DRAFT

ANNUAL REPORT 2023

igd SIIQ

SPACES TO BE LIVED IN

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.: 2023 Annual Report

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1. IGD GROUP

1.1 // Letter to the Shareholders

IGD recorded **Funds from Operations** or FFO, of **€55.4 million in 2023**, a decrease of €11.74 million compared to 2022: this performance reflects higher debt servicing costs, which were not offset by the improved operating results.

This result was deeply affected by the **external context** that we found ourselves in. In fact, after having overcome the difficulties caused by the pandemic, we had to face a scenario characterized by significant geopolitical tensions and high inflation. Monetary policy, aimed at bringing galloping price growth back under control, took the form of a sequence of no less than ten consecutive interest rate hikes by the ECB between July 2022 and October 2023, which brought the rates from zero to 4.5 %.

"IGD was not passive in this environment, we followed our solid, long-term directed, strategy. A strategy which has already allowed the Company to navigate moments of profound financial and macroeconomic crises, from 2005 through the present".

Looking at the 2023 results, we can safely say that **the careful commercial and property management policy** made it possible to achieve a series of **gradual improvements** in our **operational metrics** by leveraging on an **effective business model**.

On the **financial management** front, we also achieved concrete results. In 2023 we refinanced a **significant portion, around €650 million, of the total debt stock before the maturity date**, while also **extending the average maturity**. The period in which we carried out these liability management transactions, however, forced us to accept conditions which increased IGD's cost of debt considerably.

The higher cost of funding also had a negative impact on Gruppo IGD's 2023 financial statements as it contributed to a **5.4% reduction in the independent appraisals of our real estate assets** as a result of the higher discount rates used in the appraisers' valuation models. This was reflected in both the income statement, which showed a lower fair value, and the higher Loan-to-Value reported in the balance sheet.

Many of the results we achieved in 2023 and the projects we implemented are **not reflected in the numbers**, but they comprise **assets, tangible and intangible**, that IGD will be able to count on in future years. In an environment that we hope will normalize as soon as possible, the positive impact of the achievements made in 2023 will find a way to be expressed over time, while also making an appreciable contribution in terms of numbers.

With this in mind, the policies we implemented during the year are examined below, along with the factors that determined the 2023 results.

> Operational metrics reflect the positive impact of policies adopted in recent years

2023 reaped the benefits of the sound policies implemented in recent years to manage vacancies and the negative effects of inflation, which impacted not only the margins of the retailers in shopping centers, but also household spending.

The **temporary discounting** policy made it possible to manage the most difficult situations without having to renegotiate pre-existing leases, which protects IGD's business profitability to the extent that the leases are linked to inflation. The effectiveness of this choice is clearly reflected in IGD's **rent collection** which is now at around **97%**, an improvement over the 96% recorded a year ago. At the same time, the **financial occupancy of** the Italian portfolio remained at a high level, coming in at **95.3%** at the end of the year.

In 2023, IGD's team in Italy signed **188 new leases**, 135 renewals and 53 attributable to retailer rotation. Overall, **13.5% of the total Italian portfolio** was re-let, with rents largely stable (**-0.45%**): a result we view as positive, as the base rents in the renegotiated leases had already been adjusted for inflation.

> Sales for malls and hypermarkets grow

In 2023 **tenants' sales** in IGD's **Italian malls** were **4.3% higher than in the** previous year, while footfalls were also up by **4.5% percent**. Sales in 2023 were also 6.2% higher than in 2019, the last year not impacted by the pandemic, despite footfalls which were 13.2% lower than in 2019.

Not to be overlooked, lastly, are the positive performances posted by the **food anchors** present in all IGD malls, which recorded an increase in sales of 3.9% against 2022 and 1.6% against 2019.

The trend of less frequent shopping during the week, but with an increase in the average ticket (which was increased by **about +1.4%**) also stabilized.

> Sales for the different merchandise categories improved across the board

In 2023 a phenomenon already observed in 2022 was confirmed: **year-on-year sales improved across the board for all the categories of merchandise** offered at IGD's shopping centers with one exception, **electronics**, which was down 2.4% after sales peaked in 2020-2021

In a panorama of generalized improvement, stand-outs include **restaurants** which recorded a 15.5% increase in revenues year-on-year. This decided recovery is explained by the reduction in remote working which supported lunchtime demand and the expanded offerings attributable to the work done by the IGD team to include new formats, from fast food to steakhouses. Not to be underestimated is the 51.3% rebound in **cinema** revenues, which had a positive impact not only on footfalls, but also on restaurants' evening business. The outstanding performances of these sectors confirm that IGD has definitely recovered its authentic "spaces to be lived in" dimension, which was inevitably penalized in 2020-2021.

The **homecare** sector was also very dynamic, growing by 15.4% in 2023, especially in large stores. **Personal care and healthcare** also continued to post double-digit growth, with revenues up 11.1%, driven mainly by cosmetics and optical stores. After growing by 13.5% in 2022, in 2023 **clothing** also posted further improvement of 3.5%: an important piece of the overall picture, as this category accounts for 49.3% of the total sales at IGD's Italian malls.

> IGD provided a convincing response to a challenging environment, tapping into visitor preferences

Overall, the sales performance confirms the shopping center's ability to meet the needs of visitors and respond to new consumer trends: an ability we have tested even in the face of weakened household spending amid high inflation.

With regard to the challenges posed by **inflation**, we worked to provide an effective response through more intense and frequent revision of the tenant and merchandising mix. Through continuous rethinking of our retail proposition, we managed to understand consumers' new preferences and stimulate purchases.

The **22 new brands** that we have included in the Italian portfolio in 2023, for example, were focused particularly on activities that have proven to be the most dynamic: restaurants, culture, leisure and gifts.

> A new way of working on commercial aspects and asset management, which was unimaginable until recently

The satisfactory results achieved in terms of operational metrics are the result of the systematic work done to reposition centers and minimize **vacancy**. To bring about these changes, within timeframes that we would have thought impossible in the past, we organized working groups based on which the **commercial team** worked **together** with the **asset management team**.

We are convinced that the mall, because of the way IGD's business model interprets it, remains a very viable format but we are equally convinced that **today's mall must first and foremost be "flexible,"** in order to respond quickly to the changing needs of the retailers present and the need to redirect the merchandise mix by continuously introducing new brands and merchandise categories.

"Behind the good operational results, we delivered in 2023 lies this work, which means understanding when re-marketing was needed and quickly carrying out the works needed to accommodate the new brands."

> Targeted pipeline investments continued.

In 2023, IGD made **investments totaling about €25 million,** compared with €35 million in the previous year.

Today's investments respond to the need to facilitate continuous rethinking of the commercial mix through work on fit-outs; as well as restyling and refurbishment projects, ESG-oriented activities - installation of solar energy systems and electric vehicle charging stations, etc. - and maintenance, in order to improve their energy efficiency and resilience in the face of severe weather conditions.

"We followed a well-calibrated approach to the allocation of investment resources, which we also plan to use going forward."

In 2023, the capex was mainly focused on three macro-projects: the completion of the restyling of the **Porto-Grande** center in the province of Ascoli, which was inaugurated last November; the transformation of the **Officine Storiche** in Livorno through the creation of the innovative 16,000-square-meter space housing **retail and entertainment activities**, which was inaugurated last September, and the start of a deep restyling of the **Leonardo Center** in Imola – one of the key assets in IGD's portfolio - which will be completed in 2025.

Significant work was also done to return the **Lungo Savio** center in Cesena, where the overflowing of the river in May following violent storms had produced flooding in the center, to normal operation very quickly.

In the **two Sicilian centers**, the La Torre center in Palermo and the Katanè in Catania, 2023 also saw the completion of the remodeling of the areas previously occupied by the supermarkets. The outcome was very positive as demonstrated by the fact that the new spaces created in the mall were fully let.

> Officine Storiche: a major implementation effort which had a positive impact on footfalls immediately

Officine Storiche's retail segment, part of the **Porta a Mare** project **in Livorno**, provides us with a good example as to how operational metrics can **reward the significant work done** to achieve **the ideal merchandise mix immediately**.

On September 14, in fact, we not only completed the most important project in our development pipeline, but we also gave the public the **end result of a commercialization effort which reflects years of work**, aimed at breathing new life into a large and complex space that formerly housed the city's old shipyards, with a **stimulating and innovative commercial proposal.** We have redesigned this area of more than 16,000 square meters by dividing it into 16 stores, 11 restaurants, a fitness center of nearly 5,000 square meters and an entertainment area with the idea of offering not only shopping, but also entertainment, dining and leisure.

Pre-letting activities intensified significantly over the past year. All of this made it possible for us to inaugurate **Officine Storiche** with the **malls' occupancy at more than 95%**, taking into account the stores which were already operational and leased.

In the first four days of operation more than 110,000 footfalls were recorded, while in the first four months there were more than 910,000 visitors: a success that is ongoing and will only increase, considering that in the second part of 2024 we will be able to count on the presence of Primark, a leading Irish fashion, home and beauty brand.

> In the Winmarkt malls, a satisfactory level of quality occupancy is confirmed

In Romania, the high levels of inflation affected household spending, leading to a deceleration of the GDP. In this macroeconomic backdrop, a high level of **occupancy (96.2%)** was still maintained in the Winmarkt malls. The slight decrease against the level recorded in the first half of the year, of about 60 basis points, is not significant, as it reflects the exit of a retailer from a medium-sized store which is close to being relet. In 2023, **515 renewals were** signed in Romania, along with **147 turnover leases** at an **average upside of 1.94%**, with a view to maintaining an attractive retail proposition, rich in services and appealing brands. **Rent collection**, which stood at **about 98%** in February, testifies to the effectiveness of the work done by the IGD team.

> With the new resources gathered in 2023, IGD strengthened its financial position

Given the ECB's highly restrictive policy and with credit markets remaining tight throughout the year, we found ourselves in an **unfavorable situation** at a **time when we needed to refinance** IGD's maturing **debt**.

In May 2023, however, we managed to raise **€250 million** through a five-year **green secured facility**, which enabled us to repay the €100 million private placement maturing in January 2024 in advance. The quality of our real estate assets and our continuous investments to make them increasingly more environmentally friendly allowed us to leverage on the highest level of ESG certification achieved by our assets which is essential to obtaining financial resources of this sort.

Even more challenging was the subsequent liability management transaction, which we launched on 5 October 2023 and concluded in the following month, in order to refinance the **€400 million** bond maturing in November 2024 in advance.

The transaction, which comprised an **exchange and repurchase offer for the existing bonds** and a **consent solicitation**, produced positive results on both fronts. Once almost 86% of the bondholders had accepted the terms of the offer, on 17 November 2023 we were able to issue a new senior bond of approximately €310 million, paying approximately €30 million in cash to the bondholders who had accepted the exchange by the early deadline (13 October 2023). The approval of the consent solicitation by the Bondholders' Meeting then made it possible to align the maturity and economic terms of the existing non-exchanged bonds with the new issue which matures on 17 May 2027.

The transaction includes a **clause limiting the distribution of earnings** to what is necessary to comply with SIIQ regulations, and a **redemption clause**, in the event of asset divestment, with the obligation to use the proceeds from the divestment to reimburse bondholders on a priority basis.

IGD was once again able to gain the **consensus of the capital market investors**, by proposing a **market-friendly** transaction, capable of meeting **expectations at that particular moment**. The high take-up rate of the Offer is the most eloquent demonstration that **the transaction and its intent were thoroughly understood**. The achievement of this result at such a delicate moment, with rates at record highs, also confirms that the **bondholders appreciate IGD's strategy and view it as viable**, which increases the visibility of an **FFO capable of sustaining the path that lies ahead**.

"As a result of the two transactions carried out in 2023, IGD ended the year with its refinancing needs for 2024 already covered and without any major new maturities before 2027."

Thanks to **the lengthening** of debt **duration** achieved with the most recent issue, which **removed short-term liquidity risk**, IGD succeeded in **maintaining the investment grade rating of its debt** - essential to accessing the market when a window to **place new instruments at more affordable rates** opens. On 17 November 2023, Fitch Ratings Ltd. confirmed the investment grade BBB- rating with a "Stable" outlook. S&P Global Ratings confirmed its previous BB rating with a "Stable" outlook through February 2024.

> EBITDA improves due to effective marketing and rent indexing

The commercial and asset management policies that we have continued to implement during this challenging environment have produced positive results, as demonstrated by the operating performance.

Core business EBITDA was up 4.6% in 2023 with respect to 2022, coming in at €108.2 million. This progress was driven by both **net rental income**, which rose **4.9%** year-on-year to €119.6 million, and net services income which grew 15.1% to €2.0 million.

The performance of **rental income reflects the** positive effects of the marketing and remarketing activities carried out, as well as inflation indexing. This made it possible to offset the negative impacts of the vacancies created as a result of remodeling.

Despite a 10.3% increase year-on-year in general expenses, due mainly to the ongoing IT systems and infrastructure internalization project, ESG certification and consulting, the **core business EBITDA margin**, calculated as a percentage of gross rental income (which reached €142.4 million), **improved by** 50 basis points rising 71.6% in 2022 to **72.1%**.

> The 5.42% contraction in property valuations hurt the income statement

Based on the independent appraisals, the **fair value of the Gruppo IGD's real estate assets** came to **€1,968.10** million at the end of 2023, a decrease of €112.79 million compared to the end of 2022.

The reduction in fair value affected all the Italian perimeter's asset classes, although malls were impacted the most with valuations **down by 6.32%** year-on-year. The resiliency of hypermarkets and supermarkets was confirmed with fair Value at 31 December 2023 **down by a modest 0.35%** compared to the end of 2022 and slightly higher, by 0.28%, against 30 June 2023.

"Portfolio valuations were affected across the board by a decompression in net exit yields, while discount rates rose as the ECB continued to increase the cost of funding."

The Group's Fair Value was also negatively impacted by the drop in the fair value of **Winmarkt's** Romanian portfolio, which fell 4.91% against year-end 2022, as well as of the trading and development assets which both posted double-digit decreases.

The trend in consolidated **EBIT**, which went from €7.7 million in 2022 to -€33.1 million in 2023, was profoundly affected by the **change in fair value** that emerged in the independent year-end appraisals which, together with the capex made in 2023, had a negative impact of **€138.8 million**.

> Higher interest rates are reflected in the cost of debt

Financial expenses, which amounted to €48.7 million, were 59.7% higher than in 2022: this reflects the higher level of interest rates and the higher cost of new financing. In 2023 IGD's overall **average cost of debt** was **3.86%,** compared to 2.3% in 2022, while the **net financial position** went from **€976.9 million** at the end of 2022 to **€968.4 million** at the end of 2023.

As a result of the decline in fair value, the **loan-to-value** increased from 45.7% at the end of 2022 to 48.1% at the end of 2023.

The consolidated income statement for 2023, therefore, closes with a **net loss of €81.7 million**, compared to a loss of €22.3 million in 2022.

IGD GROUP
1.1 LETTER TO THE SHAREHOLDERS

> Improvement in FFO exceeds guidance

FFO reached **€55.4 million,** compared to €67.2 million in 2022. Given the improvement achieved in core business EBITDA, the decrease of €11.8 million is attributable mainly to higher financial management expenses.

In November, when we published our results for the first nine months of 2023 and in light of the liability management transaction we had just completed, we provided full-year FFO **guidance** of **€53 million**.

"The FFO reported, although lower than in 2022, does provide an encouraging signal as it is above our own expectations of a few months ago."

> IGD always adopts new Governance tools and is rigorous in their application

Regarding **Enterprise Risk Management**, as of 1 January 2023, a premier advisory company was charged with IGD's risk management. Through direct interaction with the Risk Control Committee and the Board of Directors, the new risk manager reviewed the map of major risks - from financial to climate change risk - making not only a qualitative, but also a quantitative assessment, of the factors most relevant to IGD's business, within different scenarios. This new approach made it possible to define a set of indicators to be used when assessing risk, as part of a process that is not limited to an internal review, but includes continuous benchmarking against best practices.

We also set up internal regulations for selective disclosure which began with a detailed mapping of the information that is subject to disclosure outside IGD.

Following the results from the climate survey conducted in 2022, **job descriptions for all company employees were drafted** in 2023 and **new career paths were** activated, structuring a **performance review system that** is as objective as possible, thanks to the participation of all IGD's people. Starting in 2024, a new internally developed IT project will also enable a **complete digitization of the performance management system**.

IGD's commitment to Governance aspects is continuously reviewed and recognized by the numerous **ESG ratings** IGD can boast: 13 independent and unsolicited, as well as two solicited ratings, from CDP and GRESB.

> A significant part of the path to reach the targets of the Sustainability Plan 2022-2024 has already been covered

During the two-year period 2022-2023, IGD **achieved 68.8% percent of the more than 40 sustainability targets** defined in the 2024 Plan.

The **BREEAM certifications** obtained in 10 shopping centers in Italy, as well as the numerous **solar energy systems installed**, which produce about 2,900 MW of green energy in one year, or the 122 **electric vehicle charging stations**, present in 85% percent of IGD's shopping centers, are eloquent evidence of this achievement.

"The progress made in terms of increasingly virtuous behavior brings concrete benefits to the local communities as a result of lower greenhouse gas emissions, as well as to tenants, who see a decrease in their expenses."

IGD can also count on a **high-level management team in all areas**. A team built over time, including by enhancing the professional expertise of some internal figures to replace directors who had reached retirement.

"This cultural and managerial continuity has been an essential element in successfully navigating the challenging backdrop encountered in recent years."

> Consistent implementation of the strategic guidelines is rewarding even in scenarios that differ from those in the 2022-2024 Plan

Our efforts to **remain consistent with the guidelines of the** 2022-2024 **Business Plan** have proven **rewarding**.

In 2022 and 2023 we, in fact, continued to operate in accordance with the Plan, in terms of both operational choices, pursuing the important investment pipeline projects, and liability management.

We were aware, after all, that over the three-year period 2022-2024 we would have to refinance 90 percent of our debt. What we could not have foreseen was that market access would suddenly disappear, with banks experiencing serious difficulties in providing credit, in an environment of high rates.

"We, therefore, feel confident when we say that in 2024, the last year of the Plan, IGD can aspire to achieve the other operational goals."

In terms of **financial management**, our efforts will be focused on **achieving a sustainable balance**.

> With rates falling, it will make sense to refinance debt again

Now that the 400-million-euro hurdle of the bond maturing in November 2024 has been removed, in theory the next financial maturities will not be until 2027. In reality, IGD now has the opportunity to work over the next 3 years to re-schedule debt and minimize cost as much as possible.

When market access is renewed and while rates fall, we will be committed to carrying out a **second re-financing** which **lengthens debt maturity** and **reduces** its **cost**.

> Disposals continue to be essential to reducing LTV and improving FFO

In this regard, on February 23, 2024, we **signed an agreement with Sixth Street and Starwood Capital for the disposal of a portfolio** comprising 13 assets **valued at €258 million**, largely in line with the book value at 31 December 2023. The portfolio consists of 8 hypermarkets, 3 supermarkets and 2 shopping malls.

The closing of the transaction is expected to take place by April 2024.

The sale will be accomplished by transferring the assets to an Italian alternative real estate investment fund in which IGD will retain a 40% stake. Net of this interest, IGD **will cash in about €155 million**.

The divestment of the portfolio was one of the target of the 2022-2024 Business Plan and **is aimed entirely at reducing the Group's financial leverage**, with the Loan to Value estimated to drop by approximately 3.7 percentage points as of today.

The transaction proceeds will, in fact, be used to make partial early repayment of the mortgaged-backed loans on the properties sold, as well as a few other loans, in accordance with the relevant contractual agreements.

> Resources generated in 2023 will help strengthen self-financing

Given that the SIIQ perimeter did not generate a profit, due to the negative impact of real estate valuations and higher financial expenses, no dividends will be distributed for 2023.

"The global market conditions and the strategy we are adhering to make us believe that it is reasonable to assume that IGD will soon be able to return to being a dividend company for its shareholders."

The new **Board of Directors**, which will be appointed during the next Annual General Meeting of Shareholders, will determine the best path for IGD to follow over the next few years in order to make the most its strengths in a scenario which, we hope, will be more favorable.

Meanwhile, with the unwavering commitment of all its people, IGD remains focused on a very clear agenda for the current year.

> The Chair
Rossella Saoncella

> The Chief Executive Officer
Claudio Albertini

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

Board of Directors	Office	Executive	Non Executive	Independent	Control and Risk Committee	Nomination and Compensation Committee	Related Party 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.

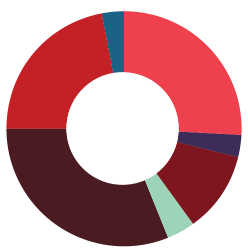
Financial Reporting Officer
Carlo Barban

1.2.1 // Shareholders

> SHAREHOLDER BASE AT 27 FEBRUARY 2024

- **9,97%** Unicoop Tirreno
- **40,92%** Coop Alleanza 3.0
- **49,11%** Floating

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



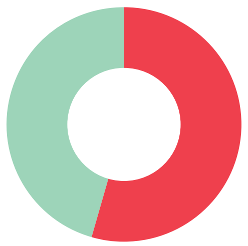
- **26%** US + Canada
- **3%** UK + IRE
- **11%** France
- **4%** Lux + NL + Bel
- **31%** Italy
- **22%** Rest of Europe
- **3%** Rest of the world

** Source: data processed internally*

IGD GROUP
1.2 CORPORATE & SUPERVISORY BODIES AND GOVERNANCE STRUCTURE – SUMMARY

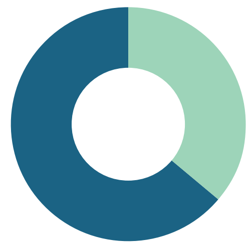
1.2.2 // Board of Directors

> BREAKDOWN BY GENDER



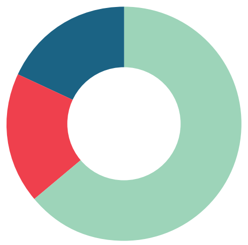
- **6** Male
- **5** Female

> INDEPENDENT/NON-INDEPENDENT DIRECTORS



- **4** Non-Independent Directors
- **7** Independent Directors

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



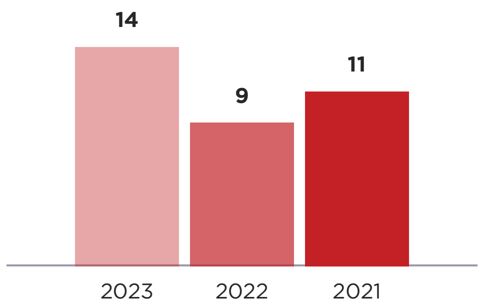
- **64%** 2-4 years
- **18%** 4-6 years
- **18%** 6 + years

> CHANGES COMPARED TO THE PRIOR MANDATE

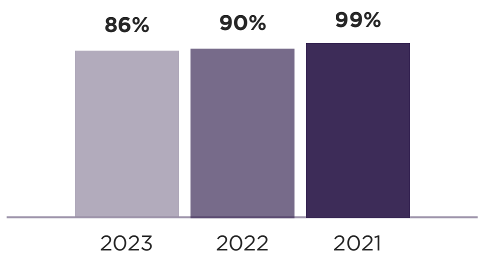
	Prior Mandate	Current Mandate
No. of Directors	**11**	**11**
Directors appointed by minorities	**4**	**4**
% of women in B.o.D.	**45%**	**45%**
% of independent Directors	**64%**	**64%**
Directors' average age	**58**	**58**
Status of the Chairman	**Executive**	**Independent**
Lead independent Director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

1.2.3 // Board of Directors' Activities

> NUMBER OF BOD MEETINGS



> RATE OF ATTENDANCE AT THE BOD MEETINGS



Board Evaluation Process

Board evaluation conducted
Yes

Advisor
Egon Zehnder

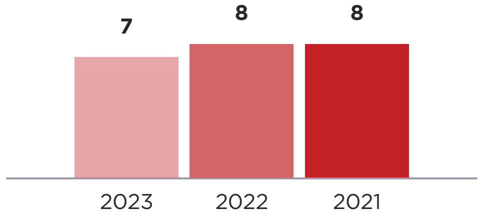
Self-assessment tools
Anonymous questionnaires / interview

> NUMBER OF COMMITTEE MEETINGS AND DIRECTORS' RATE OF ATTENDANCE

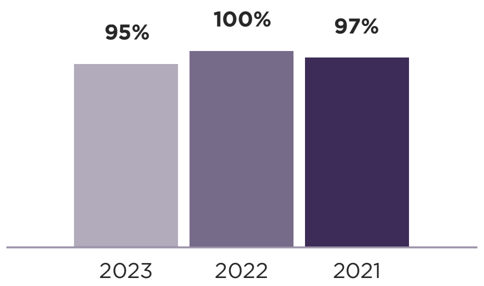
	No. of meetings	Attendance rate	Presence of independence members (%)
Nominations and Compensation Committee	**4**	**100%**	**100%**
Control and Risk Committee	**7**	**95%**	**95%**
Related Party Transaction Committee	**0**		

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



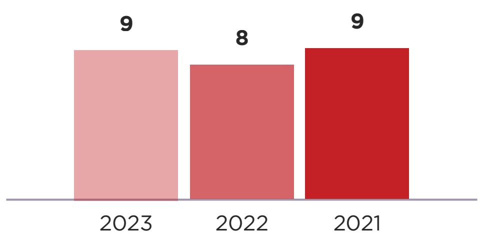
Main elements of the control system

Enterprise Risk Management Plan
Yes

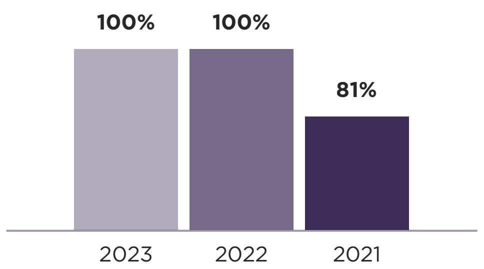
If yes, is the ERM plan discussed with the Committee?
Yes

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

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 2023 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.

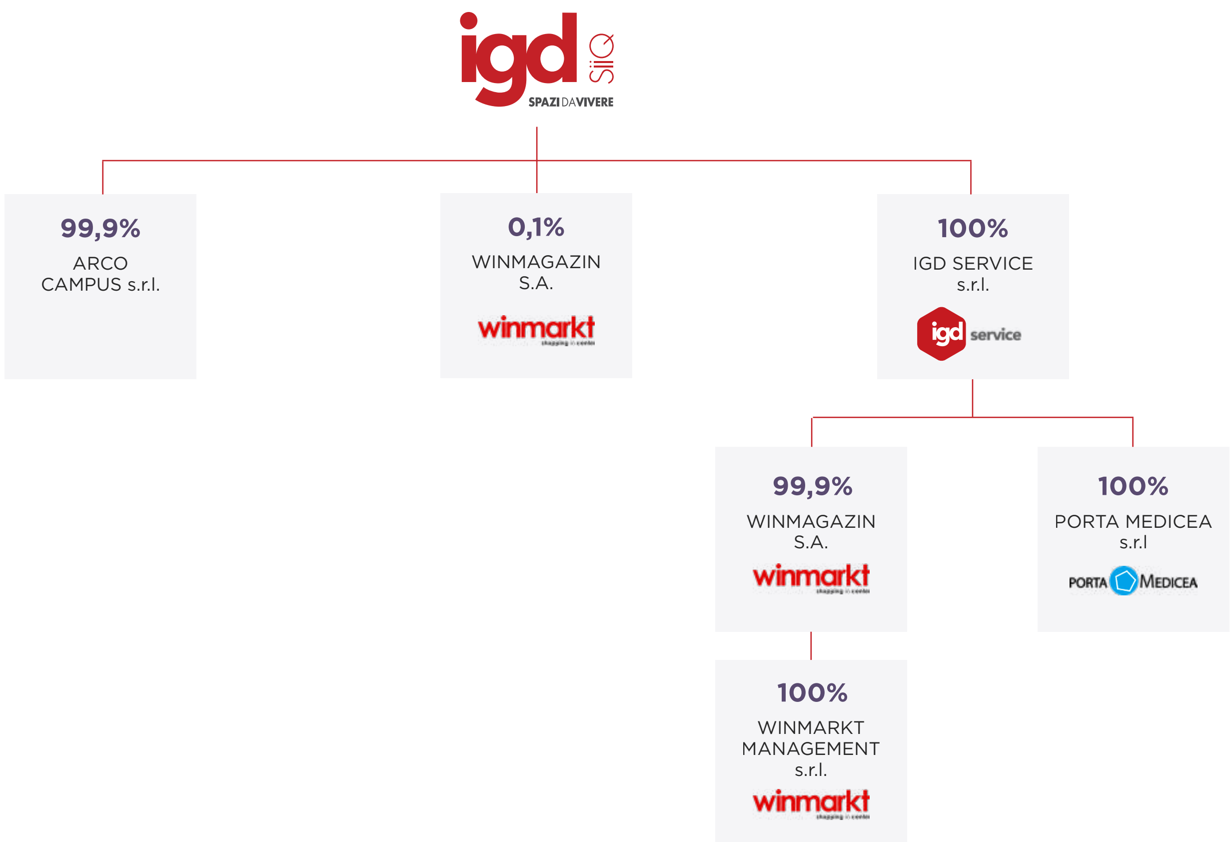
> Alternative Performance Indicators

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 91.3% of the total value of the Group's portfolio).

On 4 May 2023, the Extraordinary Shareholders' meeting of the shareholders of IGD Management SIINQ and the Board of Directors of IGD SIIQ S.p.A. approved the merger by incorporation of the wholly-owned subsidiary IGD Management SIINQ in Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. based on the statement of financial position of IGD SIIQ S.p.A. and IGD Management SIINQ S.p.A. at 31 December 2022. The merger was finalized on 31 July 2023.

The merger took effect for legal purposes as from 1 October 2023 and for statutory and tax purposes as from 1 January 2023.

The merger marks the completion of a broader reorganization and rationalization of Gruppo IGD's shareholdings, reducing the number of equity holdings and separating, where possible, the license business from the "pure" property rental activities. This process was begun in 2021 with the *(i)* merger by incorporation of RGD Ferrara 2013 S.r.l. and Millennium Gallery S.r.l. in IGD Management S.r.l., *(ii)* the proportional partial demerger of IGD Management post-merger by IGD Service S.r.l. and *(iii)* the transformation of IGD Management in an unlisted real estate investment company. For more information on the transaction please refer to section 5.6.4 of the explanatory notes in IGD SIIQ's annual report.

At 31 December 2023, in addition to the parent company, Gruppo IGD comprises:

> 99.9% of **Arco Campus S.r.l.**

A company dedicated to the sale, leasing and management of properties used for sports, in addition to the development and dissemination of sports;

> 100% of **IGD 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 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

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2.1 THE IGD GROUP

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

> Lease management

At the end of 2023 IGD had 1,396 leases in Italy with a total of 669 retailers. During the year the Company signed 188 new leases explained by renewals (135) and turnover (53). The leases have an average residual duration of 4.1 years for mall retailers and 13.2 years for hypermarkets.

At the end of 2023 there were 662 active leases in Romania; during the year 515 new leases were signed explained by renewals (515) and turnover (147). The leases have an average residual duration of 4.4 years.

Careful turnover management, on the one hand, provides IGD with an opportunity to change the offering in its malls in light of new consumer trends and, on the other, to select retailers who are the most reliable and have the best sales potential.

As part of its Enterprise Risk Management activities IGD has been analyzing the risk profile of its tenants for some time. The system uses economic-financial data to assign each tenant with a score based on the risk category to which it belongs in order to assess the percentage of retailers belonging to the same risk category, as well as the rents as a percentage of IGD's total revenue. Thanks to turnover, IGD was able to reduce the number of higher-risk tenants and, at the same time, 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 2023 the ten largest mall tenants in Italy represented 19% of the total rental income generated by malls, in line with 2022. In Romania the ten largest retailers accounted for 40.5% of the total in 2023, compared to 37.2% in 2022.

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 2023 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 2023 a total of 555 events were organized, an increase of 4% compared to 2022, with one event held every 2 weeks. When organizing these events, IGD's shopping centers focused on 3 main areas of activity:

1. Organizing events capable of attracting a significant number of people to the mall;

2. Involvement of the community in the organization of events: for this reason, in 2023 37% of the events organized in IGD shopping centers involved the local community (the highest percentage in last ten years);

3. Include socio-environmental initiatives among the events scheduled: in 2023 25% of the activities organized had these characteristics.

> The Digital Marketing Plan

In 2023 IGD's **marketing** implemented a **new digital strategy** which leverages on the work done over the last three years and, based on existing tools and the results obtained, identified specific development activities.

The digital marketing strategy took shape through three, deeply intertwined, projects. The first, the **Spotlight** project, represents the heart of the strategy as it is focused on the continuous increase of customer loyalty and an understanding of the shopping center's customers. In 2023, 52 thousand new contacts were registered in the CRM system, an increase of 28% compared to the prior year.

This extensive database will allow IGD to launch annual loyalty programs, including by using the new marketing automation tool adopted, already in 2024. A specific loyalty project is also going to be developed in seven different pilot commercial centers: an initiative made possible thanks also to the development of IGD's first mobile app. The implementation of the entire digital project calls for the collaboration of all the employees involved in this type of innovation: for this reason, a second project, **Synergy**, was launched in order to provide opportunities for the exchange and sharing of information and experiences.

Lastly, with the project **Partner** we aim to increase the collaboration with tenants through a strategic and systematic approach to digitalization. Toward this end, for the second year in a row the Company carried out a large **co-marketing campaign** with the most important of its food anchors, **Coop Alleanza 3.0**, broken down in three different plans: communication, events and digital.

Based on the experience matured with this important partner, we decided to **expand the co-marketing initiatives to include other tenants**, in order to pursue the goal of increasing the appeal of the malls through shared promotional, digital and communication projects. The first examples of the shared projects, both promotions and in-person events in the malls, provided encouraging signs as to the positive impact they can have, both for the stores and for the shopping center.

> 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 9 key assets and different, medium sized centers, can be found throughout Italy typically near urban centers, near motorways and 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 a few shopping centers. In the two Sicilian shopping centers, La Torre Shopping Center in Palermo and the Katanè Shopping Center in Catania, the work carried out after the remodeling of the area occupied by the supermarkets was completed, with a very positive outcome as demonstrated by the full letting of the spaces created in the mall.

This approach benefits the retailers, has a positive impact on the long-term sustainability of rents and 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 completely 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 2023 show a drop in some items (revenues and Ebitda) contemplated in the plan, due mainly to the delayed opening of the Officine Storiche mall and the increase in condominium fees explained by higher energy costs and the delay in new openings. These same items (revenues and EBITDA) were, however, exceeded the budget approved by the Board of Directors on 23 February 2023, due mainly to higher rental income.

Overall, the strategic and operating guidelines included in the Business Plan relating to commercial, marketing, sustainability and the investment pipeline are confirmed and are being following with the utmost commitment; as testified to by the good performance of the operational metrics and the progress made with respect to the ESG and asset management targets.

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 to shoppers, 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.

In the period 2022-2023 the Group invested a total of approximately €60 million, and will invest another roughly €20 million in 2024, which will complete the pipeline called for over the life of the plan of around €80 million; these are improvements made to increase the portfolio's appeal and innovation, as well as extending the "life cycle".

As for sustainability, further steps will be taken to reduce the portfolio's environmental impact which will be included in the next Business Plan.

In light of the significant worsening of the global market conditions, specifically the increase in interest rates, the biggest gap with respect to the Plan are the financial expenses which are decidedly higher and the Loan-to-Value, which was also impacted negatively by the drop in the fair value of the real estate assets. Toward this end, on 26 January 2023, IGD published a press release stating that a few targets of the Business Plan were no longer achievable, with respect specifically to FFO and dividends.

The strategic objectives are to reduce the Loan-to-Value and to refinance debt well in advance are, at any rate, not only confirmed, but have already been achieved: in addition to what was done in 2022, in 2023 financial liability management activities were also carried out thanks to which IGD was able to refinance €650 million in debt stock. With the deal announced on 23 February 2024, IGD also completed the disposal included in the Plan which estimated a cash-in of around €155 million to be used entirely to reduce the Group's debt.

2.2 // 2023 Performance

2.2.1 // Income statement review

In 2023 the international economy continued to grow, though at a moderately slower pace than the previous year. Global GDP growth is estimated at +3.1%, compared with +3.5% in 2022[1]. The economy continued to be held back by the restrictive monetary policies of major countries' central banks (with the high cost of debt discouraging private investment), not to mention high inflation and its negative impact on consumption, the ongoing war between Russia and Ukraine, and the new crisis in the Middle East[2].

In 2024 the global economy is expected to slow somewhat further, with forecast GDP growth of +2.9%, even as the gradual decline in worldwide inflation would seem to suggest a potential shift in the policy orientation of the major central banks. In any case, this outlook is shrouded in uncertainty due to international political tensions, especially in the Middle East.[3] In Europe, restrictive monetary conditions and persistently high energy prices have caused a more marked slowdown than in the rest of the world, and GDP in the main euro area countries weakened with respect to 2022[4]. Italy is no exception; fourth-quarter GDP, corrected for calendar effects and seasonal factors, grew by 0.2% on the previous quarter (when it had increased by 0.1%).[5] On average for the year, therefore, GDP grew by +0.7%, down sharply from the +3.7% recorded in 2022. The main growth driver was private consumption which, despite high inflation, rose by +1.4% year-on-year thanks to the excellent performance of the labor market and rising employment[6]. Inflation was much lower this year, on the strength of a gradual fall in energy costs, and the downward trend solidified in October: the national consumer price index gradually slid from 11.6% in December 2022 to 5.3% in September, then from October to December dropped abruptly to 0.6%[7], the lowest level since the second quarter of 2021. On average for the year, inflation came in at 5.7% and is projected to fall further in 2024 to around 2%.

1. Source: ISTAT - Le prospettive per l'economia italiana nel 2023-2024, December 2023.
2. Source: Italian Macroeconomic Bulletin, December 2023.
3. Source: EY - Bank of Italy – Bollettino economico 1/2024, January 2024.
4. Source: Bank of Italy – Bollettino economico 1/2024, January 2024.
5. Source: ISTAT – Stima preliminare del PIL, January 2024.
6. Source: ISTAT - Le prospettive per l'economia italiana nel 2023-2024, December 2023.
7. Source: ISTAT – Prezzi al consumo dicembre 2023, January 2024.

In this scenario, Italy's economy should expand at a similar pace in 2024 (GDP growth is forecast at +0.6-0.7%), driven entirely by domestic demand net of inventories[8].

Strong consumption was mirrored by the solid operating performance of Italian malls in 2023: mall retailers' sales increased by +4.3% on 2022 and footfalls showed a similar trend, rising by +4.5% for the year. Retailers' sales were also higher than in 2019, showing growth over a 12-month period of +6.2%, while footfalls are not yet fully back to their pre-pandemic levels and came in at 87% of the 2019 figure.

It is important to note that all merchandise categories enjoyed higher sales than in 2022, except electronics, where a slight decrease of 2.4% should be viewed in light of very strong growth in the preceding two years. Food and beverage performed exceptionally well, with sales higher than both 2022 (+15.5%) and 2019 (+8.6%); on that note, cinema receipts rebounded by no less than +51.3%, which in addition to boosting footfalls helped sustain food and beverage sales during evening hours. This demonstrates that IGD's type of shopping center (urban and dominant in its catchment area) has reconquered its role as a place to gather and spend free time, a place that goes beyond mere shopping.

IGD's shopping centers are also seen as increasingly convenient for satisfying everyday needs, as witnessed by the strong performance of food anchors (supermarkets and hypermarkets), whose sales were up with respect to both 2022 (+3.9%) and 2019 (+1.6%).

IGD forged ahead with its pre-letting activities in 2023, with more than 26,000 square meters assigned to retailers and 83 new stores opened. Over the 12-month period a total of 188 leases were signed (135 renewals and 53 turnover), including with 22 new brands mostly representing food & beverage and culture, leisure time & gifts, the two best-performing categories. For the newly signed leases (renewals and turnover), which make up 13.5% of the Group's rental income, rent was essentially stable at -0.45%.

Through these efforts, IGD was able to maintain a high occupancy rate of 95.3%, with a healthy portfolio of paying tenants: the rent collection rate as of 22 February 2024 was around 97%, better than the previous year.

8. Source: Bank of Italy – Bollettino economico 1/2024, January 2024.

In 2023 IGD also pursued its marketing strategy by way of three different but related projects. *Spotlight* is the heart of the digital strategy and is focused on increasing contacts within the CRM system, to help IGD get to know and understand shopping center visitors and boost their loyalty; during the year there was a +28% increase in CRM contact records and the Group created an annual visitor loyalty program that will ensure access to specific services or promotions at stores located inside the mall. Meanwhile, the *Synergy* project aims to develop IGD's first cell phone app, to be launched in 2024 in seven shopping centers in support of the loyalty program described above.

IGD has also been working on strengthening synergies with its tenants through the Partner project, that is, the set of co-marketing initiatives that include the project rolled out in 2022 with Coop Alleanza 3.0, the main food anchor tenant of the Group's shopping centers. Thanks to this initiative, in 2023 it was possible to use Coop's powerful communication tools with their extensive territorial reach to sponsor new arrivals and promotions at individual stores within the mall; 88% of tenants reported that they were satisfied with the initiative as it helped them increase their sales.

