ANNUAL 20
REPORT 22

SPACES TO BE
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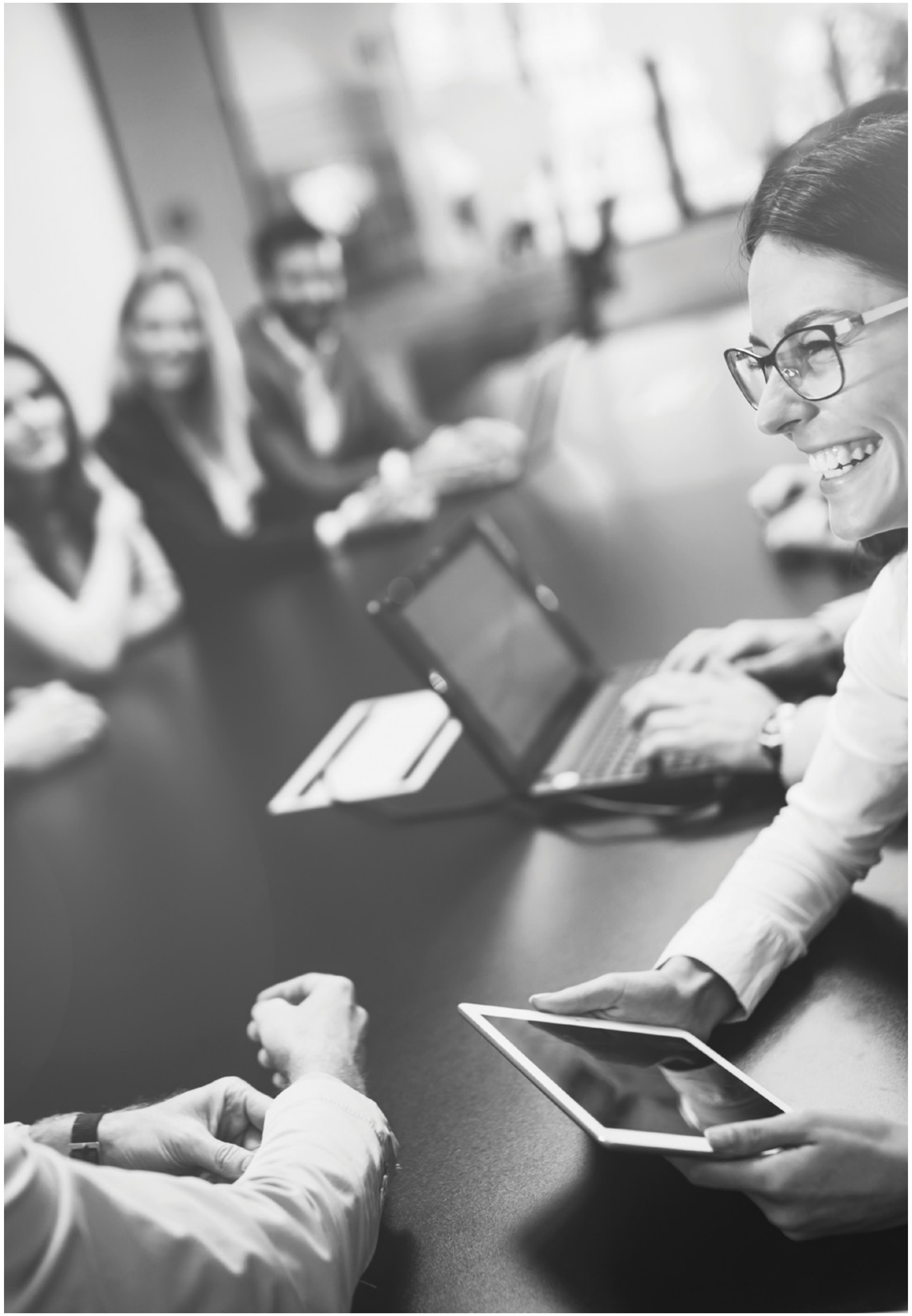

IMMOBILIARE GRANDE DISTRIBUZIONE
SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.P.A.

Registered office 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.: 2022 Annual Report

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// THE IGD GROUP
DETAILED INDEX

1. IGD GROUP

1.1 // Letter to the Shareholders

After two years which were marked deeply by the pandemic, in 2022 we also had to face an extremely complex external scenario.

> Difficulties in the operating environment continue, with an unexpected change in inflation and interest rates reflected in portfolio valuations

In the first months of last year the Omnicron variant of COVID-19 caused hundreds of thousands of infections in Italy, while after the Russian-Ukrainian conflict began many supply chain disruptions worsened after having already been tested by the restrictions implemented to contain the pandemic; the difficulties in procurement fueled inflation, driven, above all, by higher energy costs. The need to contain the rise in prices caused central banks to tighten monetary policy which resulted in a sudden rise in borrowing costs.

This backdrop also had a direct impact on the **valuation of IGD's real estate assets** with a noticeable increase in the exit rates used in the appraisals which was not fully offset by rent indexing, resulting in a decrease in fair value of approximately €53 million which, along with all of the investments made in the year, had an impact on the Company's income statement of **€93.8 million**.

> The improved Funds from Operations provides a reassuring signal

There was, however, an increase in the indicator which best reflects the effectiveness of IGD's operational and financial management, namely **Funds from Operations** or FFO, which **rose 3.8% to €67.2 million**: a performance which, therefore, exceeded the growth rate we forecast last August.

"This performance reassures us about the effectiveness of the policies we used to navigate this complex year and confirms the validity of our business model".

> The policies used to support tenants experiencing difficulties are reflected in the positive operating metrics

In the two-year period **2020-2021** IGD's Italian shopping centers experienced significant restrictions due to the pandemic and were **closed** 87 days in 2020 and 44 in 2021. The decision to negotiate with each tenant individually in order to find the most effective solutions including **temporary discounts and deferred payments** made it possible to limit the number of vacancies or uncollectible accounts, as well as maintain the lease structure and avoid economic repercussions in subsequent years.

In **2022**, even though we didn't experience the closures of the prior years and there was no carry over in the discounts granted during the peak of the pandemic, we did have to face a **first quarter** that was still complex due to the spread of **infections caused by the Omicron variant** of the virus, a factor which affected the number of shopping center visits to a certain degree.

In **subsequent quarters**, we had to address new **limits on household spending** as purchasing power was eroded by galloping inflation and – above all in the second part of the year – the higher cost of mortgages, utilities and fuel. On the other hand, the margins of our tenants were put under great pressure by the significant increase in energy costs.

In order to sustain individual brands experiencing difficulties, in 2022 we had to, once again, take steps like granting **temporary discounts**, albeit while maintaining the prior approach and leaving the previous lease structure unchanged.

"The fact that rent collection has been successful, with occupancy maintained at a good level, confirms the validity of the direction we have taken in the last three years".

The trend in debt collection for the Italian portfolio says we were right, as **rent collection** improved in 2022 and today is around **96%**.

At year-end 2022, furthermore, the **financial occupancy** of IGD's Italian portfolio was **95.7%**, **higher** than in the prior year.

In 2022 IGD's commercial team signed **171 new leases** (91 renewals and 80 with new brands) out of a total of 1,401 leases for the Italian portfolio, with an **average upside on rents of 1.1%**.

As part of the pre-letting process, in 2022 a few new leases were closed which call for **step-up mechanisms**: this mechanism makes it possible to temporarily sterilize the impact of galloping inflation and makes it easier to introduce new anchor brands which, moving forward, will be subject to indexed rents consistent with IGD's typical lease structure.

"The policy to keep the lease structure unchanged proved to be a winning one: today IGD benefits from the indexed rents with a very small portion of rental income exposed to changes in sales performances".

> Sales increase at the malls and the hypermarkets

Despite a challenging first quarter, **the sales of retailers in IGD's Italian malls** rose noticeably in 2022, posting an **increase of 13.3%** compared to 2021 and **exceeding** the 2019 pre-pandemic level by **0.7%.** Sales at **hypermarkets** also recovered, with an **increase of 2.5%** compared to 2021, which confirms their key role as a shopping center anchor.

Our analyses revealed another positive signal, **more retailers reported higher sales than in 2021**, like-for-like: particularly encouraging for a property company like IGD which derives around half its rental income from local shops of less than 250 square meters. This is also the type of retailer that suffered the biggest drop in sales in the two-year period 2020-2021, while retailers with medium/large stores benefitted more directly from the increase in the average ticket.

The trend, seen beginning in 2020, of less frequent visits to the shopping center, or made by fewer members of the same family, but more targeted shopping compared to the pre-pandemic period continued. **Footfalls**, while still **17.1% lower than in 2019**, were, however, **6.9% higher than in 2021**.

> Sales were higher than in 2021 across all the different merchandise categories

Compared to the general improvement recorded by all merchandise categories, the increase seen at malls was above the 13.4% average with, more specifically, **restaurants** bouncing back by 53.5%, followed by **personal care** and **home goods**, up 16.1% and 14.1%, respectively. Clothing also recorded a slightly higher than average increase of **13.5%**.

The first trend that emerged was a **reawakening of social life**, which benefitted the **fast-food** segment, in particular. IGD succeeded in leveraging on this behavior thanks to the recent introduction of new restaurant tenants, characterized by light layouts and distinct themes: this made it possible to provide a range of choices for both lunch, as home working decreased, and in the evening, as movie theaters reopened driven also by the new films which were finally available.

The second trend seen in 2022 was the **desire for a reward, after taking care of yourself and your "nest"**, where you could, once again, entertain. After long periods during which people were isolated at home, in 2022 the amount spent on cosmetics, on eyewear and, above all, in jewelry stores, as well as home good stores, increased considerably.

While the growth in **electronics** slowed, after a particularly brilliant 2021 during which televisions were substituted and the need, already seen in 2020, to be equipped adequately for remote learning and working, in 2022 **clothing**, which represents 53% of the merchandising mix in IGD's Italian malls, began to grow again as the desire to go out and meet people resumed.

New trends also emerged within this category: shoppers looking for a reward were drawn more and more by premium clothing brands, with high average tickets or sought products which reflected the latest fashion trends, but at lower costs.

In our malls, therefore, we quickly r**evisited the merchandising mix**, reducing the mid-range price points and increasing the merchandise which was more in line with shoppers' preferences.

The **revised mix** was particularly noticeable at two core portfolio assets: **Puntadiferro** in Forlì and **Tiburtino** in Rome – two centers which, compared to a year ago, now have new brands which offer an array of products, from home goods to barber shops, from hair salons to a wide range of esthetic services, through new food court formats. High impact marketing was also carried out at the **PortoGrande** center near Ascoli, where the restyling will be completed in 2023: after the hypermarket was downsized, new merchandise was introduced based on a careful, comparative analysis of the catchment area.

The introduction of new tenants, above all where the hypermarket space was reduced, resulted in lower rents during the period in which the spaces were **vacant** in order to complete **fit-outs in the new stores**. The **immediate impact** on **footfalls** at the centers which were remodeled or where the mix was revised quantifiable by IGD testify to the validity of the remarketing initiatives.

"Thanks to the new commercial mix, footfalls and sales are now paying for the work done which proves how vital it is, now more than ever, to interpret and capture the new emerging consumer trends in order to fuel rental income".

> IGD's marketing is enhanced by new tools which leverage on digitalization

IGD GROUP
1.1 LETTER TO THE SHAREHOLDERS

2022 marked the return of in-person events inside IGD's shopping centers: a marketing tool which has always contributed effectively to attracting traffic and which were impossible to carry out due to pandemic restrictions. A total of **531 events** have been organized in IGD's Italian centers since the spring.

With a view to **strengthening the partnership** between owners and core tenants, in the last quarter of 2022 we also launched an important **co-marketing campaign with Coop Alleanza 3.0**, broken down in three distinct areas, which involved 12 shopping centers. Firstly, IGD benefitted from an improved understanding and perception of its brand through th**e communication** of events, sales initiatives and new openings, included in the roughly 20 million flyers sent to Coop members. Secondly, thanks to an **important promotion**, IGD distributed 50 thousand coupons, double the amount spent by customers, to be used for other purchases which incentivized family shopping and fueled new demand. Thirdly, thanks to the development of **digital planning**, IGD was able to leverage on the circa 680 thousand newsletters and SMS sent by Coop Alleanza 3.0 to its members and offer a series of exclusive promotions, while also improving its database by increasing the number of contacts and enhancing profiles.

After the launch of the digital marketing plan in 2020 and the implementation of the Customer Relationship Management system in 2021, there were further, important changes in the **digitalization** of IGD's shopping centers: in 2022 we, in fact, completely renewed the totems and increased the number of infopads, adding new customer services; the 30 ledwalls found today in IGD's centers are also ready to be used as remunerative advertising spaces.

"Thanks to the noticeable expansion of the customer database in 2022 and the 18 different profiles registered, today IGD can create personalized marketing and communication campaigns".

Currently other co-marketing projects, in addition to the pilot project with the makeup brand KIKO Milano, with different mall brands are being considered.

> With occupancy high, Winmarkt records satisfactory rent collection

In Romania the macroeconomic backdrop in which we found ourselves in 2022 showed net recovery, despite the slowdown recorded in the second half of the year.

IGD's team worked hard to regain a high level of financial occupancy in the malls, after it fell to 93.6% at year-end 2020 due to the pandemic. Thanks to the effective re-marketing actions, at the end of 2022 **occupancy** at the Winmarkt malls reached **98%**: key to rebuilding traffic and strengthening the appeal of our chain of 14 shopping centers. This important result was achieved mainly by adding new tenants in the high floors and in the larger stores, including doctors' offices, public services, fitness centers and clothing chains offering trendy, but accessible, merchandise. The number of small, local retailers continues to be significant, however, at around 42% of the total, while international brands account for 37% and Rumanian brands the remaining 21%. In Romania a total of 272 renewed leases, as well as 121 turnover leases, were signed in 2022, with an **average upside on rents of 1.8%**. In the twelve-month period, a total of 45 new stores were opened in the malls. After negotiations, we also increased the visibility of revenue, with rents currently locked in for a period of just under 5 years. The high **percentage of rent collection** for 2022, which came in at around **97%** in early February 2023 testifies to the effectiveness of the commercial policies.

As for **capex**, in 2022 we made all the investments in the fit-outs needed for the new brands and to improve energy efficiency, including the installation of a new solar energy system at the Ploiesti center, for a total of €1.4 million.

> Considerable investments made in the Italian assets consistent with the pipeline

In 2022 the investments made by Gruppo IGD totaled **€34.6 million:** compared to €22.9 million in 2021.

In November 2022, we completed the **restyling** of the **La Favorita** center in Mantua, which involved a complete renewal of the layout that we carried out paying great attention to energy efficiency and environmental impact.

We also r**educed the size of three hypermarkets**, which freed up new spaces for new brands in the malls: in the two Sicilian centers, La Torre in Palermo and Katanè in Catania, as well as in the PortoGrande center in San Benedetto del Tronto, where the remodeling of the new spaces has been completed, stores are already open, and the restyling of the entire asset is expected to completed in 2023.

A lot of work was also done at O**fficine Storiche in Livorno**. In the **residential** section 42 apartments were built, 17 of which were sold in 2022 with a cash-in of around €7 million. 15 additional binding offers were also signed for an expected cash-in of €6.7 million in 2023.

With regard again to the Officine Storiche project, work continued on the more than 16 thousand square meters dedicated to **retail businesses and entertainment**. Pre-letting of the leasable spaces reached more than 80% as the second quarter 2023 inauguration approaches.

All the work done provides us with an opportunity to make our assets more sustainable and environmentally friendly. In 2022 we, in fact, made a total of €3 million in **"green" investments**.

> Consistent execution of the financial strategy

"In terms of financial management, in 2022 IGD worked to ensure adequate debt refinancing and cost optimization".

The 2022 financial maturities, amounting to €180.6 million, were largely covered with the liquidity of €158 million available at the beginning of the year and, for the remainder, by the resources obtained through two loans closed in the second half of the year. In August we closed the first **unsecured senior green loan** in IGD's history for a total of €215 million, with a duration of three years and extendible for an additional two: a financing tool which was well received by both banks and investors which IGD was able to obtain thanks to its vast portfolio of high quality assets, with "very good" or "excellent" BREEAM certifications. We also obtained a SACE guaranteed loan of €20.9 million from a top-tier lender. After the renewals negotiated in the spring, the unutilized committed lines amounted to more than €60 million at the end of 2022.

As a result of the new resources gathered and the renewed facilities, IGD closed the year with the 2023 financial maturities basically covered, in line with the need to close refinancing transactions around 12 months before any maturities in order to maintain the investment grade rating.

Today IGD's corporate debt has a **cross over rating**, based on the ratings of two agencies: an investment grade rating, BBB- with a stable outlook, from Fitch Ratings and a second BB+ rating with a stable outlook from S&P Global Ratings. While the last revision of Fitch Ratings was made in November 2022, S&P will carry out its annual revision (the last revision was in September 2022) after publication of the FY 2022 results. Last year both of the agencies paid great attention to our ability to maintain adequate liquidity given the great impact that higher interest rates have on the real estate sector.

In 2022 IGD's **average cost of debt** was **2.26%, largely unchanged** with respect to the 2.20% posted in 2021.

> Changes in the perimeter and higher energy costs impacted the EBITDA in 2022, which, however was impacted positively by the post-pandemic remarketing and rent indexing

The actions taken in terms of commercial and asset management led to solid results in the "top" lines of the income statement, namely through EBITDA, in what was a difficult environment.

In 2022 **core business EBITDA** was, in fact, **3.6% lower** than in 2021, coming in at €103.4 million. **Total rental income** fell more than EBITDA (**by 5.4%** YoY) to €137.3 million: the **core business EBITDA Margin** was therefore higher, coming in at 71.6% compared to 70.8% in 2021.

Even though no direct costs associated with the pandemic were recorded in 2022, as was the case in 2020 and 2021, **rental income** was **3.7% lower** than in 2021, coming in at €114.0 million. This performance reflects the drop in revenue attributable to the change in perimeter following the sale of assets at the end of 2021 and the termination of the Centro Piave (near Venice) master lease, as well as the increase in **condominium fees** (linked to vacancies or leases with capped expenses), explained primarily by higher energy costs. Net rental income benefitted from the positive impact of recent pre-letting and the structure of IGD's rents which are largely indexed. Like-for-like, net rental income would have been 7.1% higher than in 2021.

Thanks to rigorous financial discipline, **general expenses** were up by only 1.4%, well below average yearly inflation in 2022 which in Italy reached 8.1%.

> Property writedowns impact the income statement

Based on the valuations of the independent appraisers, **Gruppo IGD's real estate portfolio had a fair value of €2,080.86 million** at year-end 2022, a decrease of 2.79% with respect to year-end 2021.

"In general, with discount rates rising due to inflation, the net exit yields fell which had a negative impact on property values".

The total fair value of Gruppo IGD's assets was also influenced by the Romanian portfolio with the valuation of the **Winmarkt assets** at €128.3 million and the assets of the **Porta a Mare project in Livorno** which were valued at €62.3 million.

In 2022 the bottom line of Gruppo IGD's income statement was affected significantly by the €53 million decrease in fair value LFL shown in the year-end independent appraisals, along with the capex recorded in the year for a total negative impact of around in €93 million.

EBIT reflects the impact of the increased property write-downs, though it remained positive: in 2022 EBIT came to **€7.7 million**, €82.2 million lower than in 2021.

> Net financial charges were lower, consistent with the average net financial position which was lower than in 2021

Financial charges amounted to €30.5 million, **8.5% lower** than the net charges of €33.3 million recorded in the prior year, while the **net financial position**, net of the IGD headquarter leasehold, fell from the €987 million reported at the end of 2021 to **€976.9 million** at year-end 2022. Despite the decrease in debt, the **Loan-to-Value** went from 44.8% at the end of 2021 to 45.7% at year-end 2022 due to the decrease in fair value.

The bottom line of the FY 2022 consolidated income statement shows a **net loss of €22.3 million**, compared to a net profit of €52.8 million in 2021.

> The improvement in funds from operations beats the

The adjusted FFO was 3.8% higher, going from €64.7 million in 2021 to €67.2 million in 2022.

"FFO was higher than the guidance for FY 2022 that we shared with the market on 4 August, when we said we expected an increase of between 2% and 3%".

Adjusted for the decrease in the perimeter attributable to the sale of assets closed at the end of 2021, the improvement YoY would have reached around 17-18%.

> Governance continues to grow stronger

With regard to Enterprise Risk Management, the ongoing evolution of the model continued with a strengthening of the quantitative aspects of risk analysis, while as of 1 January 2023 risk management was outsourced to a top-tier sector company, which will interface directly with the Risk Control Committee or the Board of Directors. One of the first tasks of the new risk manager will be to assess the model itself, with a view also to improving the interface with the process used to prepare and update the Business Plan.

Significant changes were also made to the r**emuneration policy** to raise the amount of the long-term component, in order to increase the probability of retaining key resources and to further increase management's incentive to reach the Plan targets.

The continuous improvements in terms of Governance are reflected in the **13 ESG ratings** which were assigned to IGD in 2022, largely in line or better compared to 2021.

> The IGD shopping center format continues to be valid

In the wake of 2022's reassuring operating indicators and the performances recorded in the first weeks of 2023, which show double-digit growth in footfalls compared to the prior year, we can confirm that **IGD's business model** – based on the long-term management of urban shopping centers, dominant in their catchment areas, which leverage on the presence of a food anchor– **is still a valid model, including in the post-pandemic era and coexistence with eCommerce**.

The increase in the **hypermarkets'** sales, as well as the convincing recovery of **product categories** which comprise a **significant portion of our portfolio**, are signals which speak to the health of our business.

We should also consider that the **brands** with the **most compelling performances in 2022** are the ones that succeeded in giving an extra push to sales through an increasingly more effective use of **omnichannelism**: not only integrating their online presence with an enhanced in-person shopping experience, but also by enriching their offer with product lines conceived together with influencers, or using testimonials in advertising which attract a large number of followers on social media.

"These new successes are further proof that the shopping center is now, more than ever, key to the implementation of a brand's omnichannel strategy".

> The implementation of the strategic guidelines continues

The profound change in the global market environment with respect to when the **Business Plan 2022-2024** was prepared made it impossible to reach the targets set in December 2021, when the Plan was presented to the financial community. This does not mean, however, that the policies included in this Plan are no longer valid.

"We, therefore, are beginning 2023 with a very clear agenda aimed at carrying out a strategy which, including in these last, difficult years, has proved to be effective".

> At the top of the agenda, is the need to keep the Loan-to-Value under control

Financial sustainability is obviously the priority, considering the need to complete the refinancing of the next maturities well in advance in order to maintain our investment grade rating.

This is why, in addition to focusing on obtaining new financing to cover the circa €220 million in maturities falling due in the next 18 months, we are going to prepare a Sustainability Framework which will be linked to our new bond issue in order to also tap into the demand of green investors, leveraging on the quality of our real estate portfolio.

Our main objective is to complete the **disposals** we already included in our 2024 Plan as soon as possible in order to reduce the Loan-to-Value. Toward this end we have already identified some non-core assets the sale of which could result in a cash-in of €180-200 million: these include the subsidiary Winmarkt in Romania, as well as three stand-alone hypermarkets in Italy and three plots of developable land that are part of the Porta a Mare project in Livorno.

> We have flexibility in the investment pipeline which will be used opportunely

The other path will be to optimize **investments**, while maintaining the focus on the pipeline of investments to be completed. Out of a total of €82 million in investments called for in 2022-2024, we have €47 million still to go, of which €32 million can be deferred: this provides us with flexibility in 2023. In addition to completing the Officine Storiche project by the end of the first half (with the inauguration of Officine Storiche the entire Porta a Mare project will be completed), in 2023 IGD will also work on an extensive restyling of the Leonardo center in Imola, as well as the completion of the PortoGrande restyling in San Benedetto del Tronto.

> Each operating decision will be made with a view to maintaining high occupancy

In terms of **operating policies**, our guiding light will continue to be preserving **occupancy**, maintaining rents at a level that provides us with an adequate return and is sustainable for tenants. The indexed rents provide IGD with protection against inflation.

We will, therefore, continue with routine maintenance capex, while moving forward with the projects to improve the environmental sustainability and digitalization of our assets.

> IGD confirms its nature as a dividend company again in 2023

The Board of Directors proposes that during the Annual General Meeting on 13 April 2023, shareholders approve a dividend of **0.30 euro cents per share**. The total amount of the dividend proposed is in line with the minimum dividend provided for in the 2024 Plan.

The dividend of 0.30 euro cents per share proposed represents the sum of, for 0.09 euro cents, residual reserves released following the disposal made at year-end 2021 and an additional 0.21 euro cents from other distributable reserves.

Given the **yield of around 10.9%** against the price at 22 February 2023, it's clear that **providing shareholders with an attractive remuneration continues to be part of IGD's equity story**.

> Based on our multi-stakeholder approach, we will continue to work on ensuring that an investment in IGD's shares is remunerative

Despite the high interest rate environment and the uncertainty surrounding the rate of economic growth, we will continue to implement our strategy with determination, loyal to all of our stakeholders: from our shopping center **visitors**, to whom we want to continue to provide the best experience possible under the best possible conditions, to our **tenants**, for whom we want to continue to create sustainable operating conditions, to our **employees**, whose extraordinary commitment over that last three years we want to applaud, and, last but not least, our **shareholders**, who met the challenges we faced with their risk capital. We will work for them to **increase the value of Gruppo IGD** and to create the conditions, once financial leverage is balanced, needed to provide a **remunerative dividend,** consistent with our SIIQ status.

> The Chair
Rossella Saoncella

> The Chief Executive Officer
Claudio Albertini

1.2 // Corporate & Supervisory Bodies and Governance Structure – Summary

Bard of Directors	Office	Executive	Non Executive	Independent	Control and Risk Committee	Compensation and nominations Committee	Related Party Transactions Committee
Rossella Saoncella	**Chairman**			X			
Stefano Dall'Ara	**Vice Chairman**		X				
Claudio Albertini	**Chief Executive Officer**	X					
Edy Gambetti	**Director**		X				
Antonio Rizzi	**Director**			X	X		X
Silvia Benzi	**Director**			X		X	X
Rossella Schiavini	**Director**			X	X	X	
Alessia Savino	**Director**		X				
Timothy Guy Michele Santini	**Director**			X		X	
Rosa Cipriotti	**Director**			X	X		
Gèry Robert-Ambroix	**Director**			X			X

Board of Statutory Auditors	Office	Standing	Alternate
Gian Marco Committeri	**Chairman**	X	
Massimo Scarafuggi	**Auditor**	X	
Daniela Preite	**Auditor**	X	
Daniela Del Frate	**Auditor**		X
Aldo Marco Maggi	**Auditor**		X
Ines Gandini	**Auditor**		X

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

External Auditors
Deloitte & Touche S.p.A.

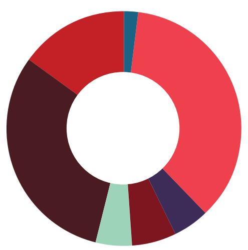
Financial Reporting Officer
Carlo Barban

1.2.1 // Shareholders

> SHAREHOLDER BASE AT 23 FEBRUARY 2023

9,97% Unicoop Tirreno
40,92% Coop Alleanza 3.0
49,11% Flottante

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

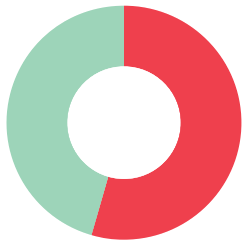


36% US + Canada
5% UK + IRE
6% France
5% Lux + NL + Bel
31% Italy
15% Rest of Europe
2% Rest of the world

** Source: data processed internally*

1.2.2 // Board of Directors

> BREAKDOWN BY GENDER

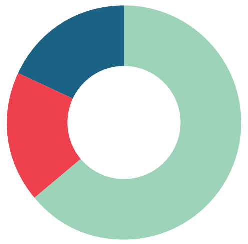


6 Male
5 Female

> INDEPENDENT/NON-INDEPENDENT DIRECTORS

4 Non-Independent Directors
7 Independent Directors

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



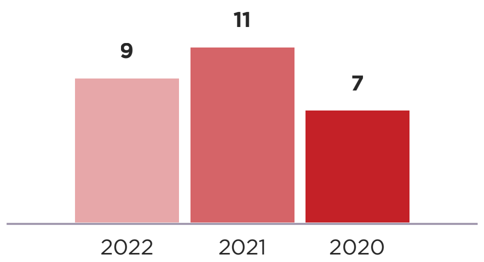
64% 0-2 years
18% 4-6 years
18% 6 + years

> CHANGES COMPARED TO THE PRIOR MANDATE

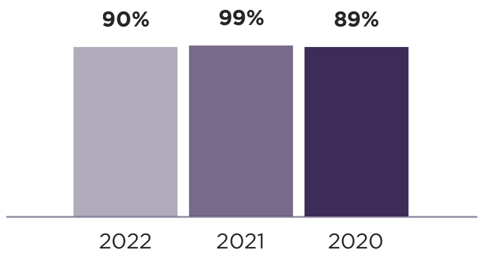
	Prior Mandate	Current Mandate
No. of Directors	**11**	**11**
Directors appointed by minorities	**4**	**4**
% of women in B.o.D.	**45%**	**45%**
% of independent Directors	**64%**	**64%**
Directors' average age	**58**	**58**
Status of the Chairman	**Executive**	**Independent**
Lead independent Director (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 evaluation conducted
Yes

Advisor
Egon Zehnder

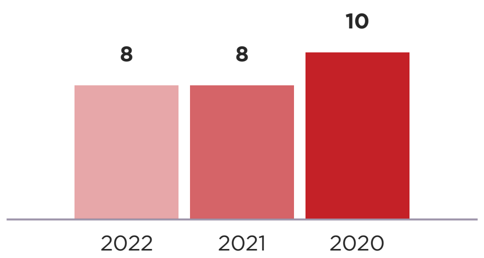
Self-assessment tools
Anonymous questionnaires / interview

> NUMBER OF COMMITTEE MEETINGS AND DIRECTORS' RATE OF ATTENDANCE

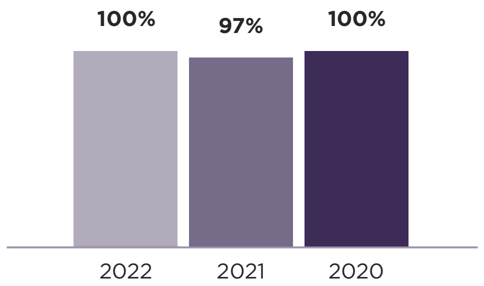
	No. of meetings	Attendance rate	Presence of independence members (%)
Nominations and Compensation Committee	**5**	**100%**	**100%**
Control and Risk Committee	**8**	**100%**	**100%**
Related Party Transaction Committee	**4**	**92%**	**100%**

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



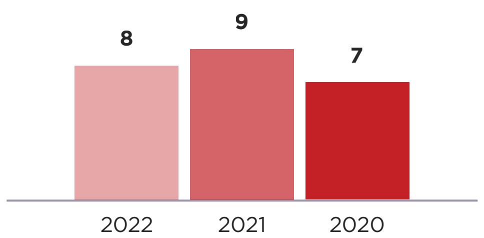
Main elements of the control system

Enterprise Risk Management Plan
Yes

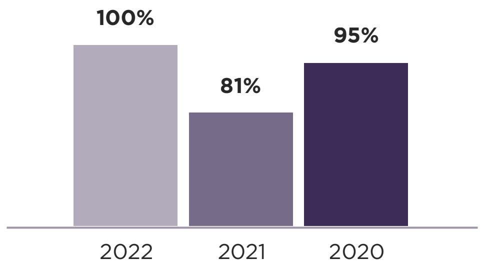
Is the ERM plan discussed with the Committee?
Yes

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

> NUMBER OF TIMES THE BOARD OF STATUTORY AUDITORS MET



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



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

2

// DIRECTORS' REPORT
DETAILED INDEX

DIRECTORS' REPORT
2.1 THE IGD GROUP

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 2022 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 NAV METRICS (EPRA NRV, EPRA NTA, EPRA NDV), the EPRA Net Initial Yield (NIY) and EPRA 'topped-up' NIY, the EPRA Vacancy Rate, the EPRA Cost Ratios, the EPRA Earnings and the EPRA LTV (Loan to value), the calculations of which are described in the Glossary and in section 2.3 of this Directors' 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 today is still the only retail real estate company that qualifies as a SIIQ.

Most of the Group's real estate assets are in Italy (93.8%). The international portfolio, which accounts for the remaining 6.2%, 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 (around 84% of the total value of the Group's portfolio).

At 31 December 2022, in addition to the parent company, Gruppo IGD comprises:

> IGD Management SIINQ S.p.A.

Owner of the CentroSarca shopping mall in Milan and a part of the Rovereto shopping mall);

> 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% IGD Service S.r.l.

Which, in addition to owning the businesses holding the licenses for the Centro Sarca, Millennium Center, Gran Rondò, and Darsena centers, also manages the shopping centers not owned by the IGD (Centro Nova) and the service activities (such as the management mandate for the shopping centers not owned by IGD) and holds the majority of the operations which are not included in the SIIQ perimeter;

> 99.9% of WinMagazine SA

The Romanian subsidiary, through which it controls 100% of **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.

2.1.1 // Our activities

> Property

IGD is the biggest Italian retail property company; as a property company IGD acquires or develops retail properties, both already operational and newly completed (shopping centers, hypermarkets, supermarkets and malls) from which it extracts long-term value. 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

Completing IGD's activities are the services provided to owners and tenants of hypermarkets, supermarkets and the mall stores which can be broken down as follows:

> Facility Management

IGD coordinates and supervises the drafting of the shopping center's marketing plan, as well as all the activities deemed essential to the operation of a shopping center: like security, cleaning and routine maintenance;

> Agency Management and Pilotage

Which consists in the analysis of the mall's competitive positioning in order to determine the right tenant mix and select the best retailers for each category of merchandise, negotiating with the retailers and managing the relationships with the current tenants.

> Lease management

At the end of 2022 IGD had 1,401 leases in Italy with a total of 686 retailers. During the year the Company signed 171 new leases explained by renewals (91) and turnover (80). The leases have an average residual duration of 4.1 years for mall retailers and 14.5 years for hypermarkets.

At the end of 2022 there were 545 active leases in Romania; during the year 393 new leases were signed explained by renewals (272) and turnover (121). The leases have an average residual duration of 4.5 years.

Careful turnover management, on the one hand, provides IGD with an opportunity to change the offering in its malls

DIRECTORS' REPORT
2.1 THE IGD GROUP

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 total exposure with respect to the total of the counterparts, also considering the rents. Thanks to turnover, IGD was able to reduce the number of high-risk tenants and, consequently, lower the sales at risk as a percentage of total sales.

The percentage of retailers generating a significant portion of IGD's rental income is limited. In 2022 the ten largest mall tenants in Italy represented 19% of the total rental income generated by malls, slightly lower than the 19.3% reported in 2021. In Romania the ten largest retailers accounted for 37.2% of the total in 2022, compared to 38.5% in 2021.

IGD's retail offering is strengthened by the significant number of very appealing brands: in the Italian malls, international brands account for 42% of the total rental income, while in Romania these brands represent 37% of the total.

> Marketing

In 2022 marketing was focused on three areas: the return of in-person events in the shopping centers, the development of the Digital Marketing Plan and the definition and implementation of the co-marketing project with Coop Alleanza 3.0.

> The in-person events

In 2022 the number of organized events began to rise again, with an average of 22 per shopping center. This figure is in line with 2018 and 2017, despite the limitations linked to Covid-19 in the first quarter of the year.

In addition to the gradual recovery in events of widespread appeal (involving celebrities, concerts, etc) great attention was paid to both local events (1/3rd of the total) and socio-environmental ones (more than 1/5th of the total) which confirms and testifies to the interest in this topic, as well as the commitment of the company to working on organization with knowledgeable partners.

> The Digital Marketing Plan

In 2020 IGD defined its Digital Marketing Plan: strategies and actions aimed at the gradual personalization of the products/services offered in the shopping centers using digital tools to understand/profile shoppers and increase loyalty.

In 2021 a Customer Relationship Management system was implemented, connected to various touch-points (like new websites with reserved areas for registered users) in order to follow the customer journey.

In the Business Plan 2022-2024 the Company defined 4 operating targets and, in 2022, focused mainly on «Data and CRM» and «Customer engagement»; with regard to the former, lead generation was strengthened resulting in an increase in the CRM contacts against 31/12/2021 of +42%; clusterization was also implemented which is needed to provide increasingly more personalized promotions and communications: 18 pilot clusters were defined which will be used to define specific marketing and communication campaigns beginning in 2023.

As for "Customer engagement", the web app Area Plus, included in the Digital Plan and launched year-end 2021, was used to organize entertainment for shoppers, to provide them with the ability to make reservations for events, or participate in promotional initiatives organized by the shopping centers. A number of drive-to-store promotions were organized with a view to increasing mall traffic/visits. Direct communication with visitors through newsletters was higher than in 2021.

> The co-marketing project with Coop Alleanza 3.0

In April 2022 IGD and Coop Alleanza 3.0 defined an agreement for a co-marketing project after the two companies adopted their new respective Business Plans, which both contain a strong focus on commercial/marketing aspects.

The Project, which aims to define a joint commitment in order to guarantee the best performance of the entire shopping center and provide an integrated, coherent response to shoppers' new needs, focuses on working together in 3 areas:

> **Digital:** increase the CRM contacts, through Coop Alleanza's and the shopping centers' digital touchpoints. These Lead Generation activities will give life to promotional activities reserved for registered "Area Plus" users.

> **Communication**: highlight the news, promotions of single tenants, events, new openings inside the shopping centers, through the widespread distribution in the region of Coop Alleanza's promotional material (brochures, flyers, etc.).

> **Advertising**: organize joint promotional activities, capable of generating traffic and sales for both the mall tenants and the hypermarkets.

> Mission

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

> Vision

IGD has always been focused on the retail segment of the Italian real estate market. A top player because of the overall size of its portfolio, IGD has succeeded in delivering on Business Plan guidance thanks to the way in which it has interpreted its role over time, including during the lengthy consumer crisis which persisted throughout a large part of the last decade. The ability to listen to the different needs of retailers, the desire to offer a range of flexible and personalized retail solutions, the ability to meet the changing needs of international brands (including bigger spaces and different formats) in a timely manner have allowed IGD to build a professional profile with characteristics that are unique to Italy. A fair, collaborative and farsighted approach to working which is valued by the tenants has also had a positive impact on the results posted in IGD's income statement.

Contrary to the models used by the main European retail property companies, IGD has not focused on large shopping centers nor on a specific type of region: a calculated choice originally, which has proven repeatedly to be successful over the last 15 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 or along main roads, which allows for easy access to the centers. Most of the IGD's assets also have a dominant position in their primary catchment areas.

Historically, the typical IGD shopping center 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 non-food 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 centers 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 occupied by the hypermarkets to create new retail spaces. In 2022 work was completed on reducing the size of the hypermarkets in the La Torre Shopping Center in Palermo and the Katanè Shopping Center in Catania. 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 to accommodate new designs in the retail properties lie at the heart of IGD's proven ability to maintain a high level of occupancy over time.

> Strategic guidelines

On 14 December 2021 the Board of Directors approved the new Business Plan 2022-2024. The main goal of the Plan is the proactive management of the assets in order to prepare them for the future and the new market challenges. The strategy leverages on 3 areas of operation: commercial and marketing, asset management and sustainability.

The results for 2022 show a slight drop in some items (Revenue and Ebitdta) contemplated in the plan, due mainly to the delayed opening of the Porta Medicea Shopping Center and the increase in condominium fees explained by higher energy costs and the delay in new openings. The Group prepared a 2023 budget for the core business which takes the Plan's strategic guidelines into account.

Looking at the commercial strategy, IGD intends to accelerate commercial and marketing changes with a view to omnichannelism, as well as personalized communication and offers, including by using the tools developed in the Digital Marketing Plan. The Company, therefore, has developed a commercial plan based on the uniqueness of each asset across the different areas of activity: merchandising mix, layout, digital marketing/CRM and events.

The asset management strategy calls for investments of roughly €82 million, of which around €32m million have already been made, aimed at increasing the portfolio's appeal and innovation, as well as extending the "life cycle".

As for sustainability, important steps will be taken to reduce the portfolio's environmental impact in order to

DIRECTORS' REPORT
2.2 2022 PERFORMANCE

achieve zero emissions by 2030; in this Plan, in fact, the Company decided to set targets for 2024, as well as longer term goals through 2030.

From a financial standpoint, the company intends to maintain rigorous financial discipline, consistent with the investment grade profile, in order to limit exposure to financial risks (including changes in interest rates and credit risk) and obtain the best economic conditions possible in any market environment. The main objectives are to further reduce the Loan-to-Value (bringing it to range of 40/43%), refinance the 2023 and 2024 maturities in advance with a view to prudence and maintaining flexibility in the choice of markets and tools.

2.2 // 2022 Performance

2.2.1 // Income statement review

After a 2021 of strong growth, in 2022 the global economy was impacted by rising inflation driven by the costs of raw materials and the decided increase in energy costs and the subsequent interest rate hikes carried out by the central banks in the main countries, as well as the uncertainty surrounding the conflict between Russia and Ukraine[1]. The combination of these factors caused a slowdown in the economic cycle, particularly in the second part of the year, with the global GDP expected to fall from the +6.0% recorded in 2021 to +3.1% in 2022[2].

The global economic forecasts call for a further slowdown in the first part of 2023, due to inflation which, though it has already peaked has yet to begin a phase of significant decline, and the persistent tightening of monetary policy worldwide. A moderate recovery is expected as of the second half of the year.[3] In Italy the phase of economic expansion begun in 2021 continued in 2022, though the trend began to slow as inflation rose and problems in the supply of raw materials needed for energy emerged: in the last quarter of 2022, GDP, in fact, fell for the first time after 7 consecutive quarters of growth (-0.1% compared to the prior quarter)[4]. On average in 2022 Italian GDP did, however, rise by +3.9%[5], one of the highest growth rates recorded in Europe. The recovery was sustained primarily by internal demand with investments and family spending up +10.0% and +3.7%, respectively[6].

The solid operating performances recorded by IGD's malls and hypermarkets are consistent with the macroeconomic backdrop described above.

The operating performances in Italy appear particularly positive if compared to 2021, with footfalls up +6.9% and an even greater increase in mall retailers' sales of +13.3%. These increases were, clearly impacted by the restrictions that were still in place for the first five months of 2021, but looking at the quarterly performances there was a significant increase in the third and fourth quarters, also (+3.0% and +2.6% compared to the same periods in 2021).

Retailers' sales also returned to growth against 2019 (the last year not affected by the pandemic) and were 0.7% higher in the 12-month period. Footfalls, however, remain negative (-17.1% vs 2019), which confirms the trend seen already last year, namely a more cautious shopper turnout, but characterized by a greater propensity to buy.

All of the different categories of merchandise posted increases with respect to the prior year with restaurants reporting a particularly positive performance (+53.5%): even though the category is still down compared to 2019 (-4.1%), it did, however, show strong recovery against 2021 when it was the sector that was suffering the most. Moreover, 9 new brands were introduced which confirms the vitality of a sector that succeeded in reinventing itself during the year with innovative and lighter formats.

Good performances were also recorded by the Group's freehold hypermarkets and supermarkets which were up 2.5% compared to 2021.

These excellent results, which were also confirmed in January 2023 (footfalls in malls up +13.5% compared to January 2021), despite a less than optimal macroeconomic backdrop, testify to the validity and effectiveness of IGD's business model, focused on urban shopping centers, with food anchors and dominant in their respective catchment areas.

During the year IGD carried out marketing activities effectively and obtained significant results: a total of 171 leases (91 renewals and 80 turnover) were signed in the year with an average upside on the rent of +1.1%; 104 stores opened, including 35 new brands, the highest figure in the last 5 years.

With a view to fostering the sense of partnership and supporting mall retailers, IGD worked to provide assistance with rising energy costs by offering temporary discounts and greater contractual flexibility; a number of steps were also taken to contain energy costs in the Group's shopping centers and malls.

Thanks to these activities, the Italian portfolio's occupancy was higher than in 2021, coming in at 95.7%.

Excellent results were also obtained in terms of rent collection which was around 96% at 20 February 2023, better than the figure posted last year.

In 2022 IGD also worked to increase the marketing synergies with its tenants in accordance with Business Plan guidelines. In April an innovative co-marketing project with Coop Alleanza 3.0, the main food anchor tenant in the Group's shopping centers, was launched in 12 IGD shopping centers; thanks to this initiative, it was possible to use Coop's important communication tools, which benefit from extensive regional distribution, to sponsor new initiatives, tenant promotions, new openings and the online Area Plus sections of the shopping malls involved in the project.

The Company also developed a pilot co-marketing project with KIKO Milano, a well-known cosmetic brand, which sparked the interest of other retailers with whom we are working on similar initiatives.

Implementation of the Digital Plan continued, with the introduction of new "touchpoints" (134 digital totems and info-pads in 25 shopping centers, an increase of +127%), a 42% increase in the Customer Relationship Management system's contacts, the creation of numerous personalized promotions and "drive to store" activities.

After a two-year hiatus due to the pandemic, a whopping 531 in-person events were organized inside the shopping centers.

In Romania, after an extremely positive 2021 and beginning of 2022, the economic cycle slowed slightly, but, overall year-end GDP is expected to be up by +5.8%[7].

In this context, intense pre-letting of spaces vacated by the retailers hit the hardest by the restrictions in place during the two-year period 2020-2021 was carried out: at 31 December 2022 occupancy came to 98.0%, a result which was also better with respect to the pre-pandemic years and decidedly higher than the 94.6% recorded at 31 December 2021. More in detail, several new brands expressed interest in entering Romania with long-term leases, such as, for example, the Polish brand Sinsey, and 3 Stay Fit gyms opened in 3 different shopping malls; a total of 69 stores opened, including 42 new brands. The marketing activities resulted in the signing of 393 leases (272 renewals and 121 turnover) with an upside on renewal rents of around +1.8%. Excellent results were also reported in terms of rent collection, which came to approximately 97% at 20 February 2023.

In 2022 IGD invested a total of approximately €35 million in asset management. The restyling of the La Favorita Shopping Center (in Mantua) was completed during the year and inaugurated on 10 November 2022, while the restyling work at the Porto Grande (Ap) center continued where spaces had already been remodeled with medium-sized stores that are fully pre-let and operational. Remodeling was also completed at the hypermarkets in the La Torre (Palermo) and Katanè (Catania) centers where currently pre-letting of the new medium-sized stores is underway (pre-letting stands at around 70% in both shopping centers).

Work continued on the Officine Storiche section of the mixed-use project Porta a Mare in Livorno which is expected to be inaugurated in 2023: the decision was, in fact, made to continue work as commercial activities progress and in the last few months excellent results have been obtained (16,000 square meters of the retail space, more than 80%, has been pre-let). In the second half 17 out of a total 42 residential units were also sold with a cash-in for IGD of around €7 million and 15 more binding offers have been signed for an expected cash-in of around €6.7 million in 2023.

1. Source: ISTAT – Le prospettive per l'economia italiana nel 2022-2023, December 2022.
2. Source: EY – Italian Macroeconomic Bulletin, December 2022.
3. Source: INTESA SANPAOLO – Macroeconomic Outlook, December 2022.
4. Source: ISTAT – Stima preliminare del PIL, January 2023.
5. Source: ISTAT – Stima preliminare del PIL, January 2023.
6. Source: ISTAT - Le prospettive per l'economia italiana nel 2022-2023, December 2022.

7. Source: European Commission – Autumn Economic Forecast, November 2022.

As for the financial structure, the average cost of debt was 2.26% at 31 December 2022, slightly higher compared to the 2.20% reported at year-end 2021, while the interest cover ratio or ICR came to 3.6x and the Loan-to-Value was 45.5% (44.8% at year-end 2021) due, above all, to the negative fair value.

In 2022 IGD repaid financial maturities of approximately €381 million using available cash (which amounted to around €158 million at the beginning of the year) and proceeds from two financial transactions closed in the second half: the **first unsecured green loan of €215 million** (duration 3 years, +2 at the company's discretion) and another 6-year €20.9 million loan.

Between May and June, the Company also renewed **two committed lines of credit for a total of €60 million** through 2025. To date both are unutilized and fully available.

As a result of the above, Funds from Operations (FFO) was 3.8% higher than at 31 December 2021, coming in at €67.2 million. The increase is higher than the guidance communicated to the market which called for growth of around +2/3%.

The Group's consolidated net result reached - €22,315 thousand at 31 December 2022, showing a decrease of €75,084 thousand compared to 31 December 2021.

In 2022 no provisions for Covid were made, while in 2021 Covid was estimated to have impacted for €7.2 million (€6.3 million for direct costs and €0.9 million in rebates on rent).

The consolidated operating income statement is shown below:

> THE CONSOLIDATED OPERATING INCOME STATEMENT IS SHOWN BELOW:

Group consolidated	(A) 12/31/2022	(B)* 12/31/2021	Δ (A)/(B)
Revenues from freehold rental activities	129,334	132,745	-2.6%
Revenues from leasehold rental activities	7,923	12,350	-35.8%
Total income from rental activities	137,257	145,095	-5.4%
Rents and payable leases	-1	-11	-88.4%
Direct costs from rental activities	-23,222	-26,608	-12.7%
Net rental income	114,034	118,476	-3.7%
Revenues from services	7,209	6,443	11.9%
Direct costs from services	-5,512	-5,518	-0.1%
Net services income	1,697	925	83.5%
HQ Personnel expenses	-7,193	-7,151	0.6%
G&A Expenses	-5,107	-4,978	2.6%
CORE BUSINESS EBITDA (Operating income)	**103,431**	**107,272**	**-3.6%**
Core Business Ebitda Margin	*71.6%*	*70.8%*	
Revenues from trading	7,533	440	n.a.
Cost of sale and other costs from trading	-7,773	-894	n.a.
Operating result from trading	-240	-454	-47.1%
EBITDA	**103,191**	**106,818**	**-3.4%**
Ebitda Margin	*67.9%*	*70.3%*	
Impairment and Fair Value adjustments	-93,778	-16,334	n.a.
Depreciation and provisions	-1,684	-632	n.a.
EBIT	**7,729**	**89,852**	**-91.4%**
Financial Management	-30,459	-33,297	-8.5%
Entraordinary Management	397	-784	n.a.
Pre-Tax Result	**-22,333**	**55,771**	**n.a.**
Taxes	18	-3,002	n.a.
Net Result of the period	**-22,315**	**52,769**	**n.a.**
(Profit/Loss) for the period related to third parties	0	0	n.a.
Group Net result	**-22,315**	**52,769**	**n.a.**

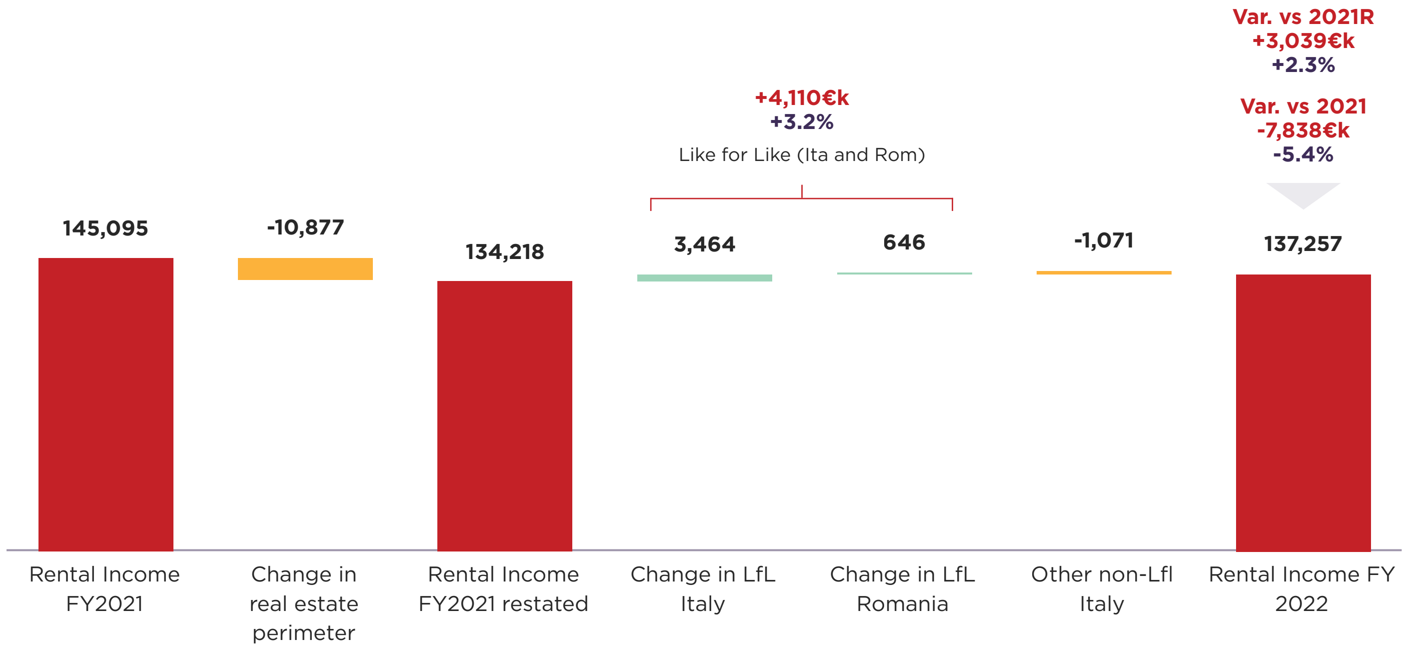
** Including ancillary costs of the transaction recorded in the separate financial statements and the consolidated financial statements for €1,151k in service costs and for €541k financial charges.*

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 amounted to €137,257 thousand at 31 December 2022, a decrease of 5.4%.

For the sake of a more accurate comparison, following the disposal of the portfolio of hypermarkets finalized at year-end 2021 and the termination of the master lease at the Centro Piave Shopping Center as of January 2022, the 2021 rental income was recalculated in order to take into account the change in perimeter and, restated, amounts to €134,218 thousand.

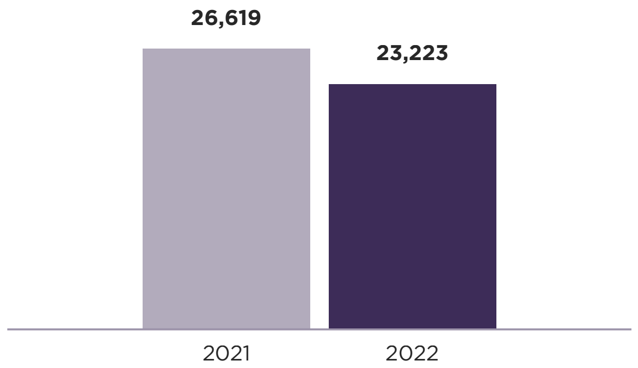


The increase of €3,039 thousand compared to 2021 restated, is explained by:

- Like-for-like revenue in Italy (malls +2.9% and hypermarkets +3.0%) due to pre-letting and ISTAT indexing (around €2.5 million for malls and around €0.6 for hypermarkets), partially offset by higher temporary discounts for around €1.3 million. Variable revenue (€0.6 million) and temporary rentals (€0.5 million) were also higher. 171 leases (91 renewals and 80 turnover) were signed in the reporting period with an average upside on rents of 1.1%;
- For €1,071 thousand, lower revenue not like-for-like (attributable to the remodeling at Casilino, Palermo, Catania, Conegliano and Porto Grande);
- For €646 thousand, higher revenue in Romania due to lower discounts. 393 leases (121 turnover and 272 renewals) were signed in the reporting period with an average upside of 1.8% on renewals.

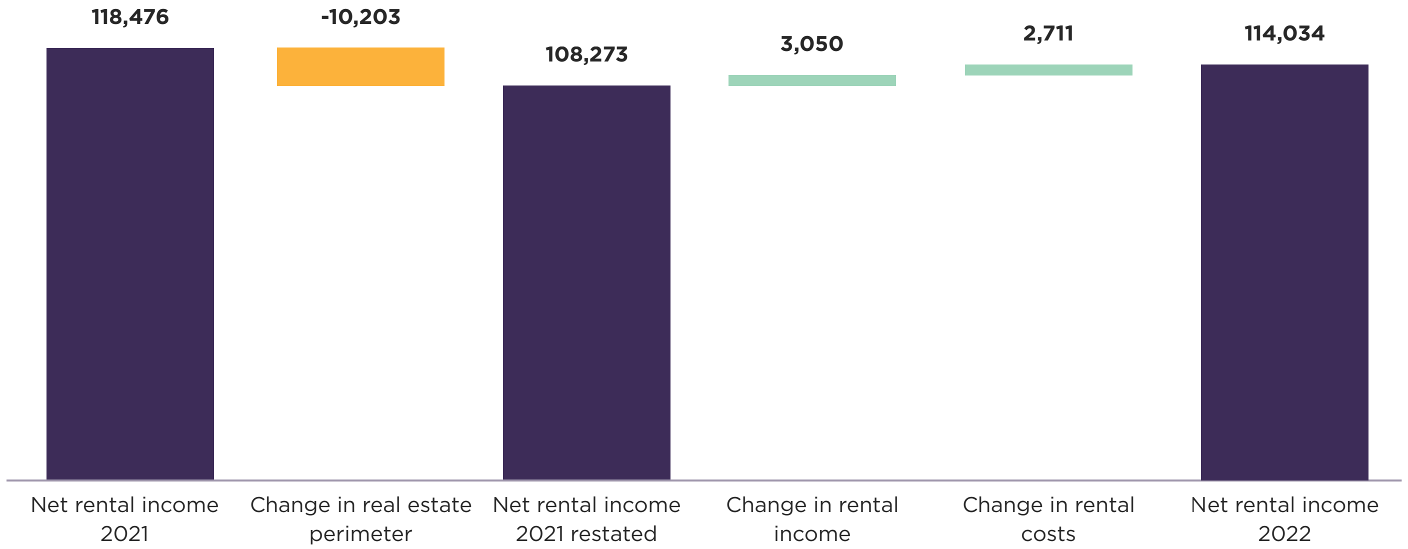
The direct costs for the rental business amounted to €23,223 thousand. The decrease in costs is explained largely by the lack of net direct Covid impacts included among credit losses (which amounted to €6.3 million) and the absence of the costs relative to the portfolio sold. Net of these items, condominium fees were higher (due, in part, to higher energy costs), as were the costs for the co-marketing project begun with Coop Alleanza 3.0, while provisions were lower than in 2021.

> Direct costs from rental activities



Net rental income amounted to €114,034 thousand, a decrease of 3.7% against the same period of the prior year but higher like-for-like by 7.1%.

The change in the perimeter of €10,203 thousand includes the €10,877 change in revenue not like-for-like (referred to above) and the relative direct costs of €674 thousand. Net rental income was €5,761 higher (+5.3%) than the net rental income restated recorded in the prior year.



Net rental income freehold amounted to €105,289 thousand, in line with the same period of the prior year. The margin is sizeable, coming in at 82.1% which is higher than in the previous year.

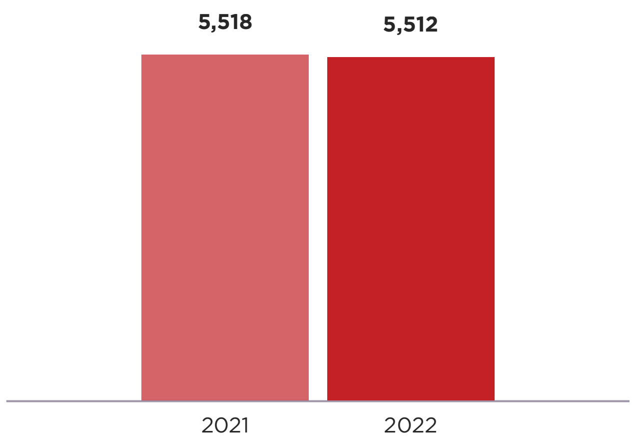
Net rental income leasehold amounted to €8,745 thousand, 25.8% lower than in the same period of the prior year due to the termination of the Centro Piave master lease.

> NET SERVICE INCOME

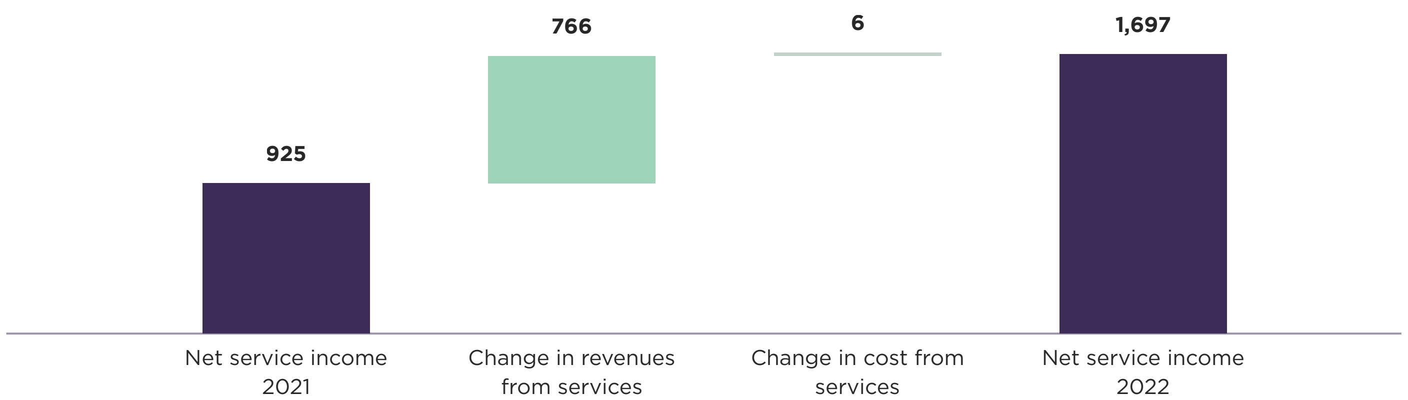
Revenue from services was higher than in the same period of the prior year. Most of this revenue comes from the facility management business (79.6% of the total or €5,736 thousand), which was higher than in the prior year. There was a slight increase in the revenues from pilotage, agency and outsourcing services.

The **direct costs for services** amounted to €5,512 thousand, in line with the same period of the prior year.

> Direct costs from services



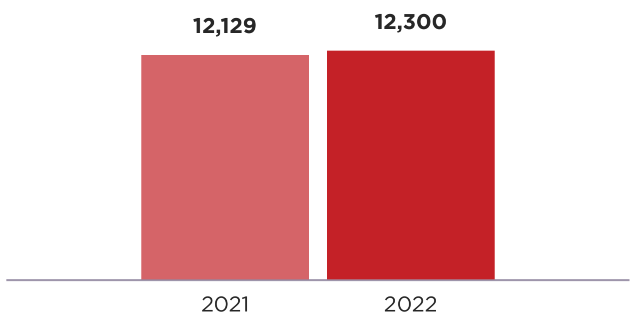
Net services income Net services income was 83.5% higher than in the same period of the prior year, coming in at €1,697 thousand, and also rose as a percentage of services income from 14.4% in 2021 to 23.5%.



> GENERAL EXPENSES FOR THE CORE BUSINESS

General expenses for the core business, including payroll costs at headquarters, came to €12,300 thousand, higher (+1.4%) with respect to the €12,129 thousand recorded in 2021, due mainly to governance controls and consultancies, partially offset by lower communication and other minor costs.

These costs came to 8.5% of core business revenue.

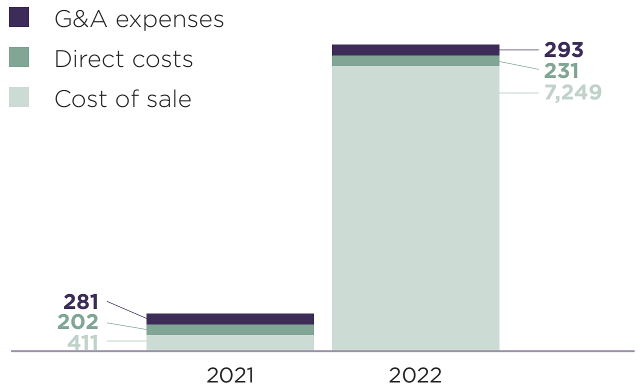


> OPERATING RESULTS FOR TRADING

Trading posted an operating loss of €240 thousand, better with respect to 2021.

In 2022 the Porta a Mare project generated revenue from trading of €7,533 thousand (for more information refer to section 1.4). During the year 17 closings also took place at Officine Storiche and 14 binding preliminary sales agreements have been stipulated out of a total of 42 apartments.

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

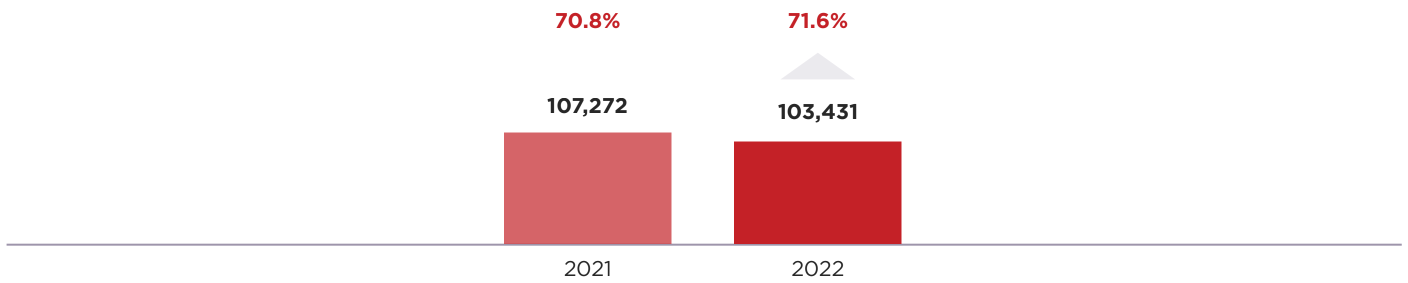


> EBITDA

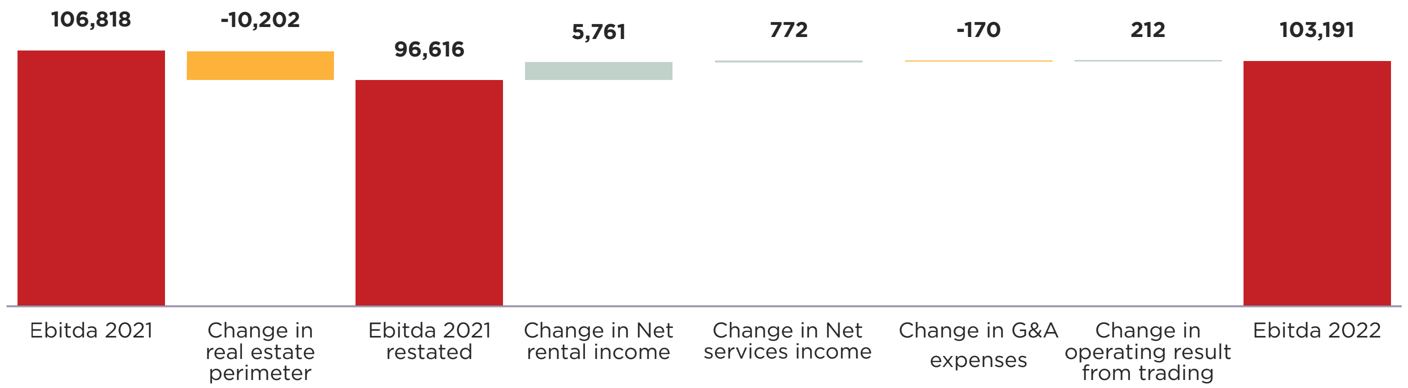
The core business EBITDA amounted to €103,431 thousand in 2022, 3.6% lower than in the prior year, while total EBITDA fell by 3.4% to €103,191 thousand.

The comparison with the restated 2021 EBITDA shows an increase of €6,349 thousand (+6.5%).

The core business **EBITDA MARGIN** reached 71.6%, higher than in the prior year.



The changes in the components of total EBITDA in 2022 are shown below:



DIRECTORS' REPORT
2.2 2022 PERFORMANCE

> FAIR VALUE ADJUSTMENTS AND IMPAIRMENT/REVALUATIONS

Fair value adjustments and impairment/revaluations were negative for €93,778 thousand at 31 December 2022, lower than the €16,334 thousand recorded at 31 December 2021.

The difference in fair value, negative for €90,323 thousand, is explained by:

> For €6,152 thousand, impairment of the right-of-use assets stemming from IFRS 16 application including increases in the year;

> For €31,347 thousand, impairment of the extraordinary maintenance of properties owned and rented by Gruppo IGD's Italian companies;

> For €1,380 thousand, impairment of the extraordinary maintenance of properties owned by the Romanian subsidiary Win Magazin SA;

> For €43,984 thousand, a fair value adjustment made to the freehold investment property of Gruppo IGD's Italian subsidiaries based on the appraised market value at 31 December 2022;

> For €7,460 thousand, impairment of the freehold investment property of Gruppo IGD's Romanian subsidiary Win Magazin SA based on the appraised market value at 31 December 2022.

The impairment of assets under construction and inventories, equal to €3,455 thousand, is explained by *(i)* for €41 thousand, impairment of the Portogrande extension project and *(ii)* for €3,414 thousand, impairment of the Officine residential, Molo, Lips and Arsenale areas based on the result of the independent appraisals at 31 December 2022 made on those investments.

> EBIT

EBIT amounted to €7,729 thousand, 91.4% lower; this change is attributable to the factors described above.

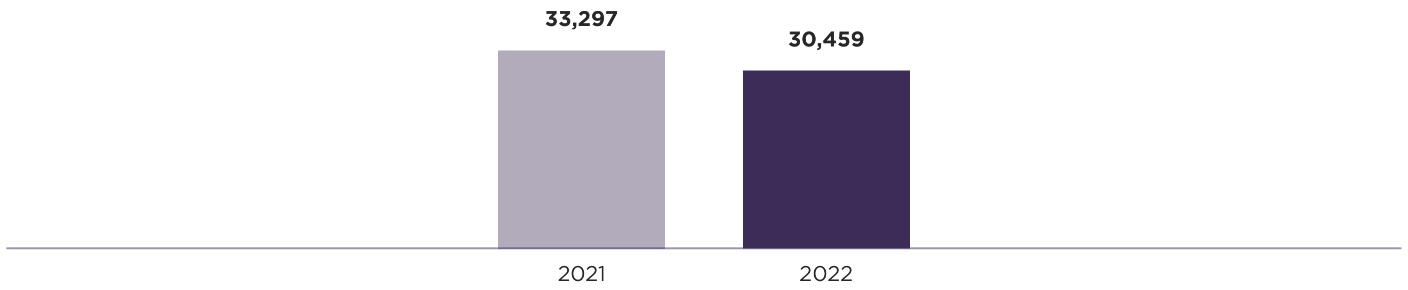
> INCOME/(LOSS) FROM THE DISPOSAL OF ASSETS

Amounting to €397 thousand, this item stems from the framework agreement between IGD Service S.r.l. and Do. Ma S.r.l. for the sale, as from 1 January 2022, of the mall at the Centro Piave Shopping Center for consideration of €1 million.

The assets and liabilities of the business division sold were recognized among "Assets held for sale" and "Liabilities associated with the assets held for sale" at 31 December 2021. The assets held for sale, which amounted to €1,801 thousand, included the goodwill and the right-of-use relative to the mall at Centro Piave. "Liabilities associated with assets held for sale", which came to €1,228 thousand, included the financial liability deriving from the application of IFRS 16 to the lease agreement for the mall.

The framework agreement signed by the parties also provided, effective 1 January 2022, for a facility management contract under which IGD Service S.r.l. will manage the mall at Centro Piave for six years, renewable for an additional three years.

> FINANCIAL INCOME AND CHARGES



"**Financial charges**" went from €33,297 thousand at 31 December 2021 to €30,459 thousand at 31 December 2022. The decrease, of around €2,838 thousand, is attributable mainly to:

> Lower financial charges on bonds;

> Lower financial charges for IRS due to a decrease in the notional amount;

> Lower IFRS 16 financial charges, including also as a result of the termination of the lease for the mall at «Centro Piave»;

> Lower financial charges on mortgages attributable to the new loan stipulated for €215 million.

