phase.

Significant uncertainty still surrounds property valuations; currently, in light of the unpredictable domestic and global evolution of the virus and given the lack of significant transactions (a considerable decline in investments in the retail segment was also recorded in the fourth quarter of 2020), we believe that it would be premature to provide indications in this regard. At any rate, in our view the Group's equity is more than enough to sustain the impact of any additional fair value adjustments that might materialize at 31 December 2021.

With regard to liquidity, subsequent to the issue of a new €400 million bond and the partial buyback of existing bonds in November 2019, the Group had cash on hand of around €117 million at 31 December 2020. Thanks to this liquidity, as well as the available credit lines (including recently renewed committed facilities) and including the bond maturities repayable in May 2021 of around €71 million, the Group is currently not subject to any financial distress. Toward this end, in accordance with the regulations for the "€*300,000,000 2.500 per cent. Notes due 31 May 2021*" on 13 January 2021 the Company informed the noteholders of its intention to exercise the early redemption option on the outstanding amount of €70,793,000 and the notes, therefore, will be redeemed in full on 1 March 2021. This transaction is in line with the Company's financial strategy, as previously disclosed.

In order to mitigate the negative impact of the decrease in revenue and difficulties in credit collection, and maintain a solid and balanced financial structure, during the year the Group adopted extraordinary measures, including the suspension/postponement of a few capex in the pipeline for the year which resulted in total savings of around €40 million, the reformulation of the 2020 dividend and use of available government aid (on 16 October 2020 a €36.3 million government guaranteed loan was obtained from Sace S.p.A). Thanks also to the actions described above the Group is able to cover all its coming financial needs.

Assuming an effective roll-out of the vaccinations, which should result in a gradual easing of the restrictions, as well as gradual improvement in the economy and consumption in 2021, above all in the second half, the Company estimates that FFO will grow between +3% and +4% in FY 2021.

This estimate does not include the impact that the disposal of a portfolio of stand-alone hypermarkets and supermarkets would have. A mandate to find possible buyers has been given to a premiere international advisor. The proceeds will be used to lower the Loan to Value.

It should be stressed, as mentioned above, that significant elements of risk and uncertainty that the Company cannot control still exist.

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2.12 IGD SIIQ SPA'S AND THE GROUP'S PRIMARY RISKS AND UNCERTAINTIES

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 // Risk

2.12.1.1 Risk – global pandemics

Risk factors:

> Lower revenue

> Impact on the workforce

> Administrative decisions and/or operating restrictions

> Temporary closures of locations

> Inability of tenants to carry out retail operations and to remain solvent

> Risk management:

During the Covid-19 crisis, the Company moved immediately to take actions consistent with its sustainability policies, relative to all its stakeholders, in order to address the impact of the pandemic. With regard to tenants, support initiatives were activated in order to make one-off changes to the invoicing of rents (monthly rather than quarterly) and payments.

With regard to shopping center operations, a specific communication campaign was launched focused on compliance with preventive measures, hygiene and safety («Coronavirus Handbook»). Daily cleaning and sanitization of the interiors and systems was increased. Supervision of compliance with regulations was also strengthened.

IGD has adopted remote working for all headquarter personnel, while also guaranteeing controls inside the centers for which a Covid-19 procedure was defined (Shared Protocol) and making PPE available to all employees (hand sanitizer, masks, etc.). From a financial standpoint, the Company also took action in response to the events by, for example, revising, suspending and/or eliminating a few capex and deferrable investments, in the pipeline and not, reducing nonessential operating costs, and activating social safety nets.

A "Moving Forward" Plan was also prepared which includes specific targets and actions for the future.

2.12.1.2 Risk - changes in purchasing power (inflation, decreased consumption, etc.) and competition

Risk factors:

> Radical change in the end customer's consumer habits, 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 with respect to the target, in order to take the steps needed to align commercial activities with marketing initiatives.

Great attention is also paid to the tenants' results. Management monitors the positioning achieved with respect to the target positioning of each shopping center and any changes in the merchandising mix/tenant mix in the event of renewals, expansion and restructuring carried out consistent with the target positioning. The pricing analysis, which takes into account the target performance, is monitored based on the market and retailers' trends. The steps taken to support the retailers and any operational changes are shared with the Commercial Division and are subject to approval of the budget by management.

Looking at changing consumer trends, the Company also carefully analyzes the merchandising mix in order to understand the relationship between services that cannot be replicated by e-commerce and traditional retailers.

With regard to the shopping centers in Romania, IGD's portfolio is well spread-out throughout the country which helps to diversify the risk connect to changes in the regional consumer trends.

Winmarkt's Commercial Division periodically monitors the status of the competition in the regions near its shopping centers; the Company responds to market threats Company by carrying out extraordinary maintenance, marketing initiatives and advertising campaigns aiming to increase the shopping centers' appeal and better meet customers' needs.

2.12.1.3 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.

The Company develops and maintains relationships with the Italian business and financial community, with institutions and national and international trade organizations in order to increase the flow of information and understanding of the local market; the Company also avails itself of specialized consultants.

2.12.1.4 Risk - failure to manage the impact that the penetration of e-commerce has on the business

Risk factors:

> Radical change in the consumer habits of the final costumer with a growing preference to make purchases online which impacts IGD's business tied to the shopping center model.

> 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: up until now the sectors most impacted by online competitors are tourism (travel organization, specifically) and payment services. The findings are always shared 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 activities that cannot be substituted (like restaurants

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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 (such as, for example, "Click & Collect and the use of lockers).

2.12.1.5 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 maintain an investment grade rating.

> Risk management:

The Company's financial strategy is geared to maintaining rigorous financial discipline, consistent with the investment grade profile. The Company intends to improve its LTV and liquidity position by maintaining a significant portion of medium/long-term debt which typically accounts for more than 90% of the total debt. 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. The Company, including in order to facilitate access to debt capital markets, obtained a rating from three agencies S&P (BB+ negative), Moody's (Ba2 stable) and Fitch (BBB- Rating Watch Negative). On 23 December 2020, the Company notified Moody's Investors Service Ltd of its intention to withdraw from the contract for the rating services provided by Moody's to IGD effective 23 February 2021. When looking at liquidity, the rating agencies expect that the Company will refinance the most significant maturities in advance (about 12 months) and the Company has moved in this direction while, at the same time, working to limit the impact of the negative carry.

In recent years IGD has used the most sophisticated types of financing and is capable of managing the preliminary and contractual phases. In November 2019 the Company issued a 5-year fixed rate €400 million bond and, at the same time, repurchased outstanding bonds. Thanks to this transaction the Company was able to cover its financial needs for the next 12-18 months in advance.

Similar to other bond issues, the bond referred to above is subject to a Step-Up Clause which is triggered if certain events tied to the issuer's rating or outstanding bonds should take place, as described in greater detail in the bond regulations. More in detail, the step-up clause would be triggered if all the agencies downgraded the rating to below investment grade. In these unprecedented times, only one agency, Fitch, has maintained an investment grade rating. This means the risk that the step-up clause could be triggered has increased.

2.2.1.6 Risk – Strategy and composition of the tenant mix / merchandising mix

Risk factors:

> The shopping centers' positioning 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 in order to mitigate the risk that the tenant mix and merchandising mix do not meet the customers' needs. 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 each 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 an internal Marketing Department with a marketing analyst 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 (large regional/local footprint in the portfolio of retailers), and the presence of one or more anchors (food and non). The Company also uses benchmark analysis tools to monitor competitors, performances, footfalls and constantly monitors market trends (monitoring potential market and new comers) thank also to an extensive presence in the country.

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, national and local retailers, etc..). In the higher, less attractive floors the strategic choice has been made to introduce offices or service providers in order to maximize rents and negotiate longer term leases.

2.12.1.7 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 shopping centers' performances and, if needed, remodels the shopping malls or recalculates rents in order to render them more sustainable over time, including as a result of any reductions made in the hypermarkets. 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.

2.12.1.8 Risk – Corporate Social Responsibility

Risk factors:

> Damaged reputation;

> Delays in development;

> Weakened customer relations;

> Erosion of shareholder value.

> Risk management:

The materiality analysis, conducted in 2017 and revisited in 2018 and 2019, made it possible to identify the priorities and define the path to follow in order to achieve specific quantitative and qualitative targets.

The Company developed an acronym which reflects IGD's vision of sustainability and, at the same time, groups the material issues identified together. This acronym summaries the Company's commitment to constant growth that is Green, Responsible, Ethical, Attractive, Together.

In 2019 the Group invested €3.4 million in improving the environmental sustainability of its structures. In addition to structural improvements, the Company also worked to raise shoppers', suppliers' and tenants' awareness about sustainability.

The Company is also committed to promoting quality employment for its employees, including through training and the continuous development of their expertise, and strives to work ethically through an effective governance system which reflects the best practices for listed companies, in line with the Corporate Governance Code approved by Borsa Italiana's Corporate Governance Committee.

Lastly the Company, works to make its shopping centers even more attractive though continuous enhancement of the malls' interiors and exteriors and is engaged in a continuous dialogue with its stakeholders in order to understand the needs and expectations, assess the level of satisfaction with any decisions made or actions taken.

2.12.2 // Operating Risks:

2.12.2.1 Risks - natural disasters (earthquakes, floods) and damages caused by third parties

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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. Lastly, in the second half of 2020 the Company renewed the All Risks Property – RCT/O insuring agreement with the support of an insurance broker which resulted in revised terms and conditions (ceilings, limits and deductibles) in order to improve the coverage and align it with the best markets standards. The characteristics of the coverages and areas in need of improvement with respect to best practices were verified during this analysis with a view to defining a placement strategy, as well as begin placement activities and negotiations with insurance companies. The targets identified were achieved by signing a specific insuring agreement with a new insurance company at better conditions.

2.12.2.2 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. This program makes it possible to: i) on the one hand, assess the solvency or potential new retailers and, on the other, ii) monitor the level of risk associated with current leases over time; this system also sends automatic alerts when a tenant's credit standing deteriorates.

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.

More in detail, the payment schedules and credit positions of clients are updated constantly. Facility and administrative management services have by assigned by the consortia to IGD Management who works with external providers. These providers report periodically to IGD Management on the credit situation of the retailers and, if problems arise, decide which solutions to use. Lastly, again with a view to continuously improving credit management, the Company began a centralized invoicing process for consortia charges.

The ERM model used also calls for cyclical 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;

> External events;

> 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, along with the support of the independent appraiser, help the management spot signs that changes are taking place in the retail real estate market. With regard to asset valuation, the Company avails itself of independent appraisers, specialized and selected to appraise the value of the freehold properties twice a year. In order to monitor the valuations, the Company may request a second appraisal from other independent appraisers.

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 Planning and Control Division evaluates the results of appraisals and verifies in there are any errors and rebuilds the discounted cash flow.

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.

As a result of the Covid-19 crisis, the Company recorded an increase in the number of disputes with retailers.

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.

The Company continued with restyling activities in the year (including not prime) in order to maintain a high degree of appeal and adopt to new consumer trends.

With regard to the Romanian market, the layout of the assets resembles a department store, with a vertical flow and several floors with retailer turnover risk and greater vacancies in the higher floors (3-4-5 floors). The commercial strategy is to achieve "full occupancy" of the properties (by offering lower rents on the higher floors), leveraging as much as possible on the appeal of the anchors (food and fashion).

Marketing was also carried out for each shopping center in order to attract customers and support small, local retailers.

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.

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 administrative, accounting and tax procedures with the support of 2 internal resources.

Every six months (and more often in the event of corporate finance transactions) the Division conducts asset and profit tests in order to understand compliance with the regulations. The results of the tests are shared with management. The information found in financial reports and tax returns are also examined and controlled by external tax experts.

2.12.3.2 Risk – related to privacy violations

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 and an external provider of Coop Alleanza 3.0. The Company availed itself of a specialized legal consultant who supports the Data Protection Officer ("DPO"), appointed by the Company, with compliance. The consultant interfaces with the DPO (who is part of the Administrative, Corporate and Legal Affairs Division), as well as the General Services Division, responsible for the management of the IT systems which is outsourced to Coop Alleanza 3.0 soc.coop. At the end of 2018, following the introduction of the GDPR, all employees were provided with training on privacy and the findings of the periodic audits carried out have been reported to the Board of Directors.

2.12.3.3 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, an integral part of the MOG, applicable to all Group employees/staff members, without exception, who must ensure that they and others comply with it when performing their duties.

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 Company's protocols and 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 between private parties, the lack of top management's conflicts of interest is verified each year. 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 obtained ISO 37001 "Anti-Bribery Management Systems" certification, which attests to compliance with the standards for anti-bribery management systems.

In 2020 the Organizational Model underwent extensive revision. More specifically, it was integrated with the An-

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ti-Bribery Systems already implemented by the Company when it received the UNI ISO 37001:2016 certification issued by RINA Services S.p.A., an independent certifier accredited by Accredia (a national accrediting entity for certifications and inspections appointed by the government) and the Italian leader in compliance certification. The Company's current Organizational Model was updated to reflect the latest crimes introduced in Legislative Decree 231/2001.

2.12.3.4 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 calls for the close collaboration of the internal divisions involved in order to ensure the correct handling of confidential information and the disclosing of documents and information regarding the company's administration, accounts and operations, 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.

2.12.3.5 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, and financial risks, as well as compliance.

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 test;

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.

During the Covid-19 emergency, the Company took steps to support its liquidity, including the reduction and/or elimination of a few capex and deferrable investments for a total of around €40 million. IGD also reduced nonessential operating costs and activated social safety nets.

In terms of finance, IGD renewed the committed credit lines referred to above through May and July 2023 and requested a government loan of €36.3 million, guaranteed for 90% by SACE.

This was done in order to provide the Company with maximum flexibility and the ability to meet future financial obligations in different operating environments, including particularly adverse ones.

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 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 93% 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/or the debt capital markets. Currently, the rating agencies have assigned the following ratings: S&P (BB+ negative), Moody's (Ba2 stable) and Fitch (BBB- Rating Watch Negative). Fitch is, therefore, the only agency who has maintained an investment grade rating. On 23 December 2020, the Company notified Moody's Investors Service Ltd of its intention to withdraw from the contract for the rating services provided by Moody's to IGD effective 23 February 2021.

Maintaining at least one investment grade rating ensures that the Step-Up Clause in a few outstanding bonds (for a total of around €570 million) will not be triggered. For this reason, the Finance Division verifies the parameters looked at by the three rating agencies in order to understand whether or not the step-up clause relative to a few outstanding bonds might be triggered. If the step-up clause were to be triggered, the economic impact on 2021 depends on the loss of all the investment grade ratings and would be effective as of the date on which this happens. The impact is limited insofar as:

> The €162 million bond is not subject to a step-up clause;

> The €300 million bond, with an outstanding of around €71 million, will be redeemed in advance on 1 March;

> Based on the regulations of the €100 million bond, a coupon rate step of 1.25% will be applied to the current coupon;

> Based on the regulations of the €400 million bond, a coupon rate step of 1.25% will be applied as of the following coupon payment. The next coupon payment will be made in November 2021.

In all the above scenarios, the step-up clause will not be triggered if at least one investment grade rating is obtained.

The management of this risk is subject to periodic monitoring as part of the ERM process.

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 periodic coordination and control 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. 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 2020 are provided in a section of the notes to the financial statements.

2.14 // Treasury Shares

IGD owned no treasury shares at 31 December 2020.

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 closed on 31 December 2020, 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 2020, being submitted to the shareholders for approval, show a net loss of €66,437 thousand. Total revenue and operating income amounted to €121,651 thousand, a decrease against the prior year of €6.9 million or 5.3%, attributable mainly to the discounts granted to retailers during the lockdown, the drop in variable revenue and temporary rents, as well as vacancies due to openings that were delayed or cancelled. Operating costs including general expenses were higher than the previous year and rose as a percentage of revenue from 20.8% to 26.8%. This result is explained mainly by the drop in revenue mentioned above and the notes of credit issued for discounts on rents already invoiced as part of the post-lockdown support provided to retailers.

EBIT was negative for €32 million, a decrease of €76 million against the prior year, due to the writedowns of the real estate portfolio which amounted to €111.5 million (versus €56.2 million at 31 December 2019).

Financial charges amounted to €34.4 million at 31 December 2020, €0.1 million lower than in the prior year.

The net financial position was around €2.6 million lower than in 2019.

3

// REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

DETAILED INDEX

3. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

// GLOSSARY

// Code/Code of Self-Regulation

The Code of Self-Regulation for listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria in effect until 31 December 2020.

// Corporate Governance Code

The Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria in effect from 1 January 2021.

// Board

The Issuers' Board of Directors.

// Issuer or the Company

The company Immobiliare Grande Distribuzione SIIQ S.p.A. referred to in this Report.

// Year

Financial year, 2020, referred to in this Report.

// CONSOB Regulations for Issuers

The regulations for issuers approved CONSOB in Resolution n. 11971 of 14 May 1999, as amended.

// CONSOB Market Regulations

Market regulations issued by CONSOB pursuant to Resolution n. 20249 of 28 December 2017, as subsequently amended.

// CONSOB Regulations for Related Party Transactions

The Regulations issued by CONSOB pursuant to Resolution n. 17221 of 12 March 2010, as subsequently amended, for related party transactions.

// Report

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

// Testo Unico della Finanza/TUF

Legislative Decree n. 58 dated 24 February 1998 (as subsequently amended).

3.1 // Company profile

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

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

The Company's mission is to create value for all its stakeholders: shareholders and financial community, employees, visitors and local community, tenants and suppliers. The Company believes this is possible through sustainable growth.

Again in 2020 the Company prepared a Corporate Sustainability Report which describes the characteristics of the

IGD Group, its strategy regarding ESG, the short, medium and long-term objectives and the main results achieved in 2020 relating to economic, environmental and social sustainability.

Every year the Company makes the Corporate Sustainability Report, certified and approved by IGD SIIQ Spa's Board of Directors, available to the public on its website at http://www.gruppoigd.it/en/sustainability/sustainability-report/.

The Company qualifies as a SME pursuant to art. 1.w-quater.1) TUF. More specifically, based on this article, an enterprise qualifies as a SME if the market capitalization is less than €500 million. Companies who exceed this threshold for three years in a row do not qualify as SMEs.

IGD qualifies as a SME as the market capitalization recorded in 2020 equal to €424,586,990, is below the threshold indicated by Consob, as shown below.

Average Ccapitalization

2020	2019	2018
424,586,990	665,917,325	725,307,328

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.2 INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, T.U.F) AS AT 25 FEBRUARY 2021

3.2 // Information on ownership structure (pursuant to Art. 123-bis, par. 1, T.U.F.) as at 25 February 2021

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

The share capital approved at the date of this Report totals €650,000,000.00 of which is fully paid-in and subscribed, divided in 110,341,903 ordinary shares without a stated par value (see Table 1).

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

There are no restrictions and all shares are freely transferable.

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

In order to guarantee greater protection for investors, as well as market efficiency and transparency of corporate control and capital markets, in the wake of the strong market turbulence fueled by the Covid-19 pandemic in 2020 CONSOB adopted a series of measures for limited periods of time based on which the threshold for mandatory disclosure, pursuant to Art. 2.2, TUF, of significant interests in the share capital of listed companies which qualify as SMEs was lowered to 3% The same measures, which had temporarily reduced the threshold to 3%, were extended for an additional 3 months – from 14 January 2021 through 13 April 2021, without prejudice to further extensions or early revocation – by CONSOB in Resolution 21672 of 13 January 2021.

Therefore based on the declarations received under art. 120 of TUF and other information available to the Company, the shareholders with voting rights holding more than 5% of the company's ordinary share capital are those indicated in Table 1 "Significant interests in share capital" attached to this report.

> IGD SHAREHOLDER BASE

40.92% Coop Alleanza 3.0
9.86% Unicoop Tirreno
4.20% Europa Plus SCA SIF
45.02% Floating

***Note**: the interest held by Unicoop went from 12.03% to 9.86%. This percentage is based on information provided by the shareholder to the Company.*

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

The shares issued all have the same rights.

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

There are no specific mechanism wich provide for employee ownership.

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

There are no restrictions on voting rights.

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

There are no shareholder agreements deemed relevant pursuant to Art. 122 of TUF.

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

In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the company contracting party should change.
Without prejudice to the above, the Company:

> On 21 April 2015, made an offer to exchange outstanding bonds *"€144,900,000 4.335 per cent. Notes due 7 May 2017"* and *"€150,000,000 3.875 per cent. Notes due 7 January 2019"* with new senior notes *"€162,000,000 2.65 per cent. Notes due 21 April 2022"*. The regulations for the notes "*162,000,000 2.65 per cent. Notes due 21 April 2022*" call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;

> On 31 May 2016, issued senior fixed rate notes "€300,000,000 2.500 per cent. Notes due 31 May 2021" the regulations for which call for a put option that may be exercised by the note holders in the event control of the Company should change;

> On 11 January 2017 issued, through a private placement, an unsecured non-convertible bond loan, for a nominal amount of €100 million, expiring January 2024, the regulations for which call for a put option that may be exercised by the note holders in the event control of the Company should change;

> On 16 October 2018 stipulated an agreement for a 3-year EUR 200 million senior unsecured facility with BNP Paribas and a pool of other lenders which contains a mandatory early termination clause in the event control of the Company should change;

> On 28 November 2019 the Company repurchased part of the notes "*300,000,000 2.500 per cent notes due 31 May 2021*" and the "*€162,000,000 2.650 per cent. Notes due 21 April 2022*" (outstanding notes) tendered as a result of the tender offer launched by BNP Paribas S.A., which settled on 22 November 2019. After the notes were repurchased, the Company requested the cancellation of the Existing Notes repurchased by IGD. The following table shows the outstanding nominal amount of the Existing Notes after such cancellation. At the same time, on 28 November 2019 the Company issued new fixed-rate senior notes "*€400,000,000 2.125 per cent. Fixed Rate Notes due 28 November 2024*" which call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;

> On 13 January 2021, the Company informed the market and the noteholders of the "*€300,000,000 2.500 per cent. Notes due 31 May 2021*" of its intention to exercise the early redemption option on the notes. The Notes, therefore, will be redeemed in full on 1 March 2021 and the notes will be cancelled;

> On 16 October 2020, IGD signed an agreement with Banca Monte dei Paschi di Siena for a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program, which contains a mandatory early termination clause in the event control of the Company should change.

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

The Board of Directors, pursuant to Art. 2443 of the Italian Civil Code has the right to, by 12 April 2022, increase share capital against payment, in one or more instalments, by up to 10% of the current share capital, to be subscribed by parties selected by the Board of Directors including qualified investors and/or business partners and/or financial partners in Italy and abroad or shareholders of the Company – excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (2), as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by the external auditors.

The shareholders, meeting in ordinary session on 10 April 2019, granted the Board of Directors the power to buy and sell treasury shares, in accordance with art. 2357, second paragraph, of the Italian Civil Code. The buyback authorization was granted for a period 18 (eighteen) months from the date of the shareholders' approval and, therefore, through 10 October 2020, while the authorization to sell shares was for an indefinite period of time.

While assessing the impact of the Covid-19 pandemic and any measures to adopt in this regard, the Company decided to suspend the purchase of treasury shares and, consequently, on 11 June 2020 the shareholders, meeting in ordinary session, resolved to revoke the prior authorization for the purchase of treasury shares approved during the Shareholders' Meeting held on 10 April 2019.

The Company had no treasury shares at the date of this report.

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

The Company, pursuant to Art. 2497 of the Italian Civil Code, is subject to the management and coordination of shareholder Coop Alleanza 3.0 soc.coop. which controls 40.92% of the Company's share capital.

// OTHER INFORMATION

Indemnity of Directors (pursuant to art. 123-bis, para 1, letter i), TUF)

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

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

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

Please refer to the section "Board of Directors" of this report for further information.

3.3 // Compliance (pursuant to Art. 123-bis, paragraph 2, lett. a), TUF)

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

In January 2020, the Corporate Governance Committee adopted the Corporate Governance Code which will be applicable as of FY 2021. In 2020 the Company already began to update its Corporate Governance Code in order to comply with Code recommendations, as discussed in greater detail below.

The January 2020 version of the Code is available on Borsa Italiana's website at: https://www.borsaitaliana.it/comitato-corporate-Governance/codice/2020.pdf.

In line with the best international practices relating to Corporate Governance and in light of the recommendations found in the Corporate Governance Code approved by Borsa Italiana's Corporate Governance Committee, the Company adopted its own Corporate Governance Regulations which, along with the other documents (corporate bylaws, Decree 231/01 Model for organization, management and control, code of ethics, Regulations for Shareholders' Meetings, Procedures for related party transactions, Regulations for the management of privileged information, the Internal dealing code, Anti-corruption Policy) – comprise the group of self-governance instruments used by the Company.

In accordance with the law, this Report contains a general description of the corporate governance system adopted by the Company, along with information on the shareholder structure and application of the Corporate Governance Code, as per the "comply or explain" standard set out in the Code.

The Company's subsidiaries include two Romanian companies, WinMagazin S.A. and WinMarkt Management S.R.L., which, however, do not have any impact on the current structure of IGD's Governance.

// Corporate governance structure

Insofar as IGD is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors. Financial audits are carried out by external auditors.

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

The Board of Directors examines and approves the Company's strategic, business and financial plans and defines the nature and level of risk deemed compatible with the Company's strategic objectives, including all the risks deemed material to medium/long-term sustainability.

In accordance with the bylaws, the Board of Directors may take all measures it deems appropriate for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders.

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

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

3.4 // Board of Directors

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

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

During the Annual General Meeting held on 1 June 2018, shareholders decided that the Board of Directors will be comprised of 11, rather than the previous 13, directors to serve for the three-year period ending on the date of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists which comply with the current laws relating to gender equality. In accordance with Art. 16.3 of the bylaws, lists could be submitted by shareholders who, alone or together with others, hold the interest determined in accordance with CONSOB (for 2021 equal to 4.5% of the Company's share capital, pursuant to Consob regulation n. 44 of 29 January 2021). The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting. Shareholders must prove possession of the shares needed to file voting lists by submitting the relative certification by the deadline for the publication of the list (namely at least 21 days prior to the Annual General Meeting). Pursuant to art. 147-ter, paragraph 1-bis, TUF, ownership of the minimum amount needed to participate in the filing of a list is based on the number of shares officially held by the shareholder on the day the lists are filed with the Issuer.

The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147-ter, fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law. The lists which include three or more candidates must include candidates of both genders, as indicated in the notice of call for the Annual General Meeting, in order to ensure that the composition of the Board of Directors complies with current laws relating to gender equality.

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

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

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

// Succession Plan

During the meeting held on 28 January 2021, the Board of Directors, based on the recommendations made by the Nominations and Compensation Committee - with the support of the company Egon Zehnder - as well as the opinion of the Board of Statutory Auditors, approved the adoption of a succession plan for the Chief Executive Officer and began the procedure needed to adopt a succession plan also for the Company's key positions.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

3.4.2 // Composition (pursuant to Art. 123-bis, paragraph 2, lett. d) and d-bis), TUF)

The Board of Directors in office at the date of this Report, is comprised by the following Directors: Elio Gasperoni (Chairman), Claudio Albertini (CEO), Rossella Saoncella (Vice Chairman), Gian Maria Menabò, Luca Dondi Dall'Orologio, Isabella Landi (co-opted to replace Sergio Lugaresi who resigned), Elisabetta Gualandri, Livia Salvini, Alessia Savino, Eric Jean Véron and Timothy Guy Michele Santini.

On 28 September 2020, the Independent Director Sergio Lugaresi tendered his resignation as a member of the Board and of the Control and Risk Committee. During the meeting held on 5 November 2020, the Board of Directors, as proposed by the Nominations and Remuneration Committee, coopted Isabella Landi to substitute Sergio Lugaresi as a new independent, non-executive member of the Board of Directors. Ms. Landi will remain in officer for the term of the current Board of Directors, namely through the date the Annual General Meeting is convened to approve the financial statements at 31 December 2020.

It should be remembered that on 1 June 2018, during the ordinary AGM, shareholders appointed the Board of Directors, that will be in office since the Annual General Meeting called to approve the financial statements for the year ending 31 December 2020.

The Board of Directors actually in office is comprised of 11 Directors: Elio Gasperoni (Chairman), Claudio Albertini (CEO), Rossella Saoncella (Vice Chairman), Gian Maria Menabò, Luca Dondi Dall'Orologio, Sergio Lugaresi, Elisabetta Gualandri, Livia Salvini, Alessia Savino, Eric Jean Véron and Timothy Guy Michele Santini.

During the Shareholders' Meeting held on 1 June 2018 four lists were presented, by: Coop Alleanza 3.0 soc. Coop. (List no. 1), Unicoop Tirreno soc. Coop. (List no. 2), GWM Growth Fund S.A. (List no. 3) and a group of institutional investors (List no. 4). The lists were submitted with all the documentation relating to the personal and professional characteristics of the candidates along with the statements relating to the qualifications of some as independent and irrevocable acceptance of the appointment in the time period provided for under the law.

More in detail, from List no. 1, submitted by the majority shareholder Coop Alleanza 3.0 soc. Coop., were appointed the following members: Elio Gasperoni, Claudio Albertini, Rossella Saoncella, Gian Maria Menabò, Luca Dondi Dall'Orologio, Sergio Lugaresi and Elisabetta Gualandri. This list was voted by 59.66% of the shares represented in AGM.

From List no. 2, submitted by the shareholder Unicoop Tirreno soc. Coop., were appointed the Directors Livia Salvini and Alessia Savino. This list was voted by 16.18% of the shares represented in AGM.

From List no. 3, submitted by GWM Growth Fund S.A., were appointed the Directors Eric Jean Véron and Timothy Guy Michele Santini. This list was voted by 17.19% of the shares represented in AGM.

List no. 4, voted by 6.73% of the shares represented in AGM, did not obtain sufficient votes for the appointment of the candidates indicated therein.

Table 2 attached to this Report shows the members of the Board of Directors in office during the year, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed.

> DIRECTOR'S INDEPENDENCE

The personal characteristics and professional experience of the single members of the Board of Directors as at the date of the present report, are provided below.

// Elio Gasperoni
Chairman of the Board of Directors

Born in 1953, Mr. Gasperini received a degree in philosophy from the University of Florence's History of Political Doctrine department in 1978. He has several offices and positions including as part of the public administration and local institutions. His presence in IGD enhances and strengthens the dialogue with the local authorities. He also holds the offices indicated in Table 4.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

// Rossella Saoncella
Vice Chairman

Born in 1954, Ms. Saoncella received a degree in Physics from the University of Bologna in 1977 and in 1978 completed a masters in Business Administration at IFOA. She was General Manager of the Granarolo Group through 2011 and, prior to 1993, an executive of the CONAD Group. Over the past few years, she has held administrative offices for municipalities in Emilia Romagna and she has been a Directors at HERA S.p.A..

// Claudio Albertini
CEO since May 2009 (Director since 2006)

Mr. Albertini, born in 1958, is registered in the order of Chartered Accountants and accounting experts in Bologna and in the register of auditors. He has been at the helm of IGD since May 2009, after having served as a member of the Company's Board for three years. For more than twenty years Mr. Albertini was part of the Gruppo Unipol where he ultimately acted as General Manager of Unipol Merchant. He is also a member of the Advisory Board of EPRA (European Public Real Estate Association).

// Gian Maria Menabò
Non-executive Director

Born in 1959, he received a diploma from the Carlo D'Arco Technical Institute in Mantova in 1978. He worked for the PAM group from 1980 al 1992. Subsequently he was in Coop Consumatori Nordest, from 1992 to 2015, where was the head of various divisions and ultimately became Commercial Director, a position which he held from 2003 to 2015. In Coop Alleanza 3.0 Mr. Menabo' was Director of Asset Management and Development until 31 May 2019.

// Eric Jean Véron
Independent director

Eric Jean Veron, a French-Dutch citizen born in 1974, is a logistics real estate sector entrepreneur. After working in the banking sector, he joined the American fund ProLogis at the end of the 1990s where he developed different projects in France and Italy. In 2003 he founded the company Vailog, leader in the Italian logistics real estate sector. After having developed an area of more than 2,000,000 square meters for logistics in Europe and China, Vailog was sold to the British fund SEGRO Plc in 2015. Eric Véron is still a minority shareholder and Chief Executive Office of Vailog. He was appointed regional representative of the French citizens abroad, he speaks 5 different languages, he has gained experience and lived in different cities in Europe, America and Asia. He also holds the offices indicated in Table 4.

// Livia Salvini
Independent director

Born in 1957, Ms. Salvini received a law degree the La Sapienza University in Rome in 1982. Professor of Tax Law at LUISS - Guido Carli University in Rome and Avvocato Cassazionista (the highest order of attorneys) as well as a PhD in Tax Law, Ms. Salvini boasts a twenty year academic career and has been part of numerous ministerial and government commissions and studies. She is the author of two monographs on VAT and the relative procedures, assessment and application, as well as numerous studies on tax matters. She also holds the offices listed in Table 4.

// Luca Dondi Dall'Orologio
Independent director

Born in 1972, Mr. Dall'Orologio received a degree in Political Science (focus on economic policies) from the University of Bologna in 1997. He is an economist with experience in the valuation of investment projects relating, in particular, to the real estate sector and infrastructure. An expert in socio-economic and regional analysis, assessment of demand and application of applied economics, he is currently the Chief Executive Officer of Nomisma S.p.A., where he previously acted as Chief Operating Officer, Head of "Real Estate Systems and Urban Strategies" and Head of the unit "Real Estate Analyses and Valuations", as a result of which he coordinated the activities relating to assessment, monitoring and measuring of real estate investment risk. He is also a member of Nomisma Energia S.r.l.'s BoD and the special valuation unit at Jean Monnet LUM University. He also holds the offices listed in Table 4.

// Isabella Landi
Independent director

Born in Meldola (FC) in 1964, Ms. Landi received a degree in Business Economics in 1989 from the Università degli Studi in Bologna. She is registered in the order of Chartered Accountants in Forli and in the register of auditors. An expert in accounting and taxation, corporate restructuring and company reorganization, control and auditing, Ms. Landi has served on the Board of Statutory Auditors of cooperatives, corporations and local entities. She has acted as liquidator of cooperatives, liquidator of companies under voluntary liquidation and bankruptcy trustee for the Court of Forlì. She has carried out "Tax due diligence" and certification of restructuring plans. Ms. Landi also holds the offices listed in Table 4.

// Timothy Guy Michele Santini
Independent director

Born in 1966, he is a Modern Languages graduate and a professional member of The Royal Institution of Chartered Surveyors in England. He trained at Jones Lang LaSalle in London and worked in the European and Retail Teams, specializing in out-of-town retail. He spent over twenty years with Eurocommercial Properties where he was a senior director, responsible for the Italian activities of the Company. He reported directly to shareholders, analysts and the Board of Management. He set up the Italian offices of Eurocommercial and has bought, managed, refurbished and extended some of Italy's best-known shopping centers. Prior to focusing on Italy, he was active in the asset management of shopping centers in France and properties in Spain, Belgium and The Netherlands. He currently advises investors and financial advisors on the Italian retail market, helps sector companies with development and organizational plans, and closely monitors retail trends across Europe.

// Elisabetta Gualandri
Independent director

Born in 1955, Ms. Gualandri has a degree in Business Economics from the University of Modena and a masters degree in Financial Economics from University College of North Wales (UK). A lecturer in financial intermediation at the University of Modena and Reggio Emilia UNIMORE – Marco Biagi Department of Economics, where she teaches banking and finance for three and five -year degree and programs, and collaborates with research centers like CEFIN (banks and finance) and Softech-ICT (AI and innovation). Statutory auditor at the Bank of Italy from 2007 through 2012, she has been a member of BPER's BoD since 2012 and is now a member of the Risk and Control Committee. Since 2016 she is a member of Abi Servizi S.p.A.'s BoD. She has been on the Board of MAT3D, spinoff of UNIMORE, as a university representative. She acted as an advisor for the European Commission's program Horizon 2020, Access to Finance Group from 2013 to 2018. From 2012 to 2019 she was also a member of the CTS of the incubator Knowbel in Modena. The topics about which she has written numerous publications, participating also in national and international seminars, include banking regulation, the financial crisis, financing innovative SMEs and startups. She also holds the offices listed in Table 4.

// Alessia Savino
Non-executive director

Born in 1967, she received a degree in Economics and Banking from Milan's Università Cattolica, and subsequently completed a master's program in Management Development at L. Bocconi's Business Management Schools in Milan. She is currently head of Administration, Finance and Real Estate Development at Unicoop Tirreno, where she has been working since February 2017. A finance expert, she has matured experience in both banking and business management as she has worked for two important banking groups and two multinational manufacturing companies. On the corporate side, she acted as General Manager and member of the BoD of the Giorgio Armani Group's financial company for around 15 years; prior to this experience she acted as treasurer of the company Aprilia, today the Piaggio Group. As for banking, she was part of the corporate division's financial sector as head of securities trading for the joint venture of Credito Italiano and Natwest Bank of London, Banca CreditWest and, subsequently head of the division responsible for covering interest rate risk management of the banking group Credito Emiliano in Reggio Emilia. She is also Vice Chairman and a member of the BoD of Sogefin and is a member of the BoD and the Executive Committee of Simgest, a stock brokerage firm. She is a member of the BoD of Factorcoop S.P.A and of Enercoop Tirreno S.R.L.. She also holds the offices listed in Table 4.

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

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

The Directors must comply with the Code of Ethics, the

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

// Diversity

The Board of Directors is comprised of individuals with different professional and personal profiles, including university professors, independent professionals, entrepreneurs, as well as company executives. The majority of the directors appointed qualify as independent under the Corporate Governance Code and TUF.

The composition of the Board of Directors also complies with the law governing gender equality in effect at the time the last board was appointed based on which at least one third of the Board members had to be of the least represented gender.

Toward this end, it's worth pointing out that Coop Alleanza 3.0 (previously Coop Adriatica) and Unicoop Tirreno soc. Coop., voluntarily complied with Law 120/2011 in advance and included the number of candidates of the least represented gender called for in said law in the lists for the new Board of Directors and the Board of Statutory Auditors sinche the Shareholders Meeting held on 19 April 2012.

On 1 January 2020, Law 160/2019 (the "**Budget Law**") took affect which amended Articles 147-ter, para.1-ter, and 148, para. 1-bis, of TUF, introduced in Law 120/2011.

Based on the Budget Law, the Board of Directors least represented gender must account for at least two fifths of the board members and if the application of the criterion results in a fractional number, the number may be rounded to the higher amount. This criterion is applicable for six consecutive mandates as of the first renewal of the Board of Directors appointed subsequent to the date on which the Budget Law took effect.

On 5 November 2020, the Company's Board of Directors amended the bylaws in order to comply with provisions relating to gender equality referred to in the Budget Law.

Based on the Budget Law, the Board of Statutory Auditors least represented gender must account for at least two fifths of the board members and this criteria is applicable for six consecutive mandates as of the first renewal of the Board of Directors appointed subsequent to the date on which the new law took effect. On 30 January 2020 CONSOB, in Bulletin no. 1, clarified that for boards comprised of three members if the application of the criterion results in a fractional number, the number may be rounded to the lower amount.

> GENDER QUOTAS IN THE BOARD OF DIRECTORS

***Note**: the chart reflects the replacement of the resigned director Sergio Lugaresi with Isabella Landi who was coopted by the Board of Directors on 5 November 2020.*

// Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in other companies that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, and updated on 26 February 2015 as per the opinion of the Nominations and Compensation Committee. The regulations are available to the public on the Company's website: http://www.gruppoigd.it/en/governance/board-of-directors/.

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

The composition of the Board of Directors at 25 February 2021 was found to be fully compliant with the regulations governing "Limits to the maximum number of appointments" (1).

The principle offices held by directors in companies other than those of the IGD Group can be found in Table 4, attached.

// Induction Programme

During the Board meetings, however, the Company's management provided the Board of Directors and the Board of Statutory Auditors with extensive updates relating to business trends and the retail real estate market. During the period of the Covid-19 crisis, different board and board committee meetings were held during which the Company's management looked closer at different aspects of the actions taken to limit the effects of the crisis, as well as the impact on strategy and business going forward.

3.4.3 // Role and functions of the board of directors (pursuant to Art. 123-bis, par 2, lett. d) TUF)

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

The Board of Directors' primary responsibility is to determine and pursue the strategic objectives of the Company and the entire Group, as well as define the nature and level of risk deemed compatible with the Company's strategic objectives, including all the risks deemed material to medium/long-term sustainability.

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

On 17 December 2020, the Company published the following financial calendar which calls for 4 meetings to be held in 2021 in detail:

> **25 February 2021:** Board of Directors' meeting to examine the separate and consolidated financial statements at 31 December 2020;

> **6 May 2021:** Board of Directors' meeting to examine the Interim Management Statement at 31 March 2021;

> **5 August 2021:** Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2021;

> **4 November 2021:** Board of Directors' meeting to examine the Interim Management Statement at 30 September 2021.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2021.

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

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

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

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151, second paragraph of TUF.
The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.

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

The documentation relative to the Board meeting agendas was regularly made available to each director on the Company's website; directors may access it on an exclusive basis using a password created by a personalized token. The publication of the documentation is preceded by a notice sent by e-mail from a specific function identified inside the Company. During 2020 the adequate notice period on average was equal to 2 (two) days.

During the meetings, the Chairman of the Board of Directors assured an extensive discussion of the items on the agenda allowing a constructive debate, also thanks to the regular participation of the Company's top management.

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

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

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

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

During the year, the Board of Directors held 7 meetings, on 27 February, 7 May, 7 July, 6 August, 5 November (in ordinary and extraordinary session), and 17 December duly attended by the directors and by at least one member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of around 2 hours and 40 minutes. Some meetings of the Board of Directors were attended by Company executives and/or external parties, so they could provide specialized input on the topics up for debate.

In accordance with the criteria set forth in Art. 1. C.1 of the Corporate Governance Code, during the year the following duties were also assigned to the Board of Directors:

a) To examine and approve the strategic, business and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries, periodically monitoring implementation; define the Company's corporate governance system and Group structure;

b) To define the nature and level of risk deemed compatible with the Company's strategic objectives (3)including all the risks deemed material to the long-term sustainability of the Company's business;
c) to judge the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries with particular reference to the internal control system and the risk management;

d) In order to encourage the involvement and cooperation of the directors, to institute the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;

e) To establish the frequency with which the delegated bodies must report to the Board of Directors on the progress made during the year relating to their assignments and the most significant operations carried out in the period, which will, at any rate, not be more than once a quarter;

f) To evaluate general business performance, taking account of the information received from the delegated bodies, and periodically comparing actual results with forecasts;

g) To resolve on the operations carried out by the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, the Board determines the general criteria to be used to define relevant transactions and ensures that the strategically significant subsidiaries submit any transactions that could have a significant impact on the Company to the Board of Directors for approval;

h) To evaluate, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, also taking into account professional qualifications, experience, including as a manager, along with the nature of its members and their seniority, as well as diversity. If the Board avails itself of consultants to complete self-assessments, the report on corporate governance provides information about the identity of the consultants and any other services that might have been rendered to the company or a subsidiary;

i) In light of the results of the assessment referred to in letter h) above, prior to the appointment of the new Board of Directors to provide shareholders with opinions about the type of professional that should be part of the Board, also taking into account the policies relating to diversity found in the Corporate Governance Code;

l) To provide information in the report on corporate governance: (i) on the composition of the Board, indicating the qualifications (executive, non-executive, independent), offices held within the Board (for example, Chairman or Chief Executive Officer), the main professional characteristics, as well as how long the office has been held; (ii) on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member; (iii) on the ways the assessment in letter h) above was carried out (iv) on the timeliness and completeness of the information provided before the Board, providing indications if the information was provided in a timely enough manner – and, at any rate, in accordance with the Company's bylaws; (v) about the goals, methods used and results obtained in terms of diversity based on the recommendations found in the Corporate Governance Code;

m) After the appointment of an independent director and, subsequently when circumstances materialize which could impact the latter's independent status and, at any rate once a year, evaluate – based on the information received form the interested party or, at any rate, available to the Company - the independent status of its non-executive members (4): this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report). In these documents the Board of Directors: (i) indicates if parameters other than those indicated in the Corporate Governance Code were used, including with regard to a single director; and (ii) describes the quantitative and/or qualitative criteria used to assess the significance of the relationships being evaluated(5);

n) Each year, based on the information received from the Directors, record notes in the Report on Corporate Governance, the assignments held by Directors in other companies as directors or statutory auditors in financial,

(2). Corporate Governance Code: Art 1.C.5.
(3). Corporate Governance Code Art. 1.C.1 lett b).
(4). Corporate Governance Code Art. 3.P.2 .
(5). Corporate Governance Code Art.3.C.4.