The Company also worked in tandem with other major tenants like Okaidi, a popular children's clothing brand, with which it launched an exclusive promotion in six shopping centers that reached more than 24,000 shoppers. Another successful initiative was carried on with the cosmetics brand Kiko Milano, which partnered with IGD in the first "physical" co-marketing event at one of the Group's malls.

Finally, the Company worked to freshen up the in-person organized events it holds at its shopping centers, giving them an even stronger social role within the catchment area by catalyzing the attention of different visitor segments: teens, adults, families with children, even school field trips. In all it organized 552 events.

In Romania as well, the economy continued to grow in 2023 but at a slower pace than in the previous two years, due to high inflation that limited consumers' purchasing power and a restrictive monetary policy that hampered access to credit. On average for the year, in any case, GDP is expected to have grown by +2.2% – one of the fastest rates among all countries in the euro zone – and is projected to re-accelerate in 2024 in parallel with declining inflation.[9] Regarding the operating performance of Winmarkt malls, at the end of 2023 the occupancy rate was still very high at 96.2%; the slight drop with respect to the first six months of the year (-60 bps) is due chiefly to the departure of a retailer from the Piatra-Neamt shopping center, where it occupied a medium-sized space on two floors, about to be fully re-let pending negotiations in progress. Pre-letting activities during the year led to the signature of 662 leases (515 renewals and 147 turnover), with rent on renewals up by +1.94%, as proof of Romania's vibrant retail sector. The rent collection rate is also excellent: around 98% as of 22 February 2024.

In 2023 IGD invested around €25.2 million, distributed among fit-out work (€9.7 million), energy efficiency and other ESG improvements (€3.9 million), ordinary upgrades to its assets (€7.8 million), and development of the Porta a Mare project (€3.8 million).

The main event for the year was undoubtedly the September inauguration of the retail section of Officine Storiche, within the mixed-use Porta a Mare project in Livorno: 16,000 square meters hosting 16 stores, 11 food and beverage locations, a fitness center, and an entertainment area. Thanks to intensive pre-letting efforts, the new mall has an occupancy rate of more than 95%, to be joined by the major international retailer Primark during the course of 2024. The visitor response has been excellent, with more than 110,000 footfalls in the first four days the mall was open and over 750,000 in the first four months.

In addition to retail space, Officine Storiche also has 42 apartments for sale. At the end of 2023, 30 units had been sold with a cash-in for IGD of around €6 million for the year; in addition, five binding offers had been signed and the expected cash-in for 2024 is about €4 million.

During the year IGD completed the restyling of Porto Grande shopping center (AP), which was reopened on 23 November and saw a 6.3% rise in footfalls in the first month post-inauguration (compared with the same period in 2022), while restyling work continued on the Leonardo shopping center (BO). Repairs were necessary at Lungo Savio shopping center in Cesena, severely damaged by the flood that hit much of Emilia-Romagna from 15 to 17 May 2023. The hypermarket reopened to the public on 24 June, while the rest of the mall's stores were gradually reopened starting in July. While repairs are underway, a commercial remodeling will be carried out to include a midsize focal area incorporating various stores.

As for the Group's financial structure, despite high interest rates and difficult access to the markets, IGD managed to raise €650 million in financing during the year. In May it obtained a five-year, €250 million green secured facility that it used, among other things, to redeem the €100 million private placement due to mature in January 2024. In November, IGD finished refinancing the €400 million bond due to mature in November 2024 through an exchange and tender offer for the existing bond notes and a successful consent solicitation process: the acceptance rate for the exchange and tender offer was 85.5% of the nominal amount of the bond, while approval of the consent solicitation by the bondholders' meeting made it possible to align the maturity and financial terms of the non-exchanged bond notes with the new bond (see press release of 14 November 2023).

Through these two transactions, IGD has therefore covered its financial maturities for all of 2024, with no significant redemptions occurring before 2027. Also, in light of the new bond maturity, Fitch Ratings Inc. confirmed its BBB- investment grade rating with stable outlook, while S&P Global Ratings confirmed its BB rating with stable outlook.

Given the above, at 31 December 2023 the average cost of debt was 3.86%, up sharply from the previous year's 2.26%; the interest coverage ratio (ICR) stood at 2.4x and the loan to value ratio was 48.1%, up from 45.7% at the end of 2022, due mostly to the negative fair value change.

In the income statement, as described below, the improvement in EBITDA was more than offset by the steep rise in financial charges, bringing funds from operations (FFO) to €55.4 million, down 17.5% with respect to the previous year. FFO was still higher than the guidance given to the market on 14 November 2023, which predicted FFO of around €53 million for the year.

9. *Source: European Commission – Autumn Economic Forecast, November 2023.*

> THE CONSOLIDATED OPERATING INCOME STATEMENT IS SHOWN BELOW:

Group consolidated	(A) 31/12/2023	(B) 31/12/2022	Δ (A)/(B)
Revenues from freehold rental activities	133,175	129,334	3.0%
Revenues from leasehold rental activities	9,195	7,923	16.1%
Total income from rental activities	142,370	137,257	3.7%
Rents and payable leases	-4	-1	n.a.
Direct costs from rental activities	-22,781	-23,222	-1.9%
Net rental income	119,585	114,034	4.9%
Revenues from services	7,673	7,209	6.4%
Direct costs from services	-5,720	-5,512	3.8%
Net services income	1,953	1,697	15.1%
HQ Personnel expenses	-7,752	-7,193	7.8%
G&A Expenses	-5,633	-5,107	10.3%
CORE BUSINESS EBITDA (Operating income)	**108,153**	**103,431**	**4.6%**
Core Business Ebitda Margin	*72.1%*	*71.6%*	
Revenues from trading	6,245	7,533	-17.1%
Cost of sale and other costs from trading	-6,736	-7,773	-13.3%
Operating result from trading	-491	-240	n.a.
EBITDA	**107,662**	**103,191**	**4.3%**
Ebitda Margin	*68.9%*	*67.9%*	
Impairment and Fair Value adjustments	-138,764	-93,778	48.0%
Depreciation and provisions	-1,954	-1,684	16.1%
EBIT	**-33,056**	**7,729**	**n.a.**
Financial Management	-48,657	-30,459	59.7%
Entraordinary Management	-50	397	n.a.
Pre-Tax Result	**-81,763**	**-22,333**	**n.a.**
Taxes	31	18	67.7%
Net Result of the period	**-81,732**	**-22,315**	**n.a.**
(Profit/Loss) for the period related to third parties	0	0	n.a.
Group Net result	**-81,732**	**-22,315**	**n.a.**

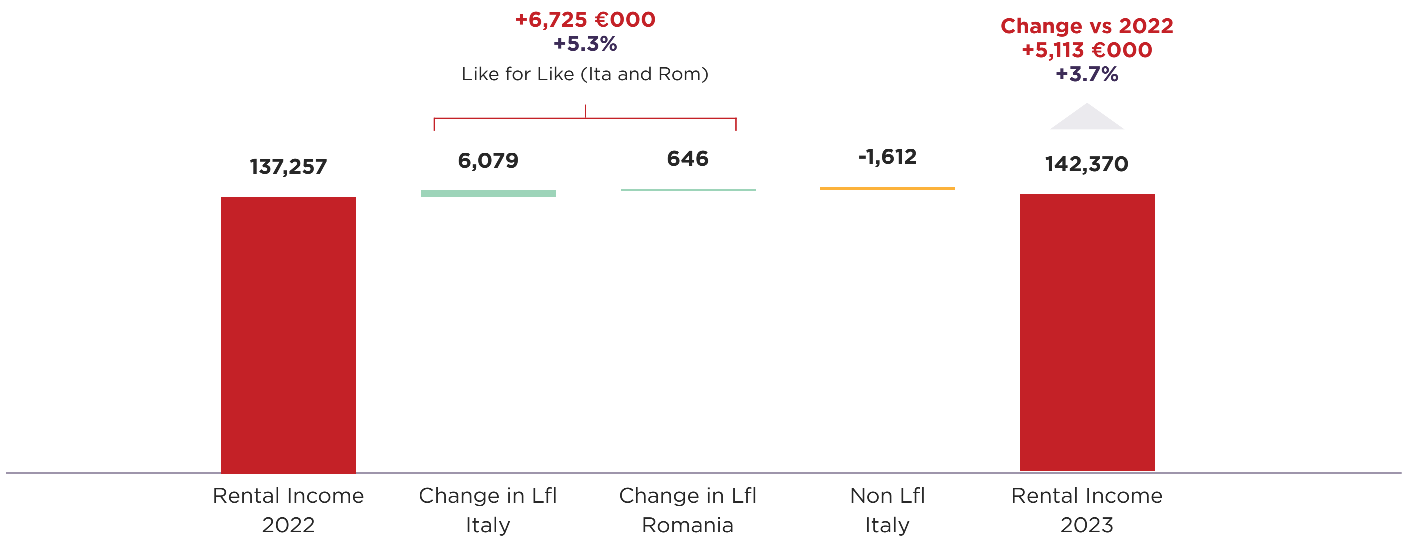
2

DIRECTORS' REPORT
2.2 2023 PERFORMANCE

Certain cost and revenue items have been restated or offset, which explains any differences from the financial statements (see the segment reporting section for further information). Note that the intermediate results shown above, namely CORE BUSINESS EBITDA, EBITDA, and EBIT, are not defined as accounting measures under International Accounting Standards and should therefore not be considered a substitute for evaluating the Company's performance. Also, the way the company determines intermediate results may not be consistent with the methods followed by other companies and/or groups in the sector, so such figures may not be comparable.

> NET RENTAL INCOME

Rental income amounted to €142,370 thousand at 31 December 2023, an increase of 3.7%.



The increase of €5,113 thousand compared with 2022 restated is explained by:

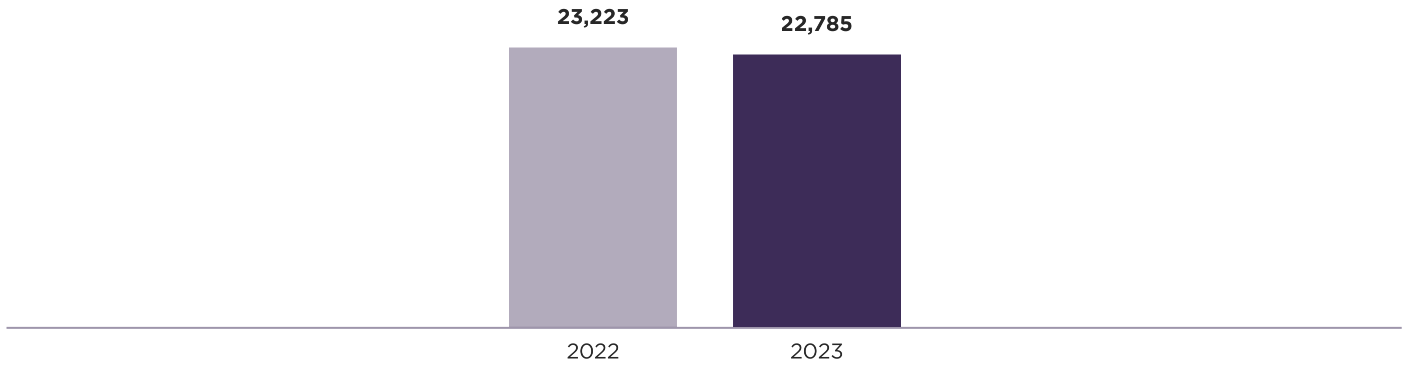
> Like-for-like revenue in Italy (malls +4.7% and hypermarkets +5.9%) due to pre-letting and ISTAT indexing (around €6.9 million for malls, +7.1%, and €1.3 million for hypermarkets, +5.7%), partially offset by higher discounts for around €1 million and some tenant turnover, especially during the second half of the year, with revenue streams from 4Q 2023 or 2024. Rent from temporary spaces also increased (€0.5 million). In the reporting period, 188 leases (135 renewals and 53 turnover) were signed with little to no change in rents (-0.45%);

> A decrease of €1,612 thousand in non-like-for-like revenue (for the remapping of Palermo, Catania, Casilino, Porto Grande, Tiburtino, Leonardo, and Lungo Savio and the opening of Officine Storiche);

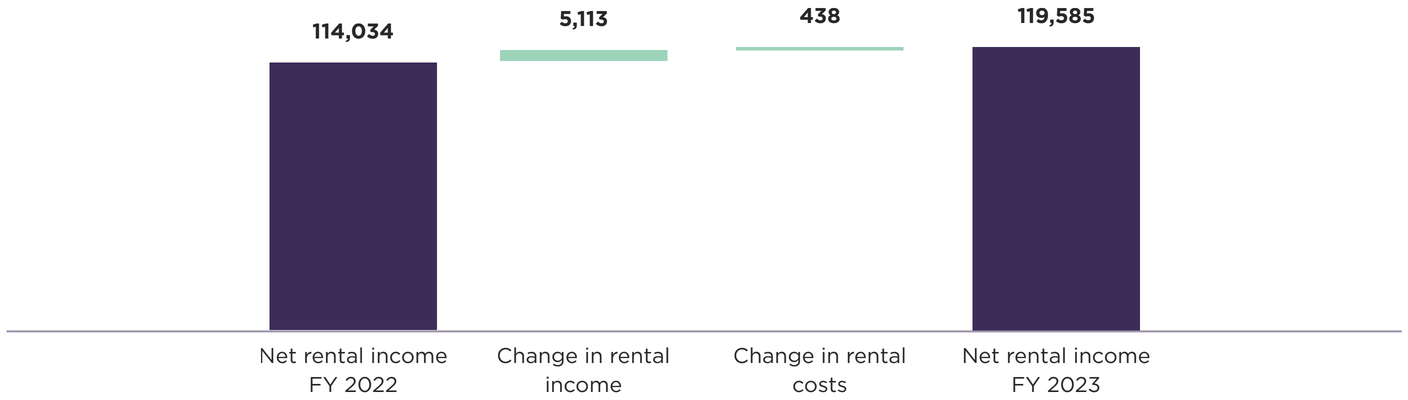
> An increase of €646 thousand in revenue by the Romanian subsidiary as a result of lower discounts and the inflation effect. During the year, 662 leases (147 turnover and 515 renewals) were signed with an average upside of 1.94% on renewals.

Overall, like-for-like revenue was up by 5.3% or €6.7 million, compared with a total of €137.9 million, accounting for about 97% of rental income in 2023.

Direct costs from rental activities and rent payable came to €22,785 thousand. The decrease in costs is due essentially to lower credit loss provisions and lower condominium fees with respect to 2022.



Net rental income came to €119,585 thousand, an increase of 4.9% on the previous year and a like-for-like increase of 7.1%.



Net rental income freehold stood at €110,595 thousand, up by 5.0% with respect to 2022. The margin is sizeable, coming in at 83.0% which is higher than the previous year.

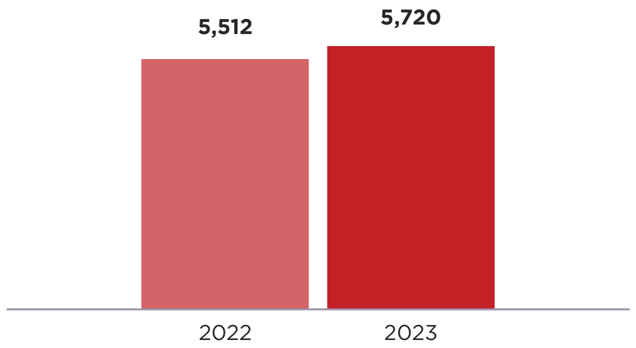
Net rental income leasehold came to €8,990 thousand, an increase of 2.8% on 2022.

> NET SERVICE INCOME

Revenue from services was higher than the previous year by 6.4%.

Most of this revenue comes from the facility management business (83.3% of the total or €6,394 thousand), which was higher than in the prior year, as was pilotage revenue; there was a decrease in revenue from agency and outsourcing services.

Direct costs for services amounted to €5,720 thousand, an increase of €208 thousand (+3.8%) with respect to 2022.



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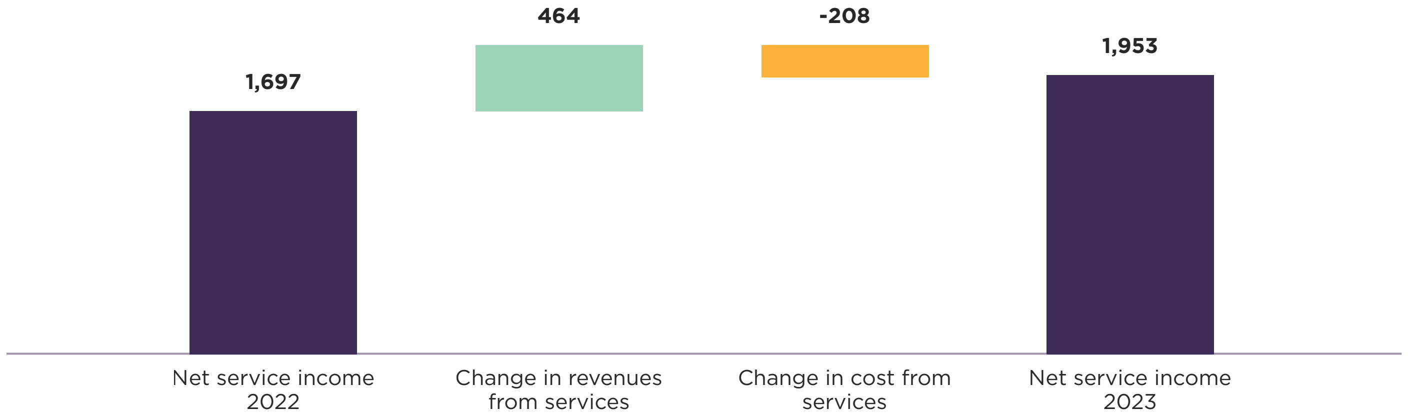
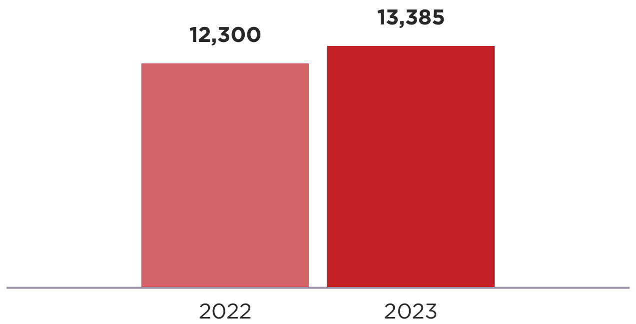
Net services income therefore came to €1,953 thousand, up 15.1% on the previous year, and rose from 23.5% of revenue from services in 2022 to 25.5% this year.



> CORE BUSINESS EXPENSES

Core business expenses, including payroll costs at headquarters, grew from €12,300 thousand in 2022 to €13,385 thousand (+8.8%), due primarily to higher HQ labor costs, the ongoing project to insource IT systems and infrastructure, and the cost of ESG certifications and consulting. Consulting fees and communication costs were essentially stable.

These expenses came to 8.9% of core business revenue:

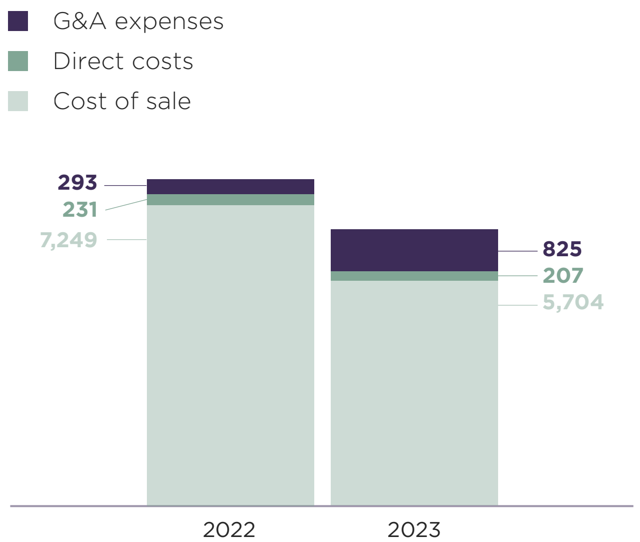


> OPERATING RESULT FOR TRADING

Trading posted an operating loss of €491 thousand, but the direct sales margin was actually positive; the result reflects higher costs for change orders incurred in 2022 for around €0.2 million.

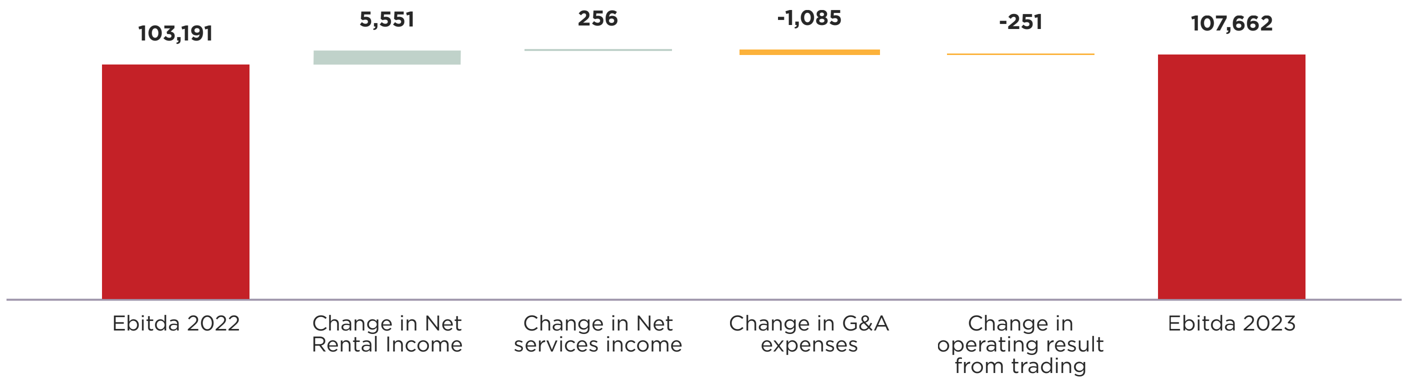
In 2023 the Porta a Mare project generated revenue from trading of €6,245 thousand, for the final sale of 13 units in the Officine section and one unit in the Mazzini section. With these sales, the Mazzini section is sold out, while Officine Storiche has seen 30 final sales and 5 binding offers (to be finalized in 2024) out of a total of 42 apartments.

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

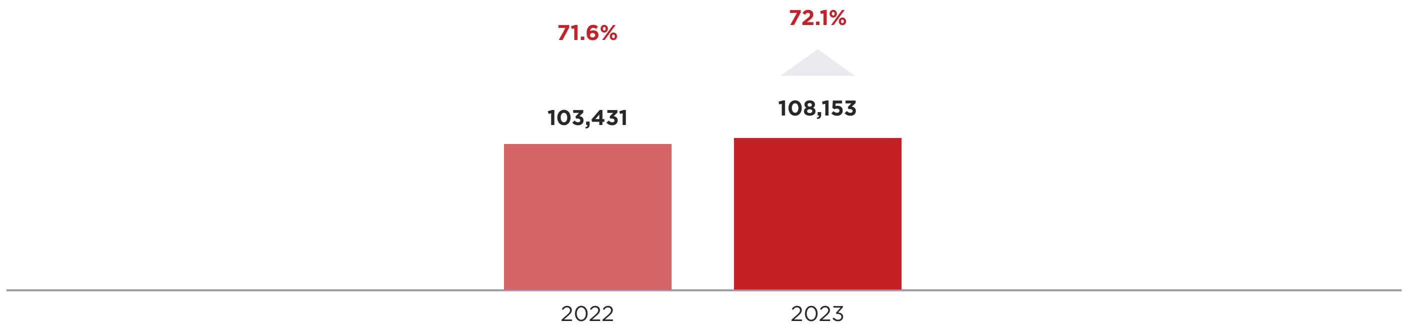


> EBITDA

Core business EBITDA amounted to €108,153 thousand in 2023, 4.6% higher than the previous year, while total EBITDA rose by 4.3% to €107,662 thousand. The changes in the components of total EBITDA in 2023 are shown below:



The **core business EBITDA MARGIN** increased during the year to 72.1%.



> FAIR VALUE ADJUSTMENTS AND IMPAIRMENT LOSSES/REVERSALS

Fair value adjustments and impairment losses/reversals in 2023 came to a negative €138,764 thousand, compared with €93,778 thousand the previous year.

Fair value changes (-€138,022 thousand) were made up as follows:

> An impairment loss of €8,309 thousand on right-of-use assets from the application of IFRS 16, including increases for the year;

> An impairment loss of €21,179 thousand for extraordinary maintenance on freehold and leasehold properties of Gruppo IGD's Italian companies and reclassifications from assets under construction;

> An impairment loss of €1,415 thousand for extraordinary maintenance on freehold properties of the Romanian subsidiary Win Magazin SA;

> An impairment loss of €100,819 thousand for the adjustment to fair value of the investment property and projects nearing completion of Gruppo IGD's Italian companies, based on independent appraisals as of 31 December 2023;

> An impairment loss of €6,300 thousand for the adjustment to fair value of the investment property of the Romania subsidiary Win Magazin SA, based on independent appraisals as of 31 December 2023.

Net impairment losses on work in progress and inventory (€742 thousand) reflect *(i)* an impairment loss of €409 thousand on the Porto Grande expansion and *(ii)* an impairment loss of €333 thousand on the Officine (residential), Molo, Lips, and Arsenale sections of Porta a Mare based on independent appraisals as of 31 December 2023.

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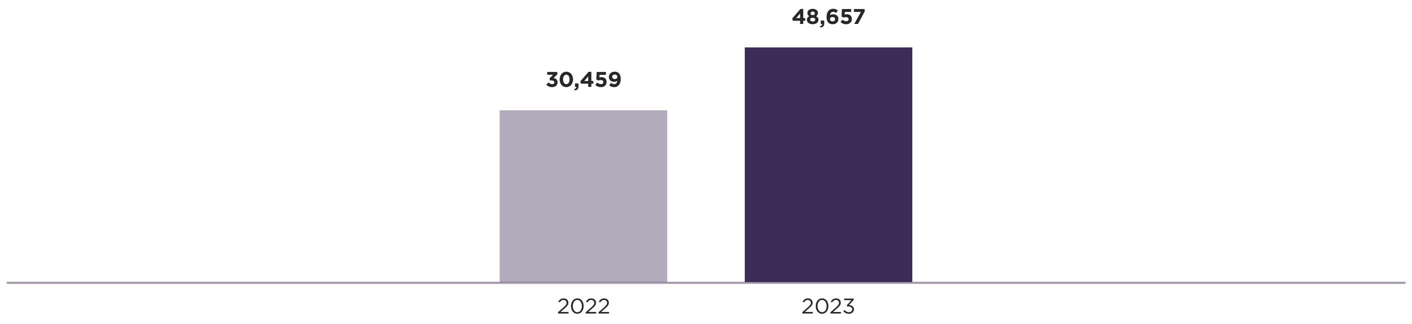
> EBIT

EBIT came to a negative €33,056 thousand, lower than the previous year, for the reasons described above.

> FINANCIAL INCOME AND CHARGES



Net financial charges went from €30,459 thousand in 2022 to €48,657 thousand this year. The increase of €18,198 thousand is mostly explained by:

> Higher interest on mortgage loans due to the €215 million green financing loan taken out in August 2022, a new €250 million loan taken out in May 2023, and the rise interest rates;

> Higher financial charges on bonds reflecting the issue of a new €400 million bond and partial exchange for the bond notes maturing on 28 November 2024;

> Lower IRS charges, due to the early termination of various derivatives with a positive mark to market and a decrease in notional amounts.

At 31 December 2023, the **average cost of debt** (without considering recurring and non-recurring transaction costs) was 3.86%, up from 2.26% at 31 December 2022, while the weighted average effective cost of debt went from 2.71% to 4.71%.

The **interest coverage ratio** (ICR) calculated as the ratio of EBITDA to net financial charges is 2.22x, down from 3.4x at 31 December 2022.

> INCOME/(LOSS) FROM EQUITY INVESTMENTS

The loss of €50K reflects the writedown of an equity investment carried at cost.

> TAXES

	31/12/2023	31/12/2022	Change
Current taxes	1,161	1,090	71
Deferred tax	(1,179)	(749)	(430)
Out-of-period income/charges - Provisions	(13)	(359)	346
Income taxes	(31)	(18)	(13)

Overall income taxes, current and deferred, were in line with the previous year at a positive €31 thousand.

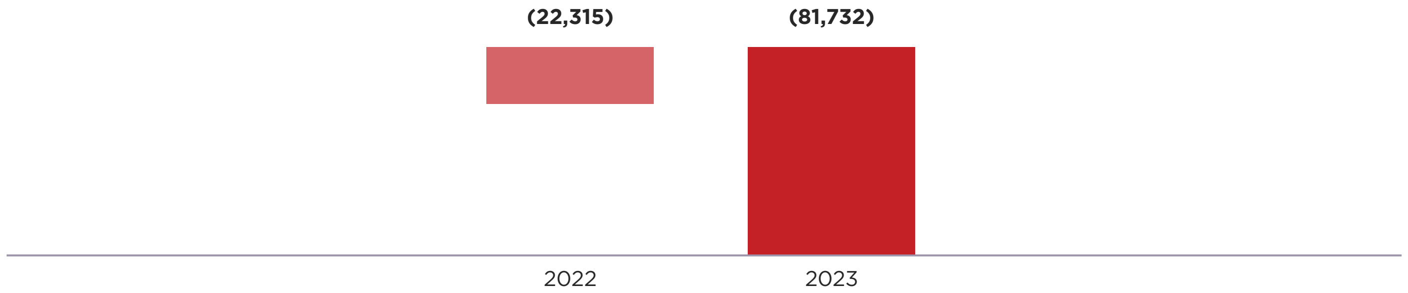
Current taxes increased by €71 thousand due mostly to the improved profit margins of Group companies.

The change in **deferred taxes** (€430 thousand) 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.

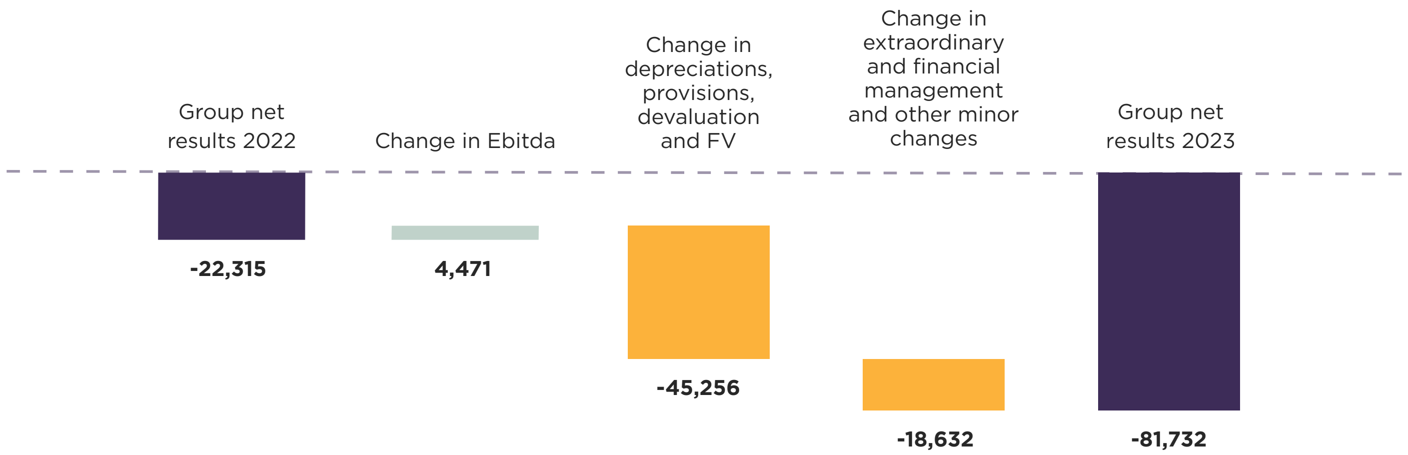
The change in **"Out-out-of-period income/charges – Provisions"** is explained by the fact that at 31 December 2022 this item included: *(i)* €130 thousand for IRAP (regional business tax) of IGD Management SIINQ S.p.A. which was redetermined after the sale of business units to IGD Service S.r.l. as it no longer qualified as a holding company and was once again subject to standard IRAP tax rates, and *(ii)* €240 thousand for IRES (corporate income tax) on adjustments to the 2021 tax consolidation.

> GROUP NET PROFIT/LOSS

As a result of the above factors, the Group recorded a net loss of €81,732 thousand, compared with a loss of €22,315 thousand the previous year.



The change in net loss compared with 2022 is broken down below.

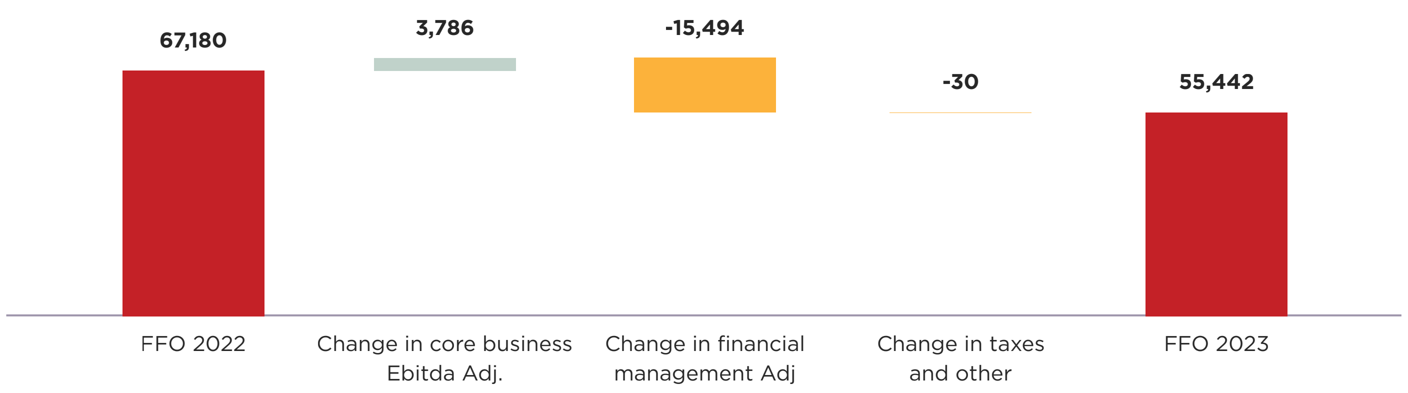


> CORE BUSINESS FFO

FFO (Funds from Operations), an indicator used widely in the real estate sector (REITs and Italian SIIQs) that measures the cash flow generated by a company's core business, came to €55,442 thousand at 31 December 2023. This is 17.5% lower than in 2022, due to a worsening of "adjusted" net financial charges (net of non-recurring exchange costs, which include the expected redemption above par of the bond notes) and the indexing of rent payable.

Funds from Operations	FY 2023	FY 2022	Δ	Δ%
Core business EBITDA*	108,153	103,746	4,407	4.2%
IFRS16 Adjustments (payable leases)	(8,813)	(8,192)	(621)	7.6%
Financial Management Adj**	(42,737)	(27,243)	(15,494)	56.9%
Current taxes for the period	(1,161)	(1,131)	(30)	2.6%
FFO	55,442	67,180	(11,738)	-17.5%

**Net of 2022 non-recurring expenses*
***Net financial charges adj. refers to financial charges net of IFRS 16 and IFRS 9 and non-recurring exchange costs (including the expected bond redemption above par)*



2.2.2 // Statement of financial position and financial review

Gruppo IGD's statement of financial position at 31 December 2023 can be summarized as follows:

(in thousands of Euros)	31/12/2023	31/12/2022	Δ	%
Investment property	1,959,053	2,041,330	(82,277)	-4.20%
Assets under construction and advance payments	2,364	36,662	(34,298)	-1450.85%
Intangible assets	7,660	7,881	(221)	-2.89%
Other tangible assets	9,374	9,424	(50)	-0.53%
Sundry receivables and other non-current assets	112	121	(9)	-8.02%
Equity investments	25,715	25,765	(50)	-0.19%
Net working capital	4,122	12,770	(8,648)	-209.80%
Funds	(9,235)	(7,400)	(1,835)	19.87%
Sundry payables and other non-current liabilities	(17,912)	(19,828)	1,916	-10.70%
Net deferred tax (assets) /liabilities	(11,090)	(14,099)	3,009	-27.13%
Total use of funds	1,970,163	2,092,626	(122,463)	-6.22%
Total shareholders' equity	1,000,533	1,121,800	(121,267)	-12.12%
Net (assets) and liabilities for derivative instruments	1,205	(6,115)	7,320	607.47%
Net debt	968,425	976,941	(8,516)	-0.88%
Total sources	1,970,163	2,092,626	(122,463)	-6.22%

The main changes with respect to 31 December 2022 concern

// **Investment property,** down by €82,277 thousand, due mainly to:

> Extraordinary maintenance work (€11,877 thousand), mostly for waterproofing at Leonardo shopping center, fit-out work at the Officine Storiche mixed-use complex, and energy efficiency upgrades at Punta di Ferro, Centro d'Abruzzo, Tiburtino, Porte di Napoli, and La Torre shopping centers and at various shopping centers in Romania;

> The reclassification (€38,556 thousand) from assets under construction and advances of work completed during the period, namely *(i)* the Officine Storiche mixed-use complex, *(ii)* the restyling of Porto Grande shopping center in San Benedetto del Tronto, and *(iii)* the restyling (first lot) of Leonardo shopping center in Imola. Works performed during the year amounted to €9,940 thousand;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €21,216 thousand and written down by €145,679 thousand on the basis of independent third-party appraisals, for a net negative impact of €124,463 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 (€8,309 thousand: €8,247 thousand in fair value adjustments and €62 thousand for the writedown of work on leaseholds during the year.

// **Assets under construction and advances**, which decreased by a net €34,298 thousand, the result of:

> Ongoing work on the Officine Storiche section of Porta a Mare (€6,139 thousand), partially offset by the deduction of costs incurred for various works eligible for

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offsetting (€1,878 thousand);

> The restyling of Porto Grande shopping center in San Benedetto del Tronto (€3,295 thousand);

> The restyling of Leonardo shopping center in Imola (€2,385 thousand);

> The reclassification (€38,556 thousand) to investment property of work completed during the period, namely *(i)* the Officine Storiche mixed-use complex, *(ii)* the restyling of Porto Grande shopping center in San Benedetto del Tronto, and *(iii)* the restyling (first lot) of Leonardo shopping center in Imola;

> The writedown of the Officine Storiche portion of the Porta a Mare project (€5,250 thousand) and the writedown of the Porto Grande expansion by €409 thousand;

> A decrease in advances by €24 thousand.

// **Intangible assets** down by €221 thousand, due manly to:

> A reduction of €437 thousand in goodwill for the Romanian subsidiary Win Magazin SA, for exchange rate adjustments;

> The capitalization of €597 thousand in costs incurred for the implementation of the new accounting and operations software and the new HR management software;

> Amortization for the year.

// **Other plant, property and equipment**, which decreased by €50 thousand due primarily to depreciation, partially offset by the purchase and installation of equipment at the new Officine Storiche mixed-used complex inaugurated in September 2023.

// **Net working capital** down by €8,648 thousand compared with 31 December 2022, chiefly as a result of:

> A decrease in net trade receivables and related party receivables by €5,712 thousand due to an improvement in average collection time;

> A decrease in inventory of €5,270 thousand, mainly attributable to *(i)* an increase of €768 thousand for completed work, *(ii)* a writedown of €333 thousand, and *(iii)* the sale of a residential unit and an enclosed garage in the Mazzini section and 13 residential units, 13 enclosed garages and 2 parking spaces in the Officine section for a total of €5,705 thousand;

> An increase in other current assets of €748 thousand due mainly to a rise in prepayments and deferred costs, partially offset by a decrease in the VAT credit;

> A decrease of €460 thousand in tax liabilities due to the payment of the third and final installment of 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 (both of which had been absorbed by IGD SIIQ S.p.A. as of 31 December 2023);

> A decrease of €1,143 thousand in other liabilities, mainly reflecting *(i)* a reduction in advances received from the subsidiary Porta Medicea against the sale of residential units in the Officine Storiche section of Porta a Mare and *(ii)* a reduced liability for SACE guarantees, partially offset by *(iii)* an increase in deferred income.