The **average cost of debt** (without considering recurring and non-recurring transaction costs) at 31 December 2022 was 2.26%, higher than the 2.20% recorded at 31 December 2021, while the weighted average effective cost of debt went from 2.66% at 31 December 2021 to 2.71%.

The **interest cover ratio (ICR)**, the ratio of Ebitda to interest expense, came to 3.6x, better than the 3.3x posted at 31 December 2021.

> TAXES

	12/31/2022	12/31/2021	Change
Current taxes	**1,090**	**1,857**	**(767)**
Deferred tax	**(749)**	**(230)**	**(519)**
Out-of-period income/charges - Provisions	**(359)**	**156**	**(515)**
SIINQ entry tax	**0**	**1,219**	**(1,219)**
Income taxes	**(18)**	**3,002**	**(3,020)**

The tax burden, current and deferred, reached €18 thousand at 31 December 2022, a decrease of €3,020 thousand against 31 December 2021.

Current taxes are €767 thousand lower than in the prior year due mainly to a difference in IGD Management SIINQ S.p.A.'s taxable income as a result, mainly, of its special status as a SIINQ effective as from the fiscal year begun on 1 January 2022.

The change in **deferred tax**, compared to the same period of the prior year, of €519 thousand is attributable mainly to *(i)* adjustments consistent with the change in fair value of the real estate investments held by the subsidiary Win Magazin S.A. subject to ordinary taxation and *(ii)* the impact of IFRS16 application on the lease for the shopping mall in the «Centro Nova» Shopping Center.

At 31 December 2022 **contingent assets/liabilities** for taxes reflect: *(i)* for €130 thousand, the IRAP (regional business tax) of IGD Management SIINQ S.p.A. which was redetermined after the sale of business units to IGD Service S.r.l. as it no longer qualified as a holding company and is now subject to standard IRAP tax rates, and *(ii)* for €240 thousand, IRES on adjustments to tax consolidation at 31/12/2021.

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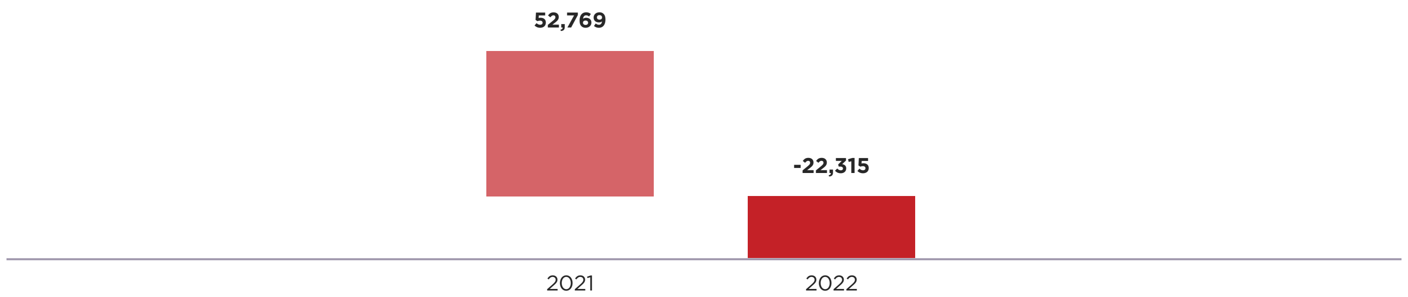
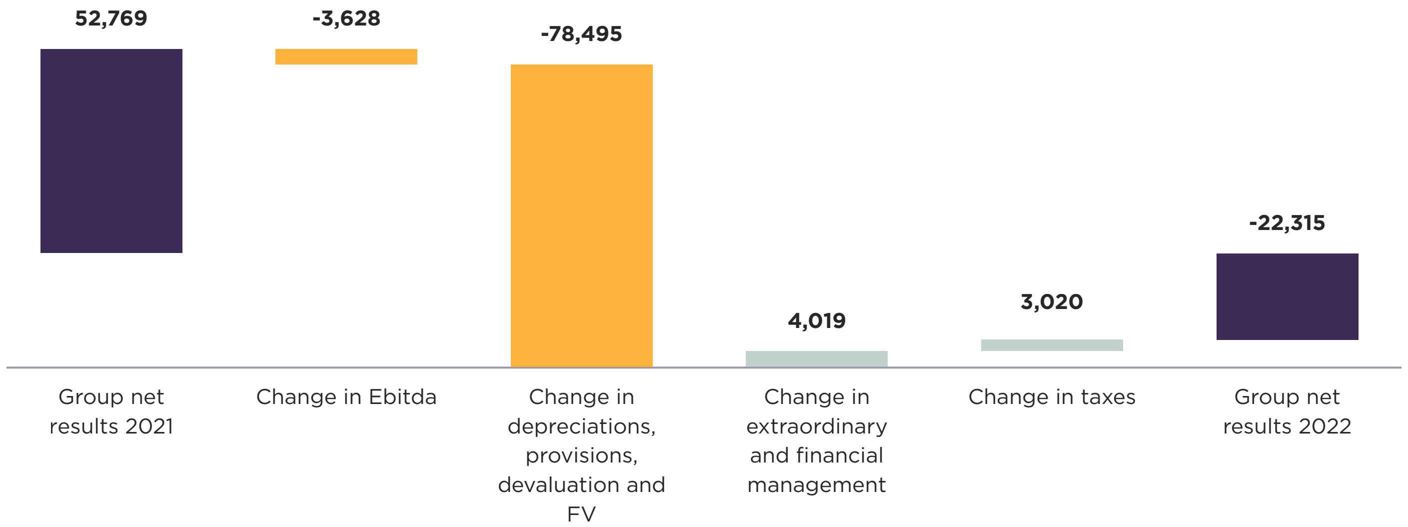
> GROUP NET PROFIT/LOSS

As a result of the above, the Group recorded a net loss of €22,315 thousand, lower than the profit of €52,769 thousand recorded in 2021.



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



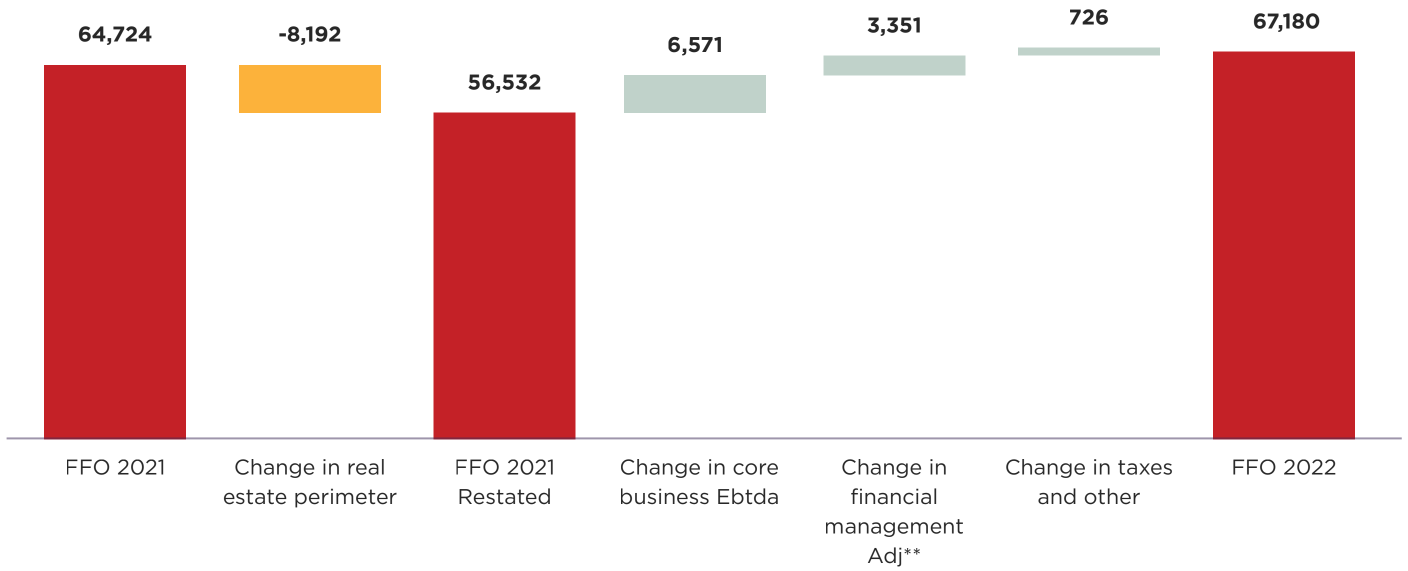
> CORE BUSINESS FFO

FFO (Funds from Operations), an indicator used widely in the real estate sector (REITs), which measures the cash flow generated by a company's core business, came to €67,180 thousand at 31 December 2022, higher than in same period of the prior year due to a decrease in financial charges adjusted, which includes the negative carry recorded in 2021, rents payable and current taxes adjusted.

The change in perimeter of €8,192 thousand includes €10,203 thousand relative to the change in net rental income not like-for-like (referred to above) and the decrease in rents payable following the termination of the Centro Piave master lease for €2,038 thousand. The increase against the restated 2021 FFO comes to €10,700 thousand (+18.9%).

Funds from Operations	FY 2022	FY 2021	Δ	Δ%
Core business EBITDA*	**103,746**	**107,528**	**(3,782)**	**-3.5%**
IFRS16 Adjustments (payable leases)	**(8,192)**	**(10,353)**	**2,161**	**-20.9%**
Financial Management Adj**	**(27,243)**	**(30,594)**	**3,351**	**-11.0%**
Current taxes for the period Adj	**(1,131)**	**(1,857)**	**726**	**-39.1%**
FFO	**67,180**	**64,724**	**2,456**	**3.8%**

** Net of 2021 non recurring expenses*
*** Financial management adj. refers to financial management net of IFRS16 and IFRS9, non recurring charges and negative carry*



DIRECTORS' REPORT
2.2 2022 PERFORMANCE

2.2.2 // Statement of financial position and financial review

Gruppo IGD's statement of financial position at 31 December 2022 can be summarized as follows:

(in thousand of Euro)	12.31.2022	12.31.2021	Δ	%
Investment property	2,041,330	2,093,176	(51,846)	-2.54%
Assets under construction and advance payments	36,662	44,095	(7,433)	-20.27%
Intangible assets	7,881	7,888	(7)	-0.09%
Other tangible assets	9,424	9,030	394	4.18%
Sundry receivables and other non-current assets	121	127	(6)	-5.07%
Equity investments	25,765	25,765	0	0.00%
Assets held for sales	0	1,801	(1,801)	-100.00%
Net working capital	12,770	24,504	(11,734)	-91.89%
Funds	(7,400)	(7,521)	121	-1.64%
Sundry payables and other non-current liabilities	(19,828)	(19,945)	117	-0.59%%
Net deferred tax (assets) /liabilities	(14,099)	(11,702)	(2,397)	17.00%
Total use of funds	2,092,626	2,167,218	(74,592)	-3.56%
Total shareholders' equity	1,121,800	1,171,758	(49,958)	-4.45%
Net (assets) and liabilities for derivative instruments	(6,115)	8,435	(14,550)	237.94%
Net debt	976,941	987,025	(10,084)	-1.03%
Total sources	2,092,626	2,167,218	(74,592)	-3.56%

The main changes compared to 31 December 2021, relate to:

// The **investment property,** which was €51,846 thousand lower due mainly to:

> For €12,204 thousand, ongoing extraordinary maintenance relating primarily to energy efficiency upgrades at the Tiburtino, Casilino, Maremà, Centro d'Abruzzo and ESP shopping centers, as well as at a few Romanian shopping centers;

> For €9,870 thousand, the reclassification from assets under construction and advances of work completed during the period, mainly the creation of new stores using the space freed up by reducing the size of the hypermarket and the restyling of the first floor of Casilino shopping center in Rome; the creation of new stores using the space freed up by reducing the size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua. The work completed in the year totaled €7,549 thousand;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €9,208 thousand and written down by €76,977 thousand, based on the independent appraisals, for a net negative impact of €67,769 thousand;

> An impairment loss on the right-of-use assets for the malls at Centro Nova and Fonti del Corallo shopping centers based on the results of third-party appraisals of €6,151 thousand of which €5,883 thousand in fair value adjustments and €268 thousand for the writedown of work on leaseholds during the year.

// **Assets under construction and advances**, which were €7,433 thousand lower explained by:

> For €10,922 thousand, ongoing work at Officine Storiche;

> For €228 thousand, new store construction using the space freed up by reducing the size of the hypermarket at the Casilino Shopping Center in Rome;

> For €1,588 thousand, the restyling and creation of new midsize stores in the space freed up by reducing the size of the hypermarket at the Porto Grande Shopping Center in San Benedetto del Tronto;

> For €1,020 thousand, new store construction using the space freed up by reducing the size of the hypermarket at the Katanè Shopping Center in Catania;

> For €927 thousand, new store construction using the space freed up by reducing the size of the hypermarket at the La Torre Shopping Center in Palermo;

> For €3,742 thousand, the restyling of the La Favorita Shopping Center in Mantua;

> For €44 thousand, the planning work done on subdividing the hypermarket at the Tiburtino Shopping Center in Guidonia;

> For €13 thousand, the restyling (second lot) of the Porto Grande Shopping Center in San Benedetto del Tronto;

> For €27 thousand, the restyling of the Gran Rondò Shopping Center in Crema;

> For €365 thousand, restyling of the Leonardo Shopping Center in Imola;

> For €9,870 thousand, the reclassification to investment property of work completed during the period, mainly the creation of new stores using the space freed up by reducing the size of the hypermarket and the restyling of the first floor of Casilino Shopping Center in Rome; the creation of new stores using the space freed up by reducing the size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua;

> For €16,402 thousand, the writedown of Officine Storiche (Porta a Mare project) in advanced stage of construction and for €41 thousand, the writedown of the Portogrande expansion;

> For €4 thousand, the net increase in advances.

// **Intangible assets** which were €7 thousand lower due mainly to:

> For €500 thousand, consolidation differences relating to the Romanian subsidiary Win Magazin SA explained by the foreign exchange adjustments;

> For €644 thousand, the capitalization of costs incurred to implement new accounting and management software;

> Amortization recognized in the reporting period.

// **Other plant, property and equipment** which changed by €394 thousand due mainly to the purchase and installation of multimedia totems in various shopping center malls, as well as depreciation recognized in the reporting period.

// **Net working capital** which was €11,734 thousand lower compared to 31 December 2021 explained primarily by:

> An increase in trade receivables of €323 thousand;

> A decrease in inventory of €8,078 thousand attributable to *(i)* for €2,572 thousand, an increase in the work done in the period, *(ii)* a writedown of €3,414 thousand, and *(iii)* the sale of a residential unit and an enclosed garage in the Mazzini section and 17 residential units, 15 enclosed garages and 8 parking spaces in the Officine section for a total of around €7,250 thousand;

> An increase in other current assets of €1,869 thousand due mainly to higher VAT credits for all the companies following an increase in the work done in the last quarter of the year and IGD Management SIINQ S.p.A.'s IRAP credit;

> An increase in trade payables of €7,579 thousand due to the increase in the work done on freehold assets in the last quarter of the year.

2

(in thousand of Euros)	12.31.2022	12.31.2021	Δ	%
Work in progress inventory and advances	**29,297**	**37,375**	**(8,078)**	**-27.57%**
ST trade receivables	**15,212**	**15,415**	**(203)**	**-1.33%**
Related party trade and other receivables	**1,242**	**716**	**526**	**42.35%**
Other current assets	**7,586**	**5,717**	**1,869**	**24.64%**
Trade and other payables	**(22,746)**	**(16,062)**	**(6,684)**	**29.39%**
Related parties trade and other payables	**(1,845)**	**(950)**	**(895)**	**48.51%**
Current tax liabilities	**(1,813)**	**(2,967)**	**1,154**	**-63.65%**
Oter current liabilities	**(14,163)**	**(14,740)**	**577**	**-4.07%**
Net working capital	**12,770**	**24,504**	**(11,734)**	**-91.89%**

// **Provisions for risks and charges** which showed an increase of €121 thousand explained by: *(i)* the provisions made for bonuses payable to employees in 2022 which will be paid in 2023, *(ii)* provisions made for a few IMU disputes underway relative to the ESP (Ravenna) and La Torre (Palermo) shopping centers, *(iii)* earthquake proofing for which IGD is responsible at a few of the supermarkets and hypermarkets sold during the prior year *(iv)* provisions made for an administrative dispute underway involving the subsidiary Win Magazin S.a., *(v)* adjustments to employee severance (TFR) and *(vi)* the release of provisions for 2021 after variable compensation was paid in June 2022.

// **Net deferred tax assets and liabilities**, which went from €11,702 thousand to €14,099 thousand due mainly to a change in the fair value of the (IRS) due to tax misalignments relating to (i) hedges (IRS), and (ii) fair value adjustments of investment property which is not included in the SIIQ perimeter.

// **Payables and other non-current liabilities**, decreased by €117 thousand due mainly to *(i)* the reclassification to current liabilities of the portion due in June 2023 of 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 over the course of three years, *(ii)* the reclassification to current liabilities of the portion of the substitute tax due for the adoption of SIINQ status by IGD Management S.p.A. partially offset by an increase in extension fees which reflects the two extension fees of €312.5 thousand that the Company will have to pay to BNP Paribas in 2024 and 2025 in order to extend the duration of the €215 million loan to 2025 and 2026, respectively;

// The **Group's net equity** amounted to €1,121,800 thousand at 31 December 2022. The decrease of €49,958 thousand is explained mainly by:

> For approximately -€474 thousand, movements in the reserve for the translation of foreign currency financial statements;

> For €38,620 thousand, the dividends paid in the reporting period;

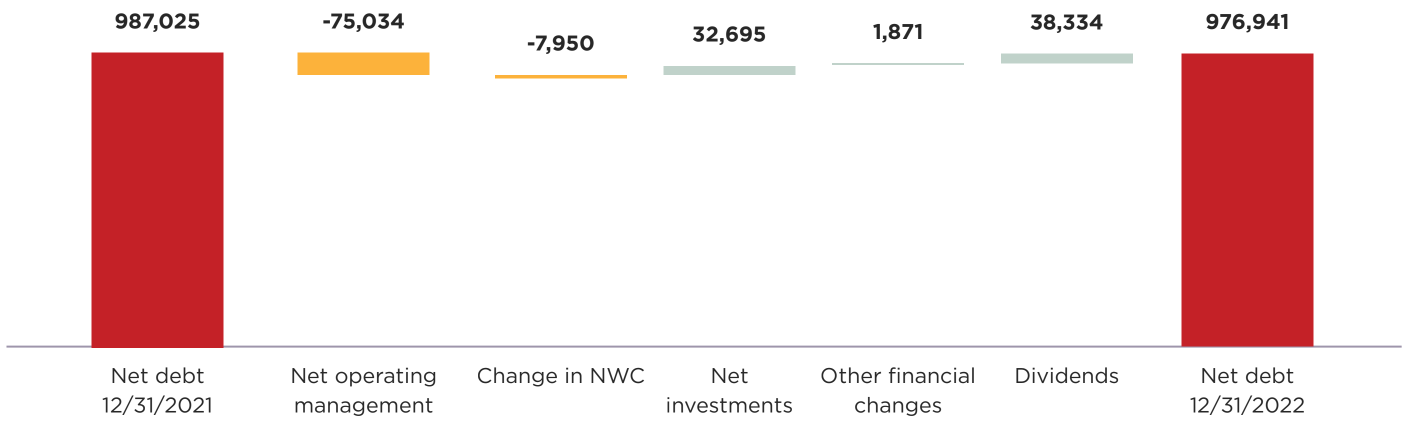
> An adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around +€5,627 thousand for the parent company and to around €5,039 thousand for a subsidiary;

> The adjustment of the reserve for the recalculation of defined benefits which came to €459 thousand for the parent company and to €326 thousand for a subsidiary;

> For €22,315 thousand, the Group's share of the net loss posted in the reporting period.

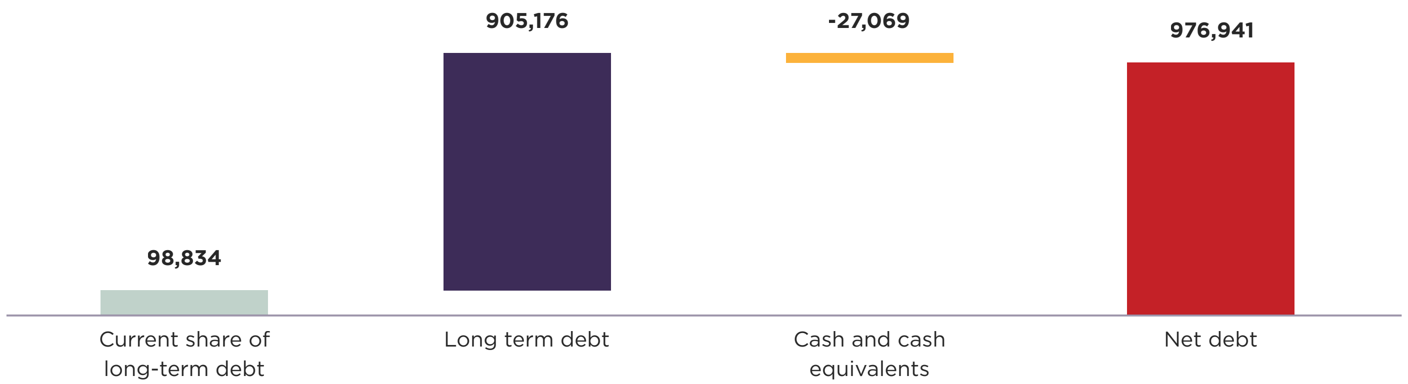
// **Net (assets)/liabilities for derivatives** showed improvement against the prior year. The mark to market valuation of hedging instruments at 31 December 2022 was €14,550 thousand higher compared to 31 December 2021, due to the rising interest rates explained by the European Central Bank's monetary policy.

// The **net financial position** at 31 December 2022 was about €10.1 million lower than in the prior 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:



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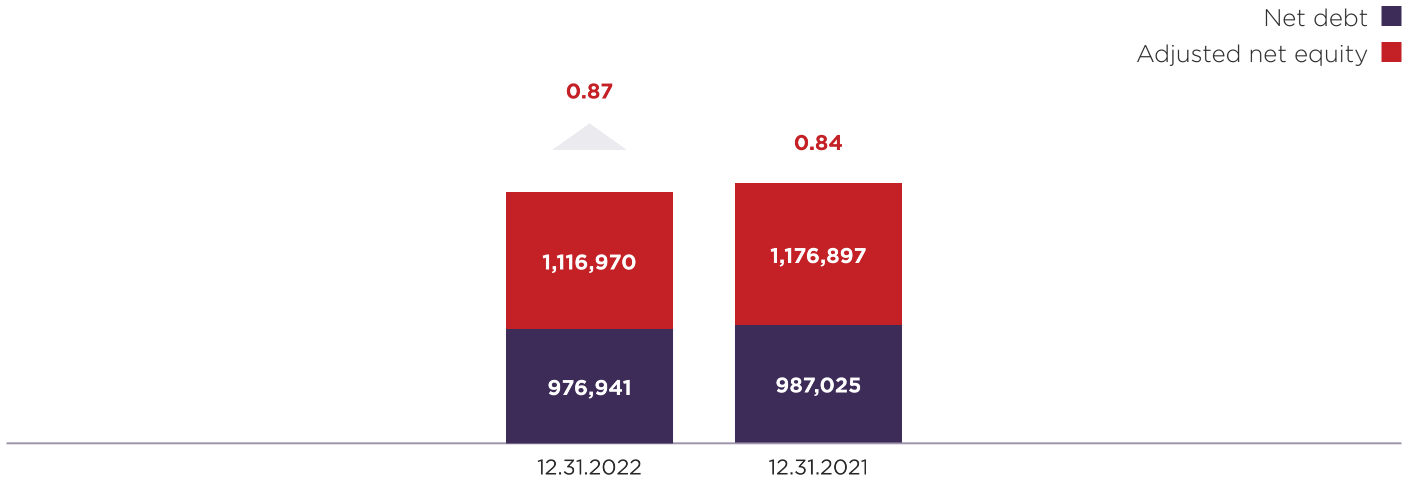
The gearing ratio reflects the debt-to-equity ratio, including non-controlling interests but excluding the CFH reserves. The ratio came to 0.87 at 31 December 2022, showing a slight improvement compared to the 0.84 recorded at 31 December 2021.



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[8], found in "EPRA Best Practices Recommendations"[9].

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.

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)**.

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 2022 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 Cost Ratios: are ratios aimed at providing a consistent comparison base for a company's main structural and operating costs calculated by expressing operating costs and general overhead, net of management fees and a limited number of other items, as a percentage of gross rental income. There are two EPRA Cost Ratios, one which includes and one which excludes direct vacancy costs.

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

EPRA LTV: is a measure which shows the ratio of the net financial position (which includes financial debt for the headquarter's lease and the balance between payables and receivables) to the market value of the real estate assets. The debt and assets of the companies in which the Group has a significant interest are included in the calculation.

8. European Public Real estate Association.
9. See www.epra.com.

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

EPRA Performance Measure	12/31/2022	12/31/2021
EPRA NRV (€'000)	1,133,860	1,197,354
EPRA NRV per share	€10.28	€10.85
EPRA NTA	1,125,979	1,189,467
EPRA NTA per share	€10.20	€10.78
EPRA NDV	1,110,002	1,151,244
EPRA NDV per share	€10.06	€10.43
EPRA Net Initial Yeld (NIY)	6.0%	5.8%
EPRA 'topped-up' NIY	6.3%	5.9%
EPRA Vacancy Rate Gallerie Italia	5.3%	6.1%
EPRA Vacancy Rate Iper Italia	0.0%	0.0%
EPRA Vacancy Rate Totale Italia	4.3%	4.9%
EPRA Vacancy Rate Romania	2.0%	5.4%
EPRA Cost Ratios (including direct vacancy costs)	23.9%	20.5%
EPRA Cost Ratios (excluding direct vacancy costs)	19.4%	17.5%
EPRA Earnings (€'000)	€72,101	€73,215
EPRA Earnings per share	€0.65	€0.66
EPRA LTV	48.4%	n.d.

The NAV calculations at 31 December 2022 are shown below:

		12.31.2022			12.31.2021		
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	Net Asset Value	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders		1,121,800	1,121,800	1,121,800	1,171,758	1,171,758	1,171,758
Exclude	*(v)* Deferred tax in relation to fair value gains of IP	18,175	18,175		17,161	17,161	
Exclude	*(vi)* Fair value of financial intruments	(6,115)	(6,115)		8,435	8,435	
Exclude	*(viii)* a. Goodwill as per the IFRS balance sheet		(7,085)	(7,085)		(7,585)	(7,585)
Exclude	*(viii) b.* Intangibles as per the IFRS balance sheet		(796)			(302)	
Include	*(ix)* Fair value of fixed interest rate debt			(4,713)			(12,929)
Include	*(x)* Real estate transfer tax (estimate)						
NAV		1,133,860	1,125,979	1,110,002	1,197,354	1,189,467	1,151,244
Fully diluted number of shares		110,341,903	110,341,903	110,341,903	110,341,903	110,341,903	110,341,903
NAV per share		10.28	10.20	10.06	10.85	10.78	10.43
Change % vs 12.31.2021		-5.3%	-5.3%	-3.6%			

The NRV was lower than at 31 December 2021 (-5.3%) due mainly to the changes in net equity and the fair value of financial instruments. These changes are primarily attributable to: *(i)* the payment of dividends during the year (paid entirely in May 2022), *(ii)* the decrease in the properties' fair value, *(iii)* higher FFO, the increase in the cash flow hedge reserve, and the change in the fair value of derivatives, and *(ii)* other minor changes in equity.

The NTA was lower than at 31 December 2021 (-5.3%). The difference with respect to the NRV is that goodwill and intangible assets recognized in the financial statements are excluded from the NTA calculation.

The NDV was lower than at 31 December 2021 (-3.6%). This change, in addition to the above, also reflects the decrease in the fair value of debt calculated 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 2022, in addition to a change in the composition of debt (in terms of both duration and cost).

2

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

NIY and "Topped-up" NIY disclosure €'000		Consolidated 12.31.2022 Italia	Romania	Totale (no IFRS16)	Leasehold	Totale	Consolidated 12.31.2021 Italia	Romania	Totale (no IFRS16)	Leasehold	Totale
Investment property - wholly owned		1,890,208	128,320	**2,018,528**	25,234	**2,043,762**	1,928,790	135,780	**2,064,570**	32,470	**2,097,040**
Investment property - share of JVs/ Funds		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Trading property (including share of JVs)		62,330	0	**62,330**	0	**62,330**	75,902	0	**75,902**	0	**75,902**
Less developments		-207,062	0	**-207,062**	0	**-207,062**	-243,512	0	**-243,512**	0	**-243,512**
Completed property portfolio		1,745,476	128,320	**1,873,796**	25,234	**1,899,030**	1,761,180	135,780	**1.896,960**	32,470	**1,929,430**
Allowance for estimated purchasers' costs		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Gross up completed property portfolio valuation	**B**	**1,745,476**	**128,320**	**1,873,796**	**25,234**	**1,899,030**	**1,761,180**	**135,780**	**1,896,960**	**32,470**	**1,929,430**
Annualised cash passing rental income		112,250	9,679	**121,929**	8,687	**130,616**	106,020	9,752	**115,772**	11,962	**127,734**
Property outgoings		-15,123	-1,857	**-16,980**	-353	**-17,333**	-13,545	-1,267	**-14,812**	-294	**-15,106**
Annualised net rents	**A**	**97,127**	**7,822**	**104,949**	**8,334**	**113,283**	**92,475**	**8,485**	**100,960**	**11,668**	**112,628**
Add: notional rent expiration of rent free periods or other lease incentives		6,206	549	**6,755**	418	**7,173**	1,104	410	**1,514**	183	**1,697**
Topped-up net annualised	**C**	**103,333**	**8,371**	**111,704**	**8,752**	**120,456**	**93,579**	**8,895**	**102,474**	**11,851**	**114,325**
EPRA NIY	**A / B**	**5.6%**	**6.1%**	**5.6%**	**33.0%**	**6.0%**	**5.3%**	**6.2%**	**5.3%**	**35.9%**	**5.8%**
EPRA "Topped-up" NIY	**C / B**	**5.9%**	**6.5%**	**6.0%**	**34.7%**	**6.3%**	**5.3%**	**6.6%**	**5.4%**	**36.5%**	**5.9%**

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 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 4.3%, lower than in the prior year. The vacancy rate for malls came to 5.3%, in line with 31 December 2021, while full occupancy was posted for hypermarkets, consistent with the prior year. The EPRA vacancy rate in Romania was lower than at 31 December 2021, falling from 5.4% at 31 December 2021 to 2.0%.

Epra Vacancy Rate		Italy Hypermarkets	Italy malls	Total Italy	Romania
Estimated Rental Value of vacant space	A	**0**	**5.35**	**5.35**	**0.18**
Estimated Rental Value of the whole portfolio	B	**23.87**	**100.9**	**124.8**	**9.10**
EPRA Vacancy Rate	**A/B**	**0.00%**	**5.30%**	**4.28%**	**1.99%**

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

	Cost Ratios	FY CONS_2022	FY CONS_ 2021
Include	*(i)* Administrative / operating expense line per IFRS income statement	**-41,777**	**-38,450**
Include	*(ii)* Net service charge costs/fees	**4,549**	**3,732**
Include	*(iii)* Management fees less actual / estimated profit element	**5,504**	**5,505**
Include	*(iv)* Other operating income / recharges intended to cover overhead expenses less any related profits	**13**	**12**
Include	*(v)* Share of Joint Ventures expenses		
Exclude (if part of the above)	*(vi)* Investment Property depreciation		
Exclude	*(vii)* Ground rent costs	**1**	**11**
Exclude	*(viii)* Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) **(A)**		**-31,710**	**-29,190**
	(ix) Direct vacancy costs	**-6,001**	**-4,250**
EPRA Costs (excluding direct vacancy costs) **(B)**		**-25,709**	**-24,939**
	(x) Gross Rental Income less ground rent costs - per IFRS	**137,255**	**145,988**
	(xi) Lesess: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	**-4,549**	**-3,732**
	(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income **(C)**		**132,706**	**142,256**
EPRA Cost Ratio (including direct vacancy costs) **(A/C)**		**23.9%**	**20.5%**
EPRA Cost Ratio (excluding direct vacancy costs) **(B/C)**		**19.4%**	**17.5%**

The EPRA cost ratio (including direct vacancy costs) was higher with the respect to 31 December 2021 as EPRA Costs were higher (due mainly to condominium fees on vacant properties and the costs stemming from the co-marketing project with Coop Alleanza 3.0), versus a decrease in Gross Rental Income (stemming also from the changed perimeter).

The EPRA cost ratio (excluding direct vacancy costs) was higher than in the prior year, even though the increase in direct costs for vacancies is not included in the calculation.

The estimated one-off impact of Covid-19 (€7,479 thousand) recognized in credit losses (namely the "(i) Administrative/operating expense line of the IFRS income statement") was not included in the calculation at 31 December 2022.

In 2022 the Group did not capitalize any project management costs.

The Epra Earnings per share calculation is shown below:

Earnings & Earnings Per Share	FY CONS_ 2022	FY CONS_ 2021
Earnings per IFRS income statement	-22,315	52,769
Epra Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	93,777	16,333
(ii) Profits or losses on disposal of investment properties development properties held for investment and other interests	397	781
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-498	-29
(iv) Tax on profits or losses on disposals	139	8
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2,011	1,041
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-1,410	2,312
(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	72,101	73,215
Company specific adjustments:		
(a) General provisions and depreciations	1,683	634
(b) Non-controlling interest in respect of the above	0	0
(c) Tax on profit or losses on disposals	-139	-8
(d) Contingent tax	-359	156
(e) Other deferred tax	661	-1,321
(f) Capitalized interests	0	0
(g) Current Tax	-41	1,857
(h) Ground rent costs, adjustment financial results and non - recurring expenses	-8,100	-8,445
(i) Other Adjustment for no core activities	1,374	-1,363
Company specific Adjusted Earnings	67,180	64,725
Earnings Per Share *Number of share**	110,341,903	110,341,903
Earnings Per Share	0.65	0.66

The EPRA Earnings indicator is calculated by excluding non-monetary items (write-downs, fair value gains and losses on properties and financial instruments recognized in the income statement, any impairment or revaluations of goodwill), as well as non-recurring items (gains or losses from the disposal of investment properties, profits generated by trading along with current tax, costs relating to the advance repayment of any loans), deferred tax relating to the fair value of properties and financial instruments recognized in the income statement, as well as the portion of these items that pertains to non-controlling interests. The main differences with respect to FFO relate to generic amortization, depreciation and provisions, as well as the above EPRA adjustments, the non-recurring tax recognized in the income statement and the deferred tax that does not relate to the fair value of properties and financial instruments recognized in the income statement. The figure posted at 31 December 2022 shows a decrease of €1,114 thousand or -1.5%, as well as a decrease against the FFO explained by higher generic provisions.

	€/000	(A) LTV under IFRS as reported without EPRA adjustments	(B) Group (€M) as reported	(C) Share of Material Associates (€M)	(D) = (B) + (C) Combined (€M)	(D) - (A)
Include	Borrowings from Financial Institutions	504,445	504,621	29,022	533,643	29,198
Include	Bond Loans	497,036	497,036		497,036	0
Include	Foreign Currency Derivatives (futures, swaps, options and forwards Net Payables	0	43,634		43,634	43,634
Include	Owner-occupied property (debt)	0	2,525		2,525	2,525
Exclude	Cash and cash equivalents	27,069	27,069		27,069	0
Net Debt (a)		974,412	1,020,747	29,022	1,049,769	75,357
Include	Owner-occupied property	0	6,998		6,998	6,998
Include	Investment properties at fair value	2,065,835	2,039,008	56,168	2,095,176	29,341
Include	Properties held for sale	0	0		0	0
Include	Properties under development	65,959	67,120		67,120	1,161
Include	Intangibles	0	796		796	796
Include	Financial assets	0	174		174	174
Total property Value (b)		2,131,794	2,114,096	56,168	2,170,264	38,470
LTV (a/b)		45.7%	48.3%	51.7%	48.4%	2.7%

The Epra LTV is a measurement of the ratio between the net financial position, including finance leases relating to headquarters to which the difference between receivables (trade, other current assets, other non-current receivables) and payables (trade, provisions for risks and charges, severance reserves, other liabilities) is added, as is the value of the real estate portfolio, including the building housing the company's registered office. The Group's ratio also includes the LTV of the 40% interest IGD holds in Fondo Juice. For greater transparency in the calculation, in the first column of the calculation we show the Group's calculation of the LTV and the relative reconciliation with the EPRA LTV.

> Additional information on investment properties

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

DIRECTORS' REPORT
2.4 THE STOCK

Capital expenditure (Euro / Thousands)	12/31/2022	12/31/2021
Acquisitions	0	0
Development	13,490	9,190
Investment properties	21,120	13,680
Incremental lettable space	0	0
No incremental lettable space	8,779	3,820
Tenant incentives	0	0
Other material non-allocated types of expenditure	12,341	9,860
Capitalised interest (if applicable)	0	0
Total CapEx	34,610	22,870
Conversion from accrual to cash basis		
Total CapEx on cash basis	34,610	22,870

The Group is not party to any joint ventures.

In 2022 the Group did not capitalize any project management costs related to development projects.

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 in the year - Investments;

And the Explanatory Notes (section 4.6.5, 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 the accounting standards used for the various asset classes please refer to the Explanatory Notes (Chapter 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 Directors' Report and section 4.6.3 Use of Estimates in the Explanatory Notes.

The reports issued by each independent expert on the appraisals made at 31 December 2022 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 1.9 The Real Estate Portfolio in the Directors' Report.

2.4 // The Stock

IGD's shares are traded on the Euronext Milan market managed by Borsa Italiana as part of the Industry Finanza and Super Sector Beni Immobili index; IGD is also part of the Euronext 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 index families.

International indices: Bloomberg, FTSE Russel, MSCI, S&P, Solactive, STOXX, Vanguard 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 also included in the following **ESG (Environment, Social & Governance) indices**, which include: GPR IPCM LFFS Sustainable GRES Index, GPR Eurozone ESG+, EURO STOXX Total Market ESG-X, STOXX Europe Total Market ESG-X, STOXX Developed Markets Total Market ESG-X, iSTOXX® PPF Responsible SDG, FTSE EPRA Nareit Developed Green Index, FTSE EPRA Nareit Developed Green Target Index.

IGD has 12 independent and unsolicited **ESG ratings**, as well as one solicited rating from CDP. The main scores obtained include: A from MSCI, better than the BBB recorded in 2021, while FTSE RUSSELL ESG confirmed a score of 3.1 out of 5. For the first time in 2022, IGD was valued "Negligible risk" by Sustainalytics.

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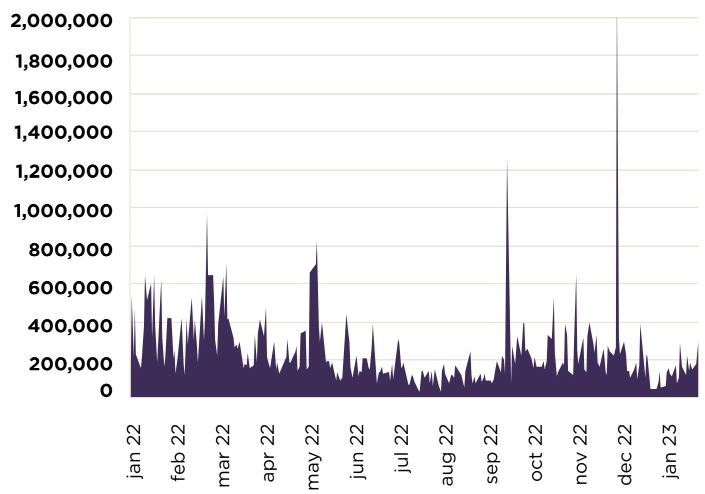
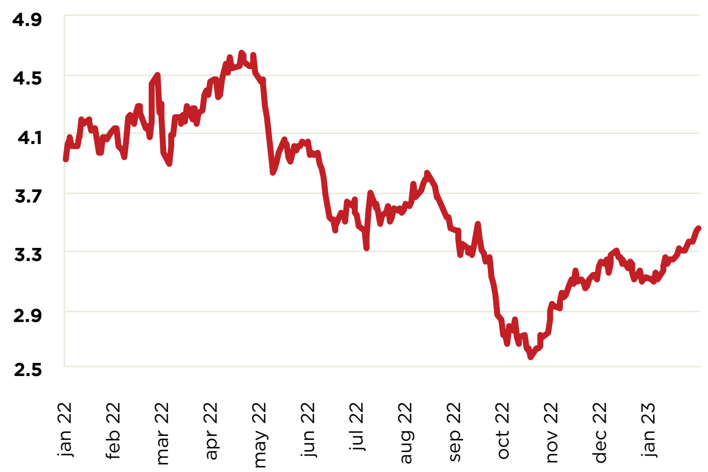
> Volume of IGD shares traded since 3 January 2022



In 2022, an average of 249,697 IGD shares was traded each day, 20.6% less than the 314,462 shares traded on average in 2021. The volume highs were largely in the second half of the year, with a peak of 2,139,834 shares on 30 November 2022.

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

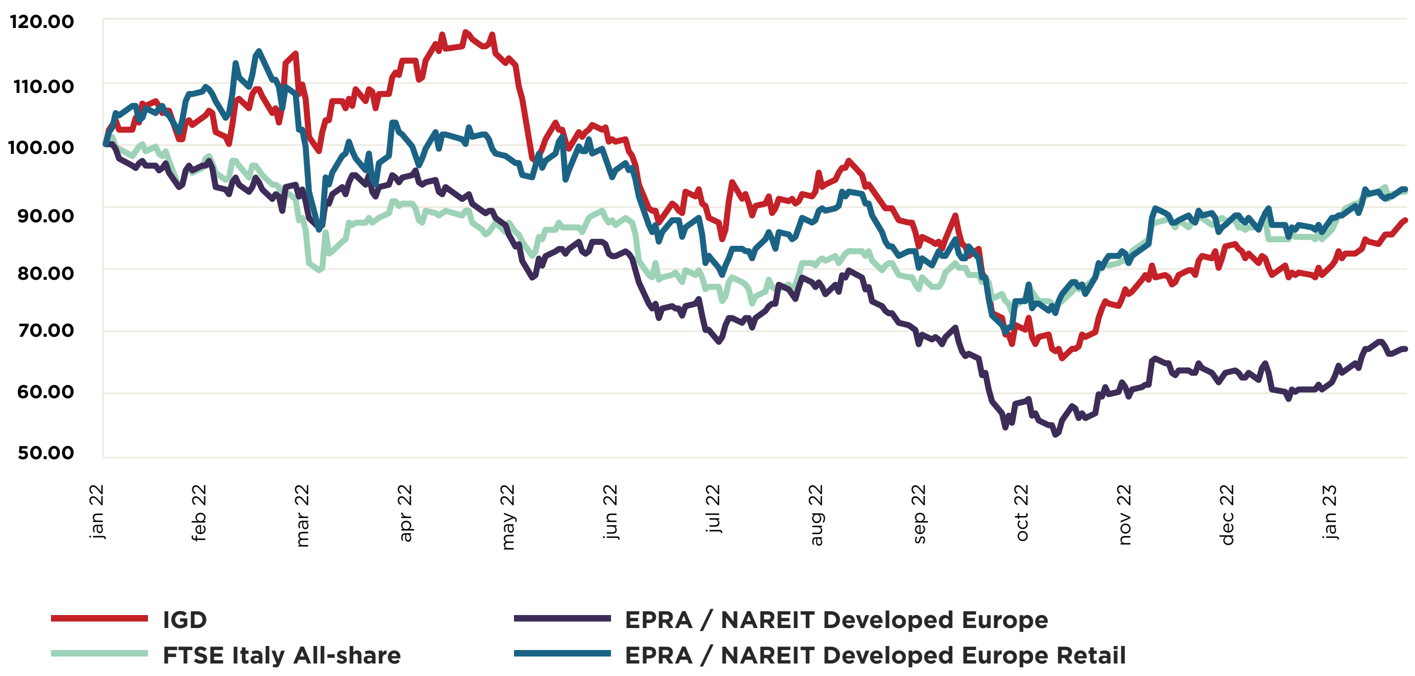
> IGD's stock price since 3 January 2022



IGD's stock price fell 19.3% in 2022: from the price of €3.86 recorded at 30 December 2021, the stock, in fact, closed at €3.115 on the last trading session of the year, 30 December 2022. The high for 2022, of €4.65, was recorded on 20 April, while the period low of €2.585 was posted on 14 October.

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

> IGD's stock vs. the Italian stock market index Ftse Italia All- Share, Epra/Nareit Developed Europe and Epra/Nareit Developed Europe Retail (Base 01.03.2022 = 100)



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

In 2022 IGD's stock clearly outperformed the Europe sector index, EPRA/NAREIT Developed Europe, which fell by 38.9%. During 2022 IGD was, in fact, able to count on the fundamentals that emerged when the results for the first three quarters were published which confirmed the effectiveness of the strategy used by the Company to navigate the difficult period caused by the pandemic, with improvement in operating metrics and the economic-financial results. The Italian stock market index, the FTSE Italy All-Share, closed the year down 14.1%: the decline was boosted by the significant weight of energy stocks – sustained by the prices of the different commodities – and the banking sector which typically benefits from higher interest rates. Lastly, the decrease of IGD's benchmark index, EPRA/NAREIT Developed Europe, was more contained (-12.1%).

The negative performance of IGD's stock and the benchmark indexes in 2022 were recorded in a global geopolitical and macroeconomic backdrop which was decidedly unfavorable to equity investments which influenced the investors' appetite for risk.

The Russian-Ukrainian war, which broke-out in the second half of February 2022, had a significant impact on the price of raw materials, particularly relative to energy: not only did this fuel higher inflation, but, initially, it also fed concerns about the ability of industrialized European nations to continue manufacturing goods in the face of an energy crisis.

In light of real economy, which actually was continuing to grow, the central banks tightened monetary policy considerably in order to offset the high levels of inflation, a radical change in direction after a long period in which they continued to inject liquidity into the market and consistently supported low borrowing costs.

Even though the earnings per share published by listed companies in the first three quarters of 2022 continued to confirm an overall state of health which supported stock prices, the market multiples contracted noticeably in a majority of sectors due to the expectations that the central banks would continue to raise interest rates.

In reality, as is always the case in bullish markets, in 2022 there were also two phases in which stock prices rebounded. A first recovery gained momentum beginning at the end of June, when investors had hopes that inflation would slow and that, therefore, there would be an easing in monetary policies. Based on the new figures published mid-August, however, prices were still growing at higher rates which postponed the moment in which the central banks could begin to decelerate rate increases: this caused the stock markets to hit the low for the year in mid-October. After that the stock markets entered their second phase of recovery, despite the unfavorable geopolitical factors which contributed to creating significant supply chain disfunctions due to the ongoing war in Ukraine and the severe anti-Covid-19 measures implemented in China.

The recovery in the main stock indexes continued in the first weeks of 2023, supported by the decrease in energy costs and the reopening of China.

While it still isn't clear if Europe will be able to avoid a recession and, consequently, if and to what extent companies will see their earnings per share drop in 2023, it is clear that the recent flows to the bond sector, following the reallocations of the biggest asset managers, is fueling significant competition for equities, after a 2022 in which the correlation between the two investment classes was very strong.

In 2022, the **listed European real estate companies** traded at a strong discount to their NAVs, due mainly to the investors' concerns about the ability to refinance debt as interest rates rose. These concerns were amplified for companies with higher LTVs. The inflationary environment and the uncertain prospects for economic growth also had a negative impact on sector stock valuations.

The performance of the **retail segment** was less negative than the real estate sector as a whole – as shown by the change YoY of the EPRA/NAREIT Developed Europe Retail index, which was down 12.1% versus a drop of 38.9% in the EPRA/NAREIT Developed Europe index – thanks to the indexing of rents which protected the revenues of retail companies in an environment of strong inflation.

> Dividend

> The 2021 dividend

In the wake of the decision made during the pandemic to not pay a dividend for 2020, and in light of net loss recorded by the parent IGD SIIQ S.p.A. (which waived the mandatory payment of a dividend) and with a view to preserving financial solidity and the investment grade profile, in 2021 IGD distributed a dividend of €0.35 per share comprised as follows: for €0.287588, the mandatory portion of earnings generated by the SIIQ perimeter in 2021, and for 0.062412 euro cents, the reserves released as a result of the disposal of 5 hypermarkets and 1 supermarket.

> The 2022 dividend

The Board of Directors proposed that during the Annual General Meeting to be held on 13 April 2023 shareholders should approve payment of a dividend of €0.30 per share.

> Investor Relations and Financial Communication

> Broker coverage

The target consensus price of the five brokers covering IGD was €4.45 at the end of 2022. The majority of the brokers have neutral recommendations (three "neutral" ratings), while 2 brokers have moderate buy recommendations (with "Upside" and "Add"). No broker has issued a sell recommendation.

> Presentations and meetings with investors

In 2022 IGD organized four conference calls:

- 24 February, to discuss the FY 2021 results;
- 5 May, to discuss the results for first quarter 2022;
- 4 August, to discuss results for first half 2022;
- 3 November, to discuss the results for the first nine months of 2022.

There were 116 participants in the conference calls, of which 77 were institutional investors: these figures are slightly lower than in 2021 when there were 160 participants, with 117 institutional investors.

In 2022, IGD's management participated in different events, both virtual and in-person, which made it possible to meet with 63 institutional investors during the year, including 11 asset management companies for the first time.

In order to maintain a dialogue with equity portfolio managers IGD met with institutional investors during the virtual roadshows organized by IGD's specialist Intesa Sanpaolo-IMI held on 17 and 19 January 2022. The company also participated in Borsa Italiana's Virtual STAR Conference which was once again held in-person in Milano on 23 March 2022 after the last virtual editions, while on 18 May the company attended the Italian Investment Conference IIC 2022, a virtual event organized by Unicredit and Kepler Cheuvreux and Borsa Italiana's Italian Sustainability Week on 6 September. On 11 October, IGD was among the companies highlighted at Intesa Sanpaolo's Italian Excellences 2022 event held in Paris. On 16 November the 5th edition of the European Mid Cap CEO Conference, or-

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ganized by Exane BNP Paribas, provided another chance to meet with international investors.

Looking at bond fund managers, Company management participated in Goldman Sachs' European Real Estate Debt Conference organized in London on 30 November.

A series of virtual one-on-one meetings was also organized during the year with equity investors and bondholders interested in gaining a better understanding of specific aspects of IGD's historic performances and prospects.

> Online communication

Testimony to the effectiveness of the work done on the online communication strategy in order to give visibility to content on the corporate website, in 2022 the number of website visitors more than doubled with respect to the prior year. More specifically, the number of new users went from 39,164 in 2021 to 89,833.

In 2022 IGD also used social media proactively and focused on LinkedIn.

> Information provided by the IR team

2022 was the fifteenth consecutive year in which the quarterly newsletter, IGD News&Views, was made available in the Media section of IGD's website in Italian and English.

The Investor Relations team also continued with systematic Peer Group Analysis in order to update senior management on the operating performances and multiples of the European retail real estate companies.

In 2022 the IR Board Report, which provides the Board of Directors with updated information about changes in the institutional shareholder base, analysts' consensus and IGD's multiples, was also prepared every quarter.

> Awards received for corporate reporting

In September 2022 EPRA (the European Public Real Estate Association) gave IGD's Consolidated Annual Report 2021 the EPRA BPR Gold Award" (Best Practice Recommendations) for the fifth year in a row. 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 180 European real estate companies.

As for the Corporate Sustainability Report 2021, for the eighth consecutive year IGD received the "EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations) after the sustainability reports of 167 European real estate companies were analyzed.

> Financial calendar 2023

23 February

Board of Directors' meeting to approve the draft separate and consolidated financial statements as at 31 December 2022.

13-14 April

Annual General Meeting convened to approve the financial statements for the year ending 31 December 2022 in first call and second call.

4 May

Board of Directors' meeting to approve the Interim Financial Report as at 31 March 2023.

2 August

Board of Directors' meeting to approve the Half-Year Financial Report as at 30 June 2023.

8 November

Board of Directors' meeting to approve the Interim Financial Report as at 30 September 2023.

2.5 // Significant events

The main events in the reporting period are described below.

// Corporate events

On 24 February 2022 the Board of Directors approved the draft separate and consolidated financial statements for FY 2021, as well as the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, and the Report on Remuneration. The Board of Directors also approved the twelfth Corporate Sustainability Report.

On 23 March 2022 IGD's Board of Directors approved the issue, by 31 July 2022, of EUR 500,000,000.00 in senior green, unsubordinated and non-convertible notes, subject to market conditions, to be offered to institutional investors in Italy and abroad.

On 28 March 2022 IGD decided to postpone the issue of the EUR 500,000,000.00 in senior green, unsubordinated and non-convertible notes, approved by the Board of Directors on 23 March 2022, until market conditions improve.

During the Annual General Meeting held on 14 April 2022, IGD's shareholders approved the 2021 financial statements of IGD SIIQ S.p.A., as presented during the Board of Directors meeting held on 24 February 2022, which closed with a net profit of €54,093,401.45.

Shareholders also resolved to distribute a dividend of €0.35 per share. The total dividend payable, calculated based on the number of IGD shares outstanding at 24 February 2022 (110,341,903 ordinary shares), amounted to €38,619,666.05 and was taken from:

> For €31,733,007.20, distributable income generated by exempt operations;

> For €6,886,658.85, utilization of the reserves released following the disposal of 5 hypermarkets and 1 supermarket finalized during the year.

The net earnings generated by exempt operations to be distributed amounted to €38,619,666.05 or €0.35 per share.

Lastly, during the Annual General Meeting shareholders resolved to grant the statutory audit assignment for the period 2022-2030 to the firm Deloitte & Touch S.p.A..

On 21 April 2022 the residual amount outstanding on €162 million in notes of €153.6 million, as well as interest, was repaid at the expiration date.

On 5 May 2022 the Board of Directors examined and approved the interim financial report as at 31 March 2022.

On 2 August 2022 IGD SIIQ S.p.A. entered into a facility agreement with BNP Paribas, in its capacity as Global Coordinator and Green Coordinator and Lender, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Cassa Depositi e Prestiti S.p.A., China Construction Bank in their capacity as Lenders, pursuant to which the lenders granted the Company a EUR 215 million 3-year Green Facility which may be extended by the Company for up to an additional five years.

The loan was used to finance and/or refinance, in whole or in part, the so-called Eligible Green Projects referred to in the Company's Green Financing Framework, developed in accordance with the Green Bond Principles 2021, published by the International Capital Market Association (ICMA), and the Green Loan Principles 2021, published by the Loan Market Association (LMA). It will also be used to refinance the Company's existing debt with a pool of banks and lending institutions for a maximum original amount of EUR 200 million, granted under the terms and conditions stated in the loan agreement signed on 16 October 2018.

On 4 August 2022 the Board of Directors examined and approved the half-year financial report as at 30 June 2022.

In September 2022 IGD received the "EPRA BPR Gold Award" (Best Practice Recommendations) for its 2021 Consolidated Annual Report for the fifth year in a row. This prize testifies to IGD's continuous commitment to further increasing transparency and comparability in its communication, which benefits investors, the financial community and all the Group's stakeholders.

For the eighth year in a row, IGD also received the "EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations) for its Corporate Sustainability Report 2021. This prize confirms the high standards achieved by IGD in terms of sustainability reporting.

On 3 November 2022 the Board of Directors examined and approved the interim financial report as at 30 September 2022.

On 15 December 2022 IGD SIIQ signed a long-term loan agreement, guaranteed by SACE Support Italia, for € 20,947,000, with a pre-amortization period of 24 months, which will be used to sustain liquidity.

// Investments

In 2022 the Group continued with development of the Porta a Mare – Officine project as well as extraordinary maintenance. The construction of the new stores in the space created by reducing the hypermarket and the restyling of the first floor of the Casilino center in Rome was completed in the reporting period, as was construction of the new stores in the space created following the hypermarket reduction at the Porto Grande Shopping Center in San Benedetto del Tronto, La Torre Shopping Center in Palermo and Katanè Shopping Center in Catania. Moreover the restyling of La Favorita Shopping Center in Mantua was completed.

The investments made in 2022 are shown below:

		12.31.2022 Euro/mln
Development projects	Porta a Mare project: Officine Storiche retail area (in progress)	**10.92**
Development projects	Porta a Mare project (Trading) (in progress)	**2.57**
Development projects	Restyling in progress	**0.39**
Development projects	Restyling completed in 2022	**7.56**
Development projects	Extraordinary maintenance	**12.20**
Development projects	Other	**0.90**
IT Project		**0.64**
Total investments carried out		**35.18**

> Development projects

"Porta a Mare" Project

During the reporting period work on the residential portion of the Officine Storiche section continued for a total of around €2,572 thousand as did urbanization work on the Molo, Lips and Arsenale sections.

Work on the retail portion, which is expected to be completed by the first half of 2023, amounted to approximately €10,922 thousand. The sale of 17 residential units, 15 enclosed garages and 8 parking places closed in 2022 and a total of 15 preliminary sales agreements/irrevocable offers for residential units in the Officine Storiche area had been signed at 31 December 2022.

Moreover in 2022 1 residential unit and 1 enclosed garage in the Mazzini Area have been sold.

// Restyling

The following work was completed in 2022:

> Construction of the new stores in the space created by reducing the hypermarket at the Casilino center in Rome for a total investment of €228 thousand in the year;

> Restyling and construction of the new medium-sized stores in the space created by reducing the hypermarket at the Porto Grande Shopping Center in San Benedetto del Tronto for a total investment of €1,588 thousand in the year;

> Construction of the new stores in the space created by reducing the hypermarket at the Katanè Shopping Center in Catania for a total investment of €1,020 thousand in the year;

> Construction of the new stores in the space created by reducing the hypermarket at the La Torre Shopping Center in Palermo for a total investment of €927 thousand in the year;

> Restyling of the La Favorita Shopping Center in Mantua. The costs incurred for the work done in the year amounted to €3,742 thousand;

> Remapping of the space occupied by the hypermarket at the Tiburtino Shopping Center in Guidonia. Work amounting to €44 thousand was carried out in the year.

The restyling work is consistent with the strategy to be increasingly green in order to reach climate change goals, provide financial support through the issue of sustainable finance instruments and increase the property's marketable value.

At 31 December 2022 work was still underway on:

> Restyling – second lot – of the Porto Grande di San Benedetto Shopping Center in Tronto for a total cost in the year of €13 thousand. Work is expected to be completed in 2023;

> Restyling of the Gran Rondò Shopping Center in Crema for a total cost in the year of €27 thousand;

> Restyling of the Leonardo Shopping Center in Imola for a total cost in the year of €365 thousand Work is expected to be completed in 2023.

La Favorita (MN) - Piazza food

Porto Grande - San Benedetto del Tronto - Ingresso principale

> Extraordinary maintenance

In 2022 extraordinary maintenance continued for a total of €12,204 thousand, relating mainly to work done to improve the energy efficiency at the Tiburtino, Casilino, Maremà, Centro d'Abruzzo and ESP centers, as well as a few Romanian shopping centers. Based on the fair value measurement of investment property at 31 December 2022, the value of the extraordinary maintenance completed in the third quarter was fully impaired.

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 Romanian retail real estate markets performed in 2022.

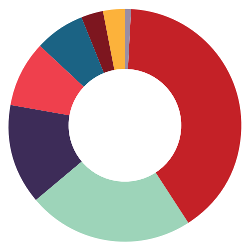
> The European and Italian Real Estate Market

After the Covid-19 pandemic, in 2022 Europe was hit by a new crisis: the war in Ukraine. The ensuing geopolitical situation had a strong impact on the macroeconomic environment of the European countries: less growth in GDP, increase in energy and gas prices, soaring inflation and higher interest rates.

In this new backdrop, the Italian real estate market did, however, report growth with respect to the prior year despite a slowdown in the fourth quarter which is expected to continue in the first part of 2023.

The CRE (commercial real estate) transactions amounted to €11.7 billion in 2022, an increase of +12% compared to 2021.

> COMMERCIAL REAL ESTATE TRANSACTIONS IN ITALY IN 2022



40%	Offices
23%	Logistics
14%	Hotel
9%	Retail
7%	Residential
3%	Other
3%	Healtcare
1%	Mixed-use

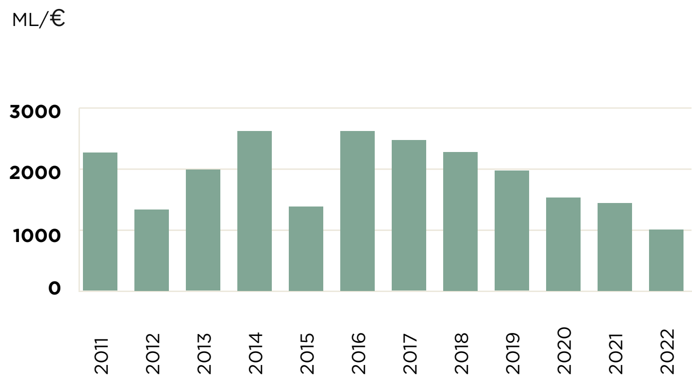
** Source CBRE 4°Q 2022*

> The Italian Retail Real Estate Market

Investments in the retail real estate market totaled slightly more than €1 billion in 2022, 32% lower than in the prior year and were made primarily in the high street segment.

The fourth quarter was characterized by a significant sale&leaseback portfolio transaction in the cash&carry segment. Shopping center deals were limited, small in size and made in secondary locations by opportunistic investors.

> CHANGE IN RETAIL INVESTMENTS IN ITALY, 2011-2022

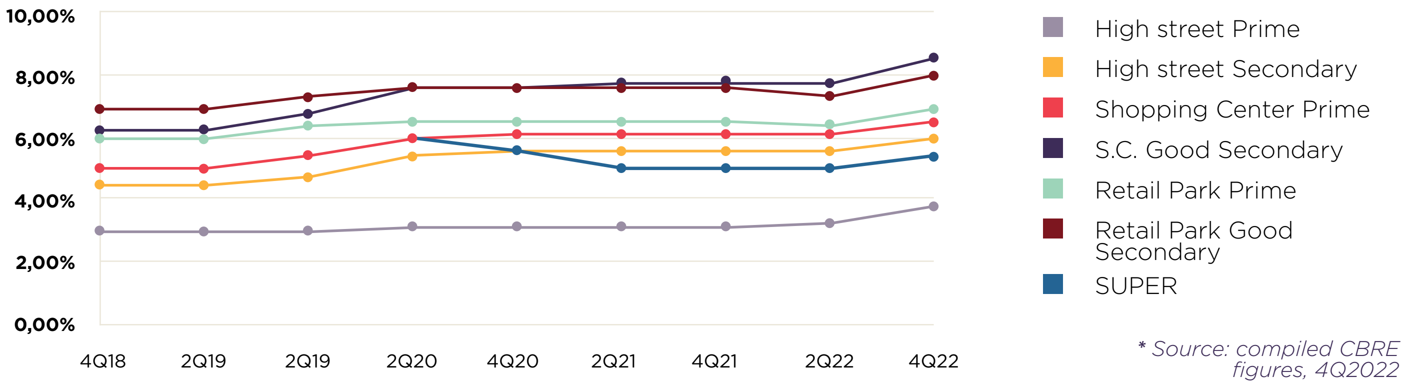


** Source: compiled CBRE figures, 4Q2022*

In terms of performance, 2022 was a positive year for the retail sector with sales up and showing substantial recovery compared to pre-Covid levels. There was also considerable improvement in traffic, with a gap against 2019 footfalls which was more half the 2021 figure.

At the end of 2022 the net yield for prime shopping centers was confirmed at 6.5% and rents/m2 for prime shopping centers was confirmed at €960/year.

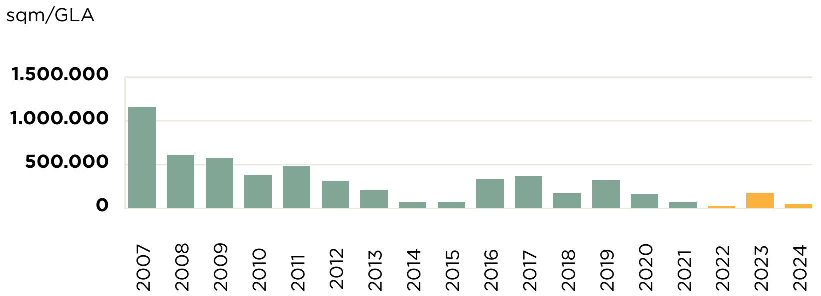
> NET REAL ESTATE YIELDS IN ITALY



** Source: compiled CBRE figures, 4Q2022*

> The stock and the retail sector pipeline

> NEW RETAIL DEVELOPMENTS COMPLETED AND STILL UNDERWAY AT 31 DECEMBER 2022 (GLA >10,000 M^2) VOLUME OF NEW RETAIL DEVELOPMENT (SQM/GLA)



** Source CBRE market snapshot- retail 4Q2022*

> The Romanian Retail Real Estate Market

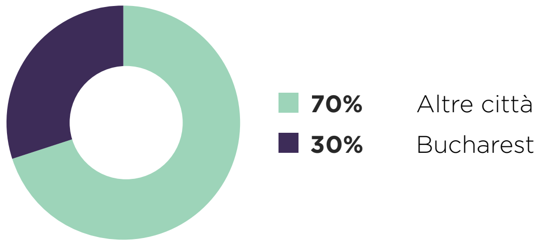
In 2022 the production of new modern commercial spaces continued at a solid pace. With the opening of 11 new centers for a total of 8,700 square meters of new lettable space at year-end, the total stock reached 4.08 million square meters GLA. In 2021 new GLA of 103,000 square meters was produced for a total stock of around 4 million square meters.

In 2022 the retail park format was again preferred over the classic shopping center format. At the end of the reporting period, the ratio was 38% retail park vs 62% shopping malls, while in 2020 alone shopping malls accounted for 65% of the total stock.

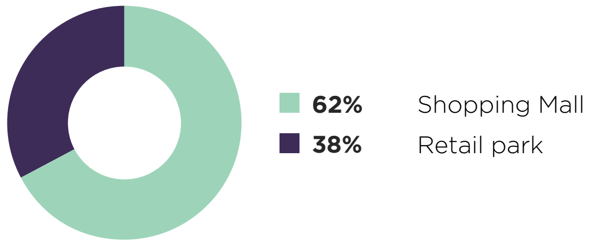
The capital Bucharest continues to be, by far, the city with the largest amount of retail GLA and at year-end 2022 30% of the stock was in Bucharest and 70% in the other cities.

In 2023 an additional 265,000 square meters of new commercial GLA is expected to be added, represented for more than 75% by retail parks. We expect that around 93% of the new retail parks will be developed in regional cities.

> ROMANIA: BREAKDOWN STOCK BUCHAREST ALTRE CITTÀ DELLA ROMANIA



> ROMANIA: RETAIL STOCK PER FORMAT



"Prime" retail rents were €5 higher at 31.12.2022, rising from 70/ m2/month to €75/ m2/month.

In 2022 the vacancy rate was very low and the recovery in sales was such that the 2019 pre-Covid levels were exceeded. In 2022 the confidence in the Romanian market was confirmed by the 17 openings of new brands, including, in the clothing sector, Primark, Converse, FootLocker and, in food&beverage, Popeyes, Poke-House and Submarine Burger.

2.6.1 // The real estate assets

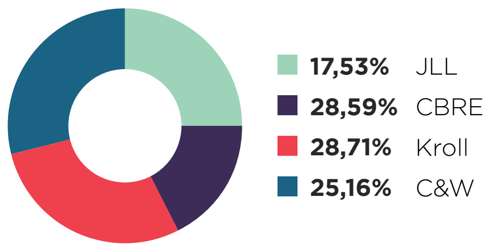
Based on the appraisals at 31 December 2022, Gruppo IGD SIIQ SPA's freehold real estate portfolio had a fair value of €2,080.9 million, to which the fair value of the leasehold properties (€25.2 million) should be added.

> Freehold assets

Gruppo IGD SIIQ SPA's real estate portfolio is comprised of commercial retail properties (of which 96.9% is already generating revenue) and assets under construction.

The assets generating revenue streams are found in Italy and Romania, while at 31 December 2022 the development projects were solely in Italy. The property appraisals are carried out by CBRE Valuation S.p.A. (hereinafter referred to as CBRE), Kroll, Cushman & Wakefield LLP (hereinafter C&W) and Jones Lang LaSalle S.p.A (JLL) whose mandates were renewed in 2022 for one more year.

> IGD'S PORTFOLIO BREAKDOWN BY APPRAISALS AT 31.13.2022



DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

The breakdown of fair value by appraiser at 31 December 2022 in Italy and Romania is shown below:

Amount in € million	Fair Value 12.31.22 Total	Fair Value 12.31.22 Italy	Fair Value 12.31.22 Romania
C&W	523.52	523.52	0
CBRE	595.02	527.33	67.69
D&P	597.49	536.86	60.63
JLL	364.87	364.87	0
Total IGD's portfolio	2,080.90	1,952.58	128.32

The fees paid to the independent appraisers at 31 December 2022 are shown below:

Amount in € thousand	Appraisal fees	Other fees	Total fees
CBRE	104	0	104
KROLL	207	24	231
JLL	57	0	57
C&W	80	0	80
Total fees	448	24	472

"Other compensation" refers mainly to the use of the Virtual Data Room platform in 2022.

The asset classes comprising the Group's real estate portfolio at 31 December 2022 are described below:

> "**Hyper and super**": at 31 December 2022 this asset class comprised 19 properties (17 hypermarkets and 2 supermarkets), found in 8 regions in Italy with a total GLA of about 170,000 m2. The supermarkets have an average GLA of 2,600 m2; four hypermarkets have a GLA of between 3,000 and 7,000 m2, seven have a GLA of between 7,000 and 10,000 m2 and six have a GLA of more than 10,000 m2;

> "**Malls and retail parks**": 27 properties (24 malls, 2 malls + retail park and one retail park) found in 12 regions in Italy for a total GLA of around 437,000 m2. Eighteen malls, on mall + retail park and one retail park have a GLA of less than 20,000 m2, 6 malls and one mall +retail park have a GLA of between 20,000 m2 and 40,000 m2;

At 31 December 2022 nine malls had been Breeam In Use certified with scores of from Very Good to Excellent in the Asset performance and Building management categories. The Group's environmental risk management system has been ISO14001 certified since 2013. In 2022 the system used to prevent and minimize the spread of health infections used by the Group at the malls/retail parks and the headquarters received RINA's Biosafety Trust Certification.

The systems at all the Italian malls are managed using BMS (building management systems) and equipped with area meters used to monitor and optimize energy consumption. Seven malls have renewable energy systems.

Public transportation stops near to twenty-four shopping malls; seventeen malls have charging stations for electric cars and one has a charging station for electric bicycles. Fifteen shopping centers can be reached via bike paths.

Most of the freehold malls have green areas where diversified, indigenous plants have been planted in order to optimize biodiversity;

> "**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 six properties with a GLA of about 9,500 m2;

> "**Progetto Porta a Mare**": a mixed-use real estate complex under construction with a residual GLA of approximately 49,700 m2 located near Livorno's old port and the city center. The project is divided into five areas (Mazzini, Officine, Lips, Molo and Arsenale) with different uses including residential, retail, tourist services, accommodations and temporary residences.

The complex was designed using the most advanced environmental solutions which guarantee maximum comfort and energy efficiency. Great attention was paid to pedestrian and bicycle mobility between all the buildings, the town and the marina.