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banking, insurance or large companies, listed on regulated markets (in Italy or abroad);

o) To express an opinion with regard to the criteria to be used to determine the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of company director, taking into account the position held in any Board committees. Toward this end, on the basis of a specific procedure(6), the Board looks at the workload connected with each directorship (executive director, non-executive or independent), including in relation to the type and size of the company in which the offices are held, as well as whether the latter are part of the Group (7);

p) To determine, based on the opinion of the Nominations and Remuneration Committee, who is to be appointed to act as a Company Executive, as well as a member of the Board of Directors, Board of Statutory Auditors, Chief Executive Officers and General Manager of the strategically relevant subsidiaries; based on the opinion of the Nominations and Remuneration Committee, the Board determines compensation;

q) To promote initiatives designed to facilitate active and informed shareholder participation, as well as the exercise of shareholder rights, guaranteeing that they are provided with timely and complete information;

r) To ensure that the Decree 231/2001 Organizational, Management and Control Model is updated and complied with, while completing a risk map of the potential criminal violations with the support of the Supervisory Board;

r-bis) To approve the Anti-Corruption Policy, and ensure that the company's strategy to prevent bribery and corruption complies the Policy, ensuring that the anti-corruption system is implemented and periodically examining the information about the content and functioning of the anti-corruption system;

s) To appoint, subject to the opinion of the Board of Statutory Auditors, a Financial Reporting Officer in accordance with Law 262/2005;

t) To call upon an independent Director to act as lead independent director, a point of reference and coordinator for all positions and activities of the non-executive, and in particular, independent directors (8);

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

v) In order to ensure the correct handling of corporate information, update, based on the proposal of the Chief Executive Officer of the Chairman of the Board of Directors, the Procedures for the management, handling and disclosure of confidential information and documents, with regard particularly to price sensitive information (9);

z) Evaluate whether a succession plan for the executive directors should be adopted or not, subject to the opinion of the Nominations and Remuneration Committee (10).

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

> Defines the guidelines for the internal control and risk management system so that the principal risks that the Company and its subsidiaries face are correctly identified, as well adequately assessed, managed and monitored, while also determining the extent to which the risks are compatible with the strategic goals identified;

> Selects one or more directors from the committee to institute and maintain an effective internal control and risk management system, as well as a Control and Risk Committee which complies with the Corporate Governance Code, in order to support the Board of Directors' assessments and decisions relative to the internal control and risk management system, as well as approved the periodic financial reports;

> Evaluates, at least once a year, the adequacy and efficacy of the internal control and risk management system with respect to the business and the inherent risk profile;

> Approves, at least once a year, the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;

> Describes the main features of the internal control and risk management system in the report on corporate governance, along with the methods used to coordinate the different parties involved, and expresses an opinion as to its adequacy;

> Evaluates, after having consulted with the Board of Statutory Auditors, the opinion issued by the external auditors upon completion of the financial audit;

> Appoints and replaces, based on the proposal of the Director in charge of the Internal Control and Risk Management System, as well as after having consulted with the Board of Statutory Auditors, the Head of Internal Audit.

The functions of the Board of Directors, as described above, comply with the applicable recommendations found in the Corporate Governance Code.

Pursuant to the Corporate Governance Code, during the meeting held on 25 February 2021 the Board of Directors used the reports provided by the Director in charge of Internal Control System, the Control and Risk Committee (formerly Internal Control Committee), the Supervisory Board, and the Internal Audit, as well as the Report prepared by the Financial Reporting Officer regarding the preparation of the accounting ledgers, to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system and the management of any conflicts of interest (11).

In this regard, it should be noted that all the subsidiaries are considered strategic (see section 2.1 of the Report on Operations at 31 December 2020) as the Group's businesses are run by the subsidiaries.

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

In 2020 the Board of Directors, also met specifically to: (i) examine and grant advance approval of any transactions undertaken by the Company and its subsidiaries of significant strategic, economic, capital or financial transactions. The significant strategic, economic, capital or financial transactions are those falling within the category of operations empowered to the Board under the bylaws, with particular attention for those in which one or more directors held an interest directly or on behalf of third parties; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees.

In accordance with the Corporate Governance Code and in light of the recommendations of the Corporate Governance Committee, in 2020 IGD's Board of Directors continued with the Board Review process with the help of the consulting firm Egon Zehnder, begun in 2007, and assessed the size, composition and functioning of the Board and the Board committees.

Please note that the consulting company Egon Zehnder also assisted IGD with the planning of the Succession Plan for the Chief Executive Officer and other key positions in the Company, as well as with the "Virtual Team" training, focused on soft skills, offered in 2020 to all company employees.

The evaluation process was carried out as follows:

> Questionnaires were sent to the 11 Directors;

> The questionnaires filled out by the Directors were collected;

(6). Toward this end the Company has established limits for multiple assignments approved by the Board of Directors on 13 December 2010.
(7). Corporate Governance Code Art. 1.C.3.
(8). Corporate Governance Code Art. 2.C.4.
(9). Corporate Governance Code Art. 1.C.1 lett j) The Company adopted regulations for the management, handling and disclosure of priviledged and price sensitive information and a Registry of Insiders, approved by the Board of Directors on 8 November 2016 and subsquently updated on 3 August 2018.
(10). Corporate Governance Code Art. 5.C.2.
(11). Art. 1 of the Corporate Governance Code.

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3.4 BOARD OF DIRECTORS

> Individual interviews of the Chairman, Chief Executive Officer and Chairman of each committee were conducted in order to add comments and/or further detail to the answers provided in the questionnaire;

> The data included in the questionnaires and the considerations that emerged during the individual interviews were compiled;

> The results were processed both singly, in anonymous form, and as an aggregate;

> The findings were then presented to the Nominations and Appointment Committee and the Board of Directors.

The Board Review results were subsequently presented during the Board of Directors' meeting held on 25 February 2021.

The discussions with each director, based on the questionnaire, focused on the following topics:

> Qualitative/quantitative profile of the Board of Directors; possible recommendations for the renewal;

> Independence, integration and training;

> Organization and functioning of the Board of Directors;

> Organization and functioning of the Board Committees;

> Role of the Chairman and relationships with the Directors and Management;

> Involvement of the Board in the strategies and risk management;

> Structure, succession plans and compensation policies;

> Synthesis and Benchmarking.

For each area we discussed the strong points and areas in need of improvement.

Based on the comments gathered and the subsequent analysis, at the end of the term the Board's assessment was as follows:

> A large majority of the Directors confirmed, consistent with the previous sell-assessment made of this Board, the positive opinion of the qualitative/quantitative profile of the Board of Directors in terms of:

> The size of the Board, unanimously found to be excellent (11 members);

> The composition, and the mix of expertise and experience of the Directors, which led to the effective and competent management of the business (90%);

> The balance between Independent and Non-Independent Directors (80%).

> A majority of the Independent Directors reiterated their positive view of the Board's independence, in particular:

> Found that the Board handled potential conflicts of interests effectively (83%);

> Expressed appreciation for the concrete, not only formal, contribution made by the independent directors to the Board (67%).

> A large majority (or in some instances all) of the Directors, consistent with the previous Board Reviews, reiterated their appreciation for the organization and functioning of the Board.

> A large majority of the Directors (versus all, last year) expressed appreciation for the time the Board dedicated to corporate finance transactions and investments (90%), risk and risk management (90%) and Governance (70%).

> With regard to the drafting of the Succession Plan, greater satisfaction was expressed for the work done by the Board during the year to better understand issues relating to human resources, organization and the succession plans. A minority called for further work in this regard.

> Consistent with previous Board Reviews, a large majority (in some instances, all) of the Directors:

> Unanimously renewed their appreciation for the flow of information and presentations made during the Board meetings;

> Widely confirmed that they were well informed about the Company's most important strategic areas;

> Expressed a positive opinion about the management of related party transactions and complete satisfaction with the way in which price sensitive information is handled.

> All the Directors expressed a positive opinion of IGD's current Board committees (Nominations and Compensation Committee, Control and Risk Committee, Committee for Related Party Transactions).

The Directors are fully aware of the unprecedented nature of this year of their term in office and recognize to the extent to which external events triggered by the pandemic impacted the Board's operations and decision-making processes. Several Directors commended IGD's Board and Top Management for the excellent job done managing the pandemic crisis during what was an uncertain and extremely complicated period.

As in previous Board Reviews, all Directors expressed their satisfaction with the current risk management system.

Consistent with the prior Board Review, almost all the Directors (87%) expressed their satisfaction with the level of understanding of the organizational structure and the managers in key positions and found that IGD's organization and management are adequate and effective in reaching the targets set.

The Directors also identified a few areas that the Board could reflect on/work on in the future; more specifically:

> In view of the Board renewal, when looking at IGD's future challenges and the possibility of further enriching the Board's expertise and experience, elements to be strengthened emerged and include, in order of preference:

> Strategic and market direction (60%);

> Human resources and organization (56%);

> Social and environmental sustainability (44%).

> When considering the promotion of diversity, with respect particularly to the provisions of Art. 2 of the Corporate Governance Code, the priorities for the future Board should include:

> Expertise and profession (80%);
> Experience, including managerial (70%);
> Training (70%).

> Two directors stressed the importance of guaranteeing more support for sustainability/ESG issues and would be in favor of instituting a specific, dedicated Committee.

> A few directors indicated future priorities for IGD should include addressing the risk that the pandemic continues, the risk this could pose for the core business, along with the development of e-commerce, the risk of greater speculation on the stock, while monitoring the Loan to Value.

Lastly, please note that at the date of this Report, the Company's shareholders had not authorized general or preventive exceptions to the non-compete clauses provided for in Art. 2390 of the Italian Civil Code ([12]).

3.4.4 // Executive Directors

// Chief Executive Officer

The bylaws ([13]) state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee comprised of some of its members and/or one or more members given the title of chief executive officer or executive directors.

During the meeting held on 6 June 2018, following the Annual General Meeting during which the Board was renewed, Claudio Albertini was confirmed Chief Executive Officer and granted the following powers:

> To develop and propose – as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;

> To develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;

(12). Art. 1.C.4 of the Corporate Governance Code.
(13). Art. 23 of the bylaws.

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

> To optimize the instruments and procedures of financial management and manage relations with the financial system;

> To develop and propose strategies for organizational development and policies for hiring, managing and training human resources;

> To recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;

> To coordinate the drafting of the business plans, annual budget and the relative reporting;

> To monitor and coordinate any related activities: general services, any legal problems and fiscal implications;

> To assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;

> To assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;

> To assume responsibility for the proper maintenance of real estate assets according to rental contracts between the Company and third parties and the budgets approved by the Board of Directors and in compliance with current laws;

> To assume responsibility for preparing the annual plan of work and the respective *budget forecasts*, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;

> To interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.

> To define, together with the Chairman, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chairman, Vice Chairman and/or Chief Executive Officer of subsidiaries and affiliates so that the Chairman may submit them to the Nominations and Remuneration Committee;

> To oversee the appointment of the main managerial positions within the Group;

> To define, together with the Chairman, the proposals for the compensation of the Company's and Group's top management to be submitted to the Nominations and Remuneration Committee;

> To ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

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

// Chairman and Vice Chairman of the Board of Directors

In compliance with the bylaws ([14]) the Board of Directors appoints from among its members a Chairman, if the shareholders have not done so, and a Vice-Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice-Chairman and if the Vice-Chairman is absent the chairmanship is assumed by the Chief Executive Officer.

The chairman of the Board of Directors has signing authority for the Company and shall represent it as its Legal Representative ([15]) before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws.

During the meeting held on 6 June 2018, the Board of Directors appointed Elio Gasperoni, as Chairman of the Board granting him the following duties:

> To develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;

> To interface with the shareholder cooperatives regarding any update of the respective investment plans in the Shopping Centers segment;

> To act as the director in charge of Internal Control and Risk Management; in this role, working with, to the extent necessary, the Chief Executive Officer, he: (i) works to identify the main business risks of the Company and its subsidiaries and submits them periodically to the Board of Directors for examination; (ii) executes the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying the overall adequacy, efficacy and efficiency; (iii) reports periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures; (iv) adapts this system to any change in operating conditions, the law or regulations; (v) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results; (vi) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures; (vii) submits proposals to the Board of Directors as to who to appoint Head of Internal Audit, any terminations, and compensation and provides the Board of Directors with proposals as to how to ensure that the Head of Internal Audit has access to the resources needed to fulfill his duties.

The purpose of attributing the role of Director in Charge of Control and Risk Management to the Chairman, who following this assignment is considered as executive director, is to separate the management of control functions from operations, consistent with what was done last term.
During the meeting held on 17 December 2019, the Board of Directors approved the Anti-corruption Policy and requested that the Director in Charge of the Control and Risk Management System, also supervise the implementation and compliance of the anti-corruption management system in accordance with ISO 37001 regulations.

The Vice Chairman of the Board of Directors is Rossella Saoncella who was appointed by the Board during the meeting held on 6 June 2018 and granted her the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

// Executive Committee (pursuant to Art. 123-bis, para. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

// Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must be informed at least once a quarter, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. The reports will be provided at the time of the Board's approval of the periodic financial reports (Financial Statement, Half-year Financial Report, and Interim Management Statements). Each director may request that the deputized parties provide the Board with information regarding the Company's management. For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations. The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.

The guidelines also contain information about the super-

(14). Art. 17 of the bylaws
(15). Art. 24.1 of the bylaws

(14). Art. 17 dello Statuto.
(15). Art. 24.1 dello Statuto.

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3.4 BOARD OF DIRECTORS

visory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).

3.4.5 // Other Executive Directors (16)

The Board of Directors appointed the Chief Executive Officer Claudio Albertini an Executive Director. During the meeting held on 6 June 2018 the Board of Directors appointed Mr. Elio Gasperoni Chairman and confirmed his assignment as the Director in Charge of the Internal Control and Risk Management System. The Chairman, therefore, is now considered an Executive Director in light of the powers granted as a result of this assignment alone as per the Corporate Governance Code (17).

3.4.6 // Independent Directors

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

After having examined the information provided and statements made by the directors, during the meeting held on 25 February 2021 the Board of Directors confirmed that Luca Dondi Dall'Orologio, Elisabetta Gualandri, Isabella Landi, Livia Salvini, Rossella Saoncella, Timothy Guy Michele Santini and Eric Jean Véron qualify as independent. During the meeting on 25 February 2021 the independent directors stated that they still qualified as such pursuant to and in accordance with TUF, Consob Market Regulations and the Corporate Governance Code.

On December 17 2020, the Company's Board of Directors, in accordance with Art. 7 of the Corporate Government Code, adopted the criteria for assessing the significance of professional, economic and financial relationships, as well as additional compensation, when evaluating independent status. More in detail, during this meeting the Board of Directors established that "For the purposes of assessing the independence of each non-executive director pursuant to Art. 2 of the Corporate Governance Code, the following are considered to be significant, with the exception of specific circumstances to be evaluated on a case-by-case basis, with substance prevailing over form:

a) Commercial, financial or professional relationships, existing or entered into in the last three years, with IGD or its subsidiaries or its parent company, or with the respective executive directors or top management, for which annual compensation is higher than at least one of the following thresholds:

(i) 5% of the director's annual income;

(ii) In the case the undertakings are with a company of which the director has control or is an executive director or a professional firm or company of which the director is a partner or an associate, 5% of the annual turnover generated directly by the director as part of the activities carried out with this company professional firm or consultancy;

(iii) The amount of the annual compensation for acting as a non-executive director of IGD;

b) Remuneration in addition to the fixed compensation for acting as a board member and being part of a committee as per the Corporate Governance Code and the current law, received in the current year or in the last three years from IGD, one of its subsidiaries or its parent company, which amounts to more than at least one of the following thresholds:

(i) 5% of the director's annual income;

(ii) The amount of the annual compensation for acting as a non-executive director of IGD".

On 22 February 2021 the Board of Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board.

On 25 February 2021, the Board of Directors verified that the independence of the directors in office at that date.

With regard to director Timothy Guy Michele Santini, the Board of Directors noted that in 2020 the Director was engaged professionally by the subsidiary Porta Medicea to define an effective commercial strategy for the commercial property under construction as part of the "Porta a Mare" project. This mandate was only partially executed as work was temporarily suspended in 2020 due to the Covid-19 emergency and the assignment subsequently expired in October 2020.

This mandate was evaluated by the Board of Directors which confirmed that it was granted to Director Timothy Michele Santini because of his more than twenty years of experience in strategic real estate management and prime commercial investments in Italy and abroad, as well as the fact that the mandate called for a limited commitment. The Board, in accordance with Art. 7 of the Corporate Governance Code, deemed that this professional relationship did not compromise the Director's autonomy as the assignment was not material neither in absolute terms, given the modest amount, nor in terms of the Director's economic situation, and, therefore, confirmed the independence of Director Santini pursuant to the Corporate Governance Code, with substance prevailing over form.

Therefore, as the current Board of Directors is comprised of 11 members, the independent directors represent 64% (7 out of 11) of the total number of directors and 82% (9 out of 11) of the total number of non-executive directors.

The independent directors met on 22 February 2021 to discuss the topics of greatest interest with respect to the functioning of the Board of Directors and the company's operation.

3.4.7 // Lead Independent Director

In light of the separation of the offices of Chairman and Chief Executive Officer and the fact that the office of Chairman is not held by a person that controls the Company, the independent directors deemed it unnecessary to appoint a Lead Independent Director.

(16). *Corporate Governance Code: Art. 2.C.1.*
(17). *More specifically, the comment to Art. 7 of the Corporate Governance Code provides that "[l]'the Chief Executive Officer may act as the Director in Charge of the Internal Control and Risk Management System as may, alternatively, an executive director or a director with no other powers deemed particularly suitable for the role who will become an executive director as a result of the assignment".*

3.5 // Treatment of corporate information

// Procedure for the management of relevant and price sensitive information

In accordance with Corporate Governance Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents. Furthermore, in accordance with Art. 115-bis TUF, the Company established a registry of the persons who have access to price sensitive information already in June 2006.

After the EU Regulation 596/2014 ("**MAR**") took effect the Company adopted a Procedure for the Management, Handling and Public Disclosure of Confidential and Price Sensitive Information and the Registry of Insiders.

On 3 August 2018, the Company updated this procedure (the "**Procedure for the Management of Relevant and Price Sensitive Information of IGD SIIQ S.p.A."** or the **"Procedure**") in order to comply with the guidelines for the management of price sensitive information adopted by Consob in October 2017.

All directors, statutory auditors, executives and employees of the Company and/or its subsidiaries, as well as others who act in the name of or on behalf of the Company and/or its subsidiaries, who have access to the Company's confidential or price sensitive information in the course of their duties, are bound by the Procedure.

The Chief Executive Officer will determine whether or not information is privileged and/or price sensitive and, toward this end, may avail himself of company structures as needed, of the Corporate and Legal Affairs Division, as well as Investor Relations. When deemed opportune or necessary the Chief Executive Officer may request that this assessment be made by the Board of Directors.

If the Chief Executive Officer, with the support of the relative internal divisions, finds that information is relevant, he will add a new section to the Relevant Information List which will list the parties who have access to this information. The Chief Executive Officer, with the support of the relative internal divisions, will monitor any changes in the relevant information in order to understand whether or when this information may become price sensitive.

The Company discloses price sensitive information to the public as quickly as possible in a way which guarantees quick, equal, simultaneous access to the information throughout the European Union, as well as a complete, accurate and timely analysis of the information, by issuing a press release.

The Company may delay, under its own responsibility, public disclosure of the price sensitive information as long as the conditions called for in MAR are satisfied. The decision to delay disclosure is made by the Chief Executive Officer who works to guarantee that the price sensitive information is treated with the maximum confidentiality and that all necessary information is included in the Registry of Insiders, along with the timely registration of the individuals who have access to price sensitive information (the "**Insider List**"), maintained by the Company in accordance with the law.

The Insider List is divided into two distinct sections: one defined "occasional" which includes parties identified on a case by case basis who may have access to specific information; one defined "permanent" which includes those parties who always have access to price sensitive information.

// Internal dealing

In accordance with Art. 114, paragraph 7 of TUF and with the implementation provisions found in Arts. 152-sexies et seq. of the "Consob Issuer Regulations", effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company's shares or on related financial instruments ("**Internal Dealing Procedure**").

The Internal Dealing Procedure has been updated in 2016 and lastly in 2018, in order to comply with the new rules introduced by MAR and the amendments to Consob Issuer Regulations.

The Internal Dealing Procedure is available at http://www.gruppoigd.it/en/governance/internal-dealing/.

3.6 // Board Comittees (pursuant to Art. 123-bis, par. 2, lett. d), TUF)

The Board of Directors, in compliance with Code recommendations, formed the Chairman's Committee, the Control and Risk Committee, the Nominations and Compensation Committee and the Committee for Related Party Transactions.

As the Company is subject to the management and coordination of Coop Alleanza 3.0 soc. Coop., pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 16, paragraph 4 of the Consob Market Regulations, based on which the committees formed pursuant to the Corporate Governance Code must comprise only independent directors as defined in these provisions.

The members of the previously mentioned committees were recently elected when the Board of Directors was renewed during the AGM of 1 June 2018.

For more information on the Committee for Related Party Transactions please refer to paragraph 12 "Directors' interests and related party transactions" of this report.

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.7 NOMINATIONS AND COMPENSATION COMMITTEE

3.7 // Nominations and Compensation Committee

In 2012 pursuant to the Corporate Governance Code ([18]), the Board of Directors resolved to combine the Remuneration Committee and the Nominations Committee, and the functions attributed to them, in a single committee for organizational purposes.

The establishment of a single committee named "Compensation and the Nominations Committee" has been decided for organizational purposes within the Board as well as because of the strong correlation between the competencies of the former Company's Compensation Committee and those of the Nominations Committee pursuant to the Corporate Governance Code. The Company verified also that the members of the Compensation Committee possess the same requirements relative to independence, professionalism and experience as the members of the Nominations Committee

> COMPOSITION AND FUNCTIONS OF THE NOMINATIONS AND COMPENSATION COMMITTEE
(PURSUANT TO ART. 123-BIS, PARA. 2, LETTER D), TUF)

Nominations and Compensation Committee	
Rossella Saoncella	Chairman (Independent)
Livia Salvini	(Independent)
Timothy Guy Michele Santini	(Independent)

The current Nominations and Remuneration Committee in office was appointed by the Board of Directors on 6 June 2018, following the renewal of the Board by the AGM of 1 June 2018. The Board of Directors, after having seen the *curricula* of the Nominations and Compensation Committee members verified that all directors possess at least one of the requirements, in terms of knowledge and experience in finance and with remuneration policies.

The meetings of the Nominations and Compensation Committee may be attended by the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer.

No director may attend a meeting of the Nominations and Compensation Committee during which his/her compensation is being discussed.

In 2020 the Committee met 5 (five) times, on 12 February, 21 February, 13 March, 16 June and 30 October. All the members attended 100% of the meetings. The Chairman of the Board of Statutory Auditors attended 4 (four) out of 5 (five) of the meetings.

Each meeting in 2020 lasted approximately 40 minutes and proper minutes were taken during each meeting.

// Functions of the Nominations and Compensation Committee

During the year the following functions were attributed to the Nominations and Compensation Committee:

> Submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management;

> Provides advice and 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;

> Proposes candidates to the Board in the event it's necessary to substitute the independent directors;

> Provides the Board of Directors with an opinion about the periodic self-assessment, the optimal size and composition of the Board and to express opinions regarding the characteristics of the professionals that could improve the functioning of the Board, as well as the maximum number of assignments as director and statutory auditor in other companies, as well as any allowable exceptions to the non-compete clauses;

> Periodically assesses the adequacy, the coherence and the implementation of the compensation policy availing itself, with regard to the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer;

> Expresses an opinion about the type of administrative body to be formed (single party or board), the number of members and the candidates to be presented for director, statutory auditor, chairman, vice chairman and general manager (and/or chief executive officer) of the subsidiaries or affiliates.

The Company will provide the Nominations and Compensation Committee with the financial resources needed to fulfil its duties.

Detailed information about the functions of the "Nominations and Compensation Committee" can be found in the Remuneration Report, published pursuant to Art. 123-ter of TUF, available on the website http://www.gruppoigd.it/en/governance/remuneration/.

3.8 // Directors' Remuneration

This information can be found in the report on remuneration and compensation paid, to which you are invited to refer, published in accordance with art. 123-ter of TUF, available on the Company's website http://www.gruppoigd.it/en/governance/remuneration/

3.9 // Chairman's Committee

Following renewal of the board, during the meeting held on 6 June 2018 the Board of Directors deemed that, in light of the ownership structure and the Company's governance, it was no longer necessary to institute a Chairman's Committee.

(18). More specifically, the comment to art. 4 of the Corporate Governance Code provides that "the Board may combine or distribute the functions assigned to the Board committees included in the Code as deemed more opportune, in compliance with the rules applicable to each committee. For example, one Nominations and Compensation Committee which complies with the requisites for both committees may be formed".

3.10 // Control and Risk Committee

The Control and Risk Committee was formed by the Board of Directors in accordance with the Corporate Governance Code ([19]).

> COMPOSITION AND ROLE OF THE CONTROL AND RISK COMMITTEE
(PURSUANT TO ART. 123-BIS, PAR. 2, LETT. D), TUF

Control and Risk Committee	
Elisabetta Gualandri	Chairman (Independent)
Luca Dondi Dall'Orologio	(Independent)
Sergio Lugaresi	(Independent)

Control and Risk Committee from 5 November 2020	
Elisabetta Gualandri	Chairman (Independent)
Luca Dondi Dall'Orologio	(Independent)
Isabella Landi	(Independent)

The Control and Risk Committee comprises three independent Directors: Elisabetta Gualandri, Chairman, Luca Dondi Dall'Orologio, appointed by the Board of Directors on 6 June 2018, following the renewal of the Board during the Shareholders' Meeting held on 1 June 2018, and Isabella Landi, coopted by the Board of Directors on 5 November 2020 to substitute Sergio Lugaresi who tendered his resignation on 28 September 2020.

As the Company is subject to the management and coordination of Coop Alleanza 3.0 soc. Coop., pursuant to Art. 2497 and following of the Italian Civil Code, it is subject to Art. 16, paragraph 1 d) of the Consob Market Regulations, which provide that companies subject to the management and coordination of another company must have a Control and Risk Committee comprised of only independent directors.

Upon appointment, the Board of Directors examined the curricula of the independent director candidates verifying that they met at least one of the requirements in terms of experience in accounting and finance having worked at least three years as: (i) managers in administration, finance and control departments of joint stock companies, or (ii) professional activities or as confirmed university professors in law, economics or finance, or (iii) managers of public bodies or public administrations active in the banking, financial and insurance sectors.

The Chairman of the Board of Directors attends the meetings of the Control and Risk Committee in his quality as Director in Charge of the Internal Control and Risk Management System, as does the Chairman of the Board of Statutory Auditors or another statutory auditor appointed by him, though the other statutory auditors may attend. The Vice Chairman of the Board of Directors and the Chief Executive Officer are also invited to attend Committee meetings.

In 2020 the Committee met 10 (ten) times on 21 February, 21 April, 4 May, 25 May, 29 June, 3 August, 3 September, 5 November, 20 November and 11 December. All the members attended 100% of the meetings. The Chairman of the Risk and Control Committee, in compliance with Governance Code Art. 4. C.1.d, and following approval in 2016 of the Company's new Rules for Corporate Governance, provided the Board of Directors with information on the content and outcomes of the previously held meetings.

The Chairman of the Board of Statutory Auditors Anna Maria Allievi, attended 100% of the Committee meetings.

Each meeting lasted approximately one hour and fifteen minutes and proper minutes were taken during each meeting.

// Functions of the Control and Risk Committee

During the year the following functions were attributed to the Control and Risk Committee:

a) Provide the Board of Directors with a preliminary opinion relative to the following:

> Definition of the guidelines for the Company's internal control and risk management system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also determining the extent to which these risks are compatible with the correct management of the business and the strategic objectives identified;

> Yearly evaluation as to the adequacy of the internal control and risk management system with respect to the type of business and risk profile, as well its efficacy;

> Approval, at least yearly, of the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the director, Head of the Internal Control and Risk Management System;

> Describes the main features of the internal control and risk management system in the report on corporate governance, along with the methods used to coordinate the different parties involved, and expresses an opinion as to its adequacy;

> Evaluation, after having consulted with the Board of Statutory Auditors, of the findings of the external auditors in the letter of recommendations and the report on the main issues that emerged during the financial audit;

> Appointment and suspension, as proposed by the Director in Charge of Control and Risk Management System and after having consulted with the Board of Statutory Auditors, of the Head of Internal Audit.

b) Assesses, along with the Financial Reporting Officer and after having consulted with the external auditors and the Board of Statutory Auditors, the appropriateness of the accounting standards adopted and, if Groups are involved, their uniformity with a view to the preparation of the consolidated financial statements;

c) Expresses opinions on specific aspects concerning the identification of business risks;

d) Examines the periodic reports in which the internal control and risk management system is evaluated, along with any particularly relevant reports prepared by internal audit;

e) Monitors the independence, adequacy, efficacy and efficiency of the internal audit function;

f) Asks internal audit to carry out possible controls of specific operating units, while, at the same time, advising the Chairman of the Board of Statutory Auditors;

g) Reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control and risk management system;

h) Supports the evaluations and decisions made by the Board of Directors relating to the management of risks linked to any detrimental events that the Board of Directors has been made aware of.

The functions attributed to the Control and Risk Committee are not exhaustive and may be increased.

The Board of Directors ensures that the Control and Risk Committee, including as per the Committee's recommendations, receives adequate support in carrying out its duties.

During the meetings held in 2020 the Committee was involved primarily in the following activities:

a) Assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;

(19). Art. 7 of the Corporate Governance Code.

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b) Examination of the controls conducted by Internal Audit based on the audit plan approved, as well as on specific areas required by the Committee, such as, for example: Fair Value measurement of the real estate assets, finance and treasury, asset/liability cycles, accounts receivable (Italy and Romania), management of contractual guarantees as well as analysis of counterparty risk, as well as the examination of the updated company procedures such as, for example, IGD SIIQ S.p.A.'s Procedure for the Management of Relevant and Price Sensitive Information, the Internal Dealing Procedure and the Privacy Policy;

c) Examination of the progress made on the Enterprise Risk Management project in 2020 and analysis of the methods generally used by the Company as part of this project;

d) Providing the Board of Directors with a favorable opinion of the audit plan for 2021 prepared by the Head of Internal Audit and based on the risk prioritization process that is part of risk management.

The Company guarantees that the Control and Risk Committee will have the financial resources needed to fulfil its duties.

3.11 // Internal Control and Risk Management System

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon, through the proper identification, assessment and control of the primary risks facing the company with a view to creating medium/long term value for shareholders. This internal control system helps ensure the safeguarding of the company's assets, the efficiency and efficacy of the company's operations, compliance with laws, regulations, bylaws and internal procedures, as well as the reliability of financial information. As the objective of the internal control system is, therefore, to guarantee the reliability, accuracy, dependability and the timeliness of the financial information, the system is considered an integral part of and not separate from the general risk management system adopted by the Company.

This system is part of the Company's overall organizational and corporate governance structure and reflects the reference models, as well as national and international best practices, also in light of the changing rules.

More in detail, the planning, implementation and monitoring of the internal control and risk management system defined by IGD are modeled after the CoSo Framework; with a view to continuous improvement, the Company develops and updates the system components constantly.

More in detail, the planning, implementation and monitoring of the internal control and risk management system defined by IGD are modeled after the CoSo Framework; with a view to continuous improvement, the Company develops and updates the system components constantly.

The components of the system are summarized below:

a) Control environment

The control environment refers to the organizational context in which the strategies and objectives are defined, the ways in which business activities are structured and the ways in which risks are identified and managed. This includes many elements, including the Company's ethics, expertise and development of personnel, the style with which operations are managed and the methods used to grant special mandates, powers and responsibilities. In line with the framework standards, the control environment includes the following five sub-elements:

i) Commitment to integrity and ethical conduct

The Company has defined and shared its Code of Ethics with employees and staff members. This Code is an official document that contains all the standards underlying the Company's activity. The top management and the supervisory and control bodies which make up the internal control and risk management system, help to ensure compliance with the conduct set out in the Code. The Company is committed to preserving economic, environmental and social sustainability for its stakeholders and issues the corporate sustainability report. Furthermore, in order to continuously improve and strengthen the corporate governance, consolidate the ethical business practices, as well as improve integrity and offset the risk of corruption, in April 2020 the Company concluded the project designed to further strengthen its anti-corruption controls. This called for the design and implementation of the anti-corruption systems in accordance with the international norm, ISO 37001:2016 (in synergy with the other anti-corruption compliance tools already adopted) obtaining the relative certification. This path, begun in fall 2019, also compelled the Company to adopt an anti-corruption policy and, at the same time, to identify the Supervisory Board, Top Management and Compliance charged with monitoring the prevention of corruption.

ii) Exercise of the supervisory responsibilities

The group of individuals which comprise the Company's internal control and risk management system guarantee that the supervisory activities will be carried out in compliance with the law and regulations. More in detail, the different duties (which will be explained more in detail below) are assigned to the Board of Directors, the Director in Charge of the Internal Control and Risk Management System, the Risk and Control Committee, the Board of Statutory Auditors, the Supervisory Board, the Financial Reporting Officer and the Head of Internal Audit.

iii) Definition of the internal control and risk management system's structures, reporting lines and responsibilities

The internal control and risk management system involves, to the extent of their expertise:

i) The Board of Directors;

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ii) The Director charged with creating and managing an effective internal control and risk management system;

iii) The Control and Risk Committee, as the voice of the Board of Directors, formed in accordance with the Corporate Governance Code which must support, after having received adequate information, the evaluations and decisions made by the Board of Directors relating to the internal control and risk management system, as well as the decisions relating to the approval of the periodic financial reports;

iv) The Head of Internal Audit, charged with verifying that the internal control and risk management system is functional and adequate and with coordinating the Enterprise Risk Management (ERM) process;

v) The Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;

vi) The Board of Statutory Auditors, including in its role as Committee for Internal Control and Financial Audit, which monitors the efficacy of the internal control and risk management system;

vii) The Supervisory Board, formed pursuant to Legislative Decree 231/01, which supervises compliance with the Code of Ethics and verifies the efficacy and adequacy of the Legislative Decree 231/01 Organizational, Management and Control Model;

viii) The Governing Body, top Management and the division responsible for compliance with anti-corruption measures.

The list of the relevant parties also includes: (i) Group Management which is responsible for first level internal controls and risk management; (ii) the divisions involved in second level controls with specific duties and responsibilities relative to the control of different areas/types of risk. The ICRM system, in line with the regulations and related best practices, can be broken down in the following levels:

> First level
monitored by the single operating lines, consistent with the controls made by those who carry out certain activities and the relative supervisors; it also ensures that operations are being carried out correctly;

> Second level
assigned to structures other than the operating lines, participates in the definition of methods to be used to measure, identify, assess and control risk (risk management); verifies compliance with laws and regulations (Compliance);

> Third level
assigned to Internal Audit which assesses the functioning of the entire internal control and risk management system, as well as the detection of unusual performances, procedural and regulatory violations, as well as the division responsible for compliance with anti-corruption measures.

The Board of Directors ensures that the assessments and decisions made relating to the Issuer's risk exposure, the internal control system, the approval of the annual and half-year reports, as well as the relations between the Company and the external auditors are supported by an adequate exchange of information.

The Board of Directors, as part of its strategic supervision, defines the guidelines for the control systems in line with the Company's business risk previously determined by the Board ([20]).

The Board, by law, must also periodically verify the adequacy of the control systems. Unforeseen events, however, may require further investigation in order to verify the efficacy of the controls in relation to particular situations ([21]). and the Board, therefore, is also responsible for the adoption of an adequate system in light of the business's characteristics.

Toward this end an efficient organization of the workflow is key to ensuring that any questions relating to internal control, in general, and risk management, in particular, are discussed with the Board after having been adequately briefed by the Control and Risk Committee.

(20). *Comment - Art. 7 Corporate Governance Code.*
(21). *Comment - Art. 7 Corporate Governance Code.*

iv) Commitment to recruit, develop and retain competent resources

The Company promotes research and development activities in order to enhance the talent and professional expertise of its resources. The human resources management systems adopted foster the enhancement of professional know-how and incentivize the achievement of goals through specific bonus schemes and the development of employee training programs.

v) Promotion of reliability

The Company promotes and enhances reliability on all levels and in the broadest sense of the term which encompasses all aspects of organizational conduct, procedural management, IT, as well as internal and external communications.

b) Risk assessment

Risk assessment is viewed as an integral part of the system. Toward this end, in order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. As per these standards, risk assessment is carried out in line with a) above and is based on four sub-elements:

i) Definition of appropriate objectives

The Company verifies that the planning, implementation and monitoring of the internal control and risk management system are in line with the Company's strategic, financial, operational and compliance goals.

ii) Identification and assessment of risks

The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business.

Process risk management is assigned to Management which is responsible for risk assessment and definition of risk management tools. Toward this end, Management is responsible for the monitoring of risk based on an assessment as to the adequacy of the risk management controls in place, pointing out areas in need of attention and for which action plans should be adopted, without prejudice to the functions assigned to the Board of Directors and the Risk and Control Committee.

The methods used as part of the Group's ERM system call for the following:

> Analysis of the business and changes in the market in order to identify any new risks;

> Analysis of the risks identified, the organization of the risk management personnel and the risk control measures used, assessment of the risk identified by the management of Group companies;

> Identification of the "risk indicators", which make it possible to identify and assess the impact that the risks under examination could have on the company's performance;

> Assessment of the level of risk coverage based on the control mechanisms used;

> Prioritization of the risks and the steps to be taken, as well as risk tolerance analysis in accordance with the instructions received from the Group's top management and through an evaluation of the overall exposure and the potential risks impact on the strategic goals;

> The use of quantitative analysis which focuses on understanding the impact of different risk scenarios on the Plan targets and supports the assessment of risk exposure and appetite as effectively as possible;

> Careful rolling monitoring of the biggest risks and the relative controls;

> Carry out benchmark analyses of competitors/peers.

The Enterprise Risk Management procedures are updated based on the findings of specific risk assessments made by other control bodies (internal audit, system used to control accounting-administrative procedures pursuant to Law 262/05).

iii) Identification and assessment of fraud risk

The Company pays particular attention to potential areas of exposure to the risk of fraud when planning, implementing and monitoring the internal control and risk management system. The ERM model identifies and assesses in

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the Risk Map an area of risk referred to as "Fraud committed by Company personnel or its stakeholders that could impact its assets and its reputation". The controls defined relating, in particular, to administrative and accounting operations, financial and treasury management, as well as property and retail management, also take into account aspects relating to fraud risk.

The assessments of this sort of risk take into account not only the results of the controls made by system personnel, but also the recommendations and action plans emerged as a result of internal audits and any observations made by the external auditors shared with the Company. With a view to continuously improving the system, the Company will continue to work on preventing fraud and the instruments used in this regard.

iv) Identification and analysis of significant changes

As part of the internal control and risk management system, the risks analyzed and assessed are periodically verified and updated in light of strategies, the organizational model and the business operations. The Company, therefore, periodically updates the tools used to identify and assess risk (ERM system, Decree 231/01 Model for organization, management and control, system used to control accounting-administrative procedures pursuant to Law 262/05) to ensure that they fit the Company's organizational and business characteristics, as well as the corporate strategy.

Toward this end, after the EU privacy regulation n. 2016/679 took effect, the Company worked to comply with the new regulation and identified, using its ERM model and Risk Map, an area of risk referred to as "Privacy risk – Sanctions connected to violations of regulations protecting data privacy". Controls call for (i) monitoring of the relative regulations, (ii) updating of company procedures, mandates and related company documentation, and (iii) training of company personnel.

The Company also included the risk of "*Legislative Decree 231/01 Liabilities*" and "*Law 262/05 Liabilities*" in its ERM model and the relative risk map used to periodically assess the measures implemented in order to guarantee the adequacy and effectiveness of the relative models with respect to the law and the Company's organization.

c) Control activities

Control activities are defined in accordance with regulations, policies, guidelines and procedures that ensure that the risk management strategies adopted are executed correctly. In line with the framework standards and pursuant to the observations made in b) above, the control activities include the following three sub-elements:

i) Definition and development of control activities

The control activities defined by IGD are based on the definition and deployment of a series of controls designed to mitigate risks of various types, including organizational, procedural, operational or relating to third party interests. The selection of the control activities is rooted in the risk identification and mapping carried out in accordance with the ERM model, the Decree 231/01 Model for organization, management and control and the administrative-accounting control system. As part of these assessment activities, the Company assesses the adequacy of the existing controls with respect to the level of risk identified and determines the steps that need to be taken to strengthen controls, in line with the control objectives defined and shared with top management. Implementation is periodically monitored by the system personnel based on his/her duties and responsibilities, including by way of specific monitoring of the main risks identified by interviewing management, gathering documentation and data analysis.

ii) Selection and development of general controls for technology

Based on the Company's organizational model, a few support services are outsourced relating, for example, to the management of IT and infrastructures. More in detail, IGD stipulated a contract for services with Coop Alleanza 3.0 Soc. Coop based on which the latter manages the IT systems. The Financial Reporting Officer, in particular, analyzed the IT systems managed in outsourcing. The purpose of this analysis was to assess "IT General Controls" in order to identify any lack of alignment with respect to the current Internal Control System and the Internal Control objectives outlined in the COSO and CobiT reports and define the steps to be taken in order to improve the situation which are monitored by the Financial Reporting Officer.

iii) Implementation of controls through policies and procedures

IGD, in line with the control objectives defined, as well as the best market practices and the methods adopted, defined a series of policies and procedures that govern conduct, as well as organizational and management practices (internal regulations and procedures). They form an integral part of internal regulations and procedures, along with the market procedures, administrative-accounting controls, the model for organization, management and control, as well as the procedures called for under the law.

d) Information and communication

Information is needed at all corporate levels in order to identify, assess and carry out the risk management solutions decided upon, as well as the control activities called for with respect to the pre-determined objectives. The correct functioning of the ICRM system is based on an active sharing of the duties between the company divisions involved. An efficient ICRM system strives to:

> Eliminate the methodological/organizational overlaps between the different control functions;

> Share the assessment methods used by the different control functions;

> Improve the communication between the control functions and corporate bodies;

> Reduce the risk of "partial" or "misaligned" information;

> Capitalize on the information and assessments made by the different control functions.

In line with the framework standards and pursuant to the observations made in c) above, the information and communication activities are defined based on the following three sub-elements:

i) Use of relevant information

In order to provide the control activities with concrete support, the Company gathers and assesses relevant information. While the system is being monitored, information is gathered through interviews of management and based on self-assessment initiatives. The Company has also defined a set of Key Risk Indicators that are updated periodically in order to understand elements that could prove useful to understanding potential risks. Similarly, reporting lines and ways to manage information flows are determined by the Legislative Decree 231/01 Supervisory Board, Internal Audit and the Financial Reporting Officer. The management, control bodies and the Board of Directors are provided periodically with reports on the progress of the work being done and updates about any changes relative to the levels of the risks identified.

ii) External communications

The Company promotes transparent and thorough external communications policies. Toward this end the internal control and risk management system, as well as the corporate events of potential interest to all stakeholders, are made public through the institutional channels adopted by the Company, namely periodic financial reporting, the Report on Corporate Governance and Ownership Structure, the corporate website www.gruppoigd.it and all the disclosures made available to the public by the Investor Relations department.

iii) Internal communications

Internal communications must ensure that all appropriate company staff members are aware of the control and Governance rules and that management is updated constantly including with regard to any new provisions relating to the control and risk management system, as well as changes to internal rules. The internal communications system includes the training programs developed in order to provide management with an understanding of the procedures and controls defined by the Company. Information channels are in place through which top management and the control bodies are provided with useful information in order to improve the system or report any lack of compliance with the controls.

e) Monitoring

Information is needed at all corporate levels in order to identify, assess and carry out the decisions made relative to the treatment of risk, as well as deploy the control activities defined in order to reach the goals defined. In line with the framework standards and pursuant to the observations made in d) above, the risk assessment activities include the following two sub-elements:

i) Continuous and periodic evaluations

In line with the procedures used to identify, assess, manage and monitor the risks defined by the system adopted, each system player is called upon periodically to report on the functioning of the system and its ability to contain risk within the defined limits as per the guidelines defined by the relative control bodies.

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ii) Evaluation and communication of any deficiencies

The periodic evaluation of the internal control and risk management system makes it possible to single out the areas in need of improvement in order to align the system with the relative control bodies' expectations and the level of risk that the Company can tolerate. The players and the bodies that are part of the internal control and risk management system are involved in the evaluation process and the communication of any deficiencies.

// Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.

The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting.

The methods used by the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations found in the COSO Report, the model referred to in the guidelines issued by ANDAF for the Financial Reporting Officer.

a) Phases of the Internal Control and Risk Management System implemented in relation to IGD's financial reporting process.

As part of the financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks.

The phases of the administrative-accounting control model are summarized below.

Identification of risks associated with financial reporting

During this phase the scope of the analysis is determined relative to the Group companies, the processes of the single companies, as well as the administrative-accounting risks and controls to be investigated further.

The Company constantly evaluates the scope of the analysis and makes the necessary changes and additions, including with regard to the companies operating in Romania. Risks are, therefore, identified for each individual administrative-accounting process.

Assessment of the risks associated with financial reporting

This activity calls for the assessment of financial reporting risk for both entities and processes, as well as for single transactions. Existing controls and the ability to effectively mitigate the risks inherent to administrative-accounting processes are checked.