(in thousand of Euros)	13.12.2023	13.12.2022	Δ	%
Work in progress inventory and advances	**24,027**	**29,297**	**(5,270)**	**-21.93%**
ST trade receivables	**9,676**	**15,212**	**(5,536)**	**-57.21%**
Related party trade and other receivables	**1,066**	**1,242**	**(176)**	**-16.51%**
Other current assets	**8,334**	**7,586**	**748**	**8.98%**
Trade and other payables	**(22,405)**	**(22,746)**	**341**	**-1.52%**
Related parties trade and other payables	**(2,203)**	**(1,845)**	**(358)**	**16.25%**
Current tax liabilities	**(1,353)**	**(1,813)**	**460**	**-34.00%**
Oter current liabilities	**(13,020)**	**(14,163)**	**1,143**	**-8.78%**
Net working capital	**4,122**	**12,770**	**(8,648)**	**-209.80%**

// **General provisions** which rose by €1,835 thousand, mostly in relation to *(i)* employee bonuses for 2023 to be paid in 2024, *(ii)* various IMU (municipal property tax) disputes regarding the Esp (Ravenna), La Torre (Palermo), and Tiburtino (Guidonia) shopping centers, *(iii)* earthquake proofing to be carried out at IGD's expense at various supermarkets and hypermarkets sold in 2021, *(iv)* an administrative dispute involving the subsidiary Win Magazin S.a., *(v)* adjustments to employee severance (TFR), *(vi)* restoration of the provision for taxation, and (vii) release of bonus provisions following payment of the 2022 bonus in June 2023;

// **Net deferred tax assets and liabilities**, which went from €14,099 thousand to €11,090 thousand as a result of temporary differences mostly concerning *(i)* hedging instruments (IRS) and *(ii)* fair value adjustments to investment property held outside the SIIQ boundary;

// **Non-current payables and other liabilities**, whose decrease of €1,916 thousand is due chiefly to the cancellation of the amount due to the City of Livorno through the completion of works eligible for offsetting;

// **Group net equity**, amounting to €1,000,533 thousand at 31 December 2023, with a decrease of €121,267 thousand explained by:

> Movements in the reserve for the translation of foreign currency financial statements, for a negative €475 thousand;

> Dividends paid during the year (€33,103K);

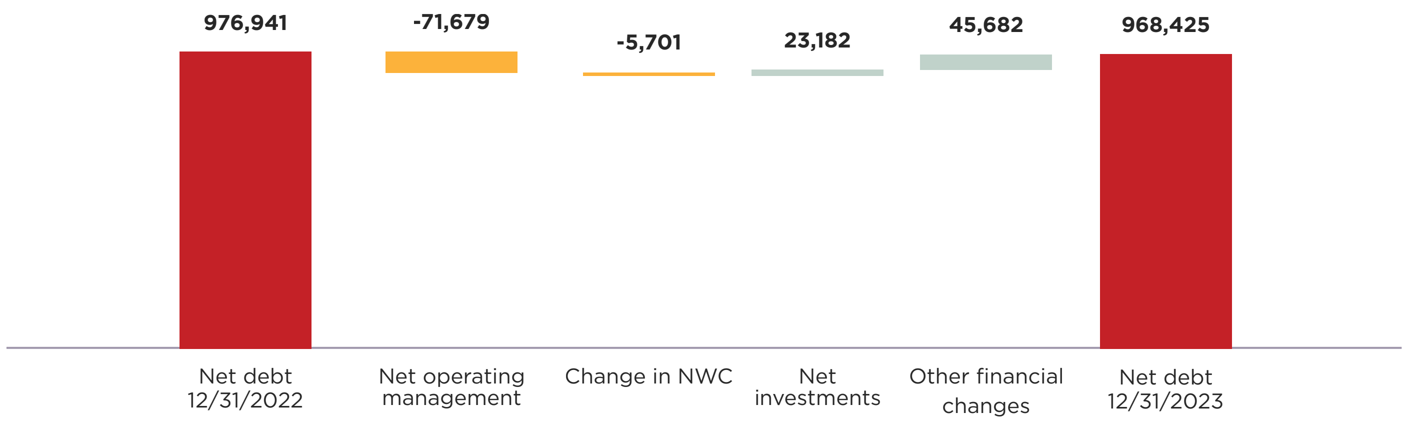
> The negative adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€5,861 thousand attributable to the parent company);

> The negative adjustment of the reserve for the recalculation of defined benefit plans (€63 thousand for the parent company and €33 thousand for a subsidiary);

> The Group's share of net loss for the year (€81,732 thousand).

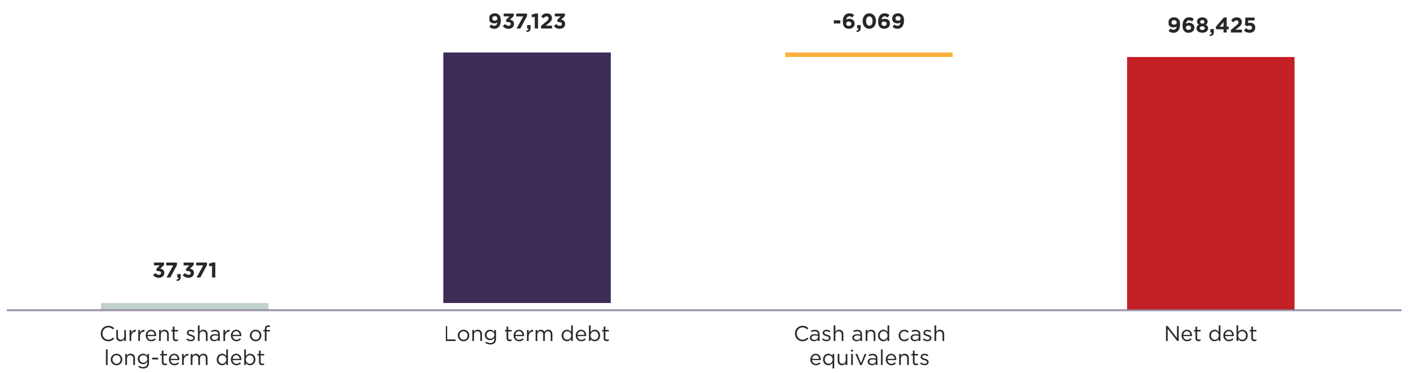
// **Net derivative (assets)/liabilities**, which were lower than the previous year: the mark to market valuation of hedging instruments at 31 December 2023 was €7,320 thousand lower than the previous year, due to expectations of falling interest rates over the medium term;

// **Net debt**, whose decrease of €8.5 million since the end of 2022 is detailed below:

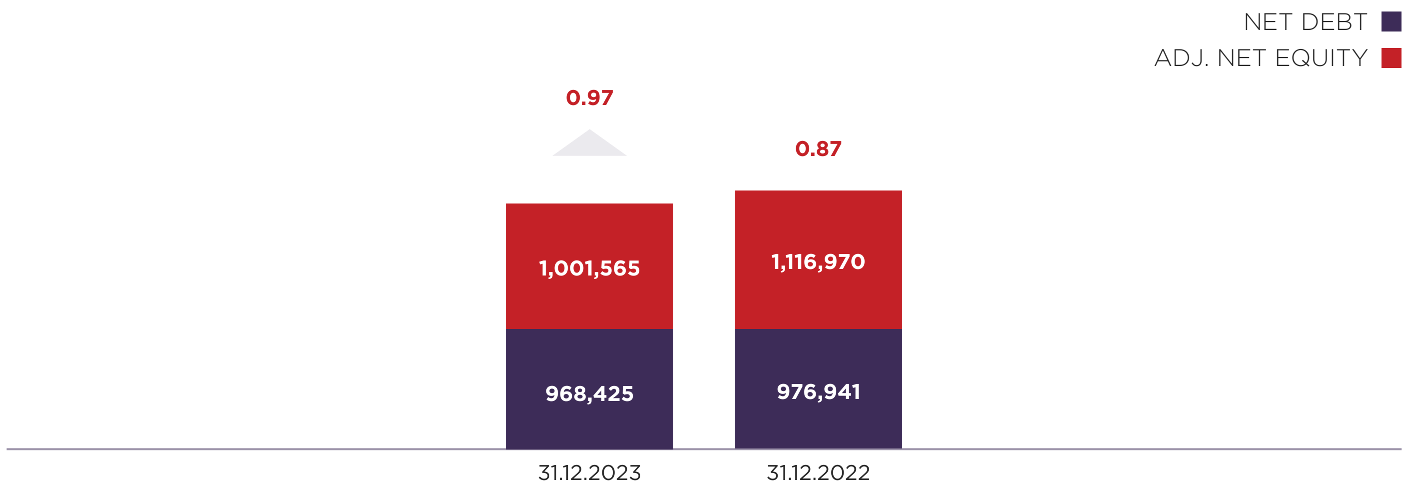


For more information about changes in the NFP please refer to the consolidated statement of cash flows in Chapter 4.5.

Below is the breakdown of net debt:



The gearing ratio is the ratio of net debt to net equity, including non-controlling interests, net of cash flow hedge reserves. The ratio worsened during the year, from 0.87 at 31 December 2022 to 0.97 at the end of 2023.



2.3 // EPRA Performance Indicators

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

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

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 2023 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.

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

2

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

EPRA Performance Measure	12/31/2023	12/31/2022
EPRA NRV (€'000)	1,016,875	1,133,860
EPRA NRV per share	€ 9.22	€10.28
EPRA NTA	1,009,216	1,125,979
EPRA NTA per share	€ 9.15	€10.20
EPRA NDV	993,138	1,110,002
EPRA NDV per share	€ 9.00	€10.06
EPRA Net Initial Yeld (NIY)	6.1%	6.0%
EPRA 'topped-up' NIY	6.4%	6.3%
EPRA Vacancy Rate Malls Italy	5.8%	5.3%
EPRA Vacancy Rate Iper Italy	0.0%	0.0%
EPRA Vacancy Rate Total Italy	4.7%	4.3%
EPRA Vacancy Rate Romania	3.8%	2.0%
EPRA LTV	50.9%	48.4%
EPRA Cost Ratios (including direct vacancy costs)	23.6%	23.9%
EPRA Cost Ratios (excluding direct vacancy costs)	19.3%	19.4%
EPRA Earnings (€'000)	€ 56,857	€72,102
EPRA Earnings per share	€ 0.52	€0.65

The NAV calculations at 31 December 2023 are shown below:

		31.12.2023			31.12.2022	
Net Asset Value	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	1,000,533	1,000,533	1,000,533	1,121,800	1,121,800	1,121,800
Exclude *(v)* Deferred tax in relation to fair value gains of IP	15,137	15,137		18,175	18,175	
Exclude *(vi)* Fair value of financial intruments	1,205	1,205		(6,115)	(6,115)	
Exclude *(viii)* a. Goodwill as per the IFRS balance sheet		(6,648)	(6,648)		(7,085)	(7,085)
Exclude *(viii) b.* Intangibles as per the IFRS balance sheet		(1,012)			(796)	
Include *(ix)* Fair value of fixed interest rate debt			(747)			(4,713)
NAV	1,016,875	1,009,216	993,138	1,133,860	1,125,979	1,110,002
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	9.22	9.15	9.00	10.28	10.20	10.06
Change % vs 31/12/2022	-10.3%	-10.4%	-10.5%			

The NRV was lower than at 31 December 2022 (-10.3%) 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 2023), *(ii)* the decrease in the properties' fair value, *(iii)* offset by FFO, and *(ii)* other minor changes in equity.

The NTA was lower than at 31 December 2022 (-10.4%). 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 2022 (-10.5%). 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 2023, in addition to a change in the composition of debt (in terms of both duration and cost).

DIRECTORS' REPORT
2.3 EPRA PERFORMANCE INDICATORS

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

EPRA NIY and "Topped-up" NIY disclosure €'000		Consolidated 31-Dec-23 Italy	Romania	Total (no IFRS16)	Leasehold	Total	Consolidated 31-Dec-22 Italy	Romania	Total (no IFRS16)	Leasehold	Totale
Investment property - wholly owned		1,822,107	122,020	**1,944,127**	16,.986	**1,961,113**	1,890,208	128,320	**2,018,528**	25,234	**2,043,762**
Investment property - share of JVs/ Funds		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Trading property (including share of JVs)		23,970	0	**23,970**	0	**23,970**	62,330	0	**62,330**	0	**62,330**
Less developments		-26,029	0	**-26,029**	0	**-26,029**	-207,062	0	**-207,062**	0	**-207,062**
Completed property portfolio		1,820,048	122,020	**1,942,068**	16,986	**1,959,054**	1,745,476	128,320	**1,873,796**	25,234	**1,899,030**
Allowance for estimated purchasers' costs		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Gross up completed property portfolio valuation	**B**	**1,820,048**	**122,020**	**1,942,068**	**16,986**	**1,959,054**	**1,745,476**	**128,320**	**1,873,796**	**25,234**	**1,899,030**
Annualised cash passing rental income		126,162	10,298	**136,460**	9,283	**145,743**	112,250	9,679	**121,929**	8,687	**130,616**
Property outgoings		-16,479	-2,169	**-18,648**	-169	**-18,817**	-15,123	-1,857	**-16,980**	-353	**-17,333**
Annualised net rents	**A**	**109,683**	**8,129**	**117,812**	**9,114**	**126,926**	**97,127**	**7,822**	**104,949**	**8,334**	**113,283**
Add: notional rent expiration of rent free periods or other lease incentives		6,841	267	**7,108**	338	**7,446**	6,206	549	**6,755**	418	**7,173**
Topped-up net annualised	**C**	**116,524**	**8,396**	**124,920**	**9,452**	**134,372**	**103,333**	**8,371**	**111,704**	**8,752**	**120,456**
EPRA NIY	**A / B**	**6.0%**	**6.7%**	**6.1%**	**53.7%**	**6.5%**	**5.6%**	**6.1%**	**5.6%**	**33.0%**	**6.0%**
EPRA "Topped-up" NIY	**C / B**	**6.4%**	**6.9%**	**6.4%**	**55.6%**	**6.9%**	**5.9%**	**6.5%**	**6.0%**	**34.7%**	**6.3%**

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 4.7%, higher than in the prior year. The vacancy rate for malls came to 5.8%, higher than at 31 December 2022, while full occupancy was posted for hypermarkets, consistent with the prior year. The EPRA vacancy rate in Romania was higher than at 31 December 2022, going from 2.0% at 31 December 2022 to 3.8%.

Epra Vacancy Rate		Hypermarkets Italy	Malls Italy	Total Italy	Romania
Estimated Rental Value of vacant space	A	**-**	**6.38**	**6.38**	**0.38**
Estimated Rental Value of the whole portfolio	B	**25.67**	**109.7**	**135.4**	**10.12**
EPRA Vacancy Rate	**A/B**	**0.00%**	**5.81%**	**4.71%**	**3.79%**

The calculations used for the Epra Cost Ratios are shown below:

EPRA	Cost Ratios	FY CONS_2023	FY CONS_ 2022
Include	*(i)* Administrative / operating expense line per IFRS income statement	**-42,493**	**-41,777**
Include	*(ii)* Net service charge costs/fees	**4,222**	4,549
Include	*(iii)* Management fees less actual / estimated profit element	**5,701**	**5,504**
Include	*(iv)* Other operating income / recharges intended to cover overhead expenses less any related profits	**19**	**13**
Include	*(v)* Share of Joint Ventures expenses		
Exclude (if part of the above)	*(vi)* Investment Property depreciation		
Exclude	*(vii)* Ground rent costs	**4**	**1**
Exclude	*(viii)* Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) **(A)**		**-32,547**	**-31,710**
	(ix) Direct vacancy costs	**-5,897**	-6,001
EPRA Costs (excluding direct vacancy costs) **(B)**		**-26,650**	**-25,709**
	(x) Gross Rental Income less ground rent costs - per IFRS	**142,367**	**137,255**
	(xi) Lesess: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	**-4,222**	**-4,549**
	(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income **(C)**		**138,145**	**132,706**
EPRA Cost Ratio (including direct vacancy costs) **(A/C)**		**23.6%**	**23.9%**
EPRA Cost Ratio (excluding direct vacancy costs) **(B/C)**		**19.3%**	**19.4%**

The EPRA cost ratio (including direct vacancy costs) was lower with the respect to 31 December 2022 due to a more than proportional increase in Gross Rental Income against costs.

The EPRA cost ratio (excluding direct vacancy costs) was slightly lower than in the prior year.

The Epra Earnings per share calculation is shown below:

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DIRECTORS' REPORT
2.3 EPRA PERFORMANCE INDICATORS

Earnings & Earnings Per Share	FY CONS_ 2023	FY CONS_ 2022
Earnings per IFRS income statement	-81,732	-22,315
Epra Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	138,765	93,777
(ii) Profits or losses on disposal of investment properties development properties held for investment and other interests	0	397
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-112	-498
(iv) Tax on profits or losses on disposals	31	139
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	1,016	2,011
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-1,111	-1,410
(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	56,857	72,102
Company specific adjustments:		
(a) General provisions and depreciations	1,954	1,683
(b) Non-controlling interest in respect of the above	0	0
(c) Tax on profit or losses on disposals	-31	-139
(d) Contingent tax	-13	-359
(e) Other deferred tax	-69	661
(f) Capitalized interests	0	0
(g) Current Tax	0	-41
Recurring Expenses	-7,293	-8,100
(i) Other Adjustment for no core activities	4,037	1,374
Company specific Adjusted Earnings	55,442	67,180
Earnings Per Share *Number of share*	110,341,903	110,341,903
Earnings Per Share	0.52	0.65

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 2023 shows a decrease of €15,245 thousand or -21.1%, more than decrease in FFO due to higher amortization and depreciation compared to the prior year.

	€/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	604,746	604,922	27,959	632,881	28,135
Include	Bond Loans	367,603	367,603		367,603	0
Include	Foreign Currency Derivatives (futures, swaps, options and forwards Net Payables	0	46,940		46,940	46,940
Include	Owner-occupied property (debt)	0	2,145		2,145	2,145
Exclude	Cash and cash equivalents	6,069	6,069		6,069	0
Net Debt (a)		966,280	1,015,541	27,959	1,043,500	77,220
Include	Owner-occupied property	0	6,790		6,790	6,790
Include	Investment properties at fair value	1,984,357	1,958,330	56,192	2,014,522	30,165
Include	Properties held for sale	0	0		0	0
Include	Properties under development	26,391	26,753		26,753	362
Include	Intangibles	0	1,012		1,012	1,012
Include	Financial assets	0	174		174	174
Total property Value (b)		2,010,748	1,993,059	56,192	2,049,251	38,503
LTV (a/b)		48.1%	51.0%	49.8%	50.9%	2.9%

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:

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DIRECTORS' REPORT
2.4 THE STOCK

Capital expenditure (Euro / Thousands)	31/12/2023	32/12/2022
Acquisitions	0	*0
Development	5,032	**13,490
Investment properties	20,132	21,120
Incremental lettable space	0	0
No incremental lettable space	10,476	8,779
Tenant incentives	0	0
Other material non-allocated types of expenditure	9,656	12,341
Capitalised interest (if applicable)	0	0
Total CapEx	25,164	34,610
Conversion from accrual to cash basis		
Total CapEx on cash basis	25,164	34,610

**Includes offsetting invoices for €1,878 thousand which decrease the actual investment made in Officine retail.*
***Includes €1,802 thousand in costs incurred to clean up Lungo Savio after the flood.*

Development includes the investments made in the reporting period in the development company Porta Medicea in Livorno.

No incremental lettable space, under investment properties, includes the capex made to accommodate new retailers and property restyling.

Other material non-allocated types of expenditure includes extraordinary maintainence of properties, systems, earthquake proofing, as well as improvments to the Environmental Management System.

The Group is not party to any joint ventures.

In 2023 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 2023 are in section 2.7 Appraisals of the Independent Experts.

The reconciliation of the fair value shown in the independent experts' appraisals and the book value of the real estate portfolio, along with any changes in the classification of real estate assets, are reported in section 2.6 The Real Estate Portfolio in the 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.

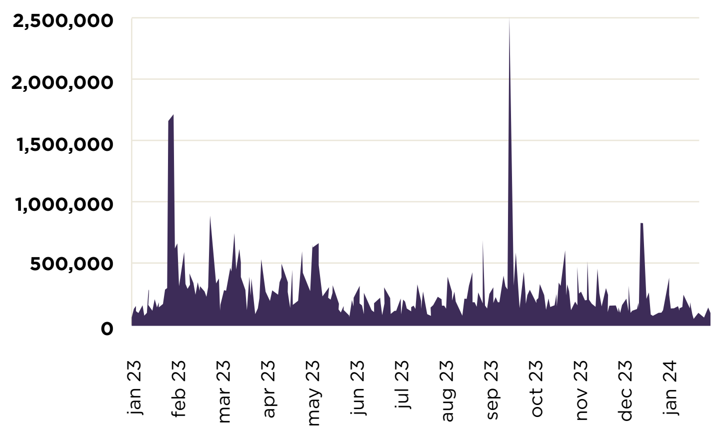
International indices: Bloomberg, FTSE Russel, S&P.

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: Bloomberg ESG Data Index, Bloomberg ESG Score Universe, Bloomberg ESG Coverage Index, FTSE EPRA Nareit Developed Green Index, FTSE EPRA Nareit Developed Green EU CTB Index, FTSE EPRA Nareit Developed Green Target Index, GPR Eurozone ESG+ Index.

IGD has 13 independent and unsolicited **ESG ratings**, as well as two solicited ratings from CDP and GRESB.

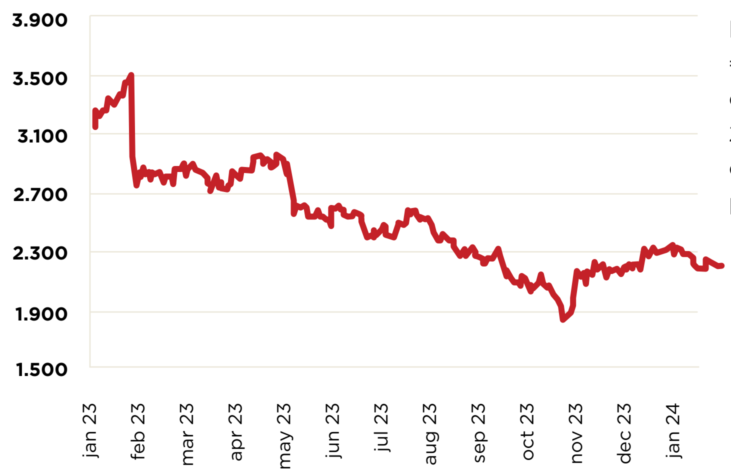
> Volume of IGD shares traded since 2 January 2023



In 2023, an average of 284,318 IGD shares was traded each day, 13.9% higher than the 249,697 shares traded on average in 2022. The volume high was recorded on 15 September 2023 when 2,561,043 shares were traded.

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

> IGD's stock price since 2 January 2023

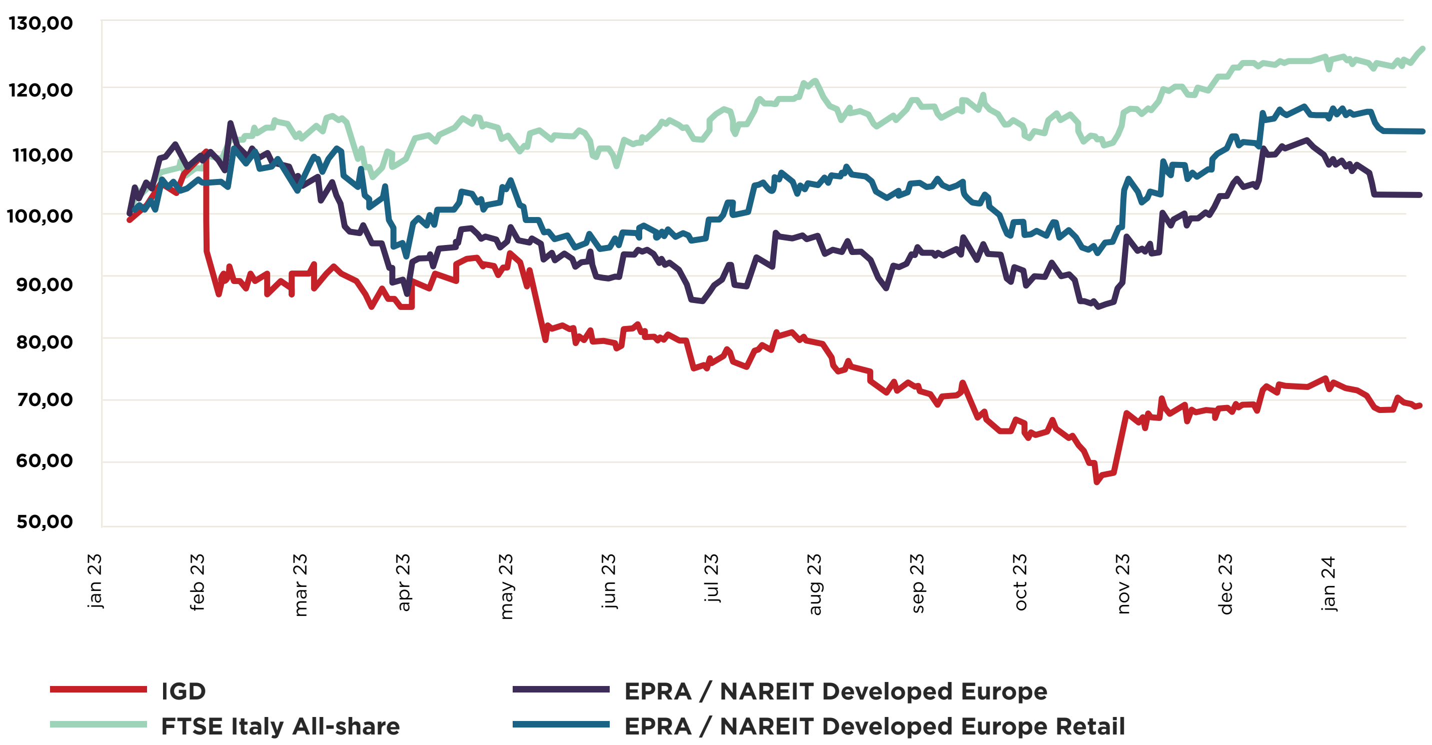


IGD's stock price fell 26.0% in 2023: from the price of €3.115 recorded at 30 December 2022, the stock, in fact, closed at €2.305 on the last trading session of the year, 29 December 2023. The high for 2023, of €3.48, was recorded on 25 January, while the period low of €1.83 was posted on 25 October.

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

DIRECTORS' REPORT
2.4 THE STOCK

> IGD's stock vs. the Italian stock market index Ftse Italia All- Share, Epra/Nareit Developed Europe and Epra/Nareit Developed Europe Retail (Base 2.1.2023= 100)



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

In 2023 IGD's stock performed differently than the **FTSE Italy All-Share** which closed the year 26.3% higher compared to year-end 2022. This rebound of the stock index was largely driven by the outstanding performance of bank and energy stocks which typically benefit from higher interest rate environment, with strong geopolitical tensions and which, account for a significant portion of the Italian market's capitalization.

IGD's stock underperformed the European sector index, **EPRA/NAREIT Developed Europe**, which was up 12.6% YoY, as well as the retail sector index, **EPRA/NAREIT Developed Europe Retail**, which rose 18.5%. The real estate indices closed 2023 higher thanks to the rally that materialized in the last five weeks of the year in the wake of more encouraging prospects for inflation and, therefore, the cost of capital.

In 2023 there was, therefore, little correlation between IGD's stock performance and the benchmark indices which calls for a closer look at the specific factors that impacted the Company. The correction of IGD's stock began on 26 January 2023 when the Company announced – based on the year-end independent appraisals of the real estate portfolio which was penalized heavily by the increased interest rates – that it would not be able to confirm the Business Plan targets for 2024 Business, neither in terms of Loan-to-Value, nor in terms of FFO, given the rising financial charges and the uncertainty of the global market conditions.

Even though the results published in 2023 continued to confirm Gruppo IGD's healthy operating results, the stock price remained very weak. This trend was not inverted until after the stock's low was hit at the end of October, when the market began to express appreciation for the successful early refinancing of bond maturing in November 2024, implemented through a complex liability management transaction which the Company launched on 5 October and completed with very positive results on 14 November.

The stock price was, therefore, impacted by the ECB's restrictive monetary policy implemented to offset inflation, which had a particularly negative impact on IGD given the weight of the financial maturities that the Company had to manage at that point.

Even if 2023 was a positive year for equity investments, with the **MSCI World up 21.8%**, the increases seen in the main stock markets were not the result of overall momentum. **The investors,** for example, had little appetite for the small/mid-caps and preferred blue chips, which are more liquid in an uncertain environments. The sector performances were also uneven. The drivers, in addition to the bank and energy stocks, were largely IT companies. The "Magnificent Seven" of the American market (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) recorded significant increases in their market caps: overall these stocks account for a whopping 62% of the S&P 500's growth recorded in the year.

For real estate equities – and, therefore, for IGD too - **overall 2024 is expected to provide different opportunities, attested to by the renewed interest of investors, including generalists, toward the end of last year**. The drop in interest rates not only increase the yield differentials of the different asset classes with respect to the risk-free rate, which indicates that property valuations should stabilize, but also has a direct impact of the valuation of single stocks to the extent that the discount rates used in discounted cash flow (DCF) models are lower. Despite the rise of some stocks already recorded in 2023, overall the sector is still trading at a discount to its P/NAV when compared to historic levels. This is even clearer for IGD which is trading at a discount with respect to its NAV between year-end 2023 has reached 76%.

> Dividend

> The 2022 dividend

During the Annual General Meeting held on 13 April 2023 shareholders resolved to pay a dividend for 2022 of €0.30 per share. The dividend was payable as from 10 May 2023 with shares going ex-div on 8 May 2023 (detachment of coupon n. 6).

> The 2023 dividend

In light of the loss recorded in the year by the parent company IGD SIIQ Spa, which voids the mandatory distribution requirement in accordance with the SIIQ regulations, a dividend will not be paid for 2023.

> Investor Relations and Financial Communication

> Broker coverage

The target consensus price of the five brokers covering IGD was €3.0 at the end of 2023. The majority of the brokers have neutral recommendations (three "Neutral" ratings and one "Hold"), while 1 broker has a buy recommendation (with "Upside"). No broker has issued a sell recommendation.

> Presentations and meetings with investors

In 2023 IGD organized four conference calls:

- > 23 February, to discuss the FY 2022 results;
- > 4 May, to discuss the results for first quarter 2023;
- > 2 August, to discuss results for first half 2023;
- > 8 November, to discuss the results for the first nine months of 2023.

There were 138 participants in the conference calls, slightly higher than in 2022 when there were a total of 116 participants.

In 2023, IGD's management participated in different events, both virtual and in-person, which made it possible to meet with **76 institutional investors during the year,** including 26 asset management companies for the first time.

In order to maintain a dialogue with equity portfolio managers IGD participated in Borsa Italiana's Euronext STAR Conference which was in Milano on 22 March 2023. Management also participated in the Mid&Small Conference organized by Virgilio IR, both the virtual even on 28-30 June 2023, and the in-person event held in Milano on 22 November.

With a view to maintaining relationships with bond portfolio managers, IGD participated in a roadshow organized by JP Morgan in London on 13 June and the next day attended Morgan Stanley's European Real Estate Capital Market Conference which was also held in London.

Last but not least, the Company organized a series of virtual one-on-one meetings 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 positive impact that the continuous commitment to online communication is having, visits to corporate website in 2023 reached a whopping 98,774, based on the new tracking system used. The pages comprising the Investor Relations section received the most

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visitors (around 30% of the total).

In November 2023 IGD's website was also enriched with new content in the "Work with Us" section, thanks to the joint effort of Investor Relations and Human Resources, which aim to enhance IGD's identity and make the employer proposition more attractive to talent.

As for external assessments, the trust research published by Lundquist in 2023 – which looks at the companies who are working the hardest on developing credible communication capable of building the trust of its stakeholders – highlighted an improvement in the **positioning of IGD's online communication which went from a "traditionalist' profile to an "explainer" profile.**

In 2023 IGD continued to use social media proactively, with a steady presence on LinkedIn where it has over 6,000 followers.

> information provided by the IR team

2023 marked the sixteenth 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. IGD sends the newsletter to all of its database contacts through a sophisticated e-mailing system.

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 2023 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 2023 EPRA (the European Public Real Estate Association) gave **IGD's Consolidated Annual Report 2022 the EPRA BPR Gold Award** (Best Practice Recommendations) **for the sixth 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 2022, for the ninth consecutive year IGD received the "EPRA sBPR Gold Award" (Sustainability Best Practice Recommendations)** after the sustainability reports of 173 European real estate companies were analyzed.

> Financial calendar 2024

27 February

Board of Directors' meeting to approve the draft separate and consolidated financial statements as at 31 December 2023.

18-19 April

Annual General Meeting convened to approve the financial statements for the year ending 31 December 2023 in first call and second call.

7 May

Board of Directors' meeting to approve the Interim Financial Report as at 31 March 2024.

1 August

Board of Directors' meeting to approve the Half-Year Financial Report as at 30 June 2024.

7 November

Board of Directors' meeting to approve the Interim Financial Report as at 30 September 2024.

2.5 // Main Events of the year

The main events in the reporting period are described below.

// Corporate events

On 23 February 2023 the Board of Directors approved the draft separate and consolidated financial statements for FY 2022, 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 thirteenth Corporate Sustainability Report.

During the Annual General Meeting held on 13 April 2023 IGD's shareholders approved the separate 2022 financial statements of IGD SIIQ S.p.A., as presented during the Board of Directors meeting held on 23 February 2023, which closed with a net loss of €5,027,925.94. Shareholders also resolved to distribute a dividend of €0.30 per share. The total dividend payable, calculated based on the number of IGD shares outstanding at 23 February 2023 or 110,341,903 ordinary shares, amounted to €33,102,570.90 to be taken from:

> For €16,259,872.48, the retained earnings from exempt operations;

> For €6,578,584.26, other reserves for distributable income generated by exempt operations;

> For €10,264,114.16, other distributable reserves released following the disposal of 5 hypermarkets and 1 supermarket in 2021.

The earnings distributed generated by exempt operations amounted to €33,102,570.90 or €0.30 per share.

On 4 May 2023 the Board of Directors examined and approved the interim financial report as at 31 March 2023.

Lastly, on the same date the Board of Directors approved the merger by incorporation project of the wholly-owned subsidiary IGD MANAGEMENT SIINQ, whose Board of Directors also approved the Project. The merger will take effect for legal purposes as from 1 October 2023 and for statutory and tax purposes as from 1 January 2023.

On 9 May 2023 IGD signed a 5-year €250 million green secured facility, of which €130 million were disbursed at the signing, and the additional €120 million were disbursed in November 2023 and partially used for the early repayment of the €100 million bond due in January 2024. The facility was signed with a pool of premiere domestic and global lenders which includes Intesa Sanpaolo S.p.A. (IMI Corporate & Investment Banking Division), who acted as the global coordinator, green coordinator, agent and lender, Gruppo MPS, through MPS Capital Services Banca per le Imprese S.p.A., who acted as global coordinator and lender, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Cassa depositi e prestiti S.p.A., Deutsche Bank S.p.A., BPER Banca S.p.A. and UniCredit S.p.A., who acted as lenders. The facility will be used to completely or partially finance and/or refinance "Eligible Green Projects", referred to in the Company's "Green Financing Framework", developed in accordance with the Green Bond Principles (ICMA), and the Green Loan Principles (LMA), as well as for general corporate purposes. After the first transaction in August 2022, green loans now amount to €465 million or 41% of the Company's total debt, confirming IGD's commitment to a sustainable economy and achieving the sustainability targets and ambitions identified in the 2022-2024 Business Plan.

On 2 August 2023 the Board of Directors examined and approved the half-year financial report as at 30 June 2023.

In September 2023, IGD received, for the sixth consecutive time, the "EPRA BPR Gold Award" (Best Practice Recommendations) for its 2022 Consolidated Financial Statements. This award recognizes IGD's ongoing commitment to further enhance the transparency and comparability of its communication for the benefit of investors, the financial community, and, in general, all stakeholders of the Group. Additionally, IGD achieved, for the ninth consecutive year, the "EPRA sBPR Gold Award" (sustainability Best Practice Recommendations) for its 2022 Sustainability Report. This recognition confirms the high standards achieved by IGD in sustainability reporting.

On 5 October 2023 the Board of Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. ("IGD" or the "Company") resolved upon the issuance of a non-subordinated and non-convertible senior bond, up to a maximum amount of Euro 400,000,000 (the "New Notes"), to be issued, based on market conditions, by 31 December 2023, to institutional investors in Italy and abroad (excluding the United States of America, pursuant to Regulation S of The United States Securities Act of 1933, as amended), in accordance with applicable laws and regulations.

At the same meeting, IGD's Board of Directors resolved to launch *(i)* an exchange offer of the bond due 28 November 2024 (ISIN XS2084425466) (the "Existing Notes") for the New Notes, subject to certain conditions; and *(ii)* a tender offer of the Existing Notes for a cash amount provided that a specified amount resulting from such repurchase is reinvested in the purchase of New Notes.

The exchange offer, tender offer and consent solicitation period will start on 5 October 2023 and will end on 10 November 2023.

Holders of Existing Notes who will adhere to the exchange offer by 13 October 2023 will have the option to exchange the Existing Notes for a combination of (a) New Notes for an amount equal to 90 percent of the nominal value of the Existing Notes exchanged and (b) a cash amount for the residual part.

Existing Notes exchanged and repurchased by the Company will be voided. Existing Notes that have not been exchanged and/or repurchased by the Company will remain traded or admitted to trading on Euronext Dublin and Euronext Access Milan (formerly ExtraMot Pro).

The exchange offer and the tender offer are part of a broader transaction that includes a *consent solicitation* process addressed to the holders of the Existing Notes. For this purpose, the Company has resolved to call, on first and single call on 14 November 2023, a meeting of the holders of the Existing Notes to propose certain amendments to the terms and conditions of the Existing Notes, relating, in particular, to maturity, coupon and redemption options, in order to align these provisions with the relevant terms and conditions of the New Notes.

Moreover, the terms and conditions of the New Notes will provide for certain undertakings by the Company, additional to and different from those that will be provided for the Existing Notes, including, *inter alia*, the blocking of the dividend distribution (or the making of other forms of distributions) in excess of what is necessary in order to comply with the rules applicable to the Company as a listed real estate investment company.

The new notes mature on 17 May 2027 and have a fixed interest rate subject to incremental increases, equal to:

> 5.500% per annum in relation to the first interest period ending 17 May 2024;

> 6.250% per annum in relation to the interest period beginning on 17 May 2024 and ending on 17 May 2025;

> 7.250% per annum in relation to the interest period beginning on 17 May 2025 and ending on 17 May 2026;

> 8.500% per annum in relation to the interest period beginning on 17 May 2026 and ending on 17 May 2027,

to be paid each year in arrears.

The regulations of the new notes call for a repayment above par determined based on the repayment date. On 4 November 2023 the Board of Directors examined and approved the interim financial report as at 30 September 2023.

// Investments

On 14 September 2023 the urban renewal project of Porta a Mare's Officine Storiche was inaugurated. The redevelopment of Officine Storiche, which began in 2019 and was suspended for a year during the pandemic, is part of the bigger urban renewal plan for the multi-use Porta a Mare waterfront project. This complex spans more than ten hectares near the Nuova Darsena and the Molo Mediceo docks of Livorno's historic port. On 4 September 2023 IGD SIIQ purchased Officine Storiche from the subsidiary for €32.1 million.

In 2023 the Group continued with development of the Porta a Mare – Officine project and extraordinary maintenance activities. In the restyling of the Porto Grande center in San Benedetto del Tronto was completed, as was a portion of the restyling of the Leonardo center in Imola.

The investments made in 2023 are shown below:

Development projects	31/12/2023 Euro/mln
Porta a Mare project: Officine Storiche retail area (in progress)	**6.14**
Porta a Mare project (Trading) (in progress)	**0.77**
Restyling completed in 2023	**5.68**
Extraordinary maintenance	**11.94**
Other	**0.71**
IT Project	**0.60**
Total investments carried out	**25.84**

> Development projects

"Porta a Mare" Project

Work on the residential portion of the Officine Storiche section continued during the year for a total of around €768 thousand, while work on the retail portion, which amounted to around €6,139 thousand in the period, was completed. This investment was partially offset by the deduction of costs incurred for various works eligible for offsetting which amounted to €1,878 thousand. At Officine Storiche the sale of 13 residential units, 13 enclosed garages and 2 parking space were closed in 2023, for a total of 30 closings, along with 5 binding offers, out of a total of 42 residential units.

The sale of the last residential unit and an enclosed garage in the Mazzini section closed in the first quarter of 2023.

// Restyling

In 2023 the following projects were completed:

> Restyling – second phase – of the Porto Grande Shopping Center in San Benedetto. The work done in the reporting period totaled €3,295 thousand;

> Restyling – first phase - at the Leonardo Shopping Center in Imola for a total of €2,385 thousand.

The restyling was carried out in a way which is consistent with the Company's green strategy with a view to reaching the climate change targets, financial support through sustainable finance tools and increasing the transactable value of the property.

As of December 31, 2023, extension works are underway at the Gran Rondò shopping center in Crema.

Porto Grande - San Benedetto del Tronto - Main Entrance

> Extraordinary maintenance

In the first nine months of 2023, extraordinary maintenance continued for a total of €11,939 thousand, relating mainly to waterproofing the Leonardo Shopping Center, fit-outs at the mixed-use Officine Storiche complex and energy efficiencies at the Punta di Ferro, Centro d'Abruzzo, Tiburtino Porte di Napoli, La Torre centers, as well as a few Romanian shopping centers.