All the buildings were Class A designed. For example, the air treatment system was built using a multi-purpose thermo-cooling plant which uses the seawater's thermal inertia to lower the need for electricity considerably; the refrigerant gases used have very low GWPs (R513); the construction materials are all CE marked, with a preference for ISO, Casaclima, EDP and ANAB certified companies;

> "**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 retail properties, and an office building, found throughout Romania covering a total area of approximately 95,000 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 GLA one mall is between 20,000 m2 and 40,000 m2 while the remaining thirteen have a GLA of less than 20,000 m2.

In 2022 the first solar energy system was installed at the BIG SC in Ploiesti which provides 150 kw in power, covering around 25-30% of the Center's energy needs.

An additional 4 systems are expected to be installed in 2023 at the centers with the greatest energy consumption.

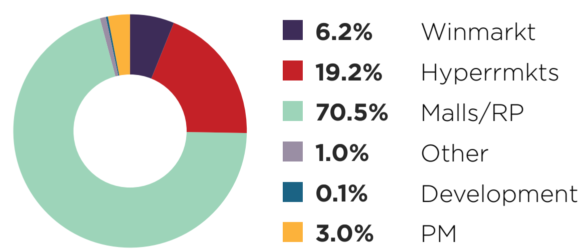
Gruppo IGD Siiq has 54 properties in Italy and can be broken down by asset class as follows:

> 19 hypermarkets and supermarkets;
> 27 shopping malls and retail parks;
> 6 other;
> 1 development project;
> 1 asset held for trading (Porta a Mare Project).

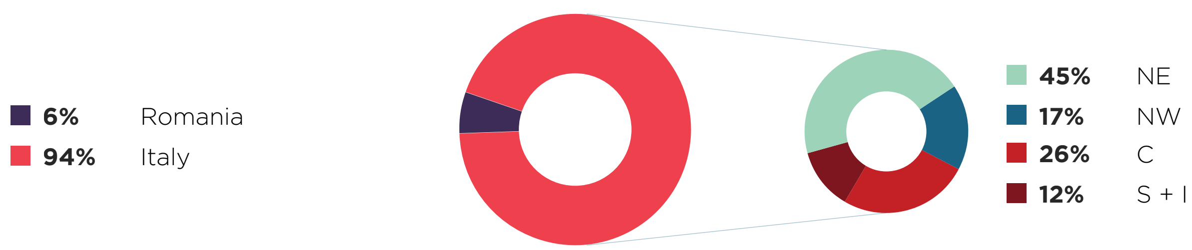
Gruppo IGD has 15 properties in Romania (the Winmarkt portfolio), broken down as follows:

> 14 shopping malls;
> 1 office building.

> BREAKDOWN OF IGD'S REAL ESTATE PORTFOLIO AT 12.31.2022 BY ASSET CLASS



> GEOGRAPHIC BREAKDOWN OF IGD'S PORTFOLIO IN ITALY AND ROMANIA AT 31 DECEMBER 2022



> Leasehold assets

The leasehold assets comprise two Italian shopping malls, with a total GLA of around 20,000 m2, found in Italy in Villanova di Castenaso (Bologna) and Livorno. At the beginning of the year the masterlease for the third shopping center located in San Donà di Piave (Veneto) was terminated in advance.

> MAP OF IGD'S REAL ESTATE PORTFOLIO IN ITALY AT 12.31.2022

E.Romagna:
8 Malls, 8 Iper - Super; 5 Other;

Piedmont:
2 Malls + RP;

Lombardy:
3 Malls;

Liguria:
1 Mall;

Trentino:
1 Mall;

Veneto:
2 Malls + RP, 2 Hyper;

Marche:
2 Malls, 2 Hyper, 1 development project

Abruzzo:
1 Malls, 1 Hyper;

Campania:
1 Mall, 1 Hyper;

Lazio:
2 Malls, 3 Hyper - Super;

Tuscany:
1 asset held for trading, 2 Malls; 1 Other;

Sicily:
2 Hyper, 2 Malls;

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

> MAP OF WINMARKT'S REAL ESTATE PORTFOLIO IN ROMANIA AT 12.31.2022

15 freehold assets

Muntenia:
6 malls,1 office building;

Moldova:
3 malls +RP;

Oltenia:
1 mall;

Transilvania:
3 malls;

Dobrogea:
1 mall.

The following table provides the principal data relative to Gruppo IGD's freehold properties 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	IGD SIIQ SPA	**1989**	**2015**	**100**	Freehold property	**33**	**4**		**1,450**	Librerie Coop, Unieuro, Scarpe&Scarpe, Pepco, Portobello	Ipercoop	**11,480**
C&W	Centro Commerciale Leonardo	Imola (BO)	**15,016**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1992**	**2012** (Zara p1)	**100**	Freehold property	**60**	**7**			OVS, Mediaworld, King Sport, Terranova	IperCoop	**15,862**
C&W	Centro Commerciale Lame	Bologna (BO)	**6,183**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	**2003**	**100**	Freehold property	**43**	**1**			Librerie Coop, Douglas, Amici di casa Coop, Original Marines, Pepco	IperCoop	**15,201**
C&W	Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	**13,465**	**543**	IGD SIIQ SPA	IGD SIIQ SPA	**2001**	**2019** Hypermkt remodeling- mall extension 2022	**100**	Freehold property	**35**	**5**	**1**	**1,730**	Decathlon, Deichmann, Portobello, Unieuro	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	IGD SIIQ SPA	**2001**	**2014**	**100**	Freehold property	**45**	**7**	**3**	**1,730**	Unieuro, Piazza Italia, Terranova, Happycasa, Kiabi	Ipercoop	**14,127**
C&W	Centro Commerciale Lungo Savio	Cesena (FC)	**2,928**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2002**	//	**100**	Freehold property	**23**	**1**		**850**	Librerie Coop, Coop Salute	Ipercoop	**7,476**
C&W	Centro Commerciale Le Maioliche	Fenza (RA)	**25,343**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	//	**100**	Freehold property	**42**	**10**		**2,400**	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	Nuova GLA ridotta **6,163 mq** da dicembre 2019 **AV mq 3,906**
JLL	Galleria Commerciale Millennium Center	Rovereto (TN)	**7,683**	//	IGD MANAGEMENT SIINQ	IGD SERVICE SRL	**2004**	//	**100**	Freehold property (excluding supermarket and a portion of the mall)	**28**	**4**		**900**	Game 7 Athletics, Oviesse, Terranova, Me & City	Superstore Despar (non di proprietà)	**4,500**
JLL	Ipermercato CC I Malatesta	Rimini (RN)	//	**882**	IGD SIIQ SPA	Gestore Ancora Alimentare	**2005**	//	**100**	Freehold property (Hypermarket + Wholesale area + Fitness area)					//	Ipercoop	**10,435**
JLL	Centro Commerciale ESP	Ravenna (RA)	**29,952**	**3,200**	IGD SIIQ SPA	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**
JLL	Galleria CC Luna	Sarzana (SP)	**3,576**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1992**	//	**100**	Freehold property (excluding hypermarket)	**38**	**1**			Kiko, GameStop, Camaieu	Ipercoop (non di proprietà)	//
JLL	Centro Commerciale e Retail Park Conè	Conegliano (TV)	**20,466**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2010**	**2019** Hypermkt remodeling- mall extension 2021	**100**	Freehold property	**58**	**9**		**1,550**	Maisons du Monde, Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe, Stradivarius, Bershka	Ipercoop	Nuova GLA ridotta **6,972 mq** da dicembre 2019 **AV 4.356**
JLL	Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	Gestore Ancora Alimentare	**2010**	//	**100**	Freehold property (only Supermarket)					//	Coop	**3,020**
JLL	Retail Park Clodì	Chioggia (VE)	**9,329**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2015**		**100**	Freehold property	**8**	**6**			OVS, Scarpe&Scarpe, Piazza Italia, Decathlon, Trony, Happy Casa	Ipercoop	**7,490**
CBRE	Centro Commerciale Città delle stelle	Ascoli Piceno (AP)	**20,975**	**1,850**	IGD SIIQ SPA	IGD SIIQ SPA	**2002**	**2017**	**100**	Freehold property	**46**	**8**	**1**	**2,200**	Piazza Italia, HappyCasa, H&M, Multiplex Stelle, Kiabi, Casa, Clayton, Dverso	Ipercoop	**9,614**
CBRE	Centro Commerciale Casilino	Roma (RM)	**10,033**	**4,273**	IGD SIIQ SPA	IGD SIIQ SPA	**2002**	**2019** Partial restyling and new MS 2021 Hypermkt remodeling 2022 new mall 1F	**100**	Freehold property	**27**	**7**	**2**	**1,260**	Euronics, Piazza Italia, Satur, Pepco	Ipercoop	**5,870**
CBRE	Centro Commerciale La Torre	Palermo (PA)	**19,561**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2010**	**2022** Hypermkt remodeling and mall extension	**100**	Freehold property	**44**	**5**		**1,700**	Expert, Piazza Italia, H&M, McDonald	Ipercoop	**7,203**
CBRE	Piastra Commerciale Mazzini	Livorno (LI)	**6,083**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2014**	//	**100**	Freehold property	**23**	**1**			Unieuro, Coop	Coop	**1,440**
CBRE	Galleria CC Favorita	Mantova (MN)	**7,400**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	**2007**	**100**	Freehold property (excluding hypermarket)	**33**	**4**			OVS, Piazza Italia, Calliope, Deichman	Ipercoop (non di proprietà)	**11,000**
CBRE	Retail Park CC Favorita	Mantova (MN)	**6,214**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	//	**100**	Freehold property (only buildingsi 1, 2A, 2B, 3)	**4**				Mediaworld, Terranova, Scarpe&Scarpe, Pepco	//	//
CBRE	Galleria Commerciale Punta di Ferro	Forlì (FC)	**21,218**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2011**	//	**100**	Freehold property (excluding hypermarket)	**88**	**7**		**2,854**	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	**12,625**
CBRE	Galleria Commerciale Maremà	Grosseto (GR)	**17,121**	//	IGD SIIQ SPA	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)	//
CBRE	Centro Commerciale Katanè	Gravina di Catania (CT)	**14,925**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	**2022** Hypermkt remodeling and mall extension	**100**	Freehold property	**67**	**6**		**1,320**	Adidas, Euronics, OVS, Conbipel, Piazza Italia	IperCoop	**7,221**
KROLL	Galleria Commerciale Gran Rondò	Crema (CR)	**15,130**	//	IGD SIIQ SPA	IGD SERVICE SRL	**1994**	**2006**	**100**	Freehold property (excluding hypermarket)	**40**	**4**	presente distributore di proprietà Coop Lombardia	**1,280**	Oviesse, Euronics, Pepco, DM	Ipercoop (non di proprietà)	//
KROLL	Centro Commerciale Le Porte di Napoli	Afragola (NA)	**16,983**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1999**	**2014**	**100**	Freehold property	**66**	**9**		**2,650**	Euronics, H&M, Piazza Italia, Toys, Deichmann	Ipercoop	**9,570**

> 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
KROLL	Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	**23,672**	//	IGD MANAGEMENT SIINQ	IGD SERVICE SRL	**2003**	**2015**	**100**	Freehold property (excluding hypermarket)	**72**	**8**		**2,500**	OVS, H&M, Notorious Cinema, Roadhouse, Scarpe&Scarpe	Ipercoop (non di proprietà)	//
KROLL	Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	**17,194**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2007**	**2014**	**100**	Freehold property (excluding hypermarket)	**39**	**8**		**4,500**	Jysk, OVS, Librerie Coop, Brico IO, Foot Locker	Ipercoop (non di proprietà)	**12,550**
KROLL	Centro Commerciale Darsena City	Ferrara (FE)	**16,250**	//	IGD SIIQ SPA	IGD SERVICE SRL	**2005**	//	**50**	Freehold property	**15**	**2**		**1,320**	UCI, WeArena, TEDI	Despar	**3,715**
KROLL	Galleria Commerciale I Bricchi	Isola d'Asti (AT)	**15,994**	**245**	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	//	**100**	Freehold property (excluding hypermarket)	**24**	**5**		**1,450**	Deichmann	Il Gigante (non di proprietà)	//
KROLL	Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA	Gestore Ancora Alimentare		//	**100**	Freehold property (Supermarket)					//	Famila	**2,250**
KROLL	MS CC Fonti del Corallo	Livorno (LI)	**5,835**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2003**	//	**100**	Freehold property (Only Hypermakets + MS)		**5**			Conbipel, Euronics, Pepco, HappyCasa	ved. Iper Fonti	
KROLL	Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	**36,079**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	//	**100**	Freehold property	**99**	**16**		**3,800**	Desigual, Bata, Azzurra Sport, H&M Piazza Italia, Obi, Scarpamondo, New Yorker, Euronics	Ipercoop	**5,262**
	Centro Nova	Villanova di Castenaso (BO)	**12,640**	//	CSII SPA E COPA IN HOLDING SPA	IGD SERVICE SRL	**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	IGD SIIQ SPA	**2003**	//	//	Master Leasing	**55**	**2**		**1,600**	Oviesse, Librerie Coop, Bata, Swarovski	Ipercoop	

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DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> ROMANIA

Shopping Center	Location	Shopping center GLA (sqm)	Net Salling Area	Circulation (sqm) Rented	Rentable Warehouse/ office	Ownership	Opening date	Date extension / restilyng	% owned	Form of ownership	No. of shops	No. of medium surfaces	Parking places	Main brands	Food Anchor	GLA food anchor	Food anchor sales area GLA
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 Drogherie, 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 Drogherie 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 Drogherie, 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 Drogherie, 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			
Winmarkt Junior	Ploiesti	**3,012**	**2,137**	**544**	**331**	Win Magazin SA			**100**	Freehold property	**2**						

2

2.6.2 // Analysis by asset class of the freehold portfolio

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

Amounts in € million	IGD Group Investment Property						Direct development initiatives	Porta a Mare Project	Total investment property, land and development initiatives, assets held for sale	Right to use (IFRS 16)	Asset held for sale	Total investment property, land and development initiatives, assets held for trading and right to use
	Hypermarket and supermarket	Shopping malls Italy	Other	Total Italy	Total Romania	Total IGD Group	Plot of land ancillary costs	Porta a Mare Project (+)				
Book value at 12.31.2021	**423.84**	**1,481.62**	**20.82**	**1,926.28**	**135.78**	**2,062.06**	**2.51**	**75.90**	**2,140.47**	**31.12**	**1.35**	**2,172.94**
Increase due to 2022 work	0.05	10.43	0.07	10.55	1.38	**11.93**	0.00	13.49	**25.42**	0.26	0.00	**25.68**
Asset disposal	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	(7.24)	**(7.24)**	0.00	(1.35)	**(8.59)**
Capital gains from asset disposal	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Reclassification from asset under construction	0.00	9.81	0.00	9.81	0.00	**9.81**	0.00	0.00	**9.81**	0.00	0.00	**9.81**
Reclassification from spaces remodeling	0.00	0.06	0.00	0.06	0.00	**0.06**	0.00	0.00	**0.06**	0.00	0.00	**0.06**
Reclassification to assets held for sale	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Net revaluation/ writedowns	(22.71)	(35.45)	(0.77)	(58.93)	(8.84)	**(67.77)**	(0.04)	(19.82)	**(87.63)**	(6.15)	0.00	**(93.78)**
Book value 12.31.2022	**401.18**	**1,466.47**	**20.12**	**1,887.77**	**128.32**	**2,016.09**	**2.47**	**62.33**	**2,080.89**	**25.23**	**0.00**	**2,106.12**

2.6.2.1 // Italy

> Hypermarkets and Supermarkets

IGD's hypermarkets and supermarkets are leased on a long-term basis to Gruppo Coop Alleanza 3.0 (formerly Coop Adriatica Scarl), Gruppo Unicoop Tirreno Soc. Coop, one to the Despar brand, one to the Famila brand and one to the Conad brand. 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 2022 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Hyper/Supermarkets	12/31/2022
JLL	**28%**
CBRE	**12%**
KROLL	**6%**
C&W	**54%**
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 KROLL 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 €401.18 million in 2022, a decrease of -5.35% (-€22.66 million in absolute terms) compared to the prior year. The decrease is explained by the remodeling of the hypermarkets in the Katané and La Torre shopping centers in 2022; like-for-like, namely net the two assets, the fair value of this asset class was 0.17% of €0.66 million lower.

In the wake of rising inflation, the average weighted discount rate in 2022 was 0.88% higher than in the prior year, coming in at 7.21%. The average gross cap out rate also rose, all in the second half, by +0.30% against the prior year to 6.52%.

The weighted average gross initial yield was 6.41%, higher than in the prior year.

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

> Shopping malls and Retail Parks

Shopping malls and retail parks were valued at 31 December 2022 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Malls/RP	12/31/2022
JLL	**17%**
CBRE	**28%**
KROLL	**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; KROLL used a standard duration of 15 years.

The fair value of this asset class reached €1,466.47 million, a decrease of 1.02% or €15.15 million with respect to the prior year.

In the wake again of the rising inflation that characterized FY 2022, the average weighted discount rate rose +0.54% against the prior year to 7.64%.

The increase in the cost of borrowing in the second half of the year and the retail segment's lack of liquidity impacted the total average gross cap out rate which rose +0.35% to 7.51%.

The average gross initial yield for this asset class came to 6.97%, an increase of 0.40% against the prior year.

The financial occupancy rate came to 94.01% at 31 December 2022, recovering 0.05% against the prior year.

> Development projects

At 31 December 2022 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.

This asset class was 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 2022, in line with the prior year.

> Porta a Mare project

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 31 December 2022 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 124 m^2 (which refers to the last residential unit completed which should be sold in the first half of 2023);

> Officine Storiche (retail, residential, parking and public parking) which has a total GLA of 18,601 m^2. Work began in first half 2015 and in 2022 the sale of 17 residential units, 15 enclosed garages and 8 parking places closed. Construction of the retail portion is near completion;

> Lips (retail, tourist services, accommodations and temporary residences) which has a total GLA of 15,867 m2;

> 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 €62.33 million at 31 December 2022, a decrease of 17.88% or €13.57 million against the prior year. The decrease in fair value is explained by a number of factors, including an increase in construction costs for the retail portion of the Officine area and marketing, as well as in the discount and cap out rates of the other areas.

The fair value of the Porta a Mare Project at 31 December 2022 includes the retail properties not destined for sale which will continue to be owned by Gruppo IGD.

> Other

At 31 December 2022 the fair value of the asset class "Other", which includes mainly the areas created following the remodeling of the hypermarket at the "Fonti del Corallo" Shopping Center and the parts of the office building leased to third parties, fell -3.26% or -€0.70 million, to €20.12 million.

"Other" was valued at 31 December 2022 by the appraisers Kroll and JLL based on the following percentages of FV:

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

Other	12/31/2022
JLL	1%
KROLL	99%
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 2022 by the appraisers CBRE and D&P based on the following percentages of FV:

Winmarkt	12/31/2022
CBRE	53%
KROLL	47%
TOTAL	100%

The DCF method was used by both independent experts. D&P applied a standard duration of 15 years and CBRE of 10 years.

The FV of this asset class at 31 December 2022 was -5.49% or -€7.46 million lower than in the prior year, coming in at €128.32 million.

The average gross initial yield for the malls at 31 December 2022 was 0.37% higher, coming in at 7.97% due to the decrease in fair value.

Similar to the Italian portfolio, the average discount rate for malls rose 0.42% higher compared to the prior year, coming in at 8.27%.

The average gross cap out for the malls reached 8.32%, showing an increase of +0.29% against the prior year.

The financial occupancy rate for the Winmarkt malls recovered during the year and reached 98.01% at 31 December 2022, an increase of +5.14% compared to the prior year explained by intense marketing.

The main figures for the real estate portfolios in Italy and Romania are summarized below:

> SUMMARY AT 12.31.2022

	N. of Assets	GLA/sqm	Gross initial yield	Gross cap out	Weighted discount rate	Financial occupancy	Annual rental value/sqm	Erv/mq
Hypermarket and Supermarket	19	170,000	6.41%	6.52%	7.21%	100%	148	140
Shopping malls Italy	27	437,450	6.97%	7.51%	7.64%	94.01%	227	231
Total hypermakets and malls Italy	46	607,450	6.85%	7.30%	7.55%	95.15%	203	205
Shopping malls	14	92,000	7.97%	8.32%	8.27%	98.01%	99	99
Total hypermaket and malls IGD Group	60	699,450	6.92%	7.36%	7.59%	95.35%	189	191

> SUMMARY AT 12.31.2021

	N. of Assets	GLA/sqm	Gross initial yield	Gross cap out	Weighted discount rate	Financial occupancy	Annual rental value/sqm	Erv/mq
Hypermarket and Supermarket	19	173,350	6.06%	6.22%	6.34%	100%	150	145
Shopping malls Italy	27	425,585	6.57%	7.17%	7.10%	93.93%	225	235
Total hypermakets and malls Italy	46	598,935	6.45%	6.96%	6.93%	95.16%	202	209
Shopping malls Romania	15	94,755	7.6%	8.03%	7.89%	94.60%	101	103
Total hypermaket and malls IGD Group	61	693,390	6.53%	7.03%	6.99%	95.12%	188	194

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

Category	Book value 12/31/2022	Accounting method	Market value 12/31/2022	Book value 12/31/2021	Change
IGD Group Real Estate Investments					
Hypermarket and supermarket	401.18	fair value	401.18	423.84	(22.66)
Shopping malls Italy	1,466.47	fair value	1,466.47	1,481.62	(15.15)
Other	20.12	fair value	20.12	20.82	(0.70)
Total Italy	1,887.77		1,887.77	1,926.28	(38.51)
Shopping malls Romania	125.53	fair value	125.53	133.08	(7.55)
Other Romania	2.79	fair value	2.79	2.70	0.09
Total Romania	128.32		128.32	135.78	(7.46)
Total IGD's Group	2,016.09		2,016.09	2,062.06	(45.97)

Category	Book value 12/31/2022	Accounting method	Market value 12/31/2022	Book value 12/31/2021	Change
Plot of land and anciliary costs	**2.47**	**Adjusted cost / fair value**	**2.47**	**2.51**	**(0.04)**
Direct Development Initiatives	**2.47**	**Adjusted cost / fair value**	**2.47**	**2.51**	**(0.04)**

Category	Book value 12/31/2022	Accounting method	Market value 12/31/2022	Book value 12/31/2021	Change
Porta a Mare project*	**62.33**	**Adjusted cost / fair value**	**62.33**	**75.90**	**(13.57)**

Category	Book value 12/31/2022	Accounting method	Market value 12/31/2022	Book value 12/31/2021	Change
Right to use (IFRS 16)	**25.23**	**fair value**	**25.23**	**31.12**	**(5.89)**
Total right to use	**25.23**		**25.23**	**31.12**	**(5.89)**

Category	Book value 12/31/2022	Accounting method	Market value 12/31/2022	Book value 12/31/2021	Change
Assets held for sale	**0.00**	**fair value**	**0.00**	**1.35**	**(1.35)**
Asset held for sale	**0.00**		**0.00**	**1.35**	**(1.35)**

Properties Investment, plots of land and development initiatives, assets held for trading and right to use	Book value 12/31/2022	Market value 12/31/2022	Book value 12/31/2021	Change
Total	**2,106.12**	**2,106.12**	**2,172.94**	**(66.82)**

** 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	Expected investment	Book value at 12.31.2022 (Mln/ €)	% held	Status
Porto Grande	Extension	Porto d'Ascoli (AP)	5,000 mq	Jun 24	approx 9.9 Mln/€	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

CUSHMAN & WAKEFIELD

IGD-GRUPPOIGD-CERTVALPERBILANCIO-221231-01-ENG

For translation purposes only – Italian version legally binding

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ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**26 JANUARY 2023**
VALUATION DATE:	**31 DECEMBER 2022**
OUR REFERENCE:	***VAL/CLI/IGD-GRUPPOIGD-CERTVALPERBILANCIO-221231-01-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 14 April 2020, extended through a further letter dated 8 March 2022, 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-221231-01-ITA*.

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGD-CertVal-221231-01-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

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 2022. 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 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.

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-221231-01-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-221231-01-ITA*.

1.12 ACCOMMODATION

Source of Floor Areas

We adopted floor areas provided by Gruppo IGD.

1.13 ESG COMMENTARY

ESG is an increasingly important factor in the European real estate market. The European Union and the UK have committed to net zero carbon by 2050, with legislation already in place to reduce CO2 emissions from buildings. We consider it likely that further legislation and regulations will be introduced in coming years. Alongside this, occupiers and investors in some sectors are becoming more particular in the ESG aspects of the buildings they choose to occupy or purchase.

The existence of a green premium for the more environmentally sustainable buildings is a matter of ongoing market monitoring, investigation and debate. Appropriate levels of market evidence have yet to be established to demonstrate fully whether additional value can be ascribed to such buildings.

However, it should be noted that the market is evolving due to the focus from both occupiers and investors on a property's sustainability credentials. We expect that awareness of ESG matters will increase throughout all sectors of the property market.

However, where there is explicit income from renewable energy sources, such as solar panels, or there are explicit costs provided to us by the Client to ensure that the Property meets certain ESG legal requirements, then this income/costs are reflected in the valuation. This is in line with the latest guidance from the RICS.

1.14 SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from you, listed in the Individual Report section of *Ref: IGD-GruppoIGD-CertVal-221231-01-ITA*.

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.

1.15 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.

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.

1.16 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-221231-01-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-221231-01-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 of *Ref: IGD-GruppoIGD-CertVal-221231-01-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 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

MARKET CONDITIONS EXPLANATORY NOTE: WAR IN UKRAINE

Despite the initial recovery of the economy from the pandemic, Italy is currently experiencing heightened uncertainty due to the wider global impacts from the war in Ukraine, increased inflationary pressures with inflation having increased significantly and in Italy [if relevant] employees in several sectors threatening industrial action in response to the higher costs of living expenses. We have noticed in Italy an increase in interest rates in response to inflation resulting in higher borrowing costs.

These factors are impacting on growth and consumer confidence. In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, we highlight the importance of the valuation date as it is important to understand the market context under which the valuation opinion was prepared.

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:

€515,830,000
(Five hundred fifteen million eight hundred and thirty 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 Section A of *Ref: IGD-GruppoIGD-CertVal-221231-01-ITA*.

As per your request we report in the following table the Values gross of purchaser's costs, which is equal to €523,518,027.

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.

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

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DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

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

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-221231-01-ENG

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TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**26 JANUARY 2023**
VALUATION DATE:	**31 DECEMBER 2022**
OUR REFERENCE:	*VAL/CLI/IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-221231-01-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 14 April 2020, extended through a further letter dated 8 March 2022, 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-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*.

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*.

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
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 Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-221231-01-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 2022. 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 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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-221231-01-ENG
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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.

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-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*.

1.12 ACCOMMODATION

Source of Floor Areas

We adopted floor areas provided by Gruppo IGD.

1.13 ESG COMMENTARY

ESG is an increasingly important factor in the European real estate market. The European Union and the UK have committed to net zero carbon by 2050, with legislation already in place to reduce CO2 emissions from buildings. We consider it likely that further legislation and regulations will be introduced in coming years. Alongside this, occupiers and investors in some sectors are becoming more particular in the ESG aspects of the buildings they choose to occupy or purchase.

The existence of a green premium for the more environmentally sustainable buildings is a matter of ongoing market monitoring, investigation and debate. Appropriate levels of market evidence have yet to be established to demonstrate fully whether additional value can be ascribed to such buildings.

However, it should be noted that the market is evolving due to the focus from both occupiers and investors on a property's sustainability credentials. We expect that awareness of ESG matters will increase throughout all sectors of the property market.

However, where there is explicit income from renewable energy sources, such as solar panels, or there are explicit costs provided to us by the Client to ensure that the Property meets certain

2

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

ESG legal requirements, then this income/costs are reflected in the valuation. This is in line with the latest guidance from the RICS.

1.14 SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from you, listed in the Individual Report section of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*.

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.

1.15 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.

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.

1.16 CURRENCY

The Properties have been valued in local currency.

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-221231-01-ENG
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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-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-221231-01-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.

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

MARKET CONDITIONS EXPLANATORY NOTE: WAR IN UKRAINE

Despite the initial recovery of the economy from the pandemic, Italy is currently experiencing heightened uncertainty due to the wider global impacts from the war in Ukraine, increased inflationary pressures with inflation having increased significantly and in Italy employees in several sectors threatening industrial action in response to the higher costs of living expenses. We have noticed in Italy an increase in interest rates in response to inflation resulting in higher borrowing costs.

These factors are impacting on growth and consumer confidence. In recognition of the potential for market conditions to move rapidly in response to wider political and economic changes, we highlight the importance of the valuation date as it is important to understand the market context under which the valuation opinion was prepared.

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:

€513,400,000
(Five hundred thirteen million four hundred thousand Euro)

IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-221231-01-ENG
For translation purposes only – Italian version legally binding

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 Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-221231-01-ITA*.

As per your request we report the Value gross of purchaser's costs, which is equal to €521,049,436.

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.

For translation purposes only – Italian version legally binding

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 TERMS OF BUSINESS

CBRE

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

VALUATION CERTIFICATE FOR FINANCIAL STATEMENT

Report Date	26 January 2023
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, 4 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 22-64VAL-0082.
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 096-22 entered into between CBRE and the addressee dated 14 March 2022 countersigned the 11 April 2022.
Valuation Date	31 December 2022
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 2022: €595,019,500.00 (FIVE HUNDRED NINETY-FIVE MILLION NINETEEN 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 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.

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

Heightened Market Volatility

We would draw your attention to the fact that a combination of global inflationary pressures, higher interest rates, the geopolitical events in Ukraine, currency movements and the ongoing impact of the global COVID-19 pandemic in some markets has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date. Where appropriate, we would recommend that the valuation is closely monitored, as we continue to track how market participants respond to current market volatility.

Development Appraisals Clause

The value of developments is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. Even in stable market conditions, development appraisals are 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 cost inflation, supply and timing issues, rising finance rates, liquiditv 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.

The Reliant Party/Intended User is strongly advised to consider this inherent risk in their investment and lending decisions, and caution is strongly advised in this regard.

Construction Cost Volatility Clause

Material and labour costs are currently unusually volatile, with the market experiencing price increases in some or all these areas during 2022. This has created significant uncertainty in providing cost estimates; a situation that is likely to continue for the foreseeable future. In addition, there are significant risks that delays in the supply chain may result in material and labour shortages. This may place additional pressure on profit margins and the viability of the development. These inherent risks should be given careful consideration in lending and investment decisions, and caution is advised in this regard.

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

IGD SIIQ SPA | CBRE PROJECT REFERENCE 22-64VAL-0083
IGD SIIQ SPA
DATE OF VALUATION: 31 DECEMBER 2022

the Valuer's independent professional opinion of the value of the subject property as at the Valuation date.

Sustainability Considerations

For the purposes of this report, we have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of our terms of engagement.

Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset. This includes key environmental risks, such as flooding, energy efficiency and climate, as well as design, legislation and management considerations - and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

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.

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;

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

IGD SIIQ SPA | CBRE PROJECT REFERENCE 22-64VAL-0083
IGD SIIQ SPA
DATE OF VALUATION: 31 DECEMBER 2022

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	Yours faithfully
Davide Cattarin **Managing Director**	**Elena Gramaglia MRICS** **Director** **MRICS Registered Valuer**
For and on behalf of CBRE Valuation S.p.A.	For and on behalf of CBRE Valuation S.p.A.
+39 02 9974 6900 Davide.Cattarin@cbre.com	+39 02 9974 6900 Elena.Gramaglia@cbre.com

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Valuation & Advisory Services
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22-64VAL-0082

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VALUATION CERTIFICATE FOR FINANCIAL STATEMENT 7

CBRE

CBRE

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

26 January 2023

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, 4 retail galleries (one of which also includes a Retail Park) 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 22-64VAL-0082.

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 096-22 entered into between CBRE and the addressee dated 14 March 2022 countersigned the 11 April 2022.

Valuation Date

31 December 2022

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 2022:

€532,690,000.00 (FIVE HUNDRED THIRTY-TWO MILLION SIX HUNDRED NINENTY 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

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Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd
Regulated by RICS

RICS Regulated by RICS

2

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

Heightened Market Volatility

We would draw your attention to the fact that a combination of global inflationary pressures, higher interest rates, the geopolitical events in Ukraine, currency movements and the ongoing impact of the global COVID-19 pandemic in some markets has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date. Where appropriate, we would recommend that the valuation is closely monitored, as we continue to track how market participants respond to current market volatility.

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.

Sustainability Considerations

For the purposes of this report, we have made enquiries to ascertain any sustainability factors which are likely to impact on value, consistent with the scope of our terms of engagement.

Sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect the value of an asset. This includes key environmental risks, such as flooding, energy efficiency and climate, as well as design, legislation and management considerations - and current and historic land use.

Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability factors in their decisions and the consequential impact on market valuations.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

IGD SIIQ SPA | CBRE PROJECT REFERENCE 22-64VAL-0083
IGD SIIQ SPA
DATE OF VALUATION: 31 DECEMBER 2022

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.

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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

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

12/2022 - FINAL

Milan, 26/01/2023

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 2022 of a Retail Portfolio held by IGD SiiQ S.p.A. comprising 5 Hypermarkets/Supermarkets, 4 Retail Galleries, 2 Retail Park and 1 Area Fitness

Dear Mr. Zoia,

Following the assignment conferred on 11st April 2022, 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

Property: Retail Portfolio 12/2022 - FINAL

1. Valuation Certificate

1.1. Subject properties

The retail portfolio under-analysis consists of 5 Hypermarkets/Supermarkets, 4 Retail Galleries, 2 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 m² current
Supermercato Civitacastellana	Civita Castellana (LT)	Supermarket	3,020
Ipermercato Coné	Conegliano (VE)	Hypermarket	6,972
Galleria Commerciale + RP Coné	Conegliano VE)	Shopping Gallery + Retail Park	20,466
Ipermercato Malatesta	Rimini	Hypermarket	10,435
Area Fitness Malatesta	Rimini	Fitness area	882
Ipermercato ESP	Ravenna (RA)	Hypermarket	16,536
Galleria Commerciale ESP	Ravenna (RA)	Shopping Gallery	33,152
Galleria Millenium	Rovereto (TN)	Shopping Gallery	7,668
Retail Park Clodì	Chioggia (VE)	Retail Park	9,329
Ipermercato Clodì	Chioggia (VE)	Hypermarket	7,490
Galleria Centro Luna	Sarzana (SP)	Shopping Gallery	3,576
Millenium Center	Rovereto (TN)	Shopping Gallery	7.683

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, 31st of December 2022:

- 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 2021, effective from 31 January 2022, 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 2021, effective from 31 January 2022 (VPS 4 – Section 4):

 5

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DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

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 2021, effective from 31 January 2022 (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. Ukraine Crisis Note

As at the date of valuation and at the time this report was drafted, there are a number of negative factors recognised as influencing property markets, exerting downward pressure on property values and reducing liquidity. These include:

Ukraine

The full extent of the war in Ukraine and its wider long-term implications, whilst unknown, are contributing to the volatility in global stock markets, high-cost inflation, and supply chain delays, particularly within Europe. Further, significant sanctions imposed against Russia and the risk that the war could escalate and directly involve NATO countries are also adversely impacting activities and sentiment.

Global Economy

The wider global economy is facing several additional negative factors that are contributing to significant cost inflation and causing interest rates to increase

Market activity

The property markets can mostly be described as functioning, but there is evidence that both transaction activity, and the sentiment of buyers and sellers, are changing in a number of markets and property sectors. There is a general perception of a changing real estate market and there is a risk that continued volatility, coupled with rising interest rates, will have a material and direct impact on pricing as yields continue to increase. Evidence is emerging of wider bid spreads and price renegotiations, with some transactions being terminated.

For the avoidance of doubt, due to the functioning nature of the market, 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.

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, we highlight the critical importance of the valuation date and advise you to keep the valuation under regular and early review.

1.5. General principles

Please note that the "General 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 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.

The present valuation has been carried out under the supervision of Mr. Riccardo Bianchi MRICS, Head of Valuation Advisory Department, Jones Lang LaSalle S.p.A. (signee of the present report) and Mr. Hugo Carlota MRICS, Head of Retail Valuation Advisory, Jones Lang LaSalle S.p.A. and carried out by Stefano Digrazia, Senior Valuer, Jones Lang Lasalle S.p.A.

The Valuation Advisory Department confirms to have obtained the Certification ISO 9001:2015 related to "Real Estate Valuation and Advisory Services" issued by TÜV Rheinland on 08th November 2021. The Certificate no. 01 100 2117554 is valid from 05.11.2021 until 04.11.2024.

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 the current and the previous valuations:

- Tenancy Schedules;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years off 2018, 2019, 2020, 2021 and for the first 10 months of 2022 (Retail Gallery and Retail Park);
- Turnover figures (net VAT) of the Supermarket and Hypermarket divided per year for the years: 2018, 2019, 2020, 2021 and first 10 months of 2022;
- Non- recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2023;
- Asset summary identification schedules;
- ESG schedule.

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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Property: Retail Portfolio 12/2022 - FINAL

1.8. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is € 355,270,000, while the sum of the rounded Gross Market Values is equal to € 364,866,000 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.

Riccardo Bianchi MRICS	**Hugo Carlota MRICS**	**Stefano Digrazia**
Head of Valuation Advisory	**Head of Retail Valuation Advisory**	**Senior Valuer Valuation Advisory**
Jones Lang LaSalle S.p.A.	**Jones Lang LaSalle S.p.A.**	**Jones Lang LaSalle S.p.A.**

Firmato digitalmente da:
Riccardo Bianchi
Data: 26/01/2023 09:57:26

KROLL
REAL ESTATE
ADVISORY GROUP

Agrate Brianza, 26th January 2023

Ref. n° 25797R01 – 25799R09

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, 2022 of a real estate portfolio consisting of n. 11 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, **KROLL Advisory S.p.A., Real Estate Advisory Group Division (hereinafter REAG S.p.A.)** 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, 2022.

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.

KROLL Advisory S.p.A.
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 2 – Via Paracelso, 24
20864 Agrate Brianza MB – Italy
Tel. +39 039 6423.1 - Fax +39 039 6058427
info.krolladvisory@kroll.com
krolladvisory@pec.kroll.com

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Società a socio unico - Capitale Sociale € 1.100.000,00 i.v.
Società soggetta alla attività di direzione e coordinamento di KROLL LLC con sede a New York
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P.IVA 05881660152
www.kroll.com

Definitions

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

"Real Estate" (hereinafter to be called the **"Property"**) shall mean the real estate asset (land, buildings, building services plant and external construction works) forming the subject matter (of the Valuation), with the express exclusion of all other or different assets including chattels and intangible assets.

"Valuation" shall mean "An opinion of the value of an asset or liability on a stated basis, at a specified date. If supplied in written form, all valuation advice given by members is subject to at least some of the requirements of the Red Book Global Standards – there are no exemptions (**PS 1 paragraph 1.1**). 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 asset and the purpose of the valuation" (RICS Red Book, English edition, January 2022).

"Market value" shall mean "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" (RICS Red Book, English edition, January 2022).

"Market rent" shall mean "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and 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" (RICS Red Book, English edition, January 2022).

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 2022.

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), 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 of structural damage or environmental contamination resulting from earthquakes or other causes;
- No environmental impact study has been ordered made.
- Did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places.

Report content

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

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

Conclusions

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

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

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

Given the above considerations

It is our opinion that, as of December 31st, 2022, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 597.490.000,00

(Euro Five Hundred Ninety Seven Millions Four Hundred Ninety Thousands/00)

Global Market conditions explanatory note

On 24 February 2022, the Russian armed forces invaded the borders of Ukraine, giving rise to a conflict that caused an immediate volatility of stock exchanges worldwide. The consequences to the costs and availability of energy and natural resources have led European countries to establish containment measures to mitigate the resulting increase in energy costs and diversify sources of supply.

On 21 December 2022, the Board of Directors of the European Central Bank (ECB) raised interest rates to 2.50%, i.e. a further increase of 50bps, the fourth after double rise of rates, 75bps each, announced on 2 November and 14 September and after the one of July 2022, the month in which the ECB increased the rates (from 0.0% to 0.5%) for the first time since 2016.

This was a significant decision, meant to back the policy of containing inflation within the limit of 2%. For the purpose of preventing the risk of a persistent rise in inflation, the ECB does not exclude a further increase in interest rates in the future.

Given that real estate yields have already reflected previous increase of ECB interest rates, the effects of latest raise of 21 December are not yet measurable; it is assumed that any impact would be recorded in next first months of 2023.

In this economic phase, the capitals market is falling noticeably and is not easy to read; as a consequence of the above, the prospect of the real estate market appears to be marked by greater uncertainty and tension, over the medium term, which will negatively reflect on and slow down capital market operations.

This explanatory note was introduced for the purpose of ensuring transparency and supplying further details about the context of the market, within which the valuation was drawn up. Emphasised herein is the importance of the valuation date, hereby acknowledging the possibility of market conditions changing rapidly with the development of the conflict in Ukraine and monetary policies.

Agrate Brianza, 26th January 2023

Ref. n° 25797R01 – 25799R01

KROLL Advisory S.p.A.

Performed by:	Supervised and coordinated by:
Gianluca Molli	Savino Natalicchio
Associate Director	Managing Director
Retail, Special Divisions & Feasibility Dept.	Special Divisions & Feasibility Dept.

Simone Spreafico
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DIRECTORS' REPORT
2.8 THE SIIQ REGULATORY ENVIRONMENT AND INFORMATION ON THE COMPANY'S COMPLIANCE

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 one of 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 three years considered.

> Ownership requirements

> A single shareholder may not hold more than 60% of the voting rights exercisable in ordinary Shareholders' Meetings and more than 60% of the dividend rights, the so-called "**Control limit**";

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

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

> Compliance with subjective, objective and ownership requirements

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

Based on the parent company's financial statements at 31 December 2022, similar to year-end 2021, 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 statutory requirements

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

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

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

The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income. With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that: "*the maximum permitted financial leverage, at a company or group level, is 85 percent of equity*".

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

> Other information relating to the company's adherence to the special regime

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

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

With regard to 2021, as resolved in previous years, during the AGM held on 14 April 2022 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 €38,619,666.05, taken from:

> For €31,733,007.20, distributable income generated by exempt operations;

> For €6,886,658.85, using part of the reserves released following the disposal of 5 hypermarkets and 1 supermarket finalized in the year.

DIRECTORS' REPORT
2.9 ORGANIZATION AND HUMAN RESOURCES

2.9 // Organization and Human Resources

> Organizational structure

During the year IGD worked in various areas related to organization and personnel in order to:

> Implement the organizational structure defined by the Board of Directors in December 2021, following the elimination of the role of Chief Operating Officer and, more specifically: a) attribute the responsibility of the Commercial, Marketing & CSR division by promoting an internal resource; b) assign responsibilities for other contract services and HR to the Administration, Corporate and Legal Affairs, and IT division, in addition to the ones already held; c) institute a Credit Management Department which works with the Legal Division and reports to the Director of Administration, Corporate and Legal Affairs, Contracts, HR and IT;

> Fine tune the allocation of the organization's resources (strengthen Project Management, establish the role of North-Central Temporary Management);

> Continue with the Management Team's development paths through targeted coaching;

> Have all the employees take the work environment survey which comprises around 80 questions focused on identifying strongpoints and areas in need of improvement within the organization;

> Organize the annual Convention, which focuses on people, the results of the Survey and gathering ideas about how to improve through team building workshops in which all employees take part;

> Renew the Smart Working agreement with headquarter personnel;

> Gather the requests submitted by employees, granting some of the subsidized tax and social security benefits provided for in transitional legal provisions (fuel bonus and shopping coupons);

> Develop the training programs focused on compliance (anti-corruption, H&S, privacy), hard skills (foreign language training and practice with the new management software), soft skills (awareness, motivation and management skills);

> Manage turnover and the relative replacements, updating or redefining the profile during the recruitment phase and supporting the development of internal resources as deemed opportune.

> Workforce and turnover

The workforce of Gruppo **IGD ITALIA** decreased by 6 heads in 2022.

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	4	15	31	10	0	60	47%
Women	1	8	28	32	2	69	53%
Total	5	23	59	42	2	129	
Percentage	4%	18%	46%	33%		100%	100%
Percentage on total employees					2%		

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

	Hires (*)	Disposal (**)	Change
Executive	0	1	-1
Middle Managers	0	1	-1
Junior Managers	6	6	0
Clerks	4	8	-4
Total	10	16	-6

** Excluding promotion for Executive, Middle and Junior Managers from 2022*
termination of fixed term contracts are included

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

	Executive	Middle Managers	Junior Managers	Clerks	Of which fixed terms	Total	Percentage
IGD SIIQ	5	14	30	26	2	75	58%
IGD SERVICE	0	9	28	16	0	53	41%
Porta Medicea	0	0	1	0	0	1	1%<
Total	5	23	59	42	2	129	
Percentage	4%	18%	46%	33%		100%	100%
Percentage on total employees					2%		

There are 2 fixed term contracts (2% of the indefinite contracts), 2 lower than in the prior year.

The turnover rate in Italy, calculated as the number of indefinite contracts terminated between 1.1.2022 and 31.12.2022 and compared to the fixed term contracts at 31.12.2022, came to 10.7%. By including the terminations of the fixed term contracts in the calculation, turnover appears higher. The figure also reflects the overall increase in voluntary resignations after redefining professional and personal goals. In Gruppo IGD the resignations are explained by retirement and alternative career choices.

The workforce at Winmarkt ROMANIA Group dropped by 3 heads (from 31 heads in 2021 to 28 heads in 2022). The decrease in the workforce in Romania, less than in past years, is explained by retirement and a few organizational changes involving both the network and headquarters. At headquarters, it was decided to outsource accounting functions, while internal career paths were developed aimed at promoting individual growth and employment stability. At the same time the network was reorganized with a decrease in shopping center managers in order to enhance the career paths of the area managers, entrusting them with the management of more shopping centers.

Turnover in Romania, namely terminations (excluding fixed term contracts) as a percentage of permanent employees at 31.12.2022 came to 20%.

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

2

DIRECTORS' REPORT
2.9 ORGANIZATION AND HUMAN RESOURCES

	Executive	Middle Managers	Junior Managers	Clerks	Total	Percentage
Men	0	2	6	2	10	36%
Women	0	3	3	12	18	64%
Total	0	5	9	14	28	100%
Percentage	0%	18%	32%	50%	100%	

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

	Hires	Resignation	Change
Executives	0	0	0
Middle Managers	0	1	-1
Junior Managers	2	3	-1
Clerks	2	3	-1
Total	4	7	-3

The only fixed term contract (out of a total of 28 contracts) in Winmarkt is in the Finance Department of the Ploiesti headquarters and is attributable to the employee's request for a trial period given her limited experience in the sector. As of January 2023 the contract will be changed into a indefinite contract.

> Welfare

2022 marks the sixth year of life of IGD's Corporate Wellness Program.

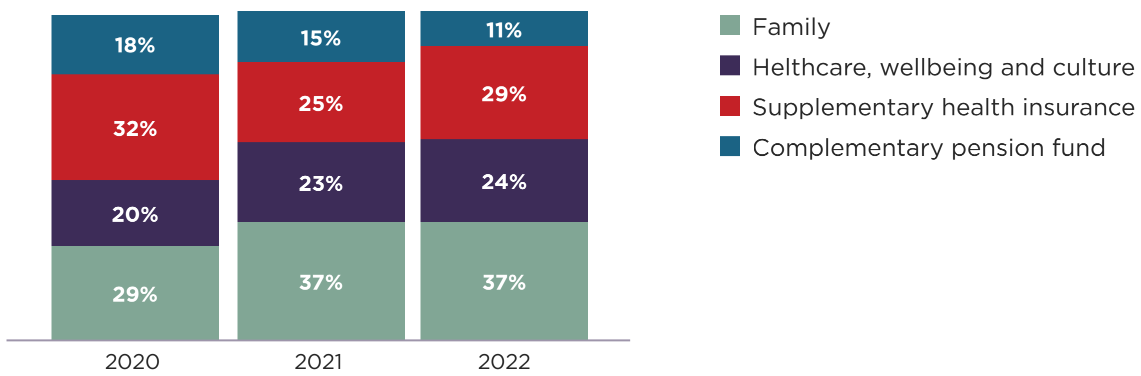
The services available through IGD's Wellness Portal were increased and specific sections on subsidies, domestic and regional benefits were added. The goal is still to increase the individual wellbeing of employees and their families in the community and have a positive impact on the organizational structure, 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 through secured portal access. Coupons and vouchers relating to education and training, culture, recreation, supplemental retirement plans, social assistance and health insurance can be found on the portal.

100% of the 127 eligible employees took advantage of the program.

The reimbursement of family expenses and supplemental health insurance were the most popular categories, followed by health, wellbeing and culture, while the category supplemental retirement plans was less popular. As the cost of living rises, the amount used for indispensable items, in fact, increases.

> COMPARISON OF WELLNESS SERVICES USED



> Compensation policies and professional development

In 2022, all employees in Italy with indefinite contracts (who have worked a minimum of six months) were assigned company and individual targets as part of the company **incentive system** which provides for a bonus (variable compensation) if these targets are reached. The variable compensation paid related to the targets achieved in 2021 and paid in the first half of 2022, reached 92.8% of the amount payable, as both the company and most of the individual/departmental targets were achieved.

70 employees, or 55.1% of the entire workforce, were involved in the yearly performance reviews (in line with the prior year). In 2022 the granting of merit-based pay raises resumed and 15 were awarded. 5 promotions, as a result of new responsibilities assigned, were also granted. 10 new professional career paths were started and 8 were completed.

Through the Wellness portal all dependents without a company car were given a fuel bonus.

The Company also continued to manage the pandemic, through both security personnel and the support of the internal Covid-19 Committee, while overseeing compliance with the "Precautionary measures to contain the spread of Covid-19 infections" summarized in a document with the same name prepared in accordance with the law.

Lastly, as **smart working** had already been used widely as an emergency work method for headquarter employees, IGD, in agreement with the labor unions, renewed the temporary agreement based on which employees of IGD SiiQ S.p.A. may work remotely for a maximum of two days per week through 30 June 2023.

In Romania 9 merit-based pay raises were granted, including in light of the commitment demonstrated by employees when evaluating the results achieved.

> Training

In 2022 the training offered by Gruppo IGD was focused on compliance, as well as the development of hard and soft skills.

The activities connected to H&S included the mandatory safety courses for both new hires and employees with expiring credentials.
Safety courses focused on:

> Training of new hires;
> Update of credentials;
> Training of supervisors;
> Updates for the workers' safety representatives;
> Fire safety training updates.

The courses relating to **compliance** focused on **privacy** and the **Anti-corruption** system.

As for hard skills, extensive training on the implementation of the new management system (BC) was provided, with respect to both the Administrative Service and the Buyers. A training session dedicated specifically to the new budget system, in which the Buyers were also involved, was also organized.

Lastly, updates in **technical-specialized know-how** were offered, as was greater **foreign language** instruction.

The Shopping Center Managers had access again to the "Digital Academy", an online platform where courses related to various topics are provided.

With regard to soft skills, the Management team participated in a half-year **coaching** project which began with an assessment based on the results of specific tests. The results were shared directly with the participants and used as a way to foster managerial growth.

Administrative staff participated in an initiative begun in 2021 by managers and junior managers. Once the preferences as to **how to learn, values and motivational levers** are identified, the purpose of the project is to foster communication and collaboration in the company. Based on the results of a questionnaire, each participant then received an individual report which was looked at in-depth inside the virtual classroom.

Training was provided using **digital tools**, as well as through **in-person** classes.

In 2022, **134** employees, or 100% of the total, participated in at least one training course for a total of **3,143** hours (+53.6% compared to 2021) and a cost of €183,715.

// Training Winmarkt Group

In 2022 due, once again, to the Covid-19 health crisis, it wasn't possible to provide the entire workforce with training as had been done in the past.

The problems associated with the pandemic also made it impossible to hold the usual company convention, a moment traditionally used for training through specific workshops, to meet with management, external parties invited to attend and the entire organization.

A more targeted activity was, however, organized which involved the leasing division, as well as specific training for the marketing, finance and legal departments. Visits to IGD's offices in Italy – as well as on-site visits of "Porta a Mare" in Livorno and "Centrosarca" in Milan – were also organized for Winmarkt's top management (CFO, Asset Manager, Business Process Manager, Legal Manager) for a total of 3 days.

The company convention is expected to be organized once again in 2023.

2.10 // Sustainability: strategy and performance 2022

Beginning in 2011 IGD, a real estate market player with a long-term vision, decided to embark on a structured sustainability path. The role as both owner and manager of its assets, provides IGD with all the tools needed to make structural changes, as well as define and implement actions that impact the daily life of the shopping centers. The sustainability strategy is built around 5 strategic areas which, as of 2017, have been summarized in «Becoming Great»:

becoming g.r.e.a.t.

> GREEN: Reduce environmental impact, contributing actively to the transition toward a "low carbon" economy in the countries where it operates;
> RESPONSIBLE: act responsibly with respect to people, both employees and shopping mall visitors;
> ETHICAL: work in an ethical way with all the stakeholders, putting in place the safeguards necessary for compliance with the law and behaviors that positively influence the context in which it operates;
> ATTRACTIVE: make its structures attractive, both when working on the assets and when managing the offer and the marketing activities, with a specific focus on innovation;
> TOGETHER: act together with its stakeholders, strengthening not only the significant role of the shopping centers as local places to shop, but also the economic and social development of the communities in which it operates.

IGD's sustainability strategy became an integral part of company planning as of the 2014-2016 Business Plan and is currently part of the operational activities included in the 2022-2024 Business Plan.

The strategy reflects IGD's commitment to sustainable growth, shaped by the United Nations' Sustainable Development Goals (SDGs), the millennium development goals defined by the United Nations. The adhesion to the United Nations' Global Compact, the world's largest corporate sustainability initiative, also follows in this direction. The foundation of IGD's sustainability strategy is comprised of the material topics based on which the company defines both the risks and the opportunities connected to the sustainable management of its business, as well as the goals to be reached over the life of the plan (2022-2024) and in the longer term (2030).

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 material issues lie at the foundation of the sustainability strategy. Defining and identifying 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.

The material issues were identified by IGD beginning in 2017, in accordance with the GRI Standards, and each year the company assesses the need for any adjustments taking into account both the business and topics pertaining to stakeholders. In 2022, following the new definition of material included in the 2021 updated GRI Standards, the Company updated its own material issues focusing on the business's impact on the environment, the economy and people. Through an analysis, which involved various company divisions, the Company looked at its activities and the relative impact, classifying them as positive or negative, current or potential. Following an assessment of the results, the Company established priorities and associated them with material topics. At the end of the process, the material issues were included in the 5 strategic areas:

Green	Responsible	Ethical	Attractive	Together
1. Road to zero emissions	4. Good employment	6. Governance, ethics and corruption	7. Enhancement of the portfolio	10. Relations with the community and stakeholders
2. Zero waste	5. Wellbeing, health and safety		8. Spaces to be lived in	
3. Accessibility and sustainable mobility			9. Innovation	

Compared to the prior classification, the new analysis resulted in:

> The identification of new issues (such as "Zero waste");
> The renaming of a few material issues, in order to render the company's commitment to each issue more explicit and clear (for example "Road zero emissions");
> Combine a few prior issues (for example, "Enhancement of the portfolio" and "retail offer").

The gender equality issues that were presented in the last materiality are now included in the "Good employment". The material issues represent the cornerstones of the Sustainability strategy and its planning, as well as the topics reported on in the 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)

2022 was the first year of the 2022-2024 plan. During the year the Company delivered on around 40% of the targets set for the three-year period. The actions taken during the year with respect to each goal are summarized below.

All 41 quantitative targets for 2022-2024 and the 22 strategic ambitions through 2030 can be found on the corporate website at www.gruppoigd.it/sostenibilità.

The following scale was used to determine to what extent a 2022-2024 Plan target has been achieved:

Key level of achievement of targets:

●●●●	●●●○	●●○○	●○○○
4/4 fully achieved.	3/4 achieved in significant part.	2/4 achieved in small part.	1/4 not achieved.

	Target	Actions carried out in 2022	Level of achievement of target in the 2022-2024 plan
GREEN	Purchase of energy: confirm the purchase of 100% **green energy**.	Purchase of energy coming 100% from renewable sources confirmed also in 2022 for 85% of the Shopping Centres.	●●●○
	Production of energy: **double** lthe energy produced from **renewable sources.**	2 contracts signed for the installation of photovoltaic panels in 2 Shopping Centres from 2023.	●●○○
	Reduce energy consumption at least by 15% (baseline 2018).	Energy consumption in 2022 was reduced by 18.5% (baseline 2018, on a like for like boundary).	●●●●
	Assess "scope 3" emissions and define first reductions.	Scope 3 emissions were reported also in 2022. The definition of specific targets is currently being assessed.	●●●○
RESPONSIBLE	Training each year for 100% of employees in Italy and Romania.	Italy=100% of employees received training; Romania = 61%.	●●●○
	Carry out **an internal atmosphere assessment** during the three-year period and at least two "pulse survey" to understand the workers' perception of specific issues.	Internal atmosphere assessment and 1 pulse survey carried out.	●●●○
	Define **a target linked to ESG issues for part of the corporate workforce** (starting from the one defined dor the Management).	6% of the employees have ESG targets.	●●○○
	Introduce every year at least one new service into the corporate Welfare Plan for the employees.	A new platform was introduced providing information on State benefits for families and individuals.	●●●●
	Certify 100% of the Shopping Centres in accordance with the "Biosafety Trust Certification" scheme, ensuring in this way the protection of the health in line with Covid protocols.	All the Italian freehold Shopping Centres were certified, in addition to the headquarters.	●●●●
ETHICAL	**Increasingly integrate sustainability risks into Enterprise Risk Management.**	In 2022 IGD defined a new method to manage corporate risks. In 2023 sustainability risks will be gradually integrated into the ERM	●○○○
	Increase the Board of Directors' participation in CSR.	Induction sessions held with the Board of Directors concerning governance and activities carried out with regard to corporate sustainability.	●●○○
	Develop a **corporate Cybersecurity** strategy.	Following the project regarding the internalisation of its IT systems, IGD will adopt a cybersecurity strategy in 2023.	●○○○
	Update internal regulations in full compliance with the "privacy" law currently in force.	The procedures were updated and appropriate audit activities were carried out.	●●●●
	Codify a system for the assessment (both during the selection phase and periodically during the contractual relationship) of suppliers along the supply chain with a view to sustainability.	In 2023 the company will develop a specific project on this issue. In 2022 the applicable laws were applied.	●●○○
	Maintain the **Legality Rating with the maximum score**.	Target achieved with the renewal in 2022 with the maximum score (3 stars).	●●●●
	Maintain UNI ISO 37001 certification.	Audit carried out; renewal is scheduled in 2023.	●●●●

	Target	Actions carried out in 2022	Level of achievement of target in the 2022-2024 plan
ATTRACTIVE	Carry out **restyling/refurbishment activities in 4 shopping Centres with energy improvement measures**.	The project regarding La favorita Shopping Centre in Mantua was completed, work in progress in Portogrande.	●●○○
	100% of the Shopping Centres with at least one annual initiative on social or environmental issues.	Activity carried out in 86% of the Shopping Centres.	●●●○
	An across-the-board initiative involving at least 50% of the Shopping Centres on CSR issues.	"*Isola della salute*" (Island of health) was organised in 6 shopping Centres with focus on nutritional wellbeing.	●●○○
TOGETHER	Define a **framework for the issuing of financial instruments linked to sustainability**.	Framework created at the beginning of 2022.	●●●●
	Access the opportunity of obtaining a **Solicited ESG Rating**.	After receiving more details from potential providers, the Company deemed it not appropriate to proceed with a solicited Rating.	●●●○
	Organise an **Investor/CSR day**.	Operational information regarding the organisation is currently being gathered.	●●○○
	Increase the number of events to partecipate in, also with specific focus on ESG issues.	The company participated in the Sustainability Week organised by *Borsa italiana*.	●●○○
	Carry out at least one survey for each Shopping Centre every year (also by using the possibilities offered by direct marketing).	2 waves of costumer satisfaction surveys were carried out regarding 7 Shopping Centres.	●●○○
	Involve at least one non-profit organisation in 100% of the Shopping Centres.	Non-profit organisations were involved in 90% of the Shopping Centres.	●●●○
	Examine the opportunity to resume the "Social Borgo" project.	During the year, discussion were resumed with the associations and individuals who had previously shown interest in the participatory project in Centro Borgo (Bologna).	●●●○

2.10.3 // The risks and the relative policies/actions

IGD monitors and manages overall risks through the Enterprise Risk Management system. This system, which is updated each year, takes into account both financial and non-financial risks, a few of which are tied to sustainability (like climate change, ethics, good employment and safety). 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 and opportunities 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 could have for the company's business.

Each year the Company evaluates how effective the actions undertaken to limit each risk have been and, at the same time, evaluates the need to make modify the risks identified. As per the company targets, in 2023 the Company will gradually include the sustainability risks in the Enterprise Risk Management system.

More information on the risks is provided in the Sustainability Report in the chapter "Sustainability Strategy".

> The actions taken and the results achieved in 2022

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 2022 Sustainability Report can be found on the corporate website at https://www.gruppoigd.it/sostenibilita/bilancio-di-sostenibilita/archivio-bilanci/.

2.11 // Outlook

The Group expects the positive operating performance recorded in 2022, in terms of the recovery in footfalls, retailers' sales and rent collection, to continue in 2023; we also expect that net rental income and EBITDA will be higher than in 2022, due to the combined effect of higher occupancy, indexed leases, as well as the completion of and income stemming from the remodeling of the hypermarkets and the retail portion of Officine Storiche in Livorno, which is expected to be inaugurated in the second quarter of 2023.

As for investment property valuations, in light of the changing macroeconomic backdrop, the high degree of uncertainty, and the property values at 31 December 2022, we believe it is still 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 in 2023.

With regard to financial expense, due to higher interest rates and the spreads applied to the various types of financing which are very different with respect to the assumptions used in the 2022-2024 Business Plan, the cost is expected to rise noticeably; considering also that the Company:

i) In the second half of 2022, had already closed two loan transactions (the first for €215 million and the second for €20.9 million) at rates higher than the average cost of debt in 2022, and ***ii)*** in 2023, consistent with the investment grade profile, is working to refinance debt, well in advance, while maintaining €60 million in available committed credit lines, expiring in 2025. More in detail, a transaction of around €225-250 million is being finalized and should close in the first half. This would cover the needs for the next 18 months entirely.

The costs of the latter transaction, as well as of the two loans obtained in the second half which will impact for all of 2023, are higher than the Group average in 2022 which will result in an increase in financial charges. For this reason, FFO is expected to drop by around 20% in 2023.

Looking at liquidity, which shows a balance of around €27 million at 31 December 2022, and considering:
i) The committed credit lines;
ii) The non committed credit lines;
iii) The net cash flow expected in 2023.

The Group has the financial resources needed to cover all financial maturities for the next 12 months.

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 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 described below.

2.12.1 // Strategic risks

2.12.1.1 Risk – global pandemics

Risk factors:
> Potential significant reduction in revenue;
> Potential significant reduction in personnel;
> Administrative decisions and/or operating restrictions;
> Temporary closures;
> 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, in addition to the temporary rebates granted to tenants.

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.

In October 2021 IGD obtained BIOSAFETY TRUST CERTIFICATION for a portfolio of 7 Shopping Centers, as well as the headquarters located in Bologna. The certification scheme developed by the accrediting body RINA is the first management model introduced on the market which aims to prevent and minimize the spread of health infections in people caused by biological agents, such as those related to Covid-19. The company's goal is to have 100% of the assets certified by 2024.

IGD also adopted "flexible work" 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 non-essential operating costs, and activating social safety nets. A "Moving Forward" Plan was also prepared which includes specific targets and actions for the future.

In light of the changes in the pandemic scenario and the remote possibility of new closures, as part of the 2022 risk assessment the Company decided to lower the probability that such an event might occur again, even if it still viewed as one of the Company's main risks.

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 tied to the shopping center model;
> Regulatory changes which could have a strong impact on socialization, which could 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 margin target, is monitored based on the market and retail trends. The steps taken to support the retailers and any operational changes are shared with the Commercial Division. The relative budget is subject to approval 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. Particular attention is paid to introducing both destination stores and merchandise that is in line with the market trends in order to preserve the appeal of each shopping center in the relative catchment area.

With regard to the shopping centers in Romania, IGD's portfolio is well spread-out throughout the country which helps to diversify the risk connected to changes in 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 by carrying out extraordinary maintenance, marketing initiatives and advertising campaigns aiming to increase the shopping centers' appeal and better meet customers' needs.

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2.12.1.3 Risk - changes in the macroeconomic backdrop

Risk factors:
> Strong inflationary pressure;
> General national/international economic crisis.

> 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 by looking at economic and financial stability indicators.

With regard to the Romanian market, Management constantly monitors the country's economic performance, checking the main economic stability indicators, like exchange rates and the status of the European aid programs, 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.

2.12.1.4 Risk – changes in the socio-political environment

Risk factors:
> National/international political crisis;
> Regulatory changes which have a strong impact on the regulations that the Company must comply with.

> Risk management
With regard to both the Italian and the Romanian market, management monitors the national and international socio-political situation by analyzing political stability indicators, as well as any regulatory changes that could impact the company's compliance, including with the support of specialized consultants.

The Company develops and maintains relationships with institutions and national and international trade organizations in order to increase the flow of information and understanding of the local market.

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

Risk factors:
> Radical change in the consumer habits of the final costumer with a growing preference for online shopping 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 Company participates in working groups and commissions of the national association of shopping centers (CNCC or Consiglio Nazionale dei Centri Commerciali) which provides the Company with an opportunity to analyze any findings and discuss the controls in place with peers.

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 and personal services)and the remodeling/renewal of shopping center space; on the other, the increasing integration between "online and offline", making shopping centers multichannel spaces with personalized communication and offers for visitors including by using the tools developed in the Digital Marketing Plan.

2.12.1.6 Risk – relating to the financial strategy and the refinancing of debt

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 calls for 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. Today the Company is rated by two agencies who have issued the following ratings: S& P BB+ with a stable outlook and Fitch BBB- with a stable outlook. 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 order to manage this risk, the Company had announced a disposal program which ended year-end 2021 and led to a significant reduction in the LTV which allowed the Rating Agencies to improve the outlook from negative to stable.

2.12.1.7 Risk – Strategy and composition of the tenant / 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 activities are defined by the Commercial Division based on the positioning goals which aim 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 activities with the other divisions involved in the leasing process.

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.

Thanks to the work of the Marketing Analysis department, part of the company since 2011, each month the Company prepares a specific report on the retailers' sales and the shopping center's footfalls. More specifically, the aggregate sales of each shopping center and the food anchors are looked at, as is the performance of the different categories of merchandise, the average ticket and specific clusters of sales outlets, etc. Each month IGD compares its data with the statistics compiled by the Commissione Osservatorio of the Consiglio Nazionale dei Centri Commerciali, which looks at the aggregate results of the circa 300 structures found throughout Italy.

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 availability of compatible anchors (food and non). The Company also uses benchmark analysis tools to monitor competitors, performances, footfalls and constantly monitors market trends (market potential and new comers) thanks also to an extensive presence in the country.

The company 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.

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2.12.1.8 Risk – Crisis of the hypermarkets format

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.

> Risk management
The Company monitors the performance of the food anchors in its shopping centers constantly. In light of the new market trends based on which the merchandise offered, as well as the size of the hypermarkets, has decreased, IGD has remodeled the space dedicated to the food anchors in order to introduce specialized tenants

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which preserve the appeal of the malls. Toward this end, we have also reduced the rent of a few hypermarkets in distress in order to bolster their bottom line.

The Commercial Division defined a synergic commercial strategy for hypermarkets and malls, together with the marketing team, in order to improve the customer experience. The Company also defined a co-marketing plan with Coop Alleanza 3.0 which aims to increase the sales and footfalls at the structures involved in the project.

2.12.1.9 Risk – Failure to manage/monitor the digital transformation effectively

Risk factors:
> Diminished appeal of the shopping center/mall;
> Trouble meeting the personalized needs of each visitor.

> Risk management
In 2020 IGD defined its first Digital Marketing Plan. This was a segment of the journey begun in the past which aimed to update and adapt the marketing strategies of the shopping centers in light of the growing opportunities provided by digital tools which help to increase contact with shoppers. For this reason, in 2019 the Company hired a Digital Specialist. The purpose of the Digital Marketing Plan is to define a series of actions and services which foster loyalty and personalized offers. In order to achieve these goals, the Plan outlines the methods to be used to develop a system which facilitates lead generation, as well as customer profiling and dialogue (tenant and shoppers/users).

In 2021 the first phase of the Plan involved the launch of the Customer Relationship Management (CRM) system, connected to the various touchpoints which characterize the customer journey (both on and offline). Between the end of 2021 and 2022 the journey continued in two directions: on the one hand, a new touchpoint was added (the web app "Area Plus") in order to increase the opportunities and ways to approach visitors, on the other, a path leading to the profiling of specific targets was begun, moving toward the personalization of the offer (which increases the malls' appeal) upon which the entire Digital Plan is based.

2.12.1.10 Risk – Corporate Social Responsibility

Risk factors:
> Damaged reputation;
> Delays in development;
> Weakened customer relations;
> Erosion of shareholder value.

> Risk management
The Company developed an acronym ("GREAT") which reflects IGD's vision of sustainability and, at the same time, presents the material issues identified as a group. This acronym summarizes the Company's commitment to constant growth that is Green, Responsible, Ethical, Attractive, Together.

In 2022 the Group invested more than €2.4 million in improving the environmental sustainability of its structures in Italy (more than €3 million including Romania). 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, as well as assess the level of satisfaction with any decisions made or actions taken.

2.12.2 // Operating Risks

2.12.2.1 Risk – natural disasters (earthquakes, floods) and damages caused by third parties

Risk factors:
> Natural disasters (for example, floods, earthquakes, etc.);
> Catastrophic events (for example, fires).

> 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 policy for the coverage of the risk that Group's assets could be damaged, each consortium of tenants and/or owners must stipulate its own All Risk policy based on an agreement reached by the consortia of retailers with the insurance company.
With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities. The consortia, the Commercial and the Asset Management, Development and Network Management Division 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 a 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 the most probable and potentially damaging. Lastly, in the second half of 2020 the Company renewed the All Risks Property – RCT/O policy 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 insurance agreement with a new insurance company at better conditions. This agreement was renewed for all of 2022 and 2023, also.

2.12.2.2 Credit Risk

Risk factors:
> Customer insolvency;
> 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.
Analyses of potential clients are carried out, 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 of 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, the Leasing Division and the Credit Management department and also prepares periodic reports on credit collection for Management and the control bodies.

The policy for credit losses provides for ample allowances to be made; the latter are updated each quarter.

With regard to condominium fees, the consortia monitor the payment of the fees over the life of the lease and if any anomalies are found the internal procedures for credit management are applied.

More specifically, the client payment schedules and credit positions are updated constantly.

The Company has promoted an ongoing relationship between the Commercial, Mktg and CSR Division, the Asset Management, Development and Network Management Division, and the Legal and Corporate Affairs, Contracts, HR and IT Division in order to define a shared credit management strategy; toward this end, a centralized consortium (corporate and administrative) management

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process was implemented which, once finalized, will make it possible to significantly increase the control of the retailers' credit positions.

2.12.2.3 Asset Valuation Risk

Risk factors:
> External events;
> Global economic crisis;
> Changes in the domestic/international market which results in a significant writedown of the asset portfolio;
> Change in the performance of one or more assets.

> 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, renegotiations, footfalls and credit trends, as well as 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, of international standing, specialized and selected to appraise the value of the assets under management which occurs, typically, at least twice a year.

The Company works to ensure that the appraisals made of the assets held and subject to valuation are done by the different appraisers on a rotating basis.

The Asset Management, Development and Network Management Division ensures that the single assets are not appraised by the same appraiser for more than six consecutive years, in accordance with the procedure approved by the Board of Directors.