Based on the approach used, both the risks relating to non-intentional errors and fraud are taken into account and controls are put into place to ensure that these risks are monitored, including as part of control protocols implemented in the context of other components of the overall internal control system.

The approach used also takes into account the manual and IT systems controls supporting the administrative-accounting procedures, namely the automatic IT controls for applications, general controls covering systems access, control of systems development and changes and, lastly, the adequacy of the IT structures. The control system, both on entity and general IT structural levels, is subject to analysis in order to understand how to deploy initiatives to strengthen it.

The analysis of procedures, risks and controls established based on the Financial Reporting Officer's work plan includes the updating of the model used to control accounting and administrative risk with constant risk assessment review pursuant to Law 262/05 and the introductions of new procedures as a result of the scoping reviews. The Financial Reporting Officer constantly monitors the adequacy of the controls identified, and carrying out, when necessary, corrective measures.

Identification of the controls to be used for the risks found

Based on the work carried out to identify procedures, risks and controls, the Company plans the improvements needed to introduce and/or change controls, both general and for single processes. The administrative-accounting procedures are then updated accordingly. IGD's administrative-accounting procedures are defined and deployed in accordance with the organizational structure and corporate processes in place, both in Italy and in Romania. A specific analysis was done of the control system and the accounting IT systems in order to assess the adequacy of the controls with respect to the standards included in the Company's framework.

The Company evaluates the need for and plans updates in order to ensure that the administrative-accounting procedures are in line with the Group's organization and functioning.

Evaluation of the controls used to monitor the risks found

The administrative-accounting procedures are monitored constantly; toward this end, specific testing activities are planned and carried out in order to ensure that the controls called for in the administrative-accounting procedures, as well as any corrective measures, are carried out correctly by the corporate divisions. These evaluations are carried out with respect to both the Italian and Romanian companies.

Furthermore, in accordance with Consob Recommendation n. DIE/0061944 dated 18/7/2013 relating to the Fair Value of real estate assets held by listed real estate companies, IGD's Board of Directors approved a specific corporate procedure: "Fair Value Measurement of Real Estate Assets".

b) Roles and corporate bodies involved

The internal control and risk management system is based on the clear definition of the roles involved in the different phases of the planning, deployment, monitoring and updating of the system over time. These include the Board of Directors, the Risk and Control Committee, the Board of Statutory Auditors, Director charged with creating and managing an effective internal control and risk management system, the Supervisory Board, the Financial Reporting Officer, Internal Audit, and Company management.

Based on the current internal control and risk management system, the Financial Reporting Officer must report to the Board Directors and participate in the coordination of the control activities.

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The Board of Directors assessed, based on the evaluations of both the Control and Risk Committee, which looked at the Risk Management outcomes, and the Director in Charge of Internal Control and Risk Management, the audits carried out by the Financial Reporting Officer and the reports submitted by Internal Audit and the Supervisory Board, as well as the division responsible for compliance with anti-corruption measures, the adequacy, efficacy and functioning of the internal control and risk management system.

3.11.1 // Director in charge of the Internal Control and Risk Management System

The company called upon the Chairman of the Board of Directors to act as the Director in Charge of the Internal Control and Risk Management System who, following this assignment, is considered an executive director. Previously, the executive director in charge of the internal control system had been the Chief Executive Officer.

More in detail, during the year the following functions were attributed to the Director in Charge of the Internal Control and Risk Management System:

a) Identification – working with the Chief Executive Officer to the extent necessary - of the main business risks of the Company and its subsidiaries, and periodically submitting same to the Board of Directors for examination;

b) Execution of the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying their overall adequacy, efficacy and efficiency;

c) Report periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures;

d) Adapt this system to any change in operating conditions, the law or regulations;

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e) May ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results;

f) Inform the Board of Directors in a timely manner of any problems and critical areas encountered while carrying out the activities referred to or of which he was made aware, so that the Board of Directors may adopt the necessary measures;

g) Submits proposals to the Board of Directors as to who to appoint Head of Internal Audit, any terminations, and compensation and provides the Board of Directors with proposals as to how to ensure that the Head of Internal Audit has access to the resources needed to fulfill his duties;

h) As an executive director, is in charge of the implementation and compliance with the anti-corruption management system making sure that the system, including the policies and targets, is established, implemented and re-evaluated in order to adequately address the risk of corruption in the organization. Toward this end, he periodically reports to the Board of Directors regarding the content and functioning of the anti-corruption management system and any allegations of serious or systematic corruption or when serious or systematic violations have occurred;

i) Appoints the anti-corruption compliance team which supervises the Company's planning and implementation of the system for the prevention of corruption.

3.11.2 // Head of Internal Audit

In 2019 the Board of Directors, based on the proposal of the Director in Charge of the Internal Control and Risk Management System and the favorable opinion of the Board of Statutory Auditors, resolved to appoint Mario Galiano, of Grant Thornton Consultants srl, to act as Head of Internal Audit in outsourcing for the three-year period 2019-2020-2021.

More in detail, the Head of Internal Audit:

a) Verifies, continuously, as well as when specific needs arise and in accordance with international standards, the functioning and adequacy of the internal control and risk management system, based on an audit plan, prepared by the Head of Internal Audit and approved by the Board of Directors based on a structured analysis and prioritization of the main risks;

b) Prepares periodic reports containing adequate information regarding the activities, how risk management is carried out, as well as the status of the plans defined. The periodic reports contain an evaluation as to the adequacy of the internal control and risk management system;

c) Prepares reports about important events in a timely manner;

d) Provides the above reports to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in Charge of the Internal Control and Risk Management System (i.e. the Chairman of the Board of Directors);

e) Verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM process, ensuring that the Director in Charge of the Internal Control and Risk Management System, the Control and Risk Committee and, when requested, the Board of Directors, are provided with progress reports.

3.11.3 // Decree 231/2001 Organizational Model

In May 2006 the Board of Directors approved adoption of the Organizational Model, as subsequently amended, which strengthened the internal control system. In 2018, a section relating to whistleblowing was introduced pursuant to Law n. 179/2017 which calls for the creation of one or more communication channels through which top management and subordinates may anonymously report illicit behavior. In 2020 the Organizational Model underwent extensive revision. More specifically, it was integrated with the Anti-Bribery Management System already implemented by the Company when it received the UNI ISO 37001:2016 certification issued by RINA Servces S.p.A., an independent certifier accredited by Accredia (a national accrediting entity for certifications and inspections appointed by the government) and the Italian leader in compliance certification. The Company's current Organizational Model was updated to reflect the latest crimes introduced in Legislative Decree 231/2001.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates while carrying out their duties.

The Organizational Model is comprised of the parts described below:

a. A general part, which includes the disciplinary system that supports all the rules found in the Organizational Model;

b. The single parts dedicated to each group of crimes applicable to the Company;

c. The Matrix of Identification of Activities at Risk («MIAR») created based on the information deemed useful to the understanding of IGD's activities and organizational system;

d. The Code of Ethics, which contains the general principles of diligence, honesty and fairness guiding professional performance and inspiring conduct at the workplace;

e. The Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model.

The Supervisory Board may act independently and must ensure that the Model is constantly updated.

The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.

The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.

The Supervisory Board has hired a consulting company which provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/2001, as well as for the execution of specific audits deemed necessary based on the information gathered.

The current Supervisory Board, appointed by the Board of Directors on 6 June 2018, is comprised of Gilberto Coffari, Chairman, Paolo Maestri and Alessandra De Martino. The Supervisory Board will be in office until the approval of the financial statements at 31 December 2020 by the AGM. The members of the Supervisory Board aren't from inside the Company and they have the specific expertise needed to fulfill the duties assigned.

In 2020 the Supervisory Board met 6 (six) times on 30 January, 13 March, 23 April, 21 May, 23 July and 22 October, with an attendance rate equal to 100%.

Each meeting lasted approximately 1 hour and 20 minutes and proper minutes were taken.

The Model is also available on the company's website http://www.gruppoigd.it/en/governance/business-ethics/organizational-model/.

3.11.4 // External Auditors

The activities related to financial audit are carried out by a company selected by the shareholders from among those listed in Consob's specific roll and based on the motivated opinion of the Board of Statutory Auditors.

On 18 April 2013 the shareholders, on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors, granted the company PricewaterhouseCoopers S.p.A. the financial audit assignment for the period 2013-2021.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2020 can be found in the notes to the separate and consolidated financial statements.

3.11.5 // Financial Reporting Officer

In compliance with art. 154-bis of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

On 13 December 2018, the Board of Directors, after having received a favorable opinion from the Board of Directors,

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appointed Carlo Barban to act as the Financial Reporting Officer for an indefinite period of time, effective 1 January 2019, and assigned him his duties, as well as adequate powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer, along with the executive officer (s) must provide a report on the separate and consolidated (if prepared) yearly financial statements and on the half year report attesting that the administrative and accounting procedures used to prepare the separate and financial statements are adequate in light of the characteristics of the Company's business.

The Financial Reporting Officer must also attest that the separate and consolidated financial statements:

a) Are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the European Parliament and European Council Regulation n. 1606/2002 of 19 July 2002;

b) Correspond to the ledgers and accounting entries;

c) Provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

3.11.6 // Coordination of the Internal Control and Risk Management System Personnel

In order to facilitate coordination of the control activities, the Company deemed it useful and opportune to outline the methods of operation as described below.

The Chairman of the Board of Statutory Auditors will call a meeting with the Chairman of the Control and Risk Committee with the frequency agreed upon and at least once a year to discuss the results of their respective control activities, to evaluate planning and the possible coordination of their respective activities. Toward this end, the Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

Other parties may be invited to attend the meetings which, in addition to periodically, may be called anytime there is a specific need and may include, in addition to the respective committees and bodies, including not as a group, the Director in Charge of the Internal Control and Risk Management System, the Head of Internal Audit, the Financial Reporting Officer, the external audit firm and the Chairman of the Supervisory Board.

The meeting relative to 2020 was held on 22 February 2021 and was attended by the Chairman of Control and Risk Committee, of the Board of Statutory Auditors, of the Internal Audit, a partner of the external audit firm, the Director in Charge of the Internal Control and Risk Management System, the Anti-Bribery function, the Chief Executive Officer and the Financial Reporting Officer.

During the year, the Chairman of the Control and Risk Committee and the Director in Charge of the Internal Control and Risk Management System met with the Head of Internal Audit:

a) To examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Committee;

b) To receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

The Chairman of the Supervisory Board meets with the Head of Internal Audit to examine the yearly work plan relating to the control activities called for by the Supervisory Board.

Other meetings may be held in addition to the meetings referred to above with the parties listed in this report who are involved in control functions and may be called by the respective Chairmen of the bodies referred to, including together.

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3.12 // Directors' Interests and transaction with related parties

With regard to the transactions with related parties, as of 1 January 2011 the Company has applied the "Procedure for Related Party Transactions" approved on 11 November 2010 by the Board of Directors, as subsequently amended, after having received a favorable opinion from the Committee for Related Party Transactions. The Company's Board of Statutory Auditors also assessed the compliance of this procedure with the principles found in Consob's Regulations for Related Party Transactions.

The purpose of the "Procedure for Related Party Transactions" is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.

The term "Related Party" is defined explicitly in the "Procedure for Related Party Transactions", in line with the definition found in Annex I of the Consob's Regulations for Related Party Transactions. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, par. 2, of the Regulations.

Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguish between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:

a) Transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD's capitalization;

b) Assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD's total assets;

c) Liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD's total assets.

Less material related party transactions, which includes all the other transactions.

The Regulations establish the criteria to be used in approving the material and less material transactions:

> The Committee for Related Party Transactions and the body involved in the approval of the related party transaction must be provided with complete and adequate information in a timely manner prior to approval;

> The Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;

> A statement attesting to the fact that the related party transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded;

> The Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedures for Related Party Transactions also includes a list of the transactions which are not governed by the Consob's Regulations for Related Party Transactions (with the exception of certain disclosure requirements) and which include:

1. Immaterial transactions (below the amount indicated in the Company's "Procedure for Related Party Transactions");

2. Resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain conditions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee);

3. Compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-bis of TUF;

4. Routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts);

5. Transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Company formed the Committee for Related Party Transactions in accordance with Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of CONSOB's Regulations for Related Party Transactions.

> COMPOSITION AND FUNCTIONS OF THE COMMITTEE FOR RELATED PARTY TRANSACTIONS

Committee for Related Party Transactions	
Luca Dondi Dall'Orologio	Chairman (Independent)
Livia Salvini	(Independent)
Eric Jean Véron	(Independent)

The Committee for Related Party Transactions currently in office was appointed during the Board of Directors' meeting held on 6 June 2018, which took place after the shareholders renewed the corporate bodies during the AGM held on 1 June 2018.

The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010, as subsequently amended as part of the three-year review conducted in 2013 and 2016, and summarized below.

The Committee for Related Party Transactions met 2 (two) times in 2020, on 30 October and 17 December. All members attended 100% of the meetings. The Chairman of the Board of Statutory Auditors attended both of the meetings.

The meetings lasted an average of around 30 (thirty) minutes. Proper minutes were taken during each meeting.

The Committee for Related Party Transactions with regard to:

> Less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;

> Material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases and in the negotiations by receiving the complete information in a timely manner. The Committee for Related Party Transactions is also entitled to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favor of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights (the so-called "whitewash").

In accordance with Consob's recommendation (Bulletin n. DEM/10078683 of 24 September 2010) that the procedure for related party transactions be renewed every three years, in 2019 the Board, taking into account the experience matured by the Company in the three year period 2017 - 2019 in the application of this type of procedure, as well as the opinion of the Committee for Related Party Transactions, resolved in favor of the Procedure for Related Party Transactions adopted by the Company on 11 November 2010 deeming it effective in ensuring the transparency and the substantive and procedural fairness of the transactions with related parties.

The procedure described above can be found on the Company's website http://www.gruppoigd.it/Governance/Comitati/Comitato-per-le-operazioni-con-parti-correlate.

3.13 // Appointment of the Statutory Auditors

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty-five days in advance of the shareholders' meeting called for this purpose. The lists may be submitted by the shareholders or groups of shareholders holding the interest specified by Consob (for 2020 equal to 4.5% of the Company's share capital as specified in CONSOB Resolution n. 44 of 29 January 2021).

The appointment and substitution of the standing and alternate auditors pursuant to Art. 26.9 of the bylaws must be done in such a way as to guarantee that the composition of the Board of Statutory Auditors complies with the current law relating to gender equality.

Based on Art. 26 of the bylaws the members of the Board of Statutory Auditors are appointed as follows:

> From the list obtaining the highest number of votes, two standing auditors and two alternate auditors will be taken in the order in which they appear on the list;

> The third standing auditor and the third alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.

> In the event the composition of the Board of Statutory Auditors fails to comply with the law relating to gender equality as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the missing standing and alternate statutory auditors of the least represented gender with the majority of votes required by law.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected in such a way, however, as to ensure that the composition of the Board of Statutory Auditors complies with the current law relating to equal gender opportunities.

The first candidate on the list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in: (a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business; or (b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:

> All subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;

> Sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.

With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 bis, TUF, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

3.14 // Compostion and role of the board of Statutory Auditors (pursuant to Art. 123-bis, paragraph 2 (d) of TUF)

The Board of Statutory Auditors is comprised of Anna Maria Allievi, Chairman, Daniela Preite and Roberto Chiusoli, Standing Auditors, and Pierluigi Brandolini, Laura Macrì and Paolo Prandi, Alternate Auditors.

The Board of Statutory Auditors was appointed during the Annual General Meeting held on 1 June 2018 and will remain in office through the date of the Shareholders' Meeting convened to approve the annual report 2020.

Daniela Preite and Roberto Chiusoli, Standing Auditors, as well as Pierluigi Brandolini and Laura Macrì, Alternate Auditors, were on the list n. 1 submitted by the majority shareholder Coop Alleanza 3.0 for which 75.84% of the shares represented at the AGM voted.

The Chairman of the Board of Statutory Auditors Anna Maria Allievi and the Alternate Auditor Paolo Prandi were on the list n. 4 submitted by the minority shareholders, namely a group of asset management companies (which hold 2.66% of the share capital) for which 18.27% of the shares represented at the AGM voted.

The personal characteristics and professional background of the single members of the Board of Statutory Auditors are described below.

Anna Maria Allievi
Chairman of the Board of Statutory Auditors

Born in 1965, Ms. Allievi has a degree in Business Economics from Milan's Cattolica University since 1992 and is registered with Milan's Role of Chartered Public Accountants since 1996 and is a registered Accounting Expert since 1999. She has been part of the Role of Chartered Public Accountants' commissions and working groups since 2006 and, beginning in 2014, has written several articles for the magazine "Il Revisore legale". She is a Standing Auditor for Credito Emiliano S.p.A. and CIR S.p.A., as well as other premier companies like SERAM S.p.A. and public entities. She has acted as counsel for several studies after having matured significant experience as a Senior Manager in Deloitte & Touche S.p.A. where she developed specific expertise in Advisory and Quality Control and ultimately assisted clients' BoDs in implementing strategic improvements. She also holds the assignments listed in Table 5.

Daniela Preite
Standing auditor

Born in 1969 in Ruffano (LE), Mr. Preite received a degree, with honors, in economics and banking from the University of Salerno and received a PhD in business economics from the University of Bari. He is an affiliate professor at SDA Bocconi School of Management and Professor of business economics at the University of Salento. Mr. Preite is Vice Chairman of Coop Lombardia, member of the Scuola Coop's BoD, as well as a statutory auditor at *Insieme Salute e di Cassa Mutualistica Interaziendale*. He is the author of numerous domestic and international publications on management issues. Topics of discussion and research at conventions in Italy and abroad include: Accounting and Financial Statements, Planning and Control, General Management, Performance, Accountability and Sustainability, Affiliate companies, Corporate Governance. He also holds the offices listed in Table 5.

Roberto Chiusoli
Standing auditor

Born in 1964, Mr. Chiusoli received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant, registered with Bologna's Role of Chartered Public Accountants and Accounting Experts since 1992, and a Certified Auditor. From 1989 through 1991, he worked in the tax division of a firm that provided legal and tax advisory services. From 1991 to 1996, he worked with Uniaudit S.p.A. auditing and certifying financial statements and ultimately was the head of tax audit. In the same sector, he worked with the financial audit firm Reconta Ernst & Young on the audit and certification of financial statements. As of 16 September 1996 Mr. Chiusoli is part of Legacoop Bologna where he is head of the tax assistance bureau. He is the coordinator of the fiscal services for Legacoop Emilia - Romagna. He is a member of the control bodies of several joint stock companies. He also holds the assignments listed in Table 5.

In 2020 the Board of Statutory Auditors met 7 (seven) times on 25 February, 18 March, 21 April, 4 May, 17 July, 2 November, and 11 December. The Chairman Anna Maria Allievi and the auditor Daniela Preite attended 100% of the meeting (attending 7 out of 7 meetings), while the auditor Roberto Chiusoli attended 86% of the meetings (6 out of 7 meetings).

3

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.14 COMPOSITION AND ROLE OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ART. 123-BIS, PARAGRAPH 2 (D) OF TUF)

Each meeting lasted an average of 40 (fourty) minutes. A few meetings were also held with, in particular, Company management, representatives of the external audit company, as well as the Control and Risk Committee.

The Board of Statutory Auditors verified that its members still qualify as independent as defined in the Corporate Governance Code and in TUF during the meeting held on 22 February 2021 and notified the Board of Directors of the outcome. With regard to auditor Roberto Chiusoli, the Board of Statutory Auditors, also taking into account declarations made by Mr. Chiusoli when accepting the assignment, found that there were no situations that could compromise or impede this independence or the ability to autonomously judge management's operations. The Board of Statutory Auditors concluded that the fact that Chiusoli has been acting as a statutory auditor for more than nine year does not compromise his independence.

The Board of Statutory Auditors supervises the work of the external auditors.

Furthermore, shareholders grant the assignment to the external auditors on the basis of the motivated opinion submitted by the Board of Statutory Auditors.

Pursuant to Art. 19 of Legislative Decree n. 39/2010, the Board of Statutory Auditors also acts as the Committee for Internal Control and Financial Audit.

The statutory auditors, including individually, may carry out inspections and controls, as well as request that the Directors provide them with information about subsidiaries, about the status of corporate transactions or specific issues, or refer these requests directly to the subsidiaries' administrative and control bodies. The statutory auditors may ask the Head of Internal Audit to carry out audits of specific operating divisions or corporate transactions.

The Board of Statutory Auditors reports on its supervisory activities and any findings to the Annual General Meeting called to approve the full year financial statements in accordance with Art. 2364, paragraph 2, of the Italian Civil Code.

The statutory auditors may also submit proposals to the Annual General Meeting relating to the full year financial statements and their approval, as well as to other matters that they are responsible for.

The Board of Statutory Auditors (at least two statutory auditors), after having notified the Chairman of the Board of Directors, can call the Shareholders' Meetings, meetings of the Board of Directors and, if instituted, the Executive Committee.

The Board of Statutory Auditors, the external auditors, the Control and Risk Committee, as well as all the other entities involved in the supervision of the control systems, will exchange information about the execution of their assignments in a timely manner.

The Board of Statutory Auditors is, at any rate, invited to be proactive and not only reactive in its supervision. The Statutory Auditors should advise the Board of Directors as to the results of its controls so that the latter might implement any corrective measures needed.

The Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

The members of the Board of Statutory Auditors in office during the year, and any qualifications as independent as per current regulations, are listed in tables 3 attached to this report.

Diversity

The Board of Statutory Auditors is comprised of individuals with different professional and personal profiles; the composition of the Board of Statutory Auditors also complies with current law governing gender equality in effect as of the renewal of the last board based on which at least one third of the statutory auditors must be of the least represented gender.

Toward this end, we remind that as of the shareholders' meeting held on 19 April 2012, Coop Alleanza 3.0 soc. coop. (formerly Coop Adriatica) and Unicoop Tirreno presented their lists for the renewal of the Company's Board of Directors and control body which included candidates of the least represented gender as a result of voluntary and early compliance with the regulations introduced in Law 120/2011.

On 1 January 2020, Law 160/2019 (the "**Budget Law**") took affect which amended Articles 147-ter, para.1-ter, and 148, para. 1-bis, of TUF, introduced in Law 120/2011.

Based on the Budget Law, in the Board of Statutory Auditors the least represented gender must account for at least two fifths of the effective statutory auditors and for boards comprised of three members if application of the criterion results in a fractional number, the number may be rounded to the lower amount. This criterion is applicable for six consecutive mandates as of the first renewal of the Board of Statutory Auditors Directors appointed subsequent to the date on which the Budget Law took effect.

On 5 November 2020, the Company's Board of Directors amended the bylaws in order to comply with provisions relating to gender equality referred to in the Budget Law.

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3.15 // Relations with Shareholders

The Board of Directors appointed an Investor Relations Manager, Claudia Contarini, and set up a dedicated corporate unit: the IR Manager is part of the Planning, Control and IR Division, which reports directly to the Chief Executive Officer. There is a specific section on the Company's website (http://eng.gruppoigd.it/Investor-Relations) which contains updated information about the Company's stock (performance, dividend, ownership structure, etc.), annual and periodic financial reports, press releases, presentations made by management to the financial community, the financial calendar and the corporate events calendar. Other information of potential interest to shareholders, including information relating to Shareholders' Meetings and the Company's governance system, can be found in the Governance section of the Company's website (http://www.gruppoigd.it/Governance).

All the relevant information is published and updated in real time in two languages (Italian and English) on the Company's website. The Company also uses other means to provide timely and easy access to information. Thanks to the use of a mailing list system, interested parties may register on the website http://www.gruppoigd.it/, and receive press releases, presentations, newsletters and financial reports immediately after they have been released to the market. In collaboration with the brokers that cover the Company's stock, road shows, meetings and conference calls (scheduled just after the annual and periodic financial results are published or with the business plan is presented) are organized which provide an opportunity for institutional investors to meet with top management. The presentations made to the financial community are published on the Company's website.

In order to guarantee that the Shareholders' Meetings are conducted in an orderly fashion, during the Shareholders' Meeting held on 26 March 2003, shareholders approved the current Regulations for Shareholder Meetings, subsequently updated, which are available on the corporate website at http://eng.gruppoigd.it/Governance/Shareholders-Meetings.

3.16 // Shareholders' meetings (ex art.123-bis, par.2 letter c) TUF)

Pursuant to Art. 10.3 of the bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.

In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper.

Under Art. 125-bis TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on reducing share capital and appoint and remove a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).

Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-sexies, art.2, TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.

Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be made by submitting a request with an electronic signature as well as by accessing a specific section on the Company's website and via certified e-mail submitted in accordance with the procedures indicated in the notice of call.

For each Shareholders' Meeting the Company may also designate, as indicated in the notice of call, a party to whom those entitled to do so may grant a proxy with voting instructions relative to all or a few of the items on the agenda in accordance with the law.

Shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. The questions received prior to the Shareholders' Meeting will be answered, at the latest, during the meeting itself. The deadline for submitting questions to the Company prior to the Shareholders' Meeting is indicated in the notice of call. This deadline cannot be less than five trading sessions prior to the date of the Shareholders' Meeting in first or single call or the seventh day of trading prior to the date of the Shareholders' Meeting (the record date) if it is indicated in the notice of call that the Company will answer the questions received prior to the Shareholders' Meeting. In this case the answer will be provided at least two days prior to the Shareholders' Meeting including via a specific section of the Company's website. Proof of voting rights may be submitted subsequent to having sent the question provided it is received within three days of the record date. No answer is required when the information requested is available in a specific Q&A section of the Company's website.

The current Regulations for Shareholder Meetings are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.

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3.17 // Additional Corporate Governance practices (pursuant to Art. 123-bis, par. 2, lett. a) TUF)

The Company adopted the Decree 231/2001 Organizational Model as described in more detail in paragraph 3.11.03, to which you should refer.

3.18 // Subsequent Events

No changes took place in the corporate governance structure following the end of the year.

3.19 // Comment on the Letter dated 22 December 2020 received from the Chairman of the Italian Corporate Governance Committee

On 22 December 2020 the Company shared the letter received from the Chairman of the Italian Corporate Governance Committee with the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors.

Subsequently the content of the letter was discussed during both a meeting of the independent directors held on 22 February 2021 and the Board of Directors meeting held on 25 February 2021, convened to approve the draft financial statements at 31 December 2020.

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
TABLES

TABLES

// TABLE 1
"Information on the ownership structure"

// TABLE 2
"Structure of the Board of Directors and Committees until 31 December 2020"

// TABLE 3
"Structure of the Board of Statutory Auditors until 31 December 2020"

// TABLE 4
"Offices held in other companies by Directors as at 31 December 2020"

// TABLE 5
"Offices held in other companies by Statutory Auditors as at 31 December 2020"

> TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE

SIGNIFICANT INTEREST IN SHARE CAPITAL BASED ON COMMUNICATIONS EX ART.120 T.U.F. and other information available to the Company

Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Coop Alleanza 3.0	Coop Alleanza 3.0	**40.92%**	**40.92%**
Unicoop Tirreno	Unicoop Tirreno	**9.86%**	**9.86%**
Europa Plus SCA SIF	Europa Plus SCA SIF	**4.20%**	**4.20%**

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
TABLES

> TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES UNTIL 31 DECEMBER 2020

Board of Directors													Control and Risk Committee		Nomination and Compensation Committee		Related Party Transactions Committee	
Office	Member	Year of birth	Date of first appointment*	In office since	In office until	List **	Exec.	Non exec.	Indep. as per the Code	Indep. as per TUF	No. of the other appointments ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman ●	Elio Gasperoni	**1953**	**15/4/2015**	**6/6/2018**	Approval of Financial Statements at 31/12/2020	**M**	**X**				**2**	**7/7**						
Vice-Chairman	Rossella Saoncella	**1954**	**15/4/2015**	**6/6/2018**	Approval of Financial Statements at 31/12/2020	**M**			**X**	**X**	**-**	**7/7**			**5/5**	**P**		
Chief Executive Officer ◊	Claudio Albertini	**1958**	**28/4/2006**	**6/6/2018**	Approval of Financial Statements at 31/12/2020	**M**	**X**				**-**	**7/7**						
Director	Gian Maria Menabò	**1959**	**1/6/2018**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**M**		**X**			**-**	**7/7**						
Director	Eric Jean Véron	**1974**	**1/6/2018**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**m**			**X**	**X**	**14**	**6/7**					**2/2**	**M**
Director	Livia Salvini	**1957**	**19/4/2012**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**m**			**X**	**X**	**2**	**5/7**			**5/5**	**M**	**2/2**	**M**
Director	Luca Dondi Dall'Orologio	**1972**	**3/3/2006**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**M**			**X**	**X**	**2**	**5/7**	**10/10**	**M**			**2/2**	**P**
Director	Isabella Landi	**1964**	**5/11/2020**	**5/11/2020**	Approval of Financial Statements at 31/12/2020	**M**			**X**	**X**	**16**	**3/3**	**2/2**	**M**				
Director	Timothy Guy Michele Santini	**1966**	**1/6/2018**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**m**			**X**	**X**	**-**	**7/7**			**5/5**	**M**		
Director	Elisabetta Gualandri	**1955**	**19/4/2012**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**M**			**X**	**X**	**3**	**7/7**	**10/10**	**P**				
Director	Alessia Savino	**1967**	**1/6/2018**	**1/6/2018**	Approval of Financial Statements at 31/12/2020	**m**		**X**			**3**	**7/7**						
--------------- DIRECTORS WHO RESIGNED DURING THE YEAR UNDER REVIEW ---------------						**--------------- DIRECTORS WHO RESIGNED DURING THE YEAR UNDER REVIEW ---------------**												
Director	Sergio Lugaresi	**1957**	**1/6/2018**	**1/6/2018**	28/9/2020	**M**			**X**	**X**	**-**	**3/4**	**7/7**	**M**				
No. of meetings held during the year under review (from 1 January 2020): 7						Control and Risk Comm.: 10							Nominations and Compensation Comm.: 5				Related Party Transactions Comm.: 2	
Quorum required for submitting lists by minorities for the appointment of one or more members (ex. art. 147-ter TUF): 4.5% of share capital						Quorum required for submitting lists by minorities for the appointment of one or more members (ex. art. 147-ter TUF): 4.5% of share capital												

NOTE

Symbols listed below must be entered in the "Office" column:

- ● *This symbol indicates the administrator in charge of the internal control and risk management system;*
- ◊ *This symbol indicates the main responsible of the Issuer management (Chief Executive Officer or CEO);*
- ● *This symbol indicates the Lead Indipendent Director (LID);*
- * *By date of first appointment of each director we refer to the date in which the director has been appointed for the first time (ever) on the Issuer' BoD;*
- ** *This column indicates whether the director was elected from a Majority list "M"; a minority list "m"; and list presented by the BoD;*
- *** *This column repèorts the number of appointments held by the person concerned as director or statutory auditor in other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies. In the corporate governance report the offices are extensively indicated;*
- (*) *Attendance at the BoD and Board committee meetings is indicated in this column (indicate the number of meetings attended out of the total number of meetings held; i.e. 6/8; 8/8 etc);*
- (**) *The directors' role in the Board committees is indicated in this column: "C": chairman; "M": member.*

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> TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS UNTIL 31 DECEMBER 2020

Board of Statutory Auditors									
Office	Member	Year of birth	Date of first appointment*	In office since	In office until	List **	Indep. as per the Code	Attendance ath the Board of Staturory Auditors' meetings ***	No. of other appointments ***
Chairman	Anna Maria Allievi	**1965**	**15/4/2015**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**m**	**X**	**7/7**	**8**
Standing Auditor	Daniela Preite	**1969**	**1/6/2018**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**M**	**X**	**7/7**	**4**
Standing Auditor	Roberto Chiusoli	**1964**	**28/4/2006**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**M**	**X**	**6/7**	**20**
Alternate Auditor	Pierluigi Brandolini	**1970**	**15/4/2015**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**M**			
Alternate Auditor	Laura Macrì	**1970**	**1/6/2018**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**M**			
Alternate Auditor	Paolo Prandi	**1961**	**1/6/2018**	**1/6/2018**	Approval of Financial statement at al 31/12/2020	**m**			
--------------- AUDITORS WHO RESIGNED DURING THE YEAR UNDER REVIEW ---------------									
	Lasta name First name								
Number of meetings held during the Year under review (from 1 January 2020): 7									

Quorum required for submitting list by minorities for the appointment of one or more members (ex. art. 148 TUF): 4.5% of the share capital

NOTE

* *By date of first appointment of each auditor we refer to the date in which the auditorr has been appointed for the first time (ever) on the Issuer' Board of Stuatory Auditors;*

** *This column indicates whether the auditor was elected from a Majority list "M" or a minority list "m";*

*** *Attendance at the Board of Statutory Auditors meetings is indicated in this column (indicate the number of meetings attended out of the total number of meetings held; i.e. 6/8; 8/8 etc);*

**** *This column reports the number of appointments held by the person concerned as director or statutory auditor pursuant to art.148 bis of TUF and its implementing provisions contained in the Consob Issuer Regulations.*
The full list of offices is published by Consob on its website pursuant to Art.144-quinquiesdecies of the Consob Issuer Regulations.

> TABLE 4: OFFICES HELD IN OTHER COMPANIES BY DIRECTORS AS AT 31 DECEMBER 2020

Director	Office held	Company
ELIO GASPERONI Chairman	Chairman of B.o.D.	MER.CO.RA. S.R.L.
	Director	PARFINCO S.P.A.
ROSSELLA SAONCELLA Vice-Chairman	/	/
CLAUDIO ALBERTINI Executive Officer	/	/
GIAN MARIA MENABÒ Director	/	/
ERIC JEAN VÉRON Director	Chief Executive Officer	Bonsol S.R.L.
	Chief Executive Officer	IFP S.R.L.
	Director	IMPIANTI FTV S.R.L.
	Chairman of B.o.D.	NEPHOS S.R.L.
	Chief Executive Officer	RED FOAL S.R.L.
	Chief Executive Officer	VAILOG COLLEFERRO S.R.L.
	Chief Executive Officer	VAILOG ER 1 S.R.L. con Socio Unico
	Chief Executive Officer	VAILOG ER 2 S.R.L.
	Chief Executive Officer	VAILOG ER 3 S.R.L.
	Chief Executive Officer	VAILOG S.R.L.
	Chief Executive Officer	NEPHOS PROPERTY MANAGEMENT S.R.L.
	Sole Manager	NEPHOS HOLDING B.V.
	Sole Manager	NOREV B.V.
	Director	ISD ECOLE FRANCAISE INTERNATIONAL DE ROME S.R.L.
LIVIA SALVINI Director	Standing Auditor	ATLANTIA S.P.A.
	Chairman of the Board of Statuory Auditors	COOPFOND S.P.A.
LUCA DONDI DALL'OROLOGIO Director	Chief executive Officer	NOMISMA - SOCIETÀ DI STUDI ECONOMICI S.P.A.
	Director	NE - NOMISMA ENERGIA S.R.L.
ISABELLA LANDI Director	Chairman of the Board of Statuory Auditors	APOFRUIT ITALIA SOC. COOP. AGR.
	Chairman of the Board of Statuory Auditors	TERRE CEVICO SOC. COOP. AGR.
	Director	CIFRA S.R.L.
	Chairman of B.o.D.	TERME DI CASTROCARO S.P.A.
	Chairman of the Board of Statuory Auditors	COOPERATIVA AGRICOLA BRACCIANTI DI CAMPIANO SOC. COOP. AGR. P.A.
	Chairman of the Board of Statuory Auditors	PREMIATO STABILIMENTO TIPOGRAFICO DEI COMUNI SOC. COOP.
	Standing Auditor	ALMAVERDE BIO ITALIA S.R.L. CONSORTILE
	Standing Auditor	AOP GRUPPO VI.VA. VISIONE VALORE SOC. COOP. AGR.
	Standing Auditor	BIMOTA S.P.A.
	Chairman of the Board of Statuory Auditors	COOP SVILUPPO COMMERCIO E TURISMO COOP A R.L.

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Director	Office held	Company
ISABELLA LANDI Director	Chairman of the Board of Statuory Auditors	DIALOGOS SOC. COOP. SOCIALE
	Chairman of the Board of Statuory Auditors	DUE TIGLI S.P.A.
	Chairman of the Board of Statuory Auditors	MEDITERRANEO GROUP S.P.S. CONS. AGR.
	Standing Auditor	WINEX SOC. COOP. AGR.
	Chairman of the Board of Statuory Auditors	GIULIANI SOC. COOP.
	Single Reviser	CIA ROMAGNA SERVIZI S.R.L.
TIMOTHY GUY MICHELE SANTINI Director	/	/
ELISABETTA GUALANDRI Director	Director	BPER BANCA S.P.A.
	Director	ABISERVIZI S.P.A.
	Director	MAT3D S.R.L.
ALESSIA SAVINO Director	Director	ENERCOOP TIRRENO S.P.A.
	Director	FACTORCOOP S.P.A.
	Vice Chairman of B.o.D.	SO.GE.FIN. S.R.L.

> TABLE 5: OFFICES HELD BY THE STATUTORY AUDITORS IN OTHER COMPANIES AS AT 32 DECEMBER 2020

Auditor	Office held	Company
ANNA MARIA ALLIEVI Chairman of the Board of Statutory Auditors	Chairman of the Board of Statuory Auditors	CREDEM S.P.A.
	Chairman of the Board of Statuory Auditors	INTERPUM GROUP S.P.A.
	Standing Auditor	SERAM S.P.A.
	Chairman of the Board of Statuory Auditors	CEM S.P.A.
	Chairman of the Board of Statuory Auditors	AEMME LINEA AMBIENTE S.R.L.
	Standing Auditor	ASM AZIENDA SPECIALE MULTISERVIZI S.R.L.
	Chairman of the Board of Statuory Auditors	CERNUSCO VERDE S.R.L.
	Chairman of the B.o.D.	COOPERATIVA LE SFERE S.A.R.L.
DANIELA PREITE Standing Auditor	Vice Chairman of the B.o.D.	COOP LOMBARDIA SOC.COOP. A.R.L.
	Director	SCUOLA COOP - Istituto Nazionale di Formazione delle Cooperative di Consumatori
	Standing Auditor	INSIEME SALUTE - Società di Mutuo Soccorso
	Standing Auditor	CASSA MUTUALISTICA INTERAZIENDALE
ROBERTO CHIUSOLI Standing Auditor	Standing Auditor	UNIPOL GRUPPO S.P.A.
	Standing Auditor	COMPAGNIA ASSICURATRICE LINEAR S.P.A.
	Chairman of the Board of Statuory Auditors	GRANAROLO S.P.A.
	Chairman of the Board of Statuory Auditors	GRUPPO UNA S.P.A.
	Standing Auditor	SACMI IMOLA S.C.
	Chairman of the Board of Statuory Auditors	CAMST S.C. A R.L.
	Chairman of the Board of Statuory Auditors	CEFLA S.C.
	Standing Auditor	SIAT S.P.A.
	Consigliere di Sorveglianza	CONSORZIO INTEGRA S.C.
	Chairman of the Board of Statuory Auditors	ROBINTUR S.P.A.
	Standing Auditor	UNIPOL INVESTMENT S.P.A.
	Standing Auditor	CASA DI CURA VILLA DONATELLO S.P.A.
	Standing Auditor	CONSORZIO CASTELLO
	Standing Auditor	UNIPOL FINANCE S.R.L.
	Chairman of the Board of Statuory Auditors	SACMI SERVICE S.P.A.
	Presidente del Collegio Revisori	FONDAZIONE UNIPOLIS
	Chairman of the Board of Statuory Auditors	UNIPOLPART I S.P.A.
	Standing Auditor	ALFAEVOLUTION TECHNOLOGY S.P.A.
	Chairman of the Board of Statuory Auditors	UNIPOLSAI SERVIZI CONSORTILI
	Standing Auditor	ALLEANZA 3.0

4

// IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

DETAILED INDEX

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.1 CONSOLIDATED INCOME STATEMENT

4.1 // Consolidated income statement

(In thousands of Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A)/(B)
Revenue	1.1	**145,578**	**155,259**	**(9,681)**
Revenues from third parties		**105,674**	**113,375**	**(7,701)**
Revenues from related parties		**39,904**	**41,884**	**(1,980)**
Other revenue	2.1	**6,388**	**6,383**	**5**
Other revenues from third parties		**3,763**	**3,791**	**(28)**
Other revenues from related parties		**2,625**	**2,592**	**33**
Revenues from property sales	2.2	**708**	**406**	**302**
Operating revenues		**152,674**	**162,048**	**(9,374)**
Change in inventory	6	**2,594**	**1,288**	**1,306**
Revenues and change in inventory		**155,268**	**163,336**	**(8,068)**
Costruction costs for the period	6	**(3,509)**	**(1,729)**	**(1,780)**
Service costs	3	**(13,409)**	**(15,847)**	**2,438**
Service costs from third parties		**(9,087)**	**(12,587)**	**3,500**
Service costs from related parties		**(4,322)**	**(3,260)**	**(1,062)**
Cost of labour	4	**(9,618)**	**(10,217)**	**599**
Other operating costs	5	**(19,423)**	**(10,823)**	**(8,600)**
Total operating costs		**(45,959)**	**(38,616)**	**(7,343)**
Depreciations, amortization and provisions		**(4,563)**	**(1,026)**	**(3,537)**
(Impairment losses)/ Reversals on work in progress and inventories		**(3,152)**	**(992)**	**(2,160)**
Provisions for doubtful accounts		**(11,003)**	**(561)**	**(10,442)**
Change in fair value		**(142,866)**	**(71,796)**	**(71,070)**
Depreciations, amortization, provisions, impairment and change in fair value	7	**(161,584)**	**(74,375)**	**(87,209)**
EBIT		**(52,275)**	**50,345**	**(102,620)**
Income/ (loss) from equity investments	8	**(72)**	**11**	**(83)**

(In thousands of Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A)/(B)
Financial income		**126**	**86**	**40**
Financial income from third parties		**126**	**84**	**42**
Financial income from related parties		**0**	**2**	**(2)**
Financial charges		**(36,329)**	**(36,840)**	**511**
Financial charges from third parties		**(36,322)**	**(36,736)**	**414**
Financial charges from related parties		**(7)**	**(104)**	**97**
Net financial income (expense)	9	**(36,203)**	**(36,754)**	**551**
Pre-tax profit		**(88,550)**	**13,602**	**(102,152)**
Income taxes	10	**14,229**	**(1,011)**	**15,240**
NET PROFIT/ (LOSS) OF THE YEAR		**(74,321)**	**12,591**	**(86,912)**
Non-controlling interests in (profit)/ loss for the year		**0**	**0**	**0**
Profit/ (loss) of the year attributable to the Parent Company		**(74,321)**	**12,591**	**(86,912)**
Basic earnings per share	11	**(0.672)**	**0.114**	**(0.786)**
Diluted earning per share	11	**(0.672)**	**0.114**	**(0.786)**

4.2 // Consolidated statement of comprehensive income

(In thousands of Euros)	31/12/2020	31/12/2019
NET PROFIT FOR THE PERIOD	**(74,321)**	**12,591**
Other components of comprehensive income that will not be reclassified to profit/ (loss)		
Recalculation of defined benefit plans	**(42)**	**(382)**
Tax effect	**10**	**92**
Total other components of comprehensive income that will not be reclassified to profit/ (loss)	**(32)**	**(290)**
Other components of comprehensive income that will be reclassified to profit/ (loss)		
Effects of hedge derivatives on net equity	**3,875**	**(820)**
Tax effects of hedge derivatives on net equity	**(845)**	**278**
Conversion reserve	**(97)**	**(133)**
Total other components of comprehensive income that will be reclassified to profit/ (loss)	**2,933**	**(675)**
Total comprehensive profit / (loss) for the period	**(71,420)**	**11,626**
Non-controlling interests profit/ (loss) for the period	**0**	**0**
Profit/ (loss) of the period attributable to the Parent Company	**(71,420)**	**11,626**

4.3 // Consolidated statement of financial position

(In thousands of Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A)/(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	**35**	**50**	**(15)**
Goodwill	13	**8,533**	**12,485**	**(3,952)**
		8,568	**12,535**	**(3,967)**
Property, plant, and equipment				
Investment property	14	**2,234,484**	**2,365,214**	**(130,730)**
Buildings	15	**7,414**	**7,643**	**(229)**
Plant and machinery	16	**143**	**161**	**(18)**
Equipment and other goods	16	**969**	**1,166**	**(197)**
Assets under construction and advance payments	17	**42,674**	**40,827**	**1,847**
		2,285,684	**2,415,011**	**(129,327)**
Other non-current assets				
Deferred tax assets	18	**7,995**	**0**	**7,995**
Sundry receivables and other non-current assets	19	**129**	**118**	**11**
Equity investments	20	**151**	**223**	**(72)**
Non-current financial assets	21	**174**	**174**	**0**
		8,449	**515**	**7,934**
TOTAL NON-CURRENT ASSETS (A)		**2,302,701**	**2,428,061**	**(125,360)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	**33,843**	**33,602**	**241**
Trade and other receivables	23	**18,260**	**11,114**	**7,146**
Related party trade and other receivables	24	**775**	**921**	**(146)**
Other current assets	25	**3,736**	**3,084**	**652**
Cash and cash equivalents	26	**117,341**	**128,677**	**(11,336)**
TOTAL CURRENT ASSETS (B)		**173,955**	**177,398**	**(3,443)**
TOTAL ASSETS (A+B)		**2,476,656**	**2,605,459**	**(128,803)**