Based on the fair value measurement of investment property, the value of the extraordinary maintenance completed in the third quarter was fully impaired at 31 December 2023.

2.6 // The Real Estate Portfolio

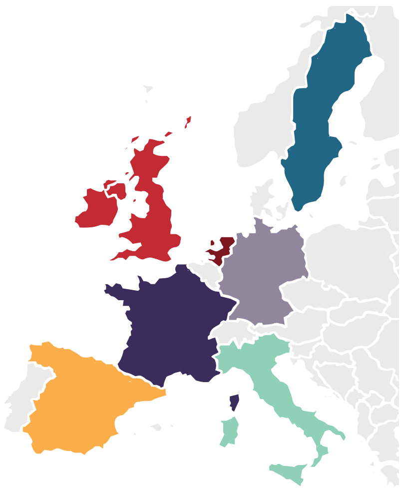
For a better understanding of the performance of Gruppo IGD SIIQ SPA's real estate portfolio, the principle data relative to the real estate market in 2023, as well as a more in depth look at the Italian and Romanian retail segment, are provided below.

> The European and Italian Real Estate Market

2023 was characterized by persistant political instability due to the Russian-Ukrainian war and the break out of the Israeli – Palestine crisis. It wasn't until the second half of the year that inflation slowed due to the drop in energy prices and the monetary policies implemented by the ECB. Consequently in the first half of 2023. It wasn't until the second half that the trend was inverted.

The CRE (commercial real estate) transactions amounted to €6.6 billion in 2023, a drop of -44% compared to the prior year.

> INVESTMENTS IN TOP 7 EUROPEAN COUNTRIES



UK
R12M: €50.2B
-31% Decrease
Q: €12.0B

FRANCE
R12M: €16.0B
-56% Decrease
Q: €2.8B

SPAIN
R12M: €11.4B
-35% Decrease
Q: €3.9B

ITALY
R12M: €6.6B
-44% Decrease
Q: €2.9B

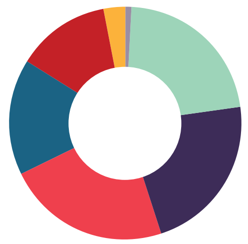
NETHERLANDS
R12M: €8,0B
-53% Decrease
Q: €2.5B

SWEDEN
R12M: €7.2B
-45% Decrease
Q: €2.3B

GERMANY
R12M: €29.0B
-56% Decrease
Q: €7.5B

** Source CBRE 4°Q 2023*

> COMMERCIAL REAL ESTATE TRANSACTIONS IN ITALY 2023



** Source CBRE 4°Q 2023*

> The Italian Retail Real Estate Market

Investments in the retail real estate market totaled €861 million in 2023, 16% lower than in the prior year.

During the year investments were made primarily in the retail park format, even though there was an increase shopping center transactions compared to prior years.

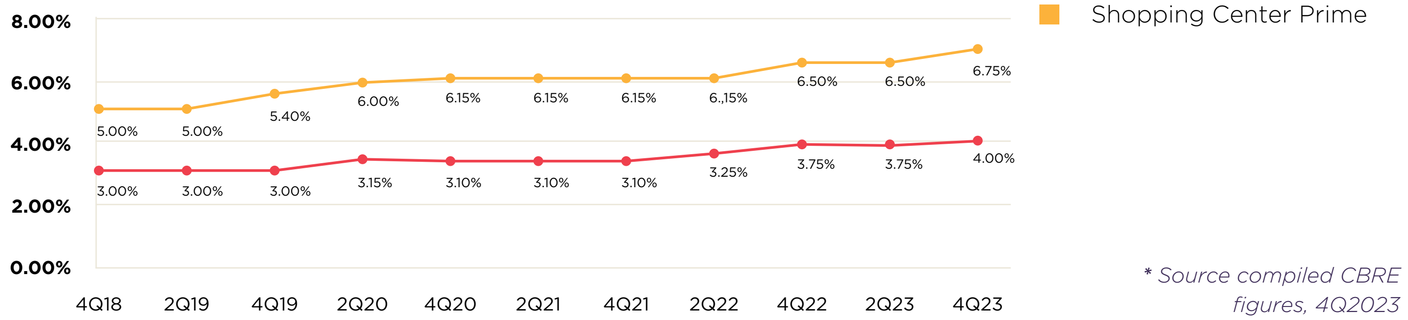
> RETAIL INVESTMENTS IN ITALY 2011-2023

** Source compiled CBRE figures, 4Q2023*

In 2023 there was an increase overall in retail sales (+1.5%) versus a drop in sales volumes (-2.2%). Total spending increased by largely as a result of inflation to the detriment of volumes. Traffic was higher than in the prior year and new retail properties opened included Cascina Merlata in Milan.

At the end of 2023 the net yield for prime shopping centers was 0.25% higher, coming in at 6.75% and rents/m2 for prime shopping centers reached €1,100/year.

> NET REAL ESTATE YIELDS IN ITALY

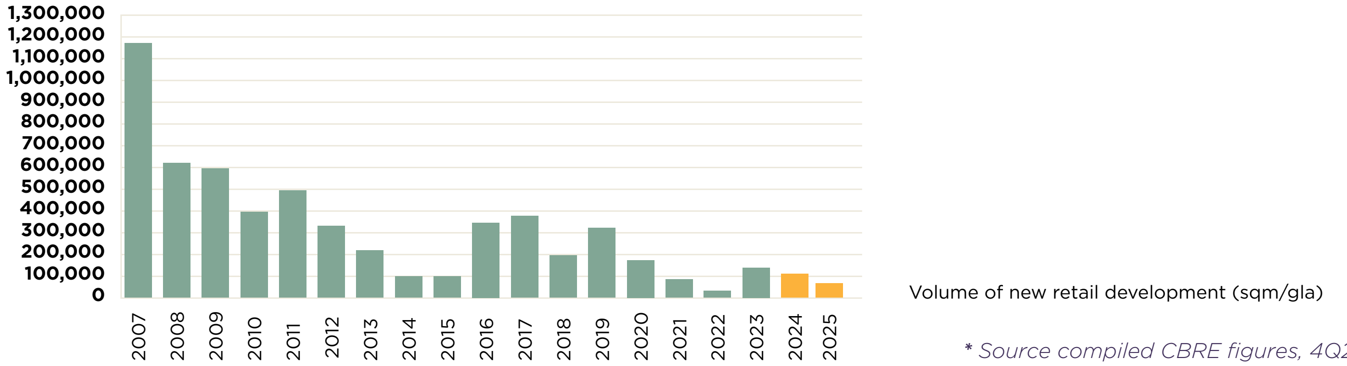


** Source compiled CBRE figures, 4Q2023*

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> The stock and the retail sector pipeline

> NEW RETAIL DEVELOPMENTS COMPLETED AND STILL UNDERWAY AT 31 DECEMBER 2023 (GLA >10,000 M²)



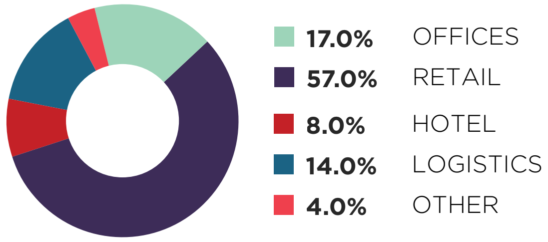
** Source compiled CBRE figures, 4Q2023*

> The Romanian Retail Real Estate Market

In the last five years the Romanian economy always outperformed compared to the European average and in 2023 the GDP rose 2.5%. The vacancy rate, which after the peak of 6.1% reached during the pandemic, has gradually improved and in 2023 came to 5.5%. Over the last few years inflation trends have similar to Europe, but above average and in 2023, albeit lower, came to 10.5% and is forecast to drop to 6.3% in 2024 and 4.4% in 2025.

While global market indicators point to stable and resilient Romanian real estate market, real estate transactions were 60% lower than in the prior year with transactions totaling €500 million. The most important transaction was the sale of RP portfolio to the investor M Core which accounted for aroung 40% of the amount transacted in the year. Retail was investors' preferred asset class at 57% of the total transacted in 2023, followed by offices at 17%, logistics at 14%, hotels and other at 8% and 4%, respectively.

> COMMERCIAL REAL ESTATE INVESTMENTS IN ROMANIA IN 2023



Following the addition of approximately 251,000 square meters of new GLA, in 2023 stock reached a total GLA of 4.34 million square meters. The largest project inaugurated in 2023 was the Promenada Mall, owned by NEPI, in Craiova which has a GLA of 64,000 square meters.

The retail park format continues to be preferred over the traditional shopping center for new construction to the extent that in 2023 it accounted for 73% of the new GLA added to the market.

In 2024 an additional 258,000 square meters of new commercial GLA is expected to be added, represented for around 95% by retail parks. The main new opening slotted for 2024 will take place in Pitesti where Arges Mall, a center with a GLA of approximately 52,000 square meters, is located.

"Prime" retail rents were €5 higher at 31.12.2023, rising from 75/m²/month to €80/m²/month which corresponds to €960 m²/year.

In 2023 vacancy was below 1% in Bucharest and 3% in other important regional cities. Sales went well thanks also to inflation and retailers interest which was confirmed by the operning of five stores with new brands.

2.6.1 // The real estate assets

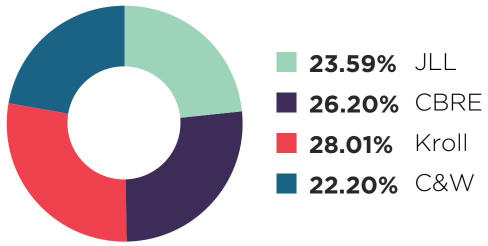
Based on the appraisals at 31 December 2023, Gruppo IGD SIIQ SPA's freehold real estate portfolio had a fair value of €1,968,096,000, to which the fair value of the leasehold properties, which reached €16,990,000 at the same date, should be added.

> Freehold assets

Gruppo IGD SIIQ SPA's real estate portfolio is comprised of revenue generating commercial retail properties for 98.7% and assets under construction for the remaining 1.3%.

The assets generating revenue streams are found in Italy and Romania, while at 31 December 2023 the development projects were solely in Italy. The property appraisals are carried out by CBRE Valuation S.p.A. (CBRE), Kroll Advisory S.p.A. (Kroll), Cushman & Wakefield LLP (C&W) and Jones Lang LaSalle S.p.A (JLL) whose mandates were stipulated in May 2023 for four halves.

> IGD'S PORTFOLIO BREAKDOWN BY APPRAISALS AT 31.12.2023



The breakdown of fair value by appraiser at 31 December 2023 in Italy and Romania is shown below:

Amount in € million	Fair Value 31.12.23 Total	Fair Value 31.12.23 Italy	Fair Value 31.12.23 Romania
C&W	437.08	437.08	0
CBRE	515.57	462.85	52.72
KROLL	551.2	481.90	69.30
JLL	464.25	464.25	0
Total IGD's portfolio	**1,968.10**	**1,846.08**	**122.02**

The fees paid to the independent appraisers at 31 December 2023 are shown below:

Amount in € thousand	Appraisal fees	Fees from ABI complaint evaluation	Other fees	Total fees
CBRE	134	53	0	187
KROLL	183	70	20	273
JLL	81	8	0	89
C&W	79	30	0	109
Total fees	**477**	**161**	**20**	**658**

"Other compensation" refers mainly to the use of the Virtual Data Room and document archive platforms in 2023.

The asset classes comprising the Group's real estate portfolio at 31 December 2023 are described below:

> "**Hyper and super**": at 31 December 2023 this asset class comprised 19 properties (17 hypermarkets and 2 supermarkets), found in 8 regions in Italy with a total GLA of about 170,100 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 447,100 m². Sixteen malls, one mall + retail park and one retail park have a GLA of less than 20,000 m², eight malls and one mall +retail park have a GLA of between 20,000 m² and 40,000 m². The retail portion of the Officine segment was completed and opened to the public in fall 2023. Consequently, it is no longer part of the " Porta a Mare Project" and was reclassified in the "Malls and retail parks" asset class as it was added to the Mazzini Mall which as of this Annual Report will be called Porta a Mare Waterfront Mall.

At 31 December 2023 nine malls had been Breeam In Use certified with scores of from Very Good to Excellent in the Asset performance and Building management categories and two malls are waiting to receive certification. 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.

Twenty-four shopping malls can be reached using public transportation; 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"**: 2 mixed-use properties which are part of freehold shopping centers, 1 store, 2 office units, and 1 mixed-use property used by athletes and sports associations as housing/offices, for a total of six properties with a GLA of about 9,600 m²;

> **"Progetto Porta a Mare"**: a mixed-use real estate complex under construction comprising residential, retail, tourist services, accommodations and temporary residences with a total residual GLA of approximately 32,470 m² (excluding parking. It is located near Livorno's old port and the city center. Given its size, the project is divided into five areas: Mazzini, Officine, Lips, Molo and Arsenale.

The Mazzini section, which comprises a shopping mall, an office building and parking, was completed at 31 December 2023. Once the shopping mall was opened it was reclassified in the asset class Malls/RP; the office building was sold, as were all the residential units with relative appurtenances; there are only a few parking spaces and garages which have not been sold, as well as the private parking area which is open to the public.

The Officine section, which comprises a retail area, residential units with a private parking garage which is open to the public, was completed in the second half of 2023. The retail area, which reclassified in the asset class Malls/RP, was absorbed by the Mazzini Mall and now comprise a single mall called Porta a Mare Waterfront; work on the residential units and apurtnenances was completed and sales negotiations are underway. The parking areas were also completed. The remaining sections Lips, Molo and Arsenale still have land with building permits.

The entire 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. 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), while 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, which cover an area of approximately 92,400 m² GLA and 1 office building with a GLA of around 3.100 m² for a total GLA of approximately 95,500 m². The properties are centrally located in thirteen of Romania's largest cities, but none are found in the capital, Bucharest. The GLA of one mall is between 20,000 and 40,000 m² while the remaining thirteen have a GLA of less than 20,000 m².

> In 2023 four solar energy systems were installed at the Plojesti Big, Tulcea, Piatra and Ramnicu for a total of around 500 kwh.

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;

> 1 asset held for trading (Porta a Mare Project);

> 6 other;

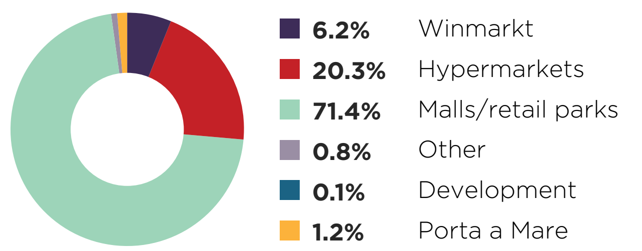
> 1 development project.

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

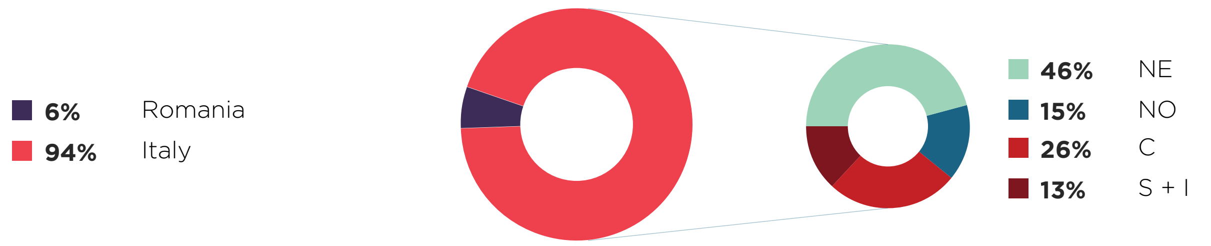
> 14 shopping malls;

> 1 office building.

> BREAKDOWN OF IGD'S REAL ESTATE PORTFOLIO AT 31.12.2023 BY ASSET CLASS



> GEOGRAPHIC BREAKDOWN OF IGD'S PORTFOLIO IN ITALY AND ROMANIA AT 31 DECEMBER 2023



DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> Leasehold assets

The leasehold assets comprise 2 shopping malls, with a total GLA of around 20,000 m2, found in Italy in Villanova di Castenaso (Bologna) and Livorno.

> MAP OF IGD'S REAL ESTATE PORTFOLIO IN ITALY AT 12.31.2023

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.

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

> MAP OF WINMARKT'S REAL ESTATE PORTFOLIO IN ROMANIA AT 12.31.2023

15 freehold assets

Muntenia:
6 malls,1 office building;

Moldova:
3 malls +RP;

Oltenia:
1 mall;

Transilvania:
3 malls;

Dobrogea:
1 mall.

2

DIRECTORS' REPORT
2.6 THE REAL ESTATE PORTFOLIO

The following tables provide the principal data relative to the freehold properties in Italy and Romania:

> ITALY

Appraiser	Asset	Location	Mall and Retail Park GLA(sqm)	Other/ external areas	Ownership	Branch title/ Company branches	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
D&P	Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	Gestore Ancora Alimentare	**2010**	//	**100**	Freehold property (only supermarket)					//	Coop	**3.020**
D&P	Ipermercato CC I Malatesta	Rimini (RN)	//	**882**	IGD SIIQ SPA	Gestore Ancora Alimentare	**2005**	//	**100**	Freehold property (Hypermarket + wholesale + Fitness area)					//	Ipercoop	**10.435**
D&P	Centro Commerciale e Retail Park Conè	Conegliano (TV)	**20,464**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2010**	**2019** Hyper remodeling - Mall extension in **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**
D&P	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**
D&P	Centro Commerciale Casilino	Roma (RM)	**11,145**	**5,173**	IGD SIIQ SPA	IGD SIIQ SPA	**2002**	**2019** Partial restyling and new MS **2021** Hyper reduction **2022** New mall 1floor	**100**	Freehold property	**27**	**7**	**2**	**1,260**	Euronics, Piazza Italia, Azzurra Sport, Pepco	Ipercoop	**5,870**
D&P	Centro Commerciale La Torre	Palermo (PA)	**19,561**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2010**	**2022** Hyper remodeling and mall extension	**100**	Freehold property	**46**	**8**		**1,700**	Expert, Piazza Italia, H&M, McDonald	Ipercoop	**7,203**
D&P	Centro Commerciale Katanè	Gravina di Catania (CT)	**21,252**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	**2022** Hyper remodeling and mall extension	**100**	Freehold property	**69**	**10**		**1,320**	Adidas, Euronics, OVS, Conbipel, Piazza Italia	IperCoop	**7,221**
D&P	Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	**36,062**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	**2021** Hyper remodeling and malls extension (1 New MS)	**100**	Freehold property	**99**	**16**		**3,800**	Desigual, Azzurra Sport, Piazza Italia, Obi, Scarpamondo, New Yorker, Euronics, Orizzonte, Moby Dick	Conad	**5,262**
C&W	Galleria Commerciale Millennium Center	Rovereto (TN)	**7,683**	//	IGD SIIQ SPA	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**
C&W	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, Scarpe&Scarpe	Ipercoop	**16,536**
C&W	Galleria CC Luna	Sarzana (SP)	**3,576**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1992**	//	**100**	Freehold property (exluding hypermarket)	**38**	**1**			Kiko, GameStop, Camaieu	Ipercoop (non di proprietà)	**11,500**
C&W	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**
C&W	Galleria Commerciale Punta di Ferro	Forlì (FC)	**21,218**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2011**	//	**100**	Freehold property (exluding hypermarket)	**88**	**7**		**2,854**	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	**12,625**
C&W	Galleria Commerciale Gran Rondò	Crema (CR)	**14,905**	//	IGD SIIQ SPA	IGD SERVICE SRL	**1994**	**2006**	**100**	Freehold property (exluding hypermarket)	**40**	**4**	presente distributore di proprietà Coop Lombardia	**1,280**	Oviesse, Euronics, Pepco, DM	Ipercoop (non di proprietà)	//
C&W	Galleria CC Favorita	Mantova (MN)	**7,400**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	**2022**	**100**	Freehold property (exluding hypermarket)	**33**	**4**			OVS, Piazza Italia, Calliope, Deichman	Ipercoop (non di proprietà)	**11,000**
C&W	Retail Park CC Favorita	Mantova (MN)	**6,214**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	**2007**	**100**	Freehold property (only buildingi 1, 2A, B, 3)		**4**			Mediaworld, Terranova, Scarpe&Scarpe, Pepco	Ipercoop (non di proprietà)	//
JLL	Centro Commerciale Borgo	Bologna (BO)	**7,017**	//	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**
JLL	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**
JLL	Centro Commerciale Leonardo	Imola (BO)	**14,874**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1992**	**2024**	**100**	Freehold property	**60**	**7**			OVS, Mediaworld, King Sport, Terranova	IperCoop	**15,862**
JLL	Centro Commerciale Lame	Bologna (BO)	**6,181**	//	IGD SIIQ SPA	IGD SIIQ SPA	**1996**	**2003**	**100**	Piena Proprietà	**43**	**1**			Librerie Coop, Douglas, Amici di casa Coop, Original Marines, Pepco	IperCoop	**15,201**
JLL	Galleria Commerciale Maremà	Grosseto (GR)	**17,121**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2016**	//	**100**	Piena Proprietà (escluso Ipermercato)	**45**	**6**		**3,000**	Piazza Italia, Decathlon, Zara, Bershka, Stradivarius, Pull&Bear	Ipercoop (non di proprietà)	//
JLL	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**
JLL	MS CC Fonti del Corallo	Livorno (LI)	**5,835**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2003**	//	**100**	Freehold property (only hypermarket + MS from hyper reduction		**5**			Conbipel, Euronics, Pepco, HappyCasa	ved. Iper Fonti	

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> ITALY

Appraiser	Asset	Location	Mall and Retail Park GLA(sqm)	Other/ external areas	Ownership	Branch title/ Company branches	Opening date	Date of last extension / restilyng / remodeling	% owned	Form of ownership	No. of shops	No. of medium surfaces	No. of other external areas	Parking places	Main brands	Food Anchor	GLA food anchor
CBRE	Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	**12,353**	**543**	IGD SIIQ SPA	IGD SIIQ SPA	**2001**	**2019** Hyper remodeling mall extension 2022 Restyling 2023	**100**	Freehold property	**35**	**5**	**1**	**1,730**	Decathlon, Deichmann, Portobello, Unieuro	Ipercoop	Nuova GLA ridotta **8.360 mq** da dicembre 2019
CBRE	Centro Commerciale Le Maioliche	Fenza (RA)	**25,318**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2009**	**2019** Hyper remodeling - mall extension 2021	**100**	Freehold property	**42**	**10**		**2,400**	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	Nuova GLA ridotta **6.163 mq** dal 2019 **AV mq 3.906**
CBRE	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	HP Sole 365 da 2024	**9.570**
CBRE	Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	**22,758**	//	IGD SIIQ SPA	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)	//
CBRE	Centro Commerciale Darsena City	Ferrara (FE)	**16,254**	//	IGD SIIQ SPA	IGD SERVICE SRL	**2005**	**2018**	**50**	Freehold property	**15**	**2**		**1,320**	UCI, WeArena, TEDI	Despar	**3.715**
CBRE	Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	**17,235**	//	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**
CBRE	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)	//
CBRE	Piastra Commerciale Mazzini	Livorno (LI)	**6,087**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2014**	//	**100**	Freehold property	**23**	**1**			Unieuro, Coop	Coop	**1.440**
CBRE	Officine Storiche	Livorno (LI)	**16,449**	//	IGD SIIQ SPA	IGD SIIQ SPA	**2023**	//	**100**	Freehold property	**24**	**4**			McDonald's, JD Sports, Giochi Preziosi, Wappy		
CBRE	Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA	Gestore Ancora Alimentare		**2019**	**100**	Freehold property (Supermarket)					//	Famila	**2.250**
	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)	**7,105**	//	Fondo Mario Negri	IGD SIIQ SPA	**2003**	//	//	Master Leasing	**55**	**2**		**1,600**	Oviesse, Librerie Coop, Bata, Swarovski	Ipercoop	

> 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	**19,720**	**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	**4,912**	**2,776**	**442**	**1,016**	Win Magazin SA	**1976**	**2013**	**100**	Freehold property	**82**	//		Banca Transilvania, Carrefour Market	Carrefour	**882**	**700**
Winmarkt	Galati	**7,979**	**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	**5,702**	**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			
TOTALE GALLERIE		**92,303**	**79,099**	**1,607**	**8,388**												
Winmarkt Junior	Ploiesti	**3,100**	**2,137**	**544**	**331**	Win Magazin SA			**100**	Freehold property	**2**						
TOTAL		**95,403**	**81,236**	**2,151**	**8,719**												

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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	Other Italy	Total Romania	Total IGD Group	Plot of land ancillary and costs	Porta a Mare Project (+)				
Book value at 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**		**2,106.12**
Increase due to 2023 work	0.15	10.43	0.00	10.58	1.41	**11.99**	0.00	6.92	**18.91**	0.06	0.00	**18.97**
Asset disposal	0.00	(0.12)	0.00	(0.12)	0.00	**(0.12)**	0.00	(5.70)	**(5.82)**	0.00	0.00	**(5.82)**
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	2.11	36.44	0.00	38.55	0.00	**38.55**	0.00	(33.98)	**4.57**	0.00	0.00	**4.57**
Reclassification from spaces remodeling	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 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	(3.66)	(108.42)	(4.67)	(116.75)	(7.71)	**(124.46)**	(0.41)	(5.58)	**(130.45)**	(8.31)	0.00	**(138.76)**
Book value 12.31.2023	**399.78**	**1,404.80**	**15.45**	**1,820.03**	**122.02**	**1,942.05**	**2.06**	**23.99**	**1,968.10**	**16.98**	**0.00**	**1,985.08**

2.6.2.1 // Italy

> Hypermarkets and Supermarkets

13 of IGD's hypermarkets and supermarkets are leased on a long-term basis to Gruppo Coop Alleanza 3.0 (formerly Coop Adriatica Scarl), while the remaining 6 are leased to domestic and local brands (Gruppo Unicoop Tirreno Soc. Coop, Conad, Gruppo Radenza, Famila and Superconveniente) on a long-term basis, also. 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 2023 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Hyper/Supermarkets	12/31/2023
JLL	**48%**
CBRE	**13%**
KROLL	**24%**
C&W	**15%**
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 €399.78 million, a decrease of -0.35% (-€1.4 million in absolute terms) compared to 2022 and an increase of 0.28% (+1.1 million in absolute terms) against the prior half which attests to the asset class's resilience with respect to market turbulence.

In the year the discount and cap out rates were both higher due to the estimated average rate of inflation used in the DCF models and the ECB's increased discount rate.

The actual yield of this asset class reached 7.33%, an increase of +0.11% compared to 31 December 2022 and +0.02% compared to the prior half.

The gross exit yield was +0.45% higher than at 31 December 2022 and +0.16% higher than in the prior half, coming in at 6.97%.

The weighted average gross initial yield was 6.82%, 0.41% higher than in 2022 and +0.11% higher than in the prior half due to an increase in rents attributable to ISTAT indexing.

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 2023 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Malls/RP	12/31/2023
JLL	**18%**
CBRE	**29%**
KROLL	**26%**
C&W	**27%**
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.

In the second half of 2023 the perimeter of this asset class was expanded to incude "Officine retail" previously classified as part of the "Porta a Mare Project". This property was absorbed by the Mazzini Mall in Livorno which, as of this Annual Report, is now called the Porta a Mare Waterfront Mall.

The fair value of this asset class reached €1,404.80 million. Like-for-like there was a decrease of 6.5% (-€94.36 million) against the prior year and of -2.47% (-€34.35 million) against the first half of 2023.

While the higher estimated rate of inflation used in the DCF models was lower, the uncertainty about future ECB rate cuts led the appraisers to maintain higher average weighted discount rates, to the extent that the average weighted discount rate for Malls & RP rose +0.86% compared to 31 December 2022 and 0.07% against the first half, coming in at 8.50%.

While the rise in the cost of money slowed in the second half of the year, the uncertainty as to investors' interest in the Malls/RP segment and a few transactions at rates which were purely speculative impacted the total average gross cap out rate which at 31 December 2023 was 8.42%, a rise of +0.91% compared to the same date in 2022 and of +0.27% against the prior half.

The average gross initial yield for this asset class like-for-like came to 7.58%, an increase of 0.62% against the same date of 2022 and of 0.06% compared to the prior half, attributable mainly to the drop in fair value.

The financial occupancy rate was 94.28%, 0.42% lower than at 31 December 2022, but 0.19% compared to the prior half.

> Development projects

At 31 December 2023 this asset class was valued by CBRE using the residual method.

The fair value of this asset class reached an estimated €2.06 million, a decrease of 16.57% (-€410 thousand) compared to 31 December 2022 and -5.95% compared to the period half (-€130 thousand).

> Porta a Mare project

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 31 December 2023 by CBRE and Kroll. CBRE was responsible for the appraisals of the Mazzini and Officine sections and Kroll appraised the Molo, Lips and Arsenale sections. Both appraisers used the conversion or residual method. As mentioned above, the "Officine retail" property was reclassified as part of the Mall/RP asset class and was absorbed by the Mazzini Mall which was renamed the Porta a Mare Waterfront Mall.

The remainder of the Project can be broken down into the following sections:

> Mazzini: following the sale of the last residential unit, this section now comprises 1 private enclosed parking unit, 30 enclosed garage units leased to a private parking lot open to the public;

> Officine Storiche (retail, residential, parking and public parking) which has a total GLA of 1,486 m2 relative to the unsold residential units. Work on this area began in the first half 2015 and at the end of 2023 30 residential units, 26 enclosed garage units and 10 parking places in the residential area were sold. The retail portion was sold to Gruppo IGD SIIQ in September 2023 and opened to the public in November;

> Lips: land with building permits covering a GLA of 15,867 m2 to be used for retail, tourist services, accommodations and temporary residences;

> Molo Mediceo: land with building permits covering a

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GLA of 7,350 m2 to be used for retail, services and temporary residences;

> Arsenale: land with building permits covering a GLA of 7,771 m2 to be used retail, temporary residences and parking.

The fair value of this asset class was €23.99 million at year-end, a decrease like-for-like of 18.02% or €5.27 million against 31 December 2022 and 1.28% or €310 thousand against the prior half. The decrease in fair value is explained by the sale of residential units and appurtenances at Officine.

The Porta Mare project was valued at 31 December 2023 by the appraisers CBRE and KROLL based on the following percentages of fair value:

Porta a Mare project	12/31/2023
CBRE	**30%**
KROLL	**70%**
TOTAL	**100%**

> Other

At 31 December 2023 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, was €15.45 million, 23.2% or €4.67 million lower than at 31 December 2022 and €840 thousand or 5.16% lower compared to the prior half.

"Other" was valued at 31 December 2023 by the appraisers CBRE, Kroll and JLL based on the following percentages of FV:

Other	12/31/2023
JLL	**97%**
KROLL	**2%**
CBRE	**1%**
TOTAL	**100%**

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

2.6.2.2 // Romania

The Winmarkt properties were valued at 31 December 2023 by the appraisers CBRE and Kroll based on the following percentages of FV:

Winmarkt	12/31/2023
CBRE	**43%**
KROLL	**57%**
TOTAL	**100%**

The DCF method was used by both appraisers. Kroll applied a standard duration of 15 years and CBRE of 10 years.

The FV of this asset class at 31 December 2023 was €122.02 million, a decrease of 4.91% or €6.3 million compared to the same date 2022 and a decrease of 3.82% or €4.84 million compared to the prior half.

The average weighted gross initial yield for the malls was 0.60% higher than at the same date 2022 and 0.41% higher than in the prior half, coming at 8.59% due to the decrease in fair value.

Similar to the Italian portfolio, the average weighted discount rate for malls also rose in 2023 by 0.65% and by 0.77% compared to the prior half to 8.92%.

The average weighted gross cap out for the malls reached 9.20%, showing an increase of +0.88% against the prior year and of 0.28% against the prior half.

Financial occupancy for the Winmarkt malls was 1.8% lower compared to year-end 2022 0.61% lower compared to the prior half, coming in at 96.21%.

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

> SUMMARY AT 12.31.2023

	N. of Assets	GLA/sqm	Gross initial yield	Gross cap out	Weighted discount rate	Financial occupancy	Annual rental value/sqm	Erv/mq
Hypermarkets and Supermarkets	**19**	**170,100**	**6.82%**	**6.97%**	**7.33%**	**100%**	**148**	**140**
Shopping malls Italy	**27**	**447,100**	**7.52%**	**8.42%**	**8.50%**	**94.28%**	**227**	**231**
Total hypermakets and malls Italy	**46**	**617,200**	**7.37%**	**8.09%**	**8.24%**	**95.36%**	**203**	**205**
Shopping malls Romania	**14**	**92,400**	**8.59%**	**9.20%**	**8.92%**	**96.21%**	**99**	**99**
Total hypermakets and malls IGD Group	**60**	**709,600**	**7.30%**	**7.94%**	**8.07%**	**95.42%**	**189**	**191**

> 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
Hypermarkets and Supermarkest	**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 Romania	**14**	**92,000**	**7.97%**	**8.32%**	**8.27%**	**98.01%**	**99**	**99**
Total hypermakets and malls IGD Group	**60**	**699,450**	**6.92%**	**7.36%**	**7.59%**	**95.35%**	**189**	**191**

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

Category	Book value 12/31/2023	Accounting method	Market value 12/31/2023	Book value 12/31/2022	Change
IGD Group Real Estate Investments					
Hypermarkets and supermarkets	**399.77**	**fair value**	**399.77**	**401.18**	**(1.41)**
Shopping malls Italy	**1,404.82**	**fair value**	**1,404.82**	**1,466.47**	**(61.65)**
Other	**15.44**	**fair value**	**15.44**	**20.12**	**(4.68)**
Total Italy	**1,820.03**		**1,820.03**	**1,887.77**	**(67.74)**
Shopping malls Romania	**119.12**	**fair value**	**119.12**	**125.53**	**(6.41)**
Other Romania	**2.90**	**fair value**	**2.90**	**2.79**	**0.11**
Total Romania	**122.02**		**122.02**	**128.32**	**(6.30)**
Total IGD's Group	**1,942.05**		**1,942.05**	**2,016.09**	**(74.04)**

Category	Book value 12/31/2023	Accounting method	Market value 12/31/2023	Book value 12/31/2022	Change
Plots of land and anciliary costs	**2.06**	**Adjusted cost / fair value**	**2.06**	**2.47**	**(0.41)**
Direct Development Initiatives	**2.06**	**Adjusted cost / fair value**	**2.06**	**2.47**	**(0.41)**

Category	Book value 12/31/2023	Accounting method	Market value 12/31/2023	Book value 12/31/2022	Change
Porta a Mare project	**23.99**	**Adjusted cost / fair value**	**23.99**	**62.33**	**(38.34)**

Category	Book value 12/31/2023	Accounting method	Market value 12/31/2023	Book value 12/31/2022	Change
Right to use (IFRS 16)	**16.98**	**fair value**	**16.98**	**25.23**	**(8.25)**
Total right to use	**16.98**		**16.98**	**25.23**	**(8.25)**

Properties Investment, plots of land and development initiatives, assets held for trading and right to use	Book value 12/31/2023	Market value 12/31/2023	Book value 12/31/2022	Change
Total	**1,985.08**	**1,985.08**	**2,106.12**	**(121.04)**

The details of the main development projects are shown below:

Project	Type	Location	GLA	Completion date	Expected investment	Book value at 12.31.2023 (Mln / €)	% held	Status
Porto Grande	Extension	Porto d'Ascoli (AP)	5,000 mq	Jun 24	approx 9.9 Mln/€	2.06	100%	Planning stage completed. All the building permits and authorisation for preletting activities have been issued.
Total						**2.06**		

2.7 // Real Estate Appraisals

CUSHMAN & WAKEFIELD

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

IGD-GRUPPOIGD-VALCERTPERBILANCIO-231231-01-ENG

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TO:	**GRUPPO IGD** VIA TRATTATI COMUNITARI EUROPEI 1957-2007, 13 40127 BOLOGNA] ITALY
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**18 JANUARY 2024**
VALUATION DATE:	**31 DECEMBER 2023**
OUR REFERENCE:	*VAL/CLI/IGD-GRUPPOIGD-VALCERTPERBILANCIO-231231-01-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 5 April 2023, 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-231231-01-ITA.*

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGD-CertVal-231231-01-ITA.*

C & W (U.K.) LLP è iscritta nel ruolo degli agenti d'affari in mediazione al N. 14936 del 8/5/2008 C.C.I.A.A. di Milano – Registro Imprese di Milano N. 06159600961 – R.E.A. N. 1873621. Sede secondaria: Via Filippo Turati 16/18, 20121 Milano - Codice Fiscale e Partita IVA N. 06159600961.
C & W (U.K.) LLP è una partnership a responsabilità limitata (Limited Liability Partnership) registrata in Inghilterra e Galles con il N. OC328588, con sede legale a Londra, EC2N 1AR, 125 Old Broad Street. Ne sono membri Cushman & Wakefield (U.K.) Ltd e Cushman & Wakefield Debenham Tie Leung Limited.

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:

PORTFOLIO GRUPPO IGD			
#	City	Province	Centre
1	Chioggia	VE	Retail Park Clodì
2	Rovereto	TN	Shopping Gallery Millenium
3	Forlì	FC	Shopping Gallery Punta di Ferro
4	Ravenna	RA	Shopping Gallery ESP
5	Sarzana	SP	Shopping Gallery Luna
6	Mantova	MN	Retail Gallery and Retail Park La Favorita
7	Crema	CR	Shopping Gallery Gran Rondò
8	Chioggia	VE	Ipercoop Clodì
9	Ravenna	RA	Ipercoop ESP

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, for the retail park Clodì in Chioggia in June 2014; for the retail gallery Gran Rondo in Crema from June 2014 to December 2015 and for the retail gallery Millenium in Rovereto from June 2015 until December 2018. The entire portfolio has been valued on 30/06/2023 in relationship with the engagement letter. 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.

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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-231231-01-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-231231-01-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-231231-01-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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

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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-231231-01-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-231231-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

According to our proposal, we have not investigated the presence of harmful or hazardous substances in the Properties. In the absence of information to the contrary,

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

we based our valuations on the assumption that there are no such substances and that each Property has been properly built.

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

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

3. VALUATION METHODOLOGY

In the following paragraph, we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the single reports of *Ref: IGD-GruppoIGD-CertVal-231231-01-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.

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4. VALUATION

MARKET CONDITIONS EXPLANATORY NOTE:

Significant inflationary pressures have impacted the EU economy over the last two years and led the ECB to raise interest rates since July 2022, although rates have been stable since October 2023. Indications are that inflation has reached its highest point and the market is suggesting that also interest rates have probably reached their peak, but this still needs confirmation in the coming months.

The war in Ukraine shows no sign of ending and remains a risk to supply chains, energy supplies and prices throughout Europe and the UK. The ongoing conflict in Israel / Gaza has the potential to create additional uncertainty, especially in oil prices.

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. At this point we anticipate longer marketing periods being required to elicit bids.

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:

€430,600,000

(Four hundred thirty million and six hundred thousand Euro)

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

Single Valuation Reports are enclosed under Section A of *Ref: IGD-GruppoIGD-CertVal-231231-01-ITA*.

As per your request we report in the following table the Values gross of purchaser's costs, which is equal to €437,079,281.

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

Valuation Report

Report Date 31 January 2024

Valuation Date December 31, 2023

Heightened Market Volatility We would draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Development Appraisals The value of development project is traditionally highly volatile and can be subject to rapid changes of value in short timeframes. These property types appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as, broader economic conditions, changes to government policy, fluctuating levels of supply and demand for the product, changes in building costs and the availability and cost of development finance. All these (and more) factors could have a significant impact on the value and demand for the subject.

Going forward there will be several key factors impacting on the viability of projects and their underlying land values. In addition, we also note that recent stresses in the banking system may significantly restrict development capital and increase the cost of development finance.

As experienced in previous market cycles, the value of development projects can undergo rapid and significant price corrections, as supply, demand and cost factors change. The Intended User is strongly advised to consider this inherent risk in their investment and lending decisions. Lending and investment caution is advised in this regard.

Construction Cost Volatility Material costs, labour costs and supply chains are unusually volatile with the market experiencing price increases in some, or all these areas during 2022 and continuing into 2023. This has created significant uncertainty in cost estimates, which is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials and labour, and as such, delivery risks are also heightened in this climate.

Furthermore, the likelihood of ongoing cost escalations and sourcing delays is high. This may place additional pressure on both the developer's and builder's profit margins and development viability.

These inherent risks should therefore be given careful consideration in lending and investment decisions. Caution is advised in this regard.

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Building Contracts Current supply issues associated with some building material shortages are impacting on construction costs and timing.

Unexecuted construction/building contracts may be subject to price increases and executed contracts may contain conditions which allow the builder to pass any increases onto the applicant.

We recommend the client/reliant party obtains appropriate advice to confirm there are no adverse conditions within the final construction/ building contract and/or ensure the applicant has additional funds are available to cover potential cost escalations.