Periodically the Company also runs sensitivity analyses involving the valuations of the portfolio assets in order to assess and potentially anticipate the impact that changes in the valuation parameters (discount rate, cap rate, sales) might have. The Planning and Control Division also evaluates the results of the appraisals and verifies if there are any errors by recalculating the discounted cash flow models.

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. Each tenant is subject to pre-contractual 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 6 (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.

In the annual budget the Company made provisions for risk mitigation tools (temporary discounts, co-marketing actions) and also strengthened its organizational structure with a Credit Management Department.

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 work is done in partnership 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.

The Commercial Team comprises highly experienced, sector professionals who work to achieve the Group's goals calling for maximized revenue and occupancy.

Monitoring the occupancy of the different shopping centers and determining any steps that need to be taken 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 market conditions.
The Company carries out ongoing restyling (including non-prime) in order to maintain a high degree of appeal and adapt to new consumer trends.

Great attention is paid to the analysis and monitoring of the mall tenants' performance: each month the Commercial, Marketing and CSR Division reports on the sales of the retailers' in IGD's shopping centers. In order to bolster the bottom line of the stores sometimes, in exceptional cases, temporary discounts on rent are allowed which helps to preserve occupancy. In some cases, when a new store is opening step-up rent (full rent applied as of the third year) is agreed upon in order to support the tenant during the start-up/launch phase.

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 connected with the correct functioning of the IT systems supporting the company's operations.

> Risk management

In 2021 the Company began internalizing the IT services which will result in the elimination of services which are currently provided and managed in outsourcing (provider Coop Alleanza 3.0) by 2023.

During the first phase of the project a new ERP/EPM software was created and deployed. Third party complementary platforms (finances and leases) were also updated.

The second phase calls for the insourcing of HCM and IT security services.
At this time, the Company also hired an IT Manager who has years of experience in similar roles at multinational companies and is supported by an internal resource who previously provided tech support and interfaced with an external provider.

2.12.2.7 Supplier Risk

Risk factors:
> Delays, problems and/or contractual non-compliance by construction companies commissioned by the Group;
> Delays, problems and/or contractual non-compliance by sellers of finished "turnkey" shopping centers;
> Delays, problems and/or contractual non-compliance, as well as breach of suppliers' professional duties.

> Risk management

When selecting professionals, contractors, construction companies, external consultants and appraisers, the Company checks the financial and professional solidity of the potential provider in order to reduce the risk of any counterparty non-compliance and/or default in accordance with internal procedures. Pursuant, furthermore, to the Anticorruption Policy (UNI ISO37001:2016) and the Due Diligence Procedure adopted by the Company all third parties are subject to screening/due diligence.

The contractual terms applied contain a set of customer guarantee clauses (i.e. penalties for delays and for failure to provide the services as promised).

The Division involved monitors the time it takes to complete the work and/or provide services, and carefully monitors compliance with the qualitative standards agreed upon, over the life of the contractual relationship.

With regard specifically to the building of shopping centers by construction companies and sub-contractors, the work done is supervised by an internal resource and a consultant who each week/every two weeks prepare a report on the progress made at the construction site.
As for the purchase of finished "turnkey" shopping centers the Company requires the seller to provide a bank guarantee for the down payment and any further deposits made.

The Company, through the Supervisory Board and the Risk and Control Committee, audits the purchase of goods and services and construction work every quarter.

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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.

> Risk management
The Company, which was granted SIIQ status in 2008, has since then carefully monitored the associated tax risks; the transactions which impact the fiscal regime adopted directly or indirectly are carried out, with the support of the Administrative, Legal and Corporate Affairs, Contracts, HR and IT Division which constantly monitors any legislative changes and the internal administrative, accounting and tax procedures.

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, even future, 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 top-tier tax consultants.

2.12.3.2 Privacy violation risk

Risk factors:
> Application of sanctions linked to violations of regulations protecting data and privacy.

> Risk management
The Data Protection Officer (DPO), who is supported by an internal legal structure, is responsible for the supervision of both the documentational (privacy organizational chart, appointments and authorizations) and the contractual part. The Company has availed itself of a specialized legal consultant for one year who supports the DPO with GDPR assessment and compliance.

The DPO in Italy is the Head of Legal and Corporate Affairs, while in Romania a DPO has yet to be appointed given the nature of the business and the processes managed in house.

Beginning in 2018, when the GDPR took effect, *i)* training in this area is provided periodically to white collar employees, junior managers and managers, and *ii)* specific audits are carried out regularly (annual reports are provided to the Board of Directors).

2.12.3.3 Risk of Legislative Decree 231/01 Liability

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" ("MOG") pursuant to Legislative Decree 231/01 ("Decree") which defines the guidelines, rules, standards of conduct and governance for the Company's activities which all recipients must comply with in order to prevent the risk that the crimes referred to in the Decree are committed.

The Company also adopted 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 MOG.

The Supervisory Board promotes the updating amendments of the MOG 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 MOG was updated and the Company set up a whistleblowing platform which is accessible via the home page of the Company's website by all the Company's staff members and which guarantees anonymous reporting.

In 2020 the Company obtained ISO 37001 "Anti-Bribery Management Systems" certification, which defines the requisites for an anti-bribery/anti-corruption management system. The certification was 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.

In 2020 the MOG underwent extensive revision and was integrated with the UNI ISO 37001:2016 Anti-Bribery System already implemented by the Company.

2.12.3.4 Regulatory risk

Risk Factors:
> Sanctions, reprimands and citations from the Market Management and Supervisory authorities.

> Risk management
The Company, consistent with regulations for listed companies, established an Investor Relations unit. The information is managed by two divisions: Investor Relations, which is responsible for the relationship with Borsa Italia, and the Legal and Corporate Affairs Department, which is responsible for the relationship with CONSOB. Any CONSOB investigation is managed by the Legal and Corporate Affairs Department which avails itself of the support of external consultants. The structure works closely with the Chief Executive Officers and in compliance with internal and external regulations governing market abuse.

The Legal and Corporate Affairs Department, which is part of the Administration, Legal and Corporate Affairs, Contracts, HR and IT Division works together with Investor Relations to supervise compliance with the regulatory agencies' requests 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 Company has adhered to the 2020 version of the Borsa Italiana's Corporate Governance Code (prepared by the Corporate Governance Committee).

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

2.12.3.5 Risk of Law 262/05 Liability

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 Legislative Decree 262/05 Internal Control System pursuant 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 as the update of the same in light of activities carried out by the Administrative, Corporate and Legal Affairs, Contracts, HR, and IT Division.

The Company adopted a model for risk assessment and management, as well as management of the administrative system used for financial reporting, and continues to update this model. Each year the Company tests the adequacy and effective application of the administrative – accounting processes. A manual for the Financial Reporting Officer was also adopted and all the administrative-accounting procedures were updated, specifically the procedures that impact reporting. The findings that emerge during the 262 Testing 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.

2

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

2.12.4 // Financial Risk

2.12.4.1 Liquidity risk

Risk factors:
> Problems with treasury management and accessing resources.

> 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 mortgages 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. The committed credit lines were recently renewed for the next three years.

This risk is managed prudently in order to avoid, if 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 equipped itself with tools make it possible to *i)* analyze and measure interest rate risk, *ii)* gather data and information relative to contracts stipulated 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 counterparty 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.

In March 2022 the Company verified the possibility of issuing a bond but, as communicated to the market on 28 March 2022, the company decided to postpone the issue of senior green, unsubordinated and non-convertible notes, until markets improved. The purpose of this issue was primarily to refinance the maturities of the last quarter of 2023.

Subsequently the Company started to scout the banking and capital markets in order to carry out a different type of financial transaction, albeit green, and considered different types of refinancing including: private placement EU/US, convertible bond, secured and unsecured. After checking the market, the Company signed an agreement for a €215 million, unsecured green loan with a pool of premiere domestic and international lenders. In December the Company also obtained a €20.9 million loan with a SACE Supportitalia guarantee.

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.

> Risk management
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.
To date all the refinancing that the Company is considering would be at conditions that are higher than in the past, which, at the same time, entails higher risk.

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 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 and, in light of the yield curve, has considered other forms of hedging like caps and collars which allow the Group to cover about 77% (at 31.12.2022) of its interest rate risk on medium/long-term loans, including bond loans. The Company views coverage of around 80% to be adequate.

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. Today the Company is rated by two agencies who have issued the following ratings: S&P BB+ with a stable outlook and Fitch BBB- with a stable outlook. The only investment grade rating was assigned by Fitch which was confirmed on 16 September 2022.

Maintaining at least one investment grade rating ensures that the Step-Up Clause in a few outstanding bonds (for a total of around €500 million) will not be triggered. For this reason, the Finance Division verifies the parameters looked at by the two 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 2023 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:
> Based on the regulations of the €100 million bond, a coupon rate step up of 1.25% would be applied to the current coupon;
> Based on the regulations of the €400 million bond, a coupon rate step up of 1.25% would be applied as of the following coupon payment.

In all the above scenarios, if another investment grade rating were to be assigned by one of the rating agencies referred to in the Bond Regulations the step-up clause will not be applied using the same method described above.
The risk management specific to this area is subject to periodic monitoring as part of the ERM process.

2.12.4.3 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 invoiced and 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 to sustain value. 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 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 professionals comprised of corporate and local resources who in order to understand the correct trade-off between corporate know-how and development and the needs of the community.

2.12.5 // Other considerations

As mentioned in section 2.10 the Group assessed the potential risks that climate change poses for its operations and identified the following possible impact:
> Increase in consumption, energy costs and damages caused by sudden environmental events;
> Increase in operating costs due to higher fossil fuel;
> Stricter environmental legislation and possible sanctions;
> Reputational damage caused by environmentally harmful events in which the Group could be involved.

With regard specifically to transition risks and the potential impact on the fair value of the real estate assets, as reported in the appraisals, in their base case cash flow analysis a cost component, expressed as a percentage, was included. This component includes extraordinary maintenance for which the owner is responsible, including improvements to increase energy efficiency, tied to the business plan targets and the company's ambitions, which may not represent a realistic estimate of the latter if we also consider that there is no regulatory obligation requiring the company to sustain certain costs.

In their appraisals, the independent experts point out that currently there are no objective parameters and specific databases which make it possible to accurately reflect the impact of ESG topics in property valuations.

The appraisers also indicated that properties with good/excellent results in terms of energy efficiency are viewed differently by the real estate market as the property is capable of attracting tenants of high standing. The elements, therefore, relating to energy efficiency are reflected indirectly in the property value and expressed implicitly in the market value.

In 2022 the Group purchased 100% of its energy from renewable sources and continued along its journey to increase energy production from renewable sources, namely through solar energy systems.

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 scope 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 3.10, "Report on Corporate Governance and Ownership Structure".

Details of related party transactions carried out in 2022 are provided in a section of the notes to the financial statements.

2.14 // Treasury Shares

IGD owned no treasury shares at 31 December 2022.

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 2022, 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 2022, being submitted to the shareholders for approval, show a net loss of €5,028 thousand. Total revenue and operating income amounted to €114,007 thousand, a decrease against the prior year of €6.5 million or 5.4%, attributable mainly to the transfer of 5 hypermarkets and 1 supermarket to Fondo Juice which was finalized on 25 November 2021. Operating costs including general expenses were lower than the previous year and rose slightly as a percentage of revenue from 26.4% to 25.9%.

EBIT was positive for €23.5 million, a decrease of €61.5 million with respect to the prior year, due to an increase in writedowns of €59.3 million (versus €0.3 million at 31 December 2021).

Financial charges amounted to €28.3 million at 31 December 2022, €4 million lower than in the prior year.
The net financial position was roughly €3.6 million lower than in 2021.

IGD SIIQ S.p.A.'s statement of financial position at 31 December 2022 can be summarized as follows:

(in thousand of Euros)	12.31.2022	12.31.2021	Δ	%
Investment property	**1,741,750**	**1,781,635**	**(39,885)**	**-2.29%**
Assets under construction and advance payments	**25,926**	**27,882**	**(1,956)**	**-7.54%**
Intangible assets	**1,765**	**1,290**	**475**	**26.91%**
Other tangible assets	**8,734**	**8,408**	**326**	**3.73%**
Soundry receivables and other non-current assets	**83**	**88**	**(5)**	**-5.72%**
Equity investments	**212,098**	**212,098**	**0**	**0.00%**
Net working capital	**(10,780)**	**(6,345)**	**(4,435)**	**41.14%**
Funds	**(5,407)**	**(5,668)**	**261**	**-4.83%**
Sundry payables and other non-current liabilities	**(13,296)**	**(12,040)**	**(1,256)**	**9.45%**
Net deferred tax (assets)/liabilities	**971**	**2,769**	**(1,798)**	**-185.17%**
Total use of funds	**1,961,844**	**2,010,117**	**(48,273)**	**-2.46%**
Total shareholders' equity	**1,140,988**	**1,178,549**	**(37,561)**	**-3.29%**
Net (assets) and liabilities for derivative instruments	**(920)**	**6,737**	**(7,657)**	**832.28%**
Net debt	**821,776**	**825,391**	**(3,615)**	**-0.44%**
Total sources	**1,961,844**	**2,010,677**	**(48,833)**	**-2.49%**

IGD SIIQ S.p.A.'s operating income statement is shown below:

Group consolidated	(A) 12/31/2022	(B) 12/31/2021	Δ (A)/(B)
Revenues from freehold rental activities	109,583	115,912	-5.5%
Revenues from leasehold rental activities	3,243	3,419	-5.1%
Total revenues from rental activities	112,826	119,331	-5.5%
Rents and payable leases	-4	-4	0.0%
Direct costs from rental activities	-18,808	-22,184	-15.2%
Net rental income	94,014	97,143	-3.2%
Revenues from services	1,181	1,070	10.4%
Direct costs from services	-7	-13	-46.2%
Net services income	1,174	1,057	11.1%
HQ Personnel expenses	-6,653	-6,548	1.6%
G&A Expenses	-4,539	-4,540	0.0%
Core Business EBITDA (Operating income)	**83,996**	**87,112**	**-3.6%**
Core Business Ebitda Margin	*73.7%*	*72.4%*	**1.8%**
Revenues from trading	0	0	n.a.
Costs of sale and other costs from trading	0	0	n.a.
Operating result from trading	0	0	n.a.
EBITDA	**83,996**	**87,112**	**-3.6%**
Ebitda Margin	*73.7%*	*72.4%*	**1.8%**
Impairment and Fair Value adjustments	-59,343	-344	n.a.
Depreciations and provisions	-1,124	-590	90.5%
EBIT	**23,529**	**86,178**	**-72.7%**
Financial management	-28,324	-31,763	-10.8%
Extraordinary management	4	-777	n.a.
Pre-tax profit	**-4,791**	**53,638**	**n.a.**
taxes	-237	455	n.a.
Net result for the period	**-5,028**	**54,093**	**n.a.**
(Profit/Loss) for the period related to third parties	0	0	n.a.
Group net result	**-5,028**	**54,093**	**n.a.**

** Including ancillary costs of the transaction included in the separate and consolidated financial statements in cost from service for an amount equal to €1,151k and in financial charges for an amount equal to €541k.*

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).

3

// REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

DETAILED INDEX

3. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

// GLOSSARY

// Code/CG Code/Corporate Governance Code

The Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

// Civil Code/C.C

the Italian Civil Code.

// CG Committee/Corporate Governance Committee

The Italian Committee for the Corporate Governance of listed companies, endorsed by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

// Board

The Issuers' Board of Directors.

// Issuer or Company

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

// Year

Financial year 2022, referred to in this Report.

// CONSOB Regulations for Issuers

The regulations for issuers approved by CONSOB with Resolution 11971 of 1999, as amended.

// CONSOB Market Regulations

The market regulations issued by Consob with Resolution 20249 of 2017.

// CONSOB Regulations for Related Party Transactions

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

// Report

This Report on Corporate Governance and Ownership Structure, prepared pursuant to Art. 123-bis TUF.

// Remuneration Report

The report on remuneration policy and compensation paid, prepared pursuant to Art. 123-ter TUF and Art. 84-quater of the CONSOB Regulations for Issuers.

// Testo Unico della Finanza/TUF

Legislative Decree 58 of 24 February 1998.

Unless otherwise specified, the following terms are as defined in the CG Code: directors, executive directors [see Q. Def. (1) and Q. Def (2)], independent directors, significant shareholder, chief executive officer (CEO), Board of Directors, Board of Statutory Auditors, business plan, company with concentrated ownership, large company, sustainable success, Top Management.

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.

The Board of Directors plays an active role in defining the Company's strategy, first and foremost through in-depth board discussions in which, on request, the Company's Management participates in order to provide further information on specific agenda items. In addition, during the approval process for the 2022-2024 Business Plan, the Company organized special meetings involving the entire Board of Directors and members of the Board of Statutory Auditors, for the purpose of fine-tuning the plan and allowing open discussion of the Company's strategies prior to approval.

Regarding risk management policies, during specific meetings the Board of Directors, with input from the Internal Control Committee, took regular stock of the development of the Company's Enterprise Risk Management (ERM) project, which is periodically revised through structural risk assessment processes entailing the evaluation of new identified risks and their mitigation factors, with a view to integration with existing strategies taking account of the Company's organizational and business model. All such efforts figured into the new 2022-2024 Business Plan. In this regard, see Section 3.9 "Internal Control and Risk Management System – Control and Risks Committee." Likewise, with regard to compensation policies, with input from the Appointments and Remuneration Committee the Board of Directors has proposed some changes and additions to the bonus system in order to make performance targets more incisive and consistent with the Company's business and sustainability strategy, over a multi-year horizon, in order to create long-term value.

Again in 2022, the Company prepared a Corporate Sustainability Report which describes characteristics and strategy in terms of ESG, short-, medium- and long-term growth targets, and key results achieved during the year. Every year the Company makes the Corporate Sustainability Report, certified and approved by IGD SIIQ S.p.A.'s Board of Directors, available to the public on its website at http://www.gruppoigd.it/ en/sustainability/sustainability-report/.

At this time, the Company does not prepare a non-financial report pursuant to Legislative Decree 254/2016.

The Company qualifies as an SME pursuant to Art. 1.w-quater.1) TUF (capitalization below the threshold set by CONSOB[1]).

Average Capitalization

2022	2021	2020
404,697,177	429,290,348	424,586,990

The Company does not meet the definition of "large company" and/or "company with concentrated ownership" as set forth in Borsa Italiana's Corporate Governance Code.

1. The TUF definition of an SME was modified by Art. 44-bis (1) of Decree Law 76 of 16 July 2020, converted into legislation by Law 120 of 11 September 2020. Before the change, TUF Art. 1 (1) w-quater.1 defined SMEs as small and medium enterprises with listed shares whose revenue (even before admission for trading) was less than €300 million, or that had a market capitalization of less than €500 million, specifying that "listed companies that exceed both of these limits for three years in a row do not qualify as SMEs." The change eliminated the revenue limit, so at the moment, SMEs are defined as small and medium enterprises with listed shares whose market capitalization is less than €500 million, and "listed companies that exceed that limit for three years in a row do not qualify as SMEs." The second paragraph of the decree law's Art. 44-bis also established a transitional phase under which "Issuers that on the effective date of the conversion of this decree into law [i.e., as of 15 September 2020] qualified as SMEs only on the basis of revenue will continue to qualify as such for two financial years following the one in course."

3

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.2 INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, TUF) AT 23 FEBRUARY 2023

3.2 // information on ownership structure (pursuant to art. 123-bis, par. 1, TUF) at 23 February 2023

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

The share capital approved at the date of this Report totals €650,000,000.00 fully subscribed and paid-in, divided into 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)

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 (see Table 1).

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

The shares issued all have the same rights.

e) Stock sharing; exercise of voting rights (pursuant to Art. 123-bis, par. 1, lett. e), TUF)

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

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

There are no restrictions on voting rights.

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

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, TUF)

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:

i. 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;

ii. On 28 November 2019, 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. 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;

iii. On 16 October 2020, 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;

iv. On 25 November 2021, signed an agreement with MPS Capital Services and Banco BPM for a five-year, €77 million loan – containing a mandatory early termination clause in the event control of the Company should change – to finance the real estate transaction involving the disposal of a portfolio of six hypermarkets and supermarkets, subsequently transferred to the closed-end real estate fund "Fondo Juice," of which IGD owns a non-controlling interest of 40%;

v. On 4 August 2022, stipulated an agreement for a €215,000,000.00 senior, unsecured Green loan, with BNP Paribas and other lenders which contains a mandatory termination clause if control of the Company should change.

With regard to takeover bids, in the Company's bylaws there are no clauses which provide for exceptions to the passivity rule nor application of the neutrality rules.

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 has the right to, by 14 April 2027, increase share capital against payment, in one or more installments, by up to 10% of the current share capital, through the issue of new ordinary shares without a stated par value, 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), of the Italian Civil Code as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by a financial auditor or a financial audit firm.

During the Annual General Meeting held on 14 April 2022, shareholders granted the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the right to, by 14 April 2027, increase share capital against payment, in one or more installments, by up to €65,000,000.00 (sixty-five million/00), including any share premium, through the issue of new ordinary shares without a stated par value, excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (1) of the Italian Civil Code, to be carried out through contributions in kind pursuant to Art. 2440, of the Italian Civil Code, provided that these are related to the Company's corporate purpose (including, for example, real estate assets, equity investments, companies and/or business divisions), with the ability to make use of the provisions provided under Art. 2343-ter of the Italian Civil Code.

At the moment there is no authorization for the Company to purchase or sell treasury shares, pursuant to Art. 2357, par. 2 of the Civil Code.

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

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.

As the Company is subject to the management and coordination of Coop Alleanza 3.0 soc. Coop., it is subject to Art. 16, paragraph 4 of the Consob Market Regulations, based on which the committees formed pursuant to the Code must comprise only independent directors.

// 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 pursuant to Art. 123-bis, para 1, letter i), TUF, please refer to the Remuneration Report published in accordance with Art. 123-ter of TUF and available on the Company's website:
http://www.gruppoigd.it/en/governance/remuneration/.

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

Rules for the appointment and replacement of directors, and for amendments to the corporate by-laws, are contained in Title V of the bylaws (General Meeting, Board of Directors) made available on the company's website: www.gruppoigd.it. Please refer to the "Board of Directors" section of this report for further information.

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

Since its IPO on 11 February 2005, the Company has adopted the Corporate Governance Code and has structured its corporate governance, i.e. its 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 with effect from FY 2021. In 2020, 2021 and 2022 the Company implemented the process of updating 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/.

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 has also 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, Internal dealing code, Anti-corruption Policy) – is an integral part of 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.

3.4 // Board of Directors

3.4.1 // Role of the Board of Directors

The Board of Directors plays an active role in guiding and encouraging decision-making by carefully assessing information and documentation at its board meetings, including with input from its internal committees. The committees report to the Board of Directors, twice-yearly, on the work they have carried out and/or when specific issues are discussed; of particular note is the role of the Control and Risk Committee when it comes to the constant monitoring, as part of the Enterprise Risk Management (ERM) project, of the internal control and risk management system.

The Board of Directors and the Company's Top Management participated in seminars concerning the guidelines for drawing up the new Business Plan, before its definitive approval.

The Chief Executive Officer routinely informs the Board of investor relations activities, using ad hoc reporting tools presented during Board meetings.

On 14 December 2021 the Board approved the "Policy for Dialogue with Shareholders and Other Stakeholders" which governs the tools of dialogue and the means of engagement and communication, in line with Code recommendations, the engagement policies adopted by institutional investors, proxy advisors and active managers, best international practices, the provisions of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 ("MAR"), and implementation protocols regarding the management and disclosure of inside information. For further information, see Section 12 of this Report.

Without prejudice to the duties assigned to it by law and the corporate bylaws or its specific functions within the Internal Control System, the Board of Directors:

a) Examines and approves the business plan and/or the strategic plan of the Company and its Group, also on the basis of an analysis of issues relevant for the generation of value in the long term;

b) Routinely monitors the implementation of the business plan and/or strategic plan and evaluates general business performance, periodically comparing actual results with forecasts;

c) Defines the nature and level of risk deemed compatible with the Company's strategic objectives, including in its assessments all the factors deemed material to the Company's sustainable success;

d) Defines the Company's corporate governance system and the structure of the Group it heads, and judges the adequacy of the organizational, administrative and accounting structure of the Company and its strategic subsidiaries, with particular reference to the internal control and risk management system;

e) Resolves on the operations of the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, it 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;

f) At the recommendation of the Chair of the Board of Directors in agreement with the Chief Executive Officer (responsible for the internal control and risk management system), updates the procedure for the management and disclosure of documents and information concerning the Company, with particular reference to inside information. For further details, see Section 5 of this Report.
Specifically, with reference to the above duties, in 2022 the Board of Directors:

> Carefully analyzed the phases of the Enterprise Risk Management project, taking resolutions on the nature and level of risk deemed adequate and compatible with the Company's strategic objectives;

> Approved the "Regulations for the Sustainability Committee";

> Appointed the Risk Management Unit, in outsourcing, to Donato Camporeale of Società PwC Business Services S.r.l.

For further duties of the Board of Directors regarding composition, functioning, appointment and review, remuneration policy, and the internal control and risk management system, see Sections 4, 8 and 9 of this Report.

3

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

3.4.2 // Appointment and replacement (pursuant to art. 123-bis, par. 1, lett. l), first part, TUF)

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 2023 equal to 4.5% of the Company's share capital, pursuant to Consob regulation n. 76 of 30 January 2023). 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-option 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.

For information on the role of the Board of Directors and board committees in the processes of review, appointment and succession of directors, see Section 7 of this Report.

3.4.3 // Composition (pursuant to art. 123-bis, paragraph 2, lett. d) and d-bis), TUF)

IGD's Board of Directors is comprised of 11 members: 1 executive director/chief executive officer, with powers over the internal control system; 7 independent directors, including the chair; and 3 non-executive directors. All of the directors have professional qualifications and skills appropriate to their tasks. This was taken into account on occasion of the recent re-election of the Board, including in light of the opinion expressed by the outgoing Board of Directors on its size, composition and functioning with respect to the Company's complexity, as presented to the shareholders in view of the Annual General Meeting of 15 April 2021.

In the new Board composition, the profiles of the non-executive directors are such to ensure them a significant weight in the assumption of board resolutions and to provide for the effective monitoring of operations. A significant share of the directors – 7 out of 11 – qualify as independent.

On 15 April 2021 the Annual General Meeting elected the current Board of Directors, which will serve until the date of the AGM called to approve the 2023 financial statements.

The current Board of Directors is made up of the following 11 directors: Rossella Saoncella (Chair), Claudio Albertini (Chief Executive Officer), Stefano Dall'Ara (Deputy Chair), Edy Gambetti, Antonio Rizzi, Silvia Benzi, Rossella Schiavini, Alessia Savino, Timothy Guy Michele Santini, Rosa Cipriotti, and Géry Robert-Ambroix.

During the Annual General Meeting held on 15 April 2021 which elected the current board, three lists were presented, by Coop Alleanza 3.0 soc. Coop. (List no. 1), Unicoop Tirreno soc. Coop. (List no. 2), and Europa Plus SCA SIF (List no. 3). The lists were submitted with all the documentation relating to the personal and professional characteristics of the candidates along with statements relating to their qualifications as independent and irrevocable acceptance of the appointment in the time period provided for under the law.

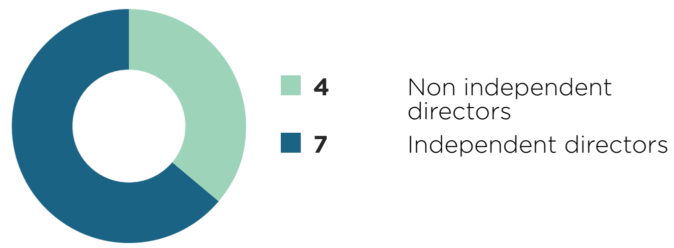
More in detail, from List no. 1, submitted by the majority shareholder Coop Alleanza 3.0 soc. Coop. (owner of 40.92% of the share capital), the following members were appointed: Rossella Saoncella, Stefano Dall'Ara, Claudio Albertini, Edy Gambetti, Antonio Rizzi, Silvia Benzi, and Rossella Schiavini. This list was voted by 43.37% of the shares represented in AGM.

From List no. 2, submitted by the shareholder Unicoop Tirreno soc. coop. (which holds an interest of 7.87%), the director Alessia Savino was appointed. This list was voted by 7.87% of the shares represented in AGM.

From List no. 3, submitted by the shareholder Europa Plus SCA SIF (which holds an interest of 4.50001%), the following directors were appointed: Timothy Guy Michele Santini, Rosa Cipriotti, and Géry Robert-Ambroix. This list was voted by 18.10% of the shares represented in AGM.

The directors Rossella Saoncella, Antonio Rizzi, Silvia Benzi, Rossella Schiavini, Timothy Guy Michele Santini, Rosa Cipriotti, and Géry Robert-Ambroix certified that they qualify as independent pursuant to TUF, the CONSOB Market Regulations and the Corporate Governance Code. Table 2 attached to this Report show the members of the Board of Directors in office during the year ended 31 December 2022, along with their status as executive or non-executive and/or independent members as per the Code, the date of initial appointment, and the committees formed.

> DIRECTORS' 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.

// Rossella Saoncella
Chair of the Board of Directors

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. The number of offices held is shown in Table 2.

// 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 previous 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 and Gruppo UGF's Director of Equity Investments. He is also a member of the Advisory Board of EPRA (European Public Real Estate Association) and of the Appointments Committee of ECSP (European Council of Shopping Places). He is chair of the Board of Directors of IGD Service S.r.l. The number of offices held is shown in Table 2.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

// Stefano Dall'Ara
Non-executive Director

Born in 1963, Mr. Dall'Ara studied banking and finance at Bocconi University in Milan and at the University of Siena. He gained experience in the banking industry from 1984 to 2005, and in 1993 became a manager at Banca di Bologna. Since 2005, appointed first as executive and then as Finance Area Manager at Coop Adriatica, he has served as executive and non-executive director at many companies in the Coop and Unipol groups; in the financial, banking, insurance and real estate sectors; and, since 2011, in the pension fund industry. Since 2016, when he was named director of investee companies at Coop Alleanza 3.0, he has also begun to hold positions at companies, entities and associations in other sectors, such as trade, export, tourism and bookstores. He is currently chair of the Board of Directors of Robintur S.p.A., member of the Board of Directors of Cooperare S.p.A., chair of the Board of Directors of Cccfs s.c.a.r.l., member of the Board of Directors of Coop Reno s.c.a.r.l., member of the Board of Directors of Parfinco S.p.A., member of the Board of Directors of Eataly World, member of the Board of Directors of Italian Coop Trade S.r.l., Deputy Chair of the Board of Directors of Fi.bo S.p.A., Deputy Chair of the National Council of the Organized Tourism Federation ConfCommercio, and Deputy Chair of SCS Consulting S.p.A.. The number of offices held is shown in Table 2.

// 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 to the CEO. 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 on the Italian retail market and assists individuals and companies through coaching and mentoring activities. The number of offices held is shown in Table 2.

// 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 School in Milan. She is currently head of Finance and Administration at Unicoop Tirreno, where she has been working since February 2017. A finance expert, she has gained 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 Board of Directors 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. In addition, she is Deputy Chair and member of the Board of Directors of Sogefin, member of the Board of Directors of Factorcoop S.p.A., member of the Board of Directors of Enercoop Tirreno S.r.l., and member of the Board of Directors of Axis S.r.l. The number of offices held is shown in Table 2.

// Edy Gambetti
Non-executive Director

Mr. Gambetti was born in 1951 and earned a business degree from the University of Modena in 1976. He gained solid experience in management and later in corporate governance, serving as executive and non-executive director as well as legal representative. As an executive and an area manager, he has been a strategy and management expert for the mass retailing business within the Coop group, with related expertise in the management of hypermarkets and shopping centers. He has worked for consortiums within the sphere of Coop Italia and for diverse companies in the same business. In the mass retailing industry, he has also served as director and legal representative in the discount and logistics sectors. Since June 2019 he has been Deputy Chair of Coop Alleanza 3.0. He is also a member of the Board of Directors of Assicoop Modena&Ferrara S.p.A. and COIND Soc. Coop., Deputy Chair of Antenna Uno S.r.l. and Trmedia S.r.l., Chair of the Board of Directors of Distribuzione Centro Sud S.r.l, and Sole Manager of Distribuzione Roma S.r.l.. The number of offices held is shown in Table 2.

// Antonio Rizzi
Independent Director

Mr. Rizzo was born in 1965 and has been a full professor of private law since 2011 at Tor Vergata University in Rome; a former magistrate, he has been a member of the Rome Bar Association since 2003 and of the register of cassation lawyers since 2007. He has sat on the Boards of Directors of listed companies and banks and has served as temporary administrator for companies under extraordinary administration.

He works in many fields: commercial law, contract law, banking and financial law, communications and e-commerce law, fiduciary company law, bankruptcy law, and environmental law. He has authored publications on general contract theory, corporate law and bankruptcy law. He is also an independent director of Unipolsai Insurance S.p.A. The number of offices held is shown in Table 2.

// Silvia Benzi
Independent Director

Born in 1975, she earned a business degree in 1999 from the University of Bologna, where she also earned a master's in corporate finance. Her professional career began as a financial analyst with the international investment banks JP Morgan, Bear Stearns and Kepler Cheuvreux, where she specialized in bank sector investing. She was then a consultant for PwC and a buy-side analyst of the European financial and real estate industry for a hedge fund in London. In 2018 she entered in Illimity Bank and she has been CFO since 2022.

She has extensive experience in business strategy, planning, finance, M&A, investor relations, and ESG. Having worked at global investment banks of primary standing, she has significant international experience. The number of offices held is shown in Table 2.

// Rosa Cipriotti
Independent Director

Ms. Cipriotti, born in 1974, earned a business degree with honors in 1998 from La Sapienza University in Rome and in 2015 completed the General Management executive master program at Harvard Business School. A professional chartered accountant, she has more than 20 years' experience in investment banking, corporate finance and consulting, including at international firms with a global presence and a diverse client portfolio: private equity, holding companies, family businesses and multinationals. She is well versed in ordinary and extraordinary corporate finance, risk management, negotiation and strategy, and has corporate governance experience as an independent non-executive director of regulated, supervised international and domestic companies since 2013. She is familiar with numerous business sectors, with a particular focus on financial institutions, real estate, infrastructure and transport, retail and consumer, pharmaceuticals, and media and telecommunications. She also serves as a member of the Board of Directors of Athora Italia S.p.A., B4 Investimenti S.p.A., Prelios Credit Servicing S.p.A., Reversal SIM S.p.A. and Coeclerici S.p.A., standing auditor at Ecolombardia 4 S.p.A., Camfin Alternative Assets S.p.A., Agripower S.p.A., Istituti Ospedialieri Bergamaschi S.r.l., and sole director of Sigmagest S.p.A. The number of offices held is shown in Table 2.

// Rossella Schiavini
Independent Director

Ms. Schiavini, born in 1966, has many years' experience in Italian and international banking and finance (UK, EMEA) in the area of wholesale/corporate & investment banking. Since 2016 she has worked mainly in corporate governance as a director of listed companies. From 2018 until April 2021 she served on the Board of Directors of Bper S.p.A. and as Chair of the Executive Committee. She is currently on the Board of Directors of Marr S.p.A. and she has been member of the Board of Directors of Biesse S.p.A since 2018, of IGD SIIQ S.p.A. since 2021, and of Credit Suisse Italia S.p.A. since 2022. She has focused on innovation and ecosystem start-up, working with Polihub, the innovation hub and business accelerator of Milan Polytechnic, as a tutor for innovation/acceleration programs and a business angel. Ms. Schiavini received a degree in Political Science from Rome's LUISS University and in International Political Economy (MSc Econ) from the London School of Economics. The number of offices held is shown in Table 2.

// Géry Robert-Ambroix
Independent Director

Born in 1966, Mr. Robert-Ambroix earned a degree in Business Administration from HEC (Paris) in 1990. He has more than 20 years' experience in the shopping center business, earned in strategic roles at major listed firms in France: Managing Director and later CEO of Mercialys from 2005 to 2013, then Managing Director of the Carmila Group, CEO of Carmila Espana and CEO of Carmila Italia from 2013 to 2020. As of September 2022, he is Vice Executive Chair of the real estate group ORPEA. The number of offices held is shown in Table 2.

In compliance with the 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 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 criteria and policies relative to the composition of the Board and company organization

The Company's Board of Directors is comprised of individuals with different professional and personal profiles, including university professors, independent professionals and entrepreneurs, as well as company executives. The majority of the directors appointed qualify as independent under the Code and TUF.

As reported in Section 3.4.3, prior to the latest board election, the outgoing Board of Directors published its opinion on the future size and composition of the board and presented it to the shareholders ahead of the Annual General Meeting of 15 April 2021. The opinion also addressed the professional qualifications, experience, and skills expected of directors, including in light of the Company's size, complexity and strategy.

The current composition of the Board of Directors, which reflects the opinion of the outgoing Board of Directors, also complies with legislation on gender equality (Law 160/2019, i.e. the Budget Law that amended Arts. 147-ter, par. 1-ter and 148, para. 1-bis TUF, introduced by Law 120/2011), based on which at least two fifths of the Board members have to be of the less represented gender, rounded up to the nearest whole number (this quota is applicable for six terms in a row, starting with the first board election after the Budget Law came into effect).

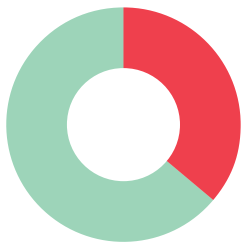
In this respect, on 5 November 2020 the Company's Board of Directors had amended the bylaws in order to comply with provisions relating to gender equality referred to in the Budget Law.

Given the above, at this time the Company does not find it necessary to adopt a formal Diversity Policy, as the diversity principle is satisfied in the board's current composition.

Furthermore, in its opinion meant to guide the shareholders when electing the new Board of Directors, the outgoing board emphasized the importance not only of diverse competencies but also of "soft skills," recommending that the shareholders prioritize certain characteristics (also with a view to formulating an expected profile for future IGD directors), such as:

> Independent thought and integrity;
> Sufficient time and energy in light of other commitments;
> Ability to manage conflicts constructively;
> Ability to interact with management;
> Ability to integrate sustainability issues into business vision;
> Shared understanding of strategic role;
> Teamwork skills.

> GENDER QUOTAS IN THE BOARD OF DIRECTORS



// 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 Appointments and Remuneration 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 chair or executive director be different, for example, than that of a non-executive/independent director or member of the Board of Statutory Auditors, also depending on whether the person serves on one or more Committees constituted within the Board of Directors. Lastly, the weight attributed to 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 as of the date of this Report was fully compliant with the regulations governing "Limits to the maximum number of appointments."

The number of offices held by directors in companies other than those of the IGD Group can be found in Table 2, attached to this Report.

3.4.4 // Functioning of the board of directors (pursuant to art. 123-bis, par 2, lett. d) TUF)

In line with the recommendations of the Corporate Governance Code, in May 2021 the Board of Directors approved a revision of the Corporate Governance Regulations to make them compliant with the new Corporate Governance Code, which defines the role, composition and operating rules of the Board of Directors including the procedures for scheduling, convening, conducting and recording the meetings of the Board, its committees and other bodies. The Corporate Governance Regulations also set the procedures for providing information to the Directors, ensuring that information is furnished well in advance of Board meetings and assigning responsibility to the Chair of the Board of Directors, with support from the Secretary of the Board who provides impartial assistance and advice to the Board on every aspect relevant for the proper functioning of the corporate governance system.

Such information consists, for each agenda item, of highly detailed presentations describing the specific topic and, in some cases, of other supporting documentation and/or reports, which also contain the resolution proposals that the board's Chair, upon completion of the individual discussions, reads verbatim to the Board before calling for a vote which as a rule takes place by roll call.

Minutes of each meeting, with a note of all statements and clarifications made, are taken by the Secretary of the Board and are made available to the directors, as well as to the statutory auditors for their information, after the Board meeting is over so that each participant can make sure his or her statements are recorded accurately. Each set of minutes, as a rule, must be expressly approved during the next Board meeting.

To ensure that the directors effectively act as a board, meetings are held on the dates set in the financial calendar announced to the market in accordance with the Stock Exchange Instructions, and whenever a meeting proves necessary. The Board, at any rate, takes the steps necessary to effectively fulfill its duties.

The Chair of the Board of Directors, including at the request of one or more directors, and with the approval of the Chief Executive Officer, may invite executives of the Company to attend the Board meetings to provide in depth information about the items on the agenda.

The Board of Directors takes decisions on all operations

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3.4 BOARD OF DIRECTORS

within its sphere of responsibility – most of them specified in Section 3.4.1 – and each director is ensured the necessary amount of time, without limitation, to formulate his or her statements, comments, and requests for clarification. On 15 December 2022, the Company published its financial calendar which includes the following Board of Directors meetings in 2023:

> 23 February 2023: Board of Directors' meeting to approve the separate and consolidated financial statements at 31 December 2022;

> 4 May 2023: Board of Directors' meeting to approve the Interim Management Statement at 31 March 2023;

> 2 August 2023: Board of Directors' meeting to approve the Half-year Financial Report at 30 June 2023;

> 8 November 2023: Board of Directors' meeting to approve the Interim Management Statement at 30 September 2023.

If the Company deems it opportune it may convene, in accordance with the bylaws, other Board of Directors' meetings in 2023.

Pursuant to Art. 17.3 of the bylaws, the Chair of the Board, assisted by the Secretary, 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 or she must ensure that the Board of Directors constantly pursues 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 Chair, or the Chair'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, with a follow-up to check the directors' availability to attend, at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance.

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 Chair of the Board of Directors, with assistance from the Secretary, shall ensure that the documentation relating to the items on the agenda is brought to the attention of the Directors and Statutory Auditors well in advance of the date of the Board meeting, also taking care that the advance information and the additional material provided during the meetings are suitable to allow the Directors to take informed action in fulfilling their duties (2).

The documentation relative to the Board meeting agendas is regularly made available to each director on the Company's website; directors may access it on an exclusive basis. The publication of the documentation is preceded by a notice sent by e-mail from a specific office within the Company. During 2022 the adequate notice period on average was equal to 2 (two) days.

During the meetings, the Chair of the Board of Directors assured an extensive discussion of the items on the agenda allowing a constructive debate, also thanks to the participation of the top management of the Company and its subsidiaries in order to provide the Board with relevant input.

Board meetings are presided over by the Chair or, if the Chair is unavailable, by the Deputy Chair (if appointed) or, if that person is unavailable, by the most senior director in terms of age.

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 Chair and/or the chief executive officer must report in writing on his or her activities to the Chair of the Board of Statutory Auditors. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.
During the year the Board of Directors held 9 meetings, on 24 February 2022, 23 March 2022 (in ordinary and extraordinary session), 14 April 2022, 5 May 2022, 1 August 2022, 4 August 2022, 3 November 2022, and 15 December 2022, with regular attendance by the directors and 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 26 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.

The Board meetings were also held by audioconference, pursuant to art 20.1 of the Corporate Bylaws.

3.4.5 // Role of the Chair of the Board of Directors

The Chair of the Board of Directors acts as liaison between the executive director and the non-executive directors, relaying any requests and/or demands of the latter. He or she promotes the holding of special meetings – attended by the Company's Top Management – to ensure complete awareness of the Company's corporate governance system and type of business. He or she also encourages meetings of the independent directors as the best opportunity for them to share opinions, and ensures that meetings are held among all internal control bodies. The Chair coordinates the periodic Board review process. In general, he or she is available at every opportunity to meet the needs of the non-executive directors.

More specifically, the Chair of the Board of Directors ensured:

> That pre-meeting information – reviewed in advance – was thorough and provided sufficiently in advance of the meeting, assured by knowledge of the time it was sent;

> The coordination of activities between the Board committees and the Board itself, reserving to the Chairs of the respective committees – involved when the items on the specific Board meeting agenda made their presence relevant – the time necessary to explain the committee's actions;

> In consultation with the Chief Executive Officer, the participation at Board meetings – including at the request of individual directors – of the Company's executives in order to provide input on agenda items. In this regard the Chair assured executives' participation at Board meetings, when relevant to specific agenda items, in keeping with the opinions expressed by the Board of Directors;

> The organization of induction sessions, including with Company executives, to provide the Board of Directors with full awareness of the Company's corporate governance system, type of business and market, and to foster participation in the preliminary phases of drawing up the 2022-2024 Business Plan approved by the Board in December 2021;

> Advance notice to the Board of Directors for the start of the Board review process, calling for full participation in the process and verifying its suitability in advance, with support from the earlier involved Appointments and Remuneration Committee, for the sake of full awareness of the review methodology;

> Information to the Board regarding the investor relations events that are described each quarter by the Chief Executive Officer, who is responsible for dialogue with the shareholders.

// Secretary

The Board of Directors, at the proposal of its Chair, appoints on each occasion a Secretary of the Board who as a rule is the Company's head of legal and corporate affairs and who has the required professional qualifications and experience in keeping with the Corporate Governance Regulations.

The Secretary's main role is to assist the Chair in certain activities, for example:

> To coordinate the planning and organization of individual Board meetings, following the procedure for the supply of pre-meeting documentation, in compliance with the notice period which as a rule is two days in advance of the meeting;

> To support the Committees in planning and organizing their meetings, ensuring that documentation is supplied

(2). Recommendation 12 (a) of the Code.

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in accordance with the notice period, which as a rule is two days in advance of the meeting, and to help the Committees prepare briefs for the Board of Directors;

> In his or her capacity as head of legal and corporate affairs, at the invitation of the Chair, to explain corporate governance matters to the directors with a particular focus on laws and regulations;

> To take meeting minutes, ensuring a complete record of statements made;

> To intervene, at the Chair's specific invitation, regarding requests for clarification as to the functioning of the corporate governance system and/or other aspects of corporate governance.

3.4.6 // Executive Directors

// Chief Executive Officer

During the meeting held on 20 April 2021, following the Annual General Meeting during which the new Board of Directors was elected, director Claudio Albertini was confirmed Chief Executive Officer (with primary responsibility for the Company's management) and granted the following powers:

1. To develop and propose – as agreed with the Chair – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;

2. 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;

3. To optimize the instruments and procedures of financial management and manage relations with the financial system;
4. To develop and propose strategies for organizational development and policies for hiring, managing and training human resources;

5. To recommend group accounting standards and operating principles to the Board of Directors and ensure that the interim and year-end financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative and tax regulations and laws;

6. To coordinate the drafting of the business plans, annual budget and the relative reporting;

7. To monitor and coordinate any related activities: general services, any legal problems and fiscal implications;

8. 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;

9. To assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;

10. 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;

11. 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;

12. To interface, as agreed upon with the Chair, with the shareholder cooperatives, regarding any integration of the respective investment plans;

13. To perform the following functions within the internal control and risk management system:

> To identify the main business risks of the Company and its subsidiaries and submit them periodically to the Board of Directors for examination;

> To execute 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;

14. To adapt this system to any change in operating conditions, the law or regulations;

15. To entrust Internal Audit with verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairs of the Control and Risk Committee and the Board of Statutory Auditors of the results;

16. To inform the Control and Risk Committee in a timely manner of any problems and critical areas encountered while carrying out the above activities or otherwise learned, so that the Board of Directors may take the necessary measures.

In addition:

> To define, together with the Chair, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chair, Deputy Chair and/or Chief Executive Officer of subsidiaries and affiliates so that the Chair may submit them to the Appointments and Remuneration Committee;

> To oversee the appointment of the main managerial positions within the Group;

> To define, together with the Chair, the proposals for the compensation of the Company's and Group's top management to be submitted to the Appointments and Remuneration Committee;

> To ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

// Chair of the Board of Directors

The Board of Directors, meeting on 20 April 2021, elected as Chair Rossella Saoncella, who qualifies as independent pursuant to the applicable provisions of Legislative Decree 58/98 (TUF), the CONSOB Regulations, the Market Regulations, and the Corporate Governance Code. The Chair of the Board of Directors is not responsible for running the Company; that role, as mentioned above, lies with the Chief Executive Officer.
The Chair of the Board of Directors does not have managerial duties and performs the following functions:

1. To map out and propose – as agreed with the Chief Executive Officer and as per that person's 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;

2. To interface with the shareholder cooperatives regarding any update of the respective investment plans in the Shopping Centers segment.

The Chair of the Board is not the Company's controlling shareholder.

// Executive Committee (pursuant to Art. 123-bis, para. 2, lett. d), TUF)

The Company has not appointed an Executive Committee.

// Reporting to the Board of Directors

In accordance with Art. 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. Specifically, the reporting body will inform the Board of Directors at least quarterly, when the Board holds its meetings. Such reporting is provided on the occasion of the Board's approval of the separate and consolidated financial statements for the year, the half-year, and the quarter. Each director may request that the deputized parties provide the Board with information regarding the Company's management. For the sake of complete and organized reporting, the Company has adopted guidelines setting the rules to be followed for compliance with the reporting obligations. The main purpose of these guidelines is to implement suitable corporate governance tools that are concrete examples of the recommendations found in the Code. By ensuring the transparency of the Company's management, the guidelines allow the efficient flow of information between the deputized parties and the Board, as recommended by the Code, in order to stress the centrality of the Board as a whole while also reinforcing the internal control functions. At the same time, the Board of Statutory Auditors is provided with information relevant to its supervisory activities pursuant to Art. 149 TUF.

3.4.7 // Independent Directors and Lead Independent Director

// Independent Directors

The current Board includes 7 independent directors: Antonio Rizzi, Silvia Benzi, Rossella Schiavini, Timothy Guy

Michele Santini, Rosa Cipriotti, Géry Robert-Ambroix and the Chair of the Board, Rossella Saoncella, who qualify as independent pursuant to the applicable provisions of Legislative Decree 58/98 (TUF), the CONSOB Regulations, the Market Regulations, and the Corporate Governance Code.

The number and the qualifications of the independent directors are suited to the Company's needs and the functioning of the Board, and to the formation of Board committees.

Regarding the Chair of the Board of Directors, Rossella Saoncella was indicated for the role by the shareholder Coop Alleanza 3.0 Soc. coop. in the documentation presented when submitting the voting list, taking account of the opinion expressed by the outgoing Board of Directors and of Ms. Saoncella's experience as Deputy Chair of the Board during its previous term.

On 17 December 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 exceeds 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.

The Company's Board of Directors verified compliance with the requirements for independent, non-executive directors provided for in the Code and in the TUF upon appointment and, as is customary, upon approval of the draft financial statements. The outcome of this evaluation was disclosed to the market.

Having examined the information provided and statements made by the directors, during the meeting held on 23 February 2023 the Board of Directors confirmed the independent status of Rossella Saoncella, Antonio Rizzi, Silvia Benzi, Rossella Schiavini, Timothy Guy Michele Santini, Rosa Cipriotti, and Géry Robert-Ambroix, who qualified as independent at the time of their appointment. During the same meeting on 23 February 2023 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, including the lack of any other circumstances that would render them non-independent.

On 16 February 2023 the Board of Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board.

The directors appointed, drawn from the lists presented on occasion of the recent election, have committed to maintaining their independence throughout their term in office or otherwise to resigning from the Board.
The independent directors met on 22 February 2023 to discuss the topics of greatest interest with respect to the functioning of the Board of Directors and the company's operation.

// Lead Independent Director

In light of the separation of the offices of Board Chair and Chief Executive Officer and the fact that the office of Chair is not held by a person who controls the Company, the independent directors deemed it unnecessary to appoint a Lead Independent Director.

3.5 // Handling of Corporate Information

// Procedure for the management of relevant and price sensitive information

In accordance with the 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 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 use company structures, the Corporate and Legal Affairs Division, and Investor Relations, as needed. 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 or she 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.

For more information refer to the Internal Dealing Procedures available on the website at https://www.gruppoigd.it/en/governance/internal-dealing/ .

3.6 // Board Committees (pursuant to art. 123-bis, par. 2, lett. d), TUF)

In full compliance with the Code recommendations, the Board of Directors has set up Board committees with advisory functions: *(i)* the Control and Risk Committee, *(ii)* the Appointments and Remuneration Committee (a single committee performing the functions the Code assigns to the Appointments Committee and the Remuneration Committee), and *(iii)* the Related Party Transactions Committee.

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 Code must comprise only independent directors as defined in these provisions. Therefore, all Committees are made up of independent directors, excluding the Chair of the Board of Directors, who is independent but is not a member of any committee.

The members of the above committees were appointed during the latest re-election of the Board of Directors – further to nominations by the Annual General Meeting of shareholders – held on 15 April 2021.

For further information on the Related Party Transactions Committee, see Section 10 of this Report.

The Corporate Governance Regulations adopted by the Company also govern the functioning of its committees, including the means of taking meeting minutes and the procedures for informing the committee members, specifying the deadlines for sending advance information and the methods of keeping such information confidential so as not to prejudice the timeliness and completeness of reporting.

The meetings of each Committee are recorded in minutes by the secretary appointed for the purpose. The Board is informed of their work during meetings convened to decide on the issues previously discussed by the committees. The Committee chair reports on meetings at the first Board of Directors meeting convened to discuss the half-year accounts, and in any case, at least every six months.

Members of the Board of Statutory Auditors may attend the meetings of each Committee. The Committees are entitled to access the company information they need to perform their duties.

No director may attend a meeting of the Appointments and Remuneration Committee during which his/her compensation is being discussed. Notice of Committee meetings, which must specify the date, time, means of participation, and agenda, is sent to the members of the relevant committee on the recommendation of the committee chair, who is normally assisted by the Company's legal and corporate affairs division. As a rule, meetings are convened by e-mail with at least two days' notice.

In urgent cases, the notice period may be shorter, but not less than 24 hours. The notice of meeting is sent by the Company's executive secretariat, to the committee members and also to any other persons the committee chair has invited to attend the meeting.

Any documentation concerning the agenda is made available to the members, by the committee chair or secretary, sufficiently in advance.

The Company has not formed any Board committees other than those provided for by law or recommended by the Code.

3.7 // Board review and succession of Directors - Appointments and Remuneration Committee

3.7.1 // Board review and succession of Directors

Consistent with Principle XIII of the Corporate Governance Code, in 2022 the Board of Directors once again reviewed the effectiveness of its own activities and the contribution of each of its members, through formalized self-evaluation procedures. More specifically, since 2007 the Board of Directors has placed the Appointments and Remuneration Committee, in the context of its role supporting the Board review process, in charge of checking the methodology used for the review process with assistance from the consulting firm Egon Zehnder. Egon Zehnder also assisted IGD with the implementation of the Succession Plan for the Chief Executive Officer and other key positions in the Company. More specifically, work is being done to support the professional growth of several individuals who are part of Company management.

The review process was carried out as follows:

1. Questionnaires were sent to the 11 Directors;

2. The questionnaires filled out by the Directors were collected;

3. Individual interviews were conducted with a selected group of Directors in order to add comments and/or further detail to the answers provided in the questionnaire;

4. The data included in the questionnaires and the considerations that emerged during the individual interviews were compiled;

5. The results were processed both singly, in anonymous form, and as an aggregate;

6. The findings were presented to the Appointments and Remuneration Committee and the Board of Directors.

The Board Review results were subsequently presented and discussed during the Board of Directors' meeting held on 23 February 2023.

The individual discussion with the group selected of Directors, in addition to the written questionnaire which was filled out in complete privacy, involved the following topics:

1. Qualitative/quantitative profile of the Board of Directors;

2. Independence, integration and training;

3. Organisation and functioning of the Board of Directors;

4. Organisation and functioning of the Board Committees;

5. The role of the Chair of the Board of Directors and relationships with the Directors and with Management;

6. Involvement of the Board in risk strategies and governance;

7. Structure, succession plans and compensation policies;

8. The Board of Statutory Auditors.

For each topic, discussions concerned strengths and areas in need of improvement.
Management;

The Board of Directors expressed general satisfaction with the work done, in terms of the size, the composition and the actual functioning of both the Board and the Board committees. With regards, however, to the functioning of the Board it was stated unequivocally that there is a need to hold more meaningful meetings in person, and to promote discussion and a constructive dialogue. A large majority (67%) also requested that greater attention be dedicated to technology and innovation.

The observations and comments relative to the items examined last year are reported below:

> *IGD's future strategies and strategic dialogue with Coop Alleanza: a significant minority (45%) is not satisfied with the progress made in this regard;*

> *Succession of the Chief Executive Officer: a majority is not satisfied with the progress made relative to the succession of the Chief Executive Officer and the top executives. Toward this end, the Appointments Committee, represented by the Committee Chair as agreed unanimously by its members, expressed the hope that "the search for a new CEO be carried out which considers external candidates and is entrusted to an expert headhunter without*

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3.7 BOARD REVIEW AND SUCCESSION OF DIRECTORS - APPOINTMENTS AND REMUNERATION COMMITTEE

extensive prior links to the Company". The Board will assess the latter, as reported, with the express agreement of the Chair of the Appointments Committee;

> *Risk management: great improvement in the satisfaction concerning the amount of time dedicated by the Board to topics relating to the Company's risks was noted.*

Finally, the Board of Directors whose term expired on 15 April 2021, in view of the election of the new Board of Directors during the Annual General Meeting of Shareholders held on 15 April 2021:

(i) Had expressed its opinion - in accordance with Code recommendations and considering the outcome of the Board review process conducted the previous year, with input from the Appointments and Remuneration Committee - on the optimal size and composition of the new Board. The opinion, published on the Company's website sufficiently in advance of when the AGM was convened, also addressed the professional qualifications, experience, and skills expected of directors, including in light of the Company's size, complexity, business objectives and strategy. In the notice convening the AGM that would re-elect the company's boards, the shareholders were therefore urged to read the outgoing Board's opinion and, for voting lists with a number of candidates exceeding half the members to be elected, to provide suitable information on the list's consistency with that opinion;

(ii) Had asked the controlling shareholder to nominate, in accordance with the Code recommendations, its candidate for Chair of the Board;

(iii) Had adopted, in January 2021, the Succession Plan for the Chief Executive Officer – developed with the consulting firm Egon Zehnder – in accordance with Recommendation 19 e) of the Code.

3.7.2 // Appointments and Remuneration Committee

In 2012, having confirmed the organizational needs mentioned in the Code, the Board of Directors decided to combine the Remuneration Committee and the Appointments Committee along with the functions assigned to each.

The establishment of the "Appointments and Remuneration Committee" was decided for organizational purposes within the Board and because of the strong correlation between the competencies of the former Remuneration Committee and those of the former Appointments Committee pursuant to the Code. The Company verified that the members of the Remuneration Committee possess the same requirements relative to independence, professionalism and experience as the members of the Appointments Committee.

> COMPOSITION AND FUNCTIONING OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
(PURSUANT TO ART. 123-BIS, PARA. 2, LETTER D), TUF)

Appointments and Remuneration Committee	
Timothy Guy Michele Santini	Chair (Independent)
Rossella Schiavini	(Independent)
Silvia Benzi	(Independent)

The current IGD's Appointments and Remuneration Committee is made up as follows:

(i) Timothy Guy Michele Santini (Chair), Rossella Schiavini and Silvia Benzi, all independent directors.

The current Appointments and Remuneration Committee in office was appointed by the Board of Directors on 20 April 2021, following the re-election of the Board by the AGM of 15 April 2021.

The Appointments and Remuneration Committee consists of three non-executive independent directors appointed by the Board, which also appoints its Chair.

At least one member of the Committee has sufficient expertise and experience in finance or compensation policies, as determined by the Board of Directors at the time of appointment[3].

When appointing the Appointments and Remuneration Committee, the Board of Directors, after reviewing the curricula of the independent directors who were candidates for the committee, verified that all of them possess at least one of the requirements in terms of knowledge and experience in finance and with remuneration policies.

The Committee meets with the frequency needed to perform its duties, and is in any case convened sufficiently ahead of the Board of Directors meeting during which its proposals will be discussed and resolved upon; it is provided with background documentation sufficient for making informed decisions.

In 2022 the Committee met 5 (five) times, on 31 January, 18 February, 28 April, 29 July and 15 December 2022. All the members attended 100% of the meetings. The Chair of the Board of Statutory Auditors attended 4 (four) out of 5 (five) of the meetings.

The average duration of meetings in 2022 was 1 hour and 4 minutes. Proper minutes were taken during each meeting.

As a rule, at the invitation of the Committee Chair, the Committee meetings were attended by the Chair of the Board of Directors and the Chief Executive Officer, as well as the heads of Administration, Legal and Corporate Affairs, Contracts, HR and IT as specifically pertinent.

The Board of Statutory Auditors has a standing invitation to all meetings of the Appointments and Remuneration Committee.

The Chair of the Appointments and Remuneration Committee, after consulting the Chair of the Board of Directors and with assistance from its Secretary, is responsible for gathering recommendations and submitting topics to the Committee, ensuring that the proposals are complete with all information necessary for reaching a fully informed opinion.

The Secretary, appointed at every meeting, prepares the meeting minutes. As a rule, the minutes are submitted for the approval of the Appointments and Remuneration Committee through an exchange of emails between the Secretary and the Committee members.

No director may attend a meeting of the Appointments and Remuneration Committee during which his/her compensation is being discussed for submission to the Board of Directors.

> Functions of the Appointments and Remuneration Committee

The functions that the Code attributes to the Appointments and Remuneration Committee have been assigned in accordance with the Code recommendations for the composition of such committees.

On the subject of Appointments, the Appointments and Remuneration Committee assists the Board of Directors in:

a. The review process (self-evaluation) of the Board of Directors and its committees;

b. Defining the optimal composition of the Board of Directors and its committees;

c. Proposing candidates if it is necessary to co-opt a director;

d. Preparing, updating, and implementing the plan, if any, for the succession of the Chief Executive Officer and other executive directors.

On the subject of remuneration, the Appointments and Remuneration Committee is responsible for:

e. Helping the Board of Directors devise the remuneration policy;

f. Submitting proposals and expressing opinions on the remuneration of executive directors and other key directors, and on the setting of performance targets for the payment of predeterminable, measurable bonuses tied largely to a long-term horizon;

(3). *Recommendation no. 26 of the Corporate Governance Code*

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g. Monitoring the concrete application of the remuneration policy and verifying the actual achievement of performance targets;

h. Periodically judging the adequacy and overall consistency of the remuneration policy for directors and Top Management.

The Appointments and Remuneration Committee also expresses opinions on:

> The criteria for appointing the Chief Operating Officer and Key Management Personnel, who are selected by the Board of Directors;

> 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, chair and deputy chair of the Board of Directors, and the general manager and/or chief executive officer of subsidiaries and affiliates. To that end, it is the Chair of the Board of Directors who submits candidates for those offices to the Appointments and Remuneration Committee, in agreement with the Company's Chief Executive Officer.

The Board of Directors did not submit any voting lists for the recent re-election of the Board.

During the year the Appointments and Remuneration Committee, in the course of its duties:

> Performed the necessary preliminary work, in particular by studying the methodology used for the review process of the Board of Directors and its committees;

> Helped the Board of Directors devise the remuneration policy, in particular by submitting recommendations and expressing opinions on the remuneration of executive directors and other key directors and on the setting of performance targets for the payment of short- and medium/long-term bonuses;

> Judged the adequacy and overall consistency of the remuneration policy for directors and top management.

The Appointments and Remuneration Committee, in performing its duties, assures suitable functional and operational connections with the pertinent company units, having adequate financial resources to carry out its tasks and using external consultants under the terms established by the Board.

Detailed information about the functions of the "Appointments and Remuneration 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, published in accordance with Art. 123-ter of TUF, available on the Company's website http://www.gruppoigd.it/en/governance/remuneration/.

3.9 // Internal Control and Risk Management System - Control and Risks Committee

The Internal Control and Risk Management System ("ICRMS") consists of 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. The ICRMS ensures 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.

The Board of Directors, consistently with the Company's strategic guidelines, has defined the key principles of the ICRMS including through the formation of specific committees with advisory and consulting functions.

This system is part of the Company's organizational and corporte 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 IGD's ICRMS are modeled after the CoSo (Committee of Sponsoring Organizations of the Treadway Commission) Framework; with a view to continuous improvement, the Company develops and updates the System components constantly.

The CoSo Framework aims to:

> Establish a definition of internal control that meets the needs of the different stakeholders;

> Establish a reference model in relation to which companies and other organizations can assess the reliability of internal control;

> Provide a shared reference base (shared language) for Management, Directors, Control Bodies and Delegates, etc.

Under the CoSo Framework, there should be a direct correlation between the Company's objectives and the components of the Internal Control System:

> Each component of the Internal Control System correlates with three main categories of objectives, including *i)* operational efficiency (management control); *ii)* adequate information (administrative-accounting control); *iii)* compliance;

> An efficient control system reduces the risk that one or more objectives will not be achieved (achieved = the level deemed acceptable by the company /organization);

> This is guaranteed if *i)* the five components of the control system and the standards are concrete, clear and completely functional, and *ii)* the five components work together.

Based on the CoSo Framework the following five components comprise the Internal Control System : *(a)* control environment ; *(b)* risk assessment; *(c)* control activities; *(d)* information and communication; *(e)* monitoring.

ICRMS planning activities are coordinated in keeping with the assessment of the risk level compatible with the issuer's strategic objectives, including with a view to the medium/long-term sustainability of its operations.

The components of the ICRMS 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 ICRMS help to ensure compliance with the conduct set out in the Code of Ethics. The Company is committed to pursuing economic, environmental and social sustainability for its stakeholders and issues a Corporate Sustainability Report. Furthermore, in order to continuously improve and strengthen corporate governance, consolidate ethical business practices, protect 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 adoption of an anti-corruption policy and the formation of a Supervisory Board, Top Management and Compliance Unit charged with monitoring the prevention of corruption.

ii) Exercise of supervisory responsibilities

The group of individuals who comprise the Company's ICRMS 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 in greater detail below) are assigned to the Board of Directors, the Director in Charge of the ICRMS, the Risk and Control Committee, the Board of Statutory Auditors, the Supervisory Board, the Financial Reporting Officer, and the Internal Audit Unit.

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iii) Definition of the Internal Control and Risk Management System's structures, reporting lines and responsibilities

ICRMS involves, to the extent of their expertise:

1) The Board of Directors, whose 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 objectives, including all the risks deemed material to medium/long-term sustainability;

2) The Director charged with creating and managing an effective ICRMS;

3) The Control and Risks 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 ICRMS, as well as the decisions relating to the approval of the periodic financial reports;

4) The Head of Internal Audit is charged with verifying that the ICRMS is functional and adequate and with adapting the Audit Plan to the outcome of the Enterprise Risk Management (ERM) process;

5) The Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;

6) The Board of Statutory Auditors, which oversees the effectiveness of the ICRMS;

7) 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;

8) 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 ICRMS, in line with regulations and 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.

All persons involved coordinate their activities to ensure the reliability and effectiveness of the ICRMS and to avoid overlaps. The results of the periodic supervisory/control operations are always shared with the internal control bodies, the Board Committees and the Board of Directors, including when they meet as a whole.

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 ([4]).

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 ([5]). 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.

iv) Commitment to recruit, develop and retain qualified 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, at all levels, the reliability – in the broadest sense of the term – of organizational conduct, procedural management, IT, and internal and external communications.

b) Risk assessment

Risk assessment is viewed as an integral part of the system. In order to most effectively serve its control and risk management needs, as well as its complexity, 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 ICRMS 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 monitored, 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 Control and Risk Committee.

The methods in progress at the date of the present Report for integrated risk management, used as part of the Group's ERM system, periodically provides for:

> Benchmark analyses of competitors/peers, with regard to both governance models and the ERM methods used, as well as of the risk management controls used relative to emergencies and unforeseeable exogenous events (e.g. Covid-19 pandemic, Russia-Ukraine conflict);

> Analysis of the business, changes in the market and comparables 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 Key Risk Indicators (KRI) that 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;

> Close monitoring on a rolling basis of the biggest risks

(4). Note to Art. 6 of the Corporate Governance Code.
(5). Note to Art. 6 of the Corporate Governance Code.

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and their controls, including in relation to the reference markets;

These 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 ICRMS. The ERM model identifies and assesses in 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 ICRMS, 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 no. 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 the relative regulations, *(ii)* updating company procedures, mandates and related company documentation, and *(iii)* training 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 pursuant to Law 262/05. 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. IGD chose a new supplier to manage its IT systems for administration, management planning and control, finance and treasury. This will also improve cybersecurity and privacy.

The Company hired a IT Manager who reports to the Head of Administration, Legal and Corporate Affairs, Contracts, HR & IT.

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, and the procedures required by law.

d) Information and communication

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. The correct functioning of the ICRMS is based on an active sharing of the duties between the company divisions involved. An efficient Internal Control 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 ICRMS, 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 ICRMS, 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

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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.

ii) Evaluation and communication of any deficiencies

The periodic evaluation of the ICRMS 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 ICRMS are involved in the evaluation process and the communication of any deficiencies.

// Main features of the Internal Control and Risk Management System in relation to the financial reporting process

Phases of the Internal Control and Risk Management System 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.

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 any 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 appropriate risk controls

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 risk controls

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.

Roles and corporate bodies involved

The ICRMS 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 Control and Risk Committee, the Board of Statutory Auditors, the Director charged with creating and managing an effective ICRMS, the Supervisory Board, the Financial Reporting Officer, Internal Audit, and Company Management.

Based on the current ICRMS, the Financial Reporting Officer must report to the Board Directors and participate in the coordination of the control activities.

Once again during the year, based on the evaluations of both the Control and Risk Committee, which looked at the Risk Management outcomes, and the Director in Charge of the Internal Control and Risk Management System, 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 Board of Directors assessed the adequacy, efficacy and functioning of the Internal Control and Risk Management System.

3.9.1 // Chief Executive Officer

During the meeting held on 20 April 2021, the Board of Directors also charged the Chief Executive Officer with the institution and maintenance of the Internal Control and Risk Management System.

With reference to the year, the Chief Executive Officer, responsible for Internal Control and Risk Management System, declares having:

> Carefully monitored the business and any changes in the market in order to identify any new risks by working closely with the Company's Managers with Strategic Responsibilities who meet at least twice a month;

> Actively participated in risk analysis and the relative control measures adopted, by working closely with the Company's Managers with Strategic Responsibilities, supported by E&Y, the firm engaged to support with the implementation of the ERM Process;

> Participated in the meetings of the Control and Risks Committee – along with the Board of Statutory Auditors and the Financial Reporting Officer – during which updates on the ERM process, as well as the outcomes of Internal Audit's verifications, were discussed;

> Ensured that the information provided to the Board of Directors relating to the ICRMS was complete and that ample time was dedicated to the discussions with the Directors and the Statutory Auditors.

3.9.2 // Control and Risks Committee

The Control and Risks Committee was formed by the Board of Directors in accordance with Code rules ([6]).

(6). *Recommendation 16 of the Code.*

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> COMPOSITION AND ROLE OF THE CONTROL AND RISK COMMITTEE

(PURSUANT TO ART. 123-BIS, PAR. 2, LETT. D), TUF)

Control and Risk Committee

Rossella Schiavini	Chairman (Independent)
Rosa Cipriotti	(Independent)
Antonio Rizzi	(Independent)

The Control and Risk Committee comprises three independent Directors: Rossella Schiavini, Chairman, Rosa Cipriotti, and Antonio Rizzi, appointed by the Board of Directors, following the re-election of the Board during the AGM held on 15 April 2021.

Toward this end, 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.

Overall, the Control and Risks Committee possesses adequate knowledge of the sector in which the Company operates, sufficient to assess the relative risks, as well as adequate experience in accounting and finance or risk management.

The Control and Risks Committee meets with the frequency needed to perform its duties, and is in any case convened when the Board of Directors meeting is called to examine the periodic financial reports; it can access the information and company divisions as needed to carry out its tasks.

The Control and Risks Committee meetings are overseen by the Chair and a secretary is appointed for each meeting who takes the minutes of the meeting which, typically, are subsequently submitted to the Risks and Control Committee for approval through an exchange of e-mails between the appointed secretary and the members of the Committee.

The Chair of the Control and Risks Committee, invites the Chief Executive Officer, in his quality as Director in Charge of the Internal Control and Risk Management System, to attend the meetings, as well as the Chair of the Board of Statutory Auditors or another statutory auditor appointed by him. The Chair of the Board of Directors are also invited to attend Committee meetings.