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(In thousands of Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A)/(B)
NET EQUITY:				
Share capital		650,000	749,738	(99,738)
Share premium reserve		30,058	30,058	0
Treasury share reserve		0	(198)	198
Other reserves		499,131	416,263	82,868
Group profit (loss) carried forward		9,574	2,562	7,012
Group profit		(74,321)	12,591	(86,912)
Total group net equity		1,114,442	1,211,014	(96,572)
Capital and reserves of non-controlling interests		0	0	0
TOTAL NET EQUITY (C)	27	1,114,442	1,211,014	(96,572)
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	41	14,396	17,365	(2,969)
Non-current financial liabilities	28	1,135,707	1,232,669	(96,962)
Provisions for employee severance indemnities	29	3,267	3,057	210
Deferred tax liabilities	18	18,281	26,313	(8,032)
Provisions for risks and future charges	30	3,793	4,068	(275)
Sundry payables and other non-current liabilities	31	9,849	8,152	1,697
Related parties sundry payables and other non-current liabilities	31	13,462	13,721	(259)
TOTAL NON-CURRENT LIABILITIES (D)		1,198,755	1,305,345	(106,590)
CURRENT LIABILITIES:				
Current financial liabilities	32	137,266	58,820	78,446
Trade and other payables	34	12,091	15,960	(3,869)
Related parties trade and other payables	35	499	1,031	(532)
Current tax liabilities	36	1,814	2,601	(787)
Other current liabilities	37	11,789	10,688	1,101
TOTAL CURRENT LIABILITIES (E)		163,459	89,100	74,359
TOTAL LIABILITIES (F=D+E)		1,362,214	1,394,445	(32,231)
TOTAL NET EQUITY AND LIABILITIES (C+F)		2,476,656	2,605,459	(128,803)

4.4 // Consolidated statement of changes in equity

(In thousands of Euros)	Share capital	Share premium reserve	Other reserves	Profit (loss) previous years	Profit (loss)of the years	Group net equity	Non-controlling interests capital and reserves	Total net equity
Balance at 01/01/2020	749,738	30,058	416,065	2,562	12,591	1,211,014	0	1,211,014
Profit / (loss) of the year	0	0	0	0	(74,321)	(74,321)	0	(74,321)
Cash flow hedge derivative assessment	0	0	3,030	0	0	3,030	0	3,030
Other comprehensive income (losses)	0	0	(129)	0	0	(129)	0	(129)
Total comprehensive profit (losses)	0	0	2,901	0	(74,321)	(71,420)	0	(71,420)
(Purchase) / sales of treasury shares	0	0	(2)	0	0	(2)	0	(2)
Share capital reduction	(99,738)	0	99,738	0	0	0	0	0
Allocation of 2019 profit								
Dividends paid	0	0	(19,571)	(5,579)	0	(25,150)	0	(25,150)
Fair Value Reserve riclassification	0	0	0	0	0	0	0	0
To retained earnings previous years	0	0	0	12,591	(12,591)	0	0	0
Balance at 31/12/2020	650,000	30,058	499,131	9,574	(74,321)	1,114,442	0	1,114,442

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(In thousands of Euros)	Share capital	Share premium reserve	Other reserves	Profit (loss) previous years	Profit (loss)of the years	Group net equity	Non-controlling interests capital and reserves	Total net equity
Balance at 01/01/2019	**749,738**	**31,504**	**410,109**	**18,269**	**46,388**	**1,252,338**	**0**	**1,252,338**
FTA IFRS 16	**0**	**0**	**1,886**	**0**	**0**	**1,886**	**0**	**1,886**
Balance at 01/01/2019 post FTA IFRS 16	**749,738**	**31,504**	**411,995**	**18,269**	**46,388**	**1,254,224**	**0**	**1,254,224**
Profit of the years	**0**	**0**	**0**	**0**	**12,591**	**12,591**	**0**	**12,591**
Cash flow hedge derivative assessment	**0**	**0**	**(542)**	**0**	**0**	**(542)**	**0**	**(542)**
Other comprehensive income (losses)	**0**	**0**	**(423)**	**0**	**0**	**(423)**	**0**	**(423)**
Total comprehensive profit (losses)	**0**	**0**	**(965)**	**0**	**12,591**	**11,626**	**0**	**11,626**
(Purchase) / sales of treasury shares	**0**	**0**	**294**	**0**	**0**	**294**	**0**	**294**
Change in capital increase costs	**0**	**0**	**23**	**0**	**0**	**23**	**0**	**23**
Allocation of 2018 profit								
Dividends paid	**0**	**(1,446)**	**(557)**	**(53,150)**	**0**	**(55,153)**	**0**	**(55,153)**
To retained earnings previous years	**0**	**0**	**0**	**46,388**	**(46,388)**	**0**		
To legal reserve	**0**	**0**	**1,893**	**(1,893)**	**0**	**0**	**0**	**0**
To other reserve	**0**	**0**	**3,382**	**(3,382)**	**0**	**0**	**0**	**0**
Balance at 31/12/2019	**749,738**	**30,058**	**416,065**	**6,232**	**12,591**	**1,211,014**	**0**	**1,211,014**

4.5 // Consolidated statement of cash flows

(In thousands of Euros)	31/12/2020	31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) of the year	**(74,321)**	**12,591**
Adjustment to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Taxes of the year	**(14,229)**	**1,011**
Financial charges / (income)	**36,203**	**36,752**
Depreciation and amortization	**611**	**1,026**
Writedown of goodwill	**3,952**	**0**
Writedown of receivables	**11,003**	**561**
(Impairment losses)/ reversal on work in progress	**3,152**	**926**
Change in fair value - increases / (decreases)	**142,866**	**71,862**
Gains/ losses from disposal - equity investments	**72**	**0**
Changes in provisions for employees and end of mandate treatment	**156**	**716**
CASH FLOW FROM OPERATING ACTIVITIES	**109,465**	**125,445**
Financial charge paid	**(29,344)**	**(35,385)**
Income tax	**(788)**	**(1,476)**
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	**79,333**	**88,584**
Change in inventory	**(2,594)**	**(1,309)**
Change in trade receivables	**(18,003)**	**2,521**
Change in other assets	**(8,658)**	**2,347**
Change in trade payables	**(4,401)**	**1,786**
Net change in other liabilities	**8,357**	**(1,378)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**54,034**	**92,551**
(Investments) in intangible assets	**(8)**	**(35)**
Disposal of intangible assets	**0**	**0**
(Investments) in tangible assets	**(14,837)**	**(40,219)**
Disposal of tangible assets	**36**	**12,800**
(Investments) in equity interests	**0**	**(59)**
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(14,809)**	**(27,513)**

(In thousands of Euros)	31/12/2020	31/12/2019
Change in non-current financial assets	**0**	**69**
Disposal /(purchase) of treasury shares	**198**	**294**
Capital gain /(loss) on a disposal of treasury shares	**(200)**	**0**
Capital increase net of costs	**0**	**23**
Distribution of dividends	**(25,150)**	**(55,152)**
Rents paid for financial leases	**(7,991)**	**(10,302)**
Collections for new loans and other financing activities	**34,682**	**588,472**
Loans repayments and other financing activities	**(52,003)**	**(462,182)**
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(50,464)**	**61,222**
Exchange rate differences on cash and cash equivalents (D)	**(97)**	**(133)**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)	**(11,336)**	**126,127**
CASH BALANCE AT BEGINNING OF THE PERIOD	**128,677**	**2,472**
RGD Ferrara cash balance	**0**	**78**
CASH BALANCE AT THE END OF THE PERIOD	**117,341**	**128,677**

4.6 // Notes to the financial statements

4.6.1 // General information

The consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. at 31 December 2020 were approved and authorized for publication by the Board of Directors on 25 February 2021.

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.

4.6.2 // Summary of accounting standards

4.6.2.1 // Preparation criteria

> Statement of compliance with International Accounting Standards

The 2020 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) IFRS accounting standards, amendments and interpretations applied from 1 January 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 January 2020:

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

This amendment has not affected the Group's 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.

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

> 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 cla-

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rifies 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, but early adoption is permitted.

The rule has not affected the Group's consolidated financial statements.

> On 28 May 2020 the IASB published the amendment "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". This gives lessees the option to account for Covid-19 related rent concessions without the need to determine from the contracts whether they constitute lease modifications as defined by IFRS 16. Therefore, lessees taking this option can account for the effects of rent concessions directly in the income statement as of the effective date of the concession. The change applies to accounting periods beginning on or after 1 June 2020, but the Group opted for early adoption as from 1 January 2020. In the consolidated financial statements, application of the amendment produced a miscellaneous gain of €2,176K for lower rent paid at the Centro Nova, Centro Piave, and Fonti del Corallo shopping centers.

b) IFRS and IFRIC accounting standards, amendments, and interpretations endorsed by the European Union but not yet effective and not applied in advance by the Group as of 31 December 2020

On 27 August 2020, in light of the reform of interbank interest rates such as the IBOR, published the "Interest Rate Benchmark Reform—Phase 2" containing amendments to the following standards:

> IFRS 9 Financial Instruments;

> IAS 39 Financial Instruments: Recognition and Measurement;

> IFRS 7 Financial Instruments: Disclosures;

> IFRS 4 Insurance Contracts;

> IFRS 16 Leases.

At the moment, the directors do not expect these to have a significant impact on the consolidated financial statements.

c) IFRS 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 23 January 2020 the IASB published ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"***. These clarifying amendments come into force on 1 January 2023; early adoption is in any case permitted. At the moment, the directors do not expect them to have a significant impact on the consolidated financial statements.

On 14 May 2020 the IASB published the following:

> ***Amendments to IFRS 3 Business Combinations,*** for the purpose of updating the reference in IFRS 3 to the revised version of the Conceptual Framework, with no material changes to the accounting standard.

> ***Amendments to IAS 16 Property, Plant and Equipment,*** to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced during the asset's testing phase. Such proceeds and the related costs will instead be recognized in profit or loss.

> ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets,*** to clarify that all costs relating directly to a contract must be considered when determining whether the contract is onerous. Therefore, an entity should consider both incremental costs (e.g. materials) as well as any costs it cannot avoid because it is a party to the contract (e.g. labor and the depreciation of machinery used to fulfill the contract).

> ***Annual Improvements 2018-2020:*** the improvements concern IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples of IFRS 16 Leases.

All of the amendments will take effect on 1 January 2022.

At the moment, the directors do not expect them to have a significant impact on the consolidated financial statements.

4.6.2.2 // Consolidation

a) Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2020, prepared by the boards of directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. The scope of consolidation has not changed since 31 December 2019. 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.

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Name	Registered office	Country	Share capital	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	**650,000,000.00**	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. 0,01%	**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 equipment 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%	**100.00%**	Management of Darsena City shopping center

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

Name	Type of control	% held	Registered office
Owner consortium of CC Leonardo	Direct	**52.00%**	via Amendola 129, Imola (BO)
Owner consortium of I Bricchi	Direct	**72.25%**	via Prato Boschiero, Isola d'Asti (Loc Molini)
Owner consortium of Centro Lame	Direct	**66.43%**	via Marco Polo 3, Bologna (BO)
Consortium of Katanè	Direct	**53.00%**	via Quasimodo, Gravina di Catania Loc San Paolo
Consortium of Conè	Direct	**65.78%**	via San Giuseppe SNC, Quartiere dello Sport Conegliano (TV)
Consortium of La Torre - Palermo	Direct	**55.04%**	via Torre Ingastone, Palermo Loc Borgonuovo
Owner consortium of Gran Rondò	Direct	**48.69%**	via G.La Pira n. 18, Crema (CR)
Owner consortium of Fonti del Corallo	Direct	**68.00%**	via Gino Graziani 6, Livorno
Owner consortium of Centrosarca	Direct	**62.50%**	via Milanese, Sesto San Giovanni (MI)
Consortium of Porta a Mare Mazzini	Direct	**80.90%**	via G.D'Alesio, 2 - Livorno
Consortium of Clodì Retail Park	Direct	**70.35%**	S.S. Romea n.510/B; Chioggia (VE)
Consortium of Centro Le Maioliche	Direct	**70.52%**	via Bisaura n.13, Faenza (RA)
Consortium of ESP	Direct	**64.59%**	via Marco Bussato 74, Ravenna (RA)
Owner consortium of Puntadiferro	Direct	**62.34%**	Piazzale della Cooperazione 4, Forlì (FC)
Owner consortium of commercial area of Commendone	Direct	**52.60%**	via Ecuador snc, Grosseto
Consortium of Le Porte di Napoli	Direct	**70.56%**	via S. Maria La Nuova, Afragola (NA)
Consortium of Darsena	Direct	**77.12%**	via Darsena 75 - Ferrara (FE)
Consortium of Casilino	Direct	**45.80%**	via Casilina 1011 - (Roma)

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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 2020. 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.

4.6.2.3 // 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.

4.6.2.4 // 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. In the absence of trigger events, goodwill impairment tests are normally conducted once a year at 31 December; in 2020, given the impact of the COVID-19 pandemic, the amounts at 30 June were also tested.

4.6.2.5 // 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.

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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, 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.

4.6.2.6 // 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.

4.6.2.7 // IFRS 16 Leases

The Group holds operating leases for three malls at the Centro Nova, Centro Piave, and Fonti del Corallo shopping centers which are in turn leased to third parties, and for a parking area pertinent to the Centro d'Abruzzo shopping center.

In accordance with IFRS 16, upon signing a new operating lease of a significant amount and with a duration of more than one year, the Group recognizes a right-of-use asset of the same amount as the lease liability. The right-of-use asset is accounted for under property, plant and equipment ("investment property") and subject to independent appraisal to determine its fair value. At the end of each reporting period, the change in fair value is reported separately in the income statement.

To determine the fair value of every asset held under operating leases, the independent experts discount to present value the cash flows expected in the years covered by the lease. Unlike traditional real estate appraisals, the terminal value at the end of the explicit period is not considered.

The Group takes the exemption permitted by IFRS 16:5 (a) for short-term leases. Likewise, the Group opts for the exemption permitted by IFRS 16:5 (b) with respect to leases for which the underlying asset qualifies as low-value. For these contracts, the lease installments continue to be recognized in profit or loss on a straight line basis over the lease term.

4.6.2.8 // 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%**
Computer to manage plants	**20%**
Special communication system - telephone	**25%**
Special plant	**25%**
Alarm / Security system	**30%**
Sundry equipment	**15%**
Office furnishing	**12%**
Cash registers and EPD machines	**20%**
Personal computers and machines	**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.

4.6.2.9 // Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

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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).

4.6.2.10 // Inventory

Inventory is measured at the lower of cost and market value (which corresponds to fair value net of selling costs). 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.

4.6.2.11 // 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.

Commercial discounts on periods for which the revenue has already accrued are accounted for as forgiveness on the basis of IFRS 9, provided that no further contractual changes are negotiated with the customer. In these cases the receivable is reversed in the amount of the discount granted, with immediate effect on the income statement under "other operating costs," where losses on receivables are recognized.

4.6.2.12 // 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.

4.6.2.13 // 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.

4.6.2.14 // 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.

4.6.2.15 // 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).

4.6.2.16 // 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.

4.6.2.17 // 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.

4.6.2.18 // 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.

4.6.2.19 // 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.

4.6.2.20 // 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.

4.6.2.21 // 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.

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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.

4.6.2.22 // 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.

4.6.2.23 // 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.

4.6.2.24 // 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 Gruppo IGD's consolidated financial statements).

At 31 December 2020, 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.

4.6.3. // 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.

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> 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 2020, 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.

Given the current market situation related to the Covid-19 pandemic, a certain degree of uncertainty on real estate asset fair value at 31 December 2020 and its evolution is highlighted in the Real Estate Appraisals drawn up by the Independent Appraisers included in paragraph 2.7 "Real Estate Appraisals" of the Management Report.

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). Specifically:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

> Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

(a) quoted prices for similar assets or liabilities in active markets;

(b) quoted prices for identical or similar assets or liabilities in markets that are not active;

(c) inputs other than quoted prices that are observable for the asset or liability, for example:

(i) interest rates and yield curves observable at commonly quoted intervals;

(ii) implied volatilities; and

(iii) credit spreads;

(d) market-corroborated inputs.

> Level 3 inputs are unobservable inputs for the asset or liability.

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

The following table shows Gruppo IGD's investment property by type, measured at fair value at 31 December 2020. 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.

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FAIR VALUE MEASUREMENTS 31/12/2020 Amounts in € thousands	Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)	Significant inputs observable on the markets (Level 2)	Significant inputs not observable on the markets (Level 3)
Investment property Italy:			
Malls and retail parks	0	0	1,473,293
Hypermarkets and supermarkets	0	0	558,968
Residual portion of property	0	0	20,264
Total investment property Italy:	0	0	2,052,525
Investment property Romania:			
Shopping malls	0	0	135,940
Office Building	0	0	2,700
Total investment property Romania	0	0	138,640
IGD Group investment property	0	0	2,191,165
Porta a Mare project			
Porta a Mare project (*)	0	0	38,260
Total asset held for trading	0	0	38,260
Right to use (IFRS 16)			
Right to use (IFRS 16)	0	0	43,320
Total right to use (IFRS 16)	0	0	43,320
Total IGD Group investment property measured at Fair Value	0	0	2,272,745

(*) This is a project relating to a retail portion of the Porta a Mare project, included in asset under construction and valued at fair value

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

> Discount rate;

> Gross cap out rate;

> Annual rent per square meter.

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

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The following table shows the ranges of unobservable inputs at 31 December 2020:

Portfolio	Appraisal method	Discount rate 31/12/2020		Gross Cap Out 31/12/2020		Yearly rent €/sqm 31/12/2020	
		min	max	min	max	min	max
Total Malls / RP	Income - based (DCF)	6.20%	8.01%	5.93%	10.54%	10	497
Total Hyper / Super	Income - based (DCF)	5.60%	7.25%	5.34%	6.98%	66	222
Total Winmarkt	Income - based (DCF)	6.50%	9.50%	6.18%	9.88%	41	205

Portfolio	Appraisal method	Discount rate 31/12/2019		Gross Cap Out 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

In part because of the pandemic crisis, the discount rates increased for malls. Assumed yearly rent per square meter went down, as shown in the tables in section 2.6. Discount rates did not increase for hypermarkets.

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 2020 is reported below.

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Sensitivity analysis at 31.12.2020

Asset class	Hypermarkets and Supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 31/12/2020 + 0,5 discount rate	**(21,439)**	**(58,267)**	**(1,109)**	**(5,010)**	**(85,825)**
Market value at 31/12/2020 - 0,5 discount rate	**22,127**	**61,348**	**1,330**	**6,210**	**91,015**
Market value at 31/12/2020 + 0,5 Gross cap out	**(17,010)**	**(51,339)**	**(660)**	**(4,540)**	**(73,549)**
Market value at 31/12/2020 - 0,5 Gross cap out	**19,634**	**60,621**	**910**	**6,140**	**87,305**
Market value at 31/12/2020 + 0,5 tasso att. + 0,5 Gross cap out	**(37,402)**	**(106,503)**	**(1,759)**	**(9,760)**	**(155,424)**
Market value at 31/12/2020 - 0,5 tasso att. - 0,5 Gross cap out	**43,234**	**127,931**	**2,240**	**12,480**	**185,885**
Market value at 31/12/2020 + 0,5 tasso att. - 0,5 Gross cap out	**(2,502)**	**(1,956)**	**(319)**	**340**	**(4,437)**
Market value at 31/12/2020 - 0,5 tasso att. + 0,5 Gross cap out	**4,690**	**7,170**	**560**	**1,170**	**13,590**

Regarding the sensitivity of fairl value measurements to changes in the main unobservable inputs, fair value would go down for increase 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.

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4.6.4 // 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	Core business properties		Services		Porta a Mare Project		Shared		Total	
	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19
Total revenues and operating income	145,633	155,259	6,333	6,383	708	406	0	0	152,674	162,048
Change in work in progress inventory	0	0	0	0	2.594	1.288	0	0	2.594	1.288
Direct costs (a) (excluding provision for doubtful account)	(36,120)	(19,083)	(5,214)	(5,491)	(4,037)	(1,769)	0	0	(45,371)	(26,343)
G&A expenses (b)	0	0	0	0	0	0	(11,191)	(12,273)	(11,191)	(12,273)
Total operating costs (a) + (b)	(36,120)	(19,083)	(5,214)	(5,491)	(4,037)	(1,769)	(11,191)	(12,273)	(56,562)	(38,616)
(Depreciation and amortizations)	(428)	(1,400)	0	0	(4)	(2)	(4,531)	(185)	(4,963)	(1,587)
(Impairment losses) / Reversals on work in progress	(798)	(72)	0	0	(2,354)	(920)	0	0	(3,152)	(992)
Fair value changes - increase / (decrease)	(142,866)	(71,796)	0	0	0	0	0	0	(142,866)	(71,796)
Total depreciation, amortizations, provisions, impairment and fair value chages	(144,092)	(73,268)	0	0	(2,358)	(922)	(4,531)	(185)	(150,981)	(74,375)
EBIT	(34,579)	62,908	1,119	892	(3,093)	(997)	(15,722)	(12,458)	(52,275)	50,345
Income/ (loss) from equity investments and property sales	0	0	0	0	0	0	(72)	11	(72)	11
Financial income:	0	0	0	0	0	0	126	86	126	86
Financial charges:	0	0	0	0	0	0	(36,329)	(36,840)	(36,329)	(36,840)
Net financial income	0	0	0	0	0	0	(36,203)	(36,754)	(36,203)	(36,754)
PRE-TAX PROFIT	(34,579)	62,908	1,119	892	(3,093)	(997)	(51,997)	(49,201)	(88,550)	13,602
Income taxes for the period	0	0	0	0	0	0	14,229	(1,011)	14,229	(1,011)
NET PROFIT FOR THE PERIOD	(34,579)	62,908	1,119	892	(3,093)	(997)	(37,768)	(50,212)	(74,321)	12,591
Non-controlling interests in (profit)/ loss for the period	0	0	0	0	0	0	0	0	0	0
Parent company share of net profit for the period	(34,579)	62,908	1,119	892	(3,093)	(997)	(37,768)	(50,212)	(74,321)	12,591

Balance sheet	Core business properties		Services		Porta a Mare Project		Unshared		Total	
	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19
Investment property	2,234,484	2,365,214	0	0	0	0	0	0	2,234,484	2,365,214
Assets under construction	42,674	40,827	0	0	0	0	0	0	42,674	40,827
Intangible assets	7,526	11,478	1,007	1,007	0	0	35	50	8,568	12,535
Other tangible assets	958	1,131	157	190	0	7	7,411	7,642	8,526	8,970
Sundry receivables and other non current assets	0	0	0	0	0	0	129	117	129	117
Equity investments	0	(0)	0	0	0	0	151	223	151	223
NWC	(470)	(16,797)	1,482	1,112	29,409	34,127	0	0	30,421	18,442
Funds	(5,512)	(1,584)	(1,555)	(5,516)	7	(25)	0	0	(7,060)	(7,125)
Sundry payables and other non current liabilities	(17,391)	(15,953)	0	0	(5,920)	(5,920)	0	0	(23,311)	(21,873)
Net deferred tax (assets)/ liabilities	(12,847)	(28,875)	0	0	2.561	2,562	0	0	(10,286)	(26,313)
Total use of funds	2,249,422	2,355,441	1,091	(3,207)	26,057	30,751	7,726	8,032	2,284,296	2,391,017
Total shareholders' equity	1,088,627	1,184,472	(548)	(4,509)	26,363	31,051	0	0	1,114,442	1,211,014
Net (assets) and liabilities for derivate instruments	14,396	17,365	0	0	0	0	0	0	14,396	17,365
Net debt	1,146,399	1,153,604	1,639	1,302	(306)	(300)	7,726	8,032	1,155,458	1,162,638
Total sources	2,249,422	2,355,441	1,091	(3,207)	26,057	30,751	7,726	8,032	2,284,296	2,391,017

Revenues from freehold properties	North		Center - South - Island		Abroad		Total	
	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19	31-dec-20	31-dec-19
Lease and retail income	72,840	76,078	50,046	52,425	8,204	9,950	131,090	138,453
One-off revenues	5	4	0	0	0	0	5	4
Temporary locations rentals	1,744	2,405	661	1,307	0	0	2,405	3,712
Other rental income	41	85	166	411	15	15	255	511
Total	74,630	78,572	50,873	54,143	8,252	9,965	133,755	142,680

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

4.6.5 // Notes to the consolidated financial statements

> NOTE 1) REVENUE AND OTHER INCOME

	Note	31/12/2020	31/12/2019	Change
Revenue	1	**145,578**	**155,259**	**(9,681)**
Revenues from third parties		**105,674**	**113,375**	**(7,701)**
Revenues from related parties		**39,904**	**41,884**	**(1,980)**
Other revenue	2.1	**6,388**	**6,383**	**5**
Other revenues from third parties		**3,763**	**3,791**	**(28)**
Other revenues from related parties		**2,625**	**2,592**	**33**
Revenues from property sales	2.2	**708**	**406**	**302**
Operating revenues		**152,674**	**162,048**	**(9,374)**

In 2020 Gruppo IGD earned revenue and other income of €152,674K, including €708K from property sales (residential units in the Mazzini section of the Porta a Mare project). The decrease of €9,374K is due primarily to the trend in variable revenue and rent from temporary spaces, as well as vacancies due to delayed or canceled openings and discounts granted to tenants mostly in relation to the lockdown period.

> NOTE 1.1) REVENUE

	Note	31/12/2020	31/12/2019	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	**36,462**	**37,805**	**(1,343)**
Leasehold hypermarkets - Business leases from related parties	a.2	**121**	**121**	**0**
Freehold hypermarkets - Rents and business leases from related parties	a.3	**1,340**	**1,403**	**(63)**
Freehold hypermarkets - Rents and business leases from third parties	a.4	**235**	**43**	**192**
TOTAL HYPERMARKETS / SUPERMARKETS	a	**38,158**	**39,372**	**(1,214)**
Freehold malls, offices and city center	b.1	**93,109**	**99,640**	**(6,531)**
Rents		**16,288**	**19,155**	**(2,867)**
To related parties		**660**	**1,099**	**(439)**
To third parties		**15,628**	**18,056**	**(2,428)**
Business leases		**76,821**	**80,485**	**(3,664)**
To related parties		**914**	**975**	**(61)**
To third parties		**75,907**	**79,510**	**(3,603)**
Leasehold malls	b.2	**11,197**	**11,764**	**(567)**
Rents		**607**	**626**	**(19)**
To related parties		**104**	**118**	**(14)**
To third parties		**503**	**508**	**(5)**
Business leases		**10,590**	**11,138**	**(548)**
To related parties		**231**	**258**	**(27)**
To third parties		**10,359**	**10,880**	**(521)**
Other contracts and temporary rents	b.3	**3,114**	**4,483**	**(1,369)**
Other contracts and temporary rents		**3,042**	**4,378**	**(1,336)**
Other contracts and temporary rents - related parties		**72**	**105**	**(33)**
TOTAL MALLS	b	**107,420**	**115,887**	**(8,467)**
GRAND TOTAL	a + b	**145,578**	**155,259**	**(9,681)**
of which related parties		**39,904**	**41,884**	**(1,980)**
of which third parties		**105,674**	**113,375**	**(7,701)**

Rent and business lease revenue decreased by €9,681K for the year.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

Rent from freehold hypermarkets and supermarkets decreased by €1,214K.

Rent and business lease revenue from freehold malls and offices fell by €8,467K, chiefly as a result of:

> Discounts granted to tenants, mostly in relation to the lockdown period;

> A decrease in like-for-like revenue in Italy due mainly to the trend in variable revenue and rent from temporary spaces as a result of the lockdown period and restrictions, as well as vacancies due to delayed or canceled openings; a slight increase for hypermarkets;

> The asset rotation of Darsena and Palazzo Orlando (September 2019) and remapping of Iper Maioliche, Porto Grande, Conegliano, and Fonti del Corallo;

> Lower like-for-like revenue by the Romanian subsidiary, due to greater discounts written into contracts for management of the lockdown, a decrease in variable revenue, and the departure of a tenant with several stores.

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

> NOTE 2.1) OTHER INCOME

	31/12/2020	31/12/2019	Change
Out of period income/ charges	49	7	42
Facility management revenues	3,308	3,297	11
Portfolio and rent management revenues	195	229	(34)
Pilotage and construction revenues	93	164	(71)
Marketing revenues	90	0	90
Other income	28	94	(66)
Other revenues from third parties	3,763	3,791	(28)
Facility management revenues from related parties	2,537	2,507	30
Pilotage and construction revenues from related parties	47	3	44
Marketing revenues from related parties	12	53	(41)
Portfolio and rent management revenues from related parties	29	29	0
Other revenues from related parties	2,625	2,592	33
Other revenue	6,388	6,383	5

Other income was essentially in line with the previous year.

> NOTE 2.2) INCOME FROM THE SALE OF TRADING PROPERTIES

This came to €708K in 2020 and concerns 2 residential units, 2 enclosed garage units and 2 parking spaces in the Mazzini section of Porta a Mare. In 2019 the Group sold 1 residential unit, 2 enclosed garage units and 1 parking space.

> NOTE 3) SERVICE COSTS

	31/12/2020	31/12/2019	Change
Service costs from third parties	9,087	12,587	(3,500)
Paid rents	229	220	9
Promotional and advertising expenses	942	1,078	(136)
Centers management expenses for vacancies	1,103	1,772	(669)
Centers management expenses for ceiling to tenants' costs	1,968	1,617	351
Facility management administration costs	758	753	5
Insurances	880	839	41
Professional feed	111	110	1
Directors' and statutory auditors' fees	1,326	1,263	63
External auditing fees	249	232	17
Investor relations, Consob, Monte Titoli costs	474	484	(10)
Shopping center pilotage and construction costs	1	19	(18)
Consulting	1,211	1,302	(91)
Real estate appraisals fees	434	480	(46)
Maintenance and repar expenses	258	369	(111)
Out of period income/ charges	(2,176)	16	(2,192)
Other costs of services	1,319	2,033	(714)
Service costs from related parties	4,322	3,260	1,062
Promotional and advertising expenses	63	0	63
Service	313	316	(3)
Centers management expenses for vacancies	1,837	1,055	782
Centers management expenses for ceiling to tenants' costs	2,011	1,726	285
Insurances	71	71	0
Directors' and statutory auditors' fees	20	88	(68)
Other costs of services	7	4	3
Service costs	13,409	15,847	(2,438)

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4.6 NOTES TO THE FINANCIAL STATEMENTS

Service costs decreased by €2,438K for the year.

Most of the reduction in service costs from third parties is explained by *(i)* net miscellaneous gains of €2,176K mostly for rent discounts on Centro Nova, Centro Piave, and Fonti del Corallo shopping centers for the period June-September 2020, as arranged with the property owners in the second half of the year; *(ii)* a decrease in other service costs; and *(iii)* lower promotional and advertising expenses.

Related party service costs increased by €1,062K, due mainly to greater costs for unlet space and for ceilings on tenants' expenses, offset by a decrease in directors' and statutory auditors' fees.

> NOTE 4) COST OF LABOR

	31/12/2020	31/12/2019	Change
Wages and salaries	7,149	7,585	(436)
Social security	1,832	1,992	(160)
Severance pay	492	431	61
Other costs	145	209	(64)
Cost of labour	9,618	10,217	(599)

The cost of labor was €599K lower than in 2020 due mainly to the reduction in the bonus provision and the temporary use of government salary relief measures (fondo di integrazione salariale) in connection with the Covid-19 crisis.

The workforce is broken down by category below:

	31/12/2020	31/12/2019
Executives	5	5
Middle managers	30	29
Junior managers	69	73
Clerks	73	70
Total	177	177

> NOTE 5) OTHER OPERATING COSTS

	31/12/2020	31/12/2019	Change
IMU/ TASI/ Property Tax	9,107	9,540	(433)
Other taxes	83	119	(36)
Contract registrations	387	442	(55)
Out of period income/ charges	(25)	20	(45)
Membership fees	135	143	(8)
Losses on receivables	84	90	(6)
COVID effect - losses on leases	9,217	0	9,217
Fuel and tolls	174	223	(49)
Other costs	261	246	15
Other operating costs	19,423	10,823	8,600

Other operating costs increased by €8,600K with respect to the previous year. Of the increase, €9,217K is due to the credit notes issued for discounts on rent already invoiced in the context of the Group's post-lockdown relief measures for tenants, accounted for in accordance with IFRS 9, which were partially offset by the reduction in IMU (municipal property tax) on the Guidonia mall in Rome.

> NOTE 6) CHANGE IN WORK IN PROGRESS INVENTORY

	31/12/2020	31/12/2019	Change
Construction costs for the period	3,509	1,729	1,780
Change in inventories for disposal	(915)	(441)	(474)
Change in inventory	2,594	1,288	1,306

The change in work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno amounted to €2,594K in 2020, reflecting 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).

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> NOTE 7) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	31/12/2020	31/12/2019	Change
Amortization of intangible assets	**(23)**	**(18)**	**(5)**
Amortization of tangible assets	**(450)**	**(470)**	**20**
Impariment loss on goodwill	**(3,952)**	**0**	**(3,952)**
Provisions for risks	**(138)**	**(538)**	**400**
Depreciations, amortization and provisions	**(4,563)**	**(1,026)**	**(3,537)**
Provisions for doubtful accounts	**(11,003)**	**(561)**	**(10,442)**
(Impairment losses)/ Reversals on work in progress and inventories	**(3,152)**	**(992)**	**(2,160)**
Change in fair value	**(142,866)**	**(71,796)**	**(71,070)**
Depreciations, amortization, provisions, impairment and change in fair value	**(161,584)**	**(74,375)**	**(87,209)**

> Depreciation and amortization were in line with the amounts for 2019;

> Goodwill writedown – In 2020 the wholly-owned subsidiary Millennium Gallery S.r.l. took the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020) to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. At 31 December 2020 the subsidiary revalued the land and buildings relating to Millennium Center in Rovereto in its separate financial statements prepared according to Italian GAAP. In the consolidated financial statements, the statutory effects of that operation were reversed but the tax effects remain, entailing the substantial alignment of the book value of the Rovereto property with its value for tax purposes. This alignment required the release of the deferred tax provision recognized in the consolidated financial statements. Because the recoverability of the goodwill recognized upon the acquisition and first-time consolidation of Millennium Gallery was based on the tax savings that could be obtained from the investment's sale, measured on the basis of the deferred tax provision relative to the property's higher book value with respect to the tax deductible amount, its complete release made it necessary to write off the goodwill entirely in the amount of €3,952K;

> Other provisions include 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. The decrease relates to the €400K provision made in 2019 for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of a tenant which had leased retail space from IGD at Conè shopping center. During the year, the lawsuit came to an initial conclusion and the provision was no longer needed;

> Net provisions for doubtful accounts in Italy came to €3,708K in 2020. Most of the increase on 2019 is due to the difficulties of certain tenants as a result of the pandemic and the government-mandated closures that took place at different times throughout the year. In addition, in 2020 a special COVID-related provision for doubtful accounts was made in the amount of €7.2 million to cover receivables that will not be collected as a result of the discounts granted for periods in late 2020 that were not yet agreed with the tenants as of 31 December;

> "(Impairment losses)/reversals on work in progress and inventory" (-€3,152K) cover the following: (i) an impairment loss of €257K 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 2020; (ii) an impairment loss of €2,354K 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 2020 (see Note 22); and (iii) an impairment loss of €541K on land held by the subsidiary IGD Management S.r.l.;

> The item "Fair value changes" (-€142,866K) primarily covers: (i) net writedowns of €138,841K (see Note 14) to match the carrying value of investment property to its market value at 31 December 2020; (ii) a writedown of €4,025K 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

	31/12/2020	31/12/2019	Change
Income/ (loss) from property sales	**0**	**11**	**(11)**
Income/ (loss) from equity investments	**(72)**	**0**	**(72)**
Income/ (loss) from equity investments and asset disposal	**(72)**	**11**	**(83)**

The net loss of €72K in 2020 refers to the complete write-off of the Group's 15% stake in Iniziative Bologna Nord.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 9) FINANCIAL INCOME AND CHARGES

	31/12/2020	31/12/2019	Change
Bank interest income	81	15	66
Other interest income and equivalents	8	20	(12)
Interest income from related parties	0	1	(1)
Exchange rate (losses)/ gains	37	48	(11)
Financial income from third parties	126	84	42
Interest income from related parties	0	2	(2)
Financial income from related parties	0	2	(2)
Financial income	126	86	40

Most of the increase in financial income reflects the interest received on higher bank balances as a result of the exchange and issue of a new bond in November 2019. Interest income from related parties is described in Note 39.

	31/12/2020	31/12/2019	Change
Interest expenses on security deposits	7	104	(97)
Final charges from related parties	7	104	(97)
Interest expenses to banks	2	38	(36)
Amortized mortgage loan costs	5,923	6,222	(299)
Loans amortized costs	1,369	1,195	174
IRS spread	5,800	6,365	(565)
Bond financial charges	16,590	14,363	2,227
Bond amortized costs	3,664	5,290	(1,626)
Financial charges on leasing	41	48	(7)
Financial charges on IFRS 16	1,584	1,931	(347)
Other interests and charges	1,349	1,284	65
Financial charges from third parties	36,322	36,736	(414)
Financial charges	36,329	36,840	(511)

Total financial charges decreased by €511K.

Financial charges with third parties increased by €414K, due primarily to:

> Lower amortized cost expense due to the issue of a new €400 million bond and partial buyback of the outstanding bonds in November 2019;

> Lower spreads on derivative financial instruments;

> Lower financial charges on mortgage loans and leases (IFRS 16);;

> Greater financial charges on bonds.

For 2020, the average cost of debt (without considering recurring and non-recurring transaction costs) was 2.30%, slightly down from 2.35% the previous year, while the weighted average effective cost of debt went from 2.98% to 2.70%.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 10) INCOME TAXES

	31/12/2020	31/12/2019	Change
Current taxes	**1,013**	**1,450**	**(437)**
Deferred tax liabilities	**(18,202)**	**(502)**	**(17,700)**
Deferred tax assets	**1,254**	**37**	**1,217**
Out of period income/ charges - Provisions	**(153)**	**26**	**(179)**
Substitutive taxes on assets revaluation	**1,859**	**0**	**1,859**
Income taxes	**(14,229)**	**1,011**	**(15,240)**

Current and deferred taxes came to a positive €14,229K for the year, a decrease of €15,240K with respect to 2019.

Current taxes decreased by €437K, chiefly reflecting the decline in revenue due to the lockdown period.

Out-of-period income/charges consist mainly of the effects for the various Group companies of the cancellation of the IRAP (regional business tax) balance for 2019 and first advance payment for 2020, as provided for by the "Decreto Rilancio" (recovery decree) published in the Gazzetta Ufficiale on 19 May 2020.

The change of €16,483K in deferred tax liabilities and deferred tax assets is due to:

> The reversal in the consolidated financial statements of deferred tax liabilities recognized in previous years on the difference between the fair value and the value for tax purposes of the Sarca mall property held by the non-SIIQ subsidiary IGD Management (€8,291K). That difference was essentially eliminated by IGD Management's decision, as provided for by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020), to realign the statutory and tax values and to revalue the property, including for tax purposes;

> The reversal in the consolidated financial statements of deferred tax liabilities recognized in previous years on the difference between the fair value and the value for tax purposes of the Millennium Center property in Rovereto held by the non-SIIQ subsidiary Millennium Gallery (€4,931K). That difference was eliminated by Millennium Gallery's decision, as provided for by the "August Decree," to revalue property, plant and equipment and intangible assets, including for tax purposes;

> The adjustment of deferred taxes on the difference between fair value and value for tax purposes as a result of the fair value changes in investment property held by the non-SIIQ Romanian subsidiary Win Magazin (€1,790K);

> The adjustment of deferred taxes relating to the application of IFRS 16 (€1,196K);

> The adjustment of provisions for doubtful accounts and other taxed provisions (€270K).

The substitute tax for realignment and revaluation refers to the option granted by Art. 110 of Decree Law 104 of 14/08/2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken by the subsidiaries Millennium Gallery (revaluation only, substitute tax of €530K) and IGD Management (realignment and revaluation, substitute tax of €1,329K).

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2020 and 31 December 2019.

Reconciliation of income tax applicable to profit before taxes	31/12/2020	31/12/2019
Pre-tax profit	**(88,552)**	**13,602**
Theoretical tax charges (rate 24%)	**0**	**3,264**
Profit resulting in the income statement	**(88,552)**	**13,602**
Increases:		
IMU - Property tax	**8,481**	**8,634**
Fair value on work in progress and inventories	**2,611**	**992**
Other increases	**21,268**	**13,117**
Decreases:		
Change in tax-exempt income	**(51,656)**	**(65,586)**
Deductible depreciation	**(6,829)**	**(6,453)**
Negative fair value	**139,788**	**67,601**
Other changes	**(24,841)**	**(28,290)**
Tax income	**270**	**3,617**
Use of past losses	**36**	**51**
Use of ACE benefit	**2,240**	**2,631**
Taxable income net of losses and ACE benefit	**(2,006)**	**935**
Lower current taxes recognized directly in equity	**0**	**(3)**
Current taxes of the year	**698**	**987**
Current IRES for the year (a)	**698**	**987**
Difference between value and costs of production	**99,406**	**120,093**
Theoretical tax charge (3,9%)	**3,877**	**4,684**
Difference between value and costs of production	**99,406**	**120,093**
Changes:		
Increases	**12,751**	**12,782**
Decreases	**(11,593)**	**(12,135)**
Change in exempt income	**(87,116)**	**(99,411)**
Other deductions	**(8,920)**	**(9,193)**
Taxable IRAP income	**4,528**	**12,136**
Lower taxes for Irap recognized directly in equity	**0**	**0**
Current IRAP for the year (b)	**315**	**463**
Total current taxes (a+b)	**1,013**	**1,450**

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Current taxes (IRES) for 2020 were generated mainly by the Romanian subsidiaries which reported positive taxable income.

> 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 during the year. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

	31/12/2020	31/12/2019
Net profit/ loss attributable to IGD SIIQ S.p.A. shareholders	**(74,321)**	**12,591**
Diluted net profit/ loss attributable to IGD SIIQ S.p.A. shareholders	**(74,321)**	**12,591**
Weighted average number to ordinary shares for purpose of basic earnings per share	**110,592,652**	**109,989,326**
Weighted average number to ordinary shares for purpose of diluted earnings per share	**110,592,652**	**109,989,326**
Basic earnings/ loss per share	**(0.672)**	**0.114**
Diluted earnings/ loss per share	**(0.672)**	**0.114**

> NOTE 12) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

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

	01/01/2020	Increase	Decrease	Amortization	31/12/2020
Intangible assets with finite useful lives	**50**	**8**	**0**	**(23)**	**35**

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 largest increases during the year concerned the purchases of Autocad software licenses for €7K.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 13) GOODWILL

	01/01/2019	Increase	Impairment	31/12/2019
Goodwill	**12,662**	**123**	**(300)**	**12,485**

	01/01/2020	Increase	Impairment	31/12/2020
Goodwill	**12,485**	**0**	**(3,952)**	**8,533**

Goodwill has been allocated to the individual cash generating units (CGUs).

For each goodwill amount in the financial statements, the Group has indicated the pertinent CGU, distinguishing between:

i. Goodwill from the purchase of companies with investment property;

ii. Goodwill from the purchase of business units.

The first category consists of (i) goodwill from the purchase of Millennium Gallery S.r.l. and Winmagazin S.A., while the second is made up of (ii) goodwill from the purchase of the business units Winmarkt Management S.r.l., Centro Nova, San Donà, Darsena, Service, and Fonti del Corallo.

Below is the breakdown of goodwill by CGU at the end of 2020 and 2019:

Goodwill	31/12/2020	31/12/2019
Millennium Gallery s.r.l.	**0**	**3,952**
Win Magazin S.A.	**5,409**	**5,409**
Winmarkt Management s.r.l.	**1**	**1**
RGD Ferrara 2013 s.r.l.	**123**	**123**
Fonti del Corallo	**1,000**	**1,000**
Centro Nova	**546**	**546**
Centro Piave	**448**	**448**
Service	**1,006**	**1,006**
Goodwill	**8,533**	**12,485**

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. Use of estimates. 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.

The results of impairment tests are summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Millennium s.r.l.	**0**	**3,952**	**(3,952)**
Win Magazin S.A.	**18,281**	**5,409**	**12,872**

In 2020 the wholly-owned subsidiary Millennium Gallery S.r.l. took the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020) to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. Millennium Gallery S.r.l. revalued the land and buildings of Millennium Center in Rovereto in its separate financial statements, prepared according to Italian GAAP. In the consolidated financial statements, the statutory effects of that operation were reversed but the tax effects remain, entailing the substantial alignment of the book value of the Rovereto property with its value for tax purposes. This alignment required the release of the deferred tax provision recognized in the consolidated financial statements. Since, as described earlier, the recoverability of the goodwill recognized upon the acquisition and first-time consolidation of Millennium Gallery is measured on the basis of the deferred tax provision, its complete release made it necessary to write off the goodwill entirely in the amount of €3,952K.