Rising building costs and shortages of labour and materials may also affect the builder's viability and/or ability to meet construction timeframes. In this climate, we strongly recommend the lender verify the experience and financial capability of the builder to complete the project on time and on budget. Caution is advised in this regard.

In the absence of any information to the contrary, we have assumed that the construction contract and any warranties will be assignable, [in the event of the property being repossessed by the lender].

Addressee IGD SIIQ SpA

Via Trattati Comunitari Europei 1957-2007, n.13

40127 Bologna (BO)

Properties Description At the valuation date, the assets are the following:

Portafoglio Italy

PROPRIETÀ	TIPOLOGIA ASSET	DENOMINAZIONE	INDIRIZZO	LOCALITÀ
IGD SiiQ	Galleria	CENTRO SARCA	Via Milanese 10,	Sesto San Giovanni
IGD SiiQ	Galleria	PORTE DI NAPOLI	Via Santa Maria la Nova 1	Afragola
IGD SiiQ	Iper	PORTE DI NAPOLI	Via Santa Maria la Nova 1	Afragola
IGD SiiQ	Galleria	LE MAIOLICHE	1/3 Via Bisaura	Faenza
IGD SiiQ	Iper	LE MAIOLICHE	1/3 Via Bisaura	Faenza
IGD SiiQ	Galleria + Retail Park	MONDOVICO	15 Piazza Cerea	Mondovì
IGD SiiQ	Galleria	I BRICCHI	2 Strada Pratoboschiero	Isola d'Asti
IGD SiiQ	Galleria	PORTO GRANDE	Via Pasubio 144	Porto Grande
IGD SiiQ	Iper	PORTO GRANDE	Via Pasubio 144	Porto Grande
IGD SiiQ	Galleria	NUOVA DARSENA	Via Darsena, 73 - 81	Ferrara
IGD SiiQ	Galleria + Iper	PIAZZA MAZZINI	Via Gaetano D'Alesio 2	Livorno
IGD SiiQ	Galleria	OFFICINE STORICHE	Via Edda Fagni 15	Livorno
IGD SiiQ	Super	AQUILEIA	110 Via Aquileia	Ravenna

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IGD SiiQ	Negozio	AQUILEIA	112 Via Aquileia	Ravenna
IGD SiiQ	Investimenti	PORTA A MARE - Livorno	Porta a Mare	Livorno

Portafoglio Romania

PROPRIETÀ	TIPOLOGIA ASSET	DENOMINAZIONE	LOCALITÀ
Winmagazine	Shopping Centre	Galati	Galati
Winmagazine	Shopping Centre	Cluj	Cluj
Winmagazine	Shopping Centre	Braila	Braila
Winmagazine	Shopping Centre	Tulcea	Tulcea
Winmagazine	Shopping Centre	Buzau	Buzau
Winmagazine	Shopping Centre	Piatra	Piatra
Winmagazine	Shopping Centre	Turda	Turda
Winmagazine	Shopping Centre	Bistrita	Bistrita
Winmagazine	Shopping Centre	Vaslui	Vaslui

Ownership Purpose Investment

Instruction To value the unencumbered Freehold interest in the properties on the basis of Fair Value as at the valuation date in accordance with the terms of engagement entered into between CBRE and the addressee(s) dated 19 Aprile 2023

Capacity of Valuer Independent Valuer, as defined in our instructions.

Purpose

The valuation is to be used for Financial Reporting for incorporation within the Company's accounts purposes only and no other purpose is permitted.

Fair Value in accordance with IFRS 13 **€ 515,567,150 (EUROS) exclusive of VAT.**

We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS), is effectively the same as "Market Value".

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our valuation does not necessarily represent the value of the interests in the indirect investment structure through which the property is held.

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Our opinion of Fair Value (IFRS 13) is based upon the Scope of Work and Valuation Assumptions attached – and has been primarily derived using comparable recent market transactions on arm's length terms.

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 the current version of the "Regolamento sulla gestione collettiva del risparmio - Titolo V, Capitolo IV, Sezione II, paragrafi 2.5 'Beni Immobili' and 4, 'Esperti indipenden.

Special Assumptions None.

Compliance with Valuation Standards The valuation has been prepared in accordance with the current version of the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ["the Red Book"].

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

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

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, even if not explicitly recognised. 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.

CBRE are currently gathering and analysing data around the four key areas we feel have the most potential to impact on the value of an asset:

– Energy Performance
– Green Certification
– Sources of Fuel and Renewable Energy Sources
– Physical Risk/Climate Risk

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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 properties details on which the valuation is 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 figure 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)

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.

Conflicts of Interest We confirm that on your behalf we have valuated the property called Piazza Mazzini and Porta a Mare on a semestral basis and that this Assignment represents a renewal of the existing agreements with you and does not involve a conflict of interest.

We further confirm that none of the above valuers, nor CBRE, has had, nor does it currently have, any material involvement in the other Properties of the subject perimeter, with you and/or the current owner, and has no personal interest in the outcome of the assessment - nor are we aware of any conflicts of interest that would prevent us from exercising the necessary levels of independence and objectivity.

Copies of our conflict of interest checks have been retained within the working papers.

Disclosure Financial CBRE Valuation S.p.A. has carried out, [insert job: Valuation services only/Professional services only/Agency services only/Valuation, Agency and Professional services] on behalf of the addressee for [time: under 5/between 5 and 9/10 and 14/over 15 years.

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.

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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

MRICS Registered Valuer

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

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

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Schedule of Values

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

KROLL
REAL ESTATE ADVISORY GROUP

Agrate Brianza, 31st January 2024

Ref. n° 26953R01 – 26955R01

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, 2023 of a real estate portfolio consisting n. 15 real estate assets intended for commercial use and n.1 mixed use development, located on the italian territory and n. 5 real estate assets intended for commercial use and n.1 asset intended for office use located on the romanian territory, indicated as fully 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 fully owned by GRUPPO IGD S.p.A. (hereinafter the Client), in order to determine the market value as of December 31st, 2023.

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 (income producing asset);
- sale of the real estate complex as a whole (not piecemeal), considering the development project and remaining urbanization costs provided by the Client (developing asset).

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Definitions

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

"Real Estate" (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 2023.

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.
- The **Development Approach**, based on the discounting of the cash flows generated by the development project to the Study/Valuation date through the project duration.
  This model can be combined with a financial valuation model (Discounted Cash Flow) based on a development project defined on the basis of size, use destination, development costs and sustainability. In other words, an analysis based on costs and revenues is used in order to determine the Market Value of the asset forming the subject matter of the valuation.
  The model is broken down into a chart of cash flows (incoming and outgoing) relating to the building development project. Outflows are made up of construction, demolition, urban development, design and works management costs, profits for the real estate promoter and any other incidental costs; inflows are made up of revenues deriving from the sales of the forecast use destinations.The breakdown of costs and revenues on a temporal basis makes it possible to create a chart of cash flows - net of the profits of the real estate promoter – to be discounted to date at an appropriate rate representing the cost of the capital. The latter must take into account:
  - The percentages represented by own capital and debt capital (financial structure);
  - rates applied to non-risk investments with a similar duration to the operation;

- the appropriate "spreads" applied as correction to the above rates (liquidity, country risk, initiative risk and town planning risk);
- cost of the debt capital.

Revenues and costs are recorded in the same currency and shown at the moment when they occur.

For it to be possible to identify the value determined by the development approach with Market Value, the economic transaction associated with the development should have as its point of reference an "ordinary" business developer. An "ordinary" developer is a business with normal management abilities, that is, which carries out an economic transaction with costs and revenues identical or nearly identical to those that would be incurred and generated by the majority of developers for this same project. If a developer taken as a reference is not ordinary as defined above, this would lead to the inclusion of extra return, positive or negative, thus distorting the Market Value.

REAG moreover:

- Carried out site inspections on the Properties located in Guidonia Montecelio (RM) in Italy and on the n. 6 Properties located in Romania, 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 (full analysis); no site inspections were carried on the other properties (Civita Castellana, Ascoli Piceno (CC Città delle Stelle), Conegliano Veneto (CC Conè), Gravina di Catania (CC Katanè), Palermo (CC La Torre), Roma (CC Casilino), Rimini (CC Malatesta), Livorno (sviluppo Porta a Mare)), REAG based the appraisals on the information provided by the Client (desktop analysis).
- 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

Section 01
Executive Summary

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;
- Considered, for the development in Livorno, building areas and remaining urbanization costs 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;
- has expressed values in EURO;
- did not consider special assumptions for evaluation purposes.

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.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Given the above considerations

It is our opinion that, as of June 30th, 2023, the **Market Value** of the full ownership of the subject Properties can reasonably be expressed as follows:

Euro 551.200.000,00

(Euro Five Hundred Fifty One Millions Two Hundred Thousands/00)

Global Market conditions explanatory note

The ongoing Russian-Ukrainian conflict, as well as the most recent Middle East conflict, following the attack on Israel on October 7, 2023, continue to fuel the already high volatility of global markets. Negative consequences persist on energy costs and availability of natural resources, leading the International Community to foster the diversification of energy supply sources.

On September 20, 2023, the Governing Council of the European Central Bank (ECB) raised interest rates to 4.50%, applying an additional increase of 25bps, this being the tenth adjustment since July 27, 2022, in order to achieve the inflation containment target of 2%.

A limited number of transactions continue to be recorded, consequently resulting in a trend in the real estate market that is not easily understood. The outlook remains marked by a high degree of uncertainty and tension, such that there is no sign of significant margins for improvement in the short term in capital market operations.

This explanatory note is included in order to guarantee transparency and elements of in-depth analysis on the market context in which the valuation was drawn up. We emphasize the importance of the valuation date, reflecting the possibility that market conditions may change rapidly as ongoing conflicts and monetary policies evolve.

Agrate Brianza, 31st January 2024

Ref. n° 26953R01 – 26955R01

KROLL Advisory S.p.A.

Performed by:
Gianluca Molli
Associate Director,
Retail, Special Divisions & Feasibility Dept.

Supervised and coordinated by:
Savino Natalicchio
Managing Director,
Special Divisions & Feasibility Dept.

Simone Spreafico
Managing Director
Advisory & Valuation Dept.

KROLL
REAL ESTATE
ADVISORY GROUP

Agrate Brianza, 31st January 2024

Ref. n° 26953R01

Messrs
IGD SIIQ S.p.A.
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, 2023, of a real estate portfolio consisting of n. 15 real estate assets intended for commercial use (n.6 mall, n.7 hypermarket, n.1 supermarket, n.1 fitness area), located on the Italian territory, indicated as fully owned by IGD SIIQ 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 fully owned by IGD SIIQ S.p.A. (hereinafter the Client), in order to determine the market value as of December 31st 2023.

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

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

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Valuation criteria

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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.

Section 01
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During the appraisal, REAG followed generally accepted valuation concepts and methods, applying in particular the following valuation methods.

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  - 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 Guidonia Montecelio (RM), 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 (full analysis); no site inspections were carried on the other properties (Civita Castellana, Ascoli Piceno (CC Città delle Stelle), Conegliano Veneto (CC Conè), Gravina di Catania (CC Katanè), Palermo (CC La Torre), Roma (CC Casilino), Rimini (CC Malatesta)), REAG based the appraisals on the information provided by the Client (desktop analysis).
- 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;

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

- 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 sistuation 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;
- has expressed values in EURO;
- did not consider special assumptions for evaluation purposes.

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:

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

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

Section 01
Executive Summary

<u>*Given the above considerations*</u>

It is our opinion that, as of December 31st, 2023, the **Market Value** of the full ownership of the subject Properties can reasonably be expressed as follows:

Euro 465.100.000,00

(Euro Four hundred Sixty Five million One Hundred thousand/00)

Global Market conditions explanatory note

The ongoing Russian-Ukrainian conflict, as well as the most recent Middle East conflict, following the attack on Israel on October 7, 2023, continue to fuel the already high volatility of global markets. Negative consequences persist on energy costs and availability of natural resources, leading the International Community to foster the diversification of energy supply sources.

On September 20, 2023, the Governing Council of the European Central Bank (ECB) raised interest rates to 4.50%, applying an additional increase of 25bps, this being the tenth adjustment since July 27, 2022, in order to achieve the inflation containment target of 2%.

A limited number of transactions continue to be recorded, consequently resulting in a trend in the real estate market that is not easily understood. The outlook remains marked by a high degree of uncertainty and tension, such that there is no sign of significant margins for improvement in the short term in capital market operations.

This explanatory note is included in order to guarantee transparency and elements of in-depth analysis on the market context in which the valuation was drawn up. We emphasize the importance of the valuation date, reflecting the possibility that market conditions may change rapidly as ongoing conflicts and monetary policies evolve.

Agrate Brianza, 31st January 2024

Ref. n° 26953R01

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
Managing Director
Advisory & Valuation Dept.

DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Property: IGD Portfolio

January 2024
Confidential

Valuation Certificate

Milan, 25/01/2024

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 2023 of a Portfolio held by IGD SiiQ S.p.A. comprising 5 Hypermarkets, 5 Shopping Centres, 1 Shopping Centre + Retail Park, 2 Offices and 1 property including Medium Size Units (MSU).

Dear Mr. Zoia,

Following the assignment conferred on 27th April 2023, 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.

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Property: IGD Portfolio

January 2024
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1. Valuation Certificate

1.1. Subject properties

The portfolio under-analysis consists of 5 Hypermarkets, 5 Shopping Centres, 1 Shopping Centre + Retail Park, 2 Offices and 1 property consisting of retail MSU mainly located in the Centre of Italy.

The main details of these are identified in the table below:

Ref	Address	Use	Asset	GLA (sqm)
1	Grosseto, Via Commendone	Shopping centre + Retail Park	MAREMA'	17,120
2	Imola, Via G. Amendola ,129	Hypermarket	LEONARDO	15,862
3	Imola, Via G. Amendola ,129	Shopping centre	LEONARDO	14,830
4	Bologna, Via dei Trattati Comunitari 1957-2007,13	Offices	Sede Bologna 2°piano- ex Hera	1,070
5	Bologna, Via dei Trattati Comunitari 1957-2007,13	Offices	Sede Bologna - Librerie Coop	317
6	Livorno, Via Gino Graziani, 6	MSUs	FONTI	5,835
7	Bologna, Via M.E. Lepido 184-186,	Hypermarket	BORGO	1,297
8	San Giovanni Teatino, Via Po	Hypermarket	CENTRO D'ABRUZZO	11,480
9	Cesena, Via Arturo Carlo Jemolo, 110	Hypermarket	LUNGO SAVIO	14,127
10	Bologna, Via Marco Polo, 3	Hypermarket	LAME	7,476
11	Bologna, Via M.E. Lepido 184-186,	Shopping centre	BORGO	15,201
12	Cesena, Via Arturo Carlo Jemolo, 110	Shopping centre	LUNGO SAVIO	7,017
13	San Giovanni Teatino, Via Po	Shopping centre	CENTRO D'ABRUZZO	2,704
14	Bologna, Via Marco Polo, 3	Shopping centre	LAME	16,181

1.2. Purpose of Valuation

Scope of this valuation exercise is to provide you with our professional opinion of the following values as at market conditions available at the valuation date, 31st December 2023.

- Market Value: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion";
- Market Rent: "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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.

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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):

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. Special Assumption

As per your request, for the purpose of this evaluation, the following Special Assumption regarding the shopping mall and hypermarket at the commercial structure Lungo Savio (Ref: 10 and 13) has been considered:

Following the flood and overflowing of the Savio River that occurred in Emilia-Romagna on May 17, 2023, the evaluated shopping center has suffered significant damages, resulting in the interruption of operations estimated by the Client to last until the end of the current year.

The Client has informed that the insurance policy has provided coverage for the lost rental revenues during this period, as well as the restoration of the functionality of the evaluated property.

In view of the above, the present valuation considers the payment continuity of the cashflows deriving from the leases in place.

1.5. Market Conditions

Global Economy and Market Activity

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

Demonstrating how geopolitical events impact global and local real estate markets can be difficult when transaction volumes are low. It can be especially difficult when wars are happening, such as in the Middle East and Ukraine, and the list of factors compounding the challenged market conditions is growing longer. Whilst not relevant to every market, the ongoing challenges include economic volatility, inflation, cost and availability of debt, supply chain issues, developer / contractor insolvencies, non-performing loans, seller motivations (funds withdrawals) and consumer confidence. Anything from this list can impact investor appetite and therefore value, which can change rapidly.

Market Conditions

Transactions across markets and sectors remain low, for a variety of reasons. The full implications of wars in the Middle East and Ukraine are unknown. Instability in these regions and beyond may compound already difficult real

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Property: IGD Portfolio

January 2024
Confidential

estate market conditions. This is likely to be exacerbated when coupled with inflationary pressures and other factors impacting the global economy, including the cost and availability of debt. The combination heightens the potential for volatility and quick changes in consumer and investor behaviours.
In recognition of the potential for market conditions to change rapidly, we highlight the critical importance of the valuation date and confirm the conclusions in our report are valid at that date only, and advise you to keep the valuation under regular review.

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 Standard.

This explanatory note has been included to ensure transparency and to provide further insight of the market context under which the valuation opinion was prepared.

1.6. 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 the all valuation unless differently stated.

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

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

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

The Value and Risk 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

1.7. 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. For the purposes of this valuation, we have assumed that the information provided to us are accurate and correct; we highlight that the documentation and information provided to us were analysed within the limits of our valuation instruction.

For completeness of the information, we report below the list of the documentation provided to us:

- Tenancy Schedule;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years of 2019, 2020, 2021, 2022 and for the first 9 months of 2023;
- Non- recoverable Landlord costs and additional incomes;
- Forecast turnover rent generated in 2023 (received in occasion of the previous valuation of 30.06.2023);
- Asset summary identification schedules (received in occasion of the previous valuation of 30.06.2023);
- ESG schedules;
- BREEAM Certification (if available) (received in occasion of the previous valuation of 30.06.2023).

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Property: IGD Portfolio

January 2024
Confidential

1.8. Valuation approach

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. 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 by the Client.

1.9. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is € 446,568,000, while the sum of the rounded Gross Market Values is equal to € 460.695,000 rounded. Please note that the valuation of Lungo Savio Hypermarket (ref 10) and Lungo Savio Shopping Centre (ref 13) is subject to the Special Assumption reported in Section 1.4.

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**	**Francesco Marchetti**
Head of Value and Risk Advisory	Head of Retail Value and Risk Advisory	Valuer - Value and Risk Advisory
Jones Lang LaSalle S.p.A.	Jones Lang LaSalle S.p.A.	Jones Lang LaSalle S.p.A.

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Property: IGD Portfolio

January 2024
Confidential

Valuation Certificate

Milan, 25/01/2024

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 2023 of a Portfolio held by IGD SiiQ S.p.A. comprising 5 Hypermarkets, 5 Shopping Centres, 1 Shopping Centre + Retail Park, 2 Offices, 1 Guest House and 1 property including Medium Size Units (MSU).

Dear Mr. Zoia,

Following the assignment conferred on 27th April 2023, 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.

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1. Valuation Certificate

1.1. Subject properties

The portfolio under-analysis consists of 5 Hypermarkets, 5 Shopping Centres, 1 Shopping Centre + Retail Park, 2 Offices, 1 Guest House and 1 property consisting of retail MSU mainly located in the Centre of Italy.

The main details of these are identified in the table below:

Ref	Address	Use	Asset	GLA (sqm)
1	Grosseto, Via Commendone	Shopping centre + Retail Park	MAREMA'	17,120
2	Imola, Via G. Amendola ,129	Hypermarket	LEONARDO	15,862
3	Imola, Via G. Amendola ,129	Shopping centre	LEONARDO	14,830
4	Bologna, Via dei Trattati Comunitari 1957-2007,13	Offices	Sede Bologna 2°piano- ex Hera	1,070
5	Bologna, Via dei Trattati Comunitari 1957-2007,13	Offices	Sede Bologna - Librerie Coop	317
6	Livorno, Via Gino Graziani, 6	MSUs	FONTI	5,835
7	Bologna, Via dell'Arcoveggio	Guest house	Arco campus	1,297
8	Bologna, Via M.E. Lepido 184-186,	Hypermarket	BORGO	11,480
9	San Giovanni Teatino, Via Po	Hypermarket	CENTRO D'ABRUZZO	14,127
10	Cesena, Via Arturo Carlo Jemolo, 110	Hypermarket	LUNGO SAVIO	7,476
11	Bologna, Via Marco Polo, 3	Hypermarket	LAME	15,201
12	Bologna, Via M.E. Lepido 184-186,	Shopping centre	BORGO	7,017
13	Cesena, Via Arturo Carlo Jemolo, 110	Shopping centre	LUNGO SAVIO	2,704
14	San Giovanni Teatino, Via Po	Shopping centre	CENTRO D'ABRUZZO	16,181
15	Bologna, Via Marco Polo, 3	Shopping centre	LAME	6,182

1.2. Purpose of Valuation

Scope of this valuation exercise is to provide you with our professional opinion of the following values as at market conditions available at the valuation date, 31st December 2023.

- Market Value: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion";
- Market Rent: "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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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):

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. Special Assumption

As per your request, for the purpose of this evaluation, the following Special Assumption regarding the shopping mall and hypermarket at the commercial structure Lungo Savio (Ref: 10 and 13) has been considered:

Following the flood and overflowing of the Savio River that occurred in Emilia-Romagna on May 17, 2023, the evaluated shopping center has suffered significant damages, resulting in the interruption of operations estimated by the Client to last until the end of the current year.

The Client has informed that the insurance policy has provided coverage for the lost rental revenues during this period, as well as the restoration of the functionality of the evaluated property.

In view of the above, the present valuation considers the payment continuity of the cashflows deriving from the leases in place.

1.5. Market Conditions

Global Economy and Market Activity

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

Demonstrating how geopolitical events impact global and local real estate markets can be difficult when transaction volumes are low. It can be especially difficult when wars are happening, such as in the Middle East and Ukraine, and the list of factors compounding the challenged market conditions is growing longer. Whilst not relevant to every market, the ongoing challenges include economic volatility, inflation, cost and availability of debt, supply chain issues, developer / contractor insolvencies, non-performing loans, seller motivations (funds withdrawals) and consumer confidence. Anything from this list can impact investor appetite and therefore value, which can change rapidly.

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DIRECTORS' REPORT
2.7 APPRAISALS OF THE INDEPENDENT EXPERTS

Market Conditions

Transactions across markets and sectors remain low, for a variety of reasons. The full implications of wars in the Middle East and Ukraine are unknown. Instability in these regions and beyond may compound already difficult real estate market conditions. This is likely to be exacerbated when coupled with inflationary pressures and other factors impacting the global economy, including the cost and availability of debt. The combination heightens the potential for volatility and quick changes in consumer and investor behaviours.
In recognition of the potential for market conditions to change rapidly, we highlight the critical importance of the valuation date and confirm the conclusions in our report are valid at that date only, and advise you to keep the valuation under regular review.

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 Standard.

This explanatory note has been included to ensure transparency and to provide further insight of the market context under which the valuation opinion was prepared.

1.6. 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 Value and Risk Advisory Department, Jones Lang LaSalle S.p.A. (signee of the present report) and Mr. Hugo Carlota MRICS, Head of Retail Value and Risk Advisory, Jones Lang LaSalle S.p.A. and carried out by Francesco Marchetti, Valuer, Jones Lang Lasalle S.p.A.

The Value and Risk 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.

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As per our agreement, we have carried out our analysis on the basis of the documentation and data provided by the Client. For the purposes of this valuation, we have assumed that the information provided to us are accurate and correct; we highlight that the documentation and information provided to us were analysed within the limits of our valuation instruction.

For completeness of the information, we report below the list of the documentation provided to us:

- Tenancy Schedule;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years of 2019, 2020, 2021, 2022 and for the first 9 months of 2023;
- Non- recoverable Landlord costs and additional incomes;
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- ESG schedules;
- BREEAM Certification (if available) (received in occasion of the previous valuation of 30.06.2023).

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1.8. Valuation approach

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. 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 by the Client.

1.9. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is € 450,123,000, while the sum of the rounded Gross Market Values is equal to € 464,250,000 rounded. Please note that the valuation of Lungo Savio Hypermarket (ref 10) and Lungo Savio Shopping Centre (ref 13) is subject to the Special Assumption reported in Section 1.4.

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	Francesco Marchetti
Head of Value and Risk Advisory	Head of Retail Value and Risk Advisory	Valuer - Value and Risk Advisory
Jones Lang LaSalle S.p.A.	Jones Lang LaSalle S.p.A.	Jones Lang LaSalle S.p.A.

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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 2023, similar to year-end 2022, 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. *iii)* 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 2022, as resolved in previous years, during the AGM held on 13 April 2023 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 €33,102,570.90, taken from:

> For €16,259,872.48, the retained earnings from exempt operations;

> For €6,578,584.26, other reserves for distributable income generated by exempt operations;

> For €10,264,114.16, other distributable reserves for exempt operations released in 2021 following the disposal of 5 hypermarkets and 1 supermarket.

2

2.9 // Organization and Human Resources

> Organizational structure

During the year IGD worked in various areas related to organization and human resources, to **equip itself with tools and processes for organizational and personnel management and development**, with a view to supporting **company strategies** for growth and consolidation in the market consistently with the improvement actions identified through the 2022 climate survey. These actions are described below:

a) In late January 2023, in partnership with Willis Towers Watson (WTW), IGD began to analyze the company's salary levels in relation to the content and complexity of assigned responsibilities. The aim of this two-step "**Project People**" is to ensure internal salary consistency and competitiveness in the external market. The project aims to promote a better perception of clarity in terms of mutual expectations, greater recognition of individual contributions and the importance of assigned responsibilities, and an increased ability to benchmark against the external salary market at all stages of the company-person relationship (from recruiting/onboarding to managing individual salary paths).

The main deliverables of the first phase were as follows:

> Job leveling – using WTW's Global Grading System methodology, **each role**/position was assigned a weight within the organization;

> Benchmarking – each role/position was benchmarked against the external salary market.

The project centered on updating the format and content of the **job descriptions** of all IGD, IGD Service, and Porta Medicea employees and sharing the new job descriptions with each individual. Finally, a **salary review** took place based on the results of the salary analysis.

The second step of "Project People," **redefining the performance management process,** began in the second half of 2023. The aims of this phase were to reorganize the process through a competence-based approach in order to develop a culture of continuous improvement, make the performance evaluation process more objective by providing evaluation tools to managers, and foster the creation of a feedback culture.

The process engaged Management and the entire workforce through a virtual focus group, with the aim of incorporating behavioral grading into the new **Competency Model** within the first half of 2024.

b) Within the IT project, the new payroll management system was implemented for attendance tracking and payroll processing, a service previously outsourced by the parent company. The new payroll system has digitized some additional phases of HR administration, making information more accessible to employees and to supervisors for the management of their teams.

c) IGD continued to fine-tune the allocation of resources, by hiring a new shopping center manager for the opening of "Officine Storiche," restoring the "Head of Leasing" position, and expanding the Credit Management and Property & Pilotage units.

d) Personnel turnover was managed by updating or redefining profiles during the recruitment phase and fostering the development of internal resources, where appropriate. Recruitment processes initiated the previous year were finalized, and solutions – sometimes internal – were found for vacancies created during the year.

e) The existing remote working agreement for IGD SIIQ S.p.A. employees was confirmed.

f) The training and development plan was implemented, focusing on compliance (anti-corruption, H&S, privacy), hard skills (language training, refresher courses, training in the new "Time" attendance management system), and soft skills (awareness and motivation, managerial skills).

> Workforce and Turnover

The workforce of Gruppo **IGD ITALY** increased by 9 heads in 2023. This is mainly because 2022 closed with several vacancies that were filled during the course of the year.

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

	Executive	Middle Managers	Junior Managers	Clerks	Of which fixed terms	Total	Percentage
Men	4	16	31	12	1	63	46%
Women	1	7	27	40	2	75	54%
Total	5	23	58	52	3	138	
Percentage	4%	17%	42%	38%		100%	100%
Percentage on total employees					2%		

Below is the breakdown of staff turnover at Gruppo IGD Italy by job level (including fixed-term contracts):

	Hires (*)	Disposal (**)	Change
Executive	0	0	0
Middle Managers	1	1	0
Junior Managers	7	8	-1
Clerks	11	1	10
Total	19	10	9

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

Here is the breakdown of staff turnover at Gruppo IGD Italy by job level (including fixed-term contracts) and company:

	Executive	Middle Managers	Junior Managers	Clerks	Of which fixed terms	Total	Percentage
IGD SIIQ	5	14	28	30	2	77	56%
IGD SERVICE	0	9	29	22	1	60	43%
Porta Medicea	0	0	1	0	0	1	1%<
Total	5	23	58	52	3	138	
Percentage	4%	17%	42%	38%		100%	100%
Percentage on total employees					2%		

There are three fixed-term contracts (2% of the number of permanent contracts), one higher than the previous year. The turnover rate in Italy, calculated as the number of fixed-term and permanent contracts terminated between 1 January and 31 December 2023 as compared to contracts in force at the end of the year, was 7.2% – significantly less than the previous year. Though to a lesser degree than before, the figure continues to reflect the "Great Resignation" whereby rising numbers of people throughout the labor market have left their jobs voluntarily after redefining their professional and personal goals.

The workforce at Winmarkt Group Romania returned to 31 heads, where it stood in 2021.

After declining for several years, the workforce has stabilized with the hiring of core positions such as branch manager, branch accountant, and senior accountant & HR. Turnover in Romania, i.e. terminations as a percentage of total employees at 31 December 2023, came to 3.2%.

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

	Executive	Middle Managers	Junior Managers	Clerks	Total	Percentage
Men	0	2	7	2	11	35%
Women	0	3	5	12	20	65%
Total	0	5	12	14	31	100%
Percentage	0%	16%	39%	45%	100%	

Below is the breakdown of staff turnover at Winmarkt Group Romania by job level (including fixed-term contracts):

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

Out of 31 total employment contracts, only one is fixed-term.

> Wellness program

IGD's Corporate Wellness Program marked its seventh year in 2023.

The Wellness Portal continued to offer a wide range of services that are reviewed and updated every year. As always, the goal is to enhance the individual wellbeing of employees and their families within the community, while having a positive impact on the organizational structure and the workplace environment.

With the exception of executives, all permanent employees are given a personal budget of the same amount (allocated proportionately to full- and part-time employees), which they can spend on benefits during the year through secured portal access.

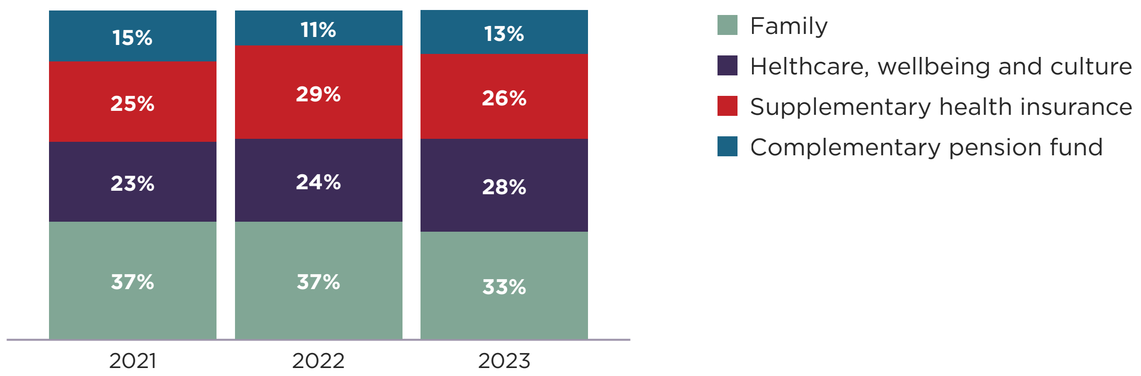
Reimbursement packages and vouchers for courses and classes, cultural events, recreation, supplemental retirement plans, social assistance, and health insurance can be found on the portal.

Of the 133 eligible employees, 99% took advantage of the program in 2023 (one employee retired before being able to use their benefits).

The most popular benefits concerned the reimbursement of household expenses, followed by health, wellbeing and culture, while health insurance declined somewhat and supplemental retirement plans remained less popular: as the cost of living goes up, people spend proportionally more on necessities.

DIRECTORS' REPORT
2.9 ORGANIZATION AND HUMAN RESOURCES

> COMPARISON OF WELFARE BENEFITS USED



In this regard, since 2023 IGD has raised the value of its **lunch vouchers** from €5.95 to €7.50 and switched to electronic vouchers, which are also taxed more favorably for the employee.

> Compensation policies and professional development

In 2023, all employees in Italy with permanent contracts (who have worked a minimum of six months) were assigned company and individual targets as part of the **incentive system**, which provides for a bonus if these targets are reached. The bonuses paid in the first half of 2023 for the achievement of targets in 2022 came to 66.84% of the amount payable, down sharply from the prior year, since just one company target was met (along with most of the individual/departmental targets).

Fifty-two employees, or 38% of the workforce, underwent annual performance reviews. That number is lower than the previous year, mostly as a result of turnover, which excludes a portion of the workforce either because they are leaving or they have arrived too recently for a thorough review.

Further to the 2023 salary review (described above), 16 employees received merit-based pay raises. In addition, 14 new professional career paths were launched and 15 of those assigned in previous years or in 2023 were completed.

The Company concluded its pandemic response, maintaining the rules adopted for Biosafety certification and continuing to allow vulnerable individuals to work 100% from home.

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

> Training

In 2023 the training offered by Gruppo IGD was focused on compliance, as well as the development of hard and soft skills.

H&S activities were front and center; the mandatory safety courses were completed for both new hires and employees with expiring credentials.

Safety courses focused on:

- > Training of new hires;
- > Training and updates for safety officers;
- > Training for upper management;
- > Updates for workers' safety representatives;
- > Fire safety updates.

Courses relating to **compliance** focused on privacy and the anti-corruption system.

Focus groups were also formed for the triennial survey of work-related stress.

As for hard skills, in connection with the new payroll system (ADP Time), all headquarters employees were trained in how to use the system to request vacation time, remote work, and external work arrangements. Meanwhile, the HR team was trained in the time & attendance, payroll, and Core HR functions.

Everyone who attended the annual convention was able to hear talks on the new formats for retail and digital marketing.

Finally, further training was provided to enhance **specialized technical expertise**, including the broader use of **foreign language** instruction.

IGD Service is enrolled in the CNCC Academy for Shopping Center Managers, whose first course was held in live online format, with instructional and organizational support from Università Cattolica in Milan.

As for soft skills, the Management team completed a **coaching** project which began with test-based assessment.

Administrative staff participated in an initiative launched in 2021 for executives and middle managers and in 2022 for junior managers. By investigating participants' **learning styles, values, and motivational levers**, the project aims to foster communication and collaboration within the company. Based on the results of a questionnaire, each participant was given an individual report that was then reviewed in-depth in the virtual classroom.

Training was provided in both **virtual** and **in-person** form.

In 2023, **138** employees, or 100% of the workforce, participated in at least one training course for a total of 3,111 hours (slightly fewer than the previous year) and a cost of €111,473.

> Training at Winmarkt Group

The company is more committed each year to its employees' professional development, as evidenced by the 7% increase in training hours from 2022 (146 hours) to 2023 (156 hours).

2.10 // Sustainability: strategy and performance 2023

Beginning in 2011 IGD, decided to embark on a structured sustainability path, aware of how important social and environmental responsibility are to healthy, lasting long-term growth. The role as both owner and manager of its assets, provides IGD with all the tools needed to make structural changes and well as apply these policies to everyday shopping center operations. 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). The actions to implement are identified through this process and each year the Company examines the results achieved in a report based on the international standards and the standards specific to the real estate sector.

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.

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.

IGD has been identifying material issues in accordance with the GRI Standards since 2017 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. In 2023 the Company confirmed that these topics were material, after looking at both the operating backdrop and the expectations of the stakeholders. At the end of the process, the material issues identified in 2022 and confirmed in 2023 included in the 5 strategic areas:

2.10.1 // Material issues

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	

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)

2023 was the second year of the Sustainability Plan for the three-year period 2022-2024. The Company examined the progress made with respect to the Plan targets every six months and shared the results with the Board of Directors. In the first two years the Company achieved around 69% of the targets set for the three-year period. The actions taken during the year with respect to each target and the extent to which the targets were achieved are summarized below. All 41 quantitative targets for 2022-2024 and the 22 strategic targets or 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 2023	Level of achievement of target as at 2023
GREEN	**Use of electricity coming 100% from renewable sources_Italy**	Use, in Italy, of electricity coming 96% from renewable sources	●●●○
	Production of energy: **double** the energy produced from **renewable sources (baseline 2021)_Italy**	A new photovoltaic system was installed in La Favorita in Mantua, which will be operational from the first quarter in 2024 and 3 photovoltaic systems were installed in 3 shopping Centres in Romania. The peak power increased by 42% compared to 2021	●●○○
	Reduce energy consumption at least by 15% (baseline 2018)	Intensity per square metre of energy consumption in 2023 was reduced by 22.8% (baseline 2018)	●●●●
	Asses "scope 3" emissions and define first reductions	Scope 3 emissions regarding 2022 were reported, and the calculation was fine-tuned in 2023. The definition of specific targets is currently being assessed	●●●○
	Increase **waste sorting** by 15% **(baseline2021)_Italy**	Waste sorting increased by an additional 6 percentage points in 2023. going from 73 to 89% of the total compared to 2021	●●●●
	Introduction of **EV charging areas** in 100% of the Italian portfolio (<22kw charging and/or fast charging)	22 out of 26 Shopping Centres have at least one EV charging station	●●●○
RESPONSIBLE	Training each year for 100% of employees in Italy and Romania	Italy and Romania: 100% of employees trained	●●●●
	Carry out an **internal atmosphere assessment** during the three-year period and at least two "pulse surveys" to understand the workers' perception of specific issues**_Italy**	Internal atmosphere assessment and 1 pulse survey carried out in 2022; in 2023 a Virtual Focus Group was held to involve the employees in the definition of the new responsabilities and skills model	●●●●
	Define **a target linked to ESG issues for part of the corporate workforce** (standing from the one defined for the Management) **_Italy**	Starting from the ESG targets assigned to the Management. targets were allocated to 10% of the staff with operational leavers to implement these targets	●●●●
	Introduce every year at least one new service into the corporate Welfare Plan for the employees **_Italy**	Luncheon vouchers were digitalised, with an increase in their value to the employees' advantage	●●●●
	Certificate 100%of the Italian Shopping Centres in accordance with the "Biosafety Trust Certification" scheme, ensuring in this way the protection of health in line with Covid protocols	The certification was renewed for all the Italian freehold Shopping Centres, in addition to the headquarters	●●●●
ETHICAL	**Increasingly integrate sustainability risks into Enterprise Risk Management**	First results of the process launched with the new Risk Management role for the integration of sustainability risks into ERM	●●○○
	Increase the Board of Directors' participation in CSR	Introduction sessions were held in 2022 with the Board of Directors, concerning both governance and activities carried out with regard to corporate sustainability	●●○○
	Develop a **corporate Cybersecurity** strategy	The IT system was internalised, and the new role of IT Network & Security Specialist was introduced: specific security measures were applied, aimed at protecting the wired and wi-fi networks and preventing possible cyberattack	●●●○
	Update internal regulations in full compliance with the "privacy" law currently in force	The procedures were updated and appropriate audit activities were caried 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	A policy for the sustainable management of the Supply Chain was defined	●●●●
	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	Three-yearly renewal of the certification was obtained	●●●●

	Target	Actions carried out in 2023	Level of achievement of target as at 2023
ATTRACTIVE	Carry out **restyling/refurbishment** activity **in 4 Shopping Centers with energy improvement measures**	In 2023 the retail part of Officine Storiche at Porta a Mare in Livorno was inaugurated, and restyling work was completed in Portogrande Shopping Centre (AP) with particular focus on the social and environmental impacts of the structures. Work is currently underway in Leonardo Shopping Centre in Imola (BO)	●●●○
	100% of the Italian Shopping Centres with at least one annual initiative on social or environmental issues	Activity carried out in 96% of the Shopping Centres	●●●●
	An across-the-board initiative involving at least 50% of the Shopping Centres on CSR issues_Italy	"Isola della salute" (Island of health) was organised in 6 Shopping Centres with focus on nutritional wellbeing	●●○○
	Organisation of initiative aimed at preventing the digital divide (e.g. fundraising to purchase devices, training courses, designated wi-fi etc.) in at least 50% of the Italian Shopping Centres	No initiatives were carried out	●○○○
TOGETHER	Define a **framework for the issuing of financial instruments linked to sustainability**	Framework created at the beginning of 2022	●●●●
	Asses the opportunity of obtaining a **solicited ESG Rating**	Solicited GRESB rating obtained in 2023	●●●●
	Organise **Investor/CSR day**.	The Company decided not to organise an Investor/CSR day in 2023	●○○○
	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 customer satisfaction survey were carried out reading 7 shopping Centres	●●○○
	Involve at least one non-profit organisation in 100% of the Shopping Centres	Non-profit organisations were involved in 96% of the Shopping Centres	●●●●
	Examine the opportunity to resume the "Social Borgo" project	After replanning the project in 2023, it will now become operational in Borgo Shopping Centre (BO) during the first few months in 2024	●●○○

2.10.3 // The risks and the relative policies/actions

IGD monitors and manages overall risks through the Enterprise Risk Management system which takes into account both financial and non-financial risks, a few of which are tied to sustainability (like climate change, ethics, quality 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. Each year the company analyzes how effective the actions were in mitigating each risk and reports the results achieved in the Sustainability Report.