// Functions of the Control and Risks Committee

The Control and Risks Committee supports the Board of Directors in carrying out the duties assigned to the Board relating to internal control and risk management.

More in detail, the Control and Risks Committee assists the Board of Directors with the following:

a) Definition of the guidelines for the Company's internal control and risk management system consistent with the Company's strategies, assessing, at least once a year, the adequacy of the system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness;

b) The appointment, dismissal and, in accordance with the company policies, the determination of the Head of Internal Audit's compensation, and ensures the adequacy of the resources dedicated to the Head of Internal Audit in light of the duties assigned. In the event the Internal Audit function is outsourced, entirely or for certain segments, ensures that the provider possesses the requisite professionalism, independence and organization and provides adequate motivation in the Report on Corporate Governance and Ownership Structure;

c) The approval, at least once a year, of the work program prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the Chief Executive Officer;

d) The assessment as to the need to adopt measures to ensure the effectiveness and impartiality of judgement of the other company divisions with specific internal control and risk management functions, verifying that the latter possess adequate professionalism and resources;

e) Granting the Board of Statutory Auditors, or another body created specifically, the supervisory role envisaged in Art. 6.1, lett. b) of Legislative Decree n. 231/2001. The Board of Directors evaluates the need to appoint at least one non-executive director and/or member of the Board of Statutory Auditors and/or a head of the company's legal or control functions in order to ensure the coordination of the different parties involved in the Internal Control and Risk Management;

f) The evaluation, after having consulted with the Board of Statutory Auditors, of the findings in the independent auditors' report, any letters of opinion and additional reports addressed to the Board of Statutory Auditors;

g) The description, included in the Corporate Governance Report, of the main characteristics of the internal control and risk management system and the methods used to organize the parties involved, indicating the relative models and domestic and international best practices adhered to, providing an overall assessment of the system's adequacy, taking into account the choices made relative to the composition of the Supervisory Board referred to above in letter e)[7].

In assisting the Board of Directors with the Internal Control and Risk Management System, in addition to the above, the Control and Risks Committee carries out the following:

h) 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;

i) Assesses whether or not the periodic financial and non-financial information provides a correct representation of the business model, the Company's strategy, the impact of its activities and the results achieved;

j) Examines the content of the periodic financial and non-financial information relating to the Internal Control and Risk Management System;

k) Expresses opinions about specific aspects relating to the identification of the main business risks and supports the assessments and decisions made by the Board of Directors relative to the management of risks inherent in prejudicial situations that the Board has been made aware of;

l) 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;

m) Monitors the independence, adequacy, efficacy and efficiency of Internal Audit;

n) May request that Internal Audit perform audits of specific areas of operation, notifying the Chair of the Board of Statutory Auditors accordingly;

o) Reports to the Board of Directors, at least every six months when the half-yearly and annual reports are approved, on its activity and on the adequacy of the Internal Control and Risk Management System;

p) Assists the Board of Directors with the appointment of the members of the Supervisory Board, supporting the Board in the evaluation as to the need to appoint at least one non-executive director and/or member of the Board of Statutory Auditors and/or a head of the company's legal or control functions in order to ensure the coordination of the different parties involved in the Internal Control and Risk Management System;

The prerogatives of the Control and Risks Committee are open and other functions may be added.

The Board of Directors ensures that the Control and Risks Committee has the support needed to carry out the tasks assigned.

In 2022, the Control and Risks Committee (the "Committee"):

i) With regard to the Enterprise Risk Management ("ERM") system adopted – which calls for the process to be managed with the support of Ernst & Young ("E&Y") across all Group companies - checked:

> The Risk Assessment activities;

> The methods used in the ERM process;

(7). Recommendation n. 33 of the Corporate Governance Code.

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> The benchmarking done through analysis of the ERM models used by peers, both domestic and international;

> The impact scenarios, the sensitivity analysis and stress tests of the Business Plan;

> The update of the Key Risk Indicators' dashboard;

> The monitoring of the main risks identified by the Committee.

ii) with regard to Internal Audit:

> Received timely feedback relative to the checks and controls carried out in accordance with the 2022 Internal Audit Plan. No problems emerged in the course of these verifications.

The Committee agreed that in 2023 an independent, outsourced Risk Management Unit was to be instituted, which reports directly to the CEO, and that the activities of the Risk Management Unit would be included in the 2023 Internal Audit Plan.

In light of the above, the Committee deemed the current ICRMS adequate for the Company's business model.
As for Internal Audit, which has been assigned to Gran Thornton Consultants S.r.l., the Committee received periodic feedback relative to the 2022 Audit Plan; it also acknowledged and expressed a favorable opinion of the draft 2023 Audit Plan, to be approved by the Board of Directors.

Lastly, in 2022 the Committee requested quarterly updates on the status of the credit management activities from the Administration, Corporate and Legal Affairs Division, which it obtained in a timely manner.

The same process was subject to the specific audits called for in the Plan prepared by Internal Audit in 2022.

In 2022 the Committee met 8 (eight) times on 21 February, 3 May, 28 June, 18 July, 28 July, 27 September, 25 October, 13 December.

100% of the members attended the meetings.

The Chair of the Board of Statutory Auditor attended 100% the meetings.

The meetings lasted an average of 1 (one) hour and 40 minutes. Minutes were taken regularly at the meetings.

In carrying out its duties, the Control and Risks Committee ensures suitable functional and working connections with the competent corporate structures, as it has adequate financial resources to carry out its duties and may avail itself of external consultants within the terms established by the Board.

3.9.3 // Head of Internal Audit

Mario Galiano, of Grant Thornton Consultants srl, is Head of Internal Audit in outsourcing for the three-year period 2022-2023-2024 and is charged with verifying that the internal control and risk management system adopted by the Company is functional, adequate and consistent with the guidelines defined by the Board. The Board of Directors, after having received the favorable opinion of the Control and Risks Committee, approved the 2023 Work Plan in the meeting held on 15 December 2022.

Grant Thornton Consultants S.r.l. is among the leading advisory firms, with renowned and consolidated experience and professional personnel organized and qualified in Internal Audit, Risk Management, Assessment of Internal Control Systems and Compliance. At the date of this report there are no assignments, contractual relationships or other elements which point to a conflict of interest between Grant Thornton Consultants S.r.l. and any of the companies belonging to Gruppo IGD.

The Board defined the remuneration for Internal Audit consistent with the company policies and market practices, assuring access to the resources needed to carry out the relative duties.

The Head of Internal Audit is not responsible for any operations and reports to the Board of Directors and has direct access to all the information needed to fulfill his role. More in detail, during the year the Head of Internal Audit:

a) Verified, 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) Prepared 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) Promptly prepared reports about important events;

d) Sent the above reports to the Chair of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Chief Executive Officer;

e) Verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM project – in order to guarantee that the process is carried out based on the analysis and prioritization of the main risks, 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.

3.9.4 // Decree 231/2001 Organizational Model

The internal control system is strengthened by the adoption of a specific organizational model, approved by the Board of Directors already in May 2006 (the "**Organizational Model**") and subsequently updated and revised as a result of changes in legislation. More in detail: (i) in 2018, a whistleblowing system 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; (ii) 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 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.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies may be held administratively liable for 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 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 20 April 2021, is comprised of Gilberto Coffari, Chair, Paolo Maestri and Alessandra De Martino.

The Supervisory Board will remain in office until the approval of the financial statements at 31 December 2023 by the AGM. The members of the Supervisory Board aren't from inside the Company and they have the specific expertise needed to effectively fulfill the duties assigned.
The Supervisory Board has two reporting lines: one that involves continuous communication with the Chair of the Board of Directors and the Board of Statutory Auditors and one that involves communicating with the Board of

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Directors every six months. The Supervisory Board also interfaces with the Control and Risks Committee, by way of the internal audit firm, in order to coordinate their respective control functions, without prejudice to the independence and different purposes of the two bodies. In light of this, the Company did not deem it necessary to appoint a non-executive director and/or a member of the Statutory Auditors and/or a head of the company's legal or control functions to act as a member of the Supervisory Board as the current configuration and coordination of the different parties involved in the internal control and risk management system was deemed adequate.

The Model is also available on the company's website at https://www.gruppoigd.it/en/governance/business-ethics/organizational-model/ .

3.9.5 // 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.

The Board of Directors, as it is responsible for the strategic supervision of the Internal Control and Risk Management System, with the support of the Control and Risks Committee, evaluates, after consulting with the Board of Statutory Auditors the findings in the independent auditors' report, any letters of opinion and additional reports addressed to the Board of Statutory Auditors.

On 14 April 2022 the shareholders, on the basis of the motivated opinion of the Board of Statutory Auditors, granted the company Deloitte & Touche S.p.A. the financial audit assignment for the period 2022-2030.

3.9.6 // Financial Reporting Officer

On 13 December 2018, the Board of Directors, after having received a favorable opinion from the Board of Statutory Auditors, appointed Carlo Barban, the Company's Director of Administration, Corporate and Legal Affairs, Contracts, HR and IT, 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.

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 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.

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 has powers and means needed to carry out the duties assigned, as well as comply with the administrative and accounting procedures.

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 director (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 executive director (s), 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 main risks and uncertainties to which they are exposed.

During the year, the Board did not deem it necessary to adopt other measures to guarantee the effectiveness and impartiality of judgement of the other company divisions involved in the controls (Recommendation 33, d). The Board reserves the right to carry out other evaluations in this regard.

3.9.7 // Coordination of the Internal Control and Risk Management System Personel

The Company is aware that the different control functions were conceived by the legislator as part of a complex system which is effective because of the many parties and different points of view that each control function provides.

It is also clear that the effectiveness of the overall operations of the different control functions can benefit from the coordination of the different operators, while complying with the fundamental principle of independence and autonomy, above all when the objective of the controls coincides.

Toward this end, the Company promoted meetings between control bodies in order to facilitate the coordination of the activities, as reported below.

The Chair of the Board of Statutory Auditors (including in his function as Committee for the Internal Control of Financial Audit) will call a meeting with the Chair of the Control and Risks 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 meetings relative to 2022 were held on 28 July 2022 and 16 February 2023 and were attended by the Chair of the Control and Risks Committee, of the Board of Statutory Auditors, Internal Audit, the external auditors, the Director in Charge of the Internal Control and Risk Management System, Compliance, and the Financial Reporting Officer.

During the year, the Chair of the Control and Risk Committee and the Chief Executive Officer - 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 Chair of the Supervisory Board meets with the Head of Internal Audit to examine the yearly work plan relating to the control activities.

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3.10 // Directors' interests and transactions 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 Related Party Transactions Committee. The Procedures were updated on 1 July 2021, in accordance with the latest amendments to the Regulations for Related Party Transactions, the Regulations for Issuers and Market Regulations (resolutions n. 21624 and 21623) published by CONSOB on 11 December 2020 in implementation of Legislative Decree n. 49 of 10 June 2019 which transposed the European directive *Shareholder Rights Directive II*.

When the Procedure for Related Party Transactions was approved, the Company's Board of Statutory Auditors assessed the compliance of this procedure with the standards included in the 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 new notion of Related Party is defined based on the international accounting standards, adopted in accordance with Article 6 of the EC Regulation n. 1606/2002 of 19 July 2002. With regard to the perimeter of related parties, IGD voluntarily expanded the scope of the Procedure for Related Party Transactions to include Unicoop Tirreno Soc. Coop., currently a Company shareholder, as well as Unipol UGF, in light of the interests held in the parent company Coop Alleanza 3.0.

The Company formed the Related Party Transactions Committee in accordance with Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of CONSOB's Regulations for Related Party Transactions. The Related Party Transactions Committee comprises three independent directors appointed by the Board of Directors.

In order to verify the related party status of individuals in positions of power, responsible, directly or indirectly, for the planning, management and control of the Company's activities, including the directors (executive or not) (the "Executives with Strategic Responsibilities"), upon appointment they must issue a statement in which they declare under which circumstances, if any, they qualify as a related party so that the safeguards adopted in the Procedures for Related Party Transactions may be implemented.

When the Board of Directors is resolving on related party transactions, based on the Procedures for Related Party Transactions the any directors involved in the transaction must abstain from voting on the resolution but they can attend the meeting and take part in the Board's discussions. "Directors involved in the transaction" are those directors that have an interest in the transaction, either directly or through third parties, which conflicts with the Company's interest (as defined in the CONSOB's Regulations for Related Party Transactions).

> COMPOSITION AND FUNCTIONS OF THE RELATED PARTY TRANSACTIONS COMMITTEE

Related Party Transactions Committee	
Antonio Rizzi	Chair (Independent)
Silvia Benzi	(Independent)
Robert-Ambroix Gery	(Independent)

The Related Party Transactions Committee currently in office was appointed by the Board of Directors after the shareholders re-elected the Board during the AGM held on 15 April 2021.

The Related Party Transactions Committee meets with the frequency needed to perform its duties, and is, in any case, convened sufficiently ahead of the Board of Directors meeting during which its proposals will be discussed and resolved upon; it is provided with documentation sufficient for making informed decisions.

The Related Party Transactions Committee meetings are overseen by the Chair and a secretary is appointed for each meeting who takes the minutes of the meeting which, typically, are subsequently submitted to the Committee for approval through an exchange of e-mails between the appointed secretary and the members of the Committee.

In 2022, the Related Party Transactions Committee met 4 (four) times, on 12 April, 3 May, 25 July and 13 December. All the members attended 92% of the meetings.

The Chair of the Board of Statutory Auditors attended 2 (two) of the 4 (four) meetings.

The meetings lasted an average of around 1 (one) hour and 6 minutes.

The Procedures for Related Party Transactions can be found on the Company's website at https://www.gruppoigd.it/en/governance/committees/committee-for-related-party-transactions/.

3.11 // Board of Statutory Auditors

3.11.1 // Appointment and replacement

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 2023 equal to 4.5% of the Company's share capital as specified in CONSOB Resolution n. 76 of 30 January 2023). 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 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 gender equality.

The first candidate on the list with the second highest number of votes will be appointed Chair 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

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regulated Italian markets, may not be elected as statutory auditors and, if elected, will forfeit their office. Positions held at parent companies, subsidiaries, or affiliates subject to the control of the same parent do not apply.

With regard to the Chair of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 bis, TUF, the Chair 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 Chair of the Board of Statutory Auditors.

3.11.2 // Composition and role of the Board of Statutory Auditors (pursuant to art. 123-bis, paragraph 2 (d) of TUF)

The current IGD's Board of Statutory Auditors comprises:

(i) Gian Marco Committeri, Chairman, Massimo Scarafuggi and Daniela Preite, Standing Auditors, and Daniela Del Frate, Aldo Marco Maggi and Ines Gandini, Alternate Auditors.

The current Board of Statutory Auditors was appointed during the Annual General Meeting held on 15 April 2021 and will remain in office through the date of the Shareholders' Meeting convened to approve the Annual Report 2023.

Massimo Scarafuggi and Daniela Preite, Standing Auditors, as well as Daniela Del Frate and Aldo Marco Maggi, Alternate Auditors, were on list n. 1 submitted by the majority shareholder Coop Alleanza 3.0 (who owns 40.92% of the share capital) for which 51.2% of the shares represented at the AGM voted.

The Chair of the Board of Statutory Auditors Gian Marco Committeri and the Alternate Auditor Ines Gandini were on list n. 3 submitted by the shareholder Europa Plus SCA SIF (who owns 4.5001% of the share capital), for which 17.94% 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.

Gian Marco Committeri
Chair of the Board of Statutory Auditors

Born in Turin in 1969, Mr. Committeri received a degree in Business Degree from Rome's "La Sapienza" in 1993. As of 1993 he is registered in the Role and Chartered Public Accountants and Accounting Experts in Rome and is partner of the firm Alonzo Committeri & Partners. He matured significant experience in tax and corporate advisory, particularly with regard to corporate finance transactions (M&A), the entertainment sector, copyright and real estate. His main advisory clients include private equity funds, leading players in cinema and television, and public entities. He holds a number of company directorships and statutory auditorships and is a member of advisory committees for closed-end real estate funds. He matured significant experience in the valuation of companies and specific assets. He is the author of numerous articles on tax matters published in important Italian magazines and periodicals (Corriere Tributario, Il Fisco, La Gestione Straordinaria delle imprese) as well as daily newspaper "Il Sole 24 Ore" (Norme e Tributi) and specialized websites. He also holds the offices listed in Table 4.

Daniela Preite
Standing Auditor

Born in 1969 in Ruffano (LE), Ms. 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. She is an affiliate professor at SDA Bocconi School of Management and Professor of business economics at the University of Milan where she is the Rector's Delegate on Strategies for Financial Sustainability. She served as Vice Chair of Coop Lombardia, where she was a member of the Emoluments Committee and Chair of the Finance Committee, which provides guidance and advisory relative to the management of the securities portfolio and the financial management of the Coop (Risk Management and approval of periodic financial reports). Ms. Preite was also Chair of Consorzio Solidale and a member of Scuola Coop's Board of Directors. Currently, she is an independent director of UnipolSai, where she is a member of the Control and Risks Committee, the Committee for Related Party Transactions, as well as a member of the Supervisory Board. Ms. Preite is a statutory auditor at Insieme Salute e di Cassa Mutualistica Interaziendale. She 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, Risk Management. She also holds the offices listed in Table 4.

Massimo Scarafuggi
Standing Auditor

Born in Florence in 1966, Mr. Scarafuggi received a degree in business economics from the University of Florence in 1991. After a brief experience in audit at the audit firm "Reconta Ernst & Young", he registered in the Role and Chartered Public Accountants and Accounting Experts in Florence and began working as a professional chartered accountant and in 1997 opened his own studio. Registered with the Role of Legal Auditors, he has served and serves as a statutory auditor and member of the Supervisory Board for banks (Cassa di Risparmio di Lucca Pisa Livorno S.p.A., Banca Ifigest S.p.A., Banca Area Pratese S.c., Banca di Pescia S.c.), asset management companies (Value Italy SGR S.p.A., QuattroR SGR S.p.A.) and listed companies (Aeroporto G. Marconi di Bologna S.p.A. and Montefibre S.p.A.), active in credit, finance and manufacturing, belonging to important Italian groups (Banco Popolare, Pirelli, Monte dei Paschi di Siena, Rekeep), with interests held by public entities and investment funds (Value Italy SGR S.p.A., 21 Investimenti SGR S.p.A., Star Capital SGR S.p.A.), maturing vast experience in corporate governance and control systems. He also acts as a court-appointed administrator for the District Court of Florence and has matured almost thirty years of experience in bankruptcy proceedings as a bankruptcy trustee, commissioner and judicial liquidator in various company volunteer arrangements (CVAs). He also holds the offices listed in Table 4.
The Board of Statutory Auditors supervises the work of the external auditors.

The Board of Statutory Auditors, also, prepares the motivated opinion based on which shareholders grant the assignment to the external 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, may 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 Risks 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 Chair 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 table 4, attached to this report.

In 2022 the Board of Statutory Auditors met 8 (eight) times on 18 January, 17 February, 22 February, 3 May, 23 May, 28 July, 25 October, 15 December with average attendance at 100%.

Each meeting lasted an average of 1 hour and 5 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 composition of the Board of Statutory Auditors ensures the independence and professionalism of its function. The members of the Board of Statutory Auditors are registered in the role of financial auditors and have been involved in legal auditing of accounts for a period of not less than three years and have matured at least three years of experience:

a) In administration or control activities or managerial positions at joint stock companies with share capital of not less than two million euros, or

b) In professional activities or as university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business; or

c) Management roles at public bodies or public administrations in sectors closely related to IGD's business.

All the members of the Board of Statutory Auditors also qualify as independent as defined in Art. 148, par. 3 of Legislative Decree n. 48/1998, as well as the Code (with regard, specifically, to the definition of "independent director" contained in the Code and in n. 7 and n. 9), also based on the criteria adopted by the Company's Board of Directors to assess the significance of the circumstances referred in points c) and d) of the Code's Recommendation n. 7.

// Diversity criteria and policies

The Board of Statutory Auditors is currently 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 as per Law 160/2019 (the "Budget Law") which amended Articles 147-ter, par. 1-ter, and 148, par. 1-bis, of TUF, introduced by Law 120/2011.

Based on the Budget Law at least two fifths of the standing auditors must be of the least represented gender and for boards comprised of three members in the event application of the criteria results in a fractional number, the number may be rounded to the lower amount. This provision is applicable for six consecutive mandates as of the first re-election of the Board 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. In light of the above, to date the Company has not deemed it necessary to adopt a formal Diversity Policy as the current composition of the Board complies with the criteria for diversity.

// Independence

All the members of the Board of Statutory Auditors meet the qualifications for independent directors envisaged in Recommendation 7 of the Corporate Governance Code. Toward this end, on 17 December 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 of the directors which also apply to the statutory auditors based on which 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 exceeds 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.

The independence of the members of the Board of Statutory Auditors is evaluated by the Board of Directors or the Board of Statutory Auditors in accordance with Recommendation 6 (namely right after the appointment, during the term in office, if needed and, at any rate, at least once a year.

More in detail, the Board of Statutory Auditors carries out the self-assessment consistent with the standards of conduct – issued by the National Board of Chartered Public Accountants and Accounting Experts – for the Boards of Statutory Auditors of listed companies, which were included in a specific report included in the agenda of the meeting held on 16 February 2023. The Board of Statutory Auditors confirmed its members compliance with the criteria envisaged in in the Code and TUF during the meeting held on 16 February 2023 and, subsequently, shared the outcome with the Board of Directors.

When carrying out this evaluation, the information provided by each member of the Board of Statutory Auditors was taken into account while also evaluating all the circumstances that could compromise independence pursuant to TUF and the Code, also in light of the criteria adopted by the Company's Board of Directors to assess the significance of the circumstances referred to in letters c) and d) of Code Recommendation n. 7.

// Remuneration

Il compenso previsto per la carica di sindaco è commisurato all'impegno richiesto, alla rilevanza del ruolo ricoperto nonché alle caratteristiche dimensionali e settoriali della Società ed è stato determinato dall'Assemblea del 15 aprile 2021 in occasione del rinnovo dell'organo di controllo.

// Management of interests

The Statutory Auditor who, on his own behalf or on behalf of third parties, has an interest in a specific Company transaction, shall inform the other Statutory Auditors and the Chair of the Board of Directors of the nature, terms, origin and extent of the interest in a timely and thorough manner.

3.12 // Relations with Shareholders

// Access to information

There is a specific section on the Company's website (https://www.gruppoigd.it/en/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 (https://www.gruppoigd.it/en/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 when 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 promote an ongoing dialogue with shareholders, in general, and, specifically, with institutional investors, the Board of Directors has appointed an Investor Relations Manager, Claudia Contarini, and also formed instituted a specific company unit comprising the IR Manager, the Investor Relations team, which is part of the Planning, Control and IR Division, which reports directly to the Chief Executive Officer.

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

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website at https://www.gruppoigd.it/en/governance/shareholders-meeting/.

// Dialogue with shareholders

IGD's Board of Directors – as proposed by the Chair, prepared together with the Chief Executive Officer, approved the "Policy for Dialogue with Shareholders and Other Stakeholders", which takes into account the engagement policies adopted by institutional investors and asset managers, and is consistent with the recommendations of the Corporate Governance Code which the Company adheres to.

The Chair – duly informed by the Chief Executive Officer (who is responsible for the management of the dialogue) including with the support of Investor Relations – ensures that the Board of Directors is informed periodically, and in a timely manner, about significant events affecting how the Dialogue is carried out and could be affected.

Toward this end, each quarter the Chief Executive Officer, with the support of Investor Relations, prepares the IR Board Report which reports on the activities carried out by Investor Relations in the reporting period, the institutional events that the Company attended, research published by analysts and relative recommendations, as well as information about the stock's performance and the comparison with the main indices and peers.

The Company communicates and engages with the Shareholders and Stakeholders on an ongoing basis through: Investor Relations, press releases, shareholders' meetings, road shows, investor days, conference calls, investor meetings, the website, presentations of financial results and strategies, the newsletter, social media (Facebook, Linkedln, YouTube, Sound cloud, Twitter).

Through the IR Manager, the Chief Executive Officer works to guarantee that the Stakeholders receive an adequate response to any valid and appropriate requests made, in accordance with the general principles defined in the Policy, company provisions relating to market abuse and any regulations in effect for listed companies.

The Policy is published on the Company's website www.gruppoigd.it, in the "Investor Relations" section (https://www.gruppoigd.it/en/investor-relations/) and in the "Governance" section (https://www.gruppoigd.it/en/governance/).

3.13 // Shareholders' meetings (ex art. 123-bis, par. 2, letter c) TUF)

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 or 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.

In order to guarantee that the Shareholders' Meetings are conducted in an orderly and organized manner, on 26 March 2003 the shareholders approved the Regulations for Shareholders' Meetings currently in effect (and last amended on 20 April 2011) which is available on 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.

Given the extended duration of the COVID-19 pandemic and in order to protect the health of shareholders, company representatives, employees, and consultants as much as possible, in 2022 the Company decided to once again exercise the option included originally in Art. 16, par, 4 of Legislative Decree n. 18 of 17 March 2020, converted, as amended, into law by Law n. 27 of 24 April 2020, most recently extended in Legislative Decree n. 228 of 30 December 2021, converted, as amended, into law by Law n. 15 of 25 February 2022, based on which those entitled to attend the Shareholders' Meeting may do so only through the Company's designated representative, Computershare S.p.A., as per Art. 135-undecies of Legislative Decree n. 58/98, in accordance with the methods detailed in the Notice of Call.

During the year the Board of Directors did not prepare motivated proposals to submit to the Shareholders' Meeting relating to:

a) Selection and characteristics of the corporate governance model (traditional, one-tier, two-tier);

b) Size, composition and appointment of the Board and term of its members;

c) Definition of the shares' administrative and equity rights;

d) Percentages relative to the exercise of the measures aiming to protect non-controlling interests;

as the current corporate governance system was found to meet the company's needs.

3.14 // Additional Corporate Governance practices (pursuant to art. 123-bis, par. 2, lett. a) second part of TUF)

The Company adopted the Decree 231/2001 Organizational Model as described in more detail in Section 9.4, to which reference should be made.

3.15 // Subsequent events

No changes took place in the corporate governance structure following the end of the year.

3.16 // Comments on the letter received from the Chair of the Italian Corporate Governance Committee

The letter sent to the Company by the Chair of the Corporate Governance Committee on 25 January 2023 was quickly brought to the attention of the Board of Directors and the Board of Statutory Auditors by the Chair of the Board of Directors.

More in detail, the recommendations for 2023 were also brought to the attention of the independent directors during the meeting convened specifically for this purpose, as well as, subsequently, of the whole Board of Directors.

The content of the recommendations was taken into account during the Board Review as it was the subject of specific questions included in the self-assessment questionnaire.

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TABLES

// TABLE 1
"Information on the ownership structure as at 31 December 2022"

// TABLE 2
"Structure of the Board of Directors as at 31 December 2022"

// TABLE 3
"Structure of the Board Committees as at 31 December 2022"

// TABLE 4
"Structure of the Board of Statutory Auditors as at 31 December 2022"

> TABLE 1 "INFORMATION ON THE OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2022"

SHARE CAPITAL STRUCTURE				
	No. of shares	No of voting rights	Listed (list the markets)/Not listed	Rights and obligations
Ordinary shares (specifying whether the possibility of increase the voting rights is envisaged)	**110,341,903**	**110,341,903**	Euronext STAR Segment (Stock Segment with High Requirements) Milan of the Italian Stock Exchange, in the Beni Immobili sector.	LShares are indivisible and each share gives right to one vote. Shares can be transferred and subject to real restrictions pursuant law.
Preferential shares	-	-	-	-
Multiple-vote share	-	-	-	-
Other share categories with voting rights	-	-	-	-
Saving shares	-	-	-	-
Convertible saving shares	-	-	-	-
Other share categories without voting rights	-	-	-	-
Other	-	-	-	-

OTHER FINANCIAL INSTRUMENT (which give right to subscribe new shares)				
	Listed (list the markets)/Not listed	No. of instruments circulating	Category of shares at the service of conversion/exercise	No. of shares at the service of conversione/exercise
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

INFORMATION ON THE OWNERSHIP STRUCTURE			
Declarant	Direct Shareholder	% of ordinary shares	% of voting capital
Coop Alleanza 3.0	**Coop Alleanza 3.0**	**40.92%**	**40.92%**
Unicoop Tirreno*	**Unicoop Tirreno***	**9.97%**	**9.97%**

NOTES

(*) This percentage is based on the information provided to the Company by the shareholder Unicoop Tirreno

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
TABLES

> TABLE 2 "STRUCTURE OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2022"

Board of Directors							Board of Directors							
Office	Member	Year of birth	Date of first appointment (*)	In office since	In office until	List (presenters)(**)	List (M/m) (***)	Exec.	Non-exec.	Indep. as per the Code	Indip. as per the TUF	No. of other appointments (****)	Attendance (*****)
Chairman	Saoncella Rossella	**1954**	04/15/2015	04/20/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**			**x**	**x**	**-**	**9/9**
Chief Executive Officer (CEO) ●	Albertini Claudio	**1958**	04/28/2006	04/20/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**	**x**				**1**	**9/9**
Vice Chairman	Dall'Ara Stefano	**1963**	04/15/2021	04/20/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**		**x**			**9**	**7/9**
Director	Santini Timothy Guy Michele	**1966**	06/01/2018	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**m**			**x**	**x**	**-**	**9/9**
Director	Savino Alessia	**1967**	06/01/2018	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**m**		**x**			**4**	**8/9**
Director	Benzi Silvia	**1975**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**			**x**	**x**	**-**	**7/9**
Director	Schiavini Rossella	**1966**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**			**x**	**x**	**3**	**8/9**
Director	Rizzi Antonio	**1965**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**			**x**	**x**	**1**	**7/9**
Director	Cipriotti Rosa	**1974**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**m**			**x**	**x**	**10**	**9/9**
Director	Gambetti Edy	**1951**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**M**		**x**			**7**	**7/9**
Director	Robert-Ambroix Gery	**1966**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023	Shareholders	**m**			**x**	**x**	**1**	**9/9**

Indicate the number of meetings held during the year: 9

Indicate the quorum required to present lists for the election of one or more members by non-controlling interests (pursuant to Art. 147-ter TUF): the quorum established by CONSOB (for 2023 equal to 4.5% of the Company's share capital, pursuant to CONSOB regulation n. 76 of 30 January2023

NOTES

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 Lead Independent Director (LID).*

(*) *Date of first appointment refers to the date on which the director was appointed to the Company's BoD for the first time (ever).*

(**) *This column indicates whether the director was elected from a list presented by shareholders ("Shareholders") or the Board of Directors ("BoD").*

(***) *This column indicates whether the director was elected from a Majority list "M" or a minority list "m";*

(****) *This column reports the number of directorships and statutory auditorships held in other listed or large companies.*

(*****) *This column indicates the director's attendance record at BoD and Board committee meetings (expressed as the number of meetings attended out of the number of meetings held, i.e.. 6/8; 8/8 etc.).*

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
TABLES

> TABLE 3 "STRUCTURE OF THE BOARD COMMITTEES AS AT 31 DECEMBER 2022"

B.o.D.		Related Party Committee		Control and Risk Committee		Nominations and Compensation Committee	
Office	Member	(*)	(**)	(*)	(**)	(*)	(**)
Independent Director as per TUF and as per the Code	Santini Timothy Guy Michele					**5/5**	**P**
Independent Director as per TUF and as per the Code	Benzi Silvia	**3/4**	**M**			**5/5**	**M**
Independent Director as per TUF and as per the Code	Schiavini Rossella			**8/8**	**P**	**5/5**	**M**
Independent Director as per TUF and as per the Code	Cipriotti Rosa			**8/8**	**M**		
Independent Director as per TUF and as per the Code	Rizzi Antonio	**4/4**	**P**	**8/8**	**M**		
Independent Director as per TUF and as per the Code	Robert-Ambroix Gery	**4/4**	**M**				
No. of meeting held during the year		**4**		**8**		**5**	

NOTE

(*) This column indicates directors attendance at committee meetings (indicate the number of meeting to which they attended with respect to the total number of meeting; i.e. 6/8; 8/8 etc.).

(**) This column indicates the office held by the Director in the committee: "C": Chairman; "M": Member.

> TABLE 4 "STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AS AT 31 DECEMBER 2022"

Board of Statutory Auditors									
Office	Member	Year of birth	Date of first appointment(*)	In office since	In office until	List (M/m) (**)	Indep. as per the code	No. of other appointments (***)	N. altri incarichi (****)
Chairman	Committeri Gian Marco	**1969**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**m**	**x**	**8/8**	**38**
Standing Auditor	Preite Daniela	**1969**	**06/01/2018**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**	**x**	**8/8**	**3**
Standing Auditor	Scarafuggi Massimo	**1966**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**	**x**	**8/8**	**4**
Alternate	Del Frate Daniela	**1965**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**			
Alternate	Maggi Aldo Marco	**1965**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**			
Alternate	Gandini Ines	**1968**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**m**			
Indicate the number of meetings held during the year: 8									
Indicate the quorum required to present lists for the election of one or more members by non-controlling interests (pursuant to Art. 147-ter TUF): the quorum established by CONSOB (for 2023 equal to 4.5% of the Company's share capital, pursuant to CONSOB regulation n. 76 of 30 January 2023)									

NOTE

(*) Date of first appointment refers to the date on which the statutory auditor was appointed to the Company's Board of Statutory Auditors for the first time (ever).

(**) This column indicates whether the director was elected from a Majority list "M" or a minority list "m".

(***) This column indicates the statutory auditor's attendance record at meetings of the Board of Statutory Auditors (expressed as the number of meetings attended out of the number of meetings held, i.e.. 6/8; 8/8 etc.).

(****) This column reports the number of directorships and statutory auditorships held pursuant to Art. 148-bis TUF and its implementing provisions contained in CONSOB's Regulations for Issuers. The full list of offices held is published by CONSOB on its website pursuant to Art.144-quinquiesdecies of CONSOB's Regulations for Issuers.

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// IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

DETAILED INDEX

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.1 CONSOLIDATED INCOME STATEMENT

4.1 // Consolidated income statement

(In thousands of Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A) - (B)
Revenue	1.1	137,257	145,095	(7,838)
Revenues from third parties		109,158	106,974	2,184
Revenues from related parties		28,099	38,121	(10,022)
Other revenue	2.1	7,209	6,443	766
Other revenues from third parties		4,027	3,842	185
Other revenues from related parties		3,182	2,601	581
Revenues from property sales	2.2	7,533	440	7,093
Operating revenues		151,999	151,978	21
Change in inventory	6	(4,678)	2,771	(7,449)
Revenues and change in inventory		147,321	154,749	(7,428)
Construction costs for the period	6	(2,357)	(3,182)	825
Service costs	3	(20,766)	(14,688)	(6,078)
Service costs from third parties		(13,257)	(10,294)	(2,963)
Service costs from related parties		(7,509)	(4,394)	(3,115)
Cost of labour	4	(10,369)	(10,603)	234
Other operating costs	5	(10,105)	(17,129)	7,024
Total operating costs		(43,597)	(45,602)	2,005
Depreciations, amortization and provisions		(1,684)	(682)	(1,002)
(Impairment losses)/Reversals on work in progress and inventories		(3,455)	516	(3,971)
Provisions for doubtful accounts		(533)	(3,430)	2,897
Change in fair value		(90,323)	(16,850)	(73,473)
Depreciation, amortization, provisions, impairment and change in fair value	7	(95,995)	(20,446)	(75,549)
EBIT		7,729	88,701	(80,972)
Income((loss) from equity investments and asset disposal	8	397	908	(511)

(In thousands of Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A)/(B)
Financial Income		92	87	5
Financial income from third parties		92	87	5
Financial charges		(30,551)	(33,925)	3,374
Financial charges from third parties		(30,421)	(33,924)	3,503
Financial charges from related parties		(130)	(1)	(129)
Net financial income (expense)	9	(30,459)	(33,838)	3,379
Pre-tax profit		(22,333)	55,771	(78,104)
Income taxes	10	18	(3,002)	3,020
NET PROFIT FOR THE PERIOD		(22,315)	52,769	(75,084)
Non-controlling interests in (profit)/loss for the period		0	0	0
Profit/(loss) for the period attributable to the Parent Company		(22,315)	52,769	(75,084)
Basic earnings per share	11	(0.202)	0.478	(0.680)
Diluted earnings per share	11	(0.202)	0.478	(0.680)

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4.2 // Consolidated statement of comprehensive Income

(Amount in thousands of Euros)	12/31/2022	12/31/2021
NET PROFIT FOR THE PERIOD	**(22,315)**	**52,769**
Other components of comprehensive income that will not be reclassified to profit/ (loss)		
Recalculation of defined benefit plans	**886**	**(3)**
Tax effect	**(101)**	**1**
Total other components of comprehensive income that will not be reclassified to profit/ (loss), net of tax effect	**785**	**(2)**
Other components of comprehensive income that will be reclassified to profit/ (loss)		
Effects of hedge derivatives on net equity	**14,034**	**6,716**
Tax effects of hedge derivatives	**(3,368)**	**(1,578)**
Traslation reserve	**(474)**	**(589)**
Total other components of comprehensive income that will be reclassified to profit/(loss)	**10,192**	**4,549**
Total comprehensive profit/(loss) for the period	**(11,338)**	**57,316**
Non-controlling interest profit/(loss) for the period	**0**	**0**
Profit/(loss) for the period attributable to the parent company	**(11,338)**	**57,316**

4.3 // Consolidated statement of financial position

(In thousands of Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A)/(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	**796**	**303**	**493**
Godwill	13	**7,085**	**7,585**	**(500)**
		7,881	**7,888**	**(7)**
Property, plant, and equipment				
Investment property	14	**2,041,330**	**2,093,176**	**(51,846)**
Buildings	15	**6,998**	**7,174**	**(176)**
Plant and machinery	16	**86**	**115**	**(29)**
Equipment and other goods	16	**2,340**	**1,741**	**599**
Assets under construction and advance payments	17	**36,662**	**44,095**	**(7,433)**
		2,087,416	**2,146,301**	**(58,885)**
Other non-current assets				
Deferred tax assets	18	**2,537**	**6,173**	**(3,636)**
Sundry receivables and other non-current assets	19	**121**	**127**	**(6)**
Equity investments	20	**25,765**	**25,765**	**0**
Non-current financial assets	21	**174**	**174**	**0**
Derivative assets	41	**6,314**	**0**	**6,314**
		34,911	**32,239**	**2,672**
TOTAL NON-CURRENT ASSETS (A)		**2,130,208**	**2,186,428**	**(56,220)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	**29,297**	**37,375**	**(8,078)**
Trade and other receivables	23	**15,212**	**15,490**	**(278)**
Related party trade and other receivables	24	**1,242**	**716**	**526**
Other current assets	25	**7,748**	**5,717**	**2,031**
Cash and cash equivalents	26	**27,069**	**158,080**	**(131,011)**
TOTAL CURRENT ASSETS (B)		**80,568**	**217,378**	**(136,810)**
ASSETS HELD FOR SALE (C)	27	**0**	**1,801**	**(1,801)**
TOTAL ASSETS (A+B+C)		**2,210,776**	**2,405,607**	**(194,831)**

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(In thousands of Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A)/(B)
NET EQUITY				
Share capital		650,000	650,000	0
Other reserves		477,948	467,300	10,648
Group profit (loss) carried forward		16,167	1,689	14,478
Group profit		(22,315)	52,769	(75,084)
Total group net equity		1,121,800	1,171,758	(49,958)
Capital and reserves of non-controlling interests		0	0	0
TOTAL NET EQUITY (D)	28	1,121,800	1,171,758	(49,958)
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	41	199	8,435	(8,236)
Non-current financial liabilities	29	905,350	951,408	(46,058)
Provisions employee severance indemnities	30	2,756	3,391	(635)
Deferred tax liabilities	18	16,636	17,875	(1,239)
Provisions for risks and future charges	31	4,644	4,130	514
Sundry payables and other non-current liabilities	32	9,387	9,504	(117)
Related parties sundry payables and other non-current liabilities	32	10,441	10,441	0
TOTAL NON-CURRENT LIABILITIES (E)		949,413	1,005,184	(55,771)
CURRENT LIABILITIES:				
Current financial liabilities	33	98,834	192,643	(93,809)
Trade and other payables	35	22,746	16,137	6,609
Related parties trade and other payables	36	1,845	950	895
Current tax liabilities	37	1,975	2,967	(992)
Other current liabilities	38	14,163	14,740	(577)
TOTAL CURRENT LIABILITIES (F)		139,563	227,437	(87,874)
LIABILITIES LINKED TO ASSET HELD FOR SALE (G)		0	1,228	(1,228)
TOTAL LIABILITIES (H=E+F+G)		1,088,976	1,233,849	(144,873)
TOTAL NET EQUITY AND LIABILITIES (D+H)		2,210,776	2,405,607	(194,831)

4.4 // Consolidated statement of changes in equity

(Amount in thousands of Euros)	Share capital	Share premium reserve	Other reserves	Profit (loss) previous years	Profit (loss) of the year	Group net equity	Non-controlling interests capital and reserves	Total net equity
Balance at 01/01/2022	650,000	0	467,300	1,689	52,769	1,171,758	0	1,171,758
Profit / (loss) of the year	0	0	0	0	(22,315)	(22,315)	0	(22,315)
Cash flow hedge derivative assessment	0	0	10,666	0	0	10,666	0	10,666
Other comprehensive income (losses)	0	0	311	0	0	311	0	311
Total comprehensive profit (losses)	0	0	10,977	0	(22,315)	(11,338)	0	(11,338)
Allocation of 2021 profit								
Dividend distribution	0	0	(6,887)	(31,733)	0	(38,620)	0	(38,620)
Allocation of 2021 profit	0	0	6,558	46,211	(52,769)	0	0	0
Balance at 12/31/2022	650,000	0	477,948	16,167	(22,315)	1,121,800	0	1,121,800

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(In thousands of Euros)	Share capital	Share premium reserve	Other reserves	Profit (loss) previous years	Profit (loss) of the year	Group net equity	Non-controlling interests capital and reserves	Total net equity
Balance at 01/01/2021	650,000	30,058	499,131	9,574	(74,321)	1,114,442	0	1,114,442
Profit/ (loss) for the year	0	0	0	0	52,769	52,769	0	52,769
Cash flow hedge derivative assessment	0	0	5,138	0	0	5,138	0	5,138
Other comprehensive income (losses)	0	0	(591)	0	0	(591)	0	(591)
Total comprehensive profit/ (losses)	0	0	4,547	0	52,769	57,316	0	57,316
Cover of 2020 loss								
Undistributed dividends previous years	0	0	1	0	0	1	0	1
2020 loss cover and other reclassifications	0	(30,058)	(36,378)	(7,885)	74,321	0	0	0
Balance at 12/31/2021	650,000	0	467,300	1,689	52,769	1,171,759	0	1,171,758

4.5 // Consolidated statement of cash flows

(In thousand of Euros)	Note	12/31/2022	12/31/2021
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit (loss) of the year		(22,315)	52,769
Adjustment to reconcile net profit with cash flow generated (absorbed) by operating activities:			
Taxes of the year	10	(18)	3,002
Financial charges / (income)	9	30,459	33,838
Depreciation and amortization	7	1,684	682
Writedown of receivables	7	533	3,430
(Impairment losses)/ reversal on work in progress	7	19,858	(516)
Change in fair value - increases / (decreases)	7	73,920	16,850
Gains/ losses from disposal - equity investments	8	(397)	(908)
Changes in provisions for employees and end of mandate treatment		1,199	1,454
CASH FLOW FROM OPERATING ACTIVITIES		104,923	110,601
Financial charge paid		(27,375)	(27,400)
Provisions for employees, end of mandate treatment		(1,440)	(787)
Income tax		(1,074)	(991)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX		75,034	81,423
Change in inventory		4,664	(3,051)
Change in trade receivables		(856)	(526)
Change in other assets		1,611	(1,979)
Change in trade payables		7,581	4,422
Net change in other liabilities		(5,050)	(1,608)
CASH FLOW FROM OPERATING ACTIVITIES (A)		82,984	78,681
(Investments) in intangible assets	12	(644)	(302)
Disposal of intangible assets		0	0
Disposal of investment properties		0	113,819
(Investments) in tangible assets		(32,051)	(18,414)
Disposal of intangible assets		0	0
(Investments) in equity interests		0	52

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(In thousand of Euros)	Note	12/31/2022	12/31/2021
CASH FLOW FROM INVESTING ACTIVITIES (B)		**(32,695)**	**95,155**
Distribution of dividends	28	**(38,334)**	**0**
Rents paid for financial leases		**(8,221)**	**(8,925)**
Collections for new loans and other financing activities		**288,946**	**0**
Loans repayments and other financing activities		**(423,717)**	**(124,083)**
CASH FLOW FROM FINANCING ACTIVITIES (C)		**(181,326)**	**(133,008)**
Exchange rate differences on cash and cash equivalents (D)	28	**26**	**(89)**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)		**(131,011)**	**40,739**
CASH BALANCE AT BEGINNING OF THE PERIOD	34	**158,080**	**117,341**
CASH BALANCE AT THE END OF THE PERIOD	34	**27,069**	**158,080**

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 2022 were approved and authorized for publication by the Board of Directors on 23 February 2023.

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 2022 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.

Due to certain technical limitations, some information in these consolidated financial statements prepared in ESEF format, when extracted from XHTML in an XBRL instance, may not be reproduced in the same way as the corresponding information that can be viewed in the consolidated financial statements in XHTML format.

> Changes in accounting standards

a) IFRS accounting standards, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 January 2022:

> 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;

> 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.

> Amendments to IAS 16 Property, Plant and Equipment;

> Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;

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

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 2022

> On 12 February 2021 the IASB published two amendments: "Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates — Amendments to IAS 8." The amendments improve the disclosure of accounting policies in order to provide more useful information to investors and to other primary users of financial statements,

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and help companies distinguish changes in accounting estimates from changes in accounting policies. They are effective from 1 January 2023, but early adoption is permitted. The directors do not expect them to have a significant impact on the consolidated financial statements;

> On 7 May 2021 the IASB published "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The amendments clarify the accounting of deferred tax on certain translations that can generate assets and liabilities of the same amount, such as leasing and decommissioning obligations. They are effective from 1 January 2023, but early adoption is permitted. The directors do not expect the amendments 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 reporting date, the EU authorities had not yet finished the endorsement process necessary for the adoption of the following amendments and standards.

> On 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 it published "Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants." These clarifying amendments come into force on 1 January 2024; early adoption is permitted. The directors do not expect the amendments to have a significant impact on the consolidated financial statements;

> On 22 September 2022, the IASB published "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback." The amendments require the seller-lessee to determine the lease liability arising from a sale & leaseback transaction in a way that does not recognize a gain or loss relating to the retained right of use. They are effective from 1 January 2024 but early adoption is permitted. The directors do not expect the amendments 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 2022, 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 2021.

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. Below are the exchange rates used to convert foreign subsidiaries' accounts into euros:

Exchange rates	Euro / Ron
Spot exchange rate at 12.31.2022	**4.9474**
Average exchange rate 2022	**4.9315**
Spot exchange rate at 12.31.2021	**4.9481**
Average exchange rate 2021	**4.9204**

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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 SIINQ S.p.a.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**20,000,000.00**	Euro	**100%**	IGD SIIQ S.p.A.	**100.00%**	Shopping center management and services
IGD Service S.r.l.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**60,000,000.00**	Euro	**100%**	IGD SIIQ S.p.A.	**100.00%**	Shopping center management and services
Porta Medicea S.r.l.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**34,302,411.00**	Euro	**100%**	IGD Service S.r.l.	**100.00%**	Construction and marketing company
Win Magazin S.A.	Bucarest	Romania	**113,715.30**	Lei	**100%**	IGD Service S.r.l. 99,9% IGD SIIQ S.p.A. 0,1%	**100.00%**	Shopping center management
Winmarkt Management S.r.l.	Bucarest	Romania	**1,001,000**	Lei	**100%**	Win Magazin S.A.	**100.00%**	Agency and Facility management services
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%**	Asset management, sport facilities and equipment management, construction, sale and rent of properties to be used for commercial and sport activities
Associated companies consolidated at net equity								
Fondo Juice	Milano, via San Paolo 7 Italia	Italy	**64,165**	Euro	**40%***	IGD SIIQ S.p.A.	**40%**	Hypermarkets/ supermarkets property

** IGD SIIQ holds 25,224 class B shares equal to 40% of the fund capital*

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 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 Centrolame	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
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	Indirect	**62.50%**	via Milanese, Sesto San Giovanni (MI)
Consortium of Mare Mazzini	Direct	**80.90%**	via G.D'Alesio, 2 - Livorno
Consortium of Clodì	Direct	**70.35%**	S.S. Romea n.510/B; Chioggia (VE)
Consortium of 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 Commendone commercial area	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	Indirect	**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., its direct and indirect subsidiaries, and its associates at 31 December 2022. The subsidiaries' and associates' 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 state ment are converted at the average exchange ra tes for the period;

> All exchange gains and losses arising from this process are shown in the translation reserve un der 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. If an investment is classified as a joint venture or associate due to loss of control, it is initially carried at fair value, which is then adjusted upward or downward to reflect changes in net equity after the date control was lost. The adjustments are taken to the income statement in proportion to the Group's share of the company's profit or loss, taking into account any impact of preference shares or quotas held by third parties;

> Controlling investments that are outside the scope of consolidation, namely the consortiums mentioned above, are valued at cost.

4.6.2.3. // Intangible assets

Intangible assets are recognized at cost when they are identifiable and controllable and 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.

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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.

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. The property portfolio is valued twice a year with assistance from independent experts, who have recognized professional qualifications and up-to-date knowledge of the properties' rental situation and characteristics.

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 two malls at the Centro Nova 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. // Equity investments

For information on the accounting treatment of equity investments, see section 4.6.2.2 b) - Consolidation methods.

4.6.2.10. // Financial assets

The Group classifies financial assets on the basis of the business model used to manage them and the characteristics of the contractual cash flows. Depending on these conditions, financial assets are then valued at:

> Amortized cost;

> Fair value through other comprehensive income;

> Fair value through profit or loss.

Management makes an irrevocable classification upon first-time recognition of the assets.

4.6.2.11. // 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).

4.6.2.12. // 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.

4.6.2.13. // Trade and other receivables

Receivables are initially recognized at amortized cost, which coincides with face value, and are subsequently reduced for 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.

4.6.2.14. // 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.

4.6.2.15. // Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. Because under the Group's standard business model they are held for the purpose of collecting contractual cash flows, they are initially valued at cost, and subsequently at amortized cost. Their value is reduced in consideration of expected losses, using information available without unreasonable effort or expense, that includes past events and current and prospective data. Such impairment losses are recognized in the income statement, as are any impairment reversals.

Assets held for sale and any assets and liabilities belonging to business divisions or equity investments held for sale are measured at the lower of book value at the time of classification of such items as held for sale and their fair value net of selling costs.

Any liabilities relating to business divisions held for sale are accounted for separately under liabilities associated with assets held for sale.

Any impairment losses recognized via application of this policy are recognized in the income statement, both in the case of write-down for alignment with fair value and in that of gains and losses stemming from subsequent changes in fair value.

4.6.2.16. // 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.

4.6.2.17. // Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.

They are initially recognized at cost, corresponding to fair value including 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). If payment estimates are revised, with the exception of lease liabilities, the adjustment is recognized in the income statement.

4.6.2.18. // Provisions for risks and charges

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.

4.6.2.19. // Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (employees severance indemnities 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.

4.6.2.20. // 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, net of 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.

4.6.2.21. // Costs

Costs are recognized on an accruals basis.

4.6.2.22. // 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.

4.6.2.23. // 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.

In calculating taxes for the year, the Company took into due account the IAS rules introduced by Law 244 of 24 December 2007, in particular the reinforced principle of

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derivation established by Art. 83 of the Italian Tax Code. According to that principle, entities that have adopted the international accounting standards should follow the IAS criteria for qualification, temporal allocation, and classification in the financial statements even if they depart from Italian GAAP.

For IRES (corporate income tax) purposes, the Company consolidates taxation in Italy with its main subsidiaries.

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.

4.6.2.24. // Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

4.6.2.25. // 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.

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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.

4.6.2.26. // Translation of foreign currency items

IGD's functional and reporting currency is the euro. Transactions in foreign currencies are initially translated at the exchange rate in force on the transaction date. Assets and liabilities in foreign currencies are translated at the exchange rate in force on the last day of the year and the related exchange gains and losses are recognized in the income statement. Any net gain that arises flows into a reserve that cannot be distributed until the gain is realized.

4.6.2.27. // 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.

4.6.2.28. // 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 2022, 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

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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.

> 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 rules for selecting independent appraisers and handling the information flows used in the process of assessing the properties' fair value.

To appraise the real estate portfolio at 31 December 2022, the following independent firms were selected: *(i)* CBRE Valuation S.p.A., *(ii)* KROLL S.p.A. (Duff&Phelps Reag S.p.A.), *(iii)* Cushman & Wakefield LLP, and (iv) Jones Lang LaSalle S.p.A. Given their specialized expertise in the retail segment, IGD believes that the findings and assumptions used by the independent appraisers are representative of the market.

The properties in the portfolio are appraised individually, using for each one the appraisal techniques specified below in accordance with IFRS 13.

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

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

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

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

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

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

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

1) The amount of net cash flow:

a. For finished properties: rent received less property costs;

b. For construction in progress: estimated future rent less construction costs and property costs.

2) The distribution of cash flows over time:

a. For finished properties: generally even distribution over time;

b. For construction in progress: construction costs come before future rental income.

3) The discount rate;

4) The gross cap out rate.

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

1) Information received from IGD SIIQ, as follows:

(i) For finished properties: data on the rental status of each unit in each shopping center, as specified in the Company's internal procedure; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs;

(ii) For construction in progress: the start and end dates of the work, the status of building permits and authorizations, remaining costs, the state of progress, the ribbon-cutting date and projected rentals;

2) Assumptions used by the independent appraisers, such as inflation, discount rates, cap out rates and ERVs, determined through their own professional judgment upon careful observation of the market. The following are taken into account when determining the capitalization and discounting rates used to value individual properties:

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

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

> The remaining economic life of the property.

The information provided by IGD to the independent appraisers and the latters' assumptions and appraisal methods are approved by the head of Real Estate Deve-

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lopment 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.

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

The following table shows Gruppo IGD's investment property by type, measured at fair value at 31 December 2022. 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.

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

> Discount rate;

> Gross cap out rate;

> Annual rent per square meter.

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

The following table shows the ranges of unobservable inputs at 31 December 2022:

FAIR VALUE MEASUREMENTS 12/31/2022 Amount in € thousands	Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)	Significant inputs observable in the market (Level 2)	Significant inputs not observable in the market (Level 3)
Investment property in Italy			
Shopping malls and retail parks	0	0	1,466,472
Hypermarkets and supermarkets	0	0	401,180
Residual portion of property	0	0	20,124
Total investment property in Italy	0	0	1,887,776
Investment property in Romania			
Shopping malls	0	0	125,530
Office Building	0	0	2,790
Total investment property in Romania	0	0	128,320
IGD Group investment property	0	0	2,016,096
Porta a Mare project			
Porta a Mare (*)	0	0	33,090
Total assets under contruction	0	0	33,090
Rights to use (IFRS 16)			
Rights to use (IFRS 16)	0	0	25,234
Total rights to use (IFRS 16)	0	0	25,234
Total IGD Group investment property measured at fair value	0	0	2,074,420

(*) *Project related to a retail portion of the Porta a Mare project recorded in asset under construction and measured at fair value.*

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Porfolio	Appraisal method	Discount rate 12/31/2022		Gross Cap Out 12/31/2022		Yearly rent €/smq 12/31/2022	
		min	max	min	max	min	max
Total Malls / RP	Income based (DCF)	**6.60%**	**9.12%**	**5.88%**	**11.82%**	**24**	**496**
Total Hyper / Supermkts	Income based (DCF)	**6.10%**	**8.43%**	**5.63%**	**7.95%**	**79**	**206**
Total Winmarkt	Income based (DCF)	**7.00%**	**9.85%**	**6.54%**	**10,73%**	**41**	**196**

Porfolio	Appraisal method	Discount rate 12/31/2021		Gross Cap Out 12/31/2021		Yearly rent €/smq 12/31/2021	
		min	max	min	max	min	max
Total Malls / RP	Income-based (DCF)	**6.20%**	**8.31%**	**5.89%**	**10.62%**	**7**	**515**
Total Hyper / Supermkts	Income-based (DCF)	**5.60%**	**7.26%**	**5.38%**	**8.00%**	**76**	**198**
Totale Winmarkt	Income-based (DCF)	**6.50%**	**9.50%**	**6.25%**	**10.10%**	**37**	**204**

The discount rates increased for all property classes due to the higher inflation rate used in the DCFs and estimated by the appraisal firms.

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 2022 is reported below.

Sensitivity analysis at 31 December 2022

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 12/31/2022 + 0,5 discount rate	**(14,705)**	**(56,581)**	**(1,071)**	**(4,710)**	**(77,067)**
Market value at 12/31/2022 - 0,5 discount rate	**15,100**	**59,654**	**1,389**	**5,010**	**81,153**
Market value atl 12/31/2022 + 0,5 Gross cap out	**(18,343)**	**(55,850)**	**(641)**	**(4,050)**	**(78,884)**
Market value at 12/31/2022 - 0,5 Gross cap out	**21,314**	**65,670**	**859**	**4,850**	**92,693**
Market value at 12/31/2022 + 0,5 discount rate + 0,5 Gross cap out	**(31,822)**	**(109,500)**	**(1,701)**	**(8,770)**	**(151,793)**
Market value at 12/31/2022 - 0,5 discount rate - 0,5 Gross cap out	**37,701**	**129,058**	**2,259**	**10,260**	**179,278**
Market value at 12/31/2022 + 0,5 discount rate - 0,5 Gross cap out	**3,111**	**5,549**	**(331)**	**(220)**	**8,109**
Market value at 12/31/2022 - 0,5 discount rate + 0,5 Gross cap out	**(3,746)**	**852**	**649**	**800**	**(1,445)**

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

Other variables that could reduce fair value are:

> An increase in operating costs and/or taxes;

> A decrease in rent or in estimated rental value for vacant space;

> An increase in estimated extraordinary charges;

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

> Recoverable amount of goodwill

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

> Recoverable amount of equity investments

On the basis of the fund regulations, the recoverable amount of IGD's investment in the "Fondo Juice" real estate investment fund is strictly correlated with fair value and with the sale value of the property investments managed.

> 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

IFRS 8 defines an operating segment as a component of an entity *(i)* that engages in business activities from which it may earn revenues and incur expenses, *(ii)* whose operating results are reviewed regularly by the entity's chief operating decision maker, and *(iii)* for which discrete financial information is available. Given the nature of its activities, the Group has three main operating segments: core business properties, services, and trading. For a more in-depth description of the core real estate and services segments, see section 2.1.1. Information on the trading segment is provided in the Directors' Report with reference to the Porta a Mare project. These segments also represent the highest levels of performance analysis by Group management.

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

Income Statement	Core Business Properties		Services		"Porta a Mare" Project		Unshared		Total	
	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21
Total revenues and operating income	137,257	145,095	7,209	6,443	7,533	440	0	0	151,999	151,978
Change in work in progress inventories	0	0	0	0	(4,678)	2,771	0	0	(4,678)	2,771
Direct costs (a)	(23,223)	(26,619)	(5,512)	(5,518)	(3,095)	(3,665)	0	0	(31,830)	(35,802)
G&A express (b)	0	0	0	0	0	0	(12,300)	(12,129)	(12,300)	(12,129)
Total operating costs (a)+(b)	(23,223)	(26,619)	(5,512)	(5,518)	(3,095)	(3,665)	(12,300)	(12,129)	(44,130)	(47,931)
(Depreciation and provisions)	(1,613)	(465)	(68)	0	(3)	(4)	0	(163)	(1,684)	(632)
(Impairment)/ Reversals on work in progress and inventory	(41)	35	0	0	(3,414)	481	0	0	(3,455)	516
Change in fair value - increases/ (decreases)	(63,503)	(16,850)	0	0	0	0	0	0	(63,503)	(16,850)
Total depreciation, provisions, impairment and change in fair value	(65,157)	(17,280)	(68)	0	(3,417)	477	0	(163)	(68,642)	(16,966)
OPERATING RESULT	48,877	101,196	1.629	925	(3,657)	23	(12,300)	(12,292)	34,549	89,852
Income/ Loss from equity investment and property sales	0	0	0	0	0	0	397	(784)	397	(784)
Financial income	0	0	0	0	0	0	92	87	92	87
Financial charges	0	0	0	0	0	0	(30,551)	(33,384)	(30,551)	(33,384)
Net financial income	0	0	0	0	0	0	(30,459)	(33,297)	(30,459)	(33,297)
PRE-TAX PROFIT	48,877	101,196	1,629	925	(3,657)	23	(42,362)	(46,373)	4,487	55,771
Income taxes for the period	0	0	0	0	0	0	18	(3,002)	18	(3,002)
NET RESULT FOR THE PERIOD	48,877	101,196	1,629	925	(3,657)	23	(42,344)	(49,375)	4,505	52,769
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	48,877	101,196	1,629	925	(3,657)	23	(42,344)	(49,375)	4,505	52,769

Balance Sheet	Core Business Properties		Services		"Porta a Mare" Project		Unshared		Total	
	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21
- Investment property	2,041,330	2,093,176	0	0	0	0	0	0	2,041,330	2,093,176
- Assets under construction	36,662	44,095	0	0	0	0	0	0	36,662	44,095
Intangible assets	6,078	6,578	1,007	1,007	0	0	796	303	7,881	7,888
Other tangible assets	2,389	1,850	37	6	0	0	6,998	7,174	9,424	9,030
Non current assets held for sale	0	1,801	0	0	0	0	0	0	0	1,801
- Sundry receivables and other non current assets	0	0	0	0	0	0	121	127	121	127
- Equity investments	25,693	25,614	0	0	0	0	72	151	25,765	25,765
NWC	(13,826)	(8,548)	2,245	868	24,352	32,183	0	0	12,771	24,503
Funds	(5,947)	(5,668)	(1,445)	(1,808)	(8)	(43)	0	0	(7,400)	(7,519)
Sundry payables and other non current liabilities	(13,911)	(14,029)	0	0	(5,917)	(5,917)	0	0	(19,828)	(19,946)
Net deferred tax (assets)/ liabilities	(16,661)	(14,264)	0	0	2,561	2,562	0	0	(14,100)	(11,702)
Liabilities related to assets held for sale	0	(1,228)	0	0	0	0	0	0	0	(1,228)
Total use of funds	2,061,807	2,129,377	1,844	73	20,988	28,785	7,987	7,755	2,092,626	2,165,990
Total shareholders' equity	1,098,265	1,140,579	(438)	(801)	23,973	31,980	0	0	1,121,800	1,171,758
Net (assets)(liabilities for derivative instruments	(6,115)	8,436	0	0	0	0	0	0	(6,115)	8,436
Net debt	969,657	980,362	2,282	874	(2,985)	(3,195)	7,987	7,755	976,941	985,796
Total sources	2,061,807	2,129,377	1,844	73	20,988	28,785	7,987	7,755	2,092,626	2,165,990

Revenues from freehold properties	North		Center - South - Islands		Abroad		Total	
	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21
Lease and rental income	72,596	72,178	43,444	49,060	9,353	8,742	125,393	129,980
One-off revenues	63	29	32	35	0	0	95	64
Temporary revenues	2,338	1,528	1,213	1,038	0	0	3,551	2,566
Other rental income	24	0	192	90	79	45	295	135
Total	75,021	73,735	44,881	50,223	9,432	8,787	129,334	132,745

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4.6 NOTES TO THE FINANCIAL STATEMENTS

4.6.5 // Notes to the consolidated financial statements

> NOTE 1) REVENUE AND OTHER INCOME

	Note	12/31/2022	12/31/2021	Change
Revenue	1.1	137,257	145,095	(7,838)
Revenues from third parties		109,158	106,974	2.184
Revenues from related parties		28,099	38,121	(10,022)
Other revenue	2.1	7,209	6,443	766
Other revenues from third parties		4,027	3,842	185
Other revenues from related parties		3,182	2,601	581
Revenues from property sales	2.2	7,533	440	7,093
Operating revenues		151,999	151,978	21

In 2022 Gruppo IGD earned revenue and other income of €151,999K, including €7,533K from property sales (residential units in the Mazzini and Officine sections of the Porta a Mare project). Compared with the previous year there was a decrease of €7,838K in revenue, offset by an increase of €766K in other income and a rise of €7,093K in income from the sale of trading properties. See the notes below for details.

> NOTE 1.1) REVENUE

	Note	12/31/2022	12/31/2021	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	25,552	34,673	(9,121)
Freehold hypermarkets - Rents and business leases from third parties	a.2	668	127	541
Leasehold hypermarkets - Business leases from relates parties	a.3	0	122	(122)
Freehold supermarkets - Rents and business leases from related parties	a.4	299	1,260	(961)
Freehold supermarkets - Rents and business leases from third parties	a.5	235	235	0
TOTAL HYPERMARKETS / SUPERMARKETS	a	26,754	36,417	(9,663)
Freehold malls, offices and city center	b.1	98,498	93,438	5,060
Rents		18,759	17,296	1,463
To related parties		459	710	(251)
To third parties		18,300	16,586	1,714
Business leases		79,739	76,142	3,597
To related parties		1,463	901	562
To third parties		78,276	75,241	3,035
Leasehold malls	b.2	7,558	11,627	(4,069)
Rents		467	645	(178)
To related parties		78	118	(40)
To third parties		389	527	(138)
Business leases		7,091	10,982	(3,891)
To related parties		150	253	(103)
To third parties		6,941	10,729	(3,788)
Other contracts and temporary rents	b.3	4,447	3,613	834
Other contracts and temporary rents		4,349	3,529	820
Other contracts and temporary rents - related parties		98	84	14
TOTAL MALLS	b	110,503	108,678	1,825
GRAND TOTAL	a+b	137,257	145,095	(7,838)
of which related parties		28,099	38,121	(10,022)
of which third parties		109,158	106,974	2,184

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4.6 NOTES TO THE FINANCIAL STATEMENTS

Rent and business lease revenue decreased by a total of €7,838K for the year.

Rent from freehold hypermarkets and supermarkets decreased by €9,663K due to the transfer finalized on 25 November 2021 of five hypermarkets and one supermarket to the "Fondo Juice" real estate investment fund, for which revenue was recognized up to the transfer date.

Rent and business lease revenue from freehold malls and offices rose by €5,060K, chiefly as a result of new openings and the ISTAT adjustment, which were partially offset by the increase in temporary discounts granted to tenants during the course of the year. Income from other contracts and temporary rents increased by €834K. Rent and business lease revenue from leasehold malls decreased by €4,069K due mainly to the early termination, as of 1 January 2022, of the lease agreement for the mall at Centro Piave shopping center.

Variable contract revenue amounts to roughly 1.57% of the Group's total revenue.

Except for Coop Alleanza 3.0, the Group does not earn more than 10% of its revenue from a single client. For information on transactions with Coop Alleanza 3.0, see Note 39.

Further details of trends in revenue can be found in Section 2.2.1 (Income statement review) of the Directors' Report.

> NOTE 2.1) OTHER INCOME

	12/31/2022	12/31/2021	Change
Out-of-period income/ charges	53	171	(118)
Facility management revenues	2,773	3,140	(367)
Portfolio and rent management revenues	706	214	492
Pilotage and construction revenues	248	169	79
Marketing revenues	214	128	86
Other income	33	20	13
Other revenues from third parties	4,027	3,842	185
Facilities management revenues from related parties	2,963	2,507	456
Pilotage and construction revenues from related parties	20	45	(25)
Marketing revenues vs related parties	3	19	(16)
Portfolio and rent management revenues from related parties	25	30	(5)
Other income from related party	171	0	171
Other revenues from related parties	3,182	2,601	581
Other revenue	7,209	6,443	766

Other income increased by €766K, thanks primarily to facility management revenue from related parties.

Other income from third parties increased by €185K (a rise of €492K in portfolio and rent management revenue was offset by a decrease of €367K in facility management fees and of €118K in out-of-period income).

The increase of €492K in portfolio and rent management revenue is explained chiefly by a new framework agreement between IGD Service S.r.l. and Do.Ma. S.r.l. under which IGD Service S.r.l. will manage the mall at Centro Piave shopping center for six years (renewable for an additional three years) starting on 1 January 2022.

> NOTE 2.2) INCOME FROM THE SALE OF TRADING PROPERTIES

This refers to the Porta a Mare project and came to €7,533K in 2022: 1 residential unit and 1 enclosed garage unit in the Mazzini section, and 18 residential units, 15 enclosed garage units, and 8 parking spaces in the Officine section. In 2021 IGD sold 1 residential unit and 2 enclosed garage units.

At 31 December 2022 the Group had preliminary sale agreements/irrevocable purchase offers for 15 residential units in the Officine Storiche section of Porta a Mare; the last residential unit of the Mazzini section was sold in January 2023.

> NOTE 3) SERVICE COSTS

	12/31/2022	12/31/2021	Change
Service costs from third parties	13,257	10,294	2,963
Paid rents	252	237	15
Utilities	246	141	105
Promotional and advertising expenses	117	555	(438)
Centers management expenses for vacancies	2,644	1,401	1,243
Centers management expenses for ceiling to tenants' costs	1,732	1,702	30
Facility management administration costs	790	739	51
Insurances	1,074	972	102
Professional fees	203	238	(35)
Directors' and statutory auditors's fees	924	875	49
External auditing fees	190	273	(83)
Investor relations, Consob, Monte Titoli costs	446	436	10
Shopping center pilotage and construction costs	3	12	(9)
Consulting	1,256	2,130	(874)
Real Estate appraisals fees	442	469	(27)
Maintenance and repair expenses	180	226	(46)
Co-marketing expenses	846	0	846
Out-of-period (income)/ charges	1	(1,296)	1,297
Other costs of service	1,911	1,184	727
Service costs from related parties	7,509	4,394	3,115

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	12/31/2022	12/31/2021	Change
Utilities	31	0	31
Promotional and advertising expenses	5	0	5
Service	184	311	(127)
Centers management expenses for vacancies	2,647	2,004	643
Centers management expenses for ceiling to tenants' costs	2,810	1,979	831
Insurances	8	43	(35)
Directors' and statutory auditors' fees	65	52	13
Consulting	33	0	33
Co-marketing expenses	1,603	0	1.603
Other costs of services	123	5	118
Service costs	20,766	14,688	6,078

Service costs rose by €6,078K for the year.

Most of the increase in service costs from third parties (€2,963K) is explained by higher facility management expenses due to unlet space and cost caps (€1,273K, due principally to the rise in energy bills), reimbursements to third-party consortiums under the co-marketing agreement with Coop Alleanza (€846K), and the lack of net out-of-period income (€1,296K in 2021) for rent discounts arranged with the owners of Centro Nova, Centro Piave, and Fonti del Corallo shopping centers for the period January - March 2021 due to the restrictive measures imposed by the government to contain the Covid-19 pandemic. These increases were only partially offset by a decrease in costs for advertising, promotional events, and consulting.

Related party service costs increased by €3,115K as a result of higher expenses for unlet space and cost caps agreed with tenants, as well as for contributions and reimbursements under the co-marketing agreement with Coop Alleanza 3.0 (€1,603K).