The impairment tests showed that the goodwill recognized for Win Magazin S.A. is recoverable and therefore no adjustments to that amount are necessary.

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.

Specifically, for goodwill relating to the business units Fonti del Corallo, Centro Nova, Centro Piave, and Darsena, the recoverable amount has been inferred from similar market transactions. For goodwill on 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.

The results of impairment tests are summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Centro Nova	**1,623**	**546**	**1,077**
San Donà	**967**	**448**	**519**
Darsena	**468**	**123**	**345**
Ramo azienda Fonti del Corallo	**1,000**	**1,000**	**0**

The impairment tests showed that the goodwill recognized in the financial statements is recoverable and therefore no adjustments are necessary.

For the other CGUs (Service and Winmarkt Management S.r.l.), the value in use method was used to assess recoverability. The recoverable amount (enterprise value) was calculated by summing the unlevered free cash flows discounted to present value for the explicit forecast period and the present value of the terminal value calculated after the last year of the explicit period.

In 2021, after the new Board of Directors is elected, the Group will draw up a new strategic plan for the period 2022-2024. At 31 December 2020, unlevered free cash flows were calculated for 2021 using the 2021 budget; for 2022 using the 2020 budget; and for 2023 using the estimates of the final year of the strategic plan 2019-2021, approved by the Board of Directors on 7 November 2018, in the absence of a new plan covering those periods.

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For periods beyond the third year, the Group calculates the terminal value using the perpetuity method, i.e. on the basis of cash flows from operating activities assuming continuity beyond the explicit period.

The main assumptions used to calculate value in use are set out below:

- Discount rate (WACC) of 4.51%;
- Future cash flows estimated net of taxes;
- Perpetuity growth rate (g) of 1%.

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Winmarkt Management s.r.l.	**n/a**	**1**	**n/a**
Service	**7,357**	**1,006**	**6,351**

The impairment tests showed that the goodwill recognized in the financial statements is recoverable and therefore no adjustments are necessary.

A Level 2 test was then carried out on the entire scope of consolidation, to test the recoverability of consolidated net invested capital, including goodwill.

The method used to assess the recoverability of net invested capital is value in use, determined on the basis of unlevered free cash flow. The recoverable amount (enterprise value) was calculated by summing the unlevered free cash flows discounted to present value for the explicit forecast period and the present value of the terminal value calculated after the last year of the explicit period. For further information on the method of calculating recoverable amount, see above with regard to the recoverability of goodwill on "other CGUs" (Service and Winmarkt Management S.r.l.). Unlevered free cash flows were calculated using the estimates in the strategic plan 2019-2021, approved by the Board of Directors on 7 November 2018, and in the 2020 budget.

The main assumptions used to calculate value in use are set out below:

- Discount rate (WACC) of 4.51, calculated as reported above;
- Future cash flows estimated net of taxes;
- Perpetuity growth rate (g) of 1%.

The outcome of the impairment test is summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Gruppo IGD - Test II level	**3,243,268**	**2,269,902**	**973,366**

The test did not suggest the need to adjust the amounts reported.

Finally, in accordance with section 1.2.3. of the Organismo Italiano di Valutazione (OIV) document "Impairment tests of goodwill in contexts of real financial crisis," which states that "management must assess the reasonableness of the difference between the recoverable amount and the stock exchange price, in light of all elements that may help explain such a difference," IGD has considered the following factors as regards the difference between the outcome of the Level 2 impairment test and market capitalization:

- Management view and assumptions vs. broker consensus;
- Inputs used to calculate value in use, in terms of cash flows, discount rates, and any key variables;
- Any information asymmetries between the market and management;
- Different horizons (the market has an investment horizon, hence short-term);
- Other valuation methods (value in use and fair value);
- Liquidity of the shares;
- Excessive market reaction to news or information.

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4.6 NOTES TO 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.

	01/01/2019	IFRS 16	Increase	Acquisitions	Decrease	Revaluation	Devaluation	Reclassification	Other movements	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 IFRS 16	**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**

	01/01/2020	IFRS 16	Increase	Acquisitions	Decrease	Revaluation	Devaluation	Reclassification	Other movements	31/12/2020
Investment property	**2,310,414**	**0**	**6,405**	**0**	**0**	**12,729**	**(139,901)**	**1,510**	**0**	**2,191,157**
Right of use IFRS 16	**54,800**	**0**	**196**	**0**	**0**	**0**	**(11,669)**	**0**	**0**	**43,327**
Investment property	**2,365,214**	**0**	**6,601**	**0**	**0**	**12,729**	**(151,570)**	**1,510**	**0**	**2,234,484**

The changes in investment property since 31 December 2019 concern:

> Continued extraordinary maintenance on shopping centers (€6,601K), mostly for earthquake proofing at Centro d'Abruzzo and Porto Grande, waterproofing at La Favorita, fit-out work at Darsena, and mandatory fireproofing work in Romania;

> The reclassification from Assets under development and advances of work completed during the period, namely: (i) the remapping of Le Maioliche shopping center (€754K), (ii) the replacement of light fixtures with more energy-efficient LED technology at Punta di Ferro shopping center in Forlì (€324K), (iii) the restyling of the first floor in view of the imminent opening of a leisure space at Darsena shopping center in Ferrara (€416K), and (iv) mandatory fireproofing work at various shopping centers in Romania (€16K);

> Fair value adjustments. Specifically, investment property was revalued in the amount of €12,729K and written down by €139,901K, for a net negative impact of €127,172K;tto netto negativo pari ad Euro 127.172 migliaia;

> An impairment loss on the right-of-use assets for the malls at Centro Nova, Centro Piave, and Fonti del Corallo shopping centers based on the results of third-party appraisals (€11,669K).

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 15) BUILDINGS

	01/01/2019	Increase	Decrease	Ammortization	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**

	01/01/2020	Increase	Decrease	Ammortization	31/12/2020
Historical cost	**10,114**	**15**	**0**	**0**	**10,129**
Depreciation fund	**(2,471)**	**0**	**0**	**(244)**	**(2,715)**
Net book value	**7,643**	**15**	**0**	**(244)**	**7,414**

This item refers to the lease-to-own purchase of the building that houses IGD SIIQ S.p.A.'s head office. Movements during the year consist of:

> Increases of €15K for safety code compliance, in particular fall protection lifelines;

> Ongoing depreciation.

> NOTE 16) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	01/01/2019	Increase	Decrease	Ammortization	Currency translation gain/ losses	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**	**0**	**2,204**
Depreciation fund	**(2,472)**	**0**	**268**	**0**	**0**	**(2,204)**
Leasehold improvements	**547**	**0**	**(512)**	**0**	**0**	**0**

	01/01/2020	Increase	Decrease	Ammortization	Currency translation gain/ losses	31/12/2020
Historical cost	**3,208**	**22**	**0**	**0**	**0**	**3,230**
Depreciation fund	**(3,047)**	**0**	**0**	**(40)**	**0**	**(3,087)**
Plant and machinery	**161**	**22**	**0**	**(40)**	**0**	**143**
Historical cost	**6,020**	**19**	**(36)**	**0**	**(42)**	**5,961**
Depreciation fund	**(4,854)**	**0**	**0**	**(166)**	**28**	**(4,992)**
Equipment and other goods	**1,166**	**19**	**(36)**	**(166)**	**(14)**	**969**
Historical cost	**2,204**	**0**	**0**	**0**	**0**	**2,204**
Depreciation fund	**(2,204)**	**0**	**0**	**0**	**0**	**(2,204)**
Leasehold improvements	**0**	**0**	**0**	**0**	**0**	**0**

Most of the changes in plant and machinery and equipment reflect (i) €41K in purchases during the year, (ii) €206K in depreciation, and (iii) a decrease of €36K.

> NOTE 17) ASSETS UNDER CONSTRUCTION

	01/01/2019	Increase	Decrease	(Writedowns)/ Revaluations	Fair value changes	Reclassification to assets under construction	Reclassification to intangible assets	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	(1,572)	0	1,618
Assets under construction and accounts	36,563	12,068	(1,025)	(72)	66	0	(6,773)	40,827

	01/01/2020	Increase	Decrease	(Writedowns)/ Revaluations	Fair value changes	Reclassification to assets under construction	Reclassification to intangible assets	31/12/2020
Assets under construction	39,209	8,178	0	(798)	(4,025)	859	(1,494)	41,929
Advance payments	1,618	2	0	0	0	(859)	(16)	745
Assets under construction and accounts	40,827	8,180	0	(798)	(4,025)	0	(1,510)	42,674

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

> Investments in (i) restyling of the Gran Rondò mall in Crema (€155K); (ii) restyling plans for La Favorita (Mantua) and Porto Grande (San Benedetto del Tronto) shopping centers (€247K); (iii) 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 (€411K); (iv) restyling of Darsena (Ferrara) and Punta di Ferro (Forlì) shopping centers (€636K, including €77K in advances paid in previous years); and (v) ongoing work at Officine Storiche (€7,585K, including €782K in advances paid in previous years);

> The reclassification to investment property of work completed during the period (€1,510K);

> Writedowns of: (i) the Porto Grande expansion (€257K), (ii) the Officine Storiche portion of the Porta a Mare project, nearing completion (€4,025K), and (iii) land owned by the subsidiary IGD Management S.r.l. (€541K);

> A net decrease in advances (€857K).

> 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:

	31/12/2020	31/12/2019	Change
Taxed funds	632	395	237
Irs operation	3,305	4,005	(700)
Impairment loss on inventories	2,559	2,560	(1)
Impairment loss on equity investment and financial receivables	289	271	18
Loss from tax consolidation	1,163	1,163	0
Investment property	(91)	(79)	(12)
Other effect	556	318	238
IFRS 16	364	364	0
Total deferred tax assets	8,777	8,997	(220)

	31/12/2020	31/12/2019	Change
Investment property	1,446	14,798	(13,352)
Other effect	200	184	16
IFRS 16	(864)	331	(1,195)
Total deferred tax liabilities	782	15,313	(14,531)

	31/12/2020	31/12/2019	Change
Net deferred tax assets	7,995	0	7,995
Net deferred tax liabilities	0	(6,316)	6,316

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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.

The change for the year in deferred tax assets is explained by the reduced taxation of mortgage hedging instruments (IRS) due to the decrease in their negative fair value, as partially offset by the increased taxation of allocations to taxed provisions during the year.

Deferred tax liabilities refer mainly to the difference between the market value of investment property and its value for tax purposes. The change for the year is due to the realignments and revaluations of some property, plant and equipment for both statutory purposes (with no effect on the properties' value) and tax purposes, carried out in 2020 by the subsidiaries IGD Management S.r.l. and Millennium Gallery S.r.l. See Note 10 for further details of these operations.

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 2020, for the Italian companies, the balance of deferred tax assets of €8,777K and deferred tax liabilities of €782K was a net liability of €7,995K.

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.

	31/12/2020	31/12/2019	Change
Investment property Romania	**18,281**	**19,997**	**(1,716)**
Italian companies net deferred tax liabilities	**0**	**6,316**	**(6,316)**
Italian companies net deferred tax assets	**(7,995)**	**0**	**(7,995)**
Total deferred tax liabilities	**10,286**	**26,313**	**(16,027)**

> NOTE 19) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31/12/2020	31/12/2019	Change
Security deposits	**104**	**94**	**10**
Due to other	**25**	**24**	**1**
Sundry receivables and other non-current assets	**129**	**118**	**11**

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

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 20) EQUITY INVESTMENTS

	01/01/2020	Increase	Decrease	Revaluations/ (Writedowns)	31/12/2020
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
Millennium Center	4	0	0	0	4
Equity investment in associates	4	0	0	0	4
Equity investment in other companies	144	0	0	(72)	72
Equity investment	223	0	0	(72)	151

The decrease in equity investments in other companies (€72K) is explained by the impairment loss recognized on the subsidiary IGD Management S.r.l.'s interest in Iniziative Bologna Nord S.r.l.

> NOTE 21) NON-CURRENT FINANCIAL ASSETS

	31/12/2020	31/12/2019	Change
Non-current financial assets	174	174	0

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. In light of up-to-date information on the company's liquidation process, the Group believes that the remaining balance of the loan will be recovered.

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> NOTE 22) WORK IN PROGRESS INVENTORY

	01/01/2020	Increase	Decrease	Revaluations/ (Writedowns)	Reclassification	31/12/2020
"Porta a Mare" project	**33,559**	**3,509**	**(915)**	**(2,353)**	**0**	**33,800**
Advances	**43**	**0**	**0**	**0**	**0**	**43**
Work in progress inventory	**33,602**	**3,509**	**(915)**	**(2,353)**	**0**	**33,843**

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 €3,509K; (ii) a decrease for the final sale of 2 properties, 2 enclosed garage units, and 1 parking space (€915K); (iii) a writedown to adjust carrying amount to the lower of cost and appraised market value (€2,353K).

> NOTE 23) TRADE AND OTHER RECEIVABLES

	31/12/2020	31/12/2019	Change
Trade and other receivables	**40,955**	**24,394**	**16,561**
Provision for doubtful accounts	**(22,695)**	**(13,280)**	**(9,415)**
Trade and other receivables	**18,260**	**11,114**	**7,146**

Trade receivables, gross of the provision for doubtful accounts, increased by €7,146K due mainly to the difficulties of certain tenants as a result of the pandemic and the government-mandated closures that took place at different times throughout the year.

Receivables are recognized net of the provision for doubtful accounts, which reflects positions not considered to be fully recoverable.

The allocation for the year, €3,850K, was calculated based on the problems encountered with individual receivables recognized at 31 December 2020 and on all available information. In addition, a special COVID-related provision for doubtful accounts was made in the amount of €7,153K to cover receivables that will not be collected as a result of the discounts granted for periods in late 2020 that were not yet agreed with the tenants as of 31 December.

The use of €1,561K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.

Movements in the allowance for impairment are reported below:

	31/12/2020	31/12/2019	Change
Provisions for doubtful account at the beginning of the period	**13,280**	**13,488**	**(208)**
Foreign exchange effect	**(22)**	**(29)**	**7**
Reverse	**(1,561)**	**(1,135)**	**(426)**
Write-down / (uses) interest on late payments	**(5)**	**(3)**	**(2)**
Provision	**11,003**	**807**	**10,196**
Variation area/ extraord. operations	**0**	**152**	**(152)**
Provisions for doubtful account at the end of the period	**22,695**	**13,280**	**9,415**

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The following table shows receivables by geographical area:

	31/12/2020	31/12/2019	Change
Receivables Italy	**39,262**	**22,704**	**16,558**
Provisions for doubtful accounts	**(21,583)**	**(12,104)**	**(9,479)**
Net receivables Italy	**17,679**	**10,600**	**7,079**
Receivables Romania	**1,693**	**1,690**	**3**
Provisions for doubtful accounts	**(1,112)**	**(1,176)**	**64**
Net receivables Romania	**581**	**514**	**67**
Total Net receivables	**18,260**	**11,114**	**7,146**

> NOTE 24) RELATED PARTY TRADE AND OTHER RECEIVABLES

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**180**	**71**	**109**
Robintur s.p.a.	**1**	**0**	**1**
Librerie Coop s.p.a.	**11**	**13**	**(2)**
Alleanza Luce e Gas	**20**	**23**	**(3)**
Unicoop Tirreno s.c.a.r.l.	**55**	**31**	**24**
Consorzio Coné	**52**	**0**	**52**
Consorzio I Bricchi	**36**	**0**	**36**
Consorzio Katané	**175**	**326**	**(151)**
Consorzio Lame	**43**	**0**	**43**
Consorzio Leonardo	**0**	**61**	**(61)**
Consorzio La Torre	**5**	**124**	**(119)**
Consorzio Porta a Mare	**8**	**24**	**(16)**
Consorzio Le Maioliche	**23**	**0**	**23**
Consorzio Punta di Ferro	**12**	**6**	**6**
Millennium Center	**5**	**16**	**(11)**
Consorzio Porta a Mare	**7**	**0**	**7**
Consorzio Proprietari Centro Luna	**10**	**7**	**3**
Consorzio Esp	**1**	**1**	**0**
Consorzio La Favorita	**10**	**17**	**(7)**
Consorzio Le Porte di Napoli	**34**	**197**	**(163)**
Consorzio Casilino	**78**	**0**	**78**
Mercato Coperto Ravenna	**9**	**4**	**5**
Related party trade and other receivables	**775**	**921**	**(146)**

See Note 39 for details.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 25) OTHER CURRENT ASSETS

	31/12/2020	31/12/2019	Change
Tax credits			
VAT credits	**1,970**	**997**	**973**
IRES credits	**401**	**380**	**21**
IRAP credits	**175**	**339**	**(164)**
Due from others			
Insurance credits	**0**	**4**	**(4)**
Accrued income and prepayments	**894**	**1,072**	**(178)**
Deferred costs	**103**	**3**	**100**
Other costs of services	**193**	**289**	**(96)**
Other current assets	**3,736**	**3,084**	**652**

Other current assets increased by €652K with respect to the previous year, due mainly to a higher VAT credit.

> NOTE 26) CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019	Change
Cash and cash equivalents	**117,249**	**128,599**	**(11,350)**
Cash on hand	**92**	**78**	**14**
Cash and cash equivalents	**117,341**	**128,677**	**(11,336)**

Cash and cash equivalents at 31 December 2020 consisted mainly of current account balances at banks.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 27) NET EQUITY

	31/12/2020	31/12/2019	Change
Share capital	**650,000**	**749,738**	**(99,738)**
Share premium reserve	**30,058**	**30,058**	**0**
Other reserves	**499,131**	**416,065**	**83,066**
Legal reserve	**130,000**	**121,845**	**8,155**
Treasury share reserve	**0**	**(198)**	**198**
Result treasury share sale effect	**(233)**	**(33)**	**(200)**
Bond issue reserve	**14,865**	**14,865**	**0**
Translation reserve	**(4,784)**	**(4,687)**	**(97)**
FTA IFRS 9 reserve	**(4,354)**	**(4,354)**	**0**
Recalculation of defined benefit plans	**(39)**	**(17)**	**(22)**
Cash flow hedge reserve	**(8,668)**	**(12,196)**	**3,528**
Fair value reserve	**283,159**	**311,118**	**(27,959)**
Subsidiaries cash flow hedge reserve	**(2,306)**	**(1,808)**	**(498)**
Recalculation of defined benefit plans subsidiaries	**(61)**	**(51)**	**(10)**
Capital increase reserve	**(10,305)**	**(10,305)**	**0**
FTA IFRS 16 reserve	**1,886**	**1,886**	**0**
Avaiable reserve (from capital reduction)	**91,583**	**0**	**91,583**
Other avaiable reserve	**8,388**	**0**	**8,388**
Net profit (loss) of the year	**(64,747)**	**15,153**	**(79,900)**
Group profit (loss) carried forward	**9,574**	**2,562**	**7,012**
Group profit	**(74,321)**	**12,591**	**(86,912)**
Total Group net equity	**1,114,442**	**1,211,014**	**(96,572)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Net Equity	**1,114,442**	**1,211,014**	**(96,572)**

Consolidated net equity at 31 December 2020 amounted to €1,114,442K, a decrease of €96,572 for the year. The change is due to:

> Payment of €25,150K in dividends for 2019;

> Adjustment of the cash flow hedge reserves for outstanding derivatives (€3,528K for the parent company and -€498K for a subsidiary);

> The sale in September 2020 of all treasury shares held: €198K for cancellation of the negative reserve and €200 as the negative effect of selling those shares;

> Movements in the reserve for the translation of foreign currency financial statements, for a negative €97K;

> Adjustment of the reserve for the recalculation of defined benefits, for a negative €32K;

> Group's share of net loss for the year (€74,321K).

On 19 February 2020, the Company recognized the voluntary reduction in share capital once the corresponding resolution taken by the extraordinary shareholders' meeting of 11 November 2019 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. As a result of this operation, the share capital was reduced from €749,738K to €650,000K, the legal reserve rose from €121,845K to €130,000K (equal to twenty percent of the share capital as required by Civil Code Art. 2445), and a new distributable reserve was formed in the amount of €91,583K.

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> RECONCILIATION BETWEEN NET EQUITY AND PROFIT (LOSS) OF IGD SIIQ S.P.A. AND THE CORRESPONDING CONSOLIDATED AMOUNTS:

RECONCILIATION BETWEEN NET EQUITY AND PROFIT (LOSS) OF IGD SIIQ S.P.A. AND THE CORRESPONDING CONSOLIDATED AMOUNTS

	Net profit		Net equity	
	Group	Non controlling interest	Group	Non controlling interest
BALANCES SHOWN IN THE PARENT'S FINANCIAL STATEMENTS	(66,437)	0	1,120,459	0
Net equity and net profit of consolidated companies	(3,250)	0	375,058	0
Reversals of dividends	(4,000)	0	0	0
Reversals of impairment losses on consolidated equity investments	3,318	0	0	0
Carrying value of consolidated equity investments	0	0	(384,575)	0
Effect of CFH reserve - subsdiaries	0	0	(498)	0
Effect of recalculation of defined benefit plans - subsdiaries	0	0	(10)	0
Adjustment of capital gains on the sale of assets from subsdiaries	0	0	(1,410)	0
Allocation of differences to the assets of consolidation companies				
Goodwill from consolidated Millennium	(3,952)	0	0	0
Goodwill from consolidated Win Magazin S.A.	0	0	5,410	0
Goodwill from consolidated Winmarkt management s.r.l.	0	0	1	0
Goodwill from consolidated RGD Ferrara	0	0	7	0
BALANCES AS IN THE CONSOLIDATED FINANCIAL STATEMENTS	(74,321)	0	1,114,442	0

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 28) 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	31/12/2020	31/12/2019	Change
Mortgage loans		453,199	473,289	(20,090)
09 Interbanca IGD	25/09/2006 - 05/10/2021	0	15,012	(15,012)
05 BreBanca IGD Mondovicino (Galleria)	23/11/2006 - 10/01/2023	1,998	3,238	(1,240)
08 Carisbo Guidonia IGD Tiburtino	27/03/2009 - 27/03/2024	31,158	35,144	(3,986)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	4,838	5,605	(767)
01 Unipol Sarca	10/04/2007 - 06/04/2027	56,408	59,394	(2,986)
07 Carige Nikefin Asti I Bricchi	31/12/2008 - 31/03/2024	13,544	15,364	(1,820)
13 CR Veneto Mondovì (Retail Park)	08/10/2009 - 01/11/2024	12,490	14,091	(1,601)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	6,964	7,893	(929)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	15,158	17,298	(2,140)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	10,131	11,846	(1,715)
15 CentroBanca Coné (Galleria)	22/12/2010 - 31/12/2025	20,361	22,982	(2,621)
29 ICREA	14/12/2017 - 30/06/2021	0	4,991	(4,991)
Loan Ubi 5 Leonardo	19/04/2018 - 17/10/2022	43,418	45,389	(1,971)
Loan Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	4,356	6,849	(2,493)
Loan Ubi 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	0	8,107	(8,107)
Loan Ubi 3 Rp Lungo	19/04/2018 - 17/10/2021	0	3,316	(3,316)
Loan BNL	01/01/2019 - 15/10/2023	197,612	196,770	842
Loan Mps - sace	16/10/2020 - 30/09/2026	34,763	0	34,763
Debts for bonds		642,882	710,306	(67,424)
Bond 100 ML	11/01/2017 - 11/01/2024	99,699	99,598	101
Bond 162 ML	21/04/2015 - 21/04/2022	152,468	151,625	843
Bond 300 ML	31/05/2016 - 31/05/2021	0	70,611	(70,611)
Bond 400 ML	28/11/2019 - 28/11/2024	390,715	388,472	2,243
Due to other source of finance		39,626	49,074	(9,448)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	2,893	3,249	(356)
IFRS 16 Livorno LT liabilities	01/01/2019 - 31/03/2026	13,469	16,365	(2,896)
IFRS 16 Abruzzo LT liabilities	01/01/2019 - 31/12/2023	234	347	(113)
IFRS 16 Nova LT liabilities	01/01/2019 - 28/02/2027	21,802	25,487	(3,685)
FRS 16 Piave LT liabilities	01/01/2019 - 30/06/2022	1,228	3,626	(2,398)
Non-current financial liabilities		1,135,707	1,232,669	(96,962)

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

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

Non current financial liabilities	31/12/2019	Increases	Amortized cost	Reclassifications	31/12/2020
Payables due to mortgages	**473,289**	**34,682**	**1,464**	**(56,236)**	**453,199**
Payables due to bonds	**710,306**	**0**	**3,187**	**(70,611)**	**642,882**
Payables due to IFRS 16	**45,825**	**0**	**0**	**(9,092)**	**36,733**
Payables due to other sources of finance	**3,249**	**0**	**0**	**(356)**	**2,893**
Total	**1,232,669**	**34,682**	**4,651**	**(136,295)**	**1,135,707**

Mortgage loans are secured by properties. The change in 2020 concerns: (i) the reclassification to current financial liabilities of the principal falling due in the next 12 months; and (ii) a new, 6-year loan of €36.3 million from Banca Monte dei Paschi di Siena, guaranteed by SACE as part of the Garanzia Italia program (the interest rate including the cost of the government guarantee is in line with the Group's average cost of debt).

> 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 use of IFRS 16 to account for the leases on the malls at Fonti del Corallo, Nova, and Piave shopping centers and the parking lot at Centro d'Abruzzo.

> BONDS

Of the decrease in bonds, €70,611K is due to the reclassification to current financial liabilities of the remaining amount of the original €300 million bond loan, which will be redeemed early on 1 March 2021, as partially offset by the effects of the amortized cost calculation.

Details of outstanding bonds are presented in the table below:

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

	Non current portion	Current portion				Non current portion	Current portion		
Debts due to Bonds	31/12/2019	Within 12 months	New issue/ refund	Ancillary costs amortization at 31/12/2020	Financial charges at 31/12/2020	31/12/2020	31/12/2020	Nominal interest rate	Actual interest rate
Bond 162 ML	**153,600**					**153,600**			
Additional costs	**(1,975)**			**843**		**(1,132)**			
Coupon rate 31/12/2019		**2,815**			**(2,815)**				
Paid interests					**4,070**				
Coupon rate 31/12/2020					**2,815**		**2,815**		
Total Bond 162 ML	**151,625**	**2,815**		**843**	**4,070**	**152,468**	**2,815**	**2.650%**	**3.94%**
Bond 300 ML	**70,793**					**153,600**	**70,793**		
Additional costs	**(182)**			**129**			**(52)**		
Coupon rate 31/12/2019		**1,032**			**(1,032)**		**0**		
Paid interests					**1,770**				
Coupon rate 31/12/2020					**1,032**		**1,032**		
Total Bond 300 ML	**70,611**	**1,032**		**129**	**1,770**	**0**	**71,773**	**2.500%**	**2.80%***
* Including the Cash Flow Hedge reserve effects									
Bond 100 ML	**100,000**					**100,000**			
Additional costs	**(402)**			**101**		**(301)**			
Coupon rate 31/12/2019		**1,056**			**(1,056)**				
Paid interests					**2,250**				
Coupon rate 31/12/2020					**1,056**		**1,056**		
Total Bond 100 ML	**99,598**	**1,056**		**101**	**2,250**	**99,699**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**		**0**			**400,000**			
Additional costs	**(11,528)**		**0**	**2,243**		**(9,285)**			
Coupon rate 31/12/2019		**756**			**(756)**		**0**		
Paid interests					**8,500**				
Coupon rate 31/12/2020					**756**		**756**		
Total Bond 400 ML	**388,472**	**756**	**0**	**2,243**	**8,500**	**390,715**	**756**	**2.125%**	**2.76%**
Total bonds	**710,306**	**5,660**	**0**	**3,316**	**16,590**	**642,882**	**76,400**		
Cash Flow Hedge reserve (bond 300 ML)	**(493)**			**348**		**(145)**			
Total financial charges				**3,664**	**16,590**				

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> COVENANTS

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2020.

Name	Guarantees given	Owner of product	Type of product	End date	Financial "Covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
05 BreBanca IGD	Mondovicino shopping mall	IGD SIIQ SpA	Mortgage	**10/01/2023**					
01 Unipol Larice	Sarca shopping mall	IGD Management srl	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	**1.01**			
06 Unipol Lungosavio IGD	Lungo Savio shopping center (Mall)	IGD SIIQ SpA	Mortgage	**31/12/2023**					
07 Carige Nikefin Asti	I Bricchi shopping mall	IGD SIIQ SpA	Mortgage	**31/03/2024**					
08 Carisbo Guidonia IGD	Tiburtino shopping center	IGD SIIQ SpA	Mortgage	**27/03/2024**	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to ner equity must not exceed 1.6 through to maturity	**1.01**			
09 Interbanca IGD	Centro d'Abruzzo shopping center (Hypermarket); Porto Grande shop-ping center (Mall, Hypermarket); sC Globo Hypermarket; Le Porte di Napoli shopping center (Hypermarket); SC Il Maestrale (Hyper-market); SC Leo-nardo; CC Mirafiore (Hypermarket)	IGD SIIQ SpA	Loan	**05/10/2021**	Consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to ner equity must not exceed 2 from 31/12/2006 to maturity	**1.01**			
10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	IGD SIIQ SpA	Loan	**30/06/2029**	IGD SIIQ SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	**1.02**			
14 MPS Palermo	La Torre shopping center (Mall)	IGD SIIQ SpA	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%	**1.01**	**39.16%**		
15 CentroBanca Coné Gall	Coné shopping center (Mall)	IGD SIIQ SpA	Loan	**31/12/2025**	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2	**1.01**			
13 CR Veneto Mondovì	Mondovicino Retail Park	IGD SIIQ SpA	Mortgage	**01/11/2024**	Certified consolidated statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	**1.01**			
17 Carige Palermo iGD	La Torre shopping center (Hypermarket)	IGD SIIQ SpA	Mortgage	**30/06/2027**					
30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	IGD SIIQ SpA	Mortgage backed loan	**17/07/2023**					
31 Ubi 2 lame_rp _fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	IGD SIIQ SpA	Mortgage backed loan	**18/10/2021**					
32 Ubi 3 rp	La Favorita shopping center (Retail Park)	IGD SIIQ SpA	Mortgage	**18/10/2021**					
33 Ubi 5 Leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	IGD SIIQ SpA	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%	**0.99**	**43.90%**		
26 Notes 2,65% - 21/04/2022	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.00 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
27 Notes 2,50% - 31/05/2021	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
28 Notes 2,25% - 11/01/2024	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.50 . - [excluding effect of IFRS 16 accounting standards]	**51.58%**	**3.21**	**13.02%**	**1.51**
35 Notes 2,125% - 28/11/2024	Unsecured	IGD SIIQ SpA	Bond	**28/11/2024**	i) Ratio Total Asset - Intangible Asset to Total Debt lower (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 Unsercured debt (net of Cash to Cash equivalents > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**45.77%**	**3.11**	**11.36%**	**1.72**
34 Syndicated Loan	Unsecured	IGD SIIQ SpA	Syndacated loan	**16/10/2023**	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 Unsercured debt > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
35 Fin.to MPS Garanzia Italia	Unsecured	IGD SIIQ SpA	Unsecured loan	**16/10/2026**	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 65%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.5; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 50%; iv) Ratio of encumbered assets to Unsercured debt (net of Cash to Cash equivalents > 1.00 . - [excluding effect of IFRS 16 accounting standards]	**45.77%**	**3.11**	**11.36%**	**1.72**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 29) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2020	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2020
Provisions for employee severance indemnities	**3,057**	**32**	**(181)**	**328**	**31**	**3,267**

	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**

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	2020
Cost of living increase	**0.80%**
Discount rate	**0.53%**
Increase in total compensation	Executives **2.5%**; White collar/ Middle managers **1.0%**; Blue collar: **1.0%**
Increase in severance indemnity provision	**2.100%**

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2020

	(Euro/000)
Inflation rate +0,25% - Provision for employees severance indemnities:	**3,324.76**
Inflation rate -0,25% - Provision for employees severance indemnities:	**3,153.89**
Discount rate +0,25% - Provision for employees severance indemnities:	**3,127.45**
Discount rate -0,25% - Provision for employees severance indemnities:	**3,353.94**
Turnover rate +1% - Provision for employees severance indemnities:	**3,180.00**
Turnover rate -1%- Provision for employees severance indemnities:	**3,304.53**
Service Cost 2020	**311.54**
Plan Duration	**18.85**
Estimated payments, year 1	**347.39**
Estimated payments, year 2	**88.77**
Estimated payments, year 3	**95.68**
Estimated payments, year 4	**102.48**
Estimated payments, year 5	**109.17**

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 30) GENERAL PROVISIONS

	01/01/2020	Reverse	Provision	31/12/2020
Provision for taxation	**1,737**	**0**	**138**	**1,875**
Consolidated Fund risks and future charges	**1,193**	**(417)**	**400**	**1,176**
Bonus provisions	**1,138**	**(1,057)**	**661**	**742**
Provisions for risks and future charges	**4,068**	**(1,474)**	**1,199**	**3,793**

> 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).

> Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2021 on the basis of the Group's 2020 estimated results. The utilization refers to the payment made in the first half of 2020.

> 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 €400K in end-of-term benefits for directors.

> The use of €369K of the allocation made in 2019 due to the partial conclusion of a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of a tenant that had leased retail space from the Group at Conè shopping center but has since vacated the premises;

> The use of €50K of the allocation made in previous years for the payment of expenses arising from a dispute with the town of Guidonia regarding various retail licenses.

> NOTE 31) SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES

	31/12/2020	31/12/2019	Change
Deferred income	**5,920**	**5,920**	**0**
Advances due one year	**800**	**800**	**0**
Extension fees	**500**	**1,000**	**(500)**
Debt for SACE guarantee	**1,083**	**0**	**1,083**
Payable for substitute tax	**1,240**	**0**	**1,240**
Other liabilities	**306**	**432**	**(126)**
Sundy payables and other non-current liabilities	**9,849**	**8,152**	**1,697**

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:

> An increase of €1,083K as the estimated amount payable to SACE from 2022 to 2025 as consideration for the guarantee backing the new €36,300K loan;

> An increase of €1,240K for the substitute tax on revaluation and realignment, under the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken by the subsidiaries Millennium Gallery (revaluation only, substitute tax of €354K due in 2022 and 2023) and IGD Management (realignment and revaluation, substitute tax of €886K due in 2022 and 2023);

> A decrease of €500K due to the reclassification to current liabilities of the share of the extension fee payable in October 2021 to BNP Paribas in order to extend the duration of the €200 million loan to 2022;

> A decrease of €126K in other non-current liabilities.

Related party payables are shown below:

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**12,932**	**13,191**	**(259)**
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	**13,462**	**13,721**	**(259)**

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Security deposits refer to sums received for the leasing of hypermarkets and malls. They pay interest at the rates provided for by law. In light of the framework agreement signed with Coop Alleanza at the end of 2018 that extends the duration of hypermarket leases and recalculates the amount of rent, in 2020 Coop Alleanza adjusted the security deposits relating to Porto Grande shopping center by €61K and to Conegliano shopping center by €198K to bring them into line with the revised rent for the hypermarkets.

See Note 39 for additional information.

> NOTE 32) CURRENT FINANCIAL LIABILITIES

	Duration	31/12/2020	31/12/2019	Change
05 BreBanca IGD Mondovicino (Mall)	**23/11/2006 - 10/01/2023**	**1,250**	**1,184**	**66**
06 Unipol Lungosavio IGD	**31/12/2008 - 31/12/2023**	**769**	**723**	**46**
09 Interbanca IGD	**25/09/2006 - 05/10/2021**	**15,143**	**14,670**	**473**
08 Carisbo Guidonia IGD Tiburtino	**27/03/2009 - 27/03/2024**	**4,130**	**4,131**	**(1)**
01 Unipol Sarca	**10/04/2007 - 06/04/2027**	**3,006**	**3,020**	**(14)**
07 Carige Nikefin Asti I Bricchi	**31/12/2008 - 31/03/2024**	**1,830**	**1,716**	**114**
13 CR Veneto Mondovì (Retail Park)	**08/10/2009 - 01/11/2024**	**1,687**	**1,696**	**(9)**
10 Mediocredito Faenza IGD	**05/10/2009 - 30/06/2029**	**933**	**933**	**0**
14 MPS Palermo (Mall)	**21/12/2010 - 30/11/2025**	**2,172**	**2,118**	**54**
17 Carige Palermo IGD (Hypermarket)	**12/07/2011 - 30/06/2027**	**1,715**	**1,677**	**38**
15 CentroBanca Coné (Mall)	**22/12/2010 - 31/12/2025**	**2,640**	**2,640**	**0**
Loan Ubi 5 Leonardo	**19/04/2018 - 17/10/2022**	**2,080**	**2,092**	**(12)**
Loan Ubi 1 Lame Rp Favorita	**19/04/2018 - 17/07/2023**	**2,553**	**2,570**	**(17)**
Loan Ubi 2 Lame Rp Favorita	**19/04/2018 - 17/10/2021**	**8,178**	**1,572**	**6,606**
Loan Ubi 3 Rp	**19/04/2018 - 17/10/2021**	**3,332**	**3,348**	**(16)**
Mortgage loans		**51,418**	**44,090**	**7,328**
Leasing Igd Office	**30/04/2009 - 30/04/2027**	**356**	**345**	**11**
IFRS 16 Livorno liabilities current	**01/01/2019 - 31/03/2026**	**2,896**	**2,777**	**119**
IFRS 16 Abruzzo liabilities current	**01/01/2019 - 31/12/2023**	**112**	**109**	**3**
FRS 16 Nova liabilities current	**01/01/2019 - 28/02/2027**	**3,686**	**3,530**	**156**
IFRS 16 Piave liabilities current	**01/01/2019 - 30/06/2022**	**2,398**	**2,309**	**89**
Due to other source of finance		**9,448**	**9,070**	**378**
Bond 100 ML	**11/01/2017 -11/01/2024**	**1,056**	**1,056**	**0**
Bond 162 ML	**21/04/2015 - 21/04/2022**	**2,815**	**2,815**	**0**
Bond 300 ML	**31/05/2016 - 31/05/2021**	**71,773**	**1,033**	**70,740**
Bond 400 ML	**28/11/2019 - 28/11/2024**	**756**	**756**	**0**
Debt for bonds		**76,400**	**5,660**	**70,740**
Current financial liabilities		**137,266**	**58,820**	**78,446**

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

Current financial liabilities	31/12/2019	Coupon of the year	Repayments	Amortized cost	Reclassifications	31/12/2020
Payables due to mortgages	44,090	0	(48,813)	(95)	56,236	51,418
Payables due to bonds	5,660	16,590	(16,590)	129	70,611	76,400
Payables due to IFRS 16	8,725	0	(8,725)	0	9,092	9,092
Payables due to other sources of finance	345	0	(345)	0	356	356
Total	58,820	16,590	(74,473)	34	136,295	137,266

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 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 reclassification to current liabilities of the €300 million bond loan, to be redeemed ahead of its original maturity on 1 March 2021.

> NOTE 33) NET FINANCIAL POSITION

The table below presents the net financial position at 31 December 2020 and 31 December 2019. 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 €151 million, of which all was unutilized at the close of the year.

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.

(In thousands of Euros)	31/12/2020	31/12/2019	Change
Cash and cash equivalents	(117,341)	(128,677)	11,336
LIQUIDITY	(117,341)	(128,677)	11,336
Mortgage loans - current portion	51,418	44,090	7,328
Leasing - current portion	9,448	9,070	378
Bond loans - current portion	76,400	5,660	70,740
CURRENT DEBT	137,266	58,820	78,446
CURRENT NET DEBT	19,925	(69,857)	89,782
Non-current financial assets	(174)	(174)	0
Leasing - non-current portion	39,626	49,074	(9,448)
Non-current financial liabilities	453,199	473,289	(20,090)
Bond loans	64,882	710,306	(67,424)
NON-CURRENT NET DEBT	1,135,533	1,232,495	(96,962)
Net debt	1,155,458	1,162,638	(7,180)

Net debt decreased by about €7.2 million with respect to 31 December 2019, due mainly to:

> The payment of dividends for 2019;

> Cash generated by current operations;

> Investments carried out during the year (see section 2.5 of the Directors’ Report for further information).

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> NOTE 34) TRADE AND OTHER PAYABLES

	31/12/2020	31/12/2019	Change
Trade payables within	**12,091**	**15,960**	**(3,869)**
Trade and other payables	**12,091**	**15,960**	**(3,869)**

Trade payables decreased due mainly to the slowdown/suspension of non-deferrable work decided in the second quarter of 2020 as a result of the lockdowns caused by the COVID-19 crisis.

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> NOTE 35) RELATED PARTY TRADE AND OTHER PAYABLES

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**165**	**248**	**(83)**
Robintur s.p.a.	**0**	**8**	**(8)**
Alleanza Luce e Gas	**0**	**183**	**(183)**
Unicoop Tirreno s.c.a.r.l.	**3**	**0**	**3**
Cons. propr. del compendio com. del Commendone (GR)	**30**	**3**	**27**
Consorzio prop. Fonti del Corallo	**0**	**141**	**(141)**
Consorzio Coné	**5**	**0**	**5**
Consorzio Katané	**5**	**40**	**(35)**
Consorzio Lame	**8**	**0**	**8**
Consorzio Leonardo	**16**	**61**	**(45)**
Consorzio La Torre	**21**	**177**	**(156)**
Consorzio Porta a Mare	**0**	**36**	**(36)**
Consorzio Sarca	**160**	**12**	**148**
Distribuzione Centro Sud s.r.l.	**0**	**4**	**(4)**
Consorzio Le Maioliche	**5**	**0**	**5**
Consorzio Punta di Ferro	**13**	**6**	**7**
Millennium Center	**22**	**0**	**22**
Consorzio Proprietari Centro Luna	**5**	**8**	**(3)**
Consorzio Esp	**5**	**4**	**1**
Consorzio La Favorita	**10**	**1**	**9**
Consorzio Le Porte di Napoli	**20**	**99**	**(79)**
Consorzio Casilino	**6**	**0**	**6**
Related parties trade and other payables	**499**	**1,031**	**(532)**

Most of the decrease in related party payables (-€532K) reflects the lower amounts due to Alleanza Luce e Gas, Consorzio Proprietari Fonti del Corallo, and Consorzio La Torre because of the different distribution of payments.

See Note 39 for additional information.

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> NOTE 36) CURRENT TAX LIABILITIES

	31/12/2020	31/12/2019	Change
Due to tax authorities for withholdings	**688**	**646**	**42**
IRAP	**0**	**64**	**(64)**
IRES	**242**	**258**	**(16)**
VAT	**260**	**117**	**143**
Other taxes	**4**	**31**	**(27)**
Substitute tax	**620**	**1,485**	**(865)**
Current tax liabilities	**1,814**	**2,601**	**(787)**

This item decreased by €787K with respect to 2019 due mainly to changes in the liability for substitute tax.

The amount due at 31 December 2020 refers to the 2021 share of the substitute tax for realignment and revaluation under the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the “August Decree,” converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken by the subsidiaries Millennium Gallery (revaluation only, substitute tax of €177K due in 2021) and IGD Management (realignment and revaluation, substitute tax of €443K due in 2021).

In June, the fifth and final 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 €1,485K.

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> NOTE 37) OTHER CURRENT LIABILITIES

	31/12/2020	31/12/2019	Change
Social security	**391**	**367**	**24**
Accrued liabilities and deferred income	**636**	**686**	**(50)**
Insurance	**8**	**8**	**0**
Due to employees	**842**	**830**	**12**
Security deposits	**7,016**	**6,944**	**72**
Unclaimed dividends	**2**	**5**	**(3)**
Advances received due within the year	**608**	**581**	**27**
Amounts due to director for emoluments	**321**	**270**	**51**
Extension fees	**500**	**0**	**500**
Payables for SACE guarantee	**320**	**0**	**320**
Other liabilities	**1,145**	**997**	**148**
Other current liabilities	**11,789**	**10,688**	**1,101**

These consist mainly of security deposits received from tenants.

The increase of €1,101K stems mainly from (i) the reclassification from non-current liabilities of the first €500K extension fee that IGD SIIQ S.p.A. will have to pay to BNP Paribas in 2021 in order to extend the duration of the €200 million loan to 2022, and (ii) the costs pertaining to 2021 for the SACE guarantee on the €36 million loan arranged in 2020 as part of the Garanzia Italia program (the interest rate including the cost of the government guarantee is in line with the Group’s average cost of debt).

> NOTE 38) DIVIDENDS PAID

During the period, as determined by the Annual General Meeting held to approve the 2019 financial statements on 11 June 2020, a dividend of €0.228152 was paid for each of the 110,305,912 shares outstanding, for a total of €25,150K.