In 2023 IGD updated the risk management model, introducing advanced quantitative models to be used to assess risk. These models are based on simulations which aim to assess the confidence levels, examining both the normal conditions and the stress tests. During the year the company worked to gradually include the environmental, social and governance (ESG) risks in the Enterprise Risk Management (ERM) model. Toward this end, a step-by-step project was defined, part of which was carried out in 2023 and part of which will be developed in 2024. The first phase of the project made it possible for the Company to connect CSR risks with the ones monitored through the ERM system, which guarantees an integrated and comprehensive understanding of the company's risk management system. The path will also be pursued in 2024 when the integration will be fine-tuned and the identification and assessment of ESG risk will gradually be included in the ERM model. This comprehensive approach aims to ensure consistency and cohesion in the analysis and management of all risks, facilitating an in depth understanding of the impact and opportunities associated with the environmental, social and governance aspects of the Company.

The ESG risks monitored, their connection with the material issues, the policies and actions identified to mitigate them, the indicators used to monitor the efficacy of the actions undertaken and the opportunities are reported in the Sustainability Report in the "Sustainability Strategy" chapter.

> The actions taken and the results achieved in 2023

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 2023 Sustainability Report can be found on the corporate website at https://www.gruppoigd.it/sostenibilita/bilancio-di-sostenibilita/archivio-bilanci/.

2.11 // Outlook

Like-for-like (excluding the portfolio sold) the Group estimates that operating results will increase in 2024 also: Ebitda is expected to increase by around +3% against 2023, thanks to further improvement in the vacancy rate and the full year contribution of a few development projects, above all Officine Storiche. The results will be impacted negatively by the disposal of the 13 assets described in greater detail below, as well as the increase in financial expenses attributable to the new loans taken out in the last 2 years in a context of high interest rates.

For these reasons, and based on the current global market and operating environment, FFO is expected to come in at around €34 million in 2024.

2.12 // Main risks and uncertainties for IGD SIIQ S.p.A. and the Group

The operations of the IGD Group entail inherent risks that influence the Group's earnings and financial situation.

To identify and assess its business risks, IGD SIIQ S.p.A. has developed an integrated Enterprise Risk Management (ERM) system based on the COSO framework promoted by the Committee of Sponsoring Organizations of the Treadway Commission. This systematic approach makes it possible to identify priority risk areas, assess the potential negative effects in advance, and implement control mechanisms for the Company's protection.

The Company monitors the various risks in light of its strategic, operational and financial goals, as well as for compliance purposes, using a model based on Key Risk Indicators.

Key Risk Indicators play a crucial role because they signal trends, allowing Management to keep an eye on significant changes in business risks, and are therefore a valuable tool for handling potential negative impacts in a proactive and timely manner.

In 2023, improvements in the group's risk management system were focused on introducing advanced quantitative models for assessing risk. These models are based on probability simulations aiming to evaluate different confidence levels, using both normal conditions and stress tests. The risk appetite framework now incorporates quantitative parameters directly correlated with the main budget indicators, such as FFO (funds from operations) and LTV (loan to value). This set of indicators will be further expanded with the addition of ICR (interest coverage ratio), which will provide a more complete, accurate overview of the Group's risk profile.

The Group's primary risks are described below.

2.12.1 // Strategic risks

2.12.1.1 Purchasing power and competition risk

Risk factors:
> Radical change in consumer habits, affecting IGD's business model based on shopping centers;
> Regulatory changes with a strong impact on business activities, 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 are conducted based on Italy's principal macroeconomic indicators (GDP, consumption, household income, inflation, etc.).

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 assesses 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) are made consistently with the target positioning. The pricing analysis, which takes the target margin into account, 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, and are subject to Management's approval within the confines of the budget.

Looking at changing consumer trends, the Company also carefully analyzes the merchandising mix in order to understand the relationship between traditional retailers and services that cannot be replicated by e-commerce. There is a particular emphasis on introducing both destination stores and merchandise that is in line with market trends, in order to preserve the appeal of each shopping center within its 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.

2.12.1.2 Macroeconomic risk

Risk factors:
> Uncertainty regarding inflation;
> Domestic/international economic downturns.

> 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 such as 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.

2.12.1.3 Socio-political risk

Risk factors:
> Domestic/international political crises;
> Regulatory changes with a strong impact on the laws applicable to the Company.

> 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.

2.12.1.4 e-commerce risk

Risk factors:
> Radical change in end-consumer habits 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 e-commerce trends: up until now the sectors most impacted by online competitors are tourism (travel organization, specifically) and services.

2

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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 its peers.

The Company's current strategy focuses on two key aspects: the analysis and continuous fine tuning of the merchandising mix in order to introduce activities that cannot be substituted (e.g. restaurants and personal services) and the remodeling/renewal of shopping center space; and the increasing integration between "online and offline," making shopping centers multichannel spaces with personalized communication and visitor offerings including by using the tools developed in the Digital Marketing Plan.

2.12.1.5 Financial strategy and debt refinancing risk

Risk factors:

> Failed/unclear definition 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 its investment grade profile. It aims 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 of 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 which have issued the following ratings: S&P BB with a stable outlook and Fitch BBB- with a stable outlook. The ratings reflect a significant decrease in liquidity risk for the next 12-18 months, thanks to the extension of the maturities calendar and the completion of the exchange offer for the bond maturing in November 2024.

2.12.1.6 Tenant/merchandising risk

Risk factors:

> The shopping centers' positioning fails to attract the target customers found in the catchment area;

> The merchandising mix does not meet the needs of the customers in the catchment area;

> The 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 and monitor the steps taken within the region. A tenant mix that meets qualitative standards is defined based on an assessment of the shopping center's location and a survey conducted, including with the support of specialized professionals, of the center's intrinsic characteristics and an evaluation of the region. The Company has strengthened its data gathering and processing capacity by opening a Marketing Unit that includes the marketing analyst position. The work it performs assures a more detailed flow of information and the possibility for targeted commercial policies on different levels: shopping center, tenant, and merchandise category. On a rotating basis, the Company also performs tenant analyses and customer surveys through questionnaires conducted by phone and directly at the shopping centers, in order to gauge customers' satisfaction with the services offered by the center and the events organized there.

In the Romanian market, Management carefully evaluates the tenant mix, focusing on the shopping center's geographical location and placing special emphasis on the regional/local identity of the retailer portfolio. It also considers the food- and non-food anchors and makes sure they are consistent and compatible with the overall strategy.

It benchmarks performance and footfalls against competitors, and constantly monitors market trends (market potential and newcomers) thanks in part to an extensive presence throughout the country. The Company constantly monitors developments in the merchandising mix and the tenant mix through ad hoc monthly reports that analyze the main performance indicators (market rent, occupancy, merchandising mix, tenant mix, weight of the international, national and local retailers, etc.). Strategically, it plans to convert the higher, less attractive floors into space for offices or service providers, in order to maximize rents and negotiate longer term leases.

2.12.1.7 Hypermarket risk

Risk factors:

> Crisis among hypermarket retailers which could affect the large-space occupancy of shopping centers, their appeal to customers, and the Company's revenue.

> Risk management

The Company constantly monitors the performance of its shopping center tenants and, where necessary, remaps mall space or adjusts rent to make it more sustainable over time, sometimes in conjunction with a decrease in the size of hypermarkets. The Commercial Division has defined a synergistic commercial strategy by which hypermarkets and malls work more closely together on marketing and management, with a view to improving the customer experience. When evaluating tenants, the Company considers mitigating factors like the ability to attract customers through offerings more in line with market trends.

For some years now it has also been adding new services and innovative activities tied to food & beverage and entertainment, interpreting the latest trends in the retail market.

Below is a list of the most significant actions taken by the Group as part of its risk response strategy:

> The remapping of malls to make up for the reduced size of hypermarkets;

> Rent adjustments for 13 hypermarkets with a view to making them more sustainable over time, in conjunction with a synergistic commercial strategy by which the hypermarket and the mall will work more closely together on marketing and management for the sake of a better customer experience;

> Where possible, the creation of shop-in-shops at hypermarkets that have not been resized, in order to boost profitability and especially the range of specialties on offer;

> An expansion of the online order and pick-up service using the former stockrooms of the hypermarkets that are easily accessible.

2.12.1.8 Digital transformation risk

Risk factors:

> Diminished appeal of the shopping center/mall;

> Trouble meeting the personalized needs of each visitor.

> Risk management

In 2023, IGD worked on an existing long-term project to adapt the marketing strategies of shopping centers to the growing opportunities offered by digital tools, with the aim of bringing visitors into closer contact. This effort has taken the form of IGD's first Digital Plan, developed after the hiring of a digital specialist in 2019. From the outset, the specialist set to work finding the most appropriate strategies for promoting the digitalization of the Group's shopping centers.

The Digital Plan is focused on defining actions and services that will encourage loyalty and a personalized experience. To reach those goals, it emphasizes the creation of a system for lead generation, profiling, and interaction with the target, made up of two main components: tenants and visitors/users. To meet the needs of both, IGD has come up with a range of targeted actions and services.

The Plan was rolled out in the first half of 2021, with the implementation of a customer relationship management (CRM) system at shopping centers. To generate contacts and detailed profiles, actions were taken involving the different touchpoints that characterize the online and offline customer journey.

Through the gradual implementation of the Digital Plan, the aim is to make the experience more personalized and thus enhance the mall's appeal. This will be possible thanks to the cooperation of tenants and the ability to identify and offer services that are tailored to visitors' needs.

The Digital Plan marks the beginning of a journey toward omnichannel integration, developed in phases based on the results achieved, the response from the target, and changes in market contexts.

The milestones achieved thus far are summarized below:

> A customer relationship management (CRM) system, connected with physical and digital touchpoints (information panels at the mall, wi-fi system, events, website, and the online "Area Plus"), used to manage communications with visitors;

> All-new websites, with improved graphics and structuring for a better user experience;

> The new Area Plus reserved section for website visitors, with products, content, services, special offers, and gaming events;

> The use of social networks (Facebook and Instagram) to promote goods on sale at the shopping center (through influencer marketing programs) and increase drive-to-store occasions (with special offers).

2.12.1.9 Corporate social responsibility risk

Risk factors:

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

> Risk management
The Company has developed an acronym ("GREAT") which reflects IGD's vision of sustainability and, at the same time, presents the material issues identified as a group. "GREAT" summarizes the Company's commitment to constant growth and stands for 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 worked to raise shoppers', suppliers' and tenants' awareness of sustainability issues.

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 their needs and expectations and assess their satisfaction with decisions made and actions taken.

2.12.1.10 Pandemic risk

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 on their retail businesses and remain solvent.

> Risk management
During the Covid-19 crisis, IGD took actions consistent with its sustainability policies in order to address the impact of the pandemic. For tenants, support initiatives included one-off changes to billing and payment deadlines, as well as temporary rent reductions. To keep shopping centers in operation, cleaning, sanitization and supervision efforts were intensified and a communication campaign was launched to explain and support preventive behaviors. In October 2021 IGD obtained BIOSAFETY TRUST CERTIFICATION for seven shopping centers and the headquarters in Bologna; it plans to have 100% of its assets certified by 2024. IGD adopted "flexible work" arrangements for all headquarters personnel, leaving the shopping centers minimally staffed. From a financial standpoint, the Company responded to the crisis with actions such as revising investments and streamlining non-essential operating costs. Finally, its "Moving Forward" Plan lays out targets and actions for the future.

During the 2023 risk assessment procedure, given the current state of the pandemic and the remote chance of new closures, the Company decided to reduce the likelihood of occurrence of this event. However, the risk is monitored constantly for the sake of preparedness in case of new outbreaks.

2.12.2 // Operating Risks

2.12.2.1 Disaster risk

Risk factors:
> Natural disasters such as floods and earthquakes;
> Catastrophic events, e.g. fires.

> Risk management
Given the type of business and its unique portfolio, the Company has taken out an all-risks policy with a major insurer that provides annual coverage to each shopping center.

IGD is committed to investing in the maintenance and quality of its properties. When renewing the insurance for its buildings, the Company has added and/or changed coverage as needed. In case of damages, a dedicated appraiser is assigned to represent the Company in the damage inspection process and ensure faster settlement of claims. The Company also developed a procedure for the updating and monitoring of outstanding claims on a quarterly basis.

In light of the growing concern about earthquakes as a result of the recent occurrences in Italy, the Company is looking more closely at potential risk factors and assessing whether changes should be made to safety mechanisms and insurance coverage. In the last few years, IGD has also negotiated further changes to the all-risks policy, increasing the amount insured for various types of events deemed the most likely to occur and to cause the most significant damage.
Catastrophic risk is an extremely important topic for the Group, especially in light of the floods that struck the Romagna region. Well aware of the size of such risks, in 2023 the Company raised the maximum benefits and coverage against catastrophic events.

2.12.2.2 Credit Risk

Risk factors:
> Customer insolvency;
> Credit recovery problems.

> Risk management
Tenants go through a pre-contractual selection process, based on financial soundness, P&L forecasts and the earnings prospects of their business.

The Company assesses potential clients for risk factors, including with the help of specialized consultants. To ensure they meet contractual commitments, it requires all tenants to post guarantees and/or security deposits. Throughout the lease relationship, the Company constantly monitors their satisfaction of the lease terms and conditions and intervenes according to internal procedures in case of noncompliance. In exceptional situations, especially for reliable tenants, the Company may adopt temporary relief measures. A system involving monthly analyses and daily monitoring is used to judge the credit situation of existing tenants and the creditworthiness of new ones. This system makes it possible to conduct solvency tests for new tenants and monitor the risks associated with existing contracts over time, by sending automatic alerts if a tenant's credit rating declines.

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 (around 72% for doubtful accounts and 83% for problem credits); the allowances are updated each quarter.

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

More specifically, the client payment schedules and credit positions are updated constantly. For the administrative management service, the consortia have hired IGD Service, which in turn has outsourced it to third parties. From those companies IGD Service receives a periodic report on tenants' credit positions, and decides on the appropriate course of action in case of problems.

The Company has fostered an ongoing relationship between the Asset Management, Development and Network Management Division and the Administration, Legal and Corporate Affairs, Contracts, HR and IT Division in order to define a shared credit management strategy.

The Asset Management, Development and Network Management Division, working with the Commercial, Marketing and CSR Division, has initiated a process by which the consortiums will control their own invoicing of costs. Specifically, they will be converted from operating consortiums into ownership consortiums so they can directly manage both costs and rent, thereby exercising greater control over the credit positions of tenants.

Regarding business operations in Romania, it is essential to note that under Romanian law, the owner is entitled to take back a leased space immediately if the lessor is in breach of contract, and can also take legal action against the lessor. Winmarkt uses standard contracts that include clauses related to credit risk, interest on late payments and penalties, and requires every tenant to post guarantees in the form of sureties or security deposits. The credit writedown policy provides for 100% coverage of receivables more than 60 days old, unless there are signed agreements. Customers are rated following standard company practice, considering their commercial skills, the opinions of the shareholders, and information from the Chamber of Commerce in the case of national tenants. For local tenants, the crucial factors are the commercial skills of the individual shopping center managers. A formal procedure has been implemented to monitor and mitigate this risk. Winmarkt constantly monitors its tenants' credit quality by assessing the sustainability of rent with respect to their revenue. The positioning strategy prioritizes international retailers with a better credit standing than national and local tenants.

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.

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> Risk management

Exogenous risk is constantly monitored by the Asset Management, Development and Network Management Division.

The location of shopping centers throughout the country reduces the exposure to risks from regional phenomena.

The analysis of sales data and the observation of commercial trends, the performance of credit positions, renegotiations and footfalls, and the support of external appraisers when valuing assets are all useful to Management for capturing any signs of a downturn in the commercial real estate market. To value its properties, the Company selects independent appraisers who are specialists in the field. Assets are valued twice a year; however, in order to monitor the valuation process, the Company may request a comparative appraisal from other independent specialists.

Periodically the Company runs sensitivity analyses on its largest assets, to assess and anticipate the potential impact of changes in the key economic variables used to value the properties (discount rate, capitalization rate, revenue). In addition, to improve control of the asset valuation process and make sure properties are appraised on a rotating basis, the Company has hired independent experts to appraise a portion of the real estate portfolio.
The Planning and Control Department reviews the appraisals, checks them for errors and reconstructs the discounted cash flow. The financial statements present the sensitivity analysis of the main variables (increase and decrease in exit rates), while for preparation of the forecast/budget/business plan, an assumption is made about the assets' expected value.

To reinforce the response strategy in case of an incorrect valuation of assets, the Company has also adopted a new procedure governing the asset valuation process, the responsibilities of IGD and the appraisers, and the controls to be implemented to mitigate the risk of faulty valuation.

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 oversees relationships with its tenants through the constant monitoring of any contractual breaches or violations and through the regional supervision of the Commercial Division. Every tenant is subject to pre-contractual selection based on financial solidity, the economic prospects of its 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 uses standard rent/lease agreements that may be revised or amended based on the conditions agreed upon with the tenant; if need be, the Company may avail itself of outside consultants to define unusual contractual clauses.

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

In Romania, contract management is closely monitored through a steady relationship with tenants, handled by local management, in particular through the commercial department. Before renegotiating a contract, Management looks at the rent as a percentage of the tenant's revenue. Any contractual change requires the approval of the Commercial Director, the COO or the Board of Directors, depending on the authorization limits set by the shareholders' meeting. The existence of a centralized Leasing Division, with a unit covering the Romanian market, provides constant supervision of this risk.

Winmarkt has a diverse tenant portfolio that includes local, national and international retailers. The company continues to strengthen its relationships with tenants with the best credit standing, through contract management policies designed to extend the lease duration, add stricter clauses and prolong the lock-in period. From a legal and regulatory standpoint, there is more flexibility for the renewal or termination of contracts.

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.

IGD works intensively 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 industry professionals who work to achieve the Group's objectives in terms of revenue and occupancy.

Monitoring the occupancy of the different shopping centers and determining any steps that need to be taken 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 internal layouts, thereby adapting to changing market needs or economic conditions. It carries out ongoing restyling (including non-prime) in order to maintain a high degree of appeal. 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 stores' bottom lines, where necessary, temporary discounts on rent are allowed which helps to preserve occupancy. In some cases, when a new store is opened, tenants are assisted during the start-up phase by offering them step rent that does not reach the standard amount until the third year of the lease.

To encourage the presence of high-appeal anchor stores that help maintain occupancy within the mall, the Company makes a fit-out contribution to help set up these stores.

Regarding the Romanian market, it is important to understand that some specific characteristics of the Winmarkt portfolio inform its occupancy strategy.

The shopping centers, located in the heart of downtown (near city hall or the main cathedral), are akin to department stores with a vertical (multi-floor) layout. This carries the risk of tenant turnover and, consequently, a higher vacancy rate on the less prestigious upper floors (3rd, 4th and 5th).

The commercial strategy is to achieve full occupancy of the properties (by offering lower rents on the upper floors), getting as much leverage as possible from the appeal of the anchor stores (food and fashion).

Tenant turnover is generally high, especially on the upper floors. The less prestigious floors are currently being converted for uses complementary to retail, with the support of external agencies specialized in entertainment and other businesses.

Marketing is conducted at the individual shopping center level, with the aim of attracting shoppers to support small local retailers.

The Group has introduced a control panel that monitors the business strategy by way of budget indicators, occupancy rate, merchandising mix and sales.

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 to insource IT services.

The project developed through the creation and deployment of a new ERP/EPM software, the update of complementary third-party platforms (financing and leases) and the insourcing of HCM and IT security services.

At that time, the Company hired an IT Manager with lengthy experience in similar roles at multinational companies, supported by internal personnel who previously provided tech support and interfaced with the external provider.

On 1 January 2022 the Company set up an IT Unit under the Administration, Legal and Corporate Affairs, Contracts, HR and IT Division.

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 by suppliers, including breach of professional responsibilities.

> 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

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Anticorruption Policy (UNI ISO 37001:2016) and the Due Diligence Procedure adopted by the Company, all third parties (both contractors and contractees) undergo 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.

Each Division selects its own supplier and approves payment of the corresponding invoice, according to the rules established in the purchasing procedure. In accordance with the Anticorruption Policy (UNI ISO 37001:2016) and the Due Diligence Procedure adopted by the Group, all third parties (both contractors and contractees) undergo screening/due diligence.

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.

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

2.12.3 // Compliance Risk

2.12.3.1 Tax risk

Risk factors:
> Fines for the violation of tax laws;
> Loss of the earnings and financial requisites necessary to maintain SIIQ status.

> Risk management
The Company, which was granted SIIQ status in 2008, has since then carefully monitored the associated tax risks; transactions affecting the chosen tax regime directly or indirectly are reviewed with support from the Administration, Legal and Corporate Affairs, Contracts, HR and IT Division, which constantly monitors any legislative changes and the internal administrative, accounting and tax procedures with assistance from an internal resource assigned to this task.

More specifically, separate accounts are kept for taxable operations and exempt operations; every six months, and more often in advance of corporate finance transactions, the Division conducts asset and profit tests in order to monitor tax compliance at the present moment and on a forward-looking basis. The results of the tests are shared with management. In addition, the financial statement disclosures and tax returns are reviewed by a leading tax advisory business.

For any problems relating to new transactions, it is good practice for the Company to ask for support from the external auditing firm.

In the past, the firm received inspection notices for Igd Management, Igd Property and Punta di Ferro, resulting in no significant findings.

The Company has also undergone an inspection concerning registration tax for the acquisition of the ECP portfolio, which was closed without any findings of note.

2.12.3.2 Data privacy risk

Risk factors:
> Fines for the violation of data protection and privacy laws.

> Risk management
The Data Protection Officer (DPO), with support from an internal legal team, is responsible for supervising GDPR compliance in terms of Company records (privacy organizational chart, appointments and authorizations) and contracts.

IGD has granted an annual assignment to an external IT law consultant who assists the DPO with GDPR assessment and compliance. The DPO in Italy is the Head of Legal Affairs, while in Romania, where the organization is much smaller, there is no such position.

Since 2018, when the GDPR took effect, training in this area is provided to all white collar employees, junior managers and managers, and regular audits are carried out and reported on each year when the Board of Directors meets to approve the half-year financial statements.

2.12.3.3 Corporate liability risk

Risk factors:
> Corporate liability for crimes pursuant to Legislative Decree 231/01.

> Risk management
The Company has adopted the "Model for organization, management and control" ("MOG") pursuant to Legislative Decree 231/01 ("Decree"), defining the guidelines, rules, standards of conduct and governance for the Company's activities, which apply to all recipients with a view to preventing the crimes falling under the Decree.

As an integral part of the MOG, the Company has also adopted a Code of Conduct applicable to everyone who works for or with the Group, without exception, who are required to comply and ensure compliance 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 keeps the MOG fully up-to-date to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure.

Since 2014, when corruption between private parties was added to the Decree, the absence of conflicts of interest within top management is verified every year. In 2018, after the whistleblowing law (Law 179 of 30 September 2017) took effect, the MOG was updated and the Company set up an anonymous whistleblowing platform accessible to both internal and external parties via the home page of the Company's website.

In 2020 the Company obtained ISO 37001 "Anti-Bribery Management Systems" certification, which defines the requisites for anti-bribery/anti-corruption systems. The certification was issued by RINA Services S.p.A., an independent certifier accredited by Accredia (the government-appointed national accrediting entity for certifications and inspections) 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:
> Fines, reprimands and citations from the market management and supervisory authorities.

> Risk management
As required of listed companies, IGD has established an Investor Relations department. Information is therefore managed by two units: Investor Relations, responsible for the relationship with Borsa Italia, and the Legal and Corporate Affairs Department, which handles the relationship with CONSOB. Any CONSOB investigation is managed by the Legal and Corporate Affairs Department with support from external consultants. The division works closely with the Chief Executive Officer and in compliance with internal and external regulations governing market abuse.

Communications are reviewed by management and the CEO depending on their significance.

In addition, the Company has prepared a timetable for the periodic shareholder meetings that are required for approval of the financial statements and in case of extraordinary operations.

With the enactment of EU Regulation 596/2014 ("MAR"), the Company adopted a market procedure for the management, handling and public disclosure of confidential and price sensitive information and set up an Insider Registry.

IGD follows the 2020 version of Borsa Italiana's Corporate Governance Code, prepared by the Corporate Governance Committee. It stays fully abreast of any regulatory changes and their possible implications for compliance.

2.12.3.5 Financial reporting risk

Risk factors:
> Fines for violation of the Financial Reporting Officer's responsibilities pursuant to Law 262/05.

> Risk management
The Company, in accordance with Legislative Decree 262 of 28 December 2005 (Savings Act), has adopted administrative and accounting control procedures related to financial disclosures in order to *(i)* ascertain whether the current Internal Control System provides reasonable certainty that the information represented in the financial statements is accurate and reliable; *(ii)* implement suitable administrative and accounting procedures to be

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used in drafting the separate and consolidated financial statements, as well as any other financial disclosures (in accordance with Law 262/2005); *(iii)* ensure compliance with the administrative and accounting procedures during the period to which the above documents refer.

The implementation of Internal Control System under Legislative Decree 262/05 is coordinated and monitored 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 make sure the risk controls implemented as per risk assessments are effectively applied and updated in light of activities carried out by the Administration, Corporate and Legal Affairs, Contracts, HR, and IT Division.

The Company uses a model for risk assessment and management of the administrative system used for financial reporting, and regularly updates this model. Each year the Company tests the adequacy and effective application of the administrative-accounting processes and subprocesses. The Company has also drawn up a manual for the Financial Reporting Officer and updated all administrative-accounting procedures, specifically those that impact reporting. The findings that emerge during "Law 262 Testing" are analyzed periodically by the control bodies and the Board of Directors. The Company works constantly to make any recommended changes in order to continuously improve the administrative-accounting activities.

Note that the implementation of the new Microsoft ERP system will allow strengthen financial reporting controls; furthermore, with support from an external consultant, the Company has begun to revise its entire library of procedures to incorporate the impact of the ERP system on existing processes.

2.12.4 // Financial Risk

2.12.4.1 Liquidity risk

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

> Risk management
Liquidity is monitored through cash flow planning, and risk is mitigated by the Company's extensive credit lines, committed and uncommitted.

The Finance Division 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 borrowings to capital market debt.

With regard to medium/long term debt, the Group finances its operations using: *(i)* medium/long-term floating rate mortgages and unsecured loans, and *(ii)* fixed-rate bond loans. Medium/long-term borrowings may contain covenants; these are monitored constantly by the chief financial officer, who also coordinates with management using the enterprise risk management system to gauge the likelihood of violating the covenants as a result of strategic, operational, compliance and financial risks.

Financial commitments are covered by confirmed bank funding and available committed and uncommitted credit lines.

Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on the Company's market reputation and financial viability.

The Company is equipped with tools to i) analyze and measure interest rate risk, ii) gather data and information relative to contracts entered into for the management of interest rate risk, iii) develop a single risk assessment and management model, and iv) identify and measure financial risks taking into account:

a) Fair value;
b) Cash flow sensitivity;
c) Stress tests;
d) Likelihood of counterparty default.

All information pertinent to cash management and funding is managed by a single department. The planning and control figures from the business plan are also integrated with financial data provided by the Finance and Treasury Division.

2.12.4.2 Interest rate risk

Risk factors:
> Interest rate volatility that could impact the financing of operations and the use of available liquidity.

> Risk management
The Group finances its operations through short-term borrowings, long-term secured and unsecured loans charging adjustable interest, and fixed-interest bonds, so it determines its risk of increased financial charges if interest rates go up or if it refinances debt at higher rates.

To date all the refinancing that the Company is considering would be at higher interest rates than in the past, while also entailing greater risk.

The Finance and Treasury Division monitors interest rate risk constantly, in coordination with top management. Over the years the Company has gradually increased its interest rate hedges and reduced LTV.

The Finance Division monitors trends in the main economic and financial indicators that may affect the Group's performance.

To manage this risk, the Company has entered into interest rate swap (IRS) agreements and, in light of the yield curve, considers other forms of hedging like caps and collars which allow it to cover about 80% (at 31 December 2023) of its interest rate risk on medium/long-term loans, including bonds. Management views coverage of around 80% to be adequate.

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 through banks and/or the capital markets. The Company is currently rated by two agencies that have assigned the following ratings: S&P BB with a stable outlook and Fitch BBB- with a stable outlook.

The Finance Division carefully monitors the parameters assessed by the two rating agencies, as it recognizes the crucial importance that ratings play in protecting the Group's financial credibility and building confidence on the part of stakeholders.
This area of risk is mitigated by periodic monitoring in the context of the ERM process.

2.12.4.3 Exchange rate risk

Risk factors:
> Fluctuations in the value of the Romanian RON,
which could result in the portfolio being written down and the default of Romanian retailers whose rent is denominated in EUR but paid in the local currency.

> Risk management
Rent for retailers in Romania is denominated in euros but invoiced and paid in the local currency (RON); this exposes the Company to the risk that fluctuations in exchange rates could make it harder for these tenants to meet their contractual obligations.

Currently IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and by sustaining the value of the real estate portfolio, in part by making improvements. Periodic meetings are held to coordinate and monitor the credit situation of individual malls and tenants and determine if any action is needed. On a regular basis, the Company monitors the rent as a percentage of the tenant's sales. Commercial policies are determined with care and with the utmost attention to local consumption styles and market demands.

To that end, the Group employs a specialized team made up of head office and local professionals, to seek the right trade-off between the expertise acquired at the corporate level and knowledge of the local context.

2.12.5 // Other risks

As mentioned in Section 2.10, the Group is evaluating the potential risks that climate change poses for its operations and has identified the following possible impacts:

> Increase in consumption, energy costs and damages caused by sudden environmental events;
> Increase in operating costs due to higher fossil fuel prices;
> Stricter environmental legislation and potential fines;
> Reputational damage caused by environmentally harmful events involving the Group.

With regard specifically to transition risks and the potential impact on the fair value of the real estate portfolio, as reported in the appraisals, the independent appraisers have taken into account the ESG indicators of every building and included a cost component in their base cash flow analysis. This component includes extraordinary maintenance costs for which the owner is responsible, including energy upgrades associated with business plan targets and the company's ambitions, which may not represent a realistic estimate of such costs considering that companies are not yet legally required to incur them.

In their reports, the independent appraisers emphasize that currently there are no objective parameters or specific databases allowing them to accurately reflect the impact of ESG in property valuations.

They did point out that properties with good to excellent levels of energy efficiency are viewed favorably by the real estate market as the property is capable of attracting tenants of high standing. Therefore, energy efficiency aspects are reflected indirectly in the property appraisal and expressed implicitly in market value.

In 2023 the Group intensified its commitment to using sustainable energy in both Italy and Romania. It purchased 96% of its energy from renewable sources and increased its own sustainable power production, mainly through the installation of solar panels. This increased its output capacity by 42%, from 2.1 MW to 2.98 MW, making a significant contribution to the green energy transition.

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 2023 are provided in a section of the notes to the financial statements.

2.14 // Treasury Shares

IGD owned no treasury shares at 31 December 2023.

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 2023, 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 2023, being submitted to the shareholders for approval, show a net loss of €72,515 thousand. Total revenue and operating income amounted to €125.2 million, an increase of €11.2 million or 9.0%, attributable mainly to indexing for inflation, the new pre-lets and the merger by incorporation in IGD SIIQ of the subsidiary IGD Management SIINQ, effective for legal purposes as from 1 October 2023 and for statutory and tax purposes as from 1 January 2023. Operating costs including general expenses were higher than the previous year, but lower as a percentage of revenue, falling from 26.4% to 25.0%.

EBIT was negative for €28.1 million, a decrease of €51.7 million with respect to the prior year, due mainly to property writedowns of €120.0 million (versus €59.3 million at 31 December 2022).

Financial charges amounted to €44.1 million at 31 December 2023, Euro 15.7 million higher than in the prior year.

Net financial debt was approximately €56.1 million higher than in 2022 as a result of the absorption by of the subsidiary IGD Management.

IGD SIIQ S.p.A.'s statement of financial position at 31 December 2023 can be summarized as follows:

(in thousand of Euros)	12.31.2023	12.31.2022	Δ	%
Investment property	**1,810,741**	**1,741,750**	**68,991**	**3.81%**
Assets under construction and advance payments	**2,288**	**25,926**	**(23,638)**	**-1033.13%**
Intangible assets	**1,774**	**1,765**	**9**	**0.51%**
Other tangible assets	**9,035**	**8,734**	**301**	**3.33%**
Soundry receivables and other non-current assets	**83**	**83**	**(0)**	**-0.29%**
Equity investments	**142,085**	**212,098**	**(70,013)**	**-49.28%**
Net working capital	**(15,210)**	**(10,780)**	**(4,430)**	**29.13%**
Funds	**(6,838)**	**(5,407)**	**(1,431)**	**20.93%**
Sundry payables and other non-current liabilities	**(16,890)**	**(13,296)**	**(3,594)**	**21.28%**
Net deferred tax (assets)/liabilities	**1,593**	**971**	**622**	**39.05%**
Total use of funds	**1,928,661**	**1,961,844**	**(33,183)**	**-1.72%**
Total shareholders' equity	**1,049,568**	**1,140,988**	**(91,420)**	**-8.71%**
Net (assets) and liabilities for derivative instruments	**1,205**	**(920)**	**2,125**	**176.35%**
Net debt	**877,888**	**821,776**	**56,112**	**6.39%**
Total sources	**1,928,661**	**1,961,844**	**(33,183)**	**-1.72%**

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

	(A) 12/31/2023	(B) 12/31/2022	Δ (A)/(B)
Revenues from freehold rental activities	120,564	109,583	10.0%
Revenues from leasehold rental activities	3,220	3,243	-0.7%
Total revenues from rental activities	123,784	112,826	9.7%
Rents and payable leases	-6	-4	50.0%
Direct costs from rental activities	-18,728	-18,808	-0.4%
Net rental income	105,050	94,014	11.7%
Revenues from services	1,017	1,181	-13.9%
Direct costs from services	-16	-7	n.a.
Net services income	1,001	1,174	-14.7%
HQ Personnel expenses	-7,184	-6,653	8.0%
G&A Expenses	-5,301	-4,539	16.8%
Core Business EBITDA (Operating income)	**93,566**	**83,996**	**11.4%**
Core Business Ebitda Margin	*75.0%*	*73.7%*	**1.8%**
Impairment and Fair Value adjustment	-120,043	-59,343	n.a.
Depreciation and provisions	-1,645	-1,124	46.4%
EBIT	**-28,122**	**23,529**	**n.a.**
Financial management	-44,062	-28,324	55.6%
Extraordinary management	-45	4	n.a.
Pre-tax resuts	**-72,229**	**-4,791**	**n.a.**
taxes	-286	-237	20.7%
Net result of the period	**-72,515**	**-5,028**	**n.a.**
(Profit/Loss) for the period related to third parties	0	0	n.a.
Group net result	**-72,515**	**-5,028**	**n.a.**

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).

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// REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
DETAILED INDEX

3. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

// GLOSSARY

// Board
The Issuers' Board of Directors.

// Civil Code/C.C.
The Italian Civil Code.

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

// 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.

// 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.

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

// 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.

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

// Testo Unico della Finanza/TUF
Legislative Decree 58 of 24 February 1998.

// Year
Financial year 2023, referred to in this Report.

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 2022-2024 Business Plan. In this regard, see the following Section 3.8 "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 2023, the Company prepared a Corporate Sustainability Report which describes the strategy, short-, medium- and long-term growth targets, and key results achieved during the year in terms of ESG.

Every year the Company makes the Corporate Sustainability Report, certified and approved by the Issuer'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 and Art. 2-*ter* of the Consob Regulations for Issuers (capitalization below the threshold set by CONSOB).

Average Capitalization

2023	2022	2021
278,798,937	404,697,177	429,290,348

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.

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.2 INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PAR. 1, TUF) AT 27 FEBRUARY 2024

3.2 // information on ownership structure (pursuant to art. 123-bis, par. 1, TUF) at 27 February 2024

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 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. As a result of the exchange transaction which took place on 17/11/2023, the amount of the remaining Notes was, therefore, reduced € 57,816,000;

ii. 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;

iii. 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;

iv. On 9 May 2023 IGD signed a €250 million green secured facility with Intesa Sanpaolo S.p.A. and other financial institutions which contains a mandatory termination clause if control of the Company should change;

v. On 17 November, following the tender and exchange offer on the bond expiring on 28 November 2024, the Company issued a new senior bond for € 310,006,000.00 whose settlement provides, inter alia, a put option in favor of the bond holders, actionable in the event of a change of control of the Company.

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 1, lett. d) 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. Since 2020 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 current 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) – together constitute 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.

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 2023 the Board of Directors:

> As part of the Internal Control and Risk Management System, continued implementing the Enterprise Risk Management model, assessing the main risks identified in light of the Company's and the Group's business model and found them compatible with a management of the business which is consistent with the company's strategic goals;

> Approved the update of the company procedures linked to processes developed to ensure compliance with Legislative Decree 231/2001, ISO 37001, MAR, Related Parties, GDPR, Corporate Governance Code and transparency, with a view to incorporating organizational changes and efficiencies in the processes and the main controls implemented by the Company;

> Approved amendments to the "Whistleblowing Procedure" adopted by the Company in order to reflect the changes introduced in this regard with Legislative Decree 24/2023, described in greater detail below;

> Approved the merger by incorporation of the wholly-owned subsidiary IGD Management Siinq S.p.A. in order to streamline and simply the Group's corporate structure effective as from 1 October 2023;

> Was informed every six months about the degree to which the approved Business Plan 2022-2024 had been implemented;

> Assessed, at least once a quarter, the general business performance, comparing the results achieved with the programmed ones.

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.

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.

The Board was also informed periodically by the Chief Executive Officer about the investor relations activities carried out through specific reports which were discussed during the board meetings.

The Company manages the information shared with its shareholders in accordance with laws governing market abuse and CONSOB guidelines.

For more information refer to Section 11 of this Report.

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 2024 equal to 4.5% of the Company's share capital, pursuant to Consob regulation n. 92 of 31 January 2024). 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

3

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.4 BOARD OF DIRECTORS

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 6 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 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 at the Annual General Meeting of 15 April 2021.

In the 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.

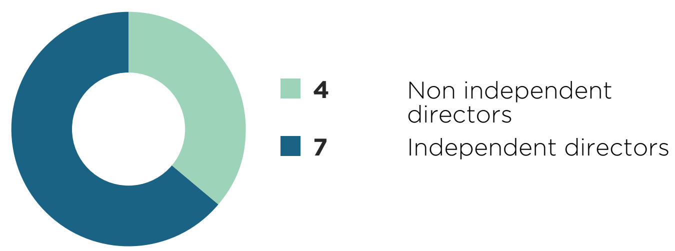
From List no. 2, submitted by the shareholder Unicoop Tirreno soc. coop. (which holds an interest of 7.87%), the director Alessia Savino was appointed. This list was voted by 7.87% of the shares represented in AGM.

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, 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 master 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 a member of the Appointments Committee of ECSP (European Council of Shopping Places); it was also a member of the Advisory Board of EPRA (European Public Real Estate Association). He is chair of the Board of Directors of IGD Service S.r.l.. The number of offices held is shown in Table 2.

// Stefano Dall'Ara
Non-executive Director

Born in Bologna 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 CFO 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.
The various offices held recently, between 2022 and 2023, include Chairman of the Board of Directors of CCFS Consorzio Finanziario Nazionale, Director of Equity Investments at Coop Alleanza, member of the Board of Directors of Eataly and Eataly World, Vice Chairman of FTO Federazione Nazionale del Turismo Organizzato and Chairman of Fondo Pensione Previdenza Cooperativa.
He is currently chair of the Board of Directors of Gattinoni Travel Store S.p.A., member of the Board of Directors of Cooperare S.p.A., 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 Italian Coop Trade S.r.l., Deputy Chair of the Board of Directors of Fi.bo S.p.A. and Chair of the Board of Directors and CEO of SCS Consulting S.p.A.. As of May 2023 he is a member of the Direzione Nazionale di Legacoop and as of January 2024 he is Head of Finance for Legacoop

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Nazionale. 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., Spindox S.p.A. and IMS S.p.A., standing auditor at HB Servizi S.p.A., Ecolombardia 4 S.p.A., Camfin Alternative Assets S.r.l., Agripower S.p.A., Istituti Ospedalieri 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 2017, 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.

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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.

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.

On 27 February 2024, the exiting Board of Directors approved the guidelines about the future size and composition of the board which will be published and submitted to shareholders ahead of the Shareholders' Meeting already convened on 18-19 April 2024 called, among other things, to resolve on the renewal of corporate bodies for the next three years. 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.

> 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 and its committees, including the procedures for scheduling, convening, conducting and recording the meetings.