> NOTE 4) COST OF LABOR

	12/31/2022	12/31/2021	Change
Wages and salaries	7,495	7,924	(429)
Social security	2,001	2,021	(20)
Severance pay	511	489	22
Other costs	362	169	193
Cost of labour	10,369	10,603	(234)

The cost of labor went down by €234K, due mainly to a smaller provision for performance bonuses and a reduction in the average workforce because of turnover during the year.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

The workforce is broken down by category below:

	12/31/2022	12/31/2021
Executives	5	5
Middle managers	28	28
Junior managers	68	68
Clerks	57	65
Total	158	166

> NOTE 5) OTHER OPERATING COSTS

	12/31/2022	12/31/2021	Change
IMU/ TASI/ Property tax	8,399	8,933	(534)
Other taxes	90	98	(8)
Contract registrations	372	387	(15)
Losses	36	0	36
Out-of-period income/ changes	4	8	(4)
Membership fees	127	129	(2)
Discount on rents - Covid	0	7,107	(7,107)
Losses on receivables	414	109	305
Fuel and tolls	244	205	39
Other costs	419	153	266
Other operating costs	10,105	17,129	(7,024)

Other operating costs decreased by €7,024K with respect to the previous year. Most of the decrease is due to *(i)* the credit notes issued at 31 December 2021 for discounts on rent already invoiced in the context of IGD's post-lockdown relief measures for tenants, accounted for in accordance with IFRS 9 and amounting to €7,107K, and *(ii)* the reduction in IMU (municipal property tax) as a result of the transfer on 25 November 2021 of five hypermarkets and one supermarket to the 40%-owned "Fondo Juice" real estate investment fund.

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> NOTE 6) CHANGE IN WORK IN PROGRESS INVENTORY

	12/31/2022	12/31/2021	Change
Construction costs of the period	**2,572**	**3,182**	**(610)**
Change in inventories for disposal	**(7,250)**	**(411)**	**(6,839)**
Change in inventory	**(4,678)**	**2,771**	**(7,449)**

The change in work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno was a negative €4,678K in 2022, reflecting the work carried out during the year on the residential complex of the Officine section (€2,572K) net of the sale of residential units. See Note 22 for details.

> NOTE 7) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	12/31/2022	12/31/2021	Change
Amortization of intangible assets	**(151)**	**(34)**	**(117)**
Amortization of tangible assets	**(573)**	**(510)**	**(63)**
Provisions for risks	**(960)**	**(138)**	**(822)**
Depreciations, amortization and provision	**(1,684)**	**(682)**	**(1,002)**
Provisions for doubtful accounts	**(533)**	**(3,430)**	**2.897**
(Impairment losses)/ Reversals on work in progress and inventories	**(3,455)**	**516**	**(3,971)**
Change in fair value	**(90,323)**	**(16,850)**	**(73,473)**
Depreciation, amortization, provisions, impairment and change in fair value	**(95,995)**	**(20,446)**	**(75,549)**

> Amortization increased because of the switch to the new integrated accounting system on 1 July 2022;

> Depreciation went up as a result of expenditure during the year, mostly for the purchase of advertising terminals, and the full-year depreciation of the investments made in 2021;

> Other provisions reflect the estimated liability for two IMU (municipal property tax) disputes regarding La Torre (Palermo) shopping center, for which €114K has been provided, and Esp shopping center (Ravenna), for which €25K has been set aside. In addition, €298K was allocated during the year for IGD's share of earthquake proofing to be carried out at some of the supermarkets and hypermarkets sold during the previous year, while €500K was set aside for an administrative dispute involving the subsidiary Win Magazin S.a.;

> Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) in Italy came to €533K in 2022, an improvement of €2,897K with respect to the previous year;

> "(Impairment losses)/reversals on work in progress and inventory" (-€3,455K) cover the following: an impairment loss of €41K for the expansion of Porto Grande (see Note 17), listed with assets under construction, to bring the carrying amount into line with the lower of cost and market value as stated in the appraisal of 31 December 2022; and an impairment loss of €3,414K for the Officine (residential), Molo, Lips, and Arsenale sections on the basis of year-end independent appraisals;

> Fair value changes, for a negative €90,323K, refer to: *(i)* net writedowns of €73,921K (see Note 14) to match the carrying value of investment property to market value at 31 December 2022; *(ii)* a writedown of €16,402K 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

	12/31/2022	12/31/2021	Change
Income/ (loss) from property sales	**397**	**942**	**(545)**
Capital losses from negotiation	**0**	**(34)**	**34**
Income/ (loss) from equity investments and asset disposal	**397**	**908**	**(511)**

Amounting to €397K, this item stems from the framework agreement between IGD Service S.r.l. and Do.Ma S.r.l. for the sale, as from 1 January 2022, of the mall at Centro Piave shopping center for consideration of €1 million.

At 31 December 2021 the mall's assets and liabilities were accounted for under "assets held for sale" and "liabilities associated with assets held for sale." Assets held for sale, totalling €1,801K, included goodwill and the right-of-use asset for the mall at Centro Piave. Liabilities associated with assets held for sale (€1,228K) included the financial liability deriving from the application of IFRS 16 to the lease agreement for the mall. Under the framework agreement, IGD Service S.r.l. will manage the Centro Piave mall for six years starting on 1 January 2022, renewable for an additional three years.

> NOTE 9) FINANCIAL INCOME AND CHARGES

	12/31/2022	12/31/2021	Change
Bank interest income	**89**	**49**	**40**
Other interets income and equivalents	**1**	**9**	**(8)**
Exchange rate (losses)/ gains	**2**	**29**	**(27)**
Financial income from third parties	**92**	**87**	**5**
Financial Income	**92**	**87**	**5**

Financial income was €5K higher than the previous year.

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	12/31/2022	12/31/2021	Change
Interst expenses on security deposits	130	1	129
Financial charges from related parties	130	1	129
Interst expenses to banks	116	0	116
Amortized mortgage loan costs	8,227	5,175	3,052
Loans amortized costs	1,926	1,638	288
IRS spread	2,930	5,406	(2,476)
Bond financial charges	12,005	15,117	(3,112)
Bond amortized costs	2,705	3,435	(730)
Financial charges on leasing	48	33	15
Financial charges on IFRS 16	1,234	1,250	(16)
Other interests and charges	1,230	1,329	(99)
Amortized costs transferred to Fondo Juice	0	541	(541)
Financial charges from third parties	30,421	33,924	(3,503)
Financial charges	30,551	33,925	(3,374)

Financial charges decreased by €3,374K.

Related party financial charges were higher due to the increase in the legal interest rate in force.

Financial charges from third parties decreased by €3,503K, mostly as a result of:

> Lower financial charges on bonds;

> Lower IRS charges, due in part to the decrease in notional amounts;

> Lower financial charges related to IFRS 16, also reflecting the termination of the lease on Centro Piave mall;

> Higher mortgage loan costs due to a new loan in the amount of €215 million.

> NOTE 10) INCOME TAXES

	12/31/2022	12/31/2021	Change
Current taxes	1,090	1,857	(767)
Deferred tax	(749)	(230)	(519)
Out-of-period income/ charges - Provisions	(359)	156	(515)
SIINQ entry tax	0	1.219	(1,219)
Income taxes	(18)	3,002	(3,020)

Overall income taxes came to a positive €18K for the year, a decrease of €3,020K with respect to 2021.

Current taxes decreased by €767K due mostly to the different calculation of the taxable income of IGD Management SIINQ S.p.A., which achieved SIINQ status as from 1 January 2022.

Most of the change in deferred taxes (€519K) is explained by: *(i)* adjustments reflecting the change in fair value of the investment property held by the non-SIIQ subsidiary Win Magazin S.A., and *(ii)* the effects of applying international accounting standard IFRS 16 to the lease agreement for the mall at Centro Nova shopping center.

At 31 December 2022, out-of-period income for taxes included: *(i)* €130K for the IRAP charge of IGD Management SIINQ S.p.A., which was recalculated because the sale of business divisions to IGD Service S.r.l. means it once again pays IRAP at ordinary rates as it is no longer a holding company; and *(ii)* €240K for the IRES charge due to adjustments to the 2021 tax consolidation.

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2022 and 31 December 2021.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of income taxes applicable to pre-tax profit	12/31/2022	12/31/2021
Pre-tax profit	**(22,334)**	**56,522**
Theorical tax charges (rate 24%)	**0**	**0**
Profit resulting in the income statement	**(22,334)**	**56,522**
Increases:		
IMU-Property tax	**7,259**	**(8,327)**
Impairment on work in progress and inventories	**3,455**	**0**
Capital gains from Fondo Juice	**0**	**21,153**
Other increases	**62,235**	**22,380**
Decreases:		
Change in tax-exempt income	**(52,944)**	**(70,568)**
Deductible depreciation	**(385)**	**(251)**
Negative fair value	**79,242**	**8,098**
Other changes	**(19,669)**	**(29,699)**
Taxable Income	**56,859**	**15,962**
Use of past losses	**0**	**0**
Use of ACE benefit	**1,889**	**2,395**
Taxable Income net of losses and ACE benefit	**54,970**	**13,567**
Current taxes for the year	**1,078**	**2,043**
Income from tax consolidation	**(325)**	**(1,185)**
Current IRES for the year (a)	**753**	**857**
Difference between value and cost of production	**80,483**	**101,512**
Theorical IRAP (3.9%)	**3,139**	**3,959**
Difference between value and cost of production	**80,483**	**101,512**
Changes:		
Increases	**9,326**	**30,474**
Decreases	**(13,849)**	**(9,515)**
Change in tax-exempt income	**(80,521)**	**(105,300)**
Other deductions	**(6,106)**	**(6,118)**
Taxable IRAP Income	**(10,667)**	**11,053**
Current IRAP for the year (b)	**337**	**1,000**
Total current taxes (a+b)	**1,090**	**1,857**

Current taxes (IRES) for 2022 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.

	12/31/2022	12/31/2021
Net profit attributable to IGD SIIQ S.p.A. shareholders	**(22,315)**	**52,769**
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	**(22,315)**	**52,769**
Weighted average number of ordinary shares for purposes of basic earnings per share	**110,341,903**	**110,341,903**
Weighted average number of ordinary shares of purposes of diluted earnings per share	**110,341,903**	**110,341,903**
Basic earnings per share	**(0.202)**	**0.478**
Diluted earnings per share	**(0.202)**	**0.478**

> NOTE 12) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

	01/01/2021	Increase	Decrease	Amortization	12/31/2021
Intangible assets with finite useful lives	**35**	**302**	**0**	**(34)**	**303**

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Intangible assets with finite useful lives	**303**	**644**	**0**	**(151)**	**796**

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 increases for the year mainly relate to the implementation costs for the integrated accounting, management, and treasury system, which has been up and running since 1 July 2022.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 13) GOODWILL

	01/01/2021	Increase	Impairment	Reclassification	12/31/2021
Goodwill	**8,533**	**0**	**(500)**	**(448)**	**7,585**

	01/01/2022	Increase	Impairment	Reclassification	12/31/2022
Goodwill	**7,585**	**0**	**(500)**	**0**	**7,085**

Goodwill decreased by €500K, attributable chiefly to the Romanian subsidiary Win Magazin S.A. for the foreign exchange adjustment.

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 goodwill from the purchase of Win Magazin S.A., while the second is made up of 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 2022 and 2021:

Goodwill	12/31/2022	12/31/2021
Win Magazin S.A.	**4,409**	**4,409**
Winmarkt Management s.r.l.	**1**	**1**
Darsena	**123**	**123**
Fonti del Corallo	**1,000**	**1,000**
Centro Nova	**546**	**546**
Service	**1,006**	**1,006**
Goodwill	**7,085**	**7,585**

Goodwill for Win Magazin refers to the consolidation difference that arose upon acquisition and first-time consolidation of Win Magazin S.A. The recoverability of the goodwill allocated to this CGU has been analyzed on the basis of the property appraisals by CBRE Valuation S.p.A. and KROLL S.p.A. in accordance with the criteria described earlier in these notes ("use of estimates"). Specifically, this goodwill covers the possibility to sell properties owned by the subsidiary (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 the impairment test are summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Winmagazin S.A.	**16,636**	**4,409**	**12,227**

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, Darsena, Service, and Winmarkt Management S.r.l. pertains to business management for properties owned by the Group and third parties, 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, 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	**1,630**	**546**	**1,084**
Darsena	**498**	**123**	**375**
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 "Service" CGU, 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.

At 31 December 2022, unlevered free cash flows were calculated using the data in the 2023 budget approved by the Board of Directors on 23 February 2023 and in the Group's Strategic Plan 2022-2024 approved by IGD SIIQ's Board of Directors on 14 December 2021.

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 6.77%;

> Future cash flows estimated net of taxes;

> Perpetuity growth rate (g) of 2%.

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Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Service	**13,388**	**1,012**	**12,376**

The impairment test showed that the goodwill recognized in the financial statements is recoverable and therefore no adjustments are necessary. Good will for Winmarkt Management S.r.l. was not tested for impairment as the amount is immaterial.

Because the Group's stock market capitalization is lower than consolidated net equity, the directors also arranged for a second-level impairment test even though equity is essentially in line with fair value, considering expert appraisals of the entire property portfolio.

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 for the "Service" CGU. Unlevered free cash flows were calculated using the data in the 2023 budget approved by IGD SIIQ's Board of Directors on 23 February 2023 and in the Group's Strategic Plan 2022-2024 approved by the Board on 14 December 2021, using for the explicit period 2024-2025 the plan data for 2023 and 2024.

The main assumptions used to calculate value in use are set out below:

> Discount rate (WACC) of 6.77, calculated as reported above;

> Future cash flows estimated net of taxes;

> Perpetuity growth rate (g) of 2%.

The outcome of the impairment test is summarized below:

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4.6 NOTES TO THE FINANCIAL STATEMENTS

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
IGD Group - II Level Test	**2,102,978**	**2,098,741**	**4,237**

The test found no evidence of impairment even though, given the much higher discount rates used, the coverage presented in the 2021 financial statements has significantly decreased.

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," the main factors identified are reported below:

> 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;

> 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.

Finally, the Group ran sensitivity analyses to measure the impact that changes in the most significant unobservable inputs (WACC and growth rate), due to changes in the macroeconomic scenario, would have on the outcome of the second level impairment tests. An additional 0.02% increase in WACC or 0.02% decrease in the growth rate would reduce the existing coverage to zero.

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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.

	01/01/2021	Increase	Net Decrease	Revalutation	Devalutation	Reclassification from assets under construction	Reclassification to assets held for sales	12/31/2021
Investment property	**2,191,157**	**9,578**	**(139,118)**	**27,427**	**(27,578)**	**594**	**0**	**2,062,060**
Right-of-use IFRS16	**43,327**	**144**	**0**	**0**	**(11,002)**	**0**	**(1,353)**	**31,116**
Investment property	**2,234,484**	**9,722**	**(139,118)**	**27,427**	**(38,580)**	**594**	**(1,353)**	**2,093,176**

	01/01/2022	Increase	Net Decrease	Revalutation	Devalutation	Reclassification from assets under construction	Reclassification to assets held for sales	12/31/2022
Investment property	**2,062,060**	**11,936**	**0**	**9,208**	**(76,977)**	**9,870**	**0**	**2,016,097**
Right-of-use IFRS16	**31,116**	**268**	**0**	**0**	**(6,151)**	**0**	**0**	**25,233**
Investment property	**2,093,176**	**12,204**	**0**	**9,208**	**(83,128)**	**9,870**	**0**	**2,041,330**

The changes in investment property since 31 December 2021 are explained by:

> Extraordinary maintenance work (€12,204K), mostly for earthquake proofing and energy efficiency upgrades at Tiburtino, Casilino, Maremà, Centro d'Abruzzo, and ESP shopping centers and at various shopping centers in Romania;

> The reclassification (€9,870K) from assets under construction and advances of work completed during the period, mainly the creation of new stores using the space freed up by the reduction in size of the hypermarket and the restyling of the first floor of Casilino shopping center in Rome; the creation of new stores using the space freed up by the reduction in size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua. Works performed during the year amounted to €7,549K;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €9,208K and written down by €76,977K, for a net negative impact of €67,769K;

> An impairment loss on the right-of-use assets for the malls at Centro Nova and Fonti del Corallo shopping centers based on the results of third-party appraisals (€6,151K: €5,883K in fair value adjustments and €268K for the writedown of work on leaseholds during the year.

For details of the main commitments relating to the extraordinary maintenance and restyling of freehold properties, see Note 43.

See the directors' report for further information.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 15) BUILDINGS

	01/01/2021	Increase	Decrease	Amortization	12/31/2021
Historical cost	**10,129**	**4**	**0**	**0**	**10,133**
Depreciation fund	**(2,715)**	**0**	**0**	**(244)**	**(2,959)**
Net book value	**7,414**	**4**	**0**	**(244)**	**7,174**

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Historical cost	**10,133**	**68**	**0**	**0**	**10,201**
Depreciation fund	**(2,959)**	**0**	**0**	**(244)**	**(3,203)**
Net book value	**7,174**	**68**	**0**	**(244)**	**6,998**

This item refers to the purchase of the ground floor and first floor of the building that houses the head office. The change consists mostly of depreciation for the year.

> NOTE 16) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	01/01/2021	Increase	Decrease	Amortization	12/31/2021
Historical cost	**3,230**	**17**	**0**	**0**	**3,247**
Depreciation fund	**(3,087)**	**0**	**0**	**(45)**	**(3,132)**
Plant and machinery	**143**	**17**	**0**	**(45)**	**115**
Historical cost	**5,961**	**993**	**0**	**0**	**6,954**
Depreciation fund	**(4,992)**	**0**	**0**	**(221)**	**(5,213)**
Equipment and other goods	**969**	**993**	**0**	**(221)**	**1,741**

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Historical cost	**3,247**	**7**	**0**	**0**	**3,254**
Depreciation fund	**(3,132)**	**0**	**0**	**(36)**	**(3,168)**
Plant and machinery	**115**	**7**	**0**	**(36)**	**86**
Historical cost	**6,954**	**892**	**0**	**0**	**7,846**
Depreciation fund	**(5,213)**	**0**	**0**	**(293)**	**(5,506)**
Equipment and other goods	**1,741**	**892**	**0**	**(293)**	**2,340**

Most of the changes in plant and machinery and equipment reflect the purchase and installation of multimedia information terminals at various malls, as well as depreciation for the year.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 17) ASSETS UNDER CONSTRUCTION

	01/01/2021	Increase	(Writedown)/ Revalutations	Change in fair value	Reclassification to asset under construction	Reclassification to investment property	12/31/2021
Assets under construction	**41,929**	**7,677**	**35**	**(5,697)**	**725**	**(594)**	**44,075**
Advance payments	**745**	**0**	**0**	**0**	**(725)**	**0**	**20**
Asset under construction and advance payments	**42,674**	**7,677**	**35**	**(5,697)**	**0**	**(594)**	**44,095**

	01/01/2022	Increase	(Writedown)/ Revalutations	Change in fair value	Reclassification to asset under construction	Reclassification to investment property	12/31/2022
Assets under construction	**44,075**	**18,876**	**(41)**	**(16,402)**	**0**	**(9,870)**	**36,638**
Advance payments	**20**	**4**	**0**	**0**	**0**	**0**	**24**
Asset under construction and advance payments	**44,095**	**18,880**	**(41)**	**(16,402)**	**0**	**(9,870)**	**36,662**

At 31 December 2022, assets under construction consisted mainly of:

> Construction costs for the Officine Storiche shopping center, recognized at fair value in the amount of €33.1 million;

> Land at Portogrande for the construction of midsize stores, recognized at fair value in the amount of €2.5 million;

> Costs for restyling in progress at various shopping centers.

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

> Ongoing work on the Officine Storiche section of Porta a Mare (€10,922K);

> New store construction using the space freed up by the reduction of the hypermarket at Casilino shopping center in Rome (€228K);

> The restyling and creation of new midsize stores in the space freed up by the reduction of the hypermarket at Porto Grande shopping center in San Benedetto del Tronto (€1,588K);

> New store construction using the space freed up by the reduction of the hypermarket at Katanè shopping center in Catania (€1,020K);

> New store construction using the space freed up by the reduction of the hypermarket at La Torre shopping center in Palermo (€927K);

> The restyling of La Favorita shopping center in Mantua (€3,742K);

> Planning work for subdividing the hypermarket at Tiburtino shopping center in Guidonia (€44K);

> The restyling (second lot) of Porto Grande shopping center in San Benedetto del Tronto (€13K);

> The restyling of Gran Rondò shopping center in Crema (€27K);

> The restyling of Leonardo shopping center in Imola (€365K);

> The reclassification (€9,870K) to investment property of work completed during the period, mainly the creation of new stores using the space freed up by the reduction in size of the hypermarket and the restyling of the first floor of Casilino shopping center in Rome; the creation of new stores using the space freed up by the reduction in size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua;

> The writedown of the Officine Storiche portion of the Porta a Mare project, nearing completion (€16,402K), and the writedown of the Porto Grande expansion by €41K;

> A net increase in advances (€4K).

> 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:

	12/31/2022	12/31/2021	Change
Taxed funds	**518**	**687**	**(169)**
IRS transactions	**0**	**1,843**	**(1,843)**
Impairment loss on inventories	**2,559**	**2,559**	**0**
Impairment loss on equity investment and financial receivables	**289**	**289**	**0**
Loss from tax consolidation	**741**	**780**	**(39)**
Other effects	**0**	**67**	**(67)**
IFRS 16	**1,967**	**1,825**	**142**
Total deferred tax assets	**6,074**	**8,050**	**(1,976)**

	12/31/2022	12/31/2021	Change
Investment property	**1,981**	**1,877**	**104**
IRS transactions	**1,525**	**0**	**1,525**
Other effects	**31**	**0**	**31**
Total deferred tax liabilities	**3,537**	**1,877**	**1,660**

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);

> The application of IFRS 16;

> 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, and the partial use of IGD's prior losses to eliminate the taxable income figuring in the tax consolidation.

Deferred tax liabilities refer mainly to the difference between the market value of investment property held by IGD Service and its value for tax purposes, as well as deferred tax assets on mortgage hedging instruments (IRS) because of the increase in the positive fair value of outstanding IRS contracts.

Given the likelihood of future taxable income, prior-year

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losses are expected to be used, so the deferred tax assets are likely to be recovered.

At 31 December 2022, for the Italian companies, the balance of deferred tax assets of €6,074K and deferred tax liabilities of €3,537K was a net asset of €2,537K.

	12/31/2022	12/31/2021	Change
Net deferred tax assets	**2,537**	**6,173**	**(3,636)**
Net deferred tax liabilities	**0**	**0**	**0**
Total net deferred tax assets	**2,537**	**6,173**	**(3,636)**

Deferred tax liabilities refer to the investment property of the Romanian company Win Magazin S.A. They cannot be offset against the net deferred tax assets described above because the two balances pertain to different tax jurisdictions.

	12/31/2022	12/31/2021	Change
Investment property Romania	**16,636**	**17,875**	**(1,239)**
Total deffered tax liabilities	**16,636**	**17,875**	**(1,239)**

Movements in deferred tax assets and liabilities are presented below.

	12/31/2021	2022 Income Statement effect	Net equity effect	Currency change	12/31/2022
Net deferred tax assets Italy	**6.173**	**(167)**	**(3,469)**	**0**	**2,537**
Total net deferred tax assets	**6.173**	**(167)**	**(3,469)**	**0**	**2,537**

	12/31/2021	2022 Income Statement effect	Net equity effect	Currency change	12/31/2022
Deferred tax liabilities Romania	**(17,875)**	**916**	**0**	**323**	**(16,636)**
Total tax liabilities	**(17,875)**	**916**	**0**	**323**	**(16,636)**
Total effect of the year		**749**	**(3,469)**	**323**	

> NOTE 19) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	12/31/2022	12/31/2021	Change
Security deposits	**101**	**106**	**(5)**
Due to other	**20**	**21**	**(1)**
Sundry receivables and other non-current assets	**121**	**127**	**(6)**

This item was in line with the balance at 31 December 2021.

> NOTE 20) EQUITY INVESTMENTS

	01/01/2022	Increase	Decrease	12/31/2022
Cons. propr. del compendio com. del Commendone (GR)	**6**	**0**	**0**	**6**
Consorzio prop. Fonti del Corallo	**7**	**0**	**0**	**7**
Consorzio I Bricchi	**4**	**0**	**0**	**4**
Consorzio Punta di Ferro	**6**	**0**	**0**	**6**
Equity investment in subsidiaries	**23**	**0**	**0**	**23**
Millennium Center	**4**	**0**	**0**	**4**
Fondo Juice	**25,666**	**0**	**0**	**25,666**
Equity investments in associates	**25,670**	**0**	**0**	**25,670**
Equity investments in other companies	**72**	**0**	**0**	**72**
Equity investments	**25,765**	**0**	**0**	**25,765**

Equity investments were unchanged with respect to 31 December 2021.

Fondo Juice, of which the Company owns 40%, was formed in 2021 with an eye to boosting earnings from the real estate portfolio, through IGD's transfer of five hypermarkets and one supermarket for €140 million and the corresponding debt of €77 million and subsequent sale to Corallo Lux Holdco S.a.r.l. The fund has a duration of 10 years and is managed by Savillis Investment Management SGR S.p.A. It is valued using the equity method and its valuation at 31 December 2022 was in line with the previous year.

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> NOTE 21) NON-CURRENT FINANCIAL ASSETS

	12/31/2022	12/31/2021	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.

> NOTE 22) WORK IN PROGRESS INVENTORY

	01/01/2022	Increase	Decrease	Revalutations/ (Write-downs)	12/31/2022
"Porta a Mare" Project	37,332	2,572	(7,250)	(3,414)	29,240
Advances	43	14	0	0	57
Work in progress inventory	37,375	2,586	(7,250)	(3,414)	29,297

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 €2,572K; *(ii)* a decrease for the final sale of 1 property and 1 enclosed garage unit in the Mazzini section and 17 properties, 15 enclosed garage units, and 8 parking spaces in the Officine section (€7,250K); *(iii)* a writedown to adjust carrying amount to the lower of cost and appraised market value (€3,414K).

> NOTE 23) TRADE AND OTHER RECEIVABLES

	12/31/2022	12/31/2021	Change
Trade and other receivables	33,200	35,833	(2,633)
Provision for doubtful accounts	(17,988)	(20,343)	2,355
Trade and other receivables	15,212	15,490	(278)

Net trade receivables decreased by €278K due mainly to greater receipts during the year, in part as a result of the rent discounts agreed with various tenants for store closures in 2021 imposed by Covid-19 restrictions.

Gross trade receivables are broken down below by due date:

12/31/2022	Balance due to expire	Expired 0-30 days	Expired 31-60 days	Expired 61-90 days	Expired 91-120 days	Expired 121-180 days	Expired 180 days	Total receivables
Gross trade receivables	6,290	2,072	3,446	1,678	216	1,991	17,508	33,200
Gross trade receivables	6,290	2,072	3,446	1,678	216	1,991	17,508	33,200

Receivables are shown net of the provision for doubtful accounts, which reflects positions not considered to be fully recoverable.

Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) came to €533K in 2022. The allocation for the year was calculated based on the problems encountered with individual receivables recognized at 31 December 2022 and on all available information.

The Covid-related provision for doubtful accounts, with a balance of €3,320K at 31 December 2021, was used during the year in the amount of €1,845K to cover the discounts on 2021 rent granted to various shopping center tenants and was fully released in the amount of €1,005K as it was deemed to have exceeded requirements.

The use of €2,888K from the provision concerns tenant discounts on 2021 rent as a result of the Covid-19 pandemic (€1,845K) and doubtful accounts/problem credits identified in previous years that were fully written off during the period (€1,043K).

Movements in the provision for doubtful accounts are reported below:

	12/31/2022	12/31/2021	Change
Provision for doubtfull account at the beginning of the period	20,343	22,695	(2,352)
Foreign exchange effect	0	(18)	18
Reverse	(2,888)	(5,773)	2,885
Write-down/ (uses) interest on late payments	0	(8)	8
Provision	533	3,447	(2,914)
Provision for doubtfull account at the end of the period	17,988	20,343	(2,355)

The following table shows receivables by geographical area:

	12/31/2022	12/31/2021	Change
Receivables Italy	32,117	34,544	(2,427)
Provision for doubtful accounts	(17,515)	(19,487)	1,972
Net receivables Italy	14,602	15,057	(455)
Receivables Romania	1,083	1,289	(206)
Provision for doubtful accounts	(473)	(856)	383
Net receivables Romania	610	433	177
Total Net Receivables	15,212	15,490	(278)

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 24) RELATED PARTY TRADE AND OTHER RECEIVABLES

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0	99	85	14
Librerie Coop s.p.a.	25	12	13
Alleanza Luce e Gas	25	25	0
Unicoop Tirreno s.c.a.r.l.	37	82	(45)
Cons. propr. del compendio com. del Commendone (GR)	50	1	49
Consorzio Coné	3	17	(14)
Consorzio Clodì	1	8	(7)
Consorzio Crema (Gran Rondò)	3	76	(73)
Consorzio I Bricchi	39	45	(6)
Consorzio Katané	107	31	76
Consorzio Lame	127	115	12
Consorzio Leonardo	65	0	65
Consorzio La Torre	0	45	(45)
Consorzio Porta a Mare	22	77	(55)
Consorzio Sarca	2	0	2
Consorzio Le Maioliche	0	5	(5)
Consorzio Punta di Ferro	80	13	67
Millennium Center	22	7	15
Consorzio Proprietari Centro Luna	0	6	(6)
Consorzio Esp	0	21	(21)
Fondo Juice	171	17	154
Consorzio La Favorita	49	13	36
Consorzio Le Porte di Napoli	179	2	177
Consorzio Casilino	133	13	120
Consorzio del centro commerciale Nuova Darsena	3	0	3
Related party trade and other receivables	1,242	716	526

See Note 39 for details.

> NOTE 25) OTHER CURRENT ASSETS

	12/31/2022	12/31/2021	Change
Tax credits			
VAT credits	5,099	4,208	891
IRES credits	468	427	41
IRAP credits	580	30	550
Due from others			
Advances paid to suppliers	97	3	94
Accrued income and prepayments	1,045	822	223
Deferred costs	226	52	174
Current assets	233	175	58
Other current assets	7,748	5,717	2,031

Other current assets increased by €2,031K with respect to the previous year, due mainly to a higher VAT credit at all Group companies as a result of the increase in works carried out during the fourth quarter and the IRAP credit claimed by IGD Management S.p.A.

> NOTE 26) CASH AND CASH EQUIVALENTS

	12/31/2022	12/31/2021	Change
Cash and cash equivalents	27,022	158,001	(130,979)
Cash on hand	47	79	(32)
Cash and cash equivalents	27,069	158,080	(131,011)

Cash and cash equivalents at 31 December 2022 consisted mainly of current account balances at banks. The decrease of €131,011K reflects cash generated during the year net of capital expenditure, mortgage loan payments, and the redemption of the bond loan that expired in April 2022. The statement of cash flows provides a clearer understanding of how this item changed during the period.

> NOTE 27) ASSETS HELD FOR SALE

Assets held for sales	12/31/2022	12/31/2021	Change
Godwill of Centro Piave	0	448	(448)
Right to use of Piave	0	1,353	(1,353)
Total assets held for sales	0	1,801	(1,801)

Liabities related to assets held for sales	12/31/2022	12/31/2021	Change
IFRS-16 Centro Piave Short-term financial liabilities	0	1,228	(1,228)
Total liabilities related to assets held for sales	0	1,228	(1,228)

On 10 December 2021, IGD Service S.r.l., a wholly-owned subsidiary of IGD SIIQ S.p.A., signed a framework agreement with DoMa S.r.l. that entailed:

> The sale by IGD Service S.r.l. to DoMa S.r.l. on 1 January 2022 of the mall at Centro Piave shopping center, for €1 million;

> A facility management contract under which IGD Service S.r.l. will manage the mall at Centro Piave for six years, renewable for a further three years;

> The termination, on 1 January 2022, of the lease agreement for the mall at Centro Piave that was originally to expire on 30 June 2022.

In accordance with IFRS 5, at 31 December 2021 the Group had therefore:

> Reclassified goodwill on the Centro Piave shopping center (€448K) from "Goodwill" to "Assets held for sale";

> Reclassified the right-of-use asset arising from the application of IFRS 16 to the lease agreement for the mall at Centro Piave (€1,353K) from "Investment property" to "Assets held for sale";

> Reclassified the current financial payable of €1,228K, arising from the application of IFRS 16 to the lease agreement for the mall at Centro Piave, from "Current financial liabilities" to "Liabilities associated with assets held for sale".

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 28) NET EQUITY

	12/31/2022	12/31/2021	Change
Share capital	650,000	650,000	0
Other reserves	477,948	467,300	10,648
Legal reserve	130,000	130,000	0
Translation reserve	(5,847)	(5,373)	(474)
FTA IFRS 16 reserve	1,886	1,886	0
Recalculation of defined benefit plans	412	(47)	459
Cash flow hedge reserve	964	(4,663)	5,627
Fair value reserve	216,608	210,050	6,558
Subsidiaries cash flow hedge reserve	3,866	(1,173)	5,039
Recalculation of defined benefit plans subsidiaries	271	(55)	326
Available reserves (from capital reduction)	55,178	55,178	0
Other avaiable reserves	74,610	81,497	(6,887)
Net profit (loss) of the year	(6,148)	54,458	(60,606)
Group profit (loss) carried forward	16,167	1,689	14,478
Group profit	(22,315)	52,769	(75,084)
Total Group net equity	1,121,800	1,171,758	(49,958)
Capital and reserves of non-controlling interests	0	0	0
Net Equity	1,121,800	1,171,758	(49,958)

Consolidated net equity at 31 December 2022 amounted to €1,121,800K, a decrease of €49,958K for the year. Most of the change is due to:

> Movements in the reserve for the translation of foreign currency financial statements, for a negative €474K;

> The positive adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€5,627K for the parent company and €5,039K for a subsidiary);

> Dividends paid during the period (€38,620K);

> The adjustment of the reserve for the recalculation of defined benefit plans (€459K for the parent company and €326K for a subsidiary);

> The Group's share of net loss for the year (€22,315K).

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

> RECONCILIATION BETWEEN NET EQUITY AND PROFIT (LOSS) OF IGD SIIQ S.P.A. AND THE CORRESPONDING CONSOLIDATED AMOUNTS

RECONCILIATION BETWEEN PARENT COMPANY SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATION FINANCIAL STATEMENTS

	Net Profit		Net Equity	
	Group	Non-controlling interest	Group	Non-controlling interest
BALANCES SHOWN IN THE PARENT'S FINANCIAL STATEMENTS	(5,028)	0	1,140,988	0
Net equity and net profit of consolidated income	(13,287)	0	290,056	0
Reversal of dividends	(4,000)	0	0	0
Carrying value of consolidated equity investments	0	0	(317,616)	0
Effect of CFH reserve - subsidiares	0	0	5,039	0
Effect of recalculation of defined benefit plans - subsidiaries	0	0	326	0
Adjusment on capital gains of the sale of assets from subsidiaries	0	0	(1,410)	0
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidated Winmagazine SA	0	0	4,409	0
- Goodwill from consolidated Winmarkt Management SRL	0	0	1	0
- Goodwill from consolidated RGD Ferrara	0	0	7	0
BALANCES SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	(22,315)	0	1,121,800	0

> NOTE 29) NON-CURRENT FINANCIAL LIABILITIES

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

	Duration	12/31/2022	12/31/2021	Change
Mortgage loans		386,757	427,579	(40,822)
05 BreBanca IGD Mondovicino (Galleria)	11/23/2006 - 01/10/2023	0	685	(685)
08 Carisbo Guidonia IGD Tiburtino	03/27/2009 - 03/27/2024	23,187	27,172	(3,985)
06 Unipol Lungosavio IGD	12/31/2008 - 12/31/2023	0	4,023	(4,023)
01 Unipol Sarca	04/10/2007 - 04/06/2027	50,438	53,433	(2,995)
07 Carige Nikefin Asti I Bricchi	12/31/2008 - 03/31/2024	9,530	11,602	(2,072)
13 CR Veneto Mondovì (Retail Park)	10/08/2009 - 11/01/2024	9,286	10,888	(1,602)
10 Mediocredito Faenza IGD	10/05/2009 - 06/30/2029	5,106	6,035	(929)
14 MPS Palermo (Galleria)	12/21/2010 - 11/30/2025	10,698	12,958	(2,260)
17 Carige Palermo IGD (Iper)	07/12/2011 - 06/30/2027	6,587	8,379	(1,792)
15 CentroBanca Coné (Galleria)	12/22/2010 - 12/31/2025	15,121	17,741	(2,620)
Ubi 5 Leonardo	04/19/2018 - 10/17/2022	0	41,448	(41,448)
Ubi 1 Lame Rp Favorita	04/19/2018 - 07/17/2023	0	1,864	(1,864)
BNL 125 Million	01/01/2019 - 10/15/2023	0	123,461	(123,461)
BNL 75 Million	01/01/2019 - 10/15/2023	0	75,000	(75,000)
Mps - SACE 2020	10/16/2020 - 09/30/2026	24,212	32,890	(8,678)
BNL 215 Million	08/04/2022 - 08/01/2027	212,544	0	212,544
Mps SACE 2022	12/15/2022 - 09/30/2028	20,048	0	20,048
Debt for bonds		495,223	492,786	2,437
Bond 100 Million	01/11/2017 - 01/11/2024	99,896	99,796	100
Bond 400 Million	11/28/2019 - 11/28/2024	395,327	392,990	2,337
Debts of other source of finance		23,370	31,043	(7,673)
Sardaleasing for Bologna HQ	04/30/2009 - 04/30/2027	2,145	2,525	(380)
FRS 16 Livorno liability	01/01/2019 - 03/31/2026	7,296	10,448	(3,152)
IFRS 16 Abruzzo liability	01/01/2019 - 12/31/2023	0	118	(118)
IFRS 16 Nova liability	01/01/2019 - 02/28/2027	13,929	17,952	(4,023)
Non current financial liabilities		905,350	951,408	(46,058)
Total financial liabilities vs related parties		0	0	0

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

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

Non current financial liabilities	12/31/2021	Increases	Payments/ Renegotiation	Amortized cost	Reclassification	12/31/2022
Payables due to mortgages	**427,579**	**235,946**	**(198,464)**	**(2,646)**	**(75,658)**	**386,757**
Payables due to bonds	**492,786**	**0**	**0**	**2,437**	**0**	**495,223**
Payables due to IFRS16	**28,518**	**0**	**0**	**0**	**(7,293)**	**21,225**
Payables due to other sources of finance	**2,525**	**0**	**0**	**0**	**(380)**	**2,145**
Total	**951,408**	**235,946**	**(198,464)**	**(209)**	**(83,331)**	**905,350**

Mortgage loans are secured by properties. The change in 2022 concerns the reclassification to current financial liabilities of the principal falling due in the next 12 months.

> 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 and Nova shopping centers and the parking lot at Centro d'Abruzzo.

> BONDS

The change in bonds during the year is due to *(i)* the redemption of the €162 million bond loan that matured in April 2022 and *(ii)* the amortization of transaction costs for outstanding bonds using the amortized cost method.

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 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

	Non current portion	Current portion				Non current portion	Current portion		
Debbts due to bonds	12/31/2021	12/31/2021	Bond issue/ repayment	Ancillary costs amortization at 12/31/2022	Financial changes at 12/31/2022	12/31/2022	12/31/2022	Nominal interest rate	Actual interest rate
Bond 162 ML		**153,600**	**(153,600)**				**0**		
Ancillary costs		**(268)**		**268**			**0**		
Coupon rate 12/31/2021		**2,815**			**(2,815)**				
Paid intersts					**4,070**				
Coupon rate 12/31/2022					**0**		**0**		
Total Bond 162 ML	**0**	**156,147**		**268**	**1,255**	**0**	**0**	**2.650%**	**3.94%**
Bond 100 ML	**100,000**					**100,000**			
Ancillary costs	**(204)**			**100**		**(104)**			
Coupon rate 12/31/2021		**1,056**			**(1,056)**				
Paid intersts					**2,250**				
Coupon rate 12/31/2022					**1,056**		**1,056**		
Total Bond 100 ML	**99,796**	**1,056**		**100**	**2,250**	**99,896**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**					**400,000**			
Ancillary costs	**(7,010)**			**2,337**		**(4,673)**			
Coupon rate 12/31/2021		**756**			**(756)**		**0**		
Paid intersts					**8,500**				
Coupon rate 12/31/2022					**756**		**756**		
Total Bond 400 ML	**392,990**	**756**	**0**	**2,337**	**8,500**	**395,327**	**756**	**2.125%**	**2.76%**
Total bonds	**492,786**	**157,959**	**153,600**	**2,705**	**12,005**	**495,223**	**1,812**		
Total financial charges				**2,705**	**12,005**				

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
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 2022.

	Name	Guarantees given	Type of product	End date	Financial "Covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
01	01 Unipol Larice	Sarca shopping mall	Mortgage	**04/06/2027**	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2.3	**0.84**			
06	06 Unipol Lungosavio IGD	Lungo Savio shopping center (Galleria)	Mortgage	**12/31/2023**					
07	07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	**03/31/2024**					
08	08 Carisbo Guidonia IGD	Tiburtino shopping mall	Mortgage	**03/27/2024**	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 through to maturity	**0.84**			
10	10 Mediocredito Faenza IGD	Le Maioliche shopping mall (Ipermercato)	Loan	**06/30/2029**	IGD Siiq financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	**0.86**			
14	14 MPS Palermo	La Torre shopping mall (Galleria)	Mortgage	**11/30/2025**	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.7 ii) Loan to Value ratio for individual property must not exceed 70%	**0.84**	**30.34%**		
13	13 CR Veneto Mondovì	Mondovicino Retail Park	Mortgage	**01/11/2024**	Certified consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	**0.84**			
17	17 Carige Palermo iGD	La Torre shopping center (Ipermercato)	Mortgage	**30/06/2027**					
30	30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Galleria)	Mortgage backed loan	**07/17/2023**					
33	33 Ubi 5 Leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	Loan	**10/17/2023**	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%	**0.85**	**39.90%**		
28	28 Notes 2,25% - 11/01/2024	Unsecured	Bond	**01/11/2024**	i) Ratio Total Asset - Intangible Asset to Total Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.50 - [including effect of IFRS16 accounting standards]	**45.59%**	**3.47**	**10.36%**	**1.89**
35	35 Notes 2.125% - 28/11/2024	Unsecured	Bond	**11/28/2024**	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 60%; ii) Interest COver Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt (ney of Cash abd Cash equivalents) > 1.25 - [excluding effect of IFRS16 accounting standards]	**43.56%**	**3.95**	**9.17%**	**1.96**
34	34 Syndicated Loan	Unsecured	Syndacated loan	**06/30/2027**	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 60%; ii) Interest COver Ratio (recurring items in cas basis) > 1.7; iii) Ratio os Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of unencumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting]	**44.81%**	**3.95**	**9.17%**	**1.89**
35	35 Fin.to MPS Garanzia Italia	Unsecured	Unsecured loan	**10/16/2026**	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 65%; ii) Interest COver Ratio (recurring items in cas basis) > 1.5; iii) Ratio os Secured Debt to Total Asset - Intangible Asset under 50%; iv) Ratio of unencumbered assets to Unsecured debt > 1.00 - [excluding effect of IFRS16 accounting]	**43.56%**	**3.95**	**9.17%**	**1.96**
36	35 Fin.to MPS Garanzia Italia 2022	Unsecured	Unsecured loan	**09/30/2028**					

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 30) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2022	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	12/31/2022
Provisions for employee severance indemnities	**3,391**	**(785)**	**(190)**	**304**	**36**	**2,756**

	01/01/2021	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	12/31/2021
Provisions for employee severance indemnities	**3,267**	**2**	**(211)**	**314**	**19**	**3,391**

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	2022
Cost of living increase	**1.75%**
Discount rate	**2.30%**
Increase in total compensation	Executives **2.5%** ; White collar/Middle managers **1.0%** ; Blue collar: **1.0%**
Increase in severance indemnity	**3.225%**

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2022

	(in Euro/000)
Inflation rate +0,25% - Provision for employee severance indemnities:	**3,297**
Inflation rate -0,25% - Provision for employee severance indemnities:	**3,425**
Discount rate +0,25% - Provision for employee severance indemnities:	**3,445**
Discount rate -0,25% - Provision for employee severance indemnities:	**3,271**
Turnover rate +1 - Provision for employee severance indemnities:	**3,243**
Turnover rate -1 - Provision for employee severance indemnities:	**3,477**
Yearly service cost pro future	**299**
Plan duration	**19**
Estimated payments year 1	**145**
Estimated payments year 2	**102**
Estimated payments year 3	**109**
Estimated payments year 4	**303**
Estimated payments year 5	**252**

> NOTE 31) GENERAL PROVISIONS

	01/01/2022	Uses	Provision	Reclassification	12/31/2022
Provision for taxation	1,823	(68)	139	28	1,922
Consolidated Fund risks and future charges	1,057	(22)	820	(28)	1,827
Bonus provisions	1,250	(1,250)	895	0	895
Provisions for risks and future charges	4,130	(1,340)	1,854	0	4,644

> Provision for taxation

At 31 December 2022 this provision mostly concerned pending property tax disputes over the shopping centers La Torre in Palermo (mall + hypermarket), Le Maioliche in Faenza (mall), Esp in Ravenna (mall + hypermarket), and Guidonia (mall + hypermarket). The principal complaints against IGD SIIQ S.p.A. relate to: *(i)* the zoning classification of the shopping center itself (C/1 or D/8), *(ii)* the classification and valuation of the individual commercial units within the shopping center, *(iii)* the classification of the common areas of the shopping center, and *(iv)* the classification of the parking areas.

The Company is contesting the assessments received from the tax authorities and/or collection agencies and has decided to pay IMU (municipal property tax) based on the originally declared (pre-assessment) cadastral rent, while allocating provisions to cover the risk of losing at the different levels of the justice system.

Most of the increase for the year 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 2023 on the basis of the Group's 2022 estimated results. The utilization refers to the payment made in the first half of 2022.

> Other general provisions

These cover the risks arising from litigation in course and probable future expenses (€1,077K), and estimated end-of-term benefits for directors (€750K). The principal changes during the year were as follows:

> An allocation of €500K for an administrative dispute involving the subsidiary Win Magazin S.A.;

> A net allocation of €298K for earthquake proofing to be carried out, at IGD's expense, at various supermarkets and hypermarkets sold during the previous year.

> NOTE 32) SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES

	12/31/2022	12/31/2021	Change
Deferred income	5,918	5,920	(2)
Advances due one year	800	800	0
BNL extension fees	625	0	625
Debt for SACE guarantee	968	787	181
Payable for substitute tax	0	620	(620)
Debt for SIINQ entry tax	731	975	(244)
Other liabilities	345	402	(57)
Sundry payables and other non-current liabilities	9,387	9,504	(117)

Commitments to the City of Livorno concern the additional secondary urban infrastructure works as provided for by contract (€2,468K) and works to be delivered to Porta a Mare S.p.A. (€3,450K).

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

During the year, sundry payables and other non-current liabilities underwent the following changes:

> An increase in extension fees reflecting the two €312.5K fees that the Company will have to pay to BNP Paribas in 2024 and 2025 in order to extend the duration of the €215 million loan to 2025 and 2026, respectively. As of this writing, the Company believes an extension to both 2025 and 2026 is likely;

> A decrease of €419K for the reclassification to current liabilities of the costs payable to SACE in 2023 as consideration for the guarantee backing the five-year, €36,300K loan obtained in 2020;

> An increase of €601K for the long-term costs payable to SACE as consideration for the guarantee backing the 6-year loan of €20,946k obtained in 2022;

> A decrease of €620K for the reclassification to current liabilities of the portion due in June 2023 of the substitute tax on revaluation and realignment, under the option granted by Art. 2023 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October) 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 over the course of three years. This option was taken by the subsidiaries Millennium Gallery and IGD Management;

> A decrease of €244K in SIINQ entry tax payable, covering the non-current portion of the tax due for the adoption of SIINQ status by IGD Management, which took this option in 2021. The SIINQ entry tax is paid in five annual installments starting in 2022.

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Related party payables are shown below:

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0	9,911	9,911	0
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	10,441	10,441	0

Security deposits refer to sums received for the leasing of hypermarkets and malls. There was no change in this item during the year.

Security deposits pay interest at the rates provided for by law.

See Note 39 for additional information.

> NOTE 33) CURRENT FINANCIAL LIABILITIES

	Duration	12/31/2022	12/31/2021	Change
Payables due to banks		13,000	0	13,000
Bper Intesa - Hot money	05/09/2022 - 01/28/2023	13,000	0	13,000
Payables due to mortgages		76,348	27,328	49,020
05 BreBanca IGD Mondovicino (Galleria)	11/23/2006 - 01/10/2023	690	1,316	(626)
06 Unipol Lungosavio IGD	12/31/2008 - 12/31/2023	4,025	817	3,208
01 Unipol Sarca	04/10/2007 - 04/06/2027	3,295	3,000	295
08 Carisbo Guidonia IGD Tiburtino	03/27/2009 - 03/27/2024	4,136	4,129	7
07 Carige Nikefin Asti I Bricchi	12/31/2008 - 03/31/2024	2,082	1,952	130
13 CR Veneto Mondovì (Retail Park)	10/08/2009 - 11/01/2024	1,725	1,682	43
10 Mediocredito Faenza IGD	10/05/2009 - 06/30/2029	934	933	1
14 MPS Palermo (Galleria)	12/21/2010 - 11/30/2025	2,318	2,229	89
17 Carige Palermo IGD (Iper)	07/12/2011 - 06/30/2027	1,791	1,753	38
15 CentroBanca Coné (Galleria)	12/22/2010 - 12/31/2025	2,642	2,640	2
Fin Ubi 5 Leonardo	04/19/2018 - 10/17/2023	41,713	2,072	39,641
Fin Ubi 1 Lame Rp Favorita	04/19/2018 - 07/17/2023	1,891	2,536	(645)
Mps Sace	10/16/2020 - 09/30/2026	9,075	2,269	6,806
Fin BNL 215 ML	08/04/2022 - 08/01/2027	31	0	31
Payables due to other source of finance		7,674	7,355	319
Leasing Sede Igd	04/30/2009 - 04/30/2027	380	368	12
IFRS 16 Livorno liability	01/01/2019 - 03/31/2026	3,152	3,021	131
IFRS 16 Abruzzo liability	01/01/2019 - 12/31/2023	119	116	3
IFRS 16 Nova liability	01/01/2019 - 02/28/2027	4,023	3.850	173
Paybles due to bonds		1,812	157,960	(156,148)
Bond 100 ML	01/11/2017 - 01/11/2024	1,056	1.056	0
Bond 162 ML	04/21/2015 - 04/21/2022	0	156,148	(156,148)
Bond 400 ML	11/28/2019 - 11/28/2024	756	756	0
Current financial liabilities		98,834	192,643	(93,809)
Total current liabilities vs related parties		0	0	0

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4.6 NOTES TO THE FINANCIAL STATEMENTS

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

Current financial liabilities	12/31/2021	Coupon for the year	Increases	Repayment	Amortized cost	Interests	Reclassification	12/31/2022
Paybles due to banks	0	0	53,000	(40,000)	0	0	0	13,000
Paybles due to mortages	27,328	0	0	(27,329)	(29)	720	75,658	76,348
Paybles due to bonds	157,960	11,768	0	(167,916)	0	0	0	1,812
Paybles due to IFRS16	6,987	0	0	(6,986)	0	0	7,293	7,294
Paybles due to other sources of finance	368	0	0	(368)	0	0	380	380
Total	192,643	11,768	53,000	(242,599)	(29)	720	83,331	98,834

Current financial liabilities 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), and short-term bank borrowings. 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 redemption on 21 April 2022, for €153.6 million, of the bond loan with an original nominal value of €162 million;

> The reclassification to current liabilities of the UBI 5 loan with a remaining balance of €41.7 million, to be paid back on 17 October 2023.

> NOTE 34) NET FINANCIAL POSITION

The table below presents the net financial position at 31 December 2022 and 31 December 2021, prepared on the basis of ESMA guidelines. 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 €118 million, of which €105 million was unutilized at the close of the year.

Committed revolving credit facilities with banks, unutilized at 31 December 2022, amount to €60 million.

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

	12/31/2022	12/31/2021	Change
Cash and cash equivalents	(27,069)	(158,080)	131,011
LIQUIDITY	(27,069)	(158,080)	131,011
Current financial liabilities	13,000	0	13,000
Mortgage loans - current portion	76,348	27,328	49,020
Leasing - current portion	7,674	7,355	319
Bonds loans - current portion	1,812	157,960	(156,148)
CURRENT DEBT	98,834	192,643	(93,809)
CURRENT DEBT RELATED TO ASSETS HELD FOR SALES	0	1,228	(1,228)
CURRENT NET DEBT	71,765	35,791	35,974
Non-current financial assets	(174)	(174)	0
Leasing non-current portion	23,370	31,043	(7,673)
Non-current financial liabilities	386,757	427,579	(40,822)
Bond loans	495,223	492,786	2,437
NON-CURRENT NET DEBT	905,176	951,234	(46,058)
NET FINANCIAL POSITION	976,941	987,025	(10,084)

Net debt improved by €10.1 million with respect to 31 December 2021, due mainly to:

> A decrease in payables as a result of applying IFRS 16;

> Cash generated during the year net of capital expenditure, mortgage loan payments, and the bond redemption.

The gearing ratio is the ratio of net financial position to net equity, including non-controlling interests, net of cash flow hedge reserves. The ratio worsened slightly, from 0.84 at 31 December 2021 to 0.87 at the end of 2022.

As in previous years, the net financial position does not include other non-current liabilities described in Note 32, consisting mainly of security deposits received from third parties and related parties for the rental of hypermarkets and malls, guarantee deposits, and tax liabilities, given the lack of a significant implicit or explicit financial component. In addition, as in previous years, it does not include assets and liabilities for derivative financial instruments which amounted to €6,314K and €199K, respectively.

> NOTE 35) TRADE AND OTHER PAYABLES

	12/31/2022	12/31/2021	Change
Trade paybales within	22,746	16,137	6,609
Trade and other payables	22,746	16,137	6,609

Trade payables increased due primarily to work performed on freehold properties during the fourth quarter of the year.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 36) RELATED PARTY TRADE AND OTHER PAYABLES

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0	262	213	49
Alleanza Luce e Gas	1	0	1
Unicoop Tirreno s.c.a.r.l.	0	284	(284)
Cons. propr. del compendio com. del Commendone (GR)	41	19	22
Consorzio prop. Fonti del Corallo	33	3	30
Consorzio Coné	60	71	(11)
Consorzio Clodi	37	2	35
Consorzio Crema (Gran Rondò)	29	0	29
Consorzio I Bricchi	25	0	25
Consorzio Katané	159	20	139
Consorzio Lame	79	12	67
Consorzio Leonardo	146	54	92
Consorzio La Torre	164	24	140
Consorzio Porta a Mare	28	12	16
Consorzio Sarca	269	55	214
Distribuzione Centro Sud s.r.l.	6	0	6
Consorzio Le Maioliche	0	4	(4)
Consorzio Punta di Ferro	59	82	(23)
Millennium Center	98	0	98
Consorzio Proprietari Centro Luna	0	1	(1)
Consorzio Esp	0	53	(53)
Fondo Juice	14	0	14
Consorzio La Favorita	6	0	6
Consorzio Le Porte di Napoli	118	35	83
Consorzio Casilino	211	4	207
Consorzio del Centro Commerciale Nuova Darsena	0	2	(2)
Trade and other payables vs related parties	1,845	950	895

Most of the increase in related party payables (€895K) reflects the higher amounts due to certain consortiums.

See Note 39 for additional information.

> NOTE 37) CURRENT TAX LIABILITIES

	12/31/2022	12/31/2021	Change
Due to tax authorities for withholdings	714	709	5
Irap	43	835	(792)
Ires	171	226	(55)
VAT	181	327	(146)
Other taxes	2	6	(4)
Substitute	620	620	0
Debt for SIINQ entry tax	244	244	0
Current tax liabilities	1,975	2,967	(992)

This item decreased by €992K due mainly to the change in the IRAP liability of the subsidiary IGD Management.

In 2022, the second installment of €620K was paid toward the substitute tax for realignment and revaluation pursuant to Art. 110 of Decree Law 104 of 14 August 2020 (the “August Decree,” converted into Law 126 of 13 October 2020), a liability that formed in 2020 for the subsidiaries IGD Management and Millennium Gallery (the latter was absorbed in 2021 by IGD Management).

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 38) OTHER CURRENT LIABILITIES

	12/31/2022	12/31/2021	Change
Social security	**384**	**442**	**(58)**
Accrued liabilities and deferred income	**289**	**791**	**(502)**
Insurance	**8**	**8**	**0**
Due to employees	**820**	**968**	**(148)**
Security deposits	**9,143**	**8,319**	**824**
Unclaimed dividends	**287**	**2**	**285**
Fee Centro Piave	**0**	**1,000**	**(1,000)**
Advances received due within the year	**1,150**	**1,077**	**73**
Amounts due to director for emoluments	**120**	**249**	**(129)**
Extension fees	**0**	**500**	**(500)**
Debt for SACE guarantee	**884**	**296**	**588**
Other liabilities	**1,078**	**1,088**	**(10)**
Other current liabilities	**14,163**	**14,740**	**(577)**

These consist mainly of security deposits received from tenants.

The decrease of €577K mostly concerns: *(i)* the settling of accounts further to the sale, as from 1 January 2022, of the mall at Centro Piave shopping center and *(ii)* the early termination of the €200 million BNL loan, entailing recognition of the extension fee for the earlier extension of the loan until October 2023, partially offset by *(iii)* an increase in security deposits and *(iv)* an increase of €588K in payables to SACE (€419K for the reclassification to current liabilities of the 2023 share of costs payable to SACE as consideration for the guarantee backing the 5-year loan of €36,300K obtained in 2020 and €169K for the current portion of costs payable to SACE as consideration for the guarantee backing the 6-year loan of €20,946K obtained in 2022).

> 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	**99**	**0**	**262**	**9,911**	**0**	**0**	**0**	**0**
Librerie Coop s.p.a.	**25**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Alleanza Luce e Gas	**25**	**0**	**1**	**55**	**0**	**0**	**0**	**0**
Unicoop Tirreno s.c.a.r.l.	**37**	**0**	**0**	**25**	**0**	**0**	**0**	**0**
Cons. propr. del compendio com. del Commendone (GR)	**50**	**0**	**41**	**0**	**0**	**0**	**26**	**0**
Consorzio prop. Fonti del Corallo	**0**	**0**	**33**	**0**	**0**	**0**	**58**	**0**
Consorzio Coné	**3**	**0**	**60**	**0**	**0**	**0**	**81**	**0**
Consorzio Clodi	**1**	**0**	**37**	**0**	**0**	**0**	**5**	**0**
Consorzio Crema (Gran Rondò)	**3**	**0**	**29**	**0**	**0**	**0**	**30**	**0**
Consorzio I Bricchi	**39**	**0**	**25**	**0**	**0**	**0**	**0**	**0**
Consorzio Katané	**107**	**0**	**159**	**0**	**0**	**0**	**152**	**0**
Consorzio Lame	**127**	**0**	**79**	**0**	**0**	**0**	**0**	**0**
Consorzio Leonardo	**65**	**0**	**146**	**0**	**0**	**0**	**116**	**0**
Consorzio La Torre	**0**	**0**	**164**	**0**	**0**	**0**	**247**	**0**
Consorzio Porta a Mare	**22**	**0**	**28**	**0**	**0**	**0**	**0**	**0**
Consorzio Sarca	**2**	**0**	**269**	**0**	**0**	**0**	**283**	**0**
Distribuzione Centro Sud s.r.l.	**0**	**0**	**6**	**450**	**0**	**0**	**0**	**0**
Consorzio Punta di Ferro	**80**	**0**	**59**	**0**	**0**	**0**	**32**	**0**
Millennium Center	**22**	**0**	**98**	**0**	**0**	**0**	**21**	**0**
Fondo Juice	**171**	**0**	**14**	**0**	**0**	**0**	**0**	**0**
Consorzio La Favorita	**49**	**0**	**6**	**0**	**0**	**0**	**2**	**0**
Consorzio Le Porte di Napoli	**179**	**0**	**118**	**0**	**0**	**0**	**126**	**0**
Consorzio Casilino	**133**	**0**	**211**	**0**	**0**	**0**	**242**	**0**
Consorzio del Centro Commerciale Nuova Darsena	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,242**	**0**	**1,845**	**10,441**	**0**	**0**	**1,421**	**0**
Total reported	**53,499**	**174**	**38,754**	**19,828**	**1,004,184**	**121**		
Total increase/ decrease of the period							**32,695**	**(500)**
Weight %	**2.32%**	**0.00%**	**4.76%**	**52.66%**	**0.00%**	**0.00%**		

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	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	24,303	0	977	124
Robintur s.p.a.	137	0	0	0
Librerie Coop s.p.a.	1,044	0	0	0
Alleanza Luce e Gas	112	0	0	1
Unicoop Tirreno s.c.a.r.l.	1,479	0	22	0
Cons. propr. del compendio com. del Commendone (GR)	156	0	87	0
Consorzio Prop. Fonti del Corallo	0	0	10	0
Consorzio Coné	176	0	378	0
Consorzio Clodì	58	0	206	0
Consorzio Crema (Gran Rondò)	63	0	122	0
Consorzio I Bricchi	121	0	679	0
Consorzio Katané	217	0	375	0
Consorzio Lame	192	0	252	0
Consorzio Leonardo	226	0	270	0
Consorzio La Torre	212	0	626	0
Consorzio Porta a Mare	81	0	310	0
Consorzio Sarca	186	0	508	0
Distribuzione Centro Sud s.r.l.	955	0	0	5
Consorzio Punta di Ferro	180	0	406	0
Distribuzione Lazio Umbria s.r.l.	16	0	0	0
Millennium Center	174	0	254	0
Fondo Juice	171	0	0	0
Consorzio La Favorita	241	0	205	0
Consorzio Le Porte di Napoli	396	0	328	0
Consorzio Casilino	385	0	1,225	0
Consorzio del centro commerciale Nuova Darsena	0	0	269	0
Total	31,281	0	7,509	130
Total reported	151,999	92	43,597	30,551
Weight %	20.58%	0,00%	17.22%	0.43%

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 (Librerie Coop S.p.A. 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 2022, including for retail premises, amounted to €24.3 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 shopping centers and cover the first six months of the year only, as Coop Alleanza sold its interest in these companies on 1 July 2022. For 2022, €137K in rent was received from Robintur S.p.A.

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 €1,044K 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 €112K under this arrangement.

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 €1.5 million under these arrangements.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries Igd Management SIINQ S.p.A., Igd Service S.r.l., Porta Medicea S.r.l., Arco Campus S.r.l. and Win Magazin S.A. concern the following: *(i)* administrative, technical and financial services provided by IGD; *(ii)* loans granted to the subsidiaries Igd Management SIINQ S.p.A., Arco Campus S.r.l., and Igd Service S.r.l. and financial payables to the subsidiaries Igd Management SIINQ S.p.A., Igd Service S.r.l., and Win Magazin SA for use of the pooled account.; *(iii)* the tax consolidation agreement with Igd Management SIINQ S.p.A., Igd Service S.r.l., and Porta Medicea S.r.l.

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.

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> 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 fixed-interest bond loans, so it determines its risk of increased 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 76.88% 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-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21
Interests bearing assets	Euribor	271	1,581	0	(158)	0	0	0	0
Hot Money	Euribor	0	0	0	0	0	0	0	0
Financial liabilities at variable risk	Euribor	(3,576)	(3,218)	3,562	268	0	0	0	0
Derivative instruments									
Cash Flow		1,894	2,495	(1,888)	(234)	0	0	0	0
Fair Value		0	0	0	0	11,808	6,022	1,060	(597)
Total		(1,411)	858	1,674	(124)	11,808	6,022	1,060	(597)

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 2022 and 2021.

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 local tenants, in the case of rent 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 special regard for local consumption styles and market demands. To that end, the Group employs a team of specialized 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 investigate 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	2022	2021
Receivables and Loans		
Sundry receivables and other assets	121	127
Financial assets	0	0
Trade and other receivables	15,212	15,415
Trade and other receivables vs related parties	1,242	716
Other assets	1,601	1,052
Cash equivalents	27,069	158,001
Financial receivables and other financial assets	174	174
Total	45,419	175,485

> 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). See the directors' report for information on the coverage of upcoming financial maturities.

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

Most long-term loans and outstanding bond loans involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.

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

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

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

> For the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;

> For the future cash flows of the fixed-rate bonds, the contractual flows have been used;

> For derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;

> Amounts include cash flows from both the interest and the principal component.

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

LIQUIDITY RISK

Maturity analysis at 31 december 2022	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	8,435	4,791	20,864	63,165	89,528	377,557	7,401	571,741
Leasing	38	78	121	250	491	1,895	0	2,873
Bond	1,125	0	0	9,625	509,625	0	0	520,375
Short-term credit lines	13	0	0	0	0	0	0	13
Total	9,611	4,869	20,985	73,040	599,644	379,452	7,401	1,095,002
Derivative financial instruments								
Derivative on rate risk	3	91	88	(112)	(147)	218	0	141
Total	3	91	88	(112)	(147)	218	0	141
Exposure at 31 december 2022	9,614	4,960	21,073	72,928	599,470	379,670	7,401	1,905,143

LIQUIDITY RISK

Maturity analysis at 31 december 2021	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	2,614	3,638	8,397	17,167	280,770	114,439	45,230	472,254
Leasing	33	66	66	167	345	1,230	935	2,841
Bond	1,125	0	157,670	9,625	10,750	509,625	0	688,794
Short-term credit lines	0	0	0	0	0	0	0	0
Total	3,772	3,703	166,134	26,959	291,865	625,292	46,165	1,163,890
Derivative financial instruments								
Derivative on rate risk	302	676	1,236	1,875	2,621	1,681	572	8,962
Total	302	676	1,236	1,875	2,621	1,681	572	8,962
Exposure at 31 december 2021	4,074	4,379	167,370	28,834	294,486	626,973	46,737	1,172,852

The financial maturities of 2022, totalling €180.6 million, were covered by the €158 million cash balance at the start of the year and for the remaining amount by two loans contracted in the second half of the year. In August IGD obtained the first unsecured senior green loan in its history, amounting to €215 million, with a duration of three years extendable for a further two years. This instrument, held in high regard by banks and investors alike, was obtained thanks to IGD's broad portfolio of high-quality assets with BREEAM certification of "very good" or "excellent." In addition, a SACE-backed loan of €20.9 million was obtained from a major bank. With the extensions negotiated in the spring, at the end of 2022 committed credit lines amounted to €60 million, available in full. The Group has uncommitted credit lines amounting to €105 million.

Considering available funds, in the form of new and extended loans and cash generated by ordinary operations, the Group closed the year with enough resources to cover essentially all maturities in 2023 and the first quarter of 2024. The Group has also got a strong head start on its next refinancing, taking into account the properties it can use to secure loans (approximately €1.4 billion), through a €225-250 million operation to be finalized in the first half of the year that will cover all of its needs for the next 18 months.

> 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 0.84x at 31 December 2021 and rose slightly to 0.87x at the end of 2022);

> Keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50% (it was 45.46% at the close of the year, an increase over the 44.76% reported at the end of 2021).

> War in Ukraine and the macroeconomic scenario

Group Management has determined that the war in Ukraine, with its impacts on the macroeconomic scenario, is a material event. The current and expected impacts for the IGD Group, while material as noted in the directors' report, have not required any revision of estimated financial statement figures at 31 December 2022, given that the Group is not directly exposed to the risks produced by the conflict and that all investment property at the close of the year was recognized at fair value on the basis of independent appraisals and therefore reflects the current macroeconomic context.

> NOTE 41) DERIVATIVE INSTRUMENTS

Gruppo IGD 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	12/31/2022	12/31/2021	Change	Level
Derivative assets	**6,314**	**0**	**6,314**	**2**
Derivative liabilities	**(199)**	**(8,435)**	**8,236**	**2**
IRS net effect	**6,115**	**(8,435)**	**14,550**	

Contracts in detail	IRS 46_39 Intesa Sanpaolo 3.3495%	IRS 118_40 Banco BPM 3.285%	IRS 118_54 Intesa Sanpaolo 3.272%	IRS 35_67 Intesa Sanpaolo 2.429%	IRS 32_80 Intesa Sanpaolo 3.25%	IRS 35_81 BPM 2.427%	IRS 30_82 BPM 2.30%	IRS 30_83 Intesa Sanpaolo 2.285%
Nominal amount	**685,197**	**3,487,038**	**4,649,384**	**8,910,000**	**11,025,000**	**5,346,000**	**6,870,250**	**6,870,250**
Inception date	**02/16/2009**	**12/31/2011**	**12/31/2010**	**12/30/2011**	**11/02/2012**	**12/31/2011**	**12/27/2010**	**12/27/2010**
Maturity	**01/10/2023**	**03/31/2024**	**03/28/2024**	**12/31/2025**	**11/01/2024**	**12/31/2025**	**03/27/2024**	**03/27/2024**
Irs frequency	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	**3.3495%**	**3.285%**	**3.272%**	**2.429%**	**3.25%**	**2.427%**	**2.30%**	**2.285%**

Contracts in detail	IRS 35_84 Intesa Sanpaolo 2.429%	IRS 30_85 MPS 2.30%	IRS 30_86 Intesa Sanpaolo 2.30%	IRS 29_100 Intesa Sanpaolo 3.412%	IRS 118_101 Intesa Sanpaolo 3.25%	IRS 49_102 MPS 2.80%	IRS 121_97 BNL 0.5925%
Nominal amount	**3,564,000**	**6,870,250**	**6,870,250**	**4,027,255**	**3,487,038**	**1,785,714**	**26,750,000**
Inception date	**12/30/2011**	**12/27/2010**	**12/27/2010**	**12/31/2010**	**12/31/2010**	**12/31/2011**	**06/08/2017**
Maturity	**12/31/2025**	**03/27/2024**	**03/27/2024**	**12/29/2023**	**03/28/2024**	**03/31/2024**	**04/06/2027**
Irs frequency	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely
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	**2.43%**	**2.30%**	**2.30%**	**3.41%**	**3.25%**	**2.80%**	**0.59%**

Contracts in detail	IRS 121_99 Bintesa 0.5925%	IRS 37_122 Intesa Sanpaolo 0.333%	IRS 152_209 partial coverage 215 mln - BNL 3.18%	IRS 152_210 partial coverage 215 mln - MPS 3.18%	IRS 152_211 partial coverage 215 mln - Intesa Sanpaolo 3.18%	IRS 152_212 partial coverage 215 mln - DB 3.18%	IRS 152_213 partial coverage 215 mln - BPM 3.18%
Nominal amount	**26,750,000**	**41,500,000**	**18,428,571**	**18,428,571**	**18,428,571**	**4,095,240**	**12,285,714**
Inception date	**06/08/2017**	**01/17/2019**	**12/30/2022**	**12/30/2022**	**12/30/2022**	**12/30/2022**	**12/30/2022**
Maturity	**04/06/2027**	**10/17/2023**	**08/02/2026**	**08/02/2026**	**08/03/2026**	**08/03/2026**	**08/02/2026**
Irs frequency	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely	Quartely
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%**	**3.18%**	**3.18%**	**3.18%**	**3.18%**	**3.18%**

> NOTE 42) SUBSEQUENT EVENTS

On 26 January 2023 the Board of Directors of IGD SIIQ S.p.A. took note of the appraisals at 31 December 2022, received on that date from the independent appraisers CBRE Valuation S.p.A., Kroll Advisory S.p.A., Cushman & Wakefield LLP, and Jones Lang LaSalle S.p.A., which put the market value of the Company's consolidated property portfolio at €2,080.86 million.

Calculated using the discounted cash flow model, the appraisals reflect the rise in the interest rate curves due in part to the worsened macroeconomic situation, and take capex for the period into account, for an overall fair value change of around –€94 million.

Based on preliminary data and information, the Company decided to confirm the FFO 2022 guidance issued on 4 August with estimated growth of +2-3% on 2021 (or +17-18% taking into account the change in the scope of consolidation due to the sale of assets at the end of 2021).

Considering projected FFO and the increase in financial leverage (especially given the negative fair value changes mentioned above), the Company expects the dividend for 2022 (to be paid in 2023 once approved by the Annual General Meeting) to be between €0.25 and €0.30 per share, i.e. the minimum level specified in the 2022-2024 Business Plan.