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> NOTE 39) 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	180	0	165	12,932	0	0	0	0
Robintur s.p.a.	1	0	0	0	0	0	0	0
Librerie Coop s.p.a.	11	0	0	0	0	0	0	0
Alleanza Luce e Gas	20	0	0	55	0	0	0	0
Unicoop Tirreno s.c.a.r.l.	55	0	3	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	30	0	0	0	6	0
Consorzio prop. Fonti del Corallo	0	0	0	0	0	0	82	0
Consorzio Coné	52	0	5	0	0	0	0	0
Consorzio I Bricchi	36	0	0	0	0	0	46	0
Consorzio Katané	175	0	5	0	0	0	0	0
Consorzio Lame	43	0	8	0	0	0	0	0
Consorzio Leonardo	0	0	16	0	0	0	10	0
Consorzio La Torre	5	0	21	0	0	0	37	0
Consorzio Porta a Mare	15	0	0	0	0	0	0	0
Consorzio Sarca	0	0	160	0	0	0	182	0
Distribuzione Centro Sud s.r.l.	0	0	0	450	0	0	0	0
Consorzio Le Maioliche	23	0	5	0	0	0	0	0
Consorzio Punta di Ferro	12	0	13	0	0	0	6	0
Millennium Center	5	0	22	0	0	0	0	0
Consorzio Proprietari Centro Luna	10	0	5	0	0	0	1	0
Consorzio Esp	1	0	5	0	0	0	0	0
Consorzio La Favorita	10	0	10	0	0	0	0	0
Consorzio Le Porte di Napoli	34	0	20	0	0	0	28	0
Consorzio Casilino	78	0	6	0	0	0	14	0
Mercato Coperto Ravenna	9	0	0	0	0	0	0	0
Total	775	0	499	13,462	0	0	412	0
Amount reported	56,614	174	24,379	23,311	1,272,973	129		
Total increase / decrease of the period							14,845	(36)
% of the total	1.37%	0.00%	2.05%	57.75%	0.00%	0.00%	2.78%	0.00%

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	32,072	0	313	7
Robintur s.p.a.	263	0	0	0
Librerie Coop s.p.a.	891	0	0	0
Alleanza Luce e Gas	218	0	0	0
Unicoop Tirreno s.c.a.r.l.	5,033	0	20	0
Cons. propr. del compendio com. del Commendone (GR)	150	0	139	0
Consorzio Coné	170	0	264	0
Consorzio Clodì	56	0	111	0
Consorzio Crema (Gran Rondò)	61	0	53	0
Consorzio I Bricchi	117	0	516	0
Consorzio Katané	210	0	197	0
Consorzio Lame	185	0	92	0
Consorzio Leonardo	235	0	25	0
Consorzio La Torre	204	0	352	0
Consorzio Porta a Mare	78	0	236	0
Consorzio Sarca	179	0	395	0
Distribuzione Centro Sud s.r.l.	1,427	0	0	0
Consorzio Le Maioliche	174	0	285	0
R.P.T. Robintur	13	0	0	0
Consorzio Punta di Ferro	168	0	173	0
Millennium Center	101	0	19	0
Consorzio Proprietari Centro Luna	155	0	11	0
Consorzio Esp	209	0	268	0
Consorzio La Favorita	130	0	32	0
Consorzio Le Porte di Napoli	0	0	197	0
Consorzio Casilino	0	0	156	0
Mercato Coperto Ravenna	30	0	0	0
Consorzio del CC Nuova Darsena	0	0	468	0
Total	42,529	0	4,322	7
Amount reported	152,674	126	45,959	36,329
% of the total	27.86%	0.00%	9.40%	0.02%

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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 2020, including for retail premises, amounted to €32.0 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 2020, €263K in rent was received from Robintur S.p.A. and €13K 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 €891K 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 €218K 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 €1.4 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 €5.0 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 40) 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 92.96% 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 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-dic-20	31-dic-19	31-dic-20	31-dic-19	31-dic-20	31-dic-19	31-dic-20	31-dic-19
Interest bearing assets	Euribor	**1,173**	**1,287**	**(117)**	**(129)**	**0**	**0**	**0**	**0**
Hot Money	Euribor	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities at a variable rate	Euribor	**(3,217)**	**(3,499)**	**292**	**325**	**0**	**0**	**0**	**0**
Derivative instruments									
Cash Flow		**2,414**	**3,122**	**(227)**	**(286)**	**0**	**0**	**0**	**0**
Fair Value		**0**	**0**	**0**	**0**	**5,601**	**12,369**	**(574)**	**(1,210)**
Total		**371**	**910**	**(52)**	**(90)**	**5,601**	**12,369**	**(574)**	**(1,210)**

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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 year.

> 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.

Maximum exposure to credit risk	2020	2019
Receivables and loans		
Sundry receivables and other assets	**129**	**118**
Financial assets	**0**	**0**
Trade and other receivables	**18,260**	**11,114**
Related party trade and other receivables	**775**	**921**
Other assets	**1,190**	**1,368**
Cash and cash equivalents	**117,341**	**128,599**
Financial receivables and other financial assets	**174**	**174**
Total	**137,869**	**142,294**

> 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.

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LIQUIDITY RISK

Maturity analysis at 31 December 2020	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	7,571	3,662	13,345	31,359	31,556	378,843	57,818	524,154
Leasing	32	65	97	196	398	1,247	1,367	3,402
Bond	1,125	0	76,633	9,625	168,420	520,375	0	776,178
Short-term credit lines	0	0	0	0	0	0	0	0
Total	8,728	3,727	90,075	41,180	200,374	900,465	59,185	1,303,734
Derivative financial instruments								
Derivative on rate risk	477	775	1,525	2,402	3,783	5,544	572	15,078
Total	477	775	1,525	2,402	3,783	5,544	572	15,078
Exposure at 31 December 2020	9,205	4,502	91,600	43,582	204,157	906,009	59,757	1,318,812

LIQUIDITY RISK

Maturity analysis 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	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
Bond	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
Derivative financial instruments								
Derivative on rate risk	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

> 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 over the medium term (the ratio was 0.95x at 31 December 2019 and 1.03x at 31 December 2020);

> Keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50% (it was 49.90% at the close of the year, compared with 47.58% at the end of 2019).

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 41) DERIVATIVE INSTRUMENTS

Gruppo IGD 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	31/12/2020	31/12/2019	Change	Level
Derivative assets	**0**	**0**	**0**	**2**
Derivative liabilities	**(14,396)**	**(17,365)**	**2,969**	**2**
IRS net effect	**(14,396)**	**(17,365)**	**2,969**	

Contracts in details	IRS 07 - Banca Aletti 3.420%	IRS 09 - Banca Paribas 3.439%	IRS 10 - ex MPS 3.439%	IRS 08 - ex MPS 3.420%	IRS 06 - Carisbo 3.3495%	IRS 12 - Carisbo 3.177%	IRS 11 - ex MPS 3.175%
Nominal amount	**2,536,634**	**2,536,634**	**2,536,634**	**2,536,634**	**3,238,248**	**2,536,634**	**2,536,634**
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 6 months	Euribor 3 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 details	IRS 16 - Aletti 3.285%	IRS 17 - Aletti 2.30%	IRS 14 - Carisbo 3.272%	IRS 13 - Carisbo 3.412%	IRS 15 - ex MPS 3.25%	IRS 18 - MPS 2.30%	IRS 19 - Carisbo 2.30%
Nominal amount	**4,621,513**	**8,932,250**	**6,162,018**	**5,612,559**	**4,621,513**	**8,932,250**	**8,932,250**
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 details	IRS 20 - Carisbo 2.285%	IRS 21 - MPS 2.80%	IRS 22 - Carisbo 3.25%	IRS 24 - Carisbo 2.429%	IRS 23 - Carisbo 2.429%	IRS 25 - Aletti 2.427%	IRS 29 - BNL 0.5925%
Nominal amount	**8,932,250**	**4,642,857**	**14,325,000**	**11,550,000**	**4,620,000**	**6,930,000**	**29,750,000**
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 details	IRS 30 - BIntesa 0.5925%	IRS 31 - UBI 0.3333%	IRS 33 - BNP 0.115%	IRS 35 - MPS 0.115%	IRS 36 - BPM 0.115%	IRS 37 - ICCREA 0.115%	IRS 34 - BNP 0.075%
Nominal amount	**29,750,000**	**45,500,000**	**48,000,000**	**50,000,000**	**30,000,000**	**15,000,000**	**57,000,000**
Inception date	**08/06/2017**	**17/01/2019**	**29/03/2019**	**29/03/2019**	**29/03/2019**	**29/03/2019**	**29/03/2019**
Maturity	**06/04/2027**	**17/10/2023**	**15/10/2021**	**15/10/2021**	**15/10/2021**	**15/10/2021**	**15/10/2021**
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	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%**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 42) SUBSEQUENT EVENTS

On 13 January 2021, pursuant to Art. 7(c) (Redemption at the option of the Issuer) of the regulations of the bond loan "€300,000,000 2.500 per cent. Notes due 31 May 2021" (ISIN XS1425959316), which is currently outstanding for a total principal amount of €70,793,000, IGD published a notice informing the bondholders of its intention to exercise the option for early redemption of the bonds. Accordingly, the bonds will be fully redeemed on 1 March 2021. Once redeemed, the bonds will be canceled. For information on the coronavirus crisis, see section 2.11 of the Directors' Report ("Outlook").

Consistently with the strategic objective of maintaining an investment grade profile, IGD has hired the international advisory firm CBRE to initiate the sale of a portfolio of standalone hypermarkets and supermarkets valued at about €185 million. In the present market context, this is a highly attractive portfolio: it consists of an asset class of strong current appeal that offers investors solid returns, with long-term contracts and stable rent.

In February 2021 the Italian tax authorities confirmed a tax credit of €9K for sanitization and the purchase of protective equipment. The credit was requested in the second half of 2020 in accordance with Art. 125 of Decree Law 34/2020 and will be recognized in IGD's 2021 financial statements.

> NOTE 43) COMMITMENTS

At 31 December 2020 the Group had the following major commitments:

> Contract for the development of the Officine Storiche section (Livorno), for a remaining amount of €10 million;

> Contract for the remapping of Conè shopping center (Conegliano Veneto), for a remaining amount of €306K.

> NOTE 44) DISPUTES

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

Centro Sarca

An accident that occurred at Centro Sarca shopping center on 15 September 2018 triggered a criminal case before the Court of Monza. Under investigation were IGD's general manager, also in his capacity as chairman of the Board of Directors and 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. At the end of the preliminary investigation stage, the public prosecutor found no evidence of their liability and filed for the case to be dismissed. After the injured party's counsel opposed the request for dismissal, and the matter was heard in the council chambers on 6 October 2020, the preliminary investigation judge ordered the criminal case to be dismissed on 13 October 2020.

> NOTE 45) 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.

On 9 January 2020, the Emilia Romagna regional authorities filed a statement of defense to rebut the Company's counterarguments.

With a decision filed on 23 November 2020, the Regional Tax Commission of Emilia Romagna confirmed the lower commission's ruling, rejected the regional authorities' appeal, and ordered the regional authorities to pay the costs of both levels of justice in the amount of €7,000.00.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 46) 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 2020 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 2020 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 IFRS 9 at 31 December 2020 and 31 December 2019:

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2020	Financial assets/ lialibities designated at fair value	Financial assets/ lialibities 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	Hedgind 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	129	0	0	0	0	129	0	129	129
Equity investments	0	0	151	0	0	0	0	151	0	151	151
Non current financial assets	0	0	174	0	0	0	0	174	0	174	174
Current assets											
Trade and other receivables	0	0	18,260	0	0	0	0	18.260	18,260	0	18,260
Related party trade and other receivables	0	0	775	0	0	0	0	775	775	0	775
Other current assets	0	0	1,190	0	0	0	0	1.190	1,190	0	1,190
Cash and cash equivalents	0	0	117,341	0	0	0	0	117.341	117,341	0	117,341
TOTAL FINANCIAL ASSETS	0	0	138,020	0	0	0	0	138.020	137,566	454	138,020
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	14,396	14.396	0	14,396	14,396
Due to banks	0	0	0	0	0	0	0	0	0	0	0
Leasing	0	0	0	0	0	3,249	0	3.249	356	2,893	2,986
Bond	0	0	0	0	0	719,282	0	719.282	76,400	642,882	706,730
Due to other sources of finance	0	0	0	0	0	45,826	0	45.826	9,093	36,733	45,826
Mortgage loans	0	0	0	0	0	504,617	0	504.617	51,512	453,105	473,807
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	8,609	0	8.609	0	8,609	8,609
Related party sundry payables and other non current liabilities	0	0	0	0	0	13,462	0	13.462	0	13,462	13,462
Current liabilities											
Trade and other payables	0	0	0	0	0	12,091	0	12.091	12,091	0	12,091
Related party trade and other payables	0	0	0	0	0	499	0	499	499	0	499
Other current liabilities	0	0	0	0	0	11,789	0	11.789	11,789	0	11,789
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,319,424	14,396	1.333.820	161,740	1,172,080	1,290,195

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE							CARRYING VALUE			
Data as at 31 December 2019	Financial assets/ liabilities designated at fair value	Financial assets/ lialibities 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	Hedgind 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
Bond	0	0	0	0	0	715,966	0	715,966	5,660	710,306	733,694
Due to other sources 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

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 2020 the estimated credit spread was 3.9% (2.25% the previous year).

> Collateral

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

Collateral given	Carrying value 2020	Carrying value 2019
Security deposits		
Sundry receivables and other assets	129	118

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables 2020	Impairment of trade receivables 2019
Opening balance	13,280	13,488
Allocation for individual writedowns	10,998	804
Utilizations	(1,561)	(1,135)
Other movements	(22)	123
Total	22,695	13,280

> 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 €3,528K in 2020 and a positive €1,180K 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 €498K in 2019 and a negative €1,722K the previous year.

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

Income statement at 31/12/2020	Carrying value						
	Financial assets/ liabilities measured 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	Hedgind derivatives
	31-dec-20						
Net (gain) loss							
Financial assets/ liabilities	0	0	0	0	0	0	(5,800)
Trade and other receivables	0	0	(11,003)	0	0	0	0
Total	0	0	(11,003)	0	0	0	(5,800)

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

Income statement at 31/12/2019	Carrying value						
	Financial assets/ liabilities measured 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	Hedgind 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)

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

Interest income	2020	2019
Interest income of financial assets not measured at fair value		
Deposits	**89**	**36**
Related party receivables	**0**	**2**

Interest expenses	2020	2019
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**7**	**104**
Sundy payables and other liabilities	**1,349**	**1,284**
Financial liabilities		
Mortgage	**7,292**	**7,417**
Leasing	**41**	**48**
IFRS 16	**1,584**	**1,931**
Bond	**20,254**	**19,653**
Short-term loans	**2**	**38**

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 statements COOP Alleanza 3.0 BALANCE SHEET (ex art. 2424 C.C.)	year 2019	year 2018
ASSETS		
A) Subscribed capital unpaid	**0**	**1,031**
B) Fixed assets	**3,955,593,678**	**3,974,023,535**
C) Current assets	**3,214,342,766**	**3,961,149,809**
D) Accrued income and prepayments	**10,191,280**	**13,409,267**
Total assets	**7,180,127,724**	**7,948,583,642**
LIABILITIES		
A) Net equity	**1,196,744,674**	**2,082,384,102**
B) General provisions	**96,661,509**	**128,384,530**
C) Provisions for employees serverance indemnities	**132,971,199**	**143,094,515**
D) Payables	**5,030,043,352**	**5,588,350,696**
E) Accrued income and prepayments	**3,076,990**	**6,369,799**
Total liabilities and net equity	**7,180,127,724**	**7,948,583,642**
Memorandum account INCOME STATEMENT (ex art. 2425 C.C.)		
A) Value of production	**4,029,067,042**	**4,144,396,616**
B) Cost of production	**(4,265,490,445)**	**(4,478,023,443)**
C) Financial income and charges	**103,399,141**	**144,034,311**
D) Adjustment to the value of financial assets	**(30,683,896)**	**(107,249,036)**
E) Extraordinary income and charges Income taxes for the period	**(243,460)**	**7,274,581**
Profit (loss) for the period	**(163,951,618)**	**(289,566,971)**

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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 2020.

Name	Registered office	Country	Share capital	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	**650,000,000.00**	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	**60,00,000.00**	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. 0,01%	**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 assets management, sport facilities and equipments management, constructions, sale and rent of properties to be used for commercial 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%	**100,00%**	Management of Darsena City Shopping Center

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 2020 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(Amounts in thousands of euro)	Service provider	Recipient	Fees in 2020
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	**149**
	PricewaterhouseCoopers S.p.A.	Subsidiariese: - IGD Management S.r.l. - Millennium Gallery S.r.l. - Porta Medicea S.r.l. - Arco Campus S.r.l.	**48**
	PricewaterhouseCoopers Audit S.r.l.	Romanian subsidiaries	**27**
Sustainability report auditing	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	**25**
Total			**249**

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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

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 2020.

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, 25 Februrary 2021

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

4.11 // 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 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 2020, 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 2020, 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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4.11 EXTERNAL AUDITORS' REPORT

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 2020.* As of 31 December 2020, IGD Group's investment properties and work in progress inventory are equal to, respectively, Euro 2,277.2 million (of which Euro 42.7 million relating to assets under construction) and Euro 33.8 million, totaling Euro 2,311 million, which represented 93.3% 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, made even more uncertain by the current market situation related to the Covid-19 pandemic, as well as on the use of assumptions that are impacted by future market conditions, specifically in relation to the	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*
estimated rental value and 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 related 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, also assessed in the light of the market uncertainty related to the Covid-19 pandemic and the possible consequent impacts on the Company's business, 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.

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Key Audit Matters	Auditing procedures performed in response to key audit matters
	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 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.

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

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.11 EXTERNAL AUDITORS' REPORT

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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 2020, 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 2020 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

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financial statements of IGD Group as of 31 December 2020 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, 12 March 2021

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

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// 5. IGD SIIQ S.P.A. DRAFT SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

DETAILED INDEX

5.1 // Income statement

(In Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A) - (B)
Revenue	1	120,737,180	127,633,926	(6,896,746)
Revenues from third parties		76,855,048	82,451,366	(5,596,318)
Revenues from related parties		43,882,132	45,182,560	(1,300,428)
Other revenue	2	913,777	874,580	39,197
Other revenues from third parties		433,850	421,399	12,451
Other revenues from related parties		479,927	453,181	26,746
Operating revenues		121,650,957	128,508,506	(6,857,549)
Service costs	3	(10,750,671)	(11,845,204)	1,094,533
Service costs from third parties		(7,360,992)	(9,194,428)	1,833,346
Service costs from related parties		(3,389,679)	(2,650,776)	(738,903)
Cost of labour	4	(5,331,729)	(5,693,735)	362,006
Other operating costs	5	(16,507,482)	(9,228,998)	(7,278,484)
Total operating costs		(32,589,882)	(26,767,937)	(5,821,945)
Depreciations, amortization and provisions		(532,724)	(928,607)	395,883
(Impairment losses)/ Reversals on work in progress and inventories		(256,958)	(71,710)	(185,248)
Provisions for doubtful accounts		(9,017,400)	(465,857)	(8,551,543)
Change in fair value		(111,212,086)	(56,226,719)	(54,985,367)
Depreciations, amortization, provisions, impairment and change in fair value	6	(121,019,168)	(57,692,893)	(63,326,275)
EBIT		(31,958,093)	44,047,676	(76,005,769)
Income/ (loss) from equity investments	7	4,000	4,539	(539)
Financial Income		171,909	139,245	32,664
Financial income from third parties		81,614	14,417	67,197
Financial income from related parties		90,295	124,828	(34,533)
Financial charges		(34,539,232)	(34,753,258)	214,026
Financial charges from third parties		(34,526,756)	(34,646,059)	119,303
Financial charges from related parties		(12,476)	(107,199)	94,723

(In Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A) - (B)
Net financial income (expense)	8	(34,367,323)	(34,614,013)	246,690
Pre-tax profit		(66,321,416)	9,438,202	(75,759,618)
Income taxes	9	(115,624)	32,366	(147,990)
Net profit/ (loss) of the year		(66,437,040)	9,470,568	(75,907,608)

5.2 // Statement of comprehensive income

(In thousands of Euro)	31/12/2020	31/12/2019
Net profit for the period	(66,437,040)	9,470,568
Other components of comprehensive income that will not be reclassified to profit/ (loss)		
Recalculation of defined benefit plans	(29,141)	(223,720)
Tax effects	6,994	53,693
Total other components of comprehensive income that will not be reclassified to profit/ (loss)	(22,147)	(170,027)
Other components of comprehensive income that will not be reclassified to profit/ (loss)		
Effect of hedge derivatives on net equity	4,531,965	1,446,615
Tax effects of hedge derivatives on net equity	(1,004,222)	(266,398)
Total other components of comprehensive income that will not be reclassified to profit/ (loss)	3,527,743	1,180,217
Total comprehensive profit/ (loss) for the period	(62,931,444)	10,480,758

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5.3 // Statement of financial position

(In Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A) - (B)
NON CURRENT ASSETSI:				
Intangible assets				
Intangible assets with finite useful lives	10	25,079	31,464	(6,385)
Goodwill	11	1,000,000	1,000,000	0
		1,025,079	1,031,464	(6,385)
Property, plant and equipment				
Investment property	12	1,912,265,817	2,016,326,762	(104,060,945)
Buildings	13	7,413,703	7,643,966	(230,263)
Plant and machinery	14	138,018	163,472	(25,454)
Equipment and other goods	14	329,415	407,861	(78,446)
Assets under construction and advance payments	15	26,044,757	26,423,514	(378,757)
		1,946,191,710	2,050,965,575	(104,773,865)
Other non-current assets				
Deferred tax assets	16	4,320,495	5,300,362	(979,867)
Sundry receivables and other non-current assets	17	82,562	75,116	7,446
Equity investments	18	186,473,918	186,473,918	0
		190,876,975	191,849,396	(972,421)
TOTAL NON-CURRENT ASSETS (A)		2,138,093,764	2,243,846,435	(105,752,671)
Current assets:				
Trade and other receivables	19	13,463,549	8,091,691	5,371,858
Related party trade and other receivables	20	325,324	237,239	88,085
Other current assets	21	1,333,339	1,615,686	(282,347)
Related parties other current assets	22	63,518	317,414	(253,896)
Related partie financial receivables and other current financial assets	23	93,208,810	91,923,773	1,285,037
Cash and cash equivalents	24	110,733,403	124,539,213	(13,805,810)
TOTAL CURRENT ASSETS (B)		219,127,943	226,725,016	(7,597,073)
TOTAL ASSETS (A+B)		2,357,221,707	2,470,571,451	(113,349,744)

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.3 STATEMENT OF FINANCIAL POSITION

(In Euros)	Note	31/12/2020 (A)	31/12/2019 (B)	Change (A) - (B)
NET EQUITY:				
Share capital		650,000,000	749,738,139	(99,738,139)
Share premium reserve		30,058,205	30,058,205	0
Treasury share reserve		0	(198,017)	198,017
Other reserves		502,945,601	419,472,787	83,472,814
Profit (loss) carried forward		3,892,525	611	3,891,914
Net profit (loss) of the year		(66,437,040)	9,470,568	(75,907,608)
TOTAL NET EQUITY (C)	25	1,120,459,291	1,208,542,293	(88,083,002)
NON-CURRENT LIABILITIES:				
Derivatives liabilities	40	11,202,543	14,835,796	(3,633,253)
Non-current financial liabilities	26	1,056,269,785	1,144,161,496	(87,891,711)
Provisions for employee severance indemnities	27	1,929,299	1,847,402	81,897
Provisions for risks and future charges	28	3,537,916	3,669,020	(131,104)
Sundry payables and other non-current liabilities	29	2,393,411	1,810,713	582,698
Related parties sundry payables and other non-current liabilities	29	13,462,013	13,721,967	(259,954)
TOTAL NON-CURRENT LIABILITIES (D)		1,088,794,967	1,180,046,394	(91,251,427)
CURRENT LIABILITIES:				
Current financial liabilities	30	128,176,484	49,960,840	78,215,644
Related parties current financial liabilities	30	3,828,409	9,317,969	(5,489,560)
Trade and other payables	32	5,568,887	11,272,157	(5,703,270)
Related parties trade and other payables	33	515,237	1,012,001	(496,764)
Current tax liabilities	34	709,260	1,952,146	(1,242,886)
Other current liabilities	35	9,052,177	8,415,441	636,736
Related parties other current liabilities	36	116,995	52,210	64,785
TOTAL CURRENT LIABILITIES (E)		147,967,449	81,982,764	65,984,685
TOTAL LIABILITIES (F=D+E)		1,236,762,416	1,262,029,158	(25,266,742)
TOTAL NET EQUITY AND LIABILITIES (C+F)		2,357,221,707	2,470,571,451	(113,349,744)

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.4 STATEMENT OF CHANGES IN EQUITY

5.4 // Statement of changes in equity

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Profit/ (loss) of the previous year	Profit/ (loss) of the year	Equity
Balance on 01/01/2020	**749,738**	**30,058**	**419,275**	**0**	**9,471**	**1,208,542**
Profit of the year	**0**	**0**	**0**	**0**	**(66,437)**	**(66,437)**
Cash flow hedge derivative assessment	**0**	**0**	**3,528**	**0**	**0**	**3,528**
Other comprensive income (losses)	**0**	**0**	**(22)**	**0**	**0**	**(22)**
Total comprensive profit (losses)	**0**	**0**	**3,506**	**0**	**(66,437)**	**(62,931)**
Decrease of share capital	**(99,738)**	**0**	**99,738**	**0**	**0**	**0**
Sale of treasury shares	**0**	**0**	**(2)**	**0**	**0**	**(2)**
Allocation of 2019 profit						
Dividends paid	**0**		**(19,571)**	**(5,579)**	**0**	**(25,150)**
To profit/ (loss) of the previous year	**0**	**0**	**0**	**9,471**	**(9,471)**	**0**
Balance on 31/12/2020	**650,000**	**30,058**	**502,946**	**3,892**	**(66,437)**	**1,120,459**

(In thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Profit/ (loss)	Profit for the year	Total net equity
Balance on 01/01/2019	**749,738**	**31,504**	**414,680**	**18,406**	**40,020**	**1,254,347**
FTA IFRS 16	**0**	**0**	**(1,450)**	**0**	**0**	**(1,450)**
Balance on 01/01/2019 post IFRS 16	**749,738**	**31,504**	**413,230**	**18,406**	**40,020**	**1,252,897**
Profit of the year	**0**	**0**	**0**	**0**	**9,471**	**9,471**
Cash flow hedge derivative assessment	**0**	**0**	**1,180**	**0**	**0**	**1,180**
Other comprehensive income (losses)	**0**	**0**	**(170)**	**0**	**0**	**(170)**
Total comprehensive profit (losses)	**0**	**0**	**1,010**	**0**	**9,471**	**10,481**
Change of capital increase costs	**0**	**0**	**23**	**0**	**0**	**23**
Sales of treasury shares	**0**	**0**	**294**	**0**	**0**	**294**
Allocation of 2018 profit						
Dividends paid	**0**	**(1,446)**	**(557)**	**(18,405)**	**(34,745)**	**(55,153)**
To legal reserve	**0**	**0**	**1,893**	**0**	**(1,893)**	**0**
To other reserve	**0**	**0**	**3,382**	**0**	**(3,382)**	**0**
Balance on 31/12/2019	**749,738**	**30,058**	**419,275**	**1**	**9,471**	**1,208,542**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.5 STATEMENT OF CASH FLOWS

5.5 // Statement of cash flows

(In thousands of Euro)	31/12/2020	31/12/2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) of the year	**(66,437)**	**9,471**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities		
Taxes of the year	**116**	**(33)**
Financial charges / (income)	**34,368**	**34,614**
Depreciation and amortization	**533**	**929**
Writedown of receivables	**9,017**	**466**
(Impairment losses)/ reversal on work in progress	**257**	**72**
Changes in fair value - increases/ (decreases)	**111,212**	**56,227**
Changes in provisions for employees and end of mandate treatment	**192**	**602**
CASH FLOW FROM OPERATING ACTIVITIES:	**89,258**	**102,348**
Financial charge paid	**(27,563)**	**(34,505)**
Income tax	**0**	**18**
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:	**61,695**	**67,861**
Change in trade receivables	**(14,477)**	**666**
Net change in other assets	**1,508**	**2,529**
Change in trade payables	**(6,200)**	**(21)**
Net change in other liabilities	**(734)**	**(1,299)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**41,792**	**69,736**
(Investments) in intangible assets	**(7)**	**(18)**
Disposal of intangible assets	**0**	**0**
(Investments) in tangible assets	**(7,079)**	**(31,562)**
Disposal of tangible assets	**0**	**0**
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(7,086)**	**(31,580)**
Change in non-current financial assets	**(1,285)**	**6,843**
Disposal/ (purchase) of treasury shares	**198**	**294**
Capital gain/ (loss) on disposal of treasury shares	**(200)**	**0**
Capital increase net of costs	**0**	**24**

(in thousands of Euro)	31/12/2020	31/12/2019
Distribution of dividends	**(25,150)**	**(55,153)**
Rents paid for financial leases	**(2,615)**	**(3,446)**
Collections for new loans and other financing activities	**34,682**	**588,472**
Loans prepayments and other financing activities	**(54,142)**	**(452,113)**
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(48,512)**	**84,921**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C)	**(13,806)**	**123,077**
CASH BALANCE AT BEGINNING OF THE PERIOD	**124,539**	**1,462**
CASH BALANCE AT END OF THE PERIOD	**110,733**	**124,539**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

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 2020 were approved and authorized for publication by the Board of Directors on 25 February 2021.

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 2020 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 IFRS 16, as better explained in the section "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 statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.

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

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

> 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) IFRS accounting standards, amendments and interpretations applied from 1 January 2020

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 July 2020:

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

This amendment has had no effect on the Company's separate 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.

This amendment has had no effect on the Company's separate financial statements

> On 28 May 2020 the IASB published the amendment ***"Covid-19 Related Rent Concessions (Amendment to IFRS 16)"***. This gives lessees the option to account for Covid-19 related rent concessions without the need to determine from the contracts whether they constitute lease modifications as defined by IFRS 16. Therefore, lessees taking this option can account for the effects of rent concessions directly in the income statement as of the effective date of the concession. The change applies to accounting periods beginning on or after 1 June 2020, but the Company opted for early adoption as from 1 January 2020. As a result of the new amendment, a miscellaneous gain of €827K was recognized in the separate financial statements for reduced rent on the Fonti del Corallo shopping center.

b) IFRS and IFRIC accounting standards, amendments, and interpretations endorsed by the European Union but not yet effective and not applied in advance by the Group as of 31 December 2020

On 27 August 2020, in light of the reform of interbank interest rates such as the IBOR, published the "Interest Rate Benchmark Reform—Phase 2" containing amendments to the following standards:

> IFRS 9 Financial Instruments;

> IAS 39 Financial Instruments: Recognition and Measurement;

> IFRS 7 Financial Instruments: Disclosures;

> IFRS 4 Insurance Contracts;

> IFRS 16 Leases.

The directors do not expect the amendment to have a significant impact on the Company's separate financial statements.

C) IFRS 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 23 January 2020 the IASB published ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current."*** These clarifying amendments come into force on 1 January 2023; early adoption is in any case permitted. The directors do not expect the amendment to have a significant impact on the Company's separate financial statements.

On 14 May 2020 the IASB published the following:

> ***Amendments to IFRS 3 Business Combinations:*** for the purpose of updating the reference in IFRS 3 to the revised version of the Conceptual Framework, with no material changes to the accounting standard.

> ***Amendments to IAS 16 Property, Plant and Equipment:*** to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced during the asset's testing phase. Such proceeds and the related costs will instead be recognized in profit or loss.

> ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets,*** to clarify that all costs relating directly to a contract must be considered when determining whether the contract is onerous. Therefore, an entity should consider both incremental costs (e.g. materials) as well as any costs it cannot avoid because it is a party to the contract (e.g. labor and the depreciation of machinery used to fulfill the contract).

> ***Annual Improvements 2018-2020:*** the improvements concern IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples of IFRS 16 Leases.

All of the amendments will take effect on 1 January 2022. The directors do not expect the amendment to have a significant impact on the Company's separate financial statements.

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

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

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

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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 // IFRS 16 Leases

The Company holds an operating lease for a mall inside the Fonti del Corallo shopping center which is in turn leased to third parties.

In accordance with IFRS 16, upon signing a new operating lease of a significant amount and with a duration of more than one year, the Company recognizes a right-of-use asset of the same amount as the lease liability. The right-of-use asset is accounted for under property, plant and equipment ("investment property") and subject to independent appraisal to determine its fair value. At the end of each reporting period, the change in fair value is reported separately in the income statement.

To determine the fair value of every asset held under operating leases, the independent experts discount to present value the cash flows expected in the years covered by the lease. Unlike traditional real estate appraisals, the terminal value at the end of the explicit period is not considered.

The Company takes the exemption permitted by IFRS 16:5 (a) for 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 contracts, the lease installments continue to be recognized in profit or loss on a straight line basis over the lease term.

5.6.2.7 // 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%**
Computer to manage plants	**20%**
Special communication system - telephone	**25%**
Special plant	**25%**
Alarm / Security system	**30%**
Sundry equipment	**15%**
Office furnishing	**12%**
Cash registers and EPD machines	**20%**
Personal computer and machines	**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.

5.6.2.8 // 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.

5.6.2.9 // 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).

5.6.2.10 // 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.

Commercial discounts on periods for which the revenue has already accrued are accounted for on the basis of IFRS 9, provided that no further changes are negotiated with the customer. in these cases the receivable is reversed in the amount of the discount granted, with immediate effect on the income statement.

5.6.2.11 // 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 amoun-

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5.6 NOTES TO THE FINANCIAL STATEMENTS

ts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

5.6.2.12 // 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.

5.6.2.13 // 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.

5.6.2.14 // 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).

5.6.2.15 // 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.

5.6.2.16 // 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 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.

5.6.2.17 // 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.

5.6.2.18 // 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.

5.6.2.19 // Dividends

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

5.6.2.20 // Income taxes

a) Current taxes

Current tax liabilities for the 2020 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.

5.6.2.21 // 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 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.

5.6.2.22 // 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:

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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.

5.6.2.23 // 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 2020, 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):

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Income statement of taxable and exempt income (Amounts in Euro)	31/12/2020	31/12/2020	31/12/2020
	Total	Exempt income	Taxable income
Total revenues and operating income	12,650,956	113,886,205	7,764,751
Total operating costs	(32,589,882)	(31,654,914)	(934,968)
(Amortization and provisions)	(9,550,124)	(8,885,531)	(664,593)
(Impairment)/ Reversals on work in progress	(256,958)	(256,958)	0
Change in fair value - increases/ (decreases)	(111,212,086)	(108,134,769)	(3,077,316)
EBIT	(31,958,093)	(35,045,966)	3,087,873
Equity investment result	4,000		4,000
Financial income	171,547	4,970	166,577
Financial charges	(34,538,870)	(32,210,484)	(2,328,386)
Financial management result	(34,367,323)	(32,205,514)	(2,161,809)
PRE TAX PROFIT	(66,321,416)	(67,251,480)	930,064
Income taxes for the period	115,624	0	115,624
NET PROFIT FOR THE PERIOD	(66,437,040)	(67,251,480)	814,440

Confirmation of the economic conditions (Amounts in Euro)	31/12/2020
Revenues from rental and equivalent activities (exempt income)	113,886,205
Capital gains	0
Total (A)	113,886,205
Positive components (B)	121,826,503
Capital gains	0
Total (B)	121,826,503
Income ratio (A/B)	93.48%

Confirmation of the financial conditions (Amounts in Euro)		31/12/2020
Rental properties		1,912,265,817
Assets under construction		26,044,757
Stakes in SIINQ		0
Right to use		(13,642,804)
Total rental properties, properties under construction, stakes in SIINQ	A	1,924,667,770
TOTAL ASSETS	B	2,357,020,924
Elements excluded from the ratio	C	(229,465,283)
Cash on hands		(110,733,403)
Group comanies loans		(93,208,810)
Trade receivables		(13,788,873)
IGD SIIQ Headquarters		(7,413,703)
Derivative assets		0
Deferred tax assets		(4,320,495)
Tax credits		0
Right to use		0
Total adjusted assets B-C=D	D	2,127,555,641
FINANCIAL RATIO A/D		90.46%

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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, (iii) reputability and independence, and (iv) value for money. 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 2020, 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.

Given the current market situation related to the Covid-19 pandemic, a certain degree of uncertainty on real estate asset fair value at 31 December 2020 and its evolution is highlighted in the Real Estate Appraisals drawn up by the Independent Appraisers included in paragraph 2.7 "Real Estate Appraisals" of the Management Report.

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). 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;

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(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 2020. 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 31/12/2020 Amounts in thousands Euro	Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)	Significant inputs observable on the markets (Level 2)	Significant inputs not observable on the markets (Level 3)
Investment property			
Shopping malls and retail parks	0	0	1,323,392
Hypermarket and supermarket	0	0	558,968
Residual portion of properties	0	0	16,264
Total IGD SIIQ S.p.A investment property	0	0	1,898,623
Right to use (IFRS 16)			
Right to use (IFRS 16)	0	0	13,643
Total right to use (IFRS 16)	0	0	13,643
Total IGD SIIQ investment property measured at fair value	0	0	1,912,266

See section 4.6.3 ("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.

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5.6.4 // Segment reporting

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

Profit and Loss	Core business properties		Services		Shared		Total	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Total revenue and operating income	120,737	127,634	914	874	0	0	121,651	128,508
Direct costs (a) (excluding provision for doubtful accounts)	(31,002)	(15,406)	(7)	(15)	0	0	(31,009)	(15,421)
G&A expenses (b)	0	0	0	0	(10,198)	(11,348)	(10,198)	(11,348)
Total operating costs (a) + (b)	(31,002)	(15,406)	(7)	(15)	(10,198)	(11,348)	(41,207)	(26,769)
(Depreciation and amortizations)	(420)	(1,083)			(513)	(312)	(933)	(1,395)
(Impairment losses)/ reversals on work in progress and inventory	(257)	(72)	0	0	0	0	(257)	(72)
Fair value change - increases/ (decreases)	(111,212)	(56,227)			0	0	(111,212)	(56,227)
Total depreciation, amortization, provisions, impairment and fair value changes	(111,889)	(57,382)	0	0	(513)	(312)	(112,402)	(57,694)
EBIT	(22,154)	54,846	907	859	(10,711)	(11,660)	(31,958)	44,045
Income/ (loss) from equity investments and property sales	0	0	0	0	4	5	4	5
Financial income	0	0	0	0	172	141	172	141
Financial charges	0	0	0	0	(34,539)	(34,753)	(34,539)	(34,753)
Net financial income	0	0	0	0	(34,367)	(34,612)	(34,367)	(34,612)
PRE-TAX PROFIT	(22,154)	54,846	907	859	(45,074)	(46,267)	(66,321)	9,438
Income taxes for the period	0	0	0	0	(116)	33	(116)	33
NET PROFIT FOR THE PERIOD	(22,154)	54,846	907	859	(45,190)	(46,234)	(66,437)	9,471

5.6.5 // Notes to the separate financial statements

	Note	31/12/2020	31/12/2019	Change
Revenue	1	120,737	127,634	(6,897)
Revenues from third parties		76,855	82,452	(5,597)
Revenues from related parties		43,882	45,182	(1,300)
Other revenues	2.1	914	874	40
Other revenues from third parties		434	421	13
Other revenues from related parties		480	453	27
Operating revenues		121,651	128,508	(6,857)

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> NOTE 1) REVENUE

	Note	31/12/2020	31/12/2019	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	36,462	37,805	(1,343)
Leasehold hypermarkets - Business leases from related parties	a.2	1,340	1,403	(63)
Freehold supermarkets - Rents and business leases from related parties	a.3	235	43	192
TOTAL HYPERMARKETS / SUPERMARKETS	a	38,037	39,251	(1,214)
Freehold malls, offices and city center	b.1	77,739	82,169	(4,430)
Rents		9,548	9,769	(221)
To related parties		5,047	4,873	174
To third parties		4,501	4,896	(395)
Business leases		68,191	72,400	(4,209)
To related parties		914	975	(61)
To third parties		67,277	71,425	(4,148)
Leasehold malls	b.2	3,010	3,284	(274)
Rents		206	219	(13)
To related parties		32	32	0
To third parties		174	187	(13)
Business leases		2,804	3,065	(261)
To related parties		48	59	(11)
To third parties		2,756	3,006	(250)
Other contracts and temporary rents	b.3	1,951	2,930	(979)
Other contracts and temporary rents		1,912	2,895	(983)
Other contracts and temporary rents - related parties		39	35	4
TOTAL MALLS	b	82,700	88,383	(5,683)
GRAND TOTAL	a + b	120,737	127,634	(6,897)
of which related parties		43,882	45,182	(1,300)
of which third parties		76,855	82,452	(5,597)

Rent and business lease revenue decreased with respect to the previous year by €6,897K, due essentially to the restrictive measures taken in the country to combat the spread of COVID-19. To limit the negative repercussions of those restrictions, IGD agreed to reduce the amounts charged to shopping center tenants, leading to a decrease in both rent and business lease revenue. The restrictive measures also delayed new store openings, which had a further impact on revenue.

> NOTE 2) OTHER INCOME

	31/12/2020	31/12/2019	Change
Out of period income/ charges	48	5	43
Portfolio and rent management revenues	195	229	(34)
Pilotage and construction and marketing revenues	169	169	0
Other income	22	18	4
Other revenues from third parties	434	421	13
Refunds from related parties	55	51	4
Pilotage and construction revenues from related parties	57	55	2
Portfolio and rent management revenues from related parties	29	29	0
Administrative services from related parties	339	318	21
Other revenues from related parties	480	453	27
Other revenue	914	874	40

Other income increased by €40K with respect to the previous year. The trend concerned both third parties and related parties. In particular, with related parties, income from administrative services increased because of the full-year contribution of the services rendered to the subsidiary RGD Ferrara S.r.l.

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> NOTE 3) SERVICE COSTS

	31/12/2020	31/12/2019	Change
Service costs from third parties	7,361	9,194	(1,833)
Paid rents	59	45	14
Utilities	112	131	(19)
Promotional and advertising expenses	841	953	(112)
Centers management expenses for vacancies	952	1,025	(73)
Centers management expenses for ceiling to tenants' costs	1,274	1,453	(179)
Insurance	761	716	45
Professional fees	82	72	10
Directors' and statutory auditors' fees	1,293	1,236	57
External auditing fees	174	163	11
Investor relations, Consob, Monte Titoli costs	474	484	(10)
Shopping center pilotage and construction costs	0	15	(15)
Consulting	918	1,070	(152)
Real estate appraisals fees	308	338	(30)
Maintenance and repair expenses	244	316	(72)
Contingent assets/ liabilities	(831)	0	(831)
Other costs of services	700	1,177	(477)
Service costs from related parties	3,389	2,651	738
Paid rents	2	2	0
Promotional and advertising expenses	63	0	63
Service	313	315	(2)
Centers management expenses for vacancies	1,263	735	528
Centers management expenses for ceiling to tenants' costs	1,649	1,436	213
Insurance	71	71	0
Directors' and statutory auditors' fees	20	88	(68)
Other costs of services	8	4	4
Service costs	10,750	11,845	(1,095)

Service costs as a whole decreased by €1,095K. The decrease in service costs from third parties is due to: (i) miscellaneous losses (gains) of €831K, mostly for discounted rent on the Fonti del Corallo shopping center for the period June-September 2020, granted by the property owner in light of the government restrictions enacted to limit the spread of COVID-19; (ii) a reduction in other costs of services; and (iii) a decrease in promotional and advertising expenses.

Related party service costs, on the other hand, went up by €738K because of the increase in costs for unlet space and for ceilings on tenants' expenses.

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated refer to compensation for 2020.