In addition to the above, in August 2023 the Board of Directors approved an update of the procedure "Management of the Board Meetings" which aims to define the roles, methods and controls relative to the management of the Board of Directors' meetings.

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 explanatory presentations, 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 and 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 within its sphere of responsibility – most of them specified in Section 3.3.1 – and each director is ensured the necessary amount of time, without limitation, to formulate his or her statements, comments, and requests for clarification.

On 13 December 2023, the Company published its financial calendar which includes the following Board of Directors meetings in 2024:

> 27 February 2024: Board of Directors' meeting to approve the separate and consolidated financial statements at 31 December 2023;

> 7 May 2024: Board of Directors' meeting to approve the Interim Management Statement at 31 March 2024;

> 1 August 2024: Board of Directors' meeting to approve the Half-year Financial Report at 30 June 2024;

> 7 November 2024: Board of Directors' meeting to approve the Interim Management Statement at 30 September 2024.

If the Company deems it opportune it may convene, in accordance with the bylaws, other Board of Directors' meetings in 2024.

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

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goals of the Company and the entire Group.

Art. 18 of the bylaws 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. 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 call of the 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 (1).

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 2023 the adequate publication 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 14 meetings, on 26 January, 23 February, 19 April, 4 May (in ordinary and extraordinary session), 2 August, 11 September, 25 September, 3 October, 5 October, 19 October, 8 November, 23 November and 13 December, 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 07 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.

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 from a Company division, who has the required professional qualifications and experience in keeping with the Corporate Governance Regulations, including in relation to specific topics discussed during the meetings.

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 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;

> 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 accor-

(1). *Recommendation 12 (a) of the Code.*

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dance 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 and the timeliness 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

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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 27 February 2024 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 27 February 2024 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 13 February 2024 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 have committed to maintaining their independence throughout their term in office or otherwise to resigning from the Board.

The independent directors met on 27 February 2024 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.

The Company manages the information shared with its shareholders in accordance with laws governing market abuse and CONSOB guidelines.

// 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 content of 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/ .

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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 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, the Chair of the Board of Directors, who is also 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 3.9 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, 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 2023 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, 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.

The aspects subject to review in 2023 related primarily to the:

> Size and composition of the Board, as well as the professional characteristics and experience of the directors in light of the renewal.

> Role and impact of the independent directors.

> Functioning of the Board, with regard specifically to the frequency and duration of the meetings, timeliness and thoroughness of the documentation provided, deepening of the discussions, accuracy of the minutes.

> Composition and functioning of the Board committees, as well as the relationship with the control bodies.

> Relationships between directors, the Chairman and Management, understanding of company events and participation in company decisions.

> Role of the Board in the definition and decision-making process relating to strategic topics, the internal control and risk management system, sustainability and the Company's organizational structure.

> Structure, succession plans and remuneration policies.

For each area, individual interviews were conducted with each director in order to gather the information needed to prepare the Board Review. Subsequently, the results of these interviews were shared with the Board of Directors in order to identify areas in need of improvement to be addressed in 2024.

With regard to 2023, the directors shared what had emerged during the review process, finding that the characteristics, as well as the functioning of the Board and its committees were adequate in light of the size and needs of the Company. The directors expressed their appreciation for the topics included in the review. The Board expressed a positive opinion about the size, composition and functioning of the Board itself, including the Board committees, taking into account the expertise and professional characteristics.

On 27 February 2024, in accordance with the recommendations of the Corporate Governance Code the exiting Board of Directors (with the assistance of the consulting firm con Egon Zehnder) approved its Guidelines about the future size and composition of the board which will be published and submitted to shareholders ahead of the Shareholders' Meeting already convened on 18-19 April 2024 called, among other things, to resolve on the renewal of corporate bodies for the next three years.

With regard to the upcoming appointment of the Board, the current Board expressed its appreciation for the qualitative profile of the Board and, in light of the upcoming renewal, hopes that the mix of expertise, professionalism and expertise of the exiting Board will be maintained.

In light of possible future scenarios, the Board suggests that the future Board's understanding of finance, risk management, control systems, as well as strategic and market direction, should be strengthened.

With regard to the Board committees, the Board finds the current structure and organization to be adequate.

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,

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3.7 BOARD REVIEW AND SUCCESSION OF DIRECTORS - APPOINTMENTS AND REMUNERATION COMMITTEE

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.

Egon Zehnder also assisted IGD with the implementation of the Succession Plan for key positions in the Company and also assisted with training activities.

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[2].

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.

(2). Recommendation no. 26 of the Corporate Governance Code

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 2023 the Committee met 4 (four) times, on 15 February, 21 February, 27 April, 6 November. All the members attended 100% of the meetings. The Chair of the Board of Statutory Auditors attended 2 (two) out of 4 (four) of the meetings.

The average duration of meetings in 2023 was 46 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 Chairman of the Committee.

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;

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

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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 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 compensation policies and compensation paid, published in accordance with Art. 123-ter of TUF, and made available on the Company's website http://www.gruppoigd.it/en/governance/remuneration/ in accordance with the law.

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 corporate governance structure and reflects the reference models, as well as national and international best practices, also in light of the changing rules.

More in detail, the planning, implementation and monitoring of 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.

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;

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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 ([3]).

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 ([4]). 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.

(3). Note to Art. 6 of the Corporate Governance Code.
(4). Note to Art. 6 of the Corporate Governance Code.

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 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;

> The prioritization of risks and the areas of intervention, as well as the analysis of the risk tolerance consistent with the guidelines defined by the Group's top management as a result of specific assessments. The definition of the risk appetite framework, re-examined each year, in order to ensure greater consistency between the company's strategic objectives and risk management. The use of target quantitative analyses to determine the Group's exposure to risks which will have an economic-financial impact, consistent with the limits established in the risk appetite framework, close monitoring on a rolling basis of the biggest risks 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 stakehol-

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ders 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

The organizational model adopted by the Company calls for the use of information systems in Software as a Service (SaaS) mode which guarantees that a high degree of service will be available thanks to backup and disaster recovery measures. In 2023 a new system was also implemented for the HR Human Capital Management processes.

In 2023 IGD internalized network management, guaranteeing better control, including with respect to cyber security, thanks to the application of specific, stringent safety measures on the wi-fi networks targeting the monitoring of any vulnerabilities and preventing any cyber-attacks.

The company, lastly, has equipped itself with an IT Network & Security Specialist who reports to the IT Manager.

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

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

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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 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 (including the foreign companies), the processes of the single companies, as well as the administrative-accounting risks and controls to be investigated further.

The Manager in charge constantly evaluates the scope of the analysis and makes any necessary changes and additions. 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 include all the Group 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, the Anti-corruption division and Company Management.

Based on the current ICRMS, the Financial Reporting Officer must report to the Board Directors and actively 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.

(5). *Recommendation 16 of the Code.*

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 PwC, 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 SCIGR was complete and that ample time was dedicated to the discussions with the Directors and the Statutory Auditors;

> Executed the guidelines defined by the Board of Directors.

3.9.2 // Control and Risks Committee

The Control and Risks Committee was formed by the Board of Directors in accordance with Code rules ([5]).

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.9 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISKS COMMITTEE

> 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 Chairman 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:

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)[6].

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.

With regard to the Enterprise Risk Management model adopted by the Company, in 2023 the Risk and Control Committee, with the support of Risk Management, verified the preparation of formal Risk Management policies, the redifinition of Risk Appetite (measurable and linked ot the main indicators in the Business Plan) and the introduciton of a quantitative analysis approach to be used in the analysis and assessment of risks. More specifically, indicators like *FFO@risk* and *LTV@Risk* were monitored. These indicators were used to identify areas of risk and the potential opportunities for the Group, in order to be able to support management with making informed decisions and mitigating the risks. The committee also verified

(6). Recommendation n. 33 of the Corporate Governance Code.

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the outcomes of the benchmarking carried out in order to verify the main risks analyzed by the company peers. The analysis showed a substantial covering of the risks currently assessed as part of the Company's Risk Universe and confirmed the generalized focus on risks:

> Financial, tied to interest rates and inflation;

> The GDO and its evolution;

> Operatonal (from propert to listening);

> ESG and Climate Change (shifting of consumer behavior).

The Committee also expressed a positive opinion of the proposal to renew the mandate for FY 2024 of Risk Management in outsourcing.

As for Internal Audit, which has been assigned to Gran Thornton Consultants S.r.l., the Committee received periodic feedback relative to the 2023 Audit Plan; it also acknowledged and expressed a favorable opinion of the draft 2024 Audit Plan, to be approved by the Board of Directors.

Lastly, in 2023 the Committee requested quarterly updates on the status of the credit management activities from the Administration, Corporate and Legal Affairs, Contracts, HR and IT 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 2023 the Committee met 7 (seven) times on 24 January, 16 February, 13 March, 2 May, 25 July, 24 October and 6 December.

95% of the members attended the meetings.

The Chair of the Board of Statutory Auditor attended 71% the meetings.

The meetings lasted an average of 1 hour and 32 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 2024 Work Plan in the meeting held on 13 December 2023.
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.

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:

> 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; this whistleblowing system was updated in 2023, in light of the expanded scope of application of the law relating to whistleblowing pursuant to Legislative Decree n. 24/2023, which implements EU Directive 2019/1037. Toward this end, the Whistleblowing Procedure adopted by the Company ("**Whistleblowing Procedure**"), was amended, in accordance with this law, in order to *(i)* adjust the objective scope of reportable violations in line with the provisions of Legislative Decree 24/2023; *(ii)* identify the Compliance Function for the prevention of corruption as the recipient of the reports referred to in Legislative Decree 24/2023 above and other reports; *(iii)* expand the list of subjects who can submit a report; *(iv)* update the phases of the internal reporting process; *(v)* introduce, as an alternative to the online platform, the possibility to file reports through direct meetings with the Supervisory Board or the Compliance Function for the prevention of corruption; *(vi)* include references to the disciplinary system included in the Organizational Model; *(vii)* enhance the measures protecting the whistleblower and related parties; *(viii)* refer to the other reporting channels included in the law.

> 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 is in the process of being 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

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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 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 2023 were held on 28 July 2023 and 26 February 2024 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, the Financial Reporting Officer and the Supervisory Board.

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.

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 30 June 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 Géry	(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 Chairman of the Committee.

In 2023, Related Party Transactions Committee received a written notice from the Company relative to the application of the exemptions referred to in CONSOB regulations relative to related party transactions. In 2023, therefore, the Related Party Transactions Committee never formally met.

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 2024 equal to 4.5% of the Company's share capital as specified in CONSOB Resolution n. 92 of 31 January 2024).

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 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 51.24% 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 2023 the Board of Statutory Auditors met 9 (nine) times on 23 January, 16 February, 21 March, 22 March, 13 June, 28 July, 30 October, 13 November and 13 December with average attendance at 100%.

Each meeting lasted an average of 55 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 13 February 2024. The Board of Statutory Auditors confirmed its members compliance with the criteria envisaged in in the Code and TUF during the meeting held on 13 February 2024 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

The remuneration for acting as a statutory auditor is commensurate with the commitment required, the role held, as well as the Company's size and sector, and was determined during the AGM held on 15 April 2021 when the Board of Statutory Auditors was re-elected.

// 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 corpora-

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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
3.13 SHAREHOLDERS' MEETINGS (EX ART. 123-BIS, PAR. 2, LETTER C) TUF)

te 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, LinkedIn, 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/).

The Company manages the information shared with its shareholders in accordance with laws governing market abuse and CONSOB guidelines.

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.

As the emergency measures provided for in Art. 3, paragraph 10-undecies of Law Decree n. 198 of 29 December 2022 (the "Milleproroghe" Decree 2023, converted with amendments, by Law n. 14 of 24 February 2023) may now be utilized again, in 2023 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.

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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 3.8.4, 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 14 December 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 2024 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.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
TABLES

TABLES

// TABLE 1
"Information on the ownership structure as at 31 December 2023"

// TABLE 2
"Structure of the Board of Directors as at 31 December 2023"

// TABLE 3
"Structure of the Board Committees as at 31 December 2023"

// TABLE 4
"Structure of the Board of Statutory Auditors as at 31 December 2023"

> TABLE 1 "INFORMATION ON THE OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2023"

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.	Shares 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

> TABLE 2 "STRUCTURE OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2023"

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	-	**14/14**
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	**14/14**
Vice Chairman	Dall'Ara Stefano	**1963**	04/15/2021	04/20/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**M**		x			7	**12/14**
Director	Santini Timothy Guy Michele	**1966**	06/01/2018	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**m**			x	x	-	**12/14**
Director	Savino Alessia	**1967**	06/01/2018	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**m**		x			4	**12/14**
Director	Benzi Silvia	**1975**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**M**			x	x	-	**7/14**
Director	Schiavini Rossella	**1966**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**M**			x	x	3	**12/14**
Director	Rizzi Antonio	**1965**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**M**			x	x	1	**14/14**
Director	Cipriotti Rosa	**1974**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**m**			x	x	13	**13/14**
Director	Gambetti Edy	**1951**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**M**		x			7	**11/14**
Director	Robert-Ambroix Gery	**1966**	04/15/2021	04/15/2021	Approval of Financial Statements at 12/31/2023		Shareholders	**m**			x	x	1	**11/14**

Indicate the number of meetings held during the year: 14

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 2024 equal to 4.5% of the Company's share capital, pursuant to CONSOB regulation n. 92 of 31 January 2024)

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
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> TABLE 3 "STRUCTURE OF THE BOARD COMMITTEES AS AT 31 DECEMBER 2023"

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					**4/4**	**P**
Independent Director as per TUF and as per the Code	Benzi Silvia	**-**	**M**			**4/4**	**M**
Independent Director as per TUF and as per the Code	Schiavini Rossella			**7/7**	**P**	**4/4**	**M**
Independent Director as per TUF and as per the Code	Cipriotti Rosa			**6/7**	**M**		
Independent Director as per TUF and as per the Code	Rizzi Antonio	**-**	**P**	**7/7**	**M**		
Independent Director as per TUF and as per the Code	Robert-Ambroix Gery	**-**	**M**				
No. of meeting held during the year		**-**		**7**		**4**	

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 2023"

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**	**9/9**	**39**
Standing Auditor	Preite Daniela	**1969**	**06/01/2018**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**	**x**	**9/9**	**4**
Standing Auditor	Scarafuggi Massimo	**1966**	**04/15/2021**	**04/15/2021**	Approval of Financial Statements at 12/31/2023	**M**	**x**	**9/9**	**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: 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 2024 equal to 4.5% of the Company's share capital, pursuant to CONSOB regulation n. 92 of 31 January 2024)									

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 2023

DETAILED INDEX

4.1 // Consolidated income statement

(In thousands of Euros)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A) - (B)
Revenue	1.1	142,370	137,257	5,113
Revenues from third parties		116,560	109,158	7,402
Revenues from related parties		25,810	28,099	(2,289)
Other revenue	2.1	8,090	7,209	881
Other revenues from third parties		4,528	4,027	501
Other revenues from related parties		3,562	3,182	380
Revenues from property sales	2.2	6,245	7,533	(1,288)
Operating revenues		156,705	151,999	4,706
Change in inventory	6	(4,937)	(4,678)	(259)
Revenues and change in inventory		151,768	147,321	4,447
Construction costs for the period	6	(1,196)	(2,357)	1,161
Service costs	3	(21,048)	(20,766)	(282)
Service costs from third parties		(16,720)	(13,257)	(3,463)
Service costs from related parties		(4,328)	(7,509)	3,181
Cost of labour	4	(11,049)	(10,369)	(680)
Other operating costs	5	(9,956)	(10,105)	149
Total operating costs		(43,249)	(43,597)	348
Depreciations, amortization and provisions		(2,371)	(1,684)	(687)
(Impairment losses)/Reversals on work in progress and inventories		(742)	(3,455)	2,713
Provisions for doubtful accounts		(440)	(533)	93
Change in fair value		(138,022)	(90,323)	(47,699)
Depreciation, amortization, provisions, impairment and change in fair value	7	(141,575)	(95,995)	(45,580)
EBIT		(33,056)	7,729	(40,785)
Income((loss) from equity investments and asset disposal	8	(50)	397	(447)

(In thousands of Euros)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A)/(B)
Financial Income		514	92	422
Financial income from third parties		514	92	422
Financial charges		(49,171)	(30,551)	(18,620)
Financial charges from third parties		(48,650)	(30,421)	(18,229)
Financial charges from related parties		(521)	(130)	(391)
Net financial income (expense)	9	(48,657)	(30,459)	(18,198)
Pre-tax profit (loss)		(81,763)	(22,333)	(59,430)
Income taxes	10	31	18	13
NET PROFIT (LOSS) FOR THE PERIOD		(81,732)	(22,315)	(59,417)
Non-controlling interests in (profit)/loss for the period		0	0	0
Profit/(loss) for the period attributable to the Parent Company		(81,732)	(22,315)	(59,417)
Basic earnings (loss) per share	11	(0.741)	(0.202)	(0.539)
Diluted earnings (loss) per share	11	(0.741)	(0.202)	(0.539)

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4.2 // Consolidated statement of comprehensive Income

(amount in thousands of euro)	12/31/2023	12/31/2022
NET PROFIT (LOSS) FOR THE PERIOD	**(81.732)**	**(22.315)**
Other components of comprehensive income that will be reclassified to profit/(loss)		
Recalculation of defined benefit plans	**(110)**	**886**
Total other components of comprehensive income that will not be reclassified to profit/(loss), net of tax effect	**14**	**(101)**
Total other components of comprehensive income that will not be reclassified to profit/(loss), net of tax effect	**(96)**	**785**
Effects of hedge derivatives on net equity	**(7.712)**	**14.034**
Tax effect of hedge derivatives	**1.851**	**(3.368)**
Traslation reserve	**(475)**	**(474)**
Total other components of comprehensive income that will be reclassified to profit/(loss)	**(6.336)**	**10.192**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	**(88.164)**	**(11.338)**
Non-controlling interest profit/(loss) for the period	**0**	**0**
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(88.164)**	**(11.338)**

4.3 // Consolidated statement of financial position

(in thousands of Euros)	Nota	12/31/2023 (A)	12/31/2022 (B)	Change (A)-(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	**1,012**	**796**	**216**
Goodwill	13	**6,648**	**7,085**	**(437)**
		7,660	**7,881**	**(221)**
Property, plant, and equipment				
Investment property	14	**1,959,053**	**2,041,330**	**(82,277)**
Buildings	15	**6.790**	**6,998**	**(208)**
Plant and machinery	16	**110**	**86**	**24**
Equipment and other goods	16	**2,474**	**2,340**	**134**
Assets under construction and advance payments	17	**2,364**	**36,662**	**(34,298)**
		1,970,791	**2,087,416**	**(116,625)**
Other non-current assets				
Deferred tax assets	18	**4,469**	**2,537**	**1,932**
Sundry receivables and other non-current assets	19	**112**	**121**	**(9)**
Equity investments	20	**25,715**	**25,765**	**(50)**
Non-current financial assets	21	**174**	**174**	**0**
Derivative assets	41	**2,649**	**6,314**	**(3,665)**
		33,119	**34,911**	**(1,792)**
TOTAL NON-CURRENT ASSETS (A)		**2,011,570**	**2,130,208**	**(118,638)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	**24,027**	**29,297**	**(5,270)**
Trade and other receivables	23	**9,676**	**15,212**	**(5,536)**
Related party trade and other receivables	24	**1,066**	**1,242**	**(176)**
Other current assets	25	**8,334**	**7,748**	**586**
Cash and cash equivalents	26	**6,069**	**27,069**	**(21,000)**
TOTAL CURRENT ASSETS (B)		**49,172**	**80,568**	**(31,396)**
TOTAL ASSETS (A + B + C)		**2,060,742**	**2,210,776**	**(150,034)**

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(In thousands of Euros)	Note	12/31/2023 (A)	12/31/2022 (B)	Variazione (A)-(B)
NET EQUITY:				
Share capital		**650,000**	**650,000**	**0**
Other reserves		**453,079**	**477,948**	**(24,869)**
Group profit (loss) carried forward		**(20,814)**	**16,167**	**(36,981)**
Group profit (loss)		**(81,732)**	**(22,315)**	**(59,417)**
Total Group net equity		**1,000,533**	**1,121,800**	**(121,267)**
Capital and reserves of non-controlling interests		**0**	**0**	**0**
TOTAL NET EQUITY (D)	**27**	**1,000,533**	**1,121,800**	**(121,267)**
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	**40**	**3,854**	**199**	**3,655**
Non-current financial liabilities	**28**	**937,297**	**905,350**	**31,947**
Provisions for employee severance indemnities	**29**	**2,863**	**2,756**	**107**
Deferred tax liabilities	**18**	**15,559**	**16,636**	**(1,077)**
Provisions for risks and future charges	**30**	**6,372**	**4,644**	**1,728**
Sundry payables and other non-current liabilities	**31**	**7,140**	**9,387**	**(2,247)**
Related parties sundry payables and other non-current	**31**	**10,460**	**10,441**	**19**
TOTAL NON-CURRENT LIABILITIES (E)		**983,545**	**949,413**	**34,132**
CURRENT LIABILITIES:				
Current financial liabilities	**32**	**37,371**	**98,834**	**(61,463)**
Trade and other payables	**34**	**22,405**	**22,746**	**(341)**
Related parties trade and other payables	**35**	**2,203**	**1,845**	**358**
Current tax liabilities	**36**	**1,353**	**1,975**	**(622)**
Other current liabilities	**37**	**13,332**	**14,163**	**(831)**
TOTAL CURRENT LIABILITIES (F)		**76,664**	**139,563**	**(62,899)**
TOTAL LIABILITIES (H=E+F+G)		**1,060,209**	**1,088,976**	**(28,767)**
TOTAL NET EQUITY AND LIABILITIES (D+H)		**2,060,742**	**2,210,776**	**(150,034)**

4.4 // Consolidated statement of changes in equity

(Amounts in thousands of euro)	Share Capital	Share premium reserve	Other reserve	Profit (loss) from previous years	Profit (loss) of the year	Group net equity	Non-controlling interest capital and reserves	Total net equity
Balance at 01/01/2023	**650,000**	**0**	**477,948**	**16,167**	**(22,315)**	**1,121,800**	**0**	**1,121,800**
Profit/(loss) for the year	**0**	**0**	**0**	**0**	**(81,732)**	**(81,732)**	**0**	**(81,732)**
Cash flow hedge derivative assessment	**0**	**0**	**(5,861)**	**0**	**0**	**(5,861)**	**0**	**(5,861)**
Other comprehensive income/(losses)	**0**	**0**	**(571)**	**0**	**0**	**(571)**	**0**	**(571)**
Total comprehensive profit/(losses)	**0**	**0**	**(6,432)**	**0**	**(81,732)**	**(88,164)**	**0**	**(88,164)**
Cover of 2022 loss								
Dividends payed	**0**	**0**	**(16,843)**	**(16,260)**	**0**	**(33,103)**	**0**	**(33,103)**
2022 loss cover	**0**	**0**	**(1,594)**	**(20,721)**	**22,315**	**0**	**0**	**0**
Balance at 31/12/2023	**650,000**	**0**	**453,079**	**(20,814)**	**(81,732)**	**1,000,533**	**0**	**1,000,533**

(Amounts in thousands of euro)	Share Capital	Share premium reserve	Other reserve	Profit (loss) from previous years	Profit (loss) of the year	Group net equity	Non-controlling interest 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) for 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)**
Riclassification to Fair Value reserve	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Undistributed dividends previous years	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Allocation of 2021 profit	**0**	**0**	**6,558**	**46,211**	**(52,769)**	**0**	**0**	**0**
Balance at 31/12/2022	**650,000**	**0**	**477,948**	**16,167**	**(22,315)**	**1,121,800**	**0**	**1,121,800**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.5 CONSOLIDATED STATEMENT OF CASH FLOWS

4.5 // Consolidated statement of cash flows

(In thousands of Euros)	Note	12/31/2023	12/31/2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit (loss) of the year		**(81,732)**	**(22,315)**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities			
Taxes of the year	10	**(31)**	**(18)**
Financial charges / (income)	9	**48,657**	**30,459**
Depreciation and amortization	7	**2,371**	**1,684**
Writedown of receivables	7	**440**	**533**
(Impairment losses) / reversal on work in progress	7	**742**	**19,858**
Changes in fair value - (increases) / decreases	7	**138,022**	**73,920**
Gains/losses from disposal - equity investments	8	**50**	**(397)**
Changes in provisions for employees and end of mandate treatment		**1,492**	**1,199**
CASH FLOW FROM OPERATING ACTIVITIES:		**110,011**	**104,923**
Financial charge paid		**(36,282)**	**(27,375)**
Provisions for employees, end of mandate treatment		**(1,083)**	**(1,440)**
Income tax		**(1,027)**	**(1,074)**
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:		**71,619**	**75,034**
Change in inventory		**4,937**	**4,664**
Change in trade receivables		**5,272**	**(856)**
Net change in other assets		**(2,509)**	**1.611**
Change in trade payables		**17**	**7,581**
Net change in other liabilities		**(1,956)**	**(5,050)**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**77,380**	**82,984**
(Investments) in intangible assets	12	**(597)**	**(644)**
Disposals of investment properties		**0**	**0**
(Investments) in tangible assets		**(22,585)**	**(32,051)**
(Investments) in equity interests		**0**	**0**

(In thousands of Euros)	Note	12/31/2023	12/31/2022
CASH FLOW FROM INVESTING ACTIVITIES (B)		**(23,182)**	**(32,695)**
Distribution of dividends	27	**(33,103)**	**(38,334)**
Rents paid for financial leases		**(8,814)**	**(8,221)**
Collections for new loans and other financing activities		**256,000**	**288,946**
Loans repayments and other financing activities		**(289,243)**	**(423,717)**
CASH FLOW FROM FINANCING ACTIVITIES (C)		**(75,160)**	**(181,326)**
Exchange rate differences on cash and cash equivalents (D)	27	**(38)**	**26**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)		**(21,000)**	**(131,011)**
CASH BALANCE AT BEGINNING OF THE PERIOD	33	**27,069**	**158,080**
CASH BALANCE AT END OF THE PERIOD	33	**6,069**	**27,069**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

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 2023 were approved and authorized for publication by the Board of Directors on 27 February 2024.

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 2023 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.

The Directors have assessed the applicability of the going concern assumption in preparing the financial statements, concluding that this assumption is appropriate as there are no doubts about the company's continuity, considering the actions taken in 2023 as described in the corporate events paragraph.

> 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 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 January 2023:

> 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 transactions that can generate assets and liabilities of the same amount upon initial recognition, such as leasing and decommissioning obligations. The modifications are effective from 1 January 2023. This amendment has not affected the Group's consolidated financial statements;

> 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 concerning IAS 1 require an entity to disclose material information on its accounting policies. The amendments improve disclosures regarding the Group's 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. The modifications are effective from 1 January 2023. The adoption of these amendments has not affected the Group's consolidated financial statements;

> On 23 May 2023 the IASB published "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules." The amendments introduce a temporary exception to the accounting and disclosure obligations for deferred tax assets and liabilities under the Pillar Two Model Rules (which took effect in Italy on 31 December 2023 but are applicable from 1 January 2024), and require specific disclosures by entities affected by the International Tax Reform. Size-wise, because it is controlled by Coop Alleanza (the "ultimate parent entity" or UPE), the Group is affected by the new Pillar Two Model Rules. With support from its consultants, the UPE has used 2022 data (with the final figures for 2023 not yet available) to determine the perimeter of application and the potential impact of the new rules on the jurisdictions falling within its scope of consolidation, including through use of the transitional safe harbours applicable to the three-year period 2024-2026 as allowed by the OECD guidelines. On the basis of those analyses, the new rules are not expected to have an impact on the Company or the Group, since the safe harbour – routine profit test is fully applicable.

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 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet effective and were not early adopted by the Group as of 31 December 2023:

> 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 amendments clarify how to classify payables and other liabilities as current or non-current. They also improve the required disclosures when an entity's right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments come into force on 1 January 2024; early adoption is permitted. The directors do not expect them 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.

c) IFRS accounting policies, amendments and interpretations not yet endorsed by the European Union as of 31 December 2023

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 25 May 2023 the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements." The document requires disclosures on reverse factoring agreements that allow users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on the entity's exposure to liquidity risk. The changes 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;

> On 15 August 2023 the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability." The amendments require an entity to use a consistent method to assess whether a currency can be exchanged for another, and if it cannot, how to determine the exchange rate to be used and what disclosures to make in the notes to the financial statements. They are effective from 1 January 2025 but early adoption is permitted. The directors do not expect them to have a significant impact on the consolidated financial statements.

4.6.2.2 // Consolidation

a) Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2023, prepared by the directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. With respect to 31 December 2022, the scope of consolidation has changed due to the absorption of the subsidiary Igd Management Siinq S.p.A. by the parent company, IGD SIIQ S.p.A., on 1 October 2023 with effect for statutory and tax purposes from 1 January 2023.

Pursuant to Consob Circular DEM/6064293 of 28 July

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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 rate at 12.31.2023	**4.9746**
Average rate 2023	**4.9465**
Spot rate at 12.31.2022	**4.9474**
Average rate 2022	**4.9465**

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 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	**15,112,273.00**	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	**64,165,000.00**	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 GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

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)

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 2023. 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,

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including unrealized profits deriving from transactions between Group companies, are completely eliminated;

> The financial statements of all IGD SIIQ Group companies that use a functional currency other than that used in the consolidated statements are translated into euros as follows:

> The assets and liabilities of each statement of financial position submitted are translated at the exchange rates in force on the reporting date;

> The revenue and costs of each income statement are converted at the average exchange rates for the period;

> All exchange gains and losses arising from this process are shown in the translation reserve under net equity.

> Equity investments in joint ventures and associates are consolidated using the equity method. As such, the investment is initially carried at cost, which is then adjusted upward or downward to reflect changes in net equity after purchase. 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.

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

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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 // Right of use assets

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.

4.6.2.7 // Plant, machinery and equipment

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

Category	Rate
Wiring, sprinkler system, compressed air	**10%**
HVAC system	**15%**
Fittings	**20%**
Computer to manage plants	**20%**
Special communication system - telephone	**25%**
Special plant	**25%**
Alarm / Security system	**30%**
Sundry equipment	**15%**
Office furnishing	**12%**
Cash registers and EPD machines	**20%**
Personal 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.

4.6.2.8 // Equity investments

For information on the accounting treatment of equity investments, see section 4.6.2.2 b - Consolidation methods.

4.6.2.9 // 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.

4.6.2.10 // 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).

4.6.2.11 // 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.

4.6.2.12 // 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

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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.

4.6.2.13 // 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.

4.6.2.14 // 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 and liabilities held for sale are those whose value will be recovered principally through sale as opposed to use. This category applies when the sale is considered to be highly likely and the assets and liabilities are available for sale immediately in their present condition. Such assets are recognized at the lower of cost and fair value net of costs to sell.

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.

4.6.2.15 // 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.

Lease liabilities as of the start date of the lease are calculated as the present value of payments due, discounted to present value using the implied interest rate or, where this cannot be easily termined, the marginal financing rate. The payments included in the computation of lease liabilities are: (a) fixed payments; b) variable payments linked to an index or rate; (c) amounts expected to be paid to guarantee the remaining balance; (d) the exercise price of any purchase option, if the duration of the lease takes this into account; and e) any penalties for termination of the lease, if the duration takes this into account.

After the start date, lease liabilities are adjusted for: (a) financial charges recognized in the income statement; b) payments made to the lessor; and (c) any new assessments or changes in the lease agreement or revised assumptions regarding payments due.

4.6.2.16 // 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.

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4.6.2.17 // Employee benefits

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

4.6.2.18 // Revenue

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the market value of the consideration received, 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. Variable rent is recognized in the income statement when the event or circumstance triggering a payment comes to pass.

> Service income;

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

> Revenue from property sales.

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

4.6.2.19 // Costs

Costs are recognized on an accruals basis.

4.6.2.20 // 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.

4.6.2.21 // 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 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.

4.6.2.22 // Earnings/(loss) per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings/(loss) 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/(loss) 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/(loss) 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.

4.6.2.23 // Derecognition of financial assets and financial liabilities

a) Financial assets

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

> The rights to receive cash flows from the asset have expired;

> The Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;

> The Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

b) Financial liabilities

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

4.6.2.24 // 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.

4.6.2.25 // 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:

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.

4.6.2.26 // 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 2023, 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.

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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 2023, the following independent firms were selected: *(i)* CBRE Valuation S.p.A., *(ii)* Kroll Advisory 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 volatilities; and

(iii) Credit spreads;

(d) Market-corroborated inputs.

> Level 3 inputs are unobservable inputs for the asset or liability.

Gruppo IGD's real estate portfolio has been measured according to Level 3 fair value models as the inputs direct-

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ly 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 2023. 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.

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 2023:

FAIR VALUE MEASUREMENTS 12/31/2023 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	1,404,825
Hypermarkets and supermarkets	0	0	399,767
Residual portion of property	0	0	15,455
Total investment property in Italy	0	0	1,820,047
Investment property in Romania			
Shopping malls	0	0	119,120
Office Building	0	0	2,900
Total investment property in Romania	0	0	122,020
IGD Group investment property	0	0	1,942,067
Rights to use (IFRS 16)			
Rights to use (IFRS 16)	0	0	16,986
Total rights to use (IFRS 16)	0	0	16,986
Total IGD Group investment property measured at fair value	0	0	1,959,053

Porfolio	Appraisal method	Discount rate 12/31/2023		Gross Cap Out 12/31/2023		Yearly rent €/smq 12/31/2023	
		min	max	min	max	min	max
Total Malls / RP	Income based (DCF)	7.05%	11.90%	6.69%	12.37%	8	533
Total Hyper / Supermkts	Income based (DCF)	6.00%	8.30%	6.59%	12.26%	86	220
Total Winmarkt	Income based (DCF)	6.30%	10.50%	7.31%	23.22%	44	213

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
Totale Winmarkt	Income-based (DCF)	7.00%	9.85%	6.54%	10.73%	41	196

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 2023 is reported below.

Sensitivity analysis at 31 December 2023

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 12/31/2023 + 0,5 discount rate	(15,626)	(43,576)	(517)	(4,780)	(64,499)
Market value at 12/31/2023 - 0,5 discount rate	15,323	44,443	740	4,750	65,256
Market value atl 12/31/2023 + 0,5 Gross cap out	(15,584)	(39,803)	(283)	(3,670)	(59,340)
Market value at 12/31/2023 - 0,5 Gross cap out	17,719	44,551	521	4,200	66,991
Market value at 12/31/2023 + 0,5 discount rate + 0,5 Gross cap out	(30,092)	(81,037)	(878)	(8,070)	(120,077)
Market value at 12/31/2023 - 0,5 discount rate - 0,5 Gross cap out	34,669	91,774	1,197	9,120	136,760
Market value at 12/31/2023 + 0,5 discount rate - 0,5 Gross cap out	1,611	(253)	(96)	(930)	332
Market value at 12/31/2023 - 0,5 discount rate + 0,5 Gross cap out	(587)	(125)	348	1,040	676

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.

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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. See note 13 (“Goodwill”) for further information.

> 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.

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-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22
Total revenues and operating income	142,370	137,257	7,673	7,209	6,245	7,533	0	0	156,288	151,999
Change in work in progress inventories	0	0	0	0	(4,937)	(4,678)	0	0	(4,937)	(4,678)
Direct costs (a)	(22,785)	(23,223)	(5,720)	(5,512)	(1,799)	(3,095)	0	0	(30,304)	(31,830)
G&A express (b)	0	0	0	0	0	0	(13,385)	(12,300)	(13,385)	(12,300)
Total operating costs (a)+(b)	(22,785)	(23,223)	(5,720)	(5,512)	(1,799)	(3,095)	(13,385)	(12,300)	(43,689)	(44,130)
(Depreciation and provisions)	(1,946)	(1,613)	(8)	(68)	0	(3)	0	(163)	(1,954)	(1,684)
(Impairment) / Reversals on work in progress and inventory	(409)	(41)	0	0	(333)	(3,414)	0	0	(742)	(3,455)
Change in fair value - increases / (decreases)	(132,772)	(63,503)	0	0	(5,250)	0	0		(138,022)	(63,503)
Total depreciation, provisions, impairment and change in fair value	(135,127)	(65,157)	(8)	(68)	(5,583)	(3,417)	0	0	(140,718)	(68,642)
OPERATING RESULT	(15,542)	48,877	1,945	1,629	(6,074)	(3,657)	(13,385)	(12,300)	(33,056)	35,549

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Balance Sheet	Core Business Properties		Services		"Porta a Mare" Project		Unshared		Total	
	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22
- Investment property	1,959,053	2,041,330	0	0	0	0	0	0	1,959,053	2,041,330
- Assets under construction	2,364	36,662	0	0	0	0	0	0	2,364	36,662
Intangible assets	5,641	6,078	1,007	1,007	0	0	1,012	796	7,660	7,881
Other tangible assets	2,553	2,389	31	37	0	0	6,790	6,998	9,374	9,424
Non current assets held for sale	0	0	0	0	0	0	0	0	0	0
- Sundry receivables and other non current assets	0	0	0	0	0	0	112	121	112	121
- Equity investments	25,693	25,693	0	0	0	0	22	72	25,715	25,765
NWC	(17,397)	(13,826)	1,145	2,245	20,062	24,352	0	0	3,810	12,771
Funds	(7,583)	(5,947)	(1,602)	1,445	(50)	(8)	0	0	(9,235)	(7,400)
Sundry payables and other non current liabilities	(13,561)	(13,911)	0	0	(4,039)	(5,917)	0	0	(17,600)	(19,828)
Net deferred tax (assets)/ liabilities	(13,651)	(16,661)	0	0	2,561	2,561	0	0	(11,090)	(14,100)
Net (assets) liabilities for derivative instruments	(1,205)	6,115	0	0	0	0	0	0	(1,205)	6,115
Total use of funds	1,941,907	2,067,922	581	1,844	18,534	20,988	7,936	7,987	1,968,958	2,098,741

Revenues from freehold properties	North		Center - South - Islands		Abroad		Total	
	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22
Lease and rental income	74,287	72,596	44,416	43,444	10,045	9,353	128,748	125,393
One-off revenues	10	63	0	32	0	0	10	95
Temporary revenues	2,564	2,338	1,392	1,213	0	0	3,956	3,551
Other rental income	146	24	281	192	34	79	461	295
Total	77,007	75,021	46,089	44,881	10,079	9,432	133,175	129,334

4.6.5 // Notes to the consolidated financial statements

> NOTE 1) REVENUE AND OTHER INCOME

	Note	12/31/2023	12/31/2022	Change
Revenue	1.1	142,370	137,257	5,113
Revenues from third parties		116,560	109,158	7,402
Revenues from related parties		25.810	28,099	(2,289)
Other revenue	2.1	8,090	7,209	881
Other revenues from third parties		4,528	4,027	501
Other revenues from related parties		3,562	3,182	380
Revenues from property sales	2.2	6,245	7.533	(1,288)
Operating revenues		156,705	151,999	4,706

In 2023 Gruppo IGD earned revenue and other income of €156,705K, including €6,245K from property sales (residential units in the Mazzini and Officine sections of the Porta a Mare project). Compared with the previous year there was an increase of €5,113K in revenue and an increase of €881K in other income, only partially offset by a decrease of €1,288K in income from the sale of trading properties. See the notes below for details.

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> NOTE 1.1) REVENUE

	Note	12/31/2023	12/31/2022	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	23,865	25,552	(1,687)
Freehold hypermarkets - Rents and business leases from third parties	a.2	2,047	668	1,379
Freehold supermarkets – Rents and business leases from related parties	a.3	317	299	18
Freehold supermarkets – Rents and business leases from third parties	a.4	235	235	0
TOTAL HYPERMARKETS / SUPERMARKETS	a	26,464	26,754	(290)
Freehold malls, offices and city center	b.1	102,493	98,498	3,995
Rents		20,126	18,759	1,367
To related parties		506	459	47
To third parties		19,620	18,300	1,320
Business leases		82,367	79,739	2,628
To related parties		776	1,463	(687)
To third parties		81,591	78,276	3,315
Leasehold malls	b.2	8,693	7,558	1,135
Rents		486	467	19
To related parties		35	78	(43)
To third parties		451	389	62
Business leases		8,207	7,091	1,116
To related parties		202	150	52
To third parties		8,005	6,941	1,064
Other contracts and temporary rents	b.3	4,720	4,447	273
Other contracts and temporary rents		4,611	4,349	262
Other contracts and temporary rents - related parties		109	98	11
TOTAL MALLS	b	115,906	110,503	5,403
GRAND TOTAL	a+b	142,370	137,257	5,113
of which related parties		25,810	28,099	(2,289)
of which third parties		116,560	109,158	7,402

Rent and business lease revenue increased by a total of €5,113K for the year.

Rent from freehold hypermarkets and supermarkets decreased by €290K on the previous year, due mainly to agreements for the partial remapping of the hypermarkets at the Palermo, Catania, and Casilino shopping centers.

Rent and business lease revenue from freehold malls, offices, and city center properties rose by €3,995K as a result of new openings and the ISTAT adjustment for inflation.