> NOTE 43) COMMITMENTS

At 31 December 2022 the Group had the following major commitments:

> Contract for the development of the Officine Storiche section (Livorno), for a remaining amount of €5.4 million;

> Contract for the restyling of the San Benedetto del Tronto property, for an amount of €3.2 million.

> 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 2017 it definitively cleared the IRES and IRAP assessments, and with decision no. 254/14 (also filed on 28 February 2017) 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 (reimbursed in the first half of 2021).

In May 2021 the Emilia Romagna regional authorities filed an appeal with the Court of Cassation and IGD SIIQ S.p.A. filed its response.

> 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 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 2022 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 amortized cost (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 are measured at fair value through profit and loss. At 31 December 2022 the Group had no financial instruments in this category;

> Financial liabilities are 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 2022 and 31 December 2021:

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 december 2022	Financial assets/ liabilities designated at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized cost	Hedging derivatives	Total	of which current	of which non current	Fair Value
ASSETS											
Other non current assets											
Current financial assets	0	0	6,314	0	0	0	0	6,314	0	6,314	6,314
Sundry receivables and other non current assets	0	0	121	0	0	0	0	121	0	121	121
Equity investments	0	0	25,765	0	0	0	0	25,765	0	25,765	25,765
Non current financial assets	0	0	174	0	0	0	0	174	0	174	174
Current assets											
Trade and other receivables	0	0	15,212	0	0	0	0	15,212	15,212	0	15,212
Trade and other receivables vs related parties	0	0	1,242	0	0	0	0	1,242	1,242	0	1,242
Other current assets	0	0	1,601	0	0	0	0	1,601	1,601	0	1,601
Cash and cash equivalents	0	0	27,069	0	0	0	0	27,069	27,069	0	27,069
TOTAL FINANCIAL ASSETS	0	0	77,498	0	0	0	0	77,498	45,124	32,374	77,498
LIABILITIES											
FINANCIAL LIABILITIES											
Derivative liabilities	0	0	0	0	0	0	199	199	0	199	199
Due to bank	0	0	0	0	0	13,000	0	13,000	13,000	0	13,000
Leasing	0	0	0	0	0	2,525	0	2,525	380	2,145	2,400
Bond	0	0	0	0	0	497,035	0	497,035	1,812	495,223	489,722
Due to other sources of finance	0	0	0	0	0	28,519	0	28,519	7,294	21,225	28,519
Mortgages	0	0	0	0	0	463,105	0	463,105	76,348	386,757	475,255
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	8,656	0	8,656	0	8,656	8,656
Sundry payables and other non current liabilities vs related parties	0	0	0	0	0	10,441	0	10,441	0	10,441	10,441
Current liabilities											
Trade and other payables	0	0	0	0	0	22,746	0	22,746	22,746	0	22,746
Trade and other payables vs related parties	0	0	0	0	0	1,845	0	1,845	1,845	0	1,845
Other current liabilities	0	0	0	0	0	14,163	0	14,163	14,163	0	14,163
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,062,035	199	1,062,234	137,588	924,646	1,066,946

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 december 2021	Financial assets/ liabilities designated at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized cost	Hedging derivatives	Total	of which current	of which non current	Fair Value
ASSETS											
Other non current assets											
Current financial assets	**0**	**0**	**127**	**0**	**0**	**0**	**0**	**127**	**0**	**127**	**127**
Sundry receivables and other non current assets	**0**	**0**	**25,765**	**0**	**0**	**0**	**0**	**25,765**	**0**	**25,765**	**25,765**
Equity investments	**0**	**0**	**174**	**0**	**0**	**0**	**0**	**174**	**0**	**174**	**174**
Non current financial assets											
Current assets	**0**	**0**	**15,415**	**0**	**0**	**0**	**0**	**15,415**	**15,415**	**0**	**15,415**
Trade and other receivables	**0**	**0**	**716**	**0**	**0**	**0**	**0**	**716**	**716**	**0**	**716**
Trade and other receivables vs related parties	**0**	**0**	**1,052**	**0**	**0**	**0**	**0**	**1,052**	**1,052**	**0**	**1,052**
Other current assets	**0**	**0**	**158,001**	**0**	**0**	**0**	**0**	**158,001**	**158,001**	**0**	**158,001**
Cash and cash equivalents	**0**	**0**	**201,250**	**0**	**0**	**0**	**0**	**201,250**	**175,184**	**26,066**	**201,250**
TOTAL FINANCIAL ASSETS											
LIABILITIES											
FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**0**	**0**	**8,435**	**8,435**	**0**	**8,435**	**8,435**
Derivative liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Due to bank	**0**	**0**	**0**	**0**	**0**	**2,893**	**0**	**2,893**	**368**	**2,525**	**2,887**
Leasing	**0**	**0**	**0**	**0**	**0**	**650,746**	**0**	**650,746**	**157,960**	**492,786**	**662,700**
Bond	**0**	**0**	**0**	**0**	**0**	**36,733**	**0**	**36,733**	**8,214**	**28,519**	**36,733**
Due to other sources of finance	**0**	**0**	**0**	**0**	**0**	**454,906**	**0**	**454,906**	**27,327**	**427,579**	**455,887**
Mortgages											
Non current liabilities	**0**	**0**	**0**	**0**	**0**	**7,909**	**0**	**7,909**	**0**	**7,909**	**7,909**
Sundry payables and other non current liabilities	**0**	**0**	**0**	**0**	**0**	**10,441**	**0**	**10,441**	**0**	**10,441**	**10,441**
Sundry payables and other non current liabilities vs related parties											
Current liabilities	**0**	**0**	**0**	**0**	**0**	**16,062**	**0**	**16,062**	**16,062**	**0**	**16,062**
Trade and other payables	**0**	**0**	**0**	**0**	**0**	**950**	**0**	**950**	**950**	**0**	**950**
Trade and other payables vs related parties	**0**	**0**	**0**	**0**	**0**	**14,740**	**0**	**14,740**	**14,740**	**0**	**14,740**
Other current liabilities	**0**	**0**	**0**	**0**	**0**	**1,195,380**	**8,435**	**1,203,815**	**225,622**	**978,194**	**1,216,744**
TOTAL FINANCIAL LIABILITIES											

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
4.6 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 2022 the estimated credit spread was 3.75% (1.7% the previous year).

> Collateral

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

Collateral given	Carrying value	
	2022	2021
Security deposits		
Sundry receivables and other assets	121	127

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	2022	2021
Opening balance	20,343	22,695
Allocation for individual writedowns	533	3,447
Utilizations	(2,888)	(5,781)
Other movements	0	(18)
Total	17,988	20,343

> 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 €5,627K in 2022 and a positive €4,005K in 2021. The effects of fair value changes of derivatives held by consolidated subsidiaries, charged to a separate cash flow hedge reserve under equity (net of the tax effects), amounted to a positive €5,039K in 2022 and a positive €1,133K in 2021.

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

Income statement at 31/12/2022	Carrying value						
	Financial assets/ liabilities measured at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedgind derivatives
	31-dec-22						
Net profit (loss)							
Financial assets/ liabilities	0	0	0	0	0	0	(2,930)
Trade and other receivables	0	0	(533)	0	0	0	0
Total	0	0	(533)	0	0	0	(2,930)

INCOME AND LOSS FROM FINANCIAL INSTRUMENT

Income statement at 31/12/2021	Carrying value						
	Financial assets/ liabilities measured at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized costs	Hedgind derivatives
	31-dec-21						
Net profit (loss)							
Financial assets/ liabilities	0	0	0	0	0	0	(5,406)
Trade and other receivables	0	0	(3,430)	0	0	0	0
Total	0	0	(3,430)	0	0	0	(5,406)

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

Interest income	2022	2021
Interest income of financial assets not measured at fair value		
Deposits	**90**	**58**
Related party receivables	**0**	**0**

Interest expenses	2022	2021
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**130**	**1**
Sundry payables and other liabilities	**1,346**	**1,329**
Financial liabilities		
Mortgage	**10,153**	**7,354**
Leasing	**48**	**33**
IFRS 16	**1,234**	**1,250**
Bonds	**14,710**	**18,552**
Short-term loans	**0**	**0**

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 2021	year 2020
ASSETS		
A) Subscribed capital unpaid	**0**	**0**
B) Fixed assets	**3,807,419,353**	**3,871,438,028**
C) Current assets	**2,840,545,196**	**2,731,711,544**
D) Accrued income and prepayments	**23,398,879**	**10,120,955**
Total assets	**6,671,363,428**	**6,613,270,527**
LIABILITIES		
A) Net equity	**1,682,660,546**	**1,720,584,845**
B) General provisions	**107,505,356**	**105,567,083**
C) Provisions for employees serverance indemnities	**110,412,651**	**125,236,263**
D) Payables	**4,767,625,630**	**4,658,663,932**
E) Accrued income and prepayments	**3,159,245**	**3,218,404**
Total liabilities and net equity	**6,671,363,428**	**6,613,270,527**
INCOME STATEMENT (ex art. 2425 C.C.)		
A) Value of production	**4,565,789,102**	**4,213,362,446**
B) Cost of production	**(4,669,658,467)**	**(4,322,635,297)**
C) Financial income and charges	**129,035,704**	**35,042,646**
D) Adjustment to the value of financial assets	**(60,537,562)**	**(66,972,801)**
Income taxes for the period	**(3,390,729)**	**2,970,322**
Profit (loss) for the period	**(38,761,952)**	**(138,232,684)**

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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 2022.

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 SIIQ S.p.A.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**20,000,000.00**	Euro	**100%**	IGD SIIQ S.p.A.	**100.00%**	Shopping center management and services
IGD Service S.r.l.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**60,000,000.00**	Euro	**100%**	IGD SIIQ S.p.A.	**100.00%**	Shopping center management and services
Porta Medicea S.r.l.	Bologna via trattati comunitari Europei 1957 - 2007	Italy	**34,302,411.00**	Euro	**100%**	IGD Service S.r.l.	**100.00%**	Construction and marketing company
Win Magazin S.A.	Bucarest	Romania	**113,715.30**	Lei	**100%**	IGD Service S.r.l. 99,9% IGD SIIQ S.p.A. 0,1%	**100.00%**	Shopping center management
Winmarkt Management S.r.l.	Bucarest	Romania	**1,001,000**	Lei	**100%**	Win Magazin S.A.	**100.00%**	Agency and facility management services
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%**	Assets management, sport facilities and equipments management, constructions, sale and rent of properties to be used for commercial activities
Associated companies consolidated at net equity								
Fondo Juice	Milano via San Paolo 7	Italy	**64,165**	Euro	**40%***	IGD SIIQ S.p.A.	**40%**	Hypermarket/ supermarkets property

(*): *IGD SIIQ holds 25,224 class B shares equal to 40% of the fund capital*

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 2022 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 2022
Auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**115**
	Deloitte & Touche S.p.A.	Subsidiaries: - IGD Management SIINQ S.p.A. - IGD Service S.r.l. - Porta Medicea S.r.l.	**30**
	Deloitte Audit S.R.L.	Romanian subsidiaries	**25**
Sustainability report auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**20**
Total			**190**

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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 2022.

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, 23 February 2023

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

4.11 // External Auditors' Report

Deloitte.

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Immobiliare Grande Distribuzione SIIQ S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. and its subsidiaries (the "Group" or "IGD Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 our report. We are independent of Immobiliare Grande Distribuzione SIIQ S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.11 EXTERNAL AUDITORS' REPORT

Deloitte.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in 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.

Assessment of the investment properties, of the assets under construction and of the work in progress inventory	
Description of the key audit matter	As of December 31, 2022 Investment properties are equal to Euro 2,107 million (of which Euro 36.7 million relating to assets under construction and Euro 29.3 million related to work in progress inventory), representing 95.3% of total assets. The total real estate portfolio, held by the Group also through an associated company valued according to the equity method with a carrying amount of Euro 25.6 million, includes investment property and property under construction. Investment properties are measured at fair value in accordance with the IAS 40 adopted by the European Union and assets under construction and work in progress inventory are valued at cost less impairment losses, or at fair value if it can be reliably determined, taking into account the procedure for obtaining administrative permits and the start of construction. The process of valuing the Group's real estate portfolio, carried out by the Directors on the basis of appraisals by independent experts (the "Appraisers"), is based on a complex series of estimates, and derives from variables and assumptions relating to future performance that are impacted by future economic and market conditions that are hard to predict. In particular, the assumptions used by the Directors in valuing their real estate portfolio mainly relate to the following variables: (i) the expected cash flows of each investment property and their distribution over time; (ii) inflation rates, capitalization rates of net income at the end of the valuation period and discount rates of cash flows related to each investment property. As a result of these appraisals, the Group's real estate portfolio was subject to net writedowns of Euro 93.7 million. In view of the significance of the Group's real estate portfolio, the complexity and subjectivity of the valuation process carried out by the Directors, made even more uncertain by the current geopolitical tensions caused by the conflict between Russia and Ukraine, we considered the valuation of the real estate portfolio to be a key matter of the audit of the Group's financial statements as at December 31, 2022. Notes 7, 14, 17 and 22 and paragraphs "Summary of accounting policies" and "use of estimates" of the consolidated financial statements provide information on the real estate portfolio and the assumptions underlying its valuations.

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Audit procedures performed	During our audit, we carried out, the following procedures, among others: • understanding and assessing the methodologies and procedures laid down by the Group to verify the independence and competence of the independent Appraisers engaged to determine the fair value of investment properties and assets under construction, as well as the procedures governing the selection and rotation of the Appraisers and the exchange of information between the Group's managers responsible for managing the real estate assets and the Appraisers; • compliance tests on the controls put in place by the Group over the processes and procedures mentioned above for the verification of the fair value models prepared by the Appraisers, and of the results deriving from such models; • Assessment of the expertise, skills and objectivity of the independent experts involved by the Directors, by reviewing their professional qualifications; • analysis, with the support of our specialists with specific valuation skills, of the adequacy of the valuation methods used and the reasonableness of the main assumptions reflected in these valuation models (discounted cash flow method), by reading and analysing the appraisals prepared by the independent experts and by holding discussions with the Group's management and with the independent experts; • verification on a sample basis of the data communicated by the Group's management to the independent experts for the preparation of the appraisals; • Comparison on a sample basis, also involving our specialists with specific valuation skills, of inflation rates, discount rates, capitalization rates and market fees used to prepare the valuations, with external sources; • Verification on a sample basis of the mathematical accuracy of the valuation models prepared by independent external valuation companies and of the sensitivity analysis prepared by the Group; • review of the information provided by the Group in the notes to the consolidated financial statements relating to the method used to determine fair value, to estimate the input data, to assess the results of the valuations and carry out the sensitivity analysis of fair value; • analysis of any subsequent events to the reporting date which might prove useful for the valuation of the Group's real estate portfolio.

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Other Matter

The consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2022.

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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the 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 these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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 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 Group to cease to continue as a going concern.

- Evaluate 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.

We communicate 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate 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 determine 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 describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Immobiliare Grande Distribuzione SIIQ S.p.A. has appointed us on April 14, 2022 as auditors of the Company for the years from December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
4.11 EXTERNAL AUDITORS' REPORT

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Some of the information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL instance, due to certain technical limitations may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of IGD Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of IGD Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of IGD Group as at December 31, 2022 and are prepared in accordance with the law.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Masetti
Partner

Bologna, Italy
March 21, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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// 5. IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022

DETAILED INDEX

5.1 // Income statement

(In Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A) - (B)
Revenue	1	122,825,531	119,318,137	(6,492,606)
Revenues from third parties		81,219,765	77,497,362	3,722,403
Revenues from related parties		31,605,766	41,820,775	(10,215,009)
Other revenue	2	1,181,297	1,148,121	33,176
Other revenues from third parties		738,294	691,395	46,899
Other revenues from related parties		443,003	456,726	(13,723)
Operating revenues		114,006,828	120,466,258	(6,459,430)
Service costs	3	(15,331,001)	(11,594,663)	(3,736,338)
Service costs from third parties		(8,900,145)	(7,941,002)	(959,143)
Service costs from related parties		(6,430,856)	(3,653,661)	(2,777,195)
Cost of labour	4	(5,894,184)	(6,057,004)	162,820
Other operating costs	5	(8,324,094)	(14,155,033)	5,830,939
Total operating costs		(29,549,279)	(31,806,700)	2,257,421
Depreciations, amortization and provisions		(1,124,090)	(639,897)	(484,193)
(Impairment losses)/ Reversals on work in progress and inventories		(41,510)	35,119	(76,629)
Provisions for doubtful accounts		(460,683)	(2,645,653)	2,184,970
Change in fair value		(59,301,950)	(378,704)	(58,923,246)
Depreciation, amortization, provisions, impairment and change in fair value	6	(60,928,233)	(3,629,135)	(57,299,098)
EBIT		23,529,316	85,030,423	(61,501,107)
Income/ (loss) from equity investments and asset disposal	7	4,052	912,648	(908,596)
Financial Income		737,768	80,087	657,681
Financial income from third parties		57,038	51,220	5,818
Financial income from related parties		680,730	28,867	651,863
Financial charges		(29,061,745)	(32,384,326)	3,322,581
Financial charges from third parties		(28,919,644)	(32,379,247)	3,459,603
Financial charges from related parties		(142,101)	(5,079)	(137,022)

(In Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A) - (B)
Net financial income (expense)	8	(28,323,977)	(32,304,239)	3,980,262
Pre-tax profit/ (loss)		(4,790,609)	53,638,832	(58,429,441)
Income taxes	9	(237,317)	454,569	(691,886)
Net profit/ (loss) for the period		(5,027,926)	54,093,401	(59,121,327)

5.2 // Statement of comprehensive income

(amount in euros)	12/31/2022	12/31/2021
Net profit for the period	(5,027,926)	54,093,401
Other components of comprehensive income that will not be reclassified to profit/ (loss)		
Recalculation of defined benefit plans	468,052	(8,439)
Tax effect	(8,830)	334
Total other components of comprehensive income that will not be reclassified to profit/ (loss), net of tax effect	459,222	(8,105)
Other components of comprehensive income that will be reclassified to profit/ (loss)		
Hedge derivative financial instruments	7,403,133	5,224,003
Tax effect of hedge derivative financial instruments	(1,776,752)	(1,218,877)
Total other components of comprehensive income that will be reclassified to profit/ (loss)	5,626,381	4,005,126
Total comprehensive profit/ (loss) for the period	1,057,677	58,090,422

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.3 STATEMENT OF FINANCIAL POSITION

5.3 // Statement of financial position

(In Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A) - (B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite lives	10	764,840	289,625	475,215
Goodwill	11	1,000,000	1,000,000	0
		1,764,840	1,289,625	475,215
Property, plant, and equipment				
Investment property	12	1,741,750,399	1,781,635,133	(39,884,734)
Buildings	13	6,998,864	7,173,012	(174,148)
Plant and machinery	14	86,051	112,046	(25,995)
Equipment and other goods	14	1,649,111	1,124,574	524,537
Assets under construction and advance payments	15	25,926,298	27,882,640	(1,956,342)
		1,776,410,723	1,817,927,405	(41,516,682)
Other non-current assets				
Defferd tax assets	16	970,928	2,769,448	(1,798,520)
Sundry receivables and other non-current assets	17	82,610	83,542	(932)
Equity investments	18	212,097,918	212,097,920	(2)
Derivative assets	39	1,119,317	0	1,119,317
		214,270,773	214,950,910	(680,137)
TOTAL NON-CURRENT ASSETS (A)		1,992,446,336	2,034,167,940	(41,721,604)
Current assets:				
Trade and other receivables	19	10,684,761	10,956,842	(272,081)
Related party trade and other receivables	20	1,046,133	397,100	649,033
Other current assets	21	2,070,220	1,740,323	329,897
Related parties other current assets	22	1,408,607	1,349,743	58,864
Related parties financial receivables and other current financial assets	23	93,144,754	94,072,500	(927,746)
Cash and cash equivalents	24	21,043,995	146,380,092	(125,336,097)
TOTAL CURRENT ASSETS (B)		129,398,470	254,896,600	(125,498,130)
TOTAL ASSETS (A+B)		2,121,844,806	2,289,064,540	(167,219,734)

(In Euros)	Note	12/31/2022 (A)	12/31/2021 (B)	Change (A) - (B)
Net Equity:				
Share capital		650,000,000	650,000,000	0
Other reserves		476,320,920	470,563,790	5,757,130
Profit (loss) carried forward		19,695,070	3,892,862	15,802,208
Net profit (loss) of the year		(5,027,926)	54,093,401	(59,121,327)
Total net equity		1,140,988,064	1,178,550,053	(37,561,989)
TOTAL NET EQUITY (D)	25	1,140,988,064	1,178,550,053	(37,561,989)
Non current liabilities:				
Derivatives - liabilities	39	199,338	6,736,621	(6,537,283)
Financial liabilities	26	840,980,896	880,022,871	(39,041,975)
Provisions for employee severance indemnities	27	1,544,252	1,975,548	(431,296)
Provision for risks and future charges	28	3,862,574	3,692,680	169,894
Sundry payables and other liabilities	29	2,404,124	1,597,367	806,757
Related parties sundry payables and other liabilities	29	10,891,685	10,441,685	450,000
TOTAL NON-CURRENT LIABILITIES (E)		859,882,869	904,466,772	(44,583,903)
Current Liabilities:				
Financial liabilities	30	91,515,631	185,792,213	(94,276,582)
Related parties financial liabilities	30	3,465,878	30,843	3,435,035
Trade and other payables	32	13,087,984	8,048,114	5,039,870
Related parties trade and other payables	33	1,461,022	901,671	559,351
Tax liabilities	34	508,135	671,923	(163,788)
Other liabilities	35	10,686,046	10,383,459	302,587
Related parties other liabilities	36	249,77	219,492	29,685
TOTAL CURRENT LIABILITIES (F)		120,973,873	206,047,715	(85,073,842)
TOTAL LIABILITIES (H=E+F)		980,856,742	1,110,514,487	(129,657,745)
TOTAL NET EQUITY AND LIABILITIES (D+H)		2,121,844,806	2,289,064,540	(167,219,734)

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.4 STATEMENT OF CHANGES IN EQUITY

5.4 // Statement of changes in equity

(amount in thousands of Euro)	Share capital	Sahre premium reserve	Other reserve	Profit (loss) from previous years	Profit (loss) for the year	Net equity
Balance at 01/01/2022	**650,000**	**0**	**470,565**	**3,892**	**54,093**	**1,178,550**
Profit of the year	**0**	**0**	**0**	**0**	**(5,028)**	**(5,028)**
Cash flow hedge derivative assessment	**0**	**0**	**5,626**	**0**	**0**	**5,626**
Other comprehensive profit (loss)	**0**	**0**	**459**	**0**	**0**	**459**
Total comprehensive profit (loss)	**0**	**0**	**6,085**	**0**	**(5,028)**	**1,057**
Allocation of 2021 profit						
Dividends paid	**0**	**0**	**(6,887)**	**(31,733)**	**0**	**(38,620)**
Allocation of 2021 profit	**0**	**0**	**6,558**	**47,535**	**(54,093)**	**0**
Balance at 12/31/2022	**650,000**	**0**	**476,321**	**19,695**	**(5,028)**	**1,140,988**

(amount in thousands of euro)	Share capital	Sahre premium reserve	Other reserve	Profit (loss) from previous years	Profit (loss) for the year	Net equity
Balance at 01/01/2021	**650,000**	**30,058**	**502,946**	**3,892**	**(66,437)**	**1,120,459**
Profit/ (loss) for the year	**0**	**0**	**0**	**0**	**54,093**	**54,093**
Cash flow hedge derivative assessment	**0**	**0**	**4,005**	**0**	**0**	**4,005**
Other comprehensive income (losses)	**0**	**0**	**(8)**	**0**	**0**	**(8)**
Total comprehensive profit (losses)	**0**	**0**	**3,997**	**0**	**54,093**	**58,090**
Cover of 2020 loss						
Non distributed dividends in prevoius years	**0**	**0**	**1**	**0**	**0**	**1**
2020 Loss cover	**0**	**(30,058)**	**(36,379)**	**0**	**66,437**	**0**
Balance at 12/31/2021	**650,000**	**0**	**470,565**	**3,892**	**54,093**	**1,178,550**

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.5 STATEMENT OF CASH FLOWS

5.5 // Statement of cash flows

(In thousands of Euros)		12/31/2022	12/31/2021
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit (loss) of the year		**(5,028)**	**54,093**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities			
Taxes of the year	9	**237**	**(455)**
Financial charges/ (income)	8	**28,324**	**32,304**
Depreciation and amortization	6	**1,124**	**640**
Writedown of receivables	6	**461**	**2,646**
(Impairment losses)/ reversal on work in progress	6	**41**	**(35)**
Changes in fair value - (increases)/ decreases	6	**59,302**	**378**
Gains/ losses from disposal - equity investments		**0**	**(908)**
Changes in provisions for employees and end of mandate treatment		**792**	**931**
CASH FLOW OPERATING ACTIVITIES:		**85,253**	**89,594**
Financial charge paid		**(26,015)**	**(26,790)**
Provisions for employees, end of mandate treatment		**(988)**	**(471)**
Income tax		**(261)**	**(153)**
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:		**57,989**	**62,180**
Change in trade receivables		**(837)**	**(212)**
Net change in other assets		**1,410**	**(1,694)**
Change in trade payables		**5,599**	**2,866**
Net change in other liabilities		**(603)**	**(1,704)**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**63,558**	**61,436**
(Investments) in intangibile assets	11	**(611)**	**(293)**
Disposal of investment proprieties		**0**	**113,819**
(Investments) in tangible assets		**(18,357)**	**(11,679)**
(Investments) in equity interest		**0**	**42**

(In thousands of Euros)		12/31/2022	12/31/2021
CASH FLOW FROM INVESTING ACTIVITIES (B)		**(18,968)**	**101,889**
Change in related parties financial receivables and other current financial assets		**928**	**(864)**
Distribution of dividends	25	**(38,619)**	**0**
Rents paid for financial leases		**(3,619)**	**(2,923)**
Collections for new loans and other financing activities		**288,946**	**0**
Loans repayments and other financing activities		**(417,562)**	**(123,891)**
CASH FLOW FROM FINANCING ACTIVITIES (C)		**(169,926)**	**(127,678)**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C)		**(125,336)**	**35,647**
CASH BALANCE AT BEGINNING OF THE PERIOD	31	**146,380**	**110,733**
CASH BALANCE AT END OF THE PERIOD	31	**21,044**	**146,380**

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
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 2022 were approved and authorized for publication by the Board of Directors on 23 February 2023.

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 2022 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 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 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 January 2022:

> 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;

> 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;

> Amendments to IAS 16 Property, Plant and Equipment;

> Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;

This amendment has had no effect on the Company's separate financial statements.

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 2022

> On 12 February 2021 the IASB published two amendments: "Disclosure of Accounting Policies— Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates — Amendments to IAS 8." The amendments improve the disclosure of accounting policies in order to provide more useful information to investors and to other primary users of financial statements, and help companies distinguish changes in accounting estimates from changes in accounting policies. They are effective from January 1, 2023 but early adoption is permitted. The directors do not expect the amendments to have a significant impact on the Company's separate financial statements;

> On 7 May 2021 the IASB published "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The amendments clarify the accounting of deferred tax on certain translations that can generate assets and liabilities of the same amount, such as leasing and decommissioning obligations. They are effective from January 1, 2023 but early adoption is permitted. The directors do not expect the amendment to have a significant impact on the Company's financial statements.

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

As of the reporting date, the EU authorities had not yet finished the endorsement process necessary for the adoption of the following amendments and standards:

> On 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 it published "Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants." These clarifying amendments come into force on 1 January 2024; early adoption is permitted. The directors do not expect the amendment to have a significant impact on the Company's financial statements;

> On 22 September 2022, the IASB published "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback." The amendments require the seller-lessee to determine the lease liability arising from a sale & leaseback transaction in a way that does not recognize a gain or loss relating to the retained right of use. They are effective from 1 January 2024 but early adoption is permitted. The directors do not expect the amendment to have a significant impact on the Company's financial statements.

5.6.2.2. // Intangible assets

Intangible assets are recognized at cost when they are identifiable and controllable and it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the market value defined as of the acquisition date, if that value can be reliably determined.

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

5.6.2.3. // Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the recognition at market value of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition- date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

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. The property portfolio is valued twice a year with assistance from independent experts, who have recognized professional qualifications and up-to-date knowledge of the properties' rental situation and characteristics.

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits are obtained and/or the urban planning agreements signed, and once the procedure for obtaining administrative permits is completed and construction is underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property."

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.

As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, More specifically,

> A use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property);

> A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property);

> A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

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

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

The specific valuation policies used, as certified in the appraisal report, were as follows:

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

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

> For other properties: income method (DCF);

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> 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%**
HAVC 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.

5.6.2.8. // Equity investments

Equity investments in subsidiaries 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.

Equity investments in joint ventures and associates are accounted for 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. If an investment is classified as a joint venture or associate due to loss of control, it is initially carried at fair value, which is then adjusted upward or downward to reflect changes in net equity after the date control was lost. The adjustments are taken to the income statement in proportion to the Company's share of profit or loss, taking into account any impact of preference shares or quotas held by third parties.

5.6.2.9. // Financial assets

The Group classifies financial assets on the basis of the business model used to manage them and the characteristics of the contractual cash flows. Depending on these conditions, financial assets are then valued at:

> Amortized cost;

> Fair value through other comprehensive income;

> Fair value through profit or loss.

Management makes an irrevocable classification upon first-time recognition of the assets.

5.6.2.10. // 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).

5.6.2.11. // Trade and other receivables

Receivables are recognized at amortized cost, which coincides with face value, and are subsequently reduced for 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.

5.6.2.12. // 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.

5.6.2.13. // Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. Because under the Company's standard business model they are held for the purpose of collecting contractual cash flows, they are initially valued at cost, and subsequently at amortized cost. Their value is reduced in consideration of expected losses, using information available without unreasonable effort or expense, that includes past events and current and prospective data. Such impairment losses are recognized in the income statement, as are any impairment reversals.

5.6.2.14. // 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.

5.6.2.15. // Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.

They are initially recognized at cost, corresponding to fair value including 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). If payment estimates are revised, with the exception of lease liabilities, the adjustment is recognized in the income statement.

5.6.2.16. // Provisions for risks and charges

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.

5.6.2.17. // 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 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.

5.6.2.18. // 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, net of 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.

5.6.2.19. // 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.

5.6.2.20. // Dividends

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

5.6.2.21. // Costs

Costs are recognized on an accruals basis.

5.6.2.22. // Financial income and charges

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.

5.6.2.23. // Income taxes

a) Current taxes

Current tax liabilities for the 2022 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. In calculating taxes for the year, the Company took into due account the IAS rules introduced by Law 244 of 24 December 2007, in particular the reinforced principle of derivation established by Art. 83 of the Italian Tax Code. According to that principle, entities that have adopted the international accounting standards should follow the IAS criteria for qualification, temporal allocation, and classification in the financial statements even if they depart from Italian GAAP.

For IRES (corporate income tax) purposes, the Company consolidates taxation in Italy with its main subsidiaries.

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.

5.6.2.24. // 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 mo-

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dification 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.

5.6.2.25. // Translation of foreign currency items

IGD SIIQ S.P.A.'s functional and reporting currency is the euro. Transactions in foreign currencies are initially translated at the exchange rate in force on the transaction date. Assets and liabilities in foreign currencies are translated at the exchange rate in force on the last day of the year and the related exchange gains and losses are recognized in the income statement. Any net gain that arises flows into a reserve that cannot be distributed until the gain is realized.

5.6.2.26. // Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IFRS 9, derivative financial instruments used for hedging qualify for hedge accounting only if:

a. At the inception of the hedge there is formal designation and documentation of the hedging relationship;

b. The hedge is expected to be highly effective;

c. The effectiveness of the hedge can be reliably measured;

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

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

Fair value hedge

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

Cash flow hedge

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

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

5.6.2.27. // 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 2022, as at the end of previous years, IGD satisfied both the "asset test" and the "profit test" required to retain SIIQ status.

In accordance with the SIIQ rules, the company does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Therefore, income from taxable operations has been subject to the standard rules of computation, while the SIIQ rules have been followed for income from exempt operations.

To determine the results of separate operations, subject to different accounting and tax treatment in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

Income from exempt operations therefore include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.

Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

Due to changes to the SIIQ rules introduced by Law 164 of 11 November 2014 ("Conversion into law, with amendments, of Decree 133 of 12 September 2014"), capital gains and losses on rental properties (whether realized or implicit in fair value measurements) are also included in exempt operations.

In accordance with paragraph 121 of Law 296/06 and with the clarifications contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue/income/dividends to total revenue/income/dividends.

As for properties (owned or held on the basis of other corporeal rights) forming part of rental package deals, the accurate and objective determination of the portion of fees pertaining to the real estate component has been ensured by making the exempt/taxable allocation on the basis of an expert appraisal to quantify the fair value of fees at each property that pertain to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more reliable and objective than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

The tables below show the breakdown of profit into exempt and taxable income, as well as the calculations made to verify satisfaction of the asset test and profit test of the property rental and equivalent businesses (also see Section 2.8 of the Directors' Report):

Income statement of taxable and exempt income (Amount in Euro)	12/31/2022 Total	12/31/2022 Exempt income	12/31/2022 Taxable income
Total revenues and operating income	**114,006,828**	**105,257,221**	**8,749,607**
Total operating costs	**(29,549,279)**	**(28,113,154)**	**(1,436,124)**
Amortization and provisions	**(1,124,090)**	**(749,276)**	**(374,815)**
Provisions on doubtful account	**(460,683)**	**(413,083)**	**(47,600)**
(Impairment)/Reversals of work in progress and inventories	**(41,510)**	**(41,510)**	**0**
Change in fair value - increases / (decreases)	**(59,301,950)**	**(57,104,99)**	**(2,196,951)**
OPERATING RESULT	**23,529,316**	**18,835,199**	**4,694,117**
Equity investment result	**4,052**	**0**	**4,052**
Financial income	**737,768**	**1,283**	**736,485**
Financial charges	**(29,061,745)**	**(26,439,816)**	**(2,621,929)**
Financial management result	**(28,323,977)**	**(26,438,533)**	**(1,885,444)**
PRE-TAX PROFIT	**(4,790,609)**	**(7,603,334)**	**2,812,725**
Income taxes for the period	**(237,317)**	**0**	**(237,317)**
NET PROFIT FOR THE PERIOD	**(5,027,926)**	**(7,603,334)**	**2,575,409**

Confirmation of the economic result (amounts in Euro)	12/31/2022
Income from rental activities (exempt income)	**105,257,221**
Capital gains	**0**
Result from Juice	**0**
Total **(A)**	**105,257,221**
Positive Components	**114,747,077**
Capital gains	**0**
Result from Juice	**0**
Total **(B)**	**114,747,077**
Income ratio **(A/B)**	**91.73%**

Confirmation of the financial conditions (amount in Euro)		12/31/2022
Rental properties		**1,733,650,489**
Assets under construction		**25,926,298**
Stakes in SIINQ		**69,967,081**
Stakes in closed real estate funds		**25,666,000**
Rights to use		**0**
Total rental properties, assets under construction and stakes in SIINQ	A	**1,855,209,867**
TOTAL ASSETS	B	**2,114,823,801**
Items excluded from the ratio:	C	**(127,987,749)**
Cash on hands		**(21,043,995)**
Group companies loans		**(86,141,105)**
Trade receivables		**(11,713,540)**
IGD SIIQ headquarters		**(6,998,864)**
Derivative assets		**(1,119,317)**
Deferred tax assets		**(970,928)**
Tax credits		**0**
Rights to use		**0**
Total adjusted assets **B-C=D**	D	**1,986,836,052**
FINANCIAL RATIO **A/D**		**93.38%**

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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 rules for selecting independent appraisers and handling the information flows used in the process of assessing the properties' fair value.

To appraise the real estate portfolio at 31 December 2022, the following independent firms were selected: *(i)* CBRE Valuation S.p.A., *(ii)* Duff&Phelps Reag S.p.A. (formerly Real Estate Advisory Group S.p.A.), *(iii)* Cushman & Wakefield LLP and *(iv)* Jones Lang LaSalle S.p.A. Given their specialized expertise in the retail segment, IGD believes that the findings and assumptions used by the independent appraisers are representative of the market.

The properties in the portfolio are appraised individually, using for each one the appraisal techniques specified below in accordance with IFRS 13.

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

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

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

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

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

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

1) The amount of net cash flow:

a. for finished properties: rent received less property costs
b. for construction in progress: estimated future rent less construction costs and property costs

2) The distribution of cash flows over time:

a. For finished properties: generally even distribution over time;

b. For construction in progress: construction costs come before future rental income.

3) The discount rate;

4) The gross cap out rate.

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

1) Information received from IGD SIIQ, as follows:

(i) For finished properties: data on the rental status of each unit in each shopping center, as specified in the Company's internal procedure; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs;

(ii) For construction in progress: the start and end dates of the work, the status of building permits and authorizations, remaining costs, the state of progress, the ribbon-cutting date and projected rentals;

2) Assumptions used by the independent appraisers, such as inflation, discount rates, cap out rates and ERVs, determined through their own professional judgment upon careful observation of the market. The following are taken into account when determining the capitalization and discounting rates used to value individual properties:

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

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

> The remaining economic life of the property.

The information provided by IGD to the independent appraisers and the latters' assumptions and appraisal methods are approved by the head of Real Estate Development and Management, who is responsible for organizing and coordinating the appraisal and for monitoring and verifying results before they are incorporated into the financial statements. The entire process is governed in detail by IGD SIIQ's internal procedure. Disclosures on the fair value hierarchy are provided below in accordance with IFRS 13. The fair value hierarchy classifies into three levels the inputs to valuation techniques used to measure fair value. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Specifically:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

> Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

(a) Quoted prices for similar assets or liabilities in active markets;

(b) Quoted prices for identical or similar assets or liabilities in markets that are not active;

(c) Inputs other than quoted prices that are observable for the asset or liability, for example:

i) Interest rates and yield curves observable at commonly quoted intervals;

ii) Implied volatility;

iii) Credit spreads;

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(d) Market-corroborated inputs.

> Level 3 inputs are unobservable inputs for the asset or liability.

The Company'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 2022. 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 12/31/2022 Amount in thousands of euro	Quoted prices (unadjusted) in active market for identical assets or liabilities (level 1)	Significant inputs observable on the market (level 2)	Significant inputs Not observable on the market (level 3)
Investment property in Italy:			
Shopping malls and retail parks	0	0	1,316,246
Hypermarkets and supermarkets	0	0	401,180
Residual portions of properties	0	0	16,224
IGD SIIQ S.p.A. investment property	0	0	1,733,650
Right to use (IFRS 16)			
Right to use (IFRS 16)	0	0	8,100
Total right to use(IFRS 16)	0	0	8,100
IGD SIIQ S.p.A. Total investment properties measured at Fair Value	0	0	1,741,750

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.

> Recoverable amount of equity investments

On the basis of the fund regulations, the recoverable amount of IGD's investment in the "Fondo Juice" real estate investment fund is strictly correlated with fair value and with the sale value of the property investments managed.

> Recoverability of deferred tax assets

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

> Fair value of derivative instruments

The fair value of interest rate swaps for which no active market exists is determined according to market- based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates, also with support from external consultants. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

> Variable revenue

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

> Provision for doubtful accounts

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

> Contingent liabilities

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

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

5.6.4. // Segment reporting

IFRS 8 defines an operating segment as a component of an entity *(i)* that engages in business activities from which it may earn revenues and incur expenses, *(ii)* whose operating results are reviewed regularly by the entity's chief operating decision maker, and *(iii)* for which discrete financial information is available. Given the nature of its activities, IGD has three main operating segments: core business properties, services, and trading. For a more in-depth description of the core real estate and services segments, see section 2.1.1. Information on the trading segment is provided in the directors' report with reference to the Porta a Mare project.These segments also represent the highest levels of performance analysis by management.

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

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Income statement	Core business properties		Services		"Porta a mare" Project		Unshared		Total	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Total revenues and operating income	112,826	119,396	1,181	1,070	0	0	0	0	114,007	120,466
Change in work in progress inventories	0	0	0	0	0	0	0	0	0	0
Direct costs (a)	(18,715)	(22,203)	(5)	(13)	0	0	0	0	(18,720)	(22,216)
G&A expenses (b)	0	0	0	0	0	0	(11,291)	(11,088)	(11,291)	(11,088)
Total operating costs (a)+(b)	(18,715)	(22,203)	(5)	(13)	0	0	(11,291)	(11,088)	(30,011)	(33,304)
(Depreciations and amortizations)	(1,124)	(333)	0	0	0	0	0	(307)	(1,124)	(640)
(Impairment losses)/Reversals on work in progress and inventories	(41)	35	0	0	0	0	0	0	(41)	35
Change in fair value - increases / (decreases)	(59,302)	(379)	0	0	0	0	0	0	(59,302)	(379)
Total depreciations, amortizations, provisions, impairment and fair value changes	(60,467)	(677)	0	0	0	0	0	(307)	(60,467)	(984)
OPERATING RESULT	33,644	96,516	1,176	1,057	0	0	(11,291)	(11,395)	23,529	86,178
Income/loss from equity investments and property sales	0	0	0	0	0	0	4	(777)	4	(777)
Financial income	0	0	0	0	0	0	738	80	738	80
Financial charges	0	0	0	0	0	0	(29,062)	(31,843)	(29,062)	(31,843)
Net financial result	0	0	0	0	0	0	(28,324)	(31,763)	(28,324)	(31,763)
PRE-TAX PROFIT	33,644	96,516	1,176	1,057	0	0	(39,611)	(43,935)	(4,791)	53,638
Income taxes for the period	0	0	0	0	0	0	(237)	455	(237)	455
NET PROFIT FOR THE PERIOD	33,644	96,516	1,176	1,057	0	0	(39,848)	(43,480)	(5,028)	54,093
(Income)/Loss from non-controlling interest	0	0	0	0	0	0	0	0	0	0
Profit for the period of the Parent Company	33,644	96,516	1,176	1,057	0	0	(39,848)	(43,480)	(5,028)	54,093

5.6.5. // Notes to the separate Financial Statements

	Note	12/31/2022	12/31/2021	Change
Revenue	1	112,826	119,318	(6,492)
Revenues from third parties		81,220	77,497	3,723
Revenues from related parties		31,606	41,821	(10,215)
Other revenue	2	1,181	1,148	33
Other revenues from third parties		738	691	47
Other revenues from related parties		443	457	(14)
Operating revenues		114,007	120,466	(6,459)

In 2022 IGD earned total revenue of €114,007K. The decrease of €6,459K reflects a reduction of €6,492K in revenue, partially offset by an increase of €33K in other income.

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 1) REVENUE

		12/31/2022	12/31/2021	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	25,552	34,673	(9,121)
Freehold hypermarkets - Rents and business leases from third parties	a.2	668	127	541
Freehold supermarkets - Rents and business leases from related parties	a.3	299	1,260	(961)
Freehold supermarkets - Rents and business leases from third parties	a.4	235	235	0
TOTAL HYPERMARKETS/SUPERMARKETS	a	26,754	36,295	(9,541)
Freehold malls, offices and city center	b.1	79,532	77,201	2,331
Rents		9,584	9,512	72
To related parties		4,174	4,853	(679)
To third parties		5,410	4,659	751
Business leases		69,948	67,689	2,259
To related parties		1,432	901	531
To third parties		68,516	66,788	1,728
Leasehold malls	b.2	3,185	3,251	(66)
Rents		220	206	14
To related parties		33	32	1
To third parties		187	174	13
Business leases		2,965	3,045	(80)
To related parties		55	53	2
To third parties		2,910	2,992	(82)
Other contracts and temporary rents	b.3	3,355	2,571	784
Other contracts and temporary rents		3,294	2,522	772
Other contracts and temporary rents - related parties		61	49	12
TOTAL MALLS	b	86,072	83,023	3,049
GRAND TOTAL	a+b	112,826	119,318	(6,492)
of which related parties		31,606	41,821	(10,215)
of which third parties		81,220	77,497	3,723

Revenue from malls increased by €3,049K.

Rent and business lease revenue from freehold malls and offices rose by €2,331K, mostly as a result of new openings and the ISTAT rent adjustment for inflation. These factors were partially offset by an increase in temporary discounts granted to tenants during the year. Income from other contracts and temporary rents increased by €784K.

Rent from freehold hypermarkets and supermarkets decreased by €9,541K, due mainly to the transfer of five hypermarkets and a supermarket to the Fondo Juice real estate investment fund in November 2021.

Variable contract revenue amounts to roughly 1.9% of IGD's total revenue.

Except for Coop Alleanza 3.0, IGD does not earn more than 10% of its revenue from a single client. For information on transactions with Coop Alleanza 3.0, see Note 37. Further details of trends in revenue can be found in Section 2.2.1 (Income statement review) of the Directors' Report.

> NOTE 2) OTHER INCOME

	12/31/2022	12/31/2021	Change
Out-of-period income/charges	39	166	(127)
Portfolio and rent management revenues	231	214	17
Pilotage and construction revenues	219	160	59
Marketing revenues	217	128	89
Other income	32	23	9
Other revenues from third parties	738	691	47
Refunds from related parties	0	53	(53)
Pilotage and construction revenues from related parties	23	64	(41)
Portfolio and rent management revenues from related parties	25	30	(5)
Administrative services from related parties	224	311	(87)
Other income from related party	171	0	171
Other revenues from related parties	443	458	(15)
Other revenue	1,181	1,149	32

Other income increased by €32K with respect to the previous year. Other income from third parties increased by €47K, due mostly to pilotage and marketing revenue, offset by a reduction in out-of-period income. Conversely, other income from related parties decreased by €15K.

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 3) SERVICE COSTS

	12/31/2022	12/31/2021	Change
Service costs from third parties	8,900	7,941	959
Paid rents	80	67	13
Utilities	224	133	91
Promotional and advertising expenses	75	410	(335)
Centers management expenses for vacancies	1,221	1,033	188
Centers management expenses for ceiling to tenants' costs	1,333	1,091	242
Insurances	929	855	74
Professional fees	106	131	(25)
Directors' and statutory auditors' fees	845	838	7
External auditing fees	135	189	(54)
Investor relations, Consob, Monte Titoli costs	446	436	10
Shopping center pilotage and construction costs	3	12	(9)
Consulting	1,076	1,923	(847)
Real estate appraisals fees	334	357	(23)
Maintenance and repair expenses	119	175	(56)
Co-marketing costs	768	0	768
Out-of-period income/charges	(186)	(431)	245
Other costs of services	1,392	722	670
Service costs from related parties	6,431	3,654	2,777
Paid rents	2	2	0
Service	184	311	(127)
Centers management expenses for vacancies	2,366	1,607	759
Centers management expenses for ceiling to tenants' costs	2,082	1,632	450
Co-marketing costs	1,603	0	1,603
Insurances	8	43	(35)
Directors' and statutory auditors' fees	65	52	13
Other costs of services	121	7	114
Service costs	15,331	11,595	3,736

Service costs rose by €3,736K for the year.

Most of the increase in service costs from third parties (€959K) is explained by higher facility management expenses due to unlet space and cost caps as a result of the rise in energy bills, the co-marketing agreement with Coop Alleanza (€768K), and the decrease in net out-of-period income (€245K) for rent discounts arranged with the owners of Fonti del Corallo shopping centers for the period January - March 2021 due to the restrictive measures imposed by the government to contain the Covid-19 pandemic. These increases were only partially offset by a decrease in costs for advertising, promotional events, and consulting.

Related party service costs increased by €2,777K as a result of higher expenses for unlet space and cost caps agreed with tenants, as well as for contributions and reimbursements under the co-marketing agreement with Coop Alleanza 3.0 (€1,603K).

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated refer to compensation for 2022.

Directors and Statutory Auditors	Office	Dates in office	End of term	Fees
Board of Directors				
Rossella Saoncella	Chairman Director	01/01/22 - 12/31/22 01/01/22 - 12/31/22	FY2023 Approval FY2023 Approval	75,000 20,000
Stefano Dall'Ara	Vice Chairman Director	01/01/22 -12/31/22 01/01/22 - 12/31/22	FY2023 Approval FY2023 Approval	25,000 20,000
Claudio Albertini	Chief Executive Officer Director	01/01/22 - 12/31/22 01/01/22 - 12/31/22	FY2023 Approval FY2023 Approval	300,000 20,000
Alessia Savino	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Timothy Guy Michele Santini	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Silvia Benzi	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Rosa Cipriotti	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Edy Gambetti	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Antonio Rizzi	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Rossella Schiavini	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Gery Xavier Didier Robert Ambroix	Director	01/01/22 - 12/31/22	FY2023 Approval	20,000
Board of Statutory Auditors				
Gian Marco Committeri	Chaiman	01/01/22 - 12/31/22	FY2023 Approval	30,000
Daniela Preite	Standing Auditor	01/01/22 - 12/31/22	FY2023 Approval	20,000
Massimo Scarafuggi	Standing Auditor	01/01/22 - 12/31/22	FY2023 Approval	20,000

Committees	Office	Dates in office	End of term	Fees
Control and Risk Committee				
Rossella Schiavini	Director (Chairman)	**01/01/22 - 12/31/22**	FY2023 Approval	**12,000**
Rosa Cipriotti	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**8,000**
Antonio Rizzi	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**8,000**
Compliance Committee				
Gilberto Coffari	External (Chairman)	**01/01/22 - 12/31/22**	FY2023 Approval	**12,000**
Alessandra De Martino	External	**01/01/22 - 12/31/22**	FY2023 Approval	**8,000**
Paolo Maestri	External	**01/01/22 - 12/31/22**	FY2023 Approval	**8,000**
Nominations and compensation committee				
Timothy Guy Michele Santini	Director (Chairman)	**01/01/22 - 12/31/22**	FY2023 Approval	**3,750**
Silvia Benzi	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**3,750**
Rossella Schiavini	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**3,750**
Related Party Transaction Committee				
Silvia Benzi	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**2,250**
Antonio Rizzi	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**3,000**
Gery Xavier Didier Robert Ambroix	Director	**01/01/22 - 12/31/22**	FY2023 Approval	**3,000**

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

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 4) COST OF LABOR

The cost of labor is detailed below:

	12/31/2022	12/31/2021	Change
Wages and salaries	**4,096**	**4,456**	**(360)**
Social security	**1,211**	**1,211**	**0**
Severance pay	**312**	**290**	**22**
Other costs of services	**275**	**100**	**175**
Cost of labour	**5,894**	**6,057**	**(163)**

The cost of labor went down by €163K, due mainly to a smaller provision for performance bonuses and a reduction in the average workforce because of turnover during the year.

Severance pay includes contributions to supplementary funds in the amount of €107K.

The workforce is broken down by category below:

	12/31/2022	12/31/2021
Executives	**5**	**5**
Middle managers	**14**	**14**
Junior managers	**30**	**29**
Clerks	**26**	**29**
Totale	**75**	**77**

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> NOTE 5) OTHER OPERATING COSTS

	12/31/2022	12/31/2021	Change
IMU/ TASI/ Tax Property	7,122	7,661	(539)
Other taxes	77	85	(8)
Contract registrations	252	295	(43)
Out-of-period income/charges	17	1	16
Membership fees	127	129	(2)
Losses on receivables	347	171	176
Covid effects - losses for discounts on rents	0	5,585	(5,585)
Fuel and tolls	139	109	30
Other costs	243	119	124
Other operating costs	8,324	14,155	(5,831)

Other operating costs decreased by €5,831K with respect to the previous year. Most of the change is due to *(i)* the decrease in discounts on rent, which in 2021 included the discounts granted to tenants to support their businesses during the delicate post-lockdown phase, and *(ii)* the reduction in IMU (municipal property tax) as a result of the transfer on 25 November 2021 of five hypermarkets and one supermarket to the "Fondo Juice" real estate investment fund.

> NOTE 6) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	12/31/2022	12/31/2021	Change
Amortization of intangible assets	(135)	(28)	(107)
Amortization of tangible assets	(531)	(474)	(57)
Provisions for risks	(458)	(138)	(320)
Depreciations, amortization and provisions	(1,124)	(640)	(484)
Provisions for doubtful accounts	(461)	(2,646)	2,185
(Impairment losses)/Reversals on work in progress and inventories	(41)	35	(76)
Change in fair value	(59,302)	(378)	(58,924)
Depreciation, amortization, provisions, impairment and change in fair value	(60,928)	(3,629)	(57,299)

> Amortization increased by €107K due to the implementation costs for the integrated accounting and management system, in use since July 2022;

> Depreciation went up by €57K, mainly because of the installation of info terminals and screens at every shopping center for the display of advertisements and mall information;

> Other provisions reflect the estimated liability for two IMU (municipal property tax) disputes regarding La Torre (Palermo) shopping center, for which €113K has been provided, and Esp shopping center (Ravenna), for which €25K has been set aside. In addition, €298K was allocated during the year for earthquake proofing to be carried out, at IGD's expense, at various supermarkets and hypermarkets that were sold during the previous year to the Fondo Juice real estate investment fund;

> Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) in Italy came to €461K in 2022, an improvement of €2,185K with respect to the previous year;

> (Impairment losses)/reversals on work in progress (-€41K) 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" (negative €59,302K) covers *(i)* a revaluation of €9,208K and a writedown of €66,313K carried out to match the carrying value of investment property to appraised market value at 31 December 2022 (See Note 12 for details of movements in investment property); and *(ii)* a writedown of €2,197K 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 2022.

> NOTE 7) INCOME/(LOSS) FROM EQUITY INVESTMENTS AND PROPERTY SALES

	12/31/2022	12/31/2021	Change
Income/(loss) from property sales to Fondo Juice	0	942	(942)
Dividends	4	4	0
Capital losses from Fondo Juice	0	(34)	34
Income/ (loss) from equity investments and asset disposal	4	912	(908)

This item refers to dividends from the subsidiary Win Magazin SA.

In 2021, in addition to dividends from Win Magazin, it included the effects of the contribution of five hypermarkets and a supermarket to the Fondo Juice real estate investment fund and the sale of a controlling interest in that fund.

> NOTE 8) FINANCIAL INCOME AND CHARGES

	12/31/2022	12/31/2021	Change
Bank interest income	57	43	14
Other interests income and equivalents	0	8	(8)
Financial income from third parties	57	51	6
Interest income from related parties	681	29	652
Financial income from related parties	681	29	652
Financial Income	738	80	658

Financial income was €658K higher than the previous year. Financial income from third parties was roughly in line with the previous year.

Financial income from related parties consists of interest, charged at going market rates, on loans granted to subsidiaries. The increase for the year reflects the upward trend in the Euribor, the reference rate for calculating interest.

	12/31/2022	12/31/2021	Change
Interest expenses on security deposits	133	1	132
Interest expenses to related party	9	4	5
Financial charges from related parties	142	5	137
Interest expenses to banks	116	0	116
Amortized mortgage loan costs	7,844	5,174	2,670
Loans amortized costs	1,923	1,613	310
IRS spread	2,644	4,737	(2,093)
Bond financial charges	12,005	15,117	(3,112)
Bond amortized costs	2,704	3,434	(730)
Financial charges on leasing	53	33	20
Financial charges IFRS 16	477	452	25
Other interests and charges	1,154	1,278	(124)
Charges from Fondo Juice	0	541	(541)
Financial charges from third parties	28,920	32,379	(3,459)
Financial charges	29,062	32,384	(3,322)

Financial charges decreased by €3,322K.

Related party financial charges were higher due to the rise in the legal interest rate in force. Financial charges from third parties decreased by €3,459K, due primarily to:

- Lower IRS spreads, reflecting both lower notional principal and the termination of various contracts once the loans being hedged were fully repaid;
- Lower financial charges on bonds, after the redemption of the remaining bond loan liability of €156.1 million in April 2022;
- Lower borrowing expense thanks to the reduction in balances due and the early repayment of a mortgage loan.

> NOTE 9) INCOME TAXES

	12/31/2022	12/31/2021	Change
Current taxes	**(63)**	**(880)**	**817**
Deferred tax	**242**	**332**	**(90)**
Out-of-period income/charges - Provisions	**58**	**93**	**(35)**
Income taxes	**237**	**(455)**	**692**

The overall tax effect was a negative €237K.

IRES amounted to €325K as a result of the tax consolidation process. As in the previous year, the tax consolidation produced positive taxable income that was zeroed out through the use of prior tax losses and the transfer to the consolidation of a portion of IGD's ACE benefit not used to reduce its own taxable income. The transfer led to the recognition of income from the tax consolidation that lowered the amount of IRES due. The use of prior tax losses entailed the recognition of additional income from the tax consolidation for the portion of losses against which, in previous years, no deferred tax assets had been recognized and the reversal of deferred tax assets recognized in previous years on prior losses for €260K.

IRAP current taxes increased by €262K compared with the previous year.

For 2022, out-of-period charges cover the change in 2021 taxes as calculated in the Company's income tax return for that year.

See Note 16 for movements in deferred tax liabilities and deferred tax assets.

Reconciliation of income taxes applicable to profit before taxes	12/31/2022	12/31/2021
Pre-tax profit	**(4,791)**	**53,639**
Theoretical tax charges (rate 24%)	**0**	**12,873**
Profit resulting in the income statement	**(4,791)**	**53,639**
Increases:		
IMU - Property tax	**7,041**	**7,645**
Negative fair value	**66,313**	**20,897**
Impairment on assets under construction	**42**	**0**
Impairment losses	**2,051**	**2,810**
IFRS 16	**2,681**	**3,798**
Fiscal capital gain from Fondo Juice	**0**	**21,153**
Other increases	**2,270**	**1,803**
Decreases:		
Change in tax-exempt income	**(47,447)**	**(70,568)**
Depreciations	**0**	**(2)**
Positive fair value	**(9,208)**	**(23,864)**
IMU - Property tax (IRES deductible portion)	**(7,020)**	**(4,574)**
IFRS 16	**(3,621)**	**(3,460)**

Reconciliation of income taxes applicable to profit before taxes	12/31/2022	12/31/2021
Financial use of provisions of covid doubtful accounts	**(1,400)**	**(4,111)**
Civil capital gain from Fondo Juice	**0**	**(942)**
Other decreases	**(5,035)**	**(1,829)**
Taxable Income	**1,876**	**2,395**
Use of ACE Benefit	**1,876**	**2,395**
Tax income net of losses	**0**	**0**
Lower current taxes recognized directly in net equity	**0**	**0**
Current taxes for the year	**0**	**0**
Income from tax consolidation	**(325)**	**(1,185)**
IRAP tax credit	**0**	**0**
Total current taxes for the year	**(325)**	**(1,185)**

Difference between value and cost of production	**90,406**	**94,562**
Theoretical IRAP (3.9%) charges	**3,526**	**3,688**
Difference between value and cost of production	**90,406**	**94,562**

Increases	**8,223**	**29,692**
Decreases	**(5,407)**	**(5,122)**
Changes in tax-exempt income	**(80,521)**	**(105,300)**
Other deductions	**(6,012)**	**(6,028)**
IRAP Taxable Income	**6,689**	**7,804**
Lower IRAP taxes recognized directly in net equity	**0**	**0**
Current IRAP for the year	**262**	**305**

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> NOTE 10) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Intangible assets with finite useful lives	**290**	**610**	**0**	**(135)**	**765**

	01/01/2021	Increase	Decrease	Amortization	12/31/2021
Intangible assets with finite useful lives	**25**	**293**	**0**	**(28)**	**290**

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 increases for the year mainly relate to the implementation costs for the integrated accounting, management, and treasury system, which has been up and running since 1 July 2022.

> NOTE 11) GOODWILL

	01/01/2022	Increase	Decrease	Amortization	12/31/2021
Goodwill	**1,000**	**0**	**0**	**0**	**1,000**

	01/01/2021	Increase	Decrease	Amortization	12/31/2022
Goodwill	**1,000**	**0**	**0**	**0**	**1,000**

Goodwill has been attributed to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at the end of 2022 and 2021:

Goodwill	12/31/2022	12/31/2021
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.

> 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.

	01/01/2021	Increase	Decrease	Revaluation	Devaluation	Reclassification from assets under construction	12/31/2021
Investment property	**1,898,623**	**8,272**	**(139,118)**	**25,847**	**(22,880)**	**594**	**1,771,338**
Right-of-use IFRS16	**13,643**	**0**	**0**	**0**	**(3,346)**	**0**	**10,297**
Investment property	**1,912,266**	**8,272**	**(139,118)**	**25,847**	**(26,226)**	**594**	**1,781,635**

	01/01/2022	Increase	Decrease	Revaluation	Devaluation	Reclassification from assets under construction	12/31/2022
Investment property	**1,771,338**	**9,547**	**0**	**9,208**	**(66,313)**	**9,870**	**1,733,650**
Right-of-use IFRS16	**10,297**	**0**	**0**	**0**	**(2,197)**	**0**	**8,100**
Investment property	**1,781,635**	**9,547**	**0**	**9,208**	**(68,510)**	**9,870**	**1,741,750**

The changes in investment property since 31 December 2021 concern:

> Extraordinary maintenance work (€9,547K), mostly for earthquake proofing and energy efficiency upgrades at Tiburtino, Casilino, Maremà, Centro d'Abruzzo, and Esp shopping centers;

> The reclassification (€9,870K) from assets under construction and advances of work completed during the period, mainly the creation of new stores using the space freed up by the reduction in size of the hypermarket and the restyling of the first floor of Casilino shopping center in Rome; the creation of new stores using the space freed up by the reduction in size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua. Works performed during the year amounted to €7,549K;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €9,208K and written down by €66,313K, for a net negative impact of €57,105K;

> The writedown of the right-of-use asset for the mall at Fonti del Corallo (€2,197K) on the basis of an independent appraisal.

For details of the main commitments relating to the extraordinary maintenance and restyling of freehold properties, see Note 43.

See the directors' report for further information.

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> NOTE 13) BUILDINGS

	01/01/2021	Increase	Decrease	Amortization	Reclassification	12/31/2021
Historical cost	10,129	3	0	0	0	10,132
Depreciation fund	(2,715)	0	0	(244)	0	(2,959)
Net book value	7,414	3	0	(244)	0	7,173

	01/01/2022	Increase	Decrease	Amortization	Reclassification	12/31/2022
Historical cost	10,132	70	0	0	0	10,202
Depreciation fund	(2,959)	0	0	(244)	0	(3,203)
Net book value	7,173	70	0	(244)	0	6,999

This item refers to the purchase of the ground floor and first floor of the building that houses the head office. The change consists mostly of depreciation for the year.

> NOTE 14) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	01/01/2021	Increase	Decrease	Amortization	12/31/2021
Historical cost	338	13	0	0	351
Depreciation fund	(200)	0	0	(39)	(239)
Plant and machinery	138	13	0	(39)	112
Historical cost	3.181	987	0	0	4,168
Depreciation fund	(2,852)	0	0	(191)	(3,043)
Equipment and other goods	329	987	0	(191)	1,125

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Historical cost	351	5	0	0	356
Depreciation fund	(239)	0	0	(31)	(270)
Plant and machinery	112	5	0	(31)	86
Historical cost	4,168	780	0	0	4,948
Depreciation fund	(3,043)	0	0	(256)	(3,299)
Equipment and other goods	1,125	780	0	(256)	1,649

Most of the changes in plant and machinery and equipment reflect the purchase and installation of multimedia information terminals at various malls, as well as depreciation for the year.

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> NOTE 15) ASSETS UNDER CONSTRUCTION

	01/01/2021	Increase	(Impairment losses)/ Reversals	Reclassification	12/31/2021
Assets under construction	3,590	2,397	35	(594)	5,428
Advance payments	22,455	0	0	0	22,455
Assets under construction and advance payments	26,045	2,397	35	(594)	27,883

	01/01/2022	Increase	(Impairment losses)/ Reversals	Reclassification	12/31/2022
Assets under construction	5,428	7,954	(41)	(9,870)	3,471
Advance payments	22,455	0	0	0	22,455
Assets under construction and advance payments	27,883	7,954	(41)	(9,870)	25,926

At 31 December 2022, assets under construction consisted mainly of:

> Advances paid to the subsidiary Porta Medicea for the future acquisition of the Officine Storiche shopping center (€22.14 million);

> Land at Portogrande for the construction of midsize stores, recognized at fair value in the amount of €2.5 million;

> Costs for restyling in progress at various shopping centers.

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

> New store construction using the space freed up by the reduction of the hypermarket at Casilino shopping center in Rome (€228K);

> The restyling and creation of new midsize stores in the space freed up by the reduction of the hypermarket at Porto Grande shopping center in San Benedetto del Tronto (€1,588K);

> New store construction using the space freed up by the reduction of the hypermarket at Katanè shopping center in Catania (€1,020K);

> New store construction using the space freed up by the reduction of the hypermarket at La Torre shopping center in Palermo (€927K);

> The restyling of La Favorita shopping center in Mantua (€3,742K);

> Planning work for subdividing the hypermarket at Tiburtino shopping center in Guidonia (€44K);

> The restyling (second lot) of Porto Grande shopping center in San Benedetto del Tronto (€13K);

> The restyling of Gran Rondò shopping center in Crema (€27K);

> The restyling of Leonardo shopping center in Imola (€365K);

> The reclassification (€9,870K) to investment property of work completed during the period, mainly the creation of new stores using the space freed up by the reduction in size of the hypermarket and the restyling of the first floor of Casilino shopping center in Rome; the creation of new stores using the space freed up by the reduction in size of the hypermarkets at the shopping centers Porto Grande in San Benedetto del Tronto, La Torre in Palermo, and Katanè in Catania; and the restyling of La Favorita shopping center in Mantua;

> The writedown of the Portogrande expansion (€41K).

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

> NOTE 16) 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.
Deferred tax assets are shown in detail below:

	12/31/2022	12/31/2021	Change
Taxed provisions	173	147	26
IAS 19	(3)	6	(9)
Financial derivatives	(304)	1,473	(1,777)
Loss from tax consolidation	741	780	(39)
IFRS 16 Livorno	363	363	0
Deferred tax assets	970	2,769	(1,799)

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.

The changes during the year mostly refer to:

> The reversal of deferred tax assets on mortgage hedging instruments (IRS) due to the increase in their positive fair value;

> The reversal of deferred tax assets due to the partial use of prior losses, given the outcome of the tax consolidation process for the year.

Given the likelihood of future taxable income, the remaining prior-year losses are expected to be used, so the rest of the deferred tax assets are likely to be recovered.

Deferred tax asset	Balance at 12/31/2021		Increases	Decreases	Increases	Decreases	Balance at 12/31/2022	
	Temporary difference	Deferred tax assets	Temporary difference		Deferred tax assets		Temporary difference	Deferred tax assets
TFR Provisions - Ias 19*	182	6	0	193	0	8	(11)	(2)
Doubtful account	1,095	120	389	270	93	64	1,214	149
Variable salary	1,620	27	626	871	12	16	1,375	23
Loss from tax consolidation	3,252	780	919	1,083	221	260	3,088	741
Irs Operation*	6,136	1,473	0	7,403	0	1,777	(1,267)	(304)
IFRS 16 Livorno	1,513	363	0	0	0	0	1,513	363
Total	13,798	2,769	1,934	9,820	326	2,125	5,912	970

(*): effect charged or credited directly to equity

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> NOTE 17) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	12/31/2022	12/31/2021	Change
Security deposits	83	84	(1)
Due to other	0	0	0
Sundry receivables and other non-current assets	83	84	(1)

Security deposits were roughly in line with the previous year.

> NOTE 18) EQUITY INVESTMENTS

Equity investments are detailed in the table below:

	01/01/2022	Increase	Decrease	12/31/2022
IGD Management SIINQ S.p.a.	69,966	0	0	69,966
Arco Campus S.r.l.	1,441	0	0	1,441
Win Magazin S.A.	186	0	0	186
IGD Service S.r.l.	114,744	0	0	114,744
Cons. propr. del compendio com. del Commendone (GR)	6	0	0	6
Consorzio Proprietari Fonti del Corallo	7	0	0	7
Consorzio I Bricchi	4	0	0	4
Punta di Ferro	6	0	0	6
Equity investment in subsidiaries	186,360	0	0	186,360
Fondo Juice	25,666	0	0	25,666
Equity investments in associates	25,666	0	0	25,666
Equity investments in other companies	72	0	0	72
Equity investments	212,098	0	0	212,098

There was no change in the carrying amount of equity investments during the year.

Fondo Juice, of which the Company owns 40%, was formed in 2021 with an eye to boosting earnings from the real estate portfolio, through IGD's transfer of five hypermarkets and one supermarket for €140 million and the corresponding debt of €77 million and subsequent sale to Corallo Lux Holdco S.a.r.l. The fund has a duration of 10 years and is managed by Savillis Investment Management SGR S.p.A. It is valued using the equity method and its valuation at 31 December 2022 was in line with the previous year. For further information, see the "List of equity investments."

For investments in subsidiaries 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 from the 2023 budget approved by the Board of Directors on 23 February 2023 and from the Group's Strategic Plan 2022-2024 approved by IGD SIIQ S.p.A.'s Board of Directors on 14 December 2021, using for the explicit period 2024-2025 the plan data for 2023 and 2024.

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 6.77%;

> Future cash flows estimated net of taxes;

> A perpetual growth rate (g) of 2% was assumed in the projection, except for Arco Campus, for which a g rate of 3% was used given the characteristics of its single rental contract.

The results of impairment tests are summarized below:

Impairment Test result	Equity Value pro quota	Carrying Amount	Cover/ (Impairment)
IGD Management SIINQ S.p.a.	70,709	69,967	742
IGD Service S.r.l.	174,168	114,734	59,434
Arco Campus S.r.l.	1,751	1,441	310

The test did not suggest the need to adjust the amounts reported and therefore this item is unchanged with respect to the prior year.

The Company ran sensitivity analyses to measure the impact that changes in the most significant unobservable inputs (WACC and growth rate), due to changes in the macroeconomic scenario, would have on the outcome of the impairment tests of equity investments held by IGD SIIQ.

For the investment in IGD Management SIINQ S.p.A., an additional 0.04% increase in WACC or 0.04% decrease in the growth rate would reduce the existing coverage to zero.

For the investment in IGD Service S.r.l., an additional 3.9% increase in WACC or a 4.6% decrease in the growth rate would reduce the existing coverage to zero.

Finally, for the investment in Arco Campus S.r.l., a 0.4% increase in WACC or 0.4% decrease in the growth rate would reduce the existing coverage to zero.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 19) TRADE AND OTHER RECEIVABLES

	12/31/2022	12/31/2021	Change
Trade and other receivables	**25,320**	**27,180**	**(1,860)**
Provision for doubtful accounts	**(14,635)**	**(16,223)**	**1,588**
Trade and other receivables	**10,685**	**10,957**	**(272)**

Net trade receivables decreased by €272K due mainly to greater receipts during the year, in part as a result of the rent discounts agreed with various tenants for store closures in 2021 imposed by Covid-19 restrictions.