Directors and Statutory Auditors	Office	Dates in office	End of term	Fees
Board of Directors				
Elio Gasperoni	Chairman	01/01/20 - 31/12/20	2020 FY Approval	75,000
	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Claudio Albertini	Chief Executive Officer	01/01/20 - 31/12/20	2020 FY Approval	300,000
	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Rossella Saoncella	Vice Chairman	01/01/20 - 31/12/20	2020 FY Approval	25,000
	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Elisabetta Gualandri	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Livia Salvini	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Luca Dondi Dall'Orologio	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Gian Maria Menabò	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Alessia Savino	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Sergio Lugaresi	Director	01/01/20 - 30/09/20	2020 FY Approval	14,973
Isabella Landi	Director	01/01/20 - 31/12/20	2020 FY Approval	3,115
Eric Jean Veron	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Timothy Guy Michele Santini	Director	01/01/20 - 31/12/20	2020 FY Approval	20,000
Board of Statutory Auditors				
Anna Maria Allievi	Chairman	01/01/20 - 31/12/20	2020 FY Approval	30,000
Roberto Chiusoli	Standing Auditor	01/01/20 - 31/12/20	2020 FY Approval	20,000
Daniela Preite	Standing Auditor	01/01/20 - 31/12/20	2020 FY Approval	20,000

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

Committees	Office	Dates in office	End of term	Fees
Control and risk committee				
Elisabetta Gualandri	Director (Chairman)	**01/01/20 - 31/12/20**	When no longer Director	**12,000**
Luca Dondi Dall'Orologio	Director	**01/01/20 - 31/12/20**	When no longer Director	**8,000**
Sergio Lugaresi	Director	**01/01/20 - 31/12/20**	When no longer Director	**5,989**
Isabella Landi	Director	**01/01/20 - 31/12/20**	When no longer Director	**1,246**
Compliance committee				
Gilberto Coffari	External (Chairman)	**01/01/20 - 31/12/20**	FY 2020 Approval	**12,000**
Alessandra De Martino	External	**01/01/20 - 31/12/20**	FY 2020 Approval	**8,000**
Paolo Maestri	External	**01/01/20 - 31/12/20**	FY 2020 Approval	**8,000**
Nominations and compensation committee				
Rossella Saoncella	Director (Chairman)	**01/01/20 - 31/12/20**	When no longer Director	**3,750**
Livia Salvini	Director	**01/01/20 - 31/12/20**	When no longer Director	**3,750**
Timothy Guy Michele Santini	Director	**01/01/20 - 31/12/20**	When no longer Director	**3,750**
Related parties committee				
Livia Salvini	Director	**01/01/20 - 31/12/20**	When no longer Director	**1,500**
Luca Dondi Dall'Orologio	Director	**01/01/20 - 31/12/20**	When no longer Director	**1,500**
Eric Jean Veron	Director	**01/01/20 - 31/12/20**	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:

	31/12/2020	31/12/2019	Change
Wages and salaries	**3,865**	**4,111**	**(246)**
Social security	**1,091**	**1,195**	**(104)**
Severance pay	**297**	**258**	**39**
Other costs of services	**79**	**129**	**(50)**
Cost of labour	**5,332**	**5,693**	**(361)**

The cost of labor was €362K lower than in 2020 due mainly to the reduction in the bonus provision and the temporary use of government salary relief measures (fondo di integrazione salariale) in connection with the Covid-19 crisis.

Severance pay includes contributions to supplementary funds in the amount of €103K.

The workforce is broken down by category below:

	31/12/2020	31/12/2019
Executives	**5**	**5**
Middle managers	**15**	**16**
Junior managers	**24**	**24**
Clerks	**36**	**31**
Total	**80**	**76**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 5) OTHER OPERATING COSTS

	31/12/2020	31/12/2019	Change
IMU/ TASI/ Property Tax	7,857	8,232	(375)
Other taxes	71	105	(34)
Contract registrations	304	361	(57)
Out of period income/ charges	2	10	(8)
Membership fees	135	143	(8)
Losses on receivables	48	84	(36)
Covid effects - losses for discounts on rents	7,820	0	7,820
Fuel and tolls	92	129	(37)
Other costs of services	178	165	13
Other operating costs	16,507	9,229	7,278

Other operating costs increased by €7,278K with respect to the previous year. Of the increase, €7,820K is due to the credit notes issued for discounts on rent already invoiced in the context of the Company's post-lockdown relief measures for tenants, accounted for in accordance with IFRS 9, which were partially offset by the reduction in IMU (municipal property tax) on the Tiburtino shopping center as a result of the cadastral variation filed with reduced rents.

> NOTE 6) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	31/12/2020	31/12/2019	Change
Amortization of intangible assets	(14)	(12)	(2)
Amortization of tangible assets	(381)	(379)	(2)
Provisions for risks	(138)	(538)	400
Depreciations, amortization and provisions	(533)	(929)	396
Provisions for doubtful accounts	(9,017)	(466)	(8,551)
(Impairment losses)/ Reversals on work in progress and inventories	(257)	(72)	(185)
Change in fair value	(111,212)	(56,227)	(54,985)
Depreciations, amortization, provisions, impairment and change in fair value	(121,019)	(57,694)	(63,325)

> Amortization increased by €2K due to the purchase of software licenses during the year. Depreciation increased by €2K mostly as a result of new equipment purchased;

> Other provisions include 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. The decrease relates to the €400K provision made in 2019 for a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of a tenant which had leased retail space from IGD at Conè shopping center. During the year, the lawsuit came to an initial conclusion and the provision was no longer needed;

> Net provisions for doubtful accounts in Italy came to €3,289K in 2020. Most of the increase on 2019 is due to the difficulties of certain tenants as a result of the pandemic and the government-mandated closures that took place at different times throughout the year. In addition, in 2020 a special COVID-related provision for doubtful accounts was made in the amount of €5.7 million to cover receivables that will not be collected as a result of the discounts granted for periods in late 2020 that were not yet agreed with the tenants as of 31 December;

> (Impairment losses)/reversals on work in progress (-€257K) 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" (€111,212K) covers (i) a revaluation of €12,272K and a writedown of €120,407K carried out to match the carrying value of investment property to appraised market value at 31 December 2020 (See Note 12 for details of movements in investment property); and (ii) a writedown of €3,077K 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 2020.

> NOTE 7) INCOME/(LOSS) FROM EQUITY INVESTMENTS

	31/12/2020	31/12/2019	Change
Dividends	**4**	**5**	**(1)**
Income/ (loss) from equity investments and asset disposal	**4**	**5**	**(1)**

This item refers to dividends from the subsidiary Win Magazin SA.

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 8) FINANCIAL INCOME AND CHARGES

	31/12/2020	31/12/2019	Change
Bank interest income	**76**	**2**	**74**
Other interest income and equivalents	**5**	**12**	**(7)**
Financial income from third parties	**81**	**14**	**67**
Interest income from realted parties	**90**	**125**	**(35)**
Financial income from realted parties	**90**	**125**	**(35)**
Financial income	**171**	**139**	**32**

Net financial income was €32K higher than in 2019. Bank interest income increased because of higher account balances and a new fiduciary mandate opened during the second half of the year with Banca Nazionale del Lavoro, managed by the company Servizio Italia, where IGD's liquidity in excess of its ordinary operating needs has been placed and is earning interest at an advantageous rate. Financial income from related parties decreased as a result of the trend in interest rates. This item includes interest, charged at normal market rates, on the Company's loans to subsidiaries. The decrease in the Euribor, the benchmark rate for this calculation, explains the reduction in interest from related parties.

	31/12/2020	31/12/2019	Change
Interest expenses on security deposits	**7**	**104**	**(97)**
Interest expenses to related party	**6**	**3**	**3**
Financial charges from related parties	**13**	**107**	**(94)**
Interest expenses to banks	**2**	**25**	**(23)**
Interest expenses loan	**5,833**	**6,094**	**(261)**
Amortized mortgage loan costs	**1,354**	**1,180**	**174**
IRS spread	**5,185**	**5,755**	**(570)**
Bond financial charges	**16,590**	**14,363**	**2,227**
Bond amortized costs	**3,664**	**5,290**	**(1,626)**
Leasing financial charges IAS 17	**41**	**48**	**(7)**
Financial charges IFRS 16	**561**	**678**	**(117)**
Other interest and charges	**1,296**	**1,213**	**83**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

Financial charges from third parties	**34,526**	**34,646**	**(120)**
Financial charges	**34,539**	**34,753**	**(214)**

Financial charges went down by €214K.

Related party financial charges decreased due to the reduction in the legal interest rate in force.

Financial charges from third parties decreased by €120K, due primarily to:

> The reduction in IRS spreads reflecting the lower notional principal amount;

> Increased interest on bonds, due to the full year's worth of interest on the €400 million bond loan completed in the second half of 2019;

> Decreased interest on loans as a result of lower remaining balances, only partially offset by the interest on a new SACE-guaranteed loan taken out at the end of October;

> An increase of €174K in amortized loan costs resulting from the full-year accounting of costs on the €400 million bond loan and the charges relating to the new €36.3 million MPS loan;

> A decrease in financial charges from 2019 to 2020 due to the adoption of IFRS 16.

> NOTE 9) INCOME TAXES

	31/12/2020	31/12/2019	Change
Current taxes - IRES	**0**	**(318)**	**318**
Current taxes - IRAP	**232**	**272**	**(40)**
Deferred tax liabilities	**0**	**(9)**	**9**
Deferred tax assets	**(24)**	**(6)**	**(18)**
Out of period income/ charges - Provisions	**(92)**	**28**	**(120)**
Income taxes	**116**	**(33)**	**149**

Current and deferred tax increased to a negative €116K. IRES was zero, unlike the previous year, as a result of the tax consolidation process. In the previous year, the tax consolidation had 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 had led to the recognition of income that lowered the amount of IRES due. In 2020 the tax consolidation produced a loss against which no deferred tax assets nor consolidation income were provided for the sake of prudence.

IRAP current taxes decreased by €40K, chiefly reflecting the decline in revenue due to the lockdown period.

Out-of-period income stems from the cancellation of the IRAP balance for 2019 and first advance payment for 2020, as provided for by the "Decreto Rilancio" (recovery decree) published in the Gazzetta Ufficiale on 19 May 2020.

See Note 16 for movements in deferred tax liabilities and deferred tax assets.

Reconciliation of income tB2: G29ax applicable to profit before taxes	31/12/2020	31/12/2019
Pre-tax profit	**(66,321)**	**9,438**
Theoretical tax charges (rate 24%)	**(15,917)**	**2,265**
Profit resulting in the income statement	**(66,321)**	**9,438**
Increases:		
IMU - Property tax	**7,800**	**7,930**
Negative fair value	**120,407**	**55,888**
Impairment on assets under construction	**257**	**72**
Impairment loss	**8,520**	**785**
IFRS 16	**3,638**	**4,857**
Other increases	**2,023**	**(2,821)**
Decreases:		
Change in tax-exempt income	**(51,656)**	**(65,586)**
Depreciations	**(3)**	**(136)**
Positive fair value	**(12,272)**	**(3,839)**
IMU - Property tax (IRES deductible portion)	**(4,667)**	**(3,954)**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

IFRS 16	(3,446)	(3,446)
Other charges	(2,041)	(2,335)
Tax income	2,239	2,494
Use of ACE Benefit	2,239	2,494
Tax income net of loss	0	0
Lower current taxes recognized directly in equity	0	(3)
Current taxes for the year	0	3
Income from tax consolidation	0	(321)
IRAP tax credit	0	0
Substitute tax on capital gains	0	0
Total current taxes for the year	0	(318)

Difference between value and costs of production	93,012	106,557
Theoretical IRAP (3.9%)	3,627	4,156
Difference between value and costs of production	93,012	106,557
Changes:		
Increases	9,185	9,354
Decreases	(3,594)	(3,944)
Change in exempt income	(87,116)	(99,411)
Other deductions	(5,550)	(5,588)
Taxable IRAP income	5,937	6,968
Lower taxes for IRAP recognized directly in equity	0	0
Current IRAP for the year	232	272

> NOTE 10) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

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

	01/01/2020	Increase	Decrease	Amortization	31/12/2020
Intangible assets with finite useful lives	32	7	0	(14)	25

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 largest increases during the year concerned the purchases of Autocad software licenses for €7K.

> NOTE 11) GOODWILL

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

	01/01/2020	Increase	Decrease	Amortization	31/12/2020
Goodwill	1,000	0	0	0	1,000

Goodwill has been attributed to the individual cash generating units (CGUs). A CGU for the Company is a single shopping center, distinguishing between malls and hypermarkets.
Below is the breakdown of goodwill by CGU at the end of 2020 and 2019:

Goodwill	31/12/2020	31/12/2019
Fonti del Corallo	1,000	1,000
Goodwill	1,000	1,000

Goodwill for the CGU Fonti del Corallo pertains to business management for the property not owned by the Company. The recoverable amount was inferred from the purchase and sale contract with the building's owner, to be finalized in 2026. For goodwill on 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.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

> 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.

	01/01/2019	IFRS 16	Increase	Acquisitions	Other	Revaluation	Devaluation	Reclassification from asset under construction	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 IFRS 16	**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**

	01/01/2020	IFRS 16	Increase	Acquisitions	Other	Revaluation	Devaluation	Reclassification from asset under construction	31/12/2020
Investment property	**1,999,612**	**0**	**5,652**	**0**	**0**	**12,272**	**(120,407)**	**1,494**	**1,898,623**
Right of use IFRS 16	**16,714**	**0**	**6**	**0**	**0**	**0**	**(3,077)**	**0**	**13,643**
Investment property	**2,016,326**	**0**	**5,658**	**0**	**0**	**12,272**	**(123,484)**	**1,494**	**1,912,266**

The changes in investment property since 31 December 2019 concern:

> Continued extraordinary maintenance (€5,658K), mostly for earthquake proofing at Centro d'Abruzzo and Porto Grande, waterproofing at La Favorita, and fit-out work at Darsena shopping centers;

> The reclassification from assets under construction and advances of the following finished projects: (i) the remapping of Le Maioliche shopping center (€754K), (ii) the replacement of light fixtures with more energy-efficient LED technology at Punta di Ferro shopping center in Forlì (€324K), and (iii) the restyling of the first floor in view of the imminent opening of a leisure space at Darsena shopping center in Ferrara (€416K);

> Fair value adjustments. Specifically, investment property was revalued in the amount of €12,272K and written down by €120,407K, for a net negative impact of €108,135K;

> The writedown of the right-of-use asset for the mall at Fonti del Corallo (€3,077K) on the basis of independent appraisals.

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

> NOTE 13) BUILDINGS

	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**

	01/01/2020	Increase	Decrease	Amortization	31/12/2020
Historical cost	**10,114**	**15**	**0**	**0**	**10,129**
Depreciation fund	**(2,471)**	**0**	**0**	**(244)**	**(2,715)**
Net book value	**7,643**	**15**	**0**	**(244)**	**7,414**

This item refers to the purchase of the ground floor and first floor of the building that houses the head office. Movements during the year consist of:

> Increases of €15K for safety code compliance, in particular fall protection lifelines;

> Ongoing depreciation.

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> NOTE 14) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	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	0	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

	01/01/2020	Increase	Decrease	Amortization	Reclassification	31/12/2020
Historical cost	323	15	0	0	0	338
Depreciation fund	(160)	0	0	(40)	0	(200)
Plant and machinery	163	15	0	(40)	0	138
Historical cost	3,162	19	0	0	0	3,181
Depreciation fund	(2,755)	0	0	(97)	0	(2,852)
Equipment and other goods	407	19	0	(97)	0	329
Historical cost	0	0	0	0	0	0
Depreciation fund	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0

Most of the change in plant & machinery and equipment reflects work performed during the year (€34K) and depreciation (€137K).

> NOTE 15) ASSETS UNDER CONSTRUCTION

	01/01/2019	Increase	Decrease	(Impairment losses) /Reversals	Reclassification advance	Reclassification to investment property	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

	01/01/2020	Increase	Decrease	(Impairment losses) /Reversals	Reclassification advance	Reclassification to investment property	31/12/2020
Assets under construction	3,892	1,372	0	(257)	77	(1,494)	3,590
Advance payments	22,532	0	0	0	(77)	0	22,455
Assets under construction and advance payments	26,424	1,372	0	(257)	0	(1,494)	26,045

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

> Investments during the year, for: (i) restyling of the Gran Rondò mall in Crema (€155K); (ii) restyling plans for La Favorita (Mantua) and Porto Grande (San Benedetto del Tronto) shopping centers (€247K); (iii) 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 (€411K); and (iv) restyling of Darsena (Ferrara) and Punta di Ferro (Forlì) shopping centers (€636K, including €77K for advances paid in previous years);

> The reclassification to investment property of work completed during the period (€1,494K);

> The writedown of the Portogrande expansion (€257K);

> A net decrease in advances (€77K).

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

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

> 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.

	31/12/2020	31/12/2019	Change
Deferred tax assets	**4,320**	**5,300**	**(980)**
Deferred tax liabilities	**0**	**0**	**0**
Net deferred tax assets	**4,320**	**5,300**	**(980)**

Deferred tax assets are shown in detail below:

	31/12/2020	31/12/2019	Change
Taxed provisions	**97**	**73**	**24**
IAS 19	**6**	**5**	**1**
IRS Operation	**2,691**	**3,696**	**(1,005)**
Loss from tax consolidation	**1,163**	**1,163**	**0**
IFRS 16 Livorno	**363**	**363**	**0**
Deferred tax assets	**4,320**	**5,300**	**(980)**

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

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 31/12/2019		Increase	Decrease	Increase	Decrease	Balance at 31/12/2020	
	Temporary difference	Deferred tax assets	Temporary difference		Deferred tax assets		Temporary difference	Deferred tax assets
TFR provision - IAS 19	**114**	**5**	**51**	**0**	**1**	**0**	**165**	**6**
Doubtful account	**820**	**55**	**118**	**33**	**28**	**8**	**905**	**75**
Variable salary	**1,139**	**18**	**867**	**657**	**13**	**10**	**1,349**	**21**
Loss from tax consolidation	**4,848**	**1,163**	**0**	**0**	**0**	**0**	**4,848**	**1,163**
IRS Operation*	**15,399**	**3,696**	**0**	**4,184**	**0**	**1,004**	**11,215**	**2,692**
IFRS 16 Livorno	**1,513**	**363**	**0**	**0**	**0**	**0**	**1,513**	**363**
Total	**23,833**	**5,300**	**1,036**	**4,874**	**42**	**1,022**	**19,995**	**4,320**

(*): *Effect charged or credited directly to equity*

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> NOTE 17) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31/12/2020	31/12/2019	Change
Security deposits	82	75	7
Due to other	1	0	1
Sundry receivables and other non-current assets	83	75	8

This item increased as a result of security deposits paid during the year on a new rental contract for a residential property used as temporary housing.

> NOTE 18) EQUITY INVESTMENTS

Equity investments are detailed in the table below:

	31/12/2019	Increase	Decrease	Revaluations/ (Write-downs)	31/12/2020
IGD Management S.r.l.	170,183	0	0	0	170,183
Millennium Gallery S.r.l.	14,463	0	0	0	14,463
Arco Campus S.r.l.	1,441	0	0	0	1,441
Winmagazin S.A.	186	0	0	0	186
Cons. propr. del compendio com. del Commendone (GR)	6	0	0	0	6
Consorzio Proprietari 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	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, carrying value was compared with recoverable amount, calculated as equity value, or the sum of unlevered free cash flows discounted to present value for the explicit forecast period, the present value of the terminal value calculated after the last year of the explicit period, and the net financial position as of the measurement date.

Recoverable amount was calculated using projected operating cash flows for each company, which derive for 2021 from the 2021 budget; for 2022 from the 2020 budget; and for 2023 from the estimates of the final year of the strategic plan 2019-2021, approved by the Board of Directors on 7 November 2018.

For periods beyond the third year, the Company calculates the terminal value using the perpetuity method, i.e. on the basis of cash flows from operating activities assuming continuity beyond the explicit period.

The main assumptions used to calculate value in use are set out below:

> The discount rate (WACC) was 4.51%, or 4.64% for equity investments in Romania;

> Future cash flows estimated net of taxes;

> 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 results of impairment tests are summarized below:

Impairment Test results	Equity Value pro quota	Carrying Amount	Cover/ (Impairment)
IGD Management S.r.l.	**281,924**	**170,183**	**111,741**
Arco Campus S.r.l.	**2,357**	**1,441**	**916**
Millennium Gallery S.r.l.	**22,877**	**14,463**	**8,414**
Rgd Ferrara 2013 S.r.l.	**555**	**54**	**501**

The test did not suggest the need to adjust the amounts reported and therefore this item is unchanged with respect to the prior year.

> NOTE 19) TRADE AND OTHER RECEIVABLES

	31/12/2020	31/12/2019	Change
Trade and other receivables	**31,586**	**18,172**	**13,414**
Provision for doubtful accounts	**(18,122)**	**(10,079)**	**(8,043)**
Trade and other receivables	**13,464**	**8,093**	**5,371**

Net trade receivables increased by €5,371K due mainly to the difficulties of certain tenants as a result of the pandemic and the government-mandated closures that took place at different times throughout the year.

They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits.

The allocation for the year, €3,289K, was calculated based on the problems encountered with individual receivables recognized at 31 December 2020 and on all available information. In addition, a special COVID-related provision for doubtful accounts was made in the amount of €5,728K to cover receivables that will not be collected as a result of the discounts granted for periods in late 2020 that were not yet agreed with the tenants as of 31 December. Movements in the provision for doubtful accounts are displayed below:

	31/12/2020	31/12/2019	Change
Provision for doubtful account at the beginning of the period	**10,079**	**10,435**	**(356)**
Reverse	**(970)**	**(1,065)**	**95**
Write-down/ (uses) interest on late payments	**(4)**	**(3)**	**(1)**
Provision	**9,017**	**712**	**8,305**
Provision for doubtful account at the end of the period	**18,122**	**10,079**	**8,043**

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

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> NOTE 20) RELATED PARTY TRADE AND OTHER RECEIVABLES

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**171**	**51**	**120**
Robintur s.p.a.	**1**	**0**	**1**
Librerie Coop S.p.A.	**11**	**13**	**(2)**
Alleanza Luce e Gas S.r.l.	**20**	**23**	**(3)**
Unicoop Tirreno s.c.a.r.l.	**55**	**29**	**26**
Arco Campus S.r.l.	**0**	**6**	**(6)**
Cons. propr. del compendio com. del Commendone (GR)	**0**	**4**	**(4)**
Rgd Ferrara 2013	**0**	**68**	**(68)**
Consorzio Porta a Mare	**13**	**0**	**13**
IGD Management S.r.l.	**35**	**37**	**(2)**
Consorzio Punta di Ferro	**12**	**6**	**6**
Consorzio Proprietari Centro Luna	**6**	**0**	**6**
Consorzio Esp	**1**	**0**	**1**
Related party trade and other receivables	**325**	**237**	**88**

See Note 38 for comments.

> NOTE 21) OTHER CURRENT ASSETS

	31/12/2020	31/12/2019	Change
Tax credits			
VAT *credits*	**68**	**235**	**(167)**
IRES *credits*	**400**	**379**	**21**
IRAP *credits*	**115**	**255**	**(140)**
Due from others			
Accrued income and prepayments	**552**	**546**	**6**
Deferred costs	**92**	**0**	**92**
Other costs of services	**106**	**201**	**(95)**
Other current assets	**1,333**	**1,616**	**(283)**

Other current assets decreased by €283K with respect to the previous year. In particular:

> Tax receivables decreased in parallel with the reduction in IRAP and VAT credits;

> Deferred costs, with a balance of zero at the end of the previous year, increased due to the launch of various projects;

> Other costs of services went down because of the refund from the tax authorities of some duplicate registry tax payments for which reimbursement was requested in prior years.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 22) RELATED PARTY OTHER CURRENT ASSETS

	31/12/2020	31/12/2019	Change
Receivables from tax consolidation			
IGD Management S.r.l.	**0**	**50**	**(50)**
Millennium Gallery S.r.l.	**0**	**22**	**(22)**
Porta Medicea S.r.l.	**0**	**245**	**(245)**
RGD Ferrara S.r.l.	**64**	**0**	**64**
Total receivables from tax consolidation	**64**	**317**	**(253)**

At 31 December 2019 the amount due from the tax consolidation referred to the receivables accrued by the Company from Millennium Gallery S.r.l., IGD Management S.r.l., and Porta Medicea S.r.l., under the tax consolidation scheme. At the end of 2020 this item consisted solely of the receivable due from RGD Ferrara 2013 S.r.l. which, unlike the other subsidiaries, contributed positive taxable income to the scheme.

> NOTE 23) FINANCIAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

	31/12/2020	31/12/2019	Change
To other realted parties	**93,114**	**91,829**	**1,285**
To associates	**95**	**95**	**0**
Related parties financial receivables and other current financial assets	**93,209**	**91,924**	**1,285**

The amount due from associates refers to the loan originally of €150K granted in 2013 to RGD Ferrara 2013 S.r.l., partially repaid in prior years, 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 IGD Management S.r.l. in previous years: €15 million, no movements during the year;

> Loan granted to IGD Management S.r.l.: €69,729K. In addition to the €70,029K outstanding at the end of 2019, during the year an additional €6,400K was disbursed and the subsidiary made payments of €6,700K;

> Loan granted to Arco Campus S.r.l.: €2,609K. With €2,749K outstanding at the end of 2019, during the year the subsidiary made payments of €140K.

There is also a receivable arising from the use of a Group treasury account, due from:

> Millennium Gallery S.r.l. for €4,578K;

> Porta Medicea S.r.l. for €280K;

> RGD Ferrara 2013 S.r.l. for €902K.

> NOTE 24) CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019	Change
Cash and cash equivalents	**110,691**	**124,507**	**(13,816)**
Cash on hand	**42**	**33**	**9**
Cash and cash equivalents	**110,733**	**124,540**	**(13,807)**

Cash and cash equivalents at 31 December 2020 consisted mainly of current account balances at banks. The decrease of €13,807K reflects the lower account balances, only partially offset by the cash arriving through the SACE-backed long-term loan aimed at supporting companies' need for liquidity. For further details of that loan, see the note on non-current financial liabilities.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 25) NET EQUITY

	31/12/2020	31/12/2019	Change
Share capital	**650,000**	**749,738**	**(99,738)**
Share premium reserve	**30,058**	**30,058**	**0**
Other reserves	**502,946**	**419,275**	**83,671**
Legal reserve	**130,000**	**121,845**	**8,155**
Treasury share reserve	**0**	**(198)**	**198**
Result treasury share sale effect	**(233)**	**(33)**	**(200)**
Bond issue reserve	**14,865**	**14,865**	**0**
FTA IFRS 9 reserve	**(4,354)**	**(4,354)**	**0**
FTA IFRS 16 reserve	**(1,450)**	**(1,450)**	**0**
Recalculation of defined benefit plans	**(39)**	**(17)**	**(22)**
Cash flow hedge reserve	**(8,668)**	**(12,196)**	**3,528**
Fair value reserve	**283,159**	**311,118**	**(27,959)**
Reserves available	**91,583**	**0**	**91,583**
Other reserves	**8,388**	**0**	**8,388**
Capital increase reserve	**(10,305)**	**(10,305)**	**0**
Net profit (loss) of the year	**(62,545)**	**9,471**	**(72,016)**
Group profit (loss) carried forward	**3,892**	**0**	**3,892**
Group profit	**(66,437)**	**9,471**	**(75,908)**
Total Group net equity	**1,120,459**	**1,208,542**	**(88,083)**

As approved by the annual general meeting held to approve the 2019 financial statements, during the year the Company: (i) carried forward €2,391K in profits from exempt operations; (ii) carried forward €1,501K in profits from taxable operations; (iii) paid a dividend for 2019 of €25,149K, through the use of €5,578K in distributable income and €19,571K from the distributable reserve arising from the reclassification of the fair value reserve.
Net equity also changed due to:

> Adjustment of the cash flow hedge reserves relating to outstanding contracts, by €3,528K;

> Adjustment of the fair value reserve by €27,959K when it became partially distributable in accordance with Art. 6 of Legislative Decree 38 of 28 February 2015. As a result of that adjustment, the fair value reserve decreased from €311,118K to €283,159K and a new distributable reserve was formed in the amount of €27,959K, of which €19,571K was used for distribution of the dividend;

> Adjustment of the reserve for the recalculation of defined benefits (€22K);

> The sale of all treasury shares held, for a net effect of €2K;

> Recognition of the loss for the year in the amount of €66,437K.

On 19 February 2020, the Company recognized the voluntary reduction in share capital once the corresponding resolution taken by the extraordinary shareholders' meeting of 11 November 2019 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. As a result of this operation, the share capital was reduced from €749,738K to €650,000K, the legal reserve rose from €121,845K to €130,000K (equal to twenty percent of the share capital as required by Civil Code Art. 2445), and a new distributable reserve was formed in the amount of €91,583K.

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 2018-2020 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 reserve coverage	Due to other reasons
Capital	**650,000**					
Capital reserves:						
Share premium reserve	**30,058**	A - B - C	**30,058**	**30,058**		**(1,446)**
Results from sale of treasury shares	**(233)**	A - B - C **	**(233)**	**(233)**		
Bond issue reserve	**14,865**	A - B - C	**14,865**	**14,865**		
Available reserve (from share capital reduction)	**91,583**	A - B - C	**91,583**	**91,583**		
Total capital reserve	**136,273**		**44,690**	**44,690**		
Profit reserves:						
Legal reserves*	**130,000**	B				
Fair value reserve	**283,159**	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	**(8,668)**	-				
Share capital increase costs reserve	**(10,305)**	A - B - C **	**(10,305)**	**(10,305)**		
Recalculation of defined benefit plans	**(39)**	-				
Distributable reserves	**8,388**	A - B - C	**8,388**	**8,388**		
New net profit/ loss	**3,892**	A - B - C	**3,892**	**3,892**		
Total profit reserves	**400,623**		**-3,829**	**-3,829**		
Total reserves	**536,896**		**40,861**	**40,861**		

LEGENDA

A *For capital increase*
B *For loss coverage*
C *For shareholder distribution*

* *Legal reserve contains capital for Euro 117,758 thousands*

** *Negative reserves reduce the available positive reserves*

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> 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	31/12/2020	31/12/2019	Change
Mortgage loans		396,791	413,895	(17,104)
09 Interbanca IGD	25/09/2006 - 05/10/2021	0	15,012	(15,012)
05 BreBanca IGD Mondovicino (Galleria)	23/11/2006 - 10/01/2023	1,998	3,238	(1,240)
08 Carisbo Guidonia IGD Tiburtino	27/03/2009 - 27/03/2024	31,158	35,144	(3,986)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	4,838	5,605	(767)
07 Carige Nikefin Asti I Bricchi	31/12/2008 - 31/03/2024	13,544	15,364	(1,820)
13 CR Veneto Mondovì (Retail Park)	08/10/2009 - 01/11/2024	12,490	14,091	(1,601)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	6,964	7,893	(929)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	15,158	17,298	(2,140)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	10,131	11,846	(1,715)
15 CentroBanca Coné (Galleria)	22/12/2010 - 31/12/2025	20,361	22,982	(2,621)
29 ICREA	14/12/2017 - 30/06/2021	0	4,991	(4,991)
Fin Ubi 5 Leonardo	19/04/2018 - 17/10/2022	43,418	45,389	(1,971)
Fin Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	4,356	6,849	(2,493)
Fin Ubi 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	0	8,107	(8,107)
Fin Ubi 3 Rp Lungo	19/04/2018 - 17/10/2021	0	3,316	(3,316)
Fin BNL 125 ML Lungo	01/01/2019 - 15/10/2023	122,612	121,770	842
Fin BNL 75 ML Lungo	01/01/2019 - 15/10/2023	75,000	75,000	0
Fin Mps - sace	16/10/2020 - 30/09/2026	34,763	0	34,763
Debt for bonds		642,882	710,306	(67,424)
Bond 100 ML	11/01/2017 - 11/01/2024	99,699	99,598	101
Bond 162 ML	21/04/2015 - 21/04/2022	152,468	151,625	843
Bond 300 ML	31/05/2016 - 31/05/2021	0	70,611	(70,611)
Bond 400 ML	28/11/2019 - 28/11/2024	390,715	388,472	2,243
Due to other source of finance		16,596	19,961	(3,365)
Sardaleasing per sede Bologna	30/04/2009 - 30/04/2027	2,893	3,249	(356)
Pass IFRS 16 Livorno m/l	01/01/2019 - 31/03/2026	13,469	16,365	(2,896)
Pass IFRS 16 Abruzzo m/l	01/01/2019 - 31/12/2023	234	347	(113)
Non-current financial liabilities		1,056,269	1,144,162	(87,893)
Total related parties financial liabilities				0

Movements during the year are shown below:

Non current financial liabilities	31/12/2019	Increase	Amortized costs	Reclassifications	31/12/2020
Payables due to mortgages	413,895	34,682	1,449	(53,235)	396,791
Payables due to bonds	710,306	0	3,187	(70,611)	642,882
Payables due to IFRS 16	16,712	0	0	(3,009)	13,703
Payables due to other sources of finance	3,249	0	0	(356)	2,893
Total	1,144,162	34,682	4,636	(127,211)	1,056,269

> Mortgage loans

Mortgage loans are secured by properties. The change in 2020 reflects (i) the reclassification to current financial liabilities of the principal falling due in the next 12 months; and (ii) the new long-term loan contracted on 16 October 2020 with Monte dei Paschi di Siena. This is a loan backed by SACE (Istituto per i Servizi Assicurativi del Commercio Estero) to help companies meet their liquidity needs, meeting the requirements of Decree Law 23 of 8 April 2020, converted into Law 40 of 5 June 2020. The main features of the loan are as follows:

> Amount: €36,300,000.00, lump sum disbursement on the signing date;

> Duration: 72 months (24-month pre-amortization period and 48 months of amortization, starting on 1 October 2022);

> Payments due at the end of each quarter;

> Interest rate: 1.27% p.a. plus a variable portion based on the 6-month Euribor;

> Permitted uses: (i) payroll, (ii) capital expenditure, (iii) working capital;

> 90% of the amount disbursed is backed by the SACE guarantee pursuant to Art. 1 of Decree Law 23 of 8 April 2020, converted into Law 40 of 5 June 2020. The guarantee has been issued against consideration in the form of an annual fee.

> 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

The change in bonds is due to the reclassification to current liabilities of the €300 million loan maturing in May 2021 and the amortization of transaction costs for outstanding bonds using the amortized cost method.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

Details of outstanding bonds are presented in the table below:

	Non current portion	Current portion				Non current portion	Current portion		
Debt for bondsN2: U33N42N2: T31	31/12/2019	Within 12 months	New issue / refund	Ancillary costs amortization al 31/12/2020	Financial charges at 31/12/2020	31/12/2020	31/12/2020	Nominal interest rate	Actual interest rate
Bond 162 ML	**153,600**					**153,600**			
Additional transition costs	**(1,975)**			**843**		**(1,132)**			
Coupon rate 31/12/2019		**2,815**			**(2,815)**				
Paid interest					**4,070**				
Coupon rate 31/12/2020					**2,815**		**2,815**		
Total Bond 162 ML	**151,625**	**2,815**		**843**	**4,070**	**152,468**	**2,815**	**2.650%**	**3.94%**
Bond 300 ML	**70,793**						**70,793**		
Additional transition costs	**(182)**			**129**			**(52)**		
Coupon rate 31/12/2019		**1,032**			**(1,032)**		**0**		
Paid interest					**1,770**				
Coupon rate 31/12/2020					**1,032**		**1,032**		
Total Bond 300 ML	**70,611**	**1,032**		**129**	**1,770**	**0**	**71,773**	**2.500%**	**2.80%***
* Including the effect of the Cash Flow Hedge reserve									
Bond 100 ML	**100,000**					**100,000**			
Additional transition costs	**(402)**			**101**		**(301)**			
Coupon rate 31/12/2019		**1,056**			**(1,056)**				
Paid interest					**2,250**				
Coupon rate 31/12/2020					**1,056**		**1,056**		
Total Bond 100 ML	**99,598**	**1,056**		**101**	**2,250**	**99,699**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**		**0**			**400,000**			
Additional transition costs	**(11,528)**		**0**	**2,243**		**(9,285)**			
Coupon rate 31/12/2019		**756**			**756**		**0**		
Paid interest					**8,500**				
Coupon rate 31/12/2020					**756**		**756**		
Total Bond 400 ML	**388,472**	**756**	**0**	**2,243**	**8,500**	**390,715**	**756**	**2.125%**	**2.76%**
Total Bonds	**710,306**	**5,660**	**0**	**3,316**	**16,590**	**642,882**	**76,400**		
Cash Flow Hedge reserve (bond 300 ML)	**(493)**			**348**		**(145)**			
Total financial charges				**3,664**	**16,590**				

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

> COVENANTS

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2020.

Name	Guarantees given	Owner of product	Type of product	End date	Financial "Covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
05 BreBanca IGD	Mondovicino shopping mall	IGD SIIQ SpA	Mortgage	**10/01/2023**					
01 Unipol Larice	Sarca shopping mall	IGD Management srl	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	**1.01**			
06 Unipol Lungosavio IGD	Lungo Savio shopping center (Mall)	IGD SIIQ SpA	Mortgage	**31/12/2023**					
07 Carige Nikefin Asti	I Bricchi shopping mall	IGD SIIQ SpA	Mortgage	**31/03/2024**					
08 Carisbo Guidonia IGD	Tiburtino shopping center	IGD SIIQ SpA	Mortgage	**27/03/2024**	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to ner equity must not exceed 1.6 through to maturity	**1.01**			
09 Interbanca IGD	Centro d'Abruzzo shopping center (Hypermarket); Porto Grande shop-ping center (Mall, Hypermarket); sC Globo Hypermarket; Le Porte di Napoli shopping center (Hypermarket); SC Il Maestrale (Hyper-market); SC Leo-nardo; CC Mirafiore (Hypermarket)	IGD SIIQ SpA	Loan	**05/10/2021**	Consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to ner equity must not exceed 2 from 31/12/2006 to maturity	**1.01**			
10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	IGD SIIQ SpA	Loan	**30/06/2029**	IGD SIIQ SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	**1.02**			
14 MPS Palermo	La Torre shopping center (Mall)	IGD SIIQ SpA	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%	**1.01**	**39.16%**		
15 CentroBanca Coné Gall	Coné shopping center (Mall)	IGD SIIQ SpA	Loan	**31/12/2025**	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2	**1.01**			
13 CR Veneto Mondovì	Mondovicino Retail Park	IGD SIIQ SpA	Mortgage	**01/11/2024**	Certified consolidated statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	**1.01**			
17 Carige Palermo iGD	La Torre shopping center (Hypermarket)	IGD SIIQ SpA	Mortgage	**30/06/2027**					
30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	IGD SIIQ SpA	Mortgage backed loan	**17/07/2023**					
31 Ubi 2 lame_rp _fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	IGD SIIQ SpA	Mortgage backed loan	**18/10/2021**					
32 Ubi 3 rp	La Favorita shopping center (Retail Park)	IGD SIIQ SpA	Mortgage	**18/10/2021**					
33 Ubi 5 Leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	IGD SIIQ SpA	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%	**0.99**	**43.90%**		
26 Notes 2,65% - 21/04/2022	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.00 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
27 Notes 2,50% - 31/05/2021	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
28 Notes 2,25% - 11/01/2024	Unsecured	IGD SIIQ SpA	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 Unsercured debt > 1.50 . - [excluding effect of IFRS 16 accounting standards]	**51.58%**	**3.21**	**13.02%**	**1.51**
35 Notes 2,125% - 28/11/2024	Unsecured	IGD SIIQ SpA	Bond	**28/11/2024**	i) Ratio Total Asset - Intangible Asset to Total Debt lower (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 Unsercured debt (net of Cash to Cash equivalents > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**45.77%**	**3.11**	**11.36%**	**1.72**
34 Syndicated Loan	Unsecured	IGD SIIQ SpA	Syndacated loan	**16/10/2023**	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 Unsercured debt > 1.25 . - [excluding effect of IFRS 16 accounting standards]	**50.61%**	**3.11**	**11.36%**	**1.51**
35 Fin.to MPS Garanzia Italia	Unsecured	IGD SIIQ SpA	Unsecured loan	**16/10/2026**	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 65%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.5; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 50%; iv) Ratio of encumbered assets to Unsercured debt (net of Cash to Cash equivalents > 1.00 . - [excluding effect of IFRS 16 accounting standards]	**45.77%**	**3.11**	**11.36%**	**1.72**

> NOTE 27) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2020	Actuarial (Gain)/ Losses	Reverse	Provisions	Financial charges IAS 19	31/12/2020
Provisions for employee severance indemnities	**1,847**	**22**	**(149)**	**191**	**18**	**1,929**

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	2020
Cost of living increase	**0.80%**
Discount rate	**0.53%**
Increase total compensation	Dirigenti: **2.5%** ; Impiegati/Quadri: **1.0%** ; Operai: **1.0%**
Increase in severance indemnity provision	**2.100%**

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2020

	(Euro/000)
Inflation rate +0,25% - Provision for employees severance indemnities:	**1,980.04**
Inflation rate -0,25% - Provision for employees severance indemnities:	**1,880.43**
Discount rate +0,25% - Provision for employees severance indemnities:	**1,864.81**
Discount rate -0,25% - Provision for employees severance indemnities:	**1,997.28**
Turnover rate +1% - Provision for employees severance indemnities:	**1,895.65**
Turnover rate -1% - Provision for employees severance indemnities:	**1,968.34**
Service Cost 2020	**176.37**
Plan Duration	**18.70**
Estimated payments, year 1	**211.00**
Estimated payments, year 2	**52.70**
Estimated payments, year 3	**56.55**
Estimated payments, year 4	**60.35**
Estimated payments, year 5	**64.09**

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> NOTE 28) GENERAL PROVISIONS

	31/12/2020	Reverse	Provision	31/12/2020
Provision of taxation	**1,736**	**0**	**139**	**1,875**
Consolidated Fund risks and future charges	**1,193**	**(419)**	**400**	**1,174**
Bonus provisions	**740**	**(658)**	**407**	**489**
Provisions for risks and future charges	**3,669**	**(1,077)**	**946**	**3,538**

> Provision for taxation

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

> Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2021 on the basis of the Group's 2020 estimated results. The utilization refers to the payment made in the first half of 2020.

> 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 €400K in end-of-term benefits for directors.

> The use of €369K of the allocation made in 2019 due to the partial conclusion of a lawsuit pending before the labor section of the Court of Treviso, brought by former employees of a tenant that had leased retail space from the Group at Conè shopping center but has since vacated the premises;

> The use of €50K of the allocation made in previous years for the payment of expenses arising from a dispute with the town of Guidonia regarding various retail licenses.

> NOTE 29) SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES

	31/12/2020	31/12/2019	Change
Deferred income	**800**	**800**	**0**
Extension fees	**500**	**1,000**	**(500)**
Payable for guarantee SACE	**1,083**	**0**	**1,083**
Other liabilities	**11**	**11**	**0**
Sundry payables and other non-current liabilities	**2,394**	**1,811**	**583**

Movements in this item were as follows:

> A decrease of €500K due to the reclassification to current liabilities of the share of the extension fee payable in October 2021 to BNP Paribas in order to extend the duration of the €200 million loan to 2022;

> An increase of €1,083K as the estimated amount payable to SACE from 2022 to 2025 as consideration for the guarantee backing the new €36,300K loan.

Below are the details of related party payables:

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**12,932**	**13,192**	**(260)**
Alleanza Luce e Gas S.r.l.	**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	**13,462**	**13,722**	**(260)**

Security deposits refer to sums received for the leasing of hypermarkets and malls. They pay interest at the rates provided for by law. In light of the framework agreement signed with Coop Alleanza at the end of 2018 that extends the duration of hypermarket leases and recalculates the amount of rent, in 2020 Coop Alleanza adjusted the security deposits relating to Porto Grande shopping center by €62K and to Conegliano shopping center by €198K to bring them into line with the revised rent for the hypermarkets.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 30) CURRENT FINANCIAL LIABILITIES

	Duration	31/12/2020	31/12/2019	Change
05 BreBanca IGD Mondovicino (Mall)	23/11/2006 - 10/01/2023	1,250	1,184	66
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	769	723	46
09 Interbanca IGD	25/09/2006 - 05/10/2021	15,143	14,670	473
08 Carisbo Guidonia IGD Tiburtino	27/03/2009 - 27/03/2024	4,130	4,131	(1)
07 Carige Nikefin Asti I Bricchi	31/12/2008 - 31/03/2024	1,830	1,716	114
13 CR Veneto Mondovì (Retail Park)	08/10/2009 - 01/11/2024	1,687	1,696	(9)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	933	0
14 MPS Palermo (Mall)	21/12/2010 - 30/11/2025	2,172	2,118	54
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,715	1,677	38
15 CentroBanca Coné (Mall)	22/12/2010 - 31/12/2025	2,640	2,640	0
Fin Ubi 5 Leonardo	19/04/2018 - 17/10/2022	2,080	2,092	(12)
Fin Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	2,553	2,570	(17)
Fin Ubi 2 Lame Rp Favorita	19/04/2018 - 17/10/2021	8,178	1,572	6,606
Fin Ubi 3 Rp	19/04/2018 - 17/10/2021	3,332	3,348	(16)
Due to banks		48,412	41,070	7,342
Leasing Sede Igd	30/04/2009 - 30/04/2027	356	345	11
Pass IFRS 16 Livorno corrente	01/01/2019 - 31/03/2026	2,896	2,777	119
Pass IFRS 16 Abruzzo corrente	01/01/2019 - 31/12/2023	112	109	3
Due to other source of finance		3,364	3,231	133
Bond 100 ML	11/01/2017 - 11/01/2024	1,056	1,056	0
Bond 162 ML	21/04/2015 - 21/04/2022	2,815	2,815	0
Bond 300 ML	31/05/2016 - 31/05/2021	71,773	1,032	70,741
Bond 400 ML	28/11/2019 - 28/11/2024	756	756	0
Debts for bonds		76,400	5,659	70,741
Non-current financial liabilities		128,176	49,960	78,216
Related parties non-current financial liabilities		3,828	9,318	(5,490)

Movements in current financial liabilities are as follows:

Current financial liabilities	31/12/2019	Coupon of the year	Repayments	Amortized costs	Reclassification	31/12/2020
Payables due to mortgages	41,070	0	(45,798)	(95)	53,235	48,412
Payables due to bonds	5,659	16,590	(16,589)	129	70,611	76,400
Payables due to IFRS 16	2,886	0	(2,886)	0	3,008	3,008
Payables due to other sources of finance	345	0	(345)	0	356	356
Total	49,960	16,590	(65,618)	34	127,210	128,176

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 relate to:

> 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 reclassification to current liabilities of the €300 million bond loan due to be redeemed in May 2021.

The reduction in related party liabilities (€5,490K) is the net effect of the increase in the amount due for the use of the pooled account with the subsidiary IGD Management S.r.l. (from €2,069K at the end of 2019 to €3,828K at 31 December 2020) and the decrease in the amount due to the subsidiary Porta Medicea S.r.l. (from a negative balance of €7,245K at the end of 2019 to a positive balance of €280K), plus interest accrued.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 31) NET FINANCIAL POSITION

The table below presents the net financial position at 31 December 2020 and 31 December 2019. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

	31/12/2020	31/12/2019	Change
Cash and cash equivalents	**(110,733)**	**(124,540)**	**13,807**
Financial receivables and other current financial assets vs related parties	**(93,209)**	**(91,924)**	**(1,285)**
LIQUIDITY	**(203,942)**	**(216,464)**	**12,522**
Current financial liabilities vs realted parties	**3,828**	**9,318**	**(5,490)**
Mortgage loans - current portion	**48,412**	**41,070**	**7,342**
Leasing - current portion	**3,364**	**3,231**	**133**
Bond loans - current portion	**76,400**	**5,659**	**70,741**
CURRENT DEBT	**132,004**	**59,278**	**72,726**
CURRENT NET DEBT	**(71,938)**	**(157,186)**	**85,248**
Leasing - non-current portion	**16,596**	**19,961**	**(3,365)**
Non-current financial liabilities	**396,791**	**413,895**	**(17,104)**
Bond loans	**642,882**	**710,306**	**(67,424)**
NON-CURRENT NET DEBT	**1,056,269**	**1,144,162**	**(87,893)**
NET DEBT	**984,331**	**986,976**	**(2,645)**

The net financial position decreased by about €2,645K with respect to 31 December 2019, due mainly to:

> The payment of dividends for 2019 (€25,150K);

> Cash generated by current operations;

> Investments during the year (about €7 million; for greater details see section 2.5 of the Directors' Report).

> NOTE 32) TRADE AND OTHER PAYABLES

	31/12/2020	31/12/2019	Change
Trade payables within	**5,569**	**11,272**	**(5,703)**
Trade and other payables	**5,569**	**11,272**	**(5,703)**

Trade payables decreased due mainly to the slowdown/suspension of non-deferrable work decided in the second quarter of 2020 as a result of the lockdowns caused by the COVID-19 crisis.

> NOTE 33) RELATED PARTY TRADE AND OTHER PAYABLES

	31/12/2020	31/12/2019	Change
Coop Alleanza 3.0	**165**	**241**	**(76)**
Robintur s.p.a.	**0**	**5**	**(5)**
Alleanza Luce e Gas	**0**	**183**	**(183)**
Unicoop Tirreno s.c.a.r.l.	**3**	**0**	**3**
Cons. propr. del compendio com. del Commendone (GR)	**30**	**3**	**27**
Consorzio prop. Fonti del Corallo	**0**	**141**	**(141)**
Consorzio Coné	**5**	**0**	**5**
Consorzio Katané	**5**	**41**	**(36)**
Consorzio Lame	**8**	**0**	**8**
Consorzio Leonardo	**16**	**61**	**(45)**
Consorzio La Torre	**21**	**177**	**(156)**
Rgd Ferrara 2013	**188**	**0**	**188**
Consorzio Porta a Mare	**0**	**25**	**(25)**
Distribuzione Centro Sud s.r.l.	**0**	**4**	**(4)**
Consorzio Le Maioliche	**5**	**0**	**5**
Consorzio Punta di Ferro	**13**	**6**	**7**
Consorzio Proprietari Centro Luna	**5**	**8**	**(3)**
Consorzio Esp	**5**	**4**	**1**
Consorzio La Favorita	**9**	**1**	**8**
Consorzio Le Porte di Napoli	**19**	**99**	**(80)**
Consorzio Casilino	**6**	**0**	**6**
IGD Management S.r.l.	**12**	**14**	**(2)**
Related parties trade and other payables	**515**	**1,012**	**(497)**

Most of the decrease in related party payables (-€496K) reflects the lower amounts due to Alleanza Luce e Gas, Consorzio Proprietari Fonti del Corallo, and Consorzio La Torre because of the different distribution of payments. See Note 38 for details.

> NOTE 34) CURRENT TAX LIABILITIES

	31/12/2020	31/12/2019	Change
Irpef / additional regional and municipality tax	**482**	**442**	**40**
VAT	**228**	**0**	**228**
Other taxes	**0**	**25**	**(25)**
Substitute tax	**0**	**1,485**	**(1,485)**
Current tax liabilities	**710**	**1,952**	**(1,242)**

The main reason for the decrease in current tax liabilities is the payment in June 2020 of the fifth and final installment of 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 €1,485K.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 35) OTHER CURRENT LIABILITIES

	31/12/2020	31/12/2019	Change
Social security	**231**	**224**	**7**
Accrued income and prepayments	**291**	**639**	**(348)**
Insurance	**8**	**8**	**0**
Due to employees	**427**	**391**	**36**
Security deposits	**5,813**	**5,884**	**(71)**
Unclaimed dividends	**2**	**5**	**(3)**
Amounts due to director for emoluments	**321**	**270**	**51**
Other liabilities	**1,959**	**995**	**964**
Other current liabilities	**9,052**	**8,416**	**636**

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

> NOTE 36) RELATED PARTY OTHER CURRENT LIABILITIES

	31/12/2020	31/12/2019	Change
Due to tax consolidations			
IGD Management S.r.l.	**79**	**52**	**27**
Millennium Gallery S.r.l.	**18**	**0**	**18**
Porta Medicea S.r.l.	**20**	**0**	**20**
Related parties due to tax consolidations	**117**	**52**	**65**

The increase concerns the tax consolidation and refers to the subsidiaries IGD Management S.r.l., Millennium Gallery S.r.l., and Porta Medicea S.r.l. which in 2020 brought a tax loss to the consolidation, giving rise to a liability for IGD SIIQ S.p.A.

> NOTE 37) DIVIDENDS

During the period, as determined by the Annual General Meeting held to approve the 2019 financial statements on 11 June 2020, a dividend of €0.228152 was paid for each of the 110,305,912 shares outstanding, for a total of €25,150K.

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> 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 Increase	Fixed assets Decrease
Coop Alleanza 3.0	171	0	165	12,932	0	0	0	0
Robintur s.p.a.	1	0	0	0	0	0	0	0
Librerie Coop s.p.a.	11	0	0	0	0	0	0	0
Alleanza Luce e Gas	20	0	0	55	0	0	0	0
Unicoop Tirreno s.c.a.r.l.	55	0	3	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	30	0	0	0	6	0
Consorzio prop. Fonti del Corallo	0	0	0	0	0	0	82	0
Consorzio Coné	0	0	5	0	0	0	0	0
Consorzio I Bricchi	0	0	0	0	0	0	46	0
Consorzio Katané	0	0	5	0	0	0	0	0
Consorzio Lame	0	0	8	0	0	0	0	0
Consorzio Leonardo	0	0	16	0	0	0	10	0
Consorzio La Torre	0	0	21	0	0	0	37	0
Consorzio Porta a Mare	13	0	0	0	0	0	0	0
Distribuzione Centro Sud s.r.l.	0	0	0	450	0	0	0	0
Rgd Ferrara 2013	63	1,001	188	0	0	0	0	0
IGD Management S.r.l.	35	84,729	91	0	3,828	0	0	0
Millennium Gallery S.r.l.	0	4,590	18	0	0	0	0	0
Porta Medicea S.r.l.	0	280	20	0	0	0	0	0
Arco Campus S.r.l.	0	2,609	0	0	0	0	0	0
Consorzio Le Maioliche	0	0	5	0	0	0	0	0
Consorzio Punta di Ferro	12	0	13	0	0	0	7	0
Consorzio Proprietari Centro Luna	6	0	5	0	0	0	1	0
Consorzio Esp	1	0	5	0	0	0	0	0
Consorzio La Favorita	0	0	9	0	0	0	0	0
Consorzio Le Porte di Napoli	0	0	19	0	0	0	28	0
Consorzio Casilino	0	0	6	0	0	0	14	0
Total	388	93,209	632	13,462	3,828	0	231	0
Amount reported	14,984	93,209	15,050	15,856	1,188,275	84		
Total increase / decrease of period							7,086	0
% out of the total	2.59%	100.00%	4.20%	84.90%	0.32%	0.00%	3.26%	

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	Operating revenues	Financial income	Total operating costs	Financial charges
Coop Alleanza 3.0	31,941	0	313	7
Robintur s.p.a.	192	0	0	0
Librerie Coop s.p.a.	708	0	0	0
Alleanza Luce e Gas	218	0	0	0
Unicoop Tirreno s.c.a.r.l.	5,032	0	20	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	139	0
Consorzio Coné	0	0	264	0
Consorzio Clodì	0	0	111	0
Consorzio I Bricchi	0	0	516	0
Consorzio Katané	1	0	197	0
Consorzio Lame	0	0	92	0
Consorzio Leonardo	0	0	25	0
Consorzio La Torre	1	0	352	0
Consorzio Porta a Mare	0	0	236	0
Distribuzione Centro Sud s.r.l.	1,426	0	0	0
Rgd Ferrara 2013	877	4	0	0
IGD Management S.r.l.	128	64	2	3
Millennium Gallery S.r.l.	3,600	20	0	0
Porta Medicea S.r.l.	146	0	0	2
Arco Campus S.r.l.	5	2	0	0
Win Magazin S.A.	19	0	0	0
Winmarkt management S.r.l.	5	0	0	0
Consorzio Le Maioliche	0	0	285	0
R.P.T. Robintur	13	0	0	0
Consorzio Punta di Ferro	10	0	173	0
Consorzio Proprietari Centro Luna	39	0	11	0
Consorzio Esp	1	0	268	0
Consorzio La Favorita	0	0	32	0
Consorzio Le Porte di Napoli	0	0	197	0
Consorzio Casilino	0	0	156	0
Total	44,362	90	3,389	12
Amount reported	121,652	171	32,590	34,539
% out of the total	36.47%	52.63%	10.40%	0.03%

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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 fair 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 2020, including for retail premises, amounted to €31.9 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 2020, €192K in rent was received from Robintur S.p.A. and €13K 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 €708K 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 €218K under this arrangement, and also has payables for security deposits received.

Transactions with Distribuzione Centro Sud S.r.l. refer to the lease to that company of the Guidonia and Afragola hypermarkets for €1.4 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 €5.0 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 92.6% 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 40 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.

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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-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Interest bearing assets	Euribor	1,107	1,245	(111)	(125)	0	0	0	0
Hot Money	Euribor	0	0	0	0	0	0	0	0
Financial liabilities at variable rate	Euribor	(2,781)	(3,039)	248	279	0	0	0	0
Derivatives									
Cash Flow		1,968	2,652	(182)	(239)	0	0	0	0
Fair Value		0	0	0	0	2,864	8,599	(292)	(822)
Total		294	859	(45)	(84)	2,864	8,599	(292)	(822)

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 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.

Maximum exposure to credit risk	2020	2019
Receivables and loans		
Sundry receivables and other assets	83	75
Trade and other receivables	13,464	8,092
Related party trade and other receivables	325	237
Other assets	750	747
Cash and cash equivalents	110,691	124,507
Financial receivables and other financial assets	93,209	91,924
Total	218,522	225,582

> 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

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the principal component.

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

LIQUIDITY RISK

Maturity analysis at 31 December 2020	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	6,815	3,662	12,595	29,860	28,560	369,722	13,151	464,366
Leasing	32	65	97	196	398	1,247	1,367	3,402
Bond	1,125	0	76,633	9,625	168,420	520,375	0	776,179
Short-term credit lines	(0)	0	0	0	0	0	0	(0)
Related party payables	3,828	0	0	0	0	0	0	3,828
Total	11,801	3,727	89,325	39,681	197,378	891,345	14,518	1,247,775
Derivative financial instruments								
Derivative on rate risk	477	775	1,525	2,402	3,783	5,544	572	15,078
Total	477	775	1,525	2,402	3,783	5,544	572	15,078
Exposure at 31 December 2020	12,278	4,501	90,850	42,083	201,161	896,889	15,090	1,262,852

LIQUIDITY RISK

Maturity analysis 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	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
Bond	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	9,138
Total	17,153	3,741	18,464	32,887	146,015	1,035,775	32,403	1,286,438
Derivative financial instruments								
Derivative on rate risk	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

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> NOTE 40) DERIVATIVE INSTRUMENTS

The Company has engaged in derivative contracts for the use of interest rate swaps. The fair value of derivatives 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	31/12/2020	31/12/2019	Change	Level
Derivative assets	**0**	**0**	**0**	**2**
Derivative liabilities	**(11,203)**	**(14,836)**	**2,275**	**2**
IRS net effect	**(11,203)**	**(14,836)**	**2,275**	

The contracts are detailed below:

Contracts in details	IRS 07 - Banca Aletti 3.420%	IRS 09 - Banca Paribas 3.439%	IRS 10 - ex MPS 3.439%	IRS 08 - ex MPS 3.420%	IRS 06 - Carisbo 3.3495%	IRS 12 - Carisbo 3.177%	IRS 11 - ex MPS 3.175%
Nominal amount	**2,536,634**	**2,536,634**	**2,536,634**	**2,536,634**	**3,238,248**	**2,536,634**	**2,536,634**
Inception date	**10/06/2009**	**10/06/2009**	**11/06/2009**	**12/06/2009**	**12/02/2009**	**27/10/2009**	**28/10/2009**
Maturiy	**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 details	IRS 16 - Aletti 3.285%	IRS 17 - Aletti 2.30%	IRS 14 - Carisbo 3.272%	IRS 13 - Carisbo 3.412%	IRS 15 - ex MPS 3.25%	IRS 18 - MPS 2.30%	IRS 19 - Carisbo 2.30%
Nominal amount	**4,621,513**	**8,932,250**	**6,162,018**	**5,612,559**	**4,621,513**	**8,932,250**	**8,932,250**
Inception date	**28/04/2010**	**27/08/2010**	**28/04/2010**	**28/04/2010**	**30/04/2010**	**31/08/2010**	**27/08/2010**
Maturiy	**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 details	IRS 20 - Carisbo 2.285%	IRS 21 - MPS 2.80%	IRS 22 - Carisbo 3.25%	IRS 24 - Carisbo 2.429%	IRS 23 - Carisbo 2.429%	IRS 25 - Aletti 2.427%	IRS 29 - BNL 0.333%
Nominal amount	**8,932,250**	**4,642,857**	**14,325,000**	**11,550,000**	**4,620,000**	**6,930,000**	**45,500,000**
Inception date	**27/08/2010**	**12/07/2011**	**12/07/2011**	**12/09/2011**	**12/09/2011**	**12/09/2011**	**17/01/2019**
Maturiy	**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 details	IRS 33 - BNP 0.115%	IRS 35 - MPS 0.115%	IRS 36 - BPM 0.115%	IRS 37 - ICCREA 0.115%	IRS 34 - BNP 0.075%
Nominal amount	**48,000,000**	**50,000,000**	**30,000,000**	**15,000,000**	**57,000,000**
Inception date	**29/03/2019**	**29/03/2019**	**29/03/2019**	**29/03/2019**	**29/03/2019**
Maturiy	**15/10/2021**	**15/10/2021**	**15/10/2021**	**15/10/2021**	**15/10/2021**
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%**

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 41) SUBSEQUENT EVENTS

On 13 January 2021, pursuant to Art. 7(c) (Redemption at the option of the Issuer) of the regulations of the bond loan "€300,000,000 2.500 per cent. Notes due 31 May 2021" (ISIN XS1425959316), which is currently outstanding for a total principal amount of €70,793,000, IGD published a notice informing the bondholders of its intention to exercise the option for early redemption of the bonds. Accordingly, the bonds will be fully redeemed on 1 March 2021. Once redeemed, the bonds will be canceled. For information on the coronavirus crisis, see section 2.11 of the Directors' Report ("Outlook").

Consistently with the strategic objective of maintaining an investment grade profile, IGD has hired the international advisory firm CBRE to initiate the sale of a portfolio of standalone hypermarkets and supermarkets valued at about €185 million. In the present market context, this is a highly attractive portfolio: it consists of an asset class of strong current appeal that offers investors solid returns, with long-term contracts and stable rent.

In February 2021 the Italian tax authorities confirmed a tax credit of €9K for sanitization and the purchase of protective equipment. The credit was requested in the second half of 2020 in accordance with Art. 125 of Decree Law 34/2020 and will be recognized in IGD's 2021 financial statements.

> NOTE 42) COMMITMENTS

At 31 December 2020 the Company had the following major commitment:

- Contract for the remapping of Conè shopping center (Conegliano Veneto), for a remaining amount of €306K.

> NOTE 43) DISPUTES

At 31 December 2020 there were no significant disputes involving IGD SIIQ S.p.A.

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> 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.

On 9 January 2020, the Emilia Romagna regional authorities filed a statement of defense to rebut the Company's counterarguments.

With a decision filed on 23 November 2020, the Regional Tax Commission of Emilia Romagna confirmed the lower commission's ruling, rejected the regional authorities' appeal, and ordered the regional authorities to pay the costs of both levels of justice in the amount of €7,000.00.

> 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 2020 the Company had no financial instruments in 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 2020 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 2020 and 31 December 2019:

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2020	Financial assets/ liabilities deisgnated 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	83	0	0	0	0	83	0	83	83
Equity investments	0	0	186,473	0	0	0	0	186,473	0	186,473	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	13,464	0	0	0	0	13,464	13,464	0	13,464
Related party trade and other receivables	0	0	325	0	0	0	0	325	325	0	325
Other current assets	0	0	750	0	0	0	0	750	750	0	750
Related party financial receivables and other current financial assets	0	0	93,209	0	0	0	0	93,209	93,209	0	93,209
Cash and cash equivalents	0	0	110,733	0	0	0	0	110,733	110,733	0	110,733
TOTAL FINANCIAL ASSETS	0	0	405,037	0	0	0	0	405,037	218,481	186,556	405,037
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	11,203	11,203	0	11,203	11,203
Due to banks	0	0	0	0	0	0	0	0	0	0	0
Leasing	0	0	0	0	0	3,249	0	3,249	356	2,893	2,986
Bond	0	0	0	0	0	719,282	0	719,282	76,400	642,882	706,730
Due to other sources of finance	0	0	0	0	0	16,712	0	16,712	3,008	13,703	16,712
Mortgage loans	0	0	0	0	0	3,828	0	3,828	3,828	0	3,828
Related party financial payables	0	0	0	0	0	445,204	0	445,204	48,507	396,697	423,695
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	2.394	0	2,394	0	2,394	2,394
Related party sundry payables and other non current liabilities	0	0	0	0	0	13,462	0	13,462	0	13,462	13,462
Current liabilities											
Trade and other payables	0	0	0	0	0	5,569	0	5,569	5,569	0	5,569
Related party trade and other payables	0	0	0	0	0	515	0	515	515	0	515
Other current liabilities	0	0	0	0	0	9,052	0	9,052	9,052	0	9,052
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,219,267	11,203	1,230,469	147,235	1,083.234	1,196,146

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2019	Financial assets/ liabilities deisgnated 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	75	0	0	0	0	75	0	75	75
Equity investments	0	0	186,473	0	0	0	0	186,473	0	186,473	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
Bond	0	0	0	0	0	715,965	0	715,965	5,659	710,306	733,694
Due to other sources 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

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.6 NOTES TO THE FINANCIAL STATEMENTS

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 2020 the estimated credit spread was 3.90% (2.25% the previous year).

> Collateral

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

Collateral given	Carrying value 2020	Carrying value 2019
Security deposits		
Sundry receivables and other assets	**83**	**75**

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables 2020	Impairment of trade receivables 2019
Opening balance	**10,079**	**10,435**
Allocations for individual writedowns	**9,017**	**712**
Utilzations	**(970)**	**(1,065)**
Other movements	**(4)**	**(3)**
Total	**18,122**	**10,079**

> 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 €3,528K in 2020 and a positive €1,180K in 2019.

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

Income statement at 31/12/2020	Financial assets/ liabilities measured 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
	Carrying value 31-Dec-20						
Net gain (loss)							
Financial assets / liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**(5,185)**
Trade and other receivables	**0**	**0**	**(9,017)**	**0**	**0**	**0**	**0**
Total	**0**	**0**	**(9,017)**	**0**	**0**	**0**	**(5,185)**

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

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

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

Interest income	2020	2019
Interest income of financial assets not measured at fair value		
Deposits	**81**	**14**
Related party receivables	**90**	**125**

Interest expenses	2020	2019
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**7**	**104**
Sundry payables and other liabilities	**1,296**	**1,213**
Payables to parent company	**6**	**3**
Financial liabilities		
Mortgage	**7,187**	**7,274**
Leasing	**41**	**48**
IFRS 16	**561**	**678**
Bond	**20,254**	**19,653**
Short-term loans	**2**	**25**

5.7 // Proposal for approval of the financial statements and coverage of the 2020 loss

Dear Shareholders,

We submit the separate financial statements of IGD SIIQ S.p.A. at 31 December 2020 for your approval, which close with a net loss of €66,437,039.64. Subject to approval of the draft financial statements for the year ending 31 December 2020 and the Directors' Report on Operations, we propose:

- *to cover the net loss of €66,437,039.64 recorded at 31 December 2020 using the share premium reserve , for €30,031,594.47 and distributable reserves, for €36,405,445.17;*
- *to reclassify the Fair Value reserve by €31,737,981.96, as a result of partial amendments to distributable income under Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable income by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €283,158,850.19 to €251,420,868.23*
- *to cover the capital increase reserve, negative for €10,304,558.06, with the bond issue reserve;*
- *to cover the treasury share reserve, negative for €233,087.16, with the bond issue reserve;*
- *to cover the IFRS 9 FTA reserve, negative for €4,353,719.51, with the bond issue reserve, for €4,327,109.19 and the share premium reserve, for €26,610.32".*

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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 statements COOP Alleanza 3.0 BALANCE SHEET (ex art. 2424 C.C.)	Year 2019	Year 2018
ASSETS		
A) Subscribed capital unpaid	**0**	**1.031**
B) Fixed assets	**3,955,593,678**	**3,974,023,535**
C) Current assets	**3,214,342,766**	**3,961,149,809**
D) Accrued income and prepayments	**10,191,280**	**13,409,267**
Total assets	**7,180,127,724**	**7,948,583,642**
LIABILITIES		
A) Net equity	**1,916,744,674**	**2,082,384,102**
B) General provisions	**96,661,509**	**128,384,530**
C) Provisions for employees severance indemnities	**132,971,199**	**143,094,515**
D) Payables	**5,030,043,352**	**5,588,350,696**
E) Accrued income and prepayments	**3,706,990**	**6,369,799**
Totale liabilities and net equity	**7,180,127,724**	**7,948,583,642**
Memorandum account INCOME STATEMENT (ex art. 2425 C.C.)		
A) Value of production	**4,029,067,042**	**4,144,396,616**
B) Cost of production	**(4,265,490,445)**	**(4,478,023,443)**
C) Financial income and charges	**103,399,141**	**144,034,311**
D) Adjustment to the value of financial assets	**(30,683,896)**	**(107,249,036)**
E) Extraordinary income and charges Income taxes for the period	**(243,460)**	**7,274,581**
Profit (Loss) or the period	**(163,951,618)**	**(289,566,971)**

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 2020 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

(Amounts in thousands of Euro)	Service provider	Recipient	Fees in 2020
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	**149**
Sustainability report auditing	PricewaterhouseCoopers Advisory S.p.A.	IGD SIIQ S.p.A.	**25**
Total			**174**

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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 2020.

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, 25 February 2021

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

5.11 // Attachments

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.

25 February 2021

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

(Elio Gasperoni)

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.11 ATTACHMENTS

> LIST OF EQUITY INVESTMENTS

Name	Registered office	Country	Share capital	Net result (euro)	Net equity (euro)	% held	Control	No. of shares/ quota	Carrying value (euro)
Millennium Gallery S.r.l.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**100,000 (euro)**	**(812,730)**	**17,445,468**	**100%**	IGD SIIQ S.p.A.	**100,000**	**14,463,025**
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	**1,500,000 (euro)**	**54,904**	**1,520,631**	**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)**	**(19,620)**	**87,147**	**50%**	IGD SIIQ S.p.A.	**50,000**	**54,251**
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**

***(*)** Figures refer to the financial statements for the year ended 31 December 2019.*

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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 2020, 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 2020, 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

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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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 2020.*	
As of 31 December 2020 Immobiliare Grande Distribuzione SIIQ SpA's investment properties and assets under construction are equal to, respectively, Euro 1,912.3 million and Euro 26 million, totaling Euro 1,938.3 million, which represented 82,2% 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, made even more uncertain by the current market situation related to the Covid-19 pandemic, 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 related 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 the 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, also assessed in the light of the market uncertainty related to the Covid-19 pandemic and the possible consequent impacts on the Company's business, 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.

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:

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
5.12 EXTERNAL AUDITORS' REPORT

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- 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;
- 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.

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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.

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 2020, 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 2020 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 2020 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, 12 March 2021

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

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5.13 // Board of Statutory Auditors' Report

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. (hereinafter also referred to as "PWC" or the "External Auditors"), the Internal Audit division, the Financial Reporting Officer and the Supervisory Board. The Statutory Auditors increased the flow of information

to the Board of Directors and the other Board committees, and also intensified the exchanges with the external auditors, in compliance with CONSOB's Notice n. 1 /21 of 16 February 2021.

The Board of Statutory Auditors notes that the separate and consolidated financial statements for the year ended 31 December 2020 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 (2019), we have therefore followed the format and numbering specified in the above mentioned 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 2020 are summarized below:

- 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 was reduced by €99,738, thousands by allocating €8,155 thousands to the legal reserve and €91,583 thousands to a newly formed distributable capital reserve. Following the share capital reduction, the legal reserve now equals the amount indicated in 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 the 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 10 February 2020 the period during which, pursuant to Article 2445 of the Italian Civil Code, creditors may challenge the voluntary share capital reduction, approved during IGD's Extraordinary Shareholders' Meeting held on 11 November 2019, lapsed and the share capital reduction was recognized in the Company's accounts on 19 February 2020.
- On 27 February 2020 the Board of Directors approved the draft separate and consolidated

financial statements for FY 2019, as well as the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, and the Compensation Report. The Board of Directors also approved the tenth Corporate Sustainability Report.

- 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.
- In light of the severity of the international public health crisis caused by COVID-19, the measures recently adopted by the public authorities and with a view to guaranteeing compliance with the restrictions required to protect public health, the Annual General Meeting, originally convened on 9 April 2020, in first call, and on 10 April 2020, in second call, to approve, inter alia, the financial statements as at 31 December 2019 and the dividend to be paid shareholders, was postponed to 11 June 2020, in first call, and to 12 June 2020, in second call.
- On 23 March 2020 the rating agency Standard & Poor's Global Ratings changed IGD SIIQ's rating from "BBB- "with a negative outlook to "BB+" (with a negative outlook) due to the challenging retail environment in Italy and the measures taken in response to the COVID-19 pandemic which could have a negative impact on the operating performance and, consequently, on valuations and leverage ratios while, at the same time, recognizing the company's robust liquidity profile. On 8 April 2020, the rating agency Fitch Ratings Ltd confirmed IGD's "BBB- "rating, but, as a result of the global health crisis caused by COVID-19, the agency placed it on Rating Watch Negative. As a result of these changes and in accordance with the respective regulations, the step-up clause which would have resulted in an increase of 125 bps in the coupon rate of some bonds was not triggered. On 08 April 2020 Moody's Investors Service put IGD's long term corporate family rating and the "Ba1" senior unsecured rating of its securities maturing 2021 (with an outstanding of around €71 million) on rating watch. The outlook was changed from stable to "under review".
- On 7 May 2020, 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 changed the proposed resolution approved during the Board of Directors' meeting held on 27 February 2020. More in detail, the Board of Directors proposed to allocate 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., the 2007 Budget Law).

- On 11 June 2020 the Ordinary Annual General Meeting of IGD SIIQ S.p.A. approved the 2019 financial statements of IGD SIIQ S.p.A., and resolved to pay a dividend of €0.228152 per share. The total dividend payable on the 110,232,654 ordinary shares of IGD outstanding at 7 May 2020, net of treasury shares held by the company at the same date, amounted to €25,149,800.48 to be taken from:
    - for €5,578,654.15, distributable income generated entirely by exempt operations;
    - for €19,571,146.33, utilization of the reserve for retained earnings from exempt operations.

  The earnings distributed from exempt operations totaled €25,149,800.48 or €0.228152 per share.
- On 9 July 2020 Moody's downgraded IGD's long term credit rating from "Ba1" to "Ba2" with outlook stable due to the rapid spread of the coronavirus outbreak and deteriorating global economic outlook. As a result of these changes and in accordance with the respective regulations, the step-up clause was not triggered.
- On 6 August 2020 the Board of Directors examined and approved the half-year financial report as at 30 June 2020.
- Pursuant to the resolution approved during the Ordinary Shareholders' Meeting held on 11 June 2020 which revoked the prior authorization granted on 10 April 2019 for the purchase of treasury shares, on 2 September 2020 Immobiliare Grande Distribuzione SIIQ S.p.A.'s liquidity enhancement program was terminated and all the treasury shares held were sold.
- In September 2020 IGD received the "EPRA BPR Gold Award" (Best Practice Recommendations) for its 2019 Consolidated Annual Report for the third year in a row. This prize testifies to IGD's continuous commitment to further increasing the transparency and comparability of its communication, to the benefit of investors, the financial community and all the Group's stakeholders. For the sixth consecutive year IGD also received the' "EPRA sBPR Gold Award" (sustainability Best Practice Recommendations), for the 2019 Corporate Sustainability Report which was assigned after examining the annual reports of 158 European sector companies. This prize confirms the high standards achieved by IGD in terms of sustainability reporting
- On 24 September 2020 IGD SIIQ signed an agreement with Banca Monte dei Paschi di Siena for a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program (at a rate which, including the cost of the government guarantee, is in line with the Group's average cost of debt). The loan guaranteed by SACE will be used by the Company to finance investments in Italy still in the pipeline and other operating costs, including working capital.

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- On 28 September 2020, Sergio Lugaresi tendered his resignation as an independent director due to other professional commitments.
- On 1 October 2020 the rating agency Fitch Ratings Ltd confirmed the investment grade rating BBB-, removed the Rating Watch Negative and changed the outlook to negative.
- On 16 October 2020 Banca Monte dei Paschi di Siena disbursed a 6-year €36.3 million loan, guaranteed by SACE as part of the Garanzia Italia program to IGD SIIQ S.p.A. as per the loan agreement signed on 24 September 2020.
- On 5 November 2020 the Board of Directors examined and approved the interim financial report at 30 September 2020.
- On 23 December 2020, the Company notified Moody's Investors Service Ltd of its intention to withdraw from the contract for the rating services provided by Moody's to IGD. This decision was made with a view to optimizing the resources dedicated to ratings and making this activity more efficient. IGD will continue to be rated by two of the most important rating agencies: Fitch Ratings Ltd and S&P Global Ratings.

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

The 2020 financial statements, submitted for the approval of the Annual General Meeting, close with a net loss of €66,437 thousand. Total revenue and other income came to €121,651thousand, a decrease of €6.9 million (-5.3%) on the previous year, attributable mainly to the discounts granted to retailers during the lockdown, the drop in variable revenue and temporary rents, as well as vacancies due to openings that were delayed or cancelled due to the pandemic. Operating costs (including overheads) went up, impacting from 20.8% to 26.8% of revenue. This result is explained mainly by the drop in revenue mentioned above and the notes of credit issued for discounts on rents already invoiced as part of the post-lockdown support provided to retailers.

At €32 million, EBIT was €76 million lower than in 2019 due to the decrease in the fair value of the property portfolio equal to €111.5 million (the decrease in fair value was equal to €56.2 million at 31 December 2019).

Financial charges amounted to €34.4 million at 31 December 2020, €0.1 million lower than in the prior year.

The net financial position was around €2.6 million lower than in 2019.

In 2020 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). The Chief Executive Officer always informed the Board of Statutory Auditors about the impact of the pandemic and compliance with the different decrees issued by the authorities in a timely manner.

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 2020, 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 that just closed (2020) during the Shareholders' Meeting held on 11 June 2020 the Company approved distribution of the distributable earnings generated by the exempt operations which was not less than the mandatory distribution. More in detail, as mentioned above, shareholders approved payment of a total dividend of €25,149,800.48 (€0.228152 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.

On 17 December 2020, the Board of Directors, in light of the favorable opinion expressed by the Committee for Related Party Transactions on the same day relative to the Framework Agreement, specifically to reducing the size of the hypermarkets found inside the "Katanè" and "La Torre" Shopping Center, agreed to extend the expiration for the signing of the "New Leases with Reduced GLA" for an additional twelve months, namely from 31 December 2020 to 31 December 2021.

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. 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 2020 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 12 March 2021.

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 2020, 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 2020 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 12 March 2021 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 2020 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 2020 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 2020 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 2020 was €149 thousand. The external auditors and/or other entities belonging to the same group also received €25 thousand for auditing the Corporate Sustainability Report. 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 €27 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 €48 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 €249 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 2020 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 2020 AS REQUIRED BY LAW

In 2020 the Board of Statutory Auditors issued opinions when required by law, the by-laws or Consob regulations. Our opinions and key observations include:

- the opinions issued on 11 December 2020, pursuant to Art. 5(4) of EU Regulation 537/2014, on services other than financial audit relating (i) for €25 thousand, to the assignment granted for the audit of the IGD Group's Corporate Sustainability Report in 2020 and 2021, and (ii) for €2 thousand, to IFRS training of a few employees of IGD SIIQ to be provided in 2021;
- 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 Remuneration and the compensation paid to the Board of Directors, the Board of Statutory Auditors, the Chief Executive Officer, the Chief Operating Officers 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 2020, 7 (seven) meetings were held, including a meeting held in extraordinary session on the same date.

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 25 February 2021 and are discussed in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors met 7 (seven) times in 2020 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) all ten meetings of the Internal Control Committee; (ii) four 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 (edition of July 2018), 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 2020 two meetings were organized: in February 2020 to coordinate the control functions and the exchange of information relative to the draft financial statements for 2019, as well as the presentation of the audit of the half-yearly report at 30.06.2020 in August 2020, and, in February 2021, to discuss the draft financial statements for FY 2020 with a particular focus on the CONSOB and ESMA recommendations relating to disclosures to be included in the 2020 Annual Report relating to the impact of the pandemic.

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

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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.

In accordance with CONSOB Notice 1/21 of 16 February 2021, the Board of Statutory Auditors paid particular attention to Company's planning activities, taking into account the possible impact that the pandemic could have on targets and business risks.

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, (vii) the Anti-Corruption Division appointed relating to ISO37001certification, 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 2020 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 2020 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 2020, 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 2020, 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 PWC 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

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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.

With regard to the last edition of the Corporate Governance Code, in effect as of 1 January 2021, the Company took steps to comply with the new version, firstly by adopting the criteria used to assess any commercial, financial or professional relationships of the Independent Directors. Similarly, the Board of Directors approved adoption of the Succession Plan for the Chief Executive Officers and the Company's most important key roles.

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, the latter was mandatory as per CONSOB regulations for governing 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(41) of Consob's Market Regulations, based on which the committees recommended in the codes of conduct relating to corporate governance promoted by market regulators should comprise solely 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 2020 and the chairman of the Board of Statutory Auditors attended four 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, who was substituted by the independent director Isabella Landi, appointed during the Board of Directors' meeting held on 5 November, after Mr. Lugaresi tendered his resignation. In 2020 the committee held meetings regularly and in keeping with the company's needs. It met 10 (ten) 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 all the 10 (ten) meetings held in 2020;
- 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 2020 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 2020.

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5.13 BOARD OF STATUTORY AUDITORS' REPORT

The company has also formed a Supervisory Board with three members: Gilberto Coffari (chair), Paolo Maestri, and Alessandra De Martino. In 2020 it met six times on the basis of the company's needs, working with Internal Audit on monitoring and controls.
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 Chief Executive Officer and the structures involved always informed the Board of Statutory Auditors about the impact of the pandemic and compliance with the different decrees issued by the authorities in a timely manner. As for the Annual General Meeting convened on 15 April 2021, the Board of Statutory Auditors notes that pursuant to Legislative Decree n. 18, the "Cura Italia' decree (extended as per Legislative Decree n. 183, "Milleproroghe" of 31 December 2020) the Shareholders' Meetings, in ordinary and extraordinary session, may be closed-door meetings, which allows the company to indicate in the notices of call that instruments like proxy and electronic voting may be used, that attendance of the meeting via conference/video call is allowed and that the physical presence of the shareholders in one place is not necessary.
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, 12 March 2021

The Board of Statutory Auditors

(Anna Maria Allievi)

(Daniela Preite)

(Roberto Chiusoli)

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// GLOSSARY

GLOSSARY-

// AGENCY MANAGEMENT

Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

// AVERAGE COST OF DEBT

Refers to the average cost, without taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

// AVERAGE EFFECTIVE COST OF DEBT

Refers to the average cost, taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

// CORE BUSINESS FFO

FFO (Funds from Operations) is a performance indicator used widely in the real estate sector (REITs).

Core business FFO, which measures the cash flow generated by the Group's core business, is calculated by subtracting non-cash items (writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of extraordinary transactions and income generated by property sales from pre-tax profit, net of current tax and adjusted to reflect non-recurring items.

// DEVELOPMENT PIPELINE

Program of investments in development.

// DIRECT COSTS

Costs directly attributable to the shopping centers.

// DIVIDEND YIELD

The dividend yield, or price/dividend ratio, is the company annual dividend payments made or announced divided by closing price of its ordinary shares at the end of the year.

// EBIT (Operating profit)

EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, changes in the fair value of properties held and provisions for risk.

// EBITDA (including core business)

EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings before interest payable, taxes, disposals, income/(loss) from equity investments, non-recurring transactions, amortization, depreciation, provisions, as well as impairment and fair value adjustments. Core business Ebitda refers to the core business included in the consolidated income statement which does not include the results posted by the "Porta a Mare Project".

// EBITDA MARGIN (including core business)

This indicator is calculated by dividing Ebitda by operating income.

// EPRA

European Public Real Estate Association.

// EPRA Net Initial Yield o NIY

EPRA NIY is a performance measurement index and it is calculated as the annualized rental income based on the cash rents passing at the balance sheet date (including one-off and variable income), less non-recoverable property operating expenses, divided by the gross market value of property, net of development property.

// EPRA "Topped-up" NIY

The EPRA topped-up NIY is a performance measurement index obtained by making an adjustment to the EPRA NIY with annualized and full term rental income (including one-off and variable income), i.e. excluding unexpired lease incentives such as discounted rent periods and step rents.

// EPS / EARNINGS PER SHARE

Net profit divided by the average number of shares outstanding in the year.

// ESTIMATED RENTAL VALUE / ERV

The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

// FACILITY MANAGEMENT

Supply of specialized services to shopping centers such as security, clearing and routine maintenance.

// Financial occupancy

Calculated as the GLA rented at market rates and expressed as a percentage of the market value of the total GLA rented at market rates.

// GEARING

The gearing ratio reflects the total debt to total equity ratio, including non-controlling interests, and net of the cash flow hedge reserve. It measures financial leverage which demonstrates the degree to which a company's operations are funded by owner's funds versus borrowings and facilitates sector benchmark analysis.

// GENERAL EXPENSES

Corporate costs not attributable to the individual shopping center.

// GROSS EXIT CAP RATE

The terminal value of the gross revenue (rents, temporary and variable) calculated as a percentage of the exit value.

// GROSS INITIAL YIELD

The gross initial yield of an investment is the annualized rental income used in the first year of the DCF model (Discounted Cash Flow) expressed as a percentage of the property's fair value.

// GLA / GROSS LEASABLE AREA

The total floor area designed for tenant occupancy which includes outside walls.

// GROSS MARGIN

The result obtained by subtracting direct costs from revenues.

// HEDGING

The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortgage loans and bonds.

// HYPERMARKET

Property with a sales floor in excess of 2,500 sqm, used for the retail sales of food and non-food products.

// INTEREST COVER RATIO (ICR)

Measure of the number of times a company's operating profit covers the interest payable on debt. It is an indicator used to understand a company's solvency and ability to assume debt. It is calculated by dividing EBITDA by the net financial expense.

// INITIAL YIELD

The annualized rental income from a property as a percentage of its valuation at the time of purchase.

// INTEREST RATE SWAPS / IRS

Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Using to convert floating rate debt into fixed rate debt.

// LIKE-FOR-LIKE PORTFOLIO

Real estate assets held in the portfolio for the entire year and the entire prior year.

// LIKE FOR LIKE REVENUE

Revenues from rental activities of the assets held in the

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portfolio for the entire year and the entire prior year. They are separately calculated for Italy and Romania portfolios and they exclude:

> Revenues from assets that have been acquired, sold or subject to remodeling and therefore they have not realized any income in the period;

> Missing revenues from instrumental vacancy due to different reasons (i.e. works carried out to create new layouts);

> Exceptional and one-off revenues which would make the comparison less reliable.

// LOAN TO VALUE (LTV)

Ratio between the amount borrowed (including the lease for IGD's headquarters) and the market value of freehold properties.

// MALL / SHOPPING MALL

Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

// MALL

Property that includes an aggregation of shops, as well as the common areas on which they insist

// MIDSIZE STORE

A property with a sales floor area of 250 to 2,500 sqm used for the retail sales of non-food consumer goods.

// NET ASSET VALUE METRICS

The main performance indicators that provide stakeholders with information about the fair value of the company's assets and liabilities.

In October 2019, three new asset value metrics were introduced in EPRA Best Practices Recommendations: **EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV)** which replace EPRA NAV and EPRA NNNAV. Consistent with EPRA Best Practices Recommendations, the new EPRA NAV indicators were used for the first time in the half-year report at 30 June 2020 which include a reconciliation of the calculation used for the old and new indicators, along with the calculation used for the comparison period (2019).

// NET ASSET VALUE (NAV) AND TRIPLE NET ASSET VALUE (NNNAV)

The equity pertaining to the Group, calculated based on EPRA indications which call for a few adjustments.

Certain items are excluded from the NAV calculation for lack of relevance in a business model with a long term view like the Group's. NNNAV provides more relevant information about the fair value of assets and liabilities. The NAV is adjusted to take into account the fair value of (i) hedges, (ii) debt and (iii) deferred taxes.

It represents the equity pertaining to the Group including in the calculation the fair value of the main assets and liabilities that are not included in the EPRA NAV, namely (i) hedges, (ii) debt and (iii) deferred taxes.

// NET DISPOSAL VALUE (NDV)

Represents the stakeholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. In this disposal scenario goodwill is excluded from the Group's portion of equity, while the fair value of debt is included.

// NET DEBT

Net debt shows financial structure and is calculated by adding long-term debt, short-term debt and the current portion of long-term debt included in "Non-current and current financial liabilities (with third parties and related parties)", net of "Cash and cash equivalents", "Non-current financial assets" and "Financial receivables and other current financial assets (with third parties and related parties)".

// NET REINSTATEMENT VALUE (NRV)

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. It represents the repurchase value of the company, assuming the company does not sale any properties and is calculated based on the equity attributable to the Group (as shown in the IFRS financial statements), excluding the fair value movements on financial derivatives and deferred taxes on property valuation surpluses.

// NET TANGIBLE ASSETS (NTA)

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability. It represents a scenario in which a few properties could be sold. At 30 June 2020 the company does not have any assets which could be sold and for this reason the deferred taxes coincide with the amount excluded from the NRV calculation. Contrary to NRV, the goodwill and the intangible assets included in the financial statements are excluded from the equity attributable to the Group.

// OCCUPANCY RATE

Gross let surface area as a percentage of properties' total surface area.

// OVER-RENTED

Space rented for an amount exceeding its ERV.

// PRE-LET

Lease signed by a tenant before development of the property has been completed.

// REAL ESTATE ASSETS

The Group's freehold properties.

// REAL ESTATE PORTFOLIO

The portfolio of freehold and leasehold properties rented out by the IGD Group.

// REIT

Real Estate Investment Trust. Comparable to a SIIQ in Italy.

// RETAIL PARK

Group of three or more complexes with a combined area of more than 4,500 sqm and shared parking.

// REVERSIONARY POTENTIAL YIELD

The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

// SHOPPING CENTER

Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

// SIIQ

Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicly held listed company whose prevalent activity is the rental of properties and equivalent, provided they meet a series of earnings and balance sheet requirements.

// STORE

Property for the retail sale of non-food consumer goods.

// SUPER MARKET

A property with a sales floor of 250 to 2,500 sqm used for the retail sale of food and non-food products.

// TENANT MIX

Set of store operators and brands found within a mall.

// UNDER-RENTED

Space rented for an amount less than its ERV.

// WACC / WEIGHTED AVERAGE COST OF CAPITAL

The weighted average cost of debt and all other sources of capital, used to calculated the expected return on investments.

SPACES TO BE
LIVED IN

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