Gross trade receivables are broken down below by due date:

	Balance due to expire	Expired 0-30 days	Expired 31-60 days	Expired 61-90 days	Expired 91-120 days	Expired 121-180 days	Expired oltre 180 days	Total receivables
Gross trade receivables	**5,088**	**1,348**	**2,598**	**1,210**	**176**	**1,317**	**13,583**	**25,320**
Gross trade receivables	**5,088**	**1,348**	**2,598**	**1,210**	**176**	**1,317**	**13,583**	**25,320**

They are shown net of the provision for doubtful accounts, which reflects positions not considered to be fully recoverable.
Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) in Italy came to €461K in 2022. The allocation for the year was calculated based on the problems encountered with individual receivables recognized at 31 December 2022 and on all available information.
The Covid-related provision for doubtful accounts, with a balance of €2,850K at 31 December 2021, was used during the year in the amount of €1,845K to cover the discounts on 2021 rent granted to various shopping center tenants and was fully released in the amount of €1,005K as it was deemed to have exceeded requirements.
The use of €2,049K from the provision concerns tenant discounts on 2021 rent as a result of the Covid-19 pandemic (€1,845K) and doubtful accounts/problem credits identified in previous years that were fully written off during the period (€204K).
Movements in the provision for doubtful accounts are displayed below:

	12/31/2022	12/31/2021	Change
Provision for doubtful account at the beginning of the period	**16,223**	**18,122**	**(1,899)**
Reverse	**(2,049)**	**(4,537)**	**2,488**
Write-down/(uses) interest on late payments	**0**	**(7)**	**7**
Provision	**461**	**2,645**	**(2,184)**
Provision for doubtful account at the end of the period	**14,635**	**16,223**	**(1,588)**

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

> NOTE 20) RELATED PARTY TRADE AND OTHER RECEIVABLES

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0	**104**	**71**	**33**
Librerie Coop S.p.a.	**25**	**12**	**13**
Alleanza Luce e Gas S.r.l.	**25**	**25**	**0**
Unicoop Tirreno S.c.a.r.l.	**37**	**82**	**(45)**
Cons. propr. del compendio com. del Commendone (GR)	**2**	**1**	**1**
Consorzio Cone'	**2**	**17**	**(15)**
Consorzio Clodì	**0**	**8**	**(8)**
Consorzio Crema (Gran Rondò)	**3**	**1**	**2**
Consorzio I Bricchi	**2**	**9**	**(7)**
Consorzio Katanè	**2**	**1**	**1**
Consorzio Lame	**9**	**0**	**9**
Consorzio Leonardo	**2**	**0**	**2**
Consorzio Porta a Mare	**12**	**53**	**(41)**
Consorzio Sarca	**2**	**0**	**2**
IGD Service S.r.l.	**584**	**11**	**573**
Porta Medicea S.r.l.	**3**	**3**	**0**
IGD Management SIINQ S.p.a.	**0**	**35**	**(35)**
Arco Campus S.r.l.	**15**	**0**	**15**
Consorzio Le Maioliche	**0**	**3**	**(3)**
Consorzio Punta di Ferro	**0**	**13**	**(13)**
Millennium Center	**22**	**0**	**22**
Consorzio Proprietari Centro Luna	**0**	**5**	**(5)**
Consorzio Esp	**0**	**21**	**(21)**
Fondo Juice	**171**	**17**	**154**
Consorzio La Favorita	**4**	**9**	**(5)**
Consorzio Le Porta di Napoli	**14**	**0**	**14**
Consorzio Casilino	**4**	**0**	**4**
Consorzio del Centro Commerciale Nuova Darsena	**3**	**0**	**3**
Related party trade and other receivables	**1,047**	**397**	**650**

See Note 37 for comments.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 21) OTHER CURRENT ASSETS

	12/31/2022	12/31/2021	Change
Tax credits			
VAT credits	**1,114**	**832**	**282**
IRES credits	**449**	**414**	**35**
IRAP credits	**44**	**27**	**17**
Due from others			
Accrued income and prepayments	**316**	**370**	**(54)**
Other costs of services	**147**	**97**	**50**
Other current assets	**2,070**	**1,740**	**330**

Other current assets increased by €330K with respect to the previous year, due mainly to a higher VAT credit as a result of the increase in works carried out during the fourth quarter.

> NOTE 22) RELATED PARTY OTHER CURRENT ASSETS

	12/31/2022	12/31/2021	Change
Receivables from tax consolidation			
Igd Management SIINQ S.p.A.	**976**	**1,217**	**(241)**
Igd Service S.r.l.	**433**	**133**	**300**
Total receivables from tax consolidation	**1,409**	**1,350**	**59**

At 31 December 2022 the tax consolidation credit referred to the amount due to the Company from the subsidiaries Igd Service S.r.l. and Igd Management SIINQ S.p.A., which contributed positive taxable income to the tax consolidation arrangement.

> NOTE 23) FINANCIAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

	12/31/2022	12/31/2021	Change
To other related parties	**93,145**	**94,073**	**(928)**
Related parties financial receivables and other current financial assets	**93,145**	**94,073**	**(928)**

Receivables from other related parties consist of loans granted to the subsidiaries Igd Service S.r.l. and Arco Campus S.r.l., plus interest charged at the 3-month Euribor plus 50 basis points. Details of the major outstanding loans are provided below:

> Loan originally granted to Igd Management SIINQ S.p.A. and transferred to the subsidiary IGD Service S.r.l. as part of the Group reorganization and streamlining carried out in 2021. No movements during the year;

> Loan originally granted to Igd Management SIINQ S.p.A. and transferred to the subsidiary IGD Service S.r.l. as part of the Group reorganization and streamlining carried out in 2021. At 31 December 2021 there was a remaining balance of €73,229K. During the year, an additional €650K was disbursed and the subsidiary made payments in the amount of €5 million. At 31 December 2022 there was a remaining balance of €68,879K;

> Loan granted to Arco Campus S.r.l.: €2,262K. With a remaining balance of €2,562K at the end of 2021, during the year the subsidiary made payments of €300K.

There are also receivables arising from the use of Group treasury accounts, due from:

> Igd Service S.r.l. for €6,586K;

> Porta Medicea S.r.l. for €417K.

> NOTE 24) CASH AND CASH EQUIVALENTS

	12/31/2022	12/31/2021	Change
Cash and cash equivalents	**21,026**	**146,346**	**(125,320)**
Cash on hand	**18**	**34**	**(16)**
Cash and cash equivalents	**21,044**	**146,380**	**(125,336)**

Cash and cash equivalents at 31 December 2022 consisted mainly of current account balances at banks. The decrease of €125,336K reflects cash generated during the year net of capital expenditure, mortgage loan payments, and the redemption of the bond loan that expired in April 2022.

See the statement of cash flows for additional information.

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> NOTE 25) NET EQUITY

	12/31/2022	12/31/2021	Change
Share capital	650,000	650,000	0
Other reserves	476,321	470,565	5,756
Legal reserve	130,000	130,000	0
FTA IFRS 9 reserve	(1,450)	(1,450)	0
Recalculation of defined benefit plans	412	(47)	459
Cash flow hedge reserve	963	(4,663)	5,626
Fair value reserve	216,608	210,050	6,558
Available reserve	55,178	55,177	1
Other reserves	74,610	81,498	(6,888)
Net profit (loss) of the year	(14,667)	57,985	(43,318)
Profit (loss) carried forward	19,695	3,892	15,803
Profit (loss) of the period	(5,028)	54,093	(59,121)
Total net equity	(1,140,988)	1,178,550	(37,562)

As approved by the annual general meeting of 14 April 2022, during the year the Company: *(i)* allocated €6,557,849 of the net profit to the fair value reserve, for the appraisal at market value of the property portfolio, bringing the fair value reserve from €210,050,105.49 to €216,607,954.49; *(ii)* allocated €13,869,118.24 of the net profit from exempt operations to distributable reserves; *(iii)* allocated €1,933,427.01 of the net profit from taxable operations to distributable reserves; *(iv)* allocated €31,733,007.20 of the net profit from exempt operations to dividends; and *(v)* allocated a portion of the reserves freed up by the transfer during the year of five hypermarkets and one supermarket (€6,886,658.85, from exempt operations) to dividends.

Other movements in net equity were the result of:

> The adjustment of the cash flow hedge reserves relating to outstanding contracts, by €5,626K;

> The adjustment of the reserve for the recalculation of defined benefits (€459K);

> Recognition of the loss for the year in the amount of €5,028K.

Pursuant to Civil Code Article 2427, paragraph 7 bis, the components of net equity are shown along with their origin and their eligibility for use and distribution.

The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.

Item/Description	Amount	Eligibility for use	Available amount	Distributable amount	Summary of the uses made in the past three years	
					due to negative reserve coverage	due to other reasons
Capital	650,000					
Capital reserves:						
Available reserve (deriving from capital reduction)	55,178	A, B, C	55,178	55,178		
Total capital reserves	55,178		55,178	55,178		
Profit reserves:						
Legal reserve*	130,000	B				
Fair value reserve	216,608	B				
FTA IFRS 16 reserve	(1,450)	A, B, C **	(1,450)	(1,450)		
Cash Flow Hedge reserve	963	---				
Recalculation of defined benefit plans	412	---				
Distributable reserves	74,610	A, B, C	74,610	74,610		
New profit/loss	19,695	A, B, C	19,695	19,695		
Total profit reserve	440,838		92,855	92,855		
Total reserve	496,016		148,033	148,033		

LEGENDA

A *for capital increase*
B *for loss coverage*
C *for sharheolder distribution*

* *Lega reserve contains capital for €117,758 thousands*

** *The negative reserves reduce the positive available reserves*

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> 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	12/31/2022	12/31/2021	Change
Mortgage loans		336,319	374,146	(37,827)
05 BreBanca IGD Mondovicino (Galleria)	11/23/2006 - 01/10/2023	0	685	(685)
08 Carisbo Guidonia IGD Tiburtino	03/27/2009 - 03/27/2024	23,187	27,172	(3,985)
06 Unipol Lungosavio IGD	12/31/2008 - 12/31/2023	0	4,023	(4,023)
07 Carige Nikefin Asti I Bricchi	12/31/2008 - 03/31/2024	9,530	11,602	(2,072)
13 CR Veneto Mondovì (Retail Park)	10/08/2009 - 11/01/2024	9,286	10,888	(1,602)
10 Mediocredito Faenza IGD	10/05/2009 - 06/30/2029	5,106	6,035	(929)
14 MPS Palermo (Galleria)	12/21/2010 - 11/30/2025	10,698	12,958	(2,260)
17 Carige Palermo IGD (Iper)	07/12/2011 - 06/30/2027	6,587	8,379	(1,792)
15 CentroBanca Cone (Galleria)	12/22/2010 - 12/31/2025	15,121	17,741	(2,620)
Ubi 5 Leonardo	04/19/2018 - 10/17/2022	0	41,448	(41,448)
Ubi 1 Lame Rp Favorita	04/19/2018 - 07/17/2023	0	1,864	(1,864)
BNL 125 Million	01/01/2019 - 10/15/2023	0	123,461	(123,461)
BNL 75 Million	01/01/2019 - 10/15/2023	0	75,000	(75,000)
Mps - SACE 2020	10/16/2020 - 09/30/2026	24,212	32,890	(8,678)
BNL 215 Million	08/04/2022 - 08/01/2027	212,544	0	212,544
Mps - SACE 2022	12/15/2022 - 09/30/2028	20,048	0	20,048
Debts due to bonds		495,223	492,786	2,437
Bond 100 ML	01/11/2017 - 01/11/2024	99,896	99,796	100
Bond 400 ML	11/28/2019 - 11/28/2024	395,327	392,990	2,337
Debts due to other sources of finance		9,441	13,091	(3,650)
Sardaleasing for Bologna	04/30/2009 - 04/30/2027	2,145	2,525	(380)
IFRS 16 Livorno m/l liability	01/01/2019 - 03/31/2026	7,296	10,448	(3,152)
IFRS 16 Abruzzo m/l liability	01/01/2019 - 12/31/2023	0	118	(118)
Non current financial liabilities		840,983	880,023	(39,040)

Movements during the year are shown below:

Non current financial liabilities	12/31/2021	Increases	Repayments/ Renegotiation	Amortized Costs	Reclassification	12/31/2022
Payables due to mortages	374,146	235,946	(198,464)	(2,651)	(72,658)	336,319
Payables due to bonds	492,786	0	0	2,437	0	495,223
Paybles due to IFRS16	10,566	0	0	0	(3,270)	7,296
Payables due to other sources of finance	2,525	0	0	0	(380)	2,145
Total	880,023	235,946	(198,464)	(214)	(76,308)	840,983

> Mortgage loans

Mortgage loans are secured by properties. The change reflects the €215 million "green loan" contracted on 2 August 2022 from BNPS Paribas (global coordinator, green coordinator, and lender), Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., BNP Paribas, Cassa Depositi e Prestiti S.p.A., and China Construction Bank (lenders), with a duration of three years extendable to five years, as well as the reclassification to current financial liabilities of the principal falling due in the next 12 months.

> 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 shopping center and the parking lot at Centro d'Abruzzo.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> Bonds

The change in bonds during the year is due to *(i)* the redemption of the €162 million bond loan that matured in April 2022 and *(ii)* the amortization of transaction costs for outstanding bonds using the amortized cost method. Details of outstanding bonds are presented in the table below:

	Non current portion	Current Portion				Non current Portion	Current Portion		
Payables due to bonds	12/31/2021	12/31/2021	Bond issue / repayments	Costs amortization at 12/31/2022	Financial charges at 12/31/2022	12/31/2022	12/31/2022	Nominal interest rate	Actual interest rate
Bond 162 ML		**153,600**	**(153,600)**				**0**		
Ancillary costs		**(268)**		**268**			**0**		
Coupon rate 12.31.21		**2,815**			**(2,815)**				
Paid interests					**4,070**				
Coupon rate 12.31.22					**0**		**0**		
Total Bond 162 ML	**0**	**156,147**		**268**	**1,255**	**0**	**0**	**2.650%**	**3.94%**
Bond 100 ML	**100,000**					**100,000**			
Ancillary costs	**(204)**			**100**		**(104)**			
Coupon rate 12.31.21		**1,056**			**(1,056)**				
Paid interests					**2,250**				
Coupon rate 12.31.22					**1,056**		**1,056**		
Total Bond 100 ML	**99,796**	**1,056**		**100**	**2,250**	**99,896**	**1,056**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**					**400,000**			
Ancillary costs	**(7,010)**			**2,337**		**(4,673)**			
Coupon rate 12.31.21		**756**			**(756)**		**0**		
Paid interests					**8,500**				
Coupon rate 12.31.22					**756**		**756**		
Total Bond 400 ML	**392,990**	**756**	**0**	**2,337**	**8,500**	**395,327**	**756**	**2.125%**	**2.76%**
Total bonds	**492,786**	**157,959**	**(153,600)**	**2,705**	**12,005**	**495,223**	**1,812**		
Total financial charges				**2,705**	**12,005**				

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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 2022.

	Name	Guarantees given	Type of product	End date	Financial "Covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
06	06 Unipol Lungosavio IGD	Lungo Savio shopping center (Mall)	Mortgage	**12/31/2023**					
07	07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	**03/31/2024**					
08	08 Carisbo Guidonia IGD	Tiburtino shopping center	Mortgage	**03/27/2024**	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 through to maturity	**0.84**			
10	10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	Loan	**06/30/2029**	IGD Siiq SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 02.70	**0.86**			
14	14 MPS Palermo	La Torre shopping center (Mall)	Mortgage	**11/30/2025**	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.7 ii) Loan to Value ratio for individual property must not exceed 70%	**0.84**	**30.34%**		
13	13 CR Veneto Mondovì	Mondovicino Retail Park	Mortgage	**11/01/2024**	Certified consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	**0.84**			
17	17 Carige Palermo IGD	La Torre shopping center (Hypermarket)	Mortgage	**06/30/2027**					
30	30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgage-backed loan	**07/17/2023**					
33	33 Ubi 5 Leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	Loan	**10/17/2023**	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%	**0.85**	**39.90%**		
28	28 Notes 2.25% - 11/01/2024	Unsecured	Bond	**01/11/2024**	i) Ratio Total Asset - Intangible Asset to T otal Debt lower (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.50 - [including effect of IFRS16 accounting standards]	**45.59%**	**3.47**	**10.36%**	**1.89**
35	35 Notes 2.125% - 28/11/2024	Unsecured	Bond	**11/28/2024**	i) Ratio T otal Asset - Intangible Asset to T otal Debt (excluding derivative liabilities and net Cash and Cash Equivalents) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to T otal Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt (net of Cash and Cash equivalentsi) > 1.25 - [excluding effect of IFRS16 accounting standards]	**43.56%**	**3.95**	**9.17%**	**1.96**
34	34 Syndicated Loan	Unsecured	Syndicated loan	**10/16/2023**	i) RatioTotalAsset-IntangibleAssettoTotalDebt (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of Secured Debt to T otal Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	**44.81%**	**3.95**	**9.17%**	**1.89**
36	35 Fin.to MPS Garanzia Italia	Unsecured	Unsecured loan	**10/16/2026**	i)Ratio T otal Asset - Intangible Asset to T otal Debt (excluding derivative liabilities and cahs and cash equivalents) under 65% ii) Interest Cover Ratio (recurring items on cash basis) > 1.5; iii) Ratio of Secured Debt to T otal Asset - Intangible Asset under 50%; iv) Ratio of encumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.00 -[excluding effect of IFRS16 accounting standards]	**43.56%**	**3.95**	**9.17%**	**1.96**
36	35 Fin.to MPS Garanzia Italia 2022	Unsecured	Unsecured loan	**09/30/2028**					

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> NOTE 27) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2021	Actuarial (Gain)/ Losses	Reserve	Provision	Financial charges IAS 19	12/31/2021
Provisions for employee severance indemnities	**1,929**	**8**	**(148)**	**177**	**10**	**1,976**

	01/01/2022	Actuarial (Gain)/ Losses	Reserve	Provision	Financial charges IAS 19	12/31/2022
Provisions for employee severance indemnities	**1,976**	**(459)**	**(173)**	**180**	**20**	**1,544**

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	2022
Cost of living increase	**2.30%**
Discount rate	**3.77%**
Increase in total compensation	Executives **2.5%**; White collar/Middle managers **1.0%**; Blue collar **1.0%**
Increase in severance indemnity provision	**3.225%**

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2022

Inflation rate +0.25% - Provision for employees severance indemnities	**1,578.07**
Inflation rate-0.25% - Provision for employees severance indemnities	**1,511.50**
Discount rate +0.25% - Provision for employees severance indemnities	**1,501.04**
Discount rate -0.25% - Provision for employees severance indemnities	**1,589.45**
Turnover rate +1% - Provision for employees severance indemnities	**1,557.76**
Turnover rate -1% - Provision for employees severance indemnities	**1,528.91**
Service Cost 2022	**138.66**
Plan duration	**16.30**
Estimated payments, year 1	**63.01**
Estimated payments, year 2	**64.48**
Estimated payments, year 3	**154.14**
Estimated payments, year 4	**177.45**
Estimated payments, year 5	**70.66**

> NOTE 28) GENERAL PROVISIONS

	01/01/2022	Reverse	Provision	Reclassifications	12/31/2022
Provision for taxation	**1,824**	**(64)**	**138**	**23**	**1,921**
Consolidated Fund risks and future charges	**1,055**	**0**	**298**	**(23)**	**1,330**
Bonus provisions	**814**	**(814)**	**612**	**0**	**612**
Provisions for risks and future charges	**3,693**	**(878)**	**1,048**	**0**	**3,863**

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> Provision for taxation

At 31 December 2022 this provision mostly concerned pending property tax disputes over the shopping centers La Torre in Palermo (mall + hypermarket), Le Maioliche in Faenza (mall), Esp in Ravenna (mall + hypermarket), and Guidonia (mall + hypermarket). The principal complaints against IGD SIIQ S.p.A. relate to: *(i)* the zoning classification of the shopping center itself (C/1 or D/8), *(ii)* the classification and valuation of the individual commercial units within the shopping center, *(iii)* the classification of the common areas of the shopping center, and *(iv)* the classification of the parking areas.

The Company is contesting the assessments received from the tax authorities and/or collection agencies and has decided to pay IMU (municipal property tax) based on the originally declared (pre-assessment) cadastral rent, while allocating provisions to cover the risk of losing at the different levels of the justice system.

Most of the increase for the year 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 2023 on the basis of the Company's 2022 estimated results. The utilization refers to the payment made in the first half of 2022.

> Other general provisions

These cover the risks arising from litigation in course and probable future expenses (€580K), and estimated end-of-term benefits for directors (€750K). The principal change during the year was a net allocation of €298K for earthquake proofing to be carried out, at IGD's expense, at various supermarkets and hypermarkets sold in 2021.

> NOTE 29) SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES

	12/31/2022	12/31/2021	Change
Extension fees	625	0	625
Deferred income	800	800	0
Payable for guarantee SACE	968	787	181
Other liabilities	11	11	0
Sundry payables and other non-current liabilities	2,404	1,598	806

Advances due beyond one year refer to the advance from BNP Paribas under the agreement for the sale of the commercial licenses of the Fonti del Corallo mall, which will be finalized in 2026 when the current rental contract expires. During the year, sundry payables and other non-current liabilities underwent the following changes:

> An increase in extension fees reflecting the two €312.5K fees that the Company will have to pay to BNP Paribas in 2024 and 2025 in order to extend the duration of the €215 million loan to 2025 and 2026, respectively. As of this writing, the Company believes an extension to both 2025 and 2026 is likely;

> A decrease of €419K for the reclassification to current liabilities of the costs payable to SACE in 2023 as consideration for the guarantee backing the five-year, €36,300K loan obtained in 2020;

> An increase of €600K for the long-term costs payable to SACE as consideration for the guarantee backing the 6-year loan of €20,946k obtained in 2022.

Below are the details of related party payables:

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0 security deposits	9,912	9,912	0
Alleanza Luce e Gas security deposits	55	55	0
Unicoop Tirreno s.c.a.r.l. security deposits	25	25	0
Distribuzione Centro Sud S.r.l. security deposits	450	450	0
IGD Service S.r.l. security deposits	450	0	450
Related parties sundry payables and other non-current liabilities	10,892	10,442	450

Security deposits refer to sums received for the leasing of hypermarkets and malls. This item increased by €450K for the security deposit paid by the subsidiary IGD Service S.r.l. in connection with the renewal of the master lease on Darsena City shopping center in Ferrara.

Security deposits pay interest at the rates provided for by law.

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 30) CURRENT FINANCIAL LIABILITIES

	Duration	12/31/2022	12/31/2021	Change
Total payables due to banks		**13,000**	**0**	**13,000**
Bper intesa - Hot money	**05/09/2022 - 07/29/2022**	**13,000**	**0**	**13,000**
Total payables due to mortagage loans		**73,053**	**24,328**	**48,725**
05 BreBanca IGD Mondovicino (Galleria)	**11/23/2006 - 01/10/2023**	**690**	**1,316**	**(626)**
06 Unipol Lungosavio IGD	**12/31/2008 - 12/31/2023**	**4,025**	**817**	**3,208**
08 Carisbo Guidonia IGD Tiburtino	**03/27/2009 - 03/27/2024**	**4,136**	**4,129**	**7**
07 Carige Nikefin Asti I Bricchi	**12/31/2008 - 03/31/2024**	**2,082**	**1,952**	**130**
13 CR Veneto Mondovì (Retail Park)	**10/08/2009 - 11/01/2024**	**1,725**	**1,682**	**43**
10 Mediocredito Faenza IGD	**10/05/2009 - 06/30/2029**	**934**	**933**	**1**
14 MPS Palermo (Galleria)	**12/21/2010 - 11/30/2025**	**2,318**	**2,229**	**89**
17 Carige Palermo IGD (Iper)	**07/12/2011 - 06/30/2027**	**1,791**	**1,753**	**38**
15 CentroBanca Cone (Galleria)	**12/22/2010 - 12/31/2025**	**2,642**	**2,640**	**2**
Ubi 5 Leonardo loan	**04/19/2018 - 10/17/2022**	**41,713**	**2,072**	**39,641**
Ubi 1 Lame Rp Favorita loan	**04/19/2018 - 07/17/2023**	**1,891**	**2,536**	**(645)**
Mps sace	**10/16/2020 - 09/30/2026**	**9,075**	**2,269**	**6,806**
BNL 125 ML loan	**08/04/2022 - 08/01/2027**	**31**	**0**	**31**
Total payables due to other sources of finance		**3,651**	**3,505**	**146**
Leasing HQ IGD	**04/30/2009 - 04/30/2027**	**380**	**368**	**12**
IFRS 16 Livorno curr. liability	**01/01/2019 - 03/31/2026**	**3,152**	**3,021**	**131**
IFRS 16 Abruzzo curr. liability	**01/01/2019 - 12/31/2023**	**119**	**116**	**3**
Total payables due to bonds		**1,812**	**157,960**	**(156,148)**
Bond 100 ML	**01/11/2017 - 01/11/2024**	**1,056**	**1,056**	**0**
Bond 162 ML	**04/21/2015 - 04/21/2022**	**0**	**156,148**	**(156,148)**
Bond 400 ML	**11/28/2019 - 11/28/2024**	**756**	**756**	**0**
Current financial liabilities		**91,516**	**185,793**	**(94,277)**
Total current financial liabilities vs related parties		**3,466**	**31**	**3,435**

Movements in current financial liabilities are as follows:

Current financial liabilities	12/31/2021	Coupon of the year	Increases	Repayments	Amortized costs	Interests	Reclassification	12/31/2022
Payables due to banks	**0**	**0**	**53,000**	**(40,000)**	**0**	**0**	**0**	**13,000**
Payables due to mortages	**24,328**	**0**	**0**	**(24,328)**	**(29)**	**424**	**72,658**	**73,053**
Payables due to bonds	**157,960**	**11,768**	**0**	**(167,916)**	**0**	**0**	**0**	**1,812**
Paybles due to IFRS16	**3,137**	**0**	**0**	**(3,137)**	**0**	**0**	**3,271**	**3,271**
Payables due to other sources of finance	**368**	**0**	**0**	**(368)**	**0**	**0**	**380**	**380**
Total	**185,793**	**11,768**	**53,000**	**(235,749)**	**(29)**	**424**	**76,309**	**91,516**

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), and financial payables to related parties in connection with the use of a treasury account. The principal changes in current financial liabilities relate to:

> The 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 redemption on 21 April 2022, for €153.6 million, of the bond loan with an original nominal value of €162 million;

> The reclassification to current liabilities of the UBI 5 loan with a remaining balance of €41.7 million, to be paid back on 17 October 2023.

The increase in related party liabilities (€3,435K) reflects the rise in the amount due for use of the treasury account to the subsidiary Igd Management SIINQ S.p.A. (from €31K at the end of 2021 to €3,466K at 31 December 2022, 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 2022 and 31 December 2021. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

	12/31/2022	12/31/2021	Change
Cash and cash equivalents	**(21,044)**	**(146,380)**	**125,336**
Financial receivables and other current financial assets vs. related parties	**(93,145)**	**(94,073)**	**928**
LIQUIDITY	**(114,189)**	**(240,453)**	**126,264**
Current financial liabilities vs. related parties	**3,466**	**31**	**3,435**
Short term loans	**13,000**	**0**	**13,000**
Mortgage loans - current portion	**73,053**	**24,328**	**48,725**
Leasing - current portion	**3,651**	**3,505**	**146**
Bond loans - current portion	**1,812**	**157,960**	**(156,148)**
CURRENT DEBT	**94,982**	**185,824**	**(90,842)**
CURRENT NET DEBT	**(19,207)**	**(54,629)**	**35,422**
Leasing - non-current portion	**9,441**	**13,091**	**(3,650)**
Non-current financial liabilities	**336,319**	**374,146**	**(37,827)**
Bond loans	**495,223**	**492,786**	**2,437**
NON-CURRENT NET DEBT	**840,983**	**880,023**	**(39,040)**
NET FINANCIAL POSITION	**821,776**	**825,394**	**(3,618)**

Net debt decreased by €3.6 million with respect to 31 December 2021, due mainly to:

> A decrease in payables as a result of applying IFRS 16;

> Cash generated during the year net of capital expenditure and mortgage loan payments.

As in previous years, the net financial position does not include non-current liabilities described in Note 30, consisting of payables for contractual commitments, security deposits received from third parties and related parties for the rental of hypermarkets and malls, guarantee deposits, and tax liabilities, given the lack of a significant implicit or explicit financial component.

In addition, as in previous years, it does not include assets and liabilities for derivative financial instruments which amounted to €1,119K and €199K, respectively.

> NOTE 32) TRADE AND OTHER PAYABLES

	12/31/2022	12/31/2021	Change
Trade payables within 12 months	**13,088**	**8,048**	**5,040**
Trade and other payables	**13,088**	**8,048**	**5,040**

Trade payables increased due primarily to work performed on freehold properties during the fourth quarter of the year.

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> NOTE 33) RELATED PARTY TRADE AND OTHER PAYABLES

	12/31/2022	12/31/2021	Change
Coop Alleanza 3.0	**263**	**213**	**50**
Alleanza Luce e Gas	**1**	**0**	**1**
Unicoop Tirreno s.c.a.r.l.	**0**	**284**	**(284)**
Cons. propr. del compendio com. del Commendone (GR)	**41**	**19**	**22**
Consorzio prop. Fonti del Corallo	**33**	**3**	**30**
Consorzio Coné	**60**	**71**	**(11)**
Consorzio Clodì	**37**	**2**	**35**
Consorzio Crema (Gran Rondò)	**29**	**0**	**29**
Consorzio I Bricchi	**25**	**0**	**25**
Consorzio Katané	**158**	**20**	**138**
Consorzio Lame	**79**	**12**	**67**
Consorzio Leonardo	**146**	**54**	**92**
Consorzio La Torre	**164**	**24**	**140**
Distribuzione Centro Sud s.r.l.	**6**	**0**	**6**
IGD Service S.r.l.	**10**	**18**	**(8)**
IGD Management SIINQ S.p.a.	**1**	**0**	**1**
Consorzio Le Maioliche	**0**	**4**	**(4)**
Consorzio Punta di Ferro	**59**	**82**	**(23)**
Consorzio Proprietari Centro Luna	**0**	**1**	**(1)**
Consorzio Esp	**0**	**53**	**(53)**
Fondo Juice	**14**	**0**	**14**
Consorzio La Favorita	**6**	**0**	**6**
Consorzio Le Porte di Napoli	**118**	**36**	**82**
Consorzio Casilino	**211**	**4**	**207**
Consorzio del Centro Commerciale Nuova Darsena	**0**	**2**	**(2)**
Related parties trade and other payables	**1,461**	**902**	**559**

Most of the increase in related party payables (+€559K) reflects the different timing of payments. See Note 37 for details.

> NOTE 34) CURRENT TAX LIABILITIES

	12/31/2022	12/31/2021	Change
Irpef/additional regional and municipality tax	**508**	**514**	**(6)**
IRAP	**0**	**158**	**(158)**
Current tax liabilities	**508**	**672**	**(164)**

This item covers the amount due for IRPEF and regional and municipal surtaxes that was paid in January 2023.

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> NOTE 35) OTHER CURRENT LIABILITIES

	12/31/2022	12/31/2021	Change
Social security	**235**	**289**	**(54)**
Accrued income and prepayments	**99**	**486**	**(387)**
Insurance	**8**	**8**	**0**
Due to employees	**386**	**578**	**(192)**
Security deposits	**7,603**	**6,891**	**712**
Unclaimed dividends	**287**	**2**	**285**
Amounts due to director for emoluments	**120**	**249**	**(129)**
Extension fees	**0**	**500**	**(500)**
Due for guarantee SACE	**884**	**296**	**588**
Other liabilities	**1,064**	**1,084**	**(20)**
Other current liabilities	**10,686**	**10,383**	**303**

These consist mainly of security deposits received from commercial tenants.

The increase of €303K stems mainly from *(i)* the change in security deposits, *(ii)* an increase of €588K in payables to SACE (€419K for the reclassification to current liabilities of the 2023 share of costs payable to SACE as consideration for the guarantee backing the 5-year loan of €36,300K obtained in 2020 and €169K for the current portion of costs payable to SACE as consideration for the guarantee backing the 6-year loan of €20,946K obtained in 2022; and *(iii)* the early termination of the €200 million BNL loan, entailing recognition of the extension fee for the earlier extension of the loan until October 2023.

> NOTE 36) RELATED PARTY OTHER CURRENT LIABILITIES

	12/31/2022	12/31/2021	Change
Payables from tax consolidation			
IGD Management SIINQ S.p.A.	**53**	**52**	**1**
Porta Medicea S.r.l.	**196**	**167**	**29**
Other liabilities vs related parties	**249**	**219**	**30**

The increase concerns the tax consolidation and refers to the subsidiary Porta Medicea S.r.l., which in 2022 brought a greater tax loss to the consolidation, raising the liability for IGD SIIQ S.p.A.

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> NOTE 37) 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	104	0	263	9,912	0	0	0	0
Librerie Coop s.p.a.	25	0	0	0	0	0	0	0
Alleanza Luce e Gas	25	0	1	55	0	0	0	0
Unicoop Tirreno s.c.a.r.l.	37	0	0	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	2	0	41	0	0	0	26	0
Consorzio prop. Fonti del Corallo	0	0	33	0	0	0	58	0
Consorzio Coné	2	0	60	0	0	0	81	0
Consorzio Clodì	0	0	37	0	0	0	5	0
Consorzio Crema (Gran Rondò)	3	0	29	0	0	0	30	0
Consorzio I Bricchi	2	0	25	0	0	0	0	0
Consorzio Katané	2	0	159	0	0	0	152	0
Consorzio Lame	9	0	79	0	0	0	0	0
Consorzio Leonardo	2	0	146	0	0	0	116	0
Consorzio La Torre	0	0	164	0	0	0	247	0
Consorzio Porta a Mare	12	0	0	0	0	0	0	0
Consorzio Sarca	2	0	0	0	0	0	0	0
Distribuzione Centro Sud s.r.l.	0	0	6	450	0	0	0	0
IGD Service S.r.l.	584	0	10	450	0	0	0	0
IGD Management SIINQ S.p.a.	0	0	54	0	0	0	0	0
Porta Medicea S.r.l.	3	0	196	0	0	0	0	0
Arco Campus S.r.l.	15	0	0	0	0	0	0	0
Consorzio Punta di Ferro	0	0	59	0	0	0	32	0
Millennium Center	22	0	0	0	0	0	21	0
Fondo Juice	171	0	14	0	0	0	0	0
Consorzio La Favorita	4	0	6	0	0	0	2	0
Consorzio Le Porte di Napoli	14	0	118	0	0	0	126	0
Consorzio Casilino	4	0	211	0	0	0	242	0
Consorzio del centro commercial Nuova Darsena	3	0	0	0	0	0	0	0
Total	1,047	0	1,711	10,892	0	0	1,138	0
Total reported	13,802	93,145	26,285	12,496	932,497	83		
Total increase/ decrease of the period							18,966	0
Weight	7.59%	0.00%	6.51%	87.16%	0.00%	0.00%		

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	24,297	0	977	124
Robintur S.p.a.	108	0	0	0
Librerie Coop S.p.a.	918	0	0	0
Alleanza Luce e Gas	112	0	0	1
Unicoop Tirreno S.c.a.r.l.	1,479	0	20	0
Cons. propr. del compendio com. del Commendone (GR)	0	0	87	0
Consorzio prop. Fonti del Corallo	0	0	10	0
Consorzio Coné	0	0	378	0
Consorzio Clodì	0	0	206	0
Consorzio I Bricchi	0	0	679	0
Consorzio Katané	1	0	375	0
Consorzio Lame	0	0	252	0
Consorzio Leonardo	0	0	270	0
Consorzio La Torre	1	0	626	0
Consorzio Porta a Mare	0	0	233	0
Distribuzione Centro Sud S.r.l.	955	0	0	6
IGD Service S.r.l.	3,812	0	3	2
IGD Management SIINQ S.p.a.	36	0	0	9
Porta Medicea S.r.l.	66	0	0	0
Consorzio Punta di Ferro	0	0	406	0
Distribuzione Lazio Umbria S.r.l.	16	0	0	0
Millennium Center	10	0	254	0
Fondo Juice	171	0	0	0
Consorzio La Favorita	0	0	102	0
Consorzio Le Porte di Napoli	66	0	328	0
Consorzio Casilino	1	0	1,225	0
Total reported	32,049	0	6,431	142
Total	114,007	738	29,549	29,062
Weight %	28.11%	0.00%	21.76%	0.49%

IGD SIIQ S.p.A. 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 (Librerie Coop S.p.A. 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 2022, including for retail premises, amounted to €24.3 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 shopping centers and cover the first six months of the year only, as Coop Alleanza sold its interest in these companies on 1 July 2022. For 2022, €108K in rent was received from Robintur S.p.A.

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 €918K 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 €112K under this arrangement, and also has payables for security deposits received.

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 €1.5 million under these arrangements.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries Igd Management SIINQ S.p.A., Igd Service S.r.l., Porta Medicea S.r.l., Arco Campus S.r.l., and Win Magazin S.A. concern the following: *(i)* administrative, technical and financial services provided by IGD; *(ii)* loans granted to the subsidiaries Igd Management SIINQ S.p.A., Arco Campus S.r.l., and Igd Service S.r.l. and financial payables to the subsidiaries Igd Management SIINQ S.p.A. and Igd Service S.r.l. for the use of pooled accounts; *(iii)* the tax consolidation agreement with Igd Management SIINQ S.r.l., Igd Service S.r.l., and Porta Medicea S.r.l.

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.

> NOTA 38) 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 fixed-interest bond loans, so it determines its risk of increased 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 76.88% 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.

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-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21	31-dec-22	31-dec-21
Interest bearing assets	Euribor	210	1,464	0	(146)	0	0	0	0
Hot Money	Euribor	0	0	0	0	0	0	0	0
Financial liabilities at a variable rate	Euribor	(3,050)	(2,713)	3,045	237	0	0	0	0
Derivatives									
Cash Flow		1,361	1,943	(99)	(179)	0	0	0	0
Fair Value		0	0	0	0	0	5,607	0	(570)
Total		(1,479)	694	2,946	(88)	0	5,607	0	(570)

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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 2022 and 2021.

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 investigate 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	2022	2021
Receivables and loans		
Sundry receivables and other assets	**83**	**84**
Trade and other receivables	**10,685**	**10,957**
Trade and other receivables vs related parties	**1,046**	**397**
Other assets	**463**	**467**
Cash and cash equivalents	**21,044**	**146,346**
Financial receivables and other financial assets	**93,145**	**94,073**
Total	**126,466**	**252,324**

> 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;

> 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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5.6 NOTES TO THE FINANCIAL STATEMENTS

LIQUIDITY RISK

Maturity analysis at 31 December 2022	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								
Mortgages	7,418	4,791	19,606	60,552	84,399	324,955	7,401	509,122
Leasing	38	78	121	250	491	1,895	0	2,873
Bond	1,125	0	0	9,625	509,625	0	0	520,375
Short-term credit lines	13,000	0	0	0	0	0	0	13,000
Payables vs related parties	31	0	0	0	0	0	0	31
Total	21,612	4,869	19,727	70,427	594,515	326,850	7,401	1,045,401
Derivative financial instruments								
Derivative on rate risk	120	91	445	691	1,289	3,054	0	5,690
Total	120	91	445	691	1,289	3,054	0	5,690
Exposure at 31 December 2022	21,732	4,960	20,172	71,118	595,804	329,904	7,401	1,051,091

LIQUIDITY RISK

Maturity analysis at 31 December 2021	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								
Mortgages	1,864	3,638	7,637	15,613	277,481	103,712	3,396	413,341
Leasing	33	66	66	167	345	1,230	935	2,842
Bond	1,125	0	157,670	9,625	10,750	509,625	0	688,795
Short-term credit lines	0	0	0	0	0	0	0	0
Payables vs related parties	31	0	0	0	0	0	0	31
Total	3,053	3,704	165,373	25,405	288,576	614,567	4,331	1,105,009
Derivative financial instruments								
Derivative on rate risk	136	676	1,077	1,587	2,228	1,101	0	6,805
Total	136	676	1,077	1,587	2,228	1,101	0	6,805
Exposure at 31 December 2021	3,189	4,380	166,450	26,992	290,804	615,668	4,331	1,111,814

The financial maturities of 2022, totalling €180.6 million, were covered by the €158 million cash balance at the start of the year and for the remaining amount by two loans contracted in the second half of the year. In August IGD obtained the first unsecured senior green loan in its history, amounting to €215 million, with a duration of three years extendable for a further two years. This instrument, held in high regard by banks and investors alike, was obtained thanks to IGD's broad portfolio of high-quality assets with BREEAM certification of "very good" or "excellent." In addition, a SACE-backed loan of €20.9 million was contracted with a major bank. With the extensions negotiated in the spring, at the end of 2022 committed credit lines amounted to €60 million, available in full. The Company has uncommitted credit lines amounting to €105 million. Considering available funds, in the form of new and extended loans and cash generated by ordinary operations, the Company closed the year with enough resources to cover essentially all maturities in 2023 and the first quarter of 2024. The Company has got a strong head start on its next refinancing, taking into account the properties it can use to secure loans (approximately €1.4 billion), through a €225-250 million operation to be finalized in the first half of the year that will cover all of its needs for the next 18 months.

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 39) 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	12/31/2022	12/31/2021	Change	Level
Derivative assets	**1,119**	**0**	**1,119**	**2**
Derivative liabilities	**(199)**	**(6,737)**	**6,538**	**2**
IRS net effect	**920**	**(6,737)**	**7,657**	

The contracts are detailed below:

Contracts in detail	IRS 46_39 Intesa Sanpaolo 3.3495%	IRS 118_40 Banco BPM 3.285%	IRS 118_54 Intesa Sanpaolo 3.272%	IRS 35_67 Intesa Sanpaolo 2.429%	IRS 32_80 Intesa Sanpaolo 3.25%	IRS 35_81 BPM 2.427%	IRS 30_82 BPM 2.30%
Nominal amount	**685,197**	**3,487,038**	**4,649,384**	**8,910,000**	**11,025,000**	**5,346,000**	**6,870,250**
Inception date	**02/16/2009**	**12/31/2011**	**12/31/2010**	**12/30/2011**	**11/02/2012**	**12/31/2011**	**12/27/2010**
Maturity	**01/10/2023**	**03/31/2024**	**03/28/2024**	**12/31/2025**	**11/01/2024**	**12/31/2025**	**03/27/2024**
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	**3.3495%**	**3.285%**	**3.272%**	**2.429%**	**3.25%**	**2.427%**	**2.30%**

Contracts in detail	IRS 30_83 Intesa Sanpaolo 2.285%	IRS 35_84 Intesa Sanpaolo 2.429%	IRS 30_85 MPS 2.30%	IRS 30_86 Intesa Sanpaolo 2.30%	IRS 29_100 Intesa Sanpaolo 3.412%	IRS 118_101 Intesa Sanpaolo 3.25%	IRS 49_102 MPS 2.80%
Nominal amount	**6,870,250**	**3,564,000**	**6,870,250**	**6,870,250**	**4,027,255**	**3,487,038**	**1,785,714**
Inception date	**12/27/2010**	**12/30/2011**	**12/27/2010**	**12/27/2010**	**12/31/2010**	**12/31/2010**	**12/31/2011**
Maturity	**03/27/2024**	**12/31/2025**	**03/27/2024**	**03/27/2024**	**12/29/2023**	**03/28/2024**	**03/31/2024**
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	**2.285%**	**2.43%**	**2.30%**	**2.30%**	**3.41%**	**3.25%**	**2.80%**

Contracts in detail	IRS 37_122 Intesa Sanpaolo 0.333%	IRS 152_209 copertura parziale 215 mln BNL 3.18%	IRS 152_210 copertura parziale 215 mln MPS 3.18%	IRS 152_211 copertura parziale 215 mln Int. Sanpaolo 3.18%	IRS 152_212 copertura parziale 215 mln DB 3.18%	IRS 152_213 copertura parziale 215 mln BPM 3.18%
Nominal amount	**41,500,000**	**18,428,571**	**18,428,571**	**18,428,571**	**4,095,240**	**12,285,714**
Inception date	**01/17/2019**	**12/30/2022**	**12/30/2022**	**12/30/2022**	**12/30/2022**	**12/30/2022**
Maturity	**10/17/2023**	**08/02/2026**	**08/02/2026**	**08/03/2026**	**08/03/2026**	**08/02/2026**
IRS frequency	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
Customer rate	**0.33%**	**3.18%**	**3.18%**	**3.18%**	**3.18%**	**3.18%**

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 40) COMMITMENTS

At 31 December 2022 the Company had the following major commitment:

- Contract for the restyling of the San Benedetto del Tronto property, for an amount of €3.2 million.

> NOTE 41) DISPUTES

At 31 December 2022 there were no significant disputes involving IGD SIIQ S.p.A.

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 42) 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 2017 it definitively cleared the IRES and IRAP assessments, and with decision no. 254/14 (also filed on 28 February 2017) 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 (reimbursed in the first half of 2021).

In May 2021 the Emilia Romagna regional authorities filed an appeal with the Court of Cassation and IGD SIIQ S.p.A. filed its response.

> NOTE 43) 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 2022 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 are measured at fair value through profit and loss. At 31 December 2022 the Group had no financial instruments in this category;

> Financial liabilities are 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 2022 and 31 December 2021:

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	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2022	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 at amortized costs	Hedging derivatives	Total	of which current	of which non-current	Fair Value
ASSETS											
Other non-current assets	0	0	83	0	0	0	0	83	0	83	83
Sundry receivables and other non current assets	0	0	212,098	0	0	0	0	212,098	0	212,098	212,098
Equity investments	0	0	0	0	0	0	0	0	0	0	0
Non current financial assets	0	0	1,119	0	0	0	0	1,119	0	1,119	1,119
Current assets											
Trade and other receivables	0	0	10,685	0	0	0	0	10,685	10,685	0	10,685
Related party trade and other receivables	0	0	1,046	0	0	0	0	1,046	1,046	0	1,046
Other current assets	0	0	463	0	0	0	0	463	463	0	463
Related party financial receivables and other current financial assets	0	0	93,145	0	0	0	0	93,145	93,145	0	93,145
Cash and cash equivalents	0	0	21,026	0	0	0	0	21,026	21,026	0	21,026
TOTAL FINANCIAL ASSETS	0	0	339,665	0	0	0	0	399,665	126,365	213,300	339,665
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	199	199	0	199	199
Due to banks	0	0	0	0	0	13,000	0	13,000	13,000	0	13,000
Leasing	0	0	0	0	0	2,525	0	2,525	380	2,145	2,400
Bond	0	0	0	0	0	497,035	0	497,035	1,812	495,223	489,722
Due to other sources of finance	0	0	0	0	0	10,567	0	10,567	3,271	7,296	10,567
Mortgage loans	0	0	0	0	0	409,372	0	409,372	73,053	336,319	425,671
Related party financial payables	0	0	0	0	0	3,466	0	3,466	3,466	0	3,466
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	2,404	0	2,404	0	2,404	2,404
Related party sundry payables and other non current liabilities	0	0	0	0	0	10,892	0	10,892	0	10,892	10,892
Current liabilities											
Trade and other payables	0	0	0	0	0	13,088	0	13,088	13,088	0	13,088
Related party trade and other payables	0	0	0	0	0	1,461	0	1,461	1,461	0	1,461
Other current liabilities	0	0	0	0	0	11,486	0	11,486	11,486	0	11,486
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	975,296	199	975,495	121,017	854,478	984,356

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2021	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 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	54	0	0	0	0	54	0	54	54
Equity investments	0	0	212,098	0	0	0	0	212,098	0	212,098	212,098
Non current financial assets	0	0	0	0	0	0	0	0	0	0	0
Current assets											
Trade and other receivables	0	0	10,957	0	0	0	0	10,957	10,957	0	10,957
Related party trade and other receivables	0	0	397	0	0	0	0	397	397	0	397
Other current assets	0	0	467	0	0	0	0	467	467	0	467
Related party financial receivables and other current financial assets	0	0	94,073	0	0	0	0	94,073	94,073	0	94,073
Cash and cash equivalents	0	0	146,346	0	0	0	0	146,346	146,346	0	146,346
TOTAL FINANCIAL ASSETS	0	0	464,392	0	0	0	0	464,392	252,240	212,152	464,392
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	6,737	6,737	0	6,737	6,737
Due to banks	0	0	0	0	0	0	0	0	0	0	0
Leasing	0	0	0	0	0	2,893	0	2,893	368	2,525	2,887
Bond	0	0	0	0	0	650,746	0	650,746	157,960	492,786	662,700
Due to other sources of finance	0	0	0	0	0	36,733	0	36,733	8,214	28,519	36,733
Mortgage loans	0	0	0	0	0	398,472	0	398,472	24,328	374,145	401,216
Related party financial payables	0	0	0	0	0	31	0	31	31	0	31
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	1,597	0	1,597	0	1,597	1,597
Related party sundry payables and other non current liabilities	0	0	0	0	0	10,442	0	10,442	0	10,442	10,442
Current liabilities											
Trade and other payables	0	0	0	0	0	8,048	0	8,048	8,048	0	8,048
Related party trade and other payables	0	0	0	0	0	902	0	902	902	0	902
Other current liabilities	0	0	0	0	0	10,383	0	10,383	10,383	0	10,383
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,120,248	6,737	1,126,985	210,234	916,751	1,141,676

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
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 2022 the estimated credit spread was 3.75% (1.70% the previous year).

> Collateral

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

Collateral given	Carrying value	
	2022	2021
Security deposits		
Sundry receivables and other assets	83	84

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	2022	2021
Opening balance	16,223	18,122
Allocation for individual writedowns	461	2,645
Utilizations	(2,049)	(4,537)
Other movements	0	(7)
Total	14,635	16,223

> 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 the fair value change of derivatives, charged to the cash flow hedge reserve under equity (net of the tax effects), came to a positive €5,627K in 2022 and a positive €4,005K in 2021.

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement 31/12/2021	Carrying value						
	Financial assets/liabilities measured at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized cost	Hedging derivatives
	31-dec-22						
Net profit (loss)							
Financial assets / liabilities							(2,644)
Trade and other receivables			(461)				
Total	0	0	(461)	0	0	0	(2,644)

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement 31/12/2021	Carrying value						
	Financial assets/liabilities measured at fair value	Financial assets/ liabilities measured at fair value held for negotiation	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized cost	Hedging derivatives
	31-dec-21						
Net profit (loss)							
Financial assets / liabilities							(4,737)
Trade and other receivables			(2,645)				
Total	0	0	(2,645)	0	0	0	(4,737)

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

Interest income	2022	2021
Interest income of financial assets not measured at fair value		
Deposits	**57**	**51**
Receivables vs Related parties	**681**	**29**

Interest expenses	2022	2021
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**133**	**1**
Sundry payables and other liabilities	**1,154**	**1,278**
Payables to parent company	**9**	**4**
Financial liabilities		
Mortgage	**9,767**	**7,328**
Leasing	**53**	**33**
IFRS 16	**477**	**452**
Bond	**14,709**	**18,551**
Short-term loans	**116**	**0**

5.7 // Proposal for approval of the financial statements and distribution of dividends

Dear Shareholders,
We submit the separate financial statements of IGD SIIQ S.p.A. at 31 December 2022 for your approval, which close with a net loss of €5,027,925.94. Subject to approval of the draft financial statements for the year ending 31 December 2022 and the Directors' Report on Operations, we propose:

1. to approve the financial statements of IGD SIIQ S.p.A. for the year ended at 31 December 2022 which show a net loss of €5,027,925.94 and the Board of Directors' report;
2. to cover the net loss of€5,027,925.94 recorded at 31 December 2022 using the retained earnings from taxable operations for €3,434,503,96 and distributable capital reserves for €1,593,421.98;
3. to reclassify the Fair Value reserve by €4,022,100.74, following partial elimination of the regime relative to non-distributable reserves pursuant to Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the reserve for distributable income generated by exempt operations by the same amount. Consequently, the fair value reserve, relative to the fair value of the real estate portfolio, will go from €216,607,954.49 to €212,585,853.75;
4. to pay a dividend of €0.30 per share on each of the outstanding ordinary shares at the time the shares go ex-dividend, excluding, therefore, any treasury shares held at that date.

   The total dividend payout, calculated based on the number of IGD shares outstanding at the date of 23 February 2023 (110,341,903 IGD shares), amounts to €33,102,570.90 to be taken from:

   - for €16,259,872.48, retained earnings from exempt operations;
   - for €6,578,584.26, other distributable reserves from exempt operations;
   - for € 10,264,114.16, other distributable reserves from exempt operations released in 2021; as a result of the sale of 5 hypermarkets and 1 supermarket.

   The earnings distributed from exempt operations total 33,102,570.90, i.e. €0.30 per share.

5. to grant the Chair and the Chief Executive Officer, jointly or severally, the power to determine in due time, the exact number of shares entitled to receive dividends and the exact amount of the dividend to be distributed."

Bologna, 23 February 2023

THE CHAIR

ROSSELLA SAONCELLA

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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 2021	Year 2020
ASSETS	**0**	**0**
A) Subscribed capital unpaid	**3,807,419,353**	**3,871,438,028**
B) Fixed assets	**2,840,545,196**	**2,731,711,544**
C) Current assets	**23,398,879**	**10,120,955**
D) Accrued income and prepayments	**6,671,363,428**	**6,613,270,527**
Total assets		
LIABILITIES	**1,682,660,546**	**1,720,584,845**
A) Net equity	**107,505,356**	**105,567,083**
B) General provisions	**110,412,651**	**125,236,263**
C) Provisions for employees severance indemnities	**4,767,625,630**	**4,658,663,932**
D) Payables	**3,159,245**	**3,218,404**
E) Accrued income and prepayments	**6,671,363,428**	**6,613,270,527**
Totale liabilities and net equity		
INCOME STATEMENT (ex art. 2425 C.C.)	**4,565,789,102**	**4,213,362,446**
A) Value of production	**(4,669,658,467)**	**(4,322,635,297)**
B) Costs of production	**129,035,704**	**35,042,646**
C) Financial income and charges	**(60,537,562)**	**(66,972,801)**
D) Adjustment to the value of financial assets	**(3,390,729)**	**2,970,322**
Income taxes for the period	**(38,761,952)**	**(138,232,684)**
Profit (Loss) or the period		

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 2022 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 2022
Auditing	Deloitte & Touche S.p.a.	IGD SIIQ S.p.A.	**115**
Sunstainability report auditing	Deloitte & Touche S.p.a.	IGD SIIQ S.p.A.	**20**
Total			**135**

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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 2022.

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, 23 February 2023

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

5.11 // Attachments

CERTIFICATION PURSUANT TO ART. 16 OF CONSOB MARKET REGULATIONS (CONSOB RESOLUTION N. 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 Immobiliare Grande Distribuzione 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 Market Regulations, adopted with Consob Resolution 20249 of 28 February 2017.

23 February 2023

For the Board of the Directors
The Chairman of the Board of Directors
(Rossella Saoncella)

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.11 ATTACHMENTS

> LIST OF EQUITY INVESTMENTS

Name	Registered office	Country	Share capital	Net result €	Net equity €	% held	Control	Carrying value €	Total assets	Total liabilities	Value of production
IGD Management SIINQ S.p.a.	Bologna, via Trattati Comunitari Europei 1957 - 2007	Italy	**20,000,000 (Euro)**	**4,296,136**	**90,089,767**	**100%**	IGD SIIQ S.p.A.	**69,967,081**	**152,019,560**	**61,929,793**	**6,913,000**
IGD Service S.r.l.	Bologna, via Trattati Comunitari Europei 1957 - 2007	Italy	**60,000,000 (Euro)**	**(20,910,308)**	**65,345,121**	**100%**	IGD SIIQ S.p.A.	**114,743,673**	**161,453,050**	**96,107,929**	**25,683,629**
Arco Campus S.r.l.	Bologna, via dell'Arcoveggio n.49/2	Italy	**1,500,000 (Euro)**	**39,262**	**1,609,906**	**99.98%**	IGD SIIQ S.p.A.	**1,506,779**	**4,483,109**	**2,873,203**	**240,135**
Consorzio I Bricchi (*)	Isola D'Asti (Loc. Molini), via Prato Boschiero	Italy	**6,000 (Euro)**	**0**	**6,000**	**72%**	IGD SIIQ S.p.A.	**4,335**	**374,295**	**368,295**	**646,037**
Consorzio proprietari C.C. Leonardo (*)	Imola (Bologna), via Amendola 129	Italy	**0 (Euro)**	**0**	**1**	**52%**	IGD SIIQ S.p.A.	**0**	**676,004**	**676,003**	**1,753,302**
Consorzio proprietari C.C. Fonti del Corallo (*)	Livorno, Via Gino Garziani 6	Italy	**10,000 (Euro)**	**470**	**11,123**	**68%**	IGD SIIQ S.p.A.	**6,800**	**182,165**	**171,042**	**377,935**
Consorzio proprietari del Compendio commerciale del Commendone (*)	Grosseto, via Equador	Italy	**10,000 (Euro)**	**0**	**10,000**	**52.60%**	IGD SIIQ S.p.A.	**6,039**	**542,970**	**532,970**	**1,540,789**
Consorzio Puntadiferro (*)	Forlì, Piazzale della Cooperazione 4	Italy	**10,000 (Euro)**	**0**	**10,001**	**62%**	IGD SIIQ S.p.A.	**6,234**	**632,705**	**622,704**	**2,100,815**
Fondo Juice (**)	Milano, via San Paolo 7	Italy	**64,165,000 (Euro)**	**3,609,034**	**67,774,034**	**40%***	IGD SIIQ S.p.A.	**25,666,000**	**140,420,000[4]**	**73,920,000[5]**	**8,630,815**

(*) Figures refers to the financial statements of the year ended 31 December 2021
(**) As described in Note 18 above IGD SIIQ holds 25,224 class B shares equal to 40% of the fund capital

[4] Value of real estate investments held by Fondo Juice
[5] Value of bank debt

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.12 EXTERNAL AUDITORS' REPORT

5.12 // External Auditors' Report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Immobiliare Grande Distribuzione SIIQ S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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.

Assessment of the investment properties and assets under construction	
Description of the key audit matter	As of December 31, 2022 Investment properties are equal to Euro 1,768 million (of which Euro 25.9 million relating to assets under construction), representing 83.4% of total assets. The total real estate portfolio, held by the Company also through an associated company valued according to the equity method with a carrying amount of Euro 25.6 million, includes investment property and property under construction. Investment properties are measured at fair value in accordance with the IAS 40 adopted by the European Union and assets under construction are valued at cost less impairment losses, or at fair value if it can be reliably determined, taking into account the procedure for obtaining administrative permits and the start of construction. The process of valuing the Company's real estate portfolio, carried out by the Directors on the basis of appraisals by independent experts (the "Appraisers"), is based on a complex series of estimates, and derives from variables and assumptions relating to future performance that are impacted by future economic and market conditions that are hard to predict. In particular, the assumptions used by the Directors in valuing their real estate portfolio mainly relate to the following variables: (i) the expected cash flows of each investment property and their distribution over time; (ii) inflation rates, capitalization rates of net income at the end of the valuation period and discount rates of cash flows related to each investment property. As a result of these appraisals, the Company's real estate portfolio was subject to net writedowns of Euro 59.3 million. In view of the significance of the Company's real estate portfolio, the complexity and subjectivity of the valuation process carried out by the Directors, made even more uncertain by the current geopolitical tensions caused by the conflict between Russia and Ukraine, we considered the valuation of the real estate portfolio to be a key matter of the audit of the Company's financial statements at December 31, 2022. Notes 6, 12 and 15 and paragraphs "Summary of accounting policies" and "use of estimates" of the financial statements provide information on the real estate portfolio and the assumptions underlying its valuations.

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.12 EXTERNAL AUDITORS' REPORT

Deloitte.

Audit procedures performed

During our audit, we carried out the following procedures, among others:

- understanding and assessing the methodologies and procedures laid down by the Company to verify the independence and competence of the independent Appraisers engaged to determine the fair value of investment properties and assets under construction, as well as the procedures governing the selection and rotation of the Appraisers and the exchange of information between the Company's managers responsible for managing the real estate assets and the Appraisers;
- compliance tests on the controls put in place by the Company over the processes and procedures mentioned above for the verification of the fair value models prepared by the Appraisers, and of the results deriving from such models;
- Assessment of the expertise, skills and objectivity of the independent experts involved by the Directors, by reviewing their professional qualifications;
- analysis, with the support of our specialists with specific valuation skills, of the adequacy of the valuation methods used and the reasonableness of the main assumptions reflected in these valuation models (discounted cash flow method), by reading and analysing the appraisals prepared by the independent experts and by holding discussions with the Company's management and with the independent experts;
- verification on a sample basis of the data communicated by the Company's management to the independent experts for the preparation of the appraisals;
- Comparison on a sample basis, also involving our specialists with specific valuation skills, of inflation rates, discount rates, capitalization rates and market fees used to prepare the valuations, with external sources;
- Verification on a sample basis of the mathematical accuracy of the valuation models prepared by independent external valuation companies and of the sensitivity analysis prepared by the Company;
- review of the information provided by the Company in the notes to the financial statements relating to the method used to determine fair value, to estimate the input data, to assess the results of the valuations and carry out the sensitivity analysis of fair value;
- analysis of any subsequent events to the reporting date which might prove useful for the valuation of the Company's real estate portfolio.

Other Matter

Deloitte.

The financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2022.

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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established 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 these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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5.12 EXTERNAL AUDITORS' REPORT

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- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's 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.
- Evaluate 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 communicate 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate 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 determine 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 describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Immobiliare Grande Distribuzione SIIQ S.p.A. has appointed us on April 14, 2022 as auditors of the Company for the years from December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Immobiliare Grande Distribuzione SIIQ S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. as at December 31, 2022 and are prepared in accordance with the law.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Masetti
Partner

Bologna, Italy
March 21, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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

* * * * *

2022 Annual Report

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.

Preliminarily it is acknowledged that the Board of Statutory Auditors, in its current composition, was appointed by the Shareholders' Meeting of April 15, 2021.

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, 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 *ad-hoc* meetings as well as direct contact with in-house personnel and by attending the meetings of the Board of Directors and the Board's Committees.

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 in charge during the year - PriceWaterhouseCoopers S.p.A. until April 2022 and,

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subsequently, Deloitte & Touche S.p.A. (hereinafter also referred to as "Deloitte" or the "External Auditors"), the Internal Audit division, the Financial Reporting Officer and the Supervisory Board pursuant D.Lgs 231/2001.

The Board of Statutory Auditors notes that the separate and consolidated financial statements for the year ended 31 December 2022 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.

In drafting this report, 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 2022 are summarized below:

- On 23 March 2022 IGD's Board of Directors approved the issue, by 31 July 2022, of EUR 500,000,000.00 in senior green, unsubordinated and non-convertible notes, subject to market conditions, to be offered to institutional investors in Italy and abroad; subequently, on 28 March 2022, IGD decided to postpone the issue of the EUR 500,000,000.00 in senior green, unsubordinated and non-convertible notes, approved by the Board of Directors on 23 March 2022, until market conditions improved.
- During the Annual General Meeting held on 14 April 2022, IGD's shareholders approved the 2021 financial statements of IGD SIIQ S.p.A. and approved payment of a dividend of EUR 0.35 per share.
- On 21 April 2022 the residual amount outstanding on EUR 162 million in notes of EUR153.6 million, as well as interest, was repaid at the expiration date.
- On 2 August 2022 IGD SIIQ S.p.A. entered into a facility agreement with BNP Paribas, in its capacity as Global Coordinator and Green Coordinator and Lender, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., BNP Paribas, Cassa Depositi e Prestiti S.p.A., China Construction Bank in their capacity as Lenders, pursuant to which the lenders granted the

Company a EUR 215 million 3-year Green Facility which may be extended by the Company for up to an additional five years.

- On 15 December 2022 IGD SIIQ signed a long-term loan agreement with MPS, guaranteed by SACE Support Italia, for EUR 20,947,000, with a pre-amortization period of 24 months. This loan is not subject to any financial covenants.

2022 was the first year of the 2022-2024 Sustainability Plan. During the year the Company achieved approximately 40% of the targets set for the three-year period.

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

The 2022 financial statements, submitted for the approval of the Annual General Meeting, close with a net loss of €5,028 thousand. Total revenue and other income came to €114,007 thousand, a decrease of €6.5 million (-5.4%) on the previous year, attributable mainly to the disposal, in November 2021, of 5 hypermarkets and 1 supermarkets to Fondo Juice, only partially offset by the positive impact of new openings and the ISTAT indexing of rents.

Operating costs (including overheads) went down (-7.1%) and fell slightly as a percentage of revenue from 26.4% to 25.9%.

At €25.5 million, EBIT was €61.5 million lower than in 2021 due to the higher decrease in the fair value of the property portfolio equal to €59.3 million (the decrease in fair value was equal to €0.3 million at 31 December 2021).

Financial charges amounted to €28.3 million at 31 December 2022, €4 million lower than in the prior year.

The net financial position amounted to €821.8 million, around €3.6 million lower than in 2021.

In 2022 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 (Deloitte).

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 the most relevant corporate events in 2022. 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 2022, IGD SIIQ S.p.A. still complied with the subjective, statutory, and objective requirements called for under the

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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 (2022) the Company approved the distribution of a dividend equal to €0.35 per share, for a total amount equal to €38.6 million.

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 or the management team, 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) and line 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.

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 Deloitte & Touche S.p.A. for the period 2022 – 2030, during the Annual General Meeting held on 14 April 2022 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 2022 were audited by Deloitte & Touche 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 before this Report was issued.
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 2022, 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 2022 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.
- Issued an opinion relative to the compliance of the draft separate and consolidated financial statements included in the Annual Report with EU regulation 2019/815, supplementing EC Directive 2004/109.

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 2022 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 2022 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

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Deloitte & Touche S.p.A. was granted the financial audit assignment for the separate and consolidated financial statements 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 2022 was €115 thousand. The external auditors and/or other entities belonging to the same group also received €20 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 Deloitte Audit S.r.l., which received fees of €25 thousand for these services.

Deloitte & Touche S.p.A. also served as external auditors for the following subsidiaries: (i) IGD Management S.r.l.; (ii) IGD Service S.r.l.; (iii) Porta Medicea S.r.l. and (iv) Arco Campus S.r.l. Total fees came to €57 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 2022 to Deloitte & Touche S.p.A. and/or other entities belonging to the same group for both audit and other services. That amount was €190 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 2022 to companies connected to the financial audit company Deloitte & Touche S.p.A. on a continuous basis.

IX. OPINIONS ISSUED BY THE BOARD OF STATUTORY AUDITORS IN 2022 AS REQUIRED BY LAW

In 2022 the Board of Statutory Auditors issued opinions when required by law, the by-laws or Consob regulations. Our opinions and key observations include:

- the motivated proposal relating to the financial audit assignment;
- the opinion on the approval of the "Report on Remuneration and the Compensation Paid" relative to the Company's Board of Directors, the Board of Statutory Auditors, the Chief Executive Officer and Executives with Strategic Responsibilities;
- the opinion expressed relative to the achievement of the targets to which the short- and long-term variable compensation of the Chief Executive Officer and Executives with Strategic Responsibilities are tied;
- the opinion expressed relative to the appointment of the Risk Management Unit.
- the hearing held regarding the approval of Internal Audit's Work Plan for 2023.

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 2022, the Board of Directors met 9 (nine) times, on 24 February, 23 March (in ordinary and extraordinary session), 14 April, 5 May, 1 August, 4 August, 3 November and 15 December.

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 160/2019 the so-called "Budget Law" which amended Articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of TUF, introduced by 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 23 February 2023 and are discussed in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors met 8 (eight) times in 2022, on 18 January, 17 February, 22 February, 3 May, 23 May, 28 July, 25 October and 15 December.

The Board of Statutory Auditors also attended the meetings of the Board of Directors and:, i)the meetings of the Internal Control Committee; (ii) the meetings of the Nominations and Compensation Committee; and (iii) the 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 2022 two meetings were organized: in July 2022 for the presentation of the audit of the half-

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yearly report at 30.06.2022, and, in February 2023, to discuss the draft financial statements for FY 2022.

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

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

The 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 with Strategic Responsibilities 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 pursuant D.Lgs. 231/2001, (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 carried out its duties in cooperation with 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 2022 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 2022 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 Deloitte & Touche 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 2022, 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. Deloitte & Touche 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 2022, 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 Deloitte & Touche 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 Deloitte & Touche attention was paid, in particular, to the application of the accounting standards both already 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

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periodic meetings.
During these meetings the External Auditors found no irregularities, problem areas or omissions in the company's accounts worthy of reporting to the Board of Directors or the Board of Statutory Auditors. On these occasions we informed the External Auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

XVII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since its shares were admitted for trading (11 February 2005), the company has followed its own Corporate Governance regulations in order to comply with the standards and recommendations included in the Corporate Governance Code prepared by Borsa Italiana's Committee for Corporate Governance of Listed Companies in order to regulate compliance with laws and regulations and the composition, responsibilities and role of the corporate bodies in charge of company management. Over the years, the company has changed its governance rules in order to comply with the latest version of the Corporate Governance Code.
In full compliance with the Code recommendations, the Board of Directors has set up Board committees with advisory functions: The Internal Control Committee, the Nominations and Compensation Committee, and the Committee for Related Party Transactions, 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 20 April 2021 after shareholders appointed the new Board of Directors during the AGM held on 15 April 2021
More specifically, – consistent with the previous renewal of the corporate bodies – 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: Timothy Guy Michele Santini (chair), Silvia Benzi and Rossella

Schiavini. As a rule, at the invitation of the Committee Chair, the Committee meetings were attended by the Chair of the Board of Directors and the Chief Executive Officer, as well as the heads of Administration, Legal and Corporate Affairs, Contracts, HR and IT as specifically pertinent. The Board of Statutory Auditors is entitled to attend all the meetings of the Nominations and Remuneration Committee. The Committee met 5 (five) times in 2022, on 31 January, 18 February, 16 February, 28 April, 29 June and 15 December and the chairman of the Board of Statutory Auditors Gian Marco Committieri attended 4 (four) out of 5 (five) meetings;
- the Control and Risk Committee is comprised of three non-executive independent directors: Rossella Schiavini (chair), Rosa Cipriotti, and Antonio Rizzi. In 2022 the Committee met 8 (eight) times, on 21 February, 3 May, 28 June, 18 July, 28 July, 28 September, 25 October and 13 December. 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 Chief Executive Officer as director in charge of the internal control and risk management system from 15 April 2021. The chairman of the Board of Statutory Auditors, and on occasion some of the other statutory auditors, attended all the meetings held in 2022;
- 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 non-executive independent directors: Antonio Rizzi (chair), Silvia Benzi, and Robert Ambroix Gery. In 2022 the committee met 4 (four) times, on 12 April, 3 May, 25 July and 13 December. The Chairman of Board of Statutory Auditors has attended 2 (two) out of 4 (four) 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.
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

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
5.13 BOARD OF STATUTORY AUDITORS' REPORT

and bodies, including not as a group, the Chief Executive Officer (Director in Charge of the Internal Control and Risk Management System), the Head of Internal Audit, the Financial Reporting Officer, the external audit firm, the Chairman of the Supervisory Board pursuant to D. Lgs. 231/2001, as well as Compliance.

As mentioned above, two meetings of all the control bodies were convened in 2022, on the occasion of the approval of the half-yearly financial report and the annual financial report.
The company has also formed a Supervisory Board pursuanto to D.Lgs 231/2001 with three members: Gilberto Coffari (chair), Paolo Maestri, and Alessandra De Martino. In 2022 it met 8 (eight) times on 8 February, 28 April, 11 July, 1 August, 25 October, 17 November, 13 December and 20 December. 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 Deloitte & Touche 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.
As for the Annual General Meeting convened on 13 April 2023, the Board of Statutory Auditors notes that as the emergency measures provided for in Art. 3, paragraph 10-undecies of Law Decree n. 198 of 29 December 2022, n. 198 (the "Milleproroghe" Decree 2023, converted with amendments, by Law n. 14 of 24 February 2023) may now be utilized again, the Company decided to exercise the option originally provided by Art. 106, paragraph 4, of Law Decree no. 18 of 17 March 2020, converted with amendments, by Law no. 27 of 24 April 2020, and extended by Law Decree no. 228 of 30 December 2021, converted with amendments by Law no. 15 of 25 February 2022, based on which those entitled to participate in the Shareholder's Meeting may do so solely via proxy to the Company's designated representative pursuant to Art. 135-*undecies* of Legislative Decree n. 58/98.
The Directors' Report also contains information about the compensation policy and the

remuneration paid to the directors, statutory auditors, 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, 15 March 2023

The Board of Statutory Auditors

Gian Marco Committeri Daniela Preite Massimo Scarafuggi

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// 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 Cost Ratios

They 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

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

// 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.

// EPRA LOAN TO VALUE

It is a performance measure which shows the ratio of the net financial position (which includes financial debt for the headquarter's lease and the balance between payables and receivables) to the market value of the real estate assets. The debt and assets of the companies in which the Group has a significant interest are included in the calculation.

// 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.

// 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 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 31 December 2022 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.

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