Variable contract revenue amounts to roughly 1.44% 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 38.

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

	12/31/2023	12/31/2022	Change
Out-of-period income/ charges	412	53	359
Facility management revenues	3,088	2,773	315
Portfolio and rent management revenues	632	706	(74)
Pilotage and construction revenues	255	248	7
Marketing revenues	141	214	(73)
Other income	0	33	(33)
Other revenues from third parties	4,528	4,027	501
Facility management revenues from related parties	3,306	2,963	343
Pilotage and construction revenues from related parties	67	20	47
Marketing revenues vs related parties	0	3	(3)
Portfolio and rent management revenues from related parties	8	25	(17)
Other income from related party	181	171	10
Other revenues from related parties	3,562	3,182	380
Other revenue	8,090	7,209	881

Other income increased by €881K on the previous year, thanks primarily to facility management revenue.

Other income from third parties was up by €501K, mainly due to:

> An increase of €315K in facility management revenue as a result of the ISTAT inflation adjustment;

> An increase of €359K in out-of-period income following a positive ruling by the appellate court on a lawsuit regarding former employees of a tenant that had leased retail space from the Group at Conè shopping center;

> A decrease of €74K in portfolio and rent management revenue.

Facility management revenue from related parties increased by €343K as a result of the ISTAT inflation adjustment.

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> NOTE 2.2) INCOME FROM THE SALE OF TRADING PROPERTIES

This refers to the Porta a Mare project and came to €6,245K in 2023: 1 residential unit and 1 enclosed garage unit in the Mazzini section, and 13 residential units, 13 enclosed garage units, and 2 parking spaces in the Officine section.

In 2022 the Group sold 19 residential units, 16 enclosed garage units and 8 parking spaces.

At 31 December 2023 30 deeds and 5 binding proposals were signed out of a total of 42 residential units in the Officine Storiche area of Porta a Mare; all residential units of the Mazzini area have been sold.

> NOTE 3) SERVICE COSTS

	12/31/2023	12/31/2022	Change
Service costs from third parties	16,720	13,257	3,463
Paid rents	266	252	14
Utilities	161	246	(85)
Promotional and advertising expenses	129	117	12
Centers management expenses for vacancies	4,052	2,644	1,408
Centers management expenses for ceiling to tenants' costs	2,671	1,732	939
Facility management administration costs	1,101	790	311
Insurances	1,144	1,074	70
Professional fees	163	203	(40)
Directors' and statutory auditors's fees	948	924	24
External auditing fees	239	190	49
Investor relations, Consob, Monte Titoli costs	488	446	42
Shopping center pilotage and construction costs	19	3	16
Consulting	1,280	1,256	24
Real Estate appraisals fees	658	442	216
Maintenance and repair expenses	174	180	(6)
Co-marketing expenses	906	846	60
Out-of-period (income)/ charges	(35)	1	(36)
Other costs of service	2,356	1,911	445
Service costs from related parties	4,328	7,509	(3,181)
Utilities	0	31	(31)
Promotional and advertising expenses	3	5	(2)
Service	151	184	(33)
Centers management expenses for vacancies	1,275	2,647	(1,372)
Centers management expenses for ceiling to tenants' costs	1,334	2,810	(1,476)
Insurances	4	8	(4)
Directors' and statutory auditors' fees	38	65	(27)
Consulting	0	33	(33)
Co-marketing expenses	1,523	1,603	(80)
Other costs of services	0	123	(123)
Service costs	21,048	20,766	282

Service costs rose by €282K for the year.

Most of the increase in service costs from third parties (€3,463K) is explained by higher building management expenses due to unlet space and cost caps.

Related party service costs decreased by €3,181K, mostly as a result of the trend in building management expenses in relation to unlet space and cost caps.

> NOTE 4) COST OF LABOR

	12/31/2023	12/31/2022	Change
Wages and salaries	8,195	7,495	700
Social security	2,105	2,001	104
Severance pay	464	511	(47)
Other costs	285	362	(77)
Cost of labour	11,049	10,369	680

The cost of labor went up by €680K, due mainly to a higher provision for performance bonuses and an increase in the number of employees.

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The workforce is broken down by category below:

	12/31/2023	12/31/2022
Executives	5	5
Middle managers	28	28
Junior managers	70	68
Clerks	66	57
Total	169	158

> NOTE 5) OTHER OPERATING COSTS

	12/31/2023	12/31/2022	Change
IMU/ TASI/ Property tax	8,270	8,399	(129)
Other taxes	104	90	14
Contract registrations	439	372	67
Losses	0	36	(36)
Out-of-period income/ changes	111	4	107
Membership fees	117	127	(10)
Losses on receivables	325	414	(89)
Fuel and tolls	296	244	52
Other costs	294	419	(125)
Other operating costs	9,956	10,105	(149)

Other operating costs decreased by €149K with respect to the previous year. Most of the decrease is due to *(i)* the reduction in IMU (municipal property tax), *(ii)* losses on receivables, *(iii)* capital losses, and *(iv)* other costs, partially offset by an increase in *(v)* registry tax on outstanding contracts and *(vi)* out-of-period expenses.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 6) CHANGE IN WORK IN PROGRESS INVENTORY

	12/31/2023	12/31/2022	Change
Construction costs of the period	768	2.572	(1,804)
Change in inventories for disposal	(5,705)	(7,250)	1,545
Change in inventory	(4,937)	(4,678)	(259)

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 €259K in 2023, reflecting the work carried out during the year on the residential complex of the Officine section (€768K) net of the sale of residential units. See Note 22 for details.

> NOTE 7) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	12/31/2023	12/31/2022	Change
Amortization of intangible assets	(381)	(151)	(230)
Amortization of tangible assets	(755)	(573)	(182)
Provisions for risks	(1,235)	(960)	(275)
Depreciations, amortization and provision	(2,371)	(1,684)	(687)
Provisions for doubtful accounts	(440)	(533)	93
(Impairment losses)/ Reversals on work in progress and inventories	(742)	(3,455)	2.713
Change in fair value	(138,022)	(90,323)	(47,699)
Depreciation, amortization, provisions, impairment and change in fair value	(141,575)	(95,995)	(45,580)

> Amortization increased by €230K because of the full-year amortization of the investments made in July 2022 for the transition to new management software.

> Depreciation went up as a result of equipment purchased during the year, mainly for the new Office Storiche mixed-used complex inaugurated in September 2023, as well as the full-year depreciation of investments made in 2022.

> Other provisions refer to the estimated outcome of three IMU (municipal property tax) disputes regarding Tiburtino shopping center in Guidonia (€500K), La Torre shopping center in Palermo (€113K), and Esp shopping center in Ravenna (€22K). In addition, €320K was allocated during the year for IGD's share of earthquake proofing to be carried out at some of the supermarkets and hypermarkets sold in 2021, while €250K was set aside for an administrative dispute involving the subsidiary Win Magazin S.a. and €28K was used to restore the provision for taxation.

> Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) in Italy came to €440K in 2023, an improvement of €93K with respect to the previous year.

> "(Impairment losses)/reversals on work in progress and inventory" (-€742K) cover the following: an impairment loss of €409K 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 2023; and an impairment loss of €333K for the Officine (residential), Molo, Lips, and Arsenale sections on the basis of year-end independent appraisals;

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> Fair value changes, for a negative €138,022K, refer to: *(i)* net writedowns of €132,772K (see Note 14) to match the carrying value of investment property to market value at 31 December 2023; *(ii)* a writedown of €5,250K to match the carrying amount of work in progress on Officine Storiche to its market value before reclassification to assets under construction due to the completion of works in September 2023, as discussed in Note 17.

> NOTE 8) INCOME/(LOSS) FROM EQUITY INVESTMENTS AND PROPERTY SALES

	12/31/2023	12/31/2022	Change
Income/ (loss) from property sales	0	397	(397)
Capital losses from negotiation	(50)	0	(50)
Income/ (loss) from equity investments and asset disposal	(50)	397	(447)

The loss of €50K reflects the writedown of an equity investment carried at cost.

In 2022 the €397K earned from property sales stemmed 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.

> NOTE 9) FINANCIAL INCOME AND CHARGES

	12/31/2023	12/31/2022	Change
Bank interest income	55	89	(34)
Other interets income and equivalents	458	1	457
Exchange rate (losses)/ gains	1	2	(1)
Financial income from third parties	514	92	422
Financial Income	514	92	422

Financial income was €422K higher than the previous year due mainly to the increase of €457K in other interest income and equivalents.

	12/31/2023	12/31/2022	Change
Interest expenses on security deposits	521	130	391
Financial charges from related parties	521	130	391
Interest expenses to banks	37	116	(79)
Amortized mortgage loan costs	28,234	8,227	20,007
Loans amortized costs	2.140	1,926	214
IRS spread	(2,645)	2,930	(5,575)
Bond financial charges	11,807	12,005	(198)
Bond amortized costs	6,075	2,705	3,370
Financial charges on leasing	112	48	64
Financial charges on IFRS 16	1,522	1,234	288
Other interests and charges	1,368	1,230	138
Financial charges from third parties	48,650	30,421	18,229
Financial charges	49,171	30,551	18,620

Financial charges increased by €18,620K.

Related party financial charges were higher due to the increase in the legal interest rate in force on security deposits.

Financial charges from third parties rose by €18,229K, mostly as a result of:

> Higher interest on mortgage loans due to the wider spread in connection with €215 million green financing loan taken out in August 2022, a new €250 million loan taken out in May 2023, and higher interest rates in keeping with the rate hikes carried out by the European Central Bank;

> Higher financial charges on bonds reflecting the issue of a new €400 million bond and partial exchange for the bond notes maturing on 28 November 2024. Described in greater detail in the section on significant events in 2023, this operation voided the pre-existing bond and led to the release to the income statement of the remaining expenses for amortized cost and the recognition of the new bond loan;

> Lower IRS charges, due to the early termination of various derivatives with a positive mark to market and a decrease in notional amounts.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 10) INCOME TAXES

	12/31/2023	12/31/2022	Change
Current taxes	**1,161**	**1,090**	**71**
Deferred tax	**(1,179)**	**(749)**	**(430)**
Out-of-period income/ charges - Provisions	**(13)**	**(359)**	**346**
Income taxes	**(31)**	**(18)**	**(13)**

Overall income taxes, current and deferred, were in line with the previous year at a positive €31K.

Current taxes increased by €71K due mostly to the improved profit margins of Group companies.

The change in deferred taxes (€430K) 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.

Reconciliation of income taxes applicable to pre-tax profit	12/31/2023	12/31/2022
Pre-tax profit	**(65,097)**	**(22,334)**
Theorical tax charges (rate 24%)	**0**	**0**
Profit resulting in the income statement	**(65,097)**	**(22,334)**
Increases:		
IMU-Property tax	**7,986**	**7,259**
Impairment on work in progress and inventories	**742**	**3,455**
Other increases	**52,610**	**62,235**
Decreases:		
Change in tax-exempt income	**(41,799)**	**(52,944)**
Deductible depreciation	**(324)**	**(385)**
Negative fair value	**128,006**	**79,242**
Other changes	**(19,584)**	**(19,669)**
Tax Income	**62,540**	**56,859**
Use of past losses	**0**	**0**
Use of ACE benefit	**2,920**	**1,889**
Tax Income net of losses and ACE benefit	**59,620**	**54,970**
Current taxes for the year	**878**	**1,078**
Income from tax consolidation	**0**	**(325)**
Current IRES for the year (a)	**878**	**753**
Difference between value and cost of production	**99,997**	**80,483**
Theorical IRAP (3.9%)	**3,900**	**3,139**
Difference between value and cost of production	**99,997**	**80,483**
Changes:		
Increases	**9,795**	**9,326**
Decreases	**(12,984)**	**(13,849)**
Change in tax-exempt income	**(90,864)**	**(80,521)**
Other deductions	**(6,190)**	**(6,106)**
Taxable IRAP Income	**(246)**	**(10,667)**
Current IRAP for the year (b)	**283**	**337**
Total current taxes (a+b)	**1,161**	**1,090**

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4.6 NOTES TO THE FINANCIAL STATEMENTS

Current taxes (IRES) for 2023 were generated 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/(loss) 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.

	12/31/2023	12/31/2022
Net profit (loss) attributable to IGD SIIQ S.p.A. shareholders	**(81,732)**	**(22,315)**
Diluted net profit (loss) attributable to IGD SIIQ S.p.A. shareholders	**(81,732)**	**(22,315)**
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 (loss) per share	**(0.741)**	**(0.202)**
Diluted earnings (loss) per share	**(0.741)**	**(0.202)**

> NOTE 12) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

	01/01/2022	Increase	Decrease	Depreciation	12/31/2022
Intangible assets with finite useful lives	**303**	**644**	**0**	**(151)**	**796**

	01/01/2023	Increase	Decrease	Depreciation	12/31/2023
Intangible assets with finite useful lives	**796**	**597**	**0**	**(381)**	**1,012**

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 and the new HR management software.

> NOTE 13) GOODWILL

	01/01/2022	Increase	Devaluation	Reclassification	12/31/2022
Goodwill	**7,585**	**0**	**(500)**	**0**	**7,085**

	01/01/2023	Increase	Devaluation	Reclassification	12/31/2023
Goodwill	**7,085**	**0**	**(437)**	**0**	**6,648**

Goodwill decreased by €437K, 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 2023 and 2022:

Goodwill	12/31/2023	12/31/2022
Win Magazin S.A.	**3,972**	**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	**6,648**	**7,085**

Goodwill for Win Magazin refers to the purchase price allocation of the difference between the price paid and the fair value of the assets and liabilities acquired with 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 Advisory 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.

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The results of the impairment test are summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Winmagazin S.A.	**15,559**	**3,972**	**11,587**

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	**1,712**	**546**	**1,166**
Darsena	**793**	**123**	**670**
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 2023, unlevered free cash flows were calculated using the data in the 2024 budget approved by the Board of Directors on 13 December 2023 and stationary projections for 2025 and 2026, developed – given the typical characteristics of the business – using assumptions consistent with the Group's track record and considering an increase as a result of indexing rent to inflation.

Future cash flows were therefore estimated based on figures for 2024-2026, particularly EBITDA less estimated taxes and capital expenditure.

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 6.80% (6.77% at 31 December 2022);

> Future cash flows as described above;

> Perpetuity growth rate (g) of 2% (unchanged since the previous year).

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
Service	**30,864**	**1,012**	**29,852**

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 2024 budget approved by the Board of Directors on 13 December 2023 and stationary projections for 2025 and 2026, developed – given the typical characteristics of the business – using assumptions consistent with the Group's track record and considering an increase as a result of indexing rent to inflation. Future cash flows were therefore estimated based on figures for 2024-2026, particularly EBITDA less estimated taxes and capital expenditure.

The main assumptions used to calculate value in use are set out below:

> Discount rate (WACC) of 6.80% (6.77% as of 31 December 2022);

> Future cash flows as described above;

> Perpetuity growth rate (g) of 2% (unchanged since the previous year).

The outcome of the impairment test is summarized below:

Impairment Test result	Recoverable Amount	Carrying Amount	Cover/ (Impairment)
IGD Group - II Level Test	**2,125,540**	**1,968,958**	**156,582**

The test found no evidence of impairment.

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, growth rate, and cash flows), due to changes in the macroeconomic scenario, would have on the outcome of the second level impairment tests. An additional 0.4% increase in WACC, a 0.4% decrease in the growth rate, or an €8 million reduction in cash flows in both the explicit period and termal value 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.

	01/01/2022	Increase	Revalutation	Devalutation	Reclassification from assets under construction	12/31/2022
Investment property	**2,062,060**	**11,936**	**9,208**	**(76,977)**	**9,870**	**2,016,097**
Right-of-use IFRS16	**31,116**	**268**	**0**	**(6,151)**	**0**	**25,233**
Investment property	**2,093,176**	**12,204**	**9,208**	**(83,128)**	**9,870**	**2,041,330**

	01/01/2023	Increase	Revalutation	Devalutation	Reclassification from assets under construction	12/31/2023
Investment property	**2,016,097**	**11,877**	**21,216**	**(145,679)**	**38,556**	**1,942,067**
Right-of-use IFRS16	**25,233**	**62**	**0**	**(8,309)**	**0**	**16,986**
Investment property	**2,041,330**	**11,939**	**21,216**	**(153,988)**	**38,556**	**1,959,053**

The changes in investment property since 31 December 2022 are explained by:

> Extraordinary maintenance work (€11,877K), mostly for waterproofing at Leonardo shopping center, fit-out work at the Officine Storiche mixed-use complex, and energy efficiency upgrades at Punta di Ferro, Centro d'Abruzzo, Tiburtino, Porte di Napoli, and La Torre shopping centers and at various shopping centers in Romania;

> The reclassification (€38,556K) from assets under construction and advances of work completed during the period, namely *(i)* the Officine Storiche mixed-use complex, *(ii)* the restyling of Porto Grande shopping center in San Benedetto del Tronto, and *(iii)* the restyling (first lot) of Leonardo shopping center in Imola. Works performed during the year amounted to €9,940K;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €21,216K and written down by €145,679K on the basis of independent third-party appraisals, for a net negative impact of €124,463K;

> 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 (€8,309K: €8,247K in fair value adjustments and €62K 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 42.

See the directors' report for further information.

> NOTE 15) BUILDINGS

	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**

	01/01/2023	Increase	Decrease	Amortization	12/31/2023
Historical cost	**10,201**	**38**	**0**	**0**	**10,239**
Depreciation fund	**(3,203)**	**0**	**0**	**(246)**	**(3,449)**
Net book value	**6,998**	**38**	**0**	**(246)**	**6,790**

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.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 16) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	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**

	01/01/2023	Increase	Decrease	Amortization	12/31/2023
Historical cost	**3,254**	**51**	**0**	**0**	**3,305**
Depreciation fund	**(3,168)**	**0**	**0**	**(27)**	**(3,195)**
Plant and machinery	**86**	**51**	**0**	**(27)**	**110**
Historical cost	**7,846**	**616**	**0**	**0**	**8,462**
Depreciation fund	**(5,506)**	**0**	**0**	**(482)**	**(5,988)**
Equipment and other goods	**2,340**	**616**	**0**	**(482)**	**2,474**

Most of the changes in plant and machinery and equipment reflect the purchase and installation of equipment at the new Officine Storiche mixed-used complex inaugurated in September 2023, partially offset by depreciation for the year.

> NOTE 17) ASSETS UNDER CONSTRUCTION

	01/01/2022	Increase	Decrease	Devaluation/ Revaluation	Fair Value adjustment	Reclassification to asset under construction	12/31/2022
Assets under construction	**44,075**	**18,876**	**0**	**(41)**	**(16,402)**	**(9,870)**	**36,638**
Advance payments	**20**	**4**	**0**	**0**	**0**	**0**	**24**
Asset under construction and advance payments	**44,095**	**18,880**	**0**	**(41)**	**(16,402)**	**(9,870)**	**36,662**

	01/01/2023	Increase	Decrease	Devaluation/ Revaluation	Fair Value adjustment	Reclassification to asset under construction	12/31/2023
Assets under construction	**36,638**	**9,941**	**0**	**(409)**	**(5,250)**	**(38,556)**	**2,364**
Advance payments	**24**	**0**	**(24)**	**0**	**0**	**0**	**0**
Asset under construction and advance payments	**36,662**	**9,941**	**(24)**	**(409)**	**(5,250)**	**(38,556)**	**2,364**

At 31 December 2023, assets under construction consisted mainly of:

> Land at Porto Grande for the construction of midsize stores, recognized at fair value in the amount of €2.1 million;

> Costs for restyling in progress at Gran Rondò shopping center in Crema.

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

> Ongoing work on the Officine Storiche section of Porta a Mare (€6,139K), partially offset by the deduction of costs incurred for various works eligible for offsetting (€1,878K);

> The restyling of Porto Grande shopping center in San Benedetto del Tronto (€3,295K);

> The restyling of Leonardo shopping center in Imola (€2,385K);

> The reclassification (€38,556K) to investment property of work completed during the period, namely *(i)* the Officine Storiche mixed-use complex, *(ii)* the restyling of Porto Grande shopping center in San Benedetto del Tronto, and *(iii)* the restyling (first lot) of Leonardo shopping center in Imola;

> The writedown of the Officine Storiche portion of the Porta a Mare project (€5,250K), and the writedown of the Porto Grande expansion by €409K;

> A decrease in advances by €24K.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> 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:

	12/31/2023	12/31/2022	Change
Taxed funds	483	518	(35)
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	741	0
IRS transictions	327	0	327
IFRS 16	2,330	1,967	363
Total deferred tax assets	6,729	6,074	655

	12/31/2023	12/31/2022	Change
Investment property	(2,235)	(1,981)	(254)
IRS transactions	0	(1,525)	1,525
Other effects	(25)	(31)	6
Total deferred tax liabilities	(2,260)	(3,537)	1,277

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 increased taxation of mortgage hedging instruments (IRS) due to the increase in their negative fair value and the changes due to the application of IFRS 16.

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.

Given the likelihood of future taxable income for the Group in the short to medium term, as corroborated by taxable income earned in recent years, prior-year losses are expected to be used, so the deferred tax assets are likely to be recovered.

At 31 December 2023, for the Italian companies, the balance of deferred tax assets of €6,729K and deferred tax liabilities of €2,260K was a net asset of €4,469K.

	12/31/2023	12/31/2022	Change
Net Deferred tax assets	4,469	2,537	1,932
Net Deferred tax liabilities	0	0	0
Total net Deferred tax assets	4,469	2,537	1,932

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.

	12/31/2023	12/31/2022	Change
Investment property Romania	15,559	16,636	(1,077)
Total Deferred tax liabilities	15,559	16,636	(1,077)

Movements in deferred tax assets and liabilities are presented below.

	12/31/2022	2023 Income Statement effect	Net equity effect	Currency change	12/31/2023
Net Deferred tax assets Italy	2,537	81	1,851	0	4,469
Total net Deferred tax assets	2,537	81	1,851	0	4,469

	12/31/2022	2023 Income Statement effect	Net equity effect	Currency change	12/31/2023
Deferred tax liabilities Romania	(16,636)	1,098	0	(21)	(15,559)
Total tax liabilities	(16,636)	1,098	0	(21)	(15,559)
Total effect of the year		1,179	1,851	(21)	

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> NOTE 19) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	12/31/2023	12/31/2022	Change
Security deposits	**102**	**101**	**1**
Due to other	**10**	**20**	**(10)**
Sundry receivables and other non-current assets	**112**	**121**	**(9)**

This item was in line with the balance at 31 December 2022.

> NOTE 20) EQUITY INVESTMENTS

	01/01/2023	Increase	Decrease	Revaluations/ (Write-downs)	12/31/2023
Cons. propr. del compendio com. del Commendone (GR)	**6**	**0**	**0**	**0**	**6**
Consorzio prop. Fonti del Corallo	**7**	**0**	**0**	**0**	**7**
Consorzio I Bricchi	**4**	**0**	**0**	**0**	**4**
Consorzio Punta di Ferro	**6**	**0**	**0**	**0**	**6**
Equity investment in subsidiaries	**23**	**0**	**0**	**0**	**23**
Millennium Center	**4**	**0**	**0**	**0**	**4**
Fondo Juice	**25,666**	**0**	**0**	**0**	**25,666**
Equity investments in associates	**25,670**	**0**	**0**	**0**	**25,670**
Equity investments in other companies	**22**	**0**	**0**	**(50)**	**22**
Equity investments	**25,765**	**0**	**0**	**(50)**	**25,715**

Equity investments decreased by €50K for the year due to the writedown of an investment carried at cost.

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 2023 was in line with the previous year.

> NOTE 21) NON-CURRENT FINANCIAL ASSETS

	12/31/2023	12/31/2022	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

	01/01/2023	Increase	Decrease	Revalutations/ (Write-downs)	12/31/2023
"Porta a Mare" Project	**29,240**	**768**	**(5,705)**	**(333)**	**23,970**
Advances	**57**	**0**	**0**	**0**	**57**
Work in progress inventory	**29,297**	**768**	**(5,705)**	**(333)**	**24,027**

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 €768K; *(ii)* a decrease for the sale of 1 residential unit and 1 enclosed garage unit in the Mazzini section and 13 residential units, 13 enclosed garage units, and 2 parking spaces in the Officine section, for a total of €5,705K; and *(iii)* a writedown to adjust carrying amount to the lower of cost and appraised market value (€333K).

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 23) TRADE AND OTHER RECEIVABLES

	12/31/2023	12/31/2022	Change
Trade and other receivables	26,012	33,200	(7,188)
Provision for doubtful accounts	(16,336)	(17,988)	1,652
Trade and other receivables	9,676	15,212	(5,536)

Net trade receivables decreased with respect to the previous year by €5,536K, due mainly to greater receipts during the year.

Gross trade receivables are broken down below by due date:

	Balance due	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	3,280	2,155	741	3,192	266	1,195	15,183	26,012
Gross trade receivables	3,280	2,155	741	3,192	266	1,195	15.,83	26,012

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 €440K in 2023. The allocation for the year was calculated based on the problems encountered with individual receivables recognized at 31 December 2023 and on all available information.

The use of €2,132K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.

Movements in the provision for doubtful accounts are reported below:

	12/31/2023	12/31/2022	Change
Provision for Doubtful account at the beginning of the period	17,988	20,343	(2,355)
Foreign exchange effect	(3)	0	(3)
Reverse	(2,132)	(2,888)	756
Provision	440	533	(93)
Other movements	43	0	43
Provision for Doubtful account at the end of the period	16,336	17,988	(1,652)

The following table shows receivables by geographical area:

	12/31/2023	12/31/2022	Change
Receivables Italy	24,761	32,117	(7,356)
Provision for doubtful accounts	(15,957)	(17,515)	1,558
Net receivables Italy	8,804	14,602	(5,798)
Receivables Romania	1,251	1,083	168
Provision for doubtful accounts	(379)	(473)	94
Net receivables Romania	872	610	262
Total Net Receivables	9,676	15,212	(5,536)

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> NOTE 24) RELATED PARTY TRADE AND OTHER RECEIVABLES

	12/31/2023	12/31/2022	Change
Coop Alleanza 3.0	149	99	50
Librerie Coop s.p.a.	26	25	1
Alleanza Luce e Gas	32	25	7
Unicoop Tirreno s.c.a.r.l.	45	37	8
Cons. propr. del compendio com. del Commendone (GR)	7	50	(43)
Consorzio Coné	2	3	(1)
Consorzio Clodì	2	1	1
Consorzio Crema (Gran Rondò)	2	3	(1)
Consorzio I Bricchi	227	39	188
Consorzio Katané	3	107	(104)
Consorzio Lame	2	127	(125)
Consorzio Leonardo	2	65	(63)
Consorzio La Torre	7	0	7
Consorzio Porta a Mare	10	22	(12)
Consorzio Sarca	2	2	0
Consorzio Punta di Ferro	2	80	(78)
Millennium Center	14	22	(8)
Fondo Juice	46	171	(125)
Consorzio La Favorita	22	49	(27)
Consorzio Le Porte di Napoli	423	179	244
Consorzio Casilino	38	133	(95)
Consorzio del centro commerciale Nuova Darsena	3	3	0
Related party trade and other receivables	1,066	1,242	(176)

See Note 38 for details.

> NOTE 25) OTHER CURRENT ASSETS

	12/31/2023	12/31/2022	Change
Tax credits			
VAT credits	2,558	5,099	(2,541)
IRES credits	470	468	2
IRAP credits	434	580	(146)
Due from others			
Advances paid to suppliers	-	97	(97)
Insurance credits	69	-	69
Accrued income and prepayments	2,143	1,045	1,098
Deferred costs	1,849	226	1,623
Other costs of services	811	233	578
Other current assets	8,334	7,748	586

Other current assets increased by €586K with respect to the previous year due mainly to a rise in prepayments and deferred costs, partially offset by a decrease in the VAT, mostly reflecting the early receipt of an invoice for rent payable pertaining to 2024.

> NOTE 26) CASH AND CASH EQUIVALENTS

	12/31/2023	12/31/2022	Change
Cash and cash equivalents	6,046	27,022	(20,976)
Cash on hand	23	47	(24)
Cash and cash equivalents	6,069	27,069	(21,000)

Cash and cash equivalents at 31 December 2023 consisted mainly of current account balances at banks. The decrease of €21 million reflects cash generated during the year net of capital expenditure, mortgage loan payments, the distribution of dividends, and the exchange transaction concerning the bond notes that fell due in November 2023, which entailed a payout to the bondholders who accepted the offer. The statement of cash flows provides a clearer understanding of how this item changed during the period.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTA 27) NET EQUITY

	12/31/2023	12/31/2022	Change
Share capital	**650,000**	**650,000**	**0**
Other reserves	**453,079**	**477,948**	**(24,869)**
Legal reserve	**130,000**	**130,000**	**0**
Translation reserve	**(6,322)**	**(5,847)**	**(475)**
FTA IFRS 16 reserve	**1,886**	**1,886**	**0**
Recalculation of defined benefit plans	**349**	**412**	**(63)**
Cash flow hedge reserve	**(1,031)**	**964**	**(1,995)**
Fair value reserve	**212,586**	**216,608**	**(4,022)**
Subsidiaries cash flow hedge reserve	**0**	**3,866**	**(3,866)**
Recalculation of defined benefit plans subsidiaries	**238**	**271**	**(33)**
Available reserves (from capital reduction)	**53,584**	**55,178**	**(1,594)**
Other available reserve	**61,789**	**74,610**	**(12,821)**
Net profit (loss) of the year	**(102,546)**	**(6,148)**	**(96,398)**
Group profit (loss) carried forward	**(20,814)**	**16,167**	**(36,981)**
Group profit (loss)	**(81,732)**	**(22,315)**	**(59,417)**
Total Group net equity	**1,000,533**	**1,121,800**	**(121,267)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Net Equity	**1,000,533**	**1,121,800**	**(121,267)**

Consolidated net equity at 31 December 2023 amounted to €1,000,533K, a decrease of €121,267K 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 €475K;

> Dividends paid during the year (€33,103K);

> The negative adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€5,861K for the parent company);

> The negative adjustment of the reserve for the recalculation of defined benefit plans (€63K for the parent company and €33K for a subsidiary);

> The Group's share of net loss for the year (€81,732K).

> 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 STATEMENT

	Net Profit		Net Equity	
	Group	Non-controlling interest	Group	Non-controlling interest
BALANCES SHOWN IN THE PARENT'S FINANCIAL STATEMENTS	**(72,515)**	**0**	**1,049,568**	**0**
Net equity and net profit of consolidated income	**(4,060)**	**0**	**181,427**	**0**
Reversal of dividends	**(5,157)**	**0**	**0**	**0**
Carrying value of consolidated equity investments	**0**	**0**	**(232,974)**	**0**
Effect of CFH reserve - subsidiares	**0**	**0**	**-**	**0**
Effect of recalculation of defined benefit plans - subsidiaries	**0**	**0**	**(33)**	**0**
Adjusments on capital gains of the sale of assets from subsidiaries	**0**	**0**	**(1,436)**	**0**
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidated Winmagazine SA	**0**	**0**	**3,973**	**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	**(81,732)**	**0**	**1,000,533**	**0**

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 28) NON-CURRENT FINANCIAL LIABILITIES

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

	Duration	12/31/2023	12/31/2022	Change
Mortgage loans		**556,521**	**386,757**	**169,764**
08 Carisbo Guidonia IGD Tiburtino	**27/03/2009 - 27/03/2024**	**0**	**23,187**	**(23,187)**
01 Unipol Sarca	**10/04/2007 - 06/04/2027**	**47,451**	**50,438**	**(2,987)**
07 Carige Nikefin Asti I Bricchi	**31/12/2008 - 31/03/2024**	**0**	**9,530**	**(9,530)**
13 CR Veneto Mondovì (Retail Park)	**08/10/2009 - 01/11/2024**	**0**	**9,286**	**(9,286)**
10 Mediocredito Faenza IGD	**05/10/2009 - 30/06/2029**	**4,177**	**5,106**	**(929)**
14 MPS Palermo (Galleria)	**21/12/2010 - 30/11/2025**	**0**	**10,698**	**(10,698)**
17 Carige Palermo IGD (Iper)	**12/07/2011 - 30/06/2027**	**4,756**	**6,587**	**(1,831)**
15 CentroBanca Coné (Galleria)	**22/12/2010 - 31/12/2025**	**12,501**	**15,121**	**(2,620)**
Mps - SACE 2020	**16/10/2020 - 30/09/2026**	**15,450**	**24,212**	**(8,762)**
BNL 215 Millions	**04/08/2022 - 01/08/2027**	**213,041**	**212,544**	**497**
Mps SACE 2022	**15/12/2022 - 30/09/2028**	**18,977**	**20,048**	**(1,071)**
Loan Intesa 250 Millions	**15/05/2023 - 09/08/2028**	**240,168**	**0**	**240,168**
Debt for bonds		**365,284**	**495,223**	**(129,939)**
Bond 100 Millions	**11/01/2017 - 11/01/2024**	**0**	**99,896**	**(99,896)**
Bond 400 Millions	**28/11/2019 - 17/05/2027**	**57,966**	**395,327**	**(337,361)**
Bond 310 Millions	**17/11/2023 - 17/05/2027**	**307,318**	**0**	**307,318**
Due to other source of finance		**15,492**	**23,370**	**(7,878)**
Sardaleasing for Bologna office	**30/04/2009 - 30/04/2027**	**1,752**	**2,145**	**(393)**
FRS 16 Livorno liability	**01/01/2019 - 31/03/2026**	**4,008**	**7,296**	**(3,288)**
IFRS 16 Nova liability	**01/01/2019 - 28/02/2027**	**9,732**	**13,929**	**(4,197)**
Non current financial liabilities		**937,297**	**905,350**	**31,947**

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

Non current financial liabilities	12/31/2022	Loan Intesa 250 ML	Repayments/ Renegotiations	Amortized costs	Reclassifications	12/31/2023
Payables due to mortgages	**386.757**	**250.000**	**(54.419)**	**(2.154)**	**(23.663)**	**556.521**
Payables due to bonds	**495.223**	**0**	**(32.178)**	**2.135**	**(99.896)**	**365.284**
Payables due to IFRS16	**21.225**	**0**	**0**	**0**	**(7.485)**	**13.740**
Payables due to other sources of finance	**2.145**	**0**	**0**	**0**	**(393)**	**1.752**
Total	**905.350**	**250.000**	**(86.597)**	**(19)**	**(131.437)**	**937.297**

> Mortgage loans

The changes in 2023 reflect:

> A five-year green secured facility of €250 million contracted on 9 May 2023 from a pool of major Italian and international banks, including Intesa Sanpaolo S.p.A. (Divisione IMI Corporate & Investment Banking), acting, among other capacities, as global coordinator, green coordinator, agent and lender; Gruppo MPS, through MPS Capital Services Banca per le Imprese S.p.A., acting, among other capacities, as global coordinator and lender; and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Cassa depositi e prestiti S.p.A., Deutsche Bank S.p.A., BPER Banca S.p.A., and UniCredit S.p.A., acting, among other capacities, as lenders; of which €130 million was disbursed immediately and the remaining €120 million disbursed in November 2023 and partially used for the early redemption of the €100 million bond maturing in January 2024;

> 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:

> The early redemption in November 2023 of the €100 million bond due to mature in January 2024;

> The issue on 5 October 2023 of a €310 million non-subordinated, non-convertible senior bond. In this regard, IGD's Board of Directors approved *(i)* an offer to exchange the bond due on 28 November 2024 (ISIN XS2084425466) (the "Existing Notes") for the New Notes, subject to certain conditions; and *(ii)* a tender offer for the Existing Notes with the rule that a specified amount resulting from the buy-back would be reinvested in the purchase of New Notes. The exchange, tender, and consent solicitation period ran from 5 October 2023 to 10 November 2023. Holders of Existing Notes who accepted the exchange offer by 13 October 2023 exchanged their Existing Notes for a combination of (a) New Notes for an amount equal to 90% of the nominal value of the Existing Notes exchanged, and (b) a cash payout for the residual portion. Under the reinvestment rule of the tender offer, the holders of Existing Notes who accepted the tender offer by 13 October 2023 received (a) 90% of their proceeds for the purchase of New Notes and (b) €32,178K in cash. The Existing Notes exchanged and repurchased by the Company were voided. The Existing Notes that were not exchanged and/or repurchased by the Company have been traded or admitted to trading on Euronext Dublin and Euronext Access Milan (formerly ExtraMot Pro). The exchange offer and the tender offer are part of a broader transaction that includes a consent solicitation process addressed to the holders of the Existing Notes. For this purpose, on 14 November 2023 the meeting of the Existing Notes holders approved various amendments to the terms and conditions of the Existing Notes, relating, in particular, to maturity, coupon and repurchase options, in order to align these provisions with the relevant terms and conditions of the New Notes. Moreover, the terms and conditions of the New Notes provide for certain undertakings by the Company, additional to and different from those that will be provided for the Existing Notes, including, inter alia, a freeze on dividends (or other forms of distributions) in excess of what is necessary to comply with the rules applicable to IGD SIIQ S.p.A. in its capacity as a listed real estate investment company. The New Notes will mature on 17 May 2027 and interest payments will increase over time, as follows:

> 5.500% per annum for the first interest period, beginning on 28 November 2023 and ending on 17 May 2024;

> 6.250% per annum for the interest period beginning on 17 May 2024 and ending on 17 May 2025;

> 7.250% per annum for the interest period beginning on 17 May 2025 and ending on 17 May 2026;

> 8.500% per annum for the interest period beginning on 17 May 2026 and ending on 17 May 2027;

in each case, to be paid annually in arrears;

> 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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4.6 NOTES TO THE FINANCIAL STATEMENTS

	Non current portion	Current portion					Non current Portion	Current Portion		
Debts due to bond	12/31/2022	12/31/2022	Bond issue/ Repayment	Bonds Exchange	Ancillary costs amortization at 12/31/2023	Financial charges at 12/31/2023	12/31/2023	12/31/2023	Nominal interest rate	Actual interest rate
Bond 100 ML	**100,000**		**(100,000)**							
Ancillary costs	**(104)**				**104**					
Coupon rate 12/31/22		**1,056**				**(1,056)**				
Paid interest						**3,018**				
oupon rate 12/31/23								**0**		
Total Bond 100 ML	**99,896**	**1,056**	**(100,000)**	**0**	**104**	**1,962**	**0**	**0**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**		**(32,178)**	**(306,537)**			**61,285**			
Ancillary costs	**(4,673)**			**(3,467)**	**4,821**		**(3,319)**			
Coupon rate 12/31/22		**756**				**(756)**		**0**		
Paid interest						**8,282**				
Coupon rate 12/31/23						**283**		**283**		
Total Bond 400 ML	**395,327**	**756**	**(32,178)**	**(310,004)**	**4,821**	**7,809**	**57,966**	**283**	**7.000%**	**8.50%**
Bond 310 ML				**328,606**			**328,606**			
Ancillary costs				**(22,438)**	**1,150**		**(21,288)**			
Coupon rate 12/31/22						**0**		**0**		
Paid interest						**0**				
Coupon rate 12/31/23						**2,036**		**2,036**		
Total Bond 310 ML	**0**	**0**	**0**	**306.168**	**1,150**	**2,036**	**307,318**	**2,036**	**7.000%**	**8.50%**
Total bonds	**495,223**	**1,812**	**(132,178)**	**(310,004)**	**6,075**	**11,807**	**365,284**	**2,319**		
Total financial charges					**6,075**	**11,807**				

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
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 2023.

Name	Guarantees given	Type of product	End date	Financial "covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)	Indicator v)
Bper Banca	Sarca shopping mall	Secured loan	**06/04/2027**	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2.3	**0.95**				
Banca Intesa Sanpaolo	Le Maioliche Shopping Center (Hypermarket)	Secured loan	**30/06/2029**	IGD SIIQ SpA Financial Statement: ratio of external net financial debts to equity + intercompany loan must not exceed 2.70	**0.98**				
Banca Intesa Sanpaolo	Conè Shopping Center (Mall)	Secured loan	**31/12/2025**	Consolidated financial statement: ration of net debt (including derivative assets and liabilities) to net equity must not exceed 2	**0.95**				
Loan secured in pool	Punta di Ferro Shopping Mall Tiburtino Shopping Center (ihypermkt + mall) Porto Grande Shopping Center (hypermkt + mall) Centro Luna Shopping Mall Gran Rondò Shopping Mall Mondovicino Shopping Mall and Retail Park Lame Shopping Center (hypermkt + loan) Città delle Stelle Shopping Center (hypermkt + loan)	Secured loan in pool	**09/05/2028**	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 60%; ii) Interest Cover Ratio (recurring items on cash basis) > = 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset equal or under 45%;; iv) Ratio of unencumbered assets to Unsecured debt (net of cash and cash equivalents) > = 1.25 - [excluding effect of IFRS16 accounting standards] v) Loan To Value ratio for mortaged property must not exceed 50% (*)	**46.52%**	**3.14**	**16.10%**	**2.01**	**48.03%** (*) calculated on the basis of the latest availble appraisals
New Fixed Rate Step-Up Notes, 05/17/2027	unsecured	Bond	**17/05/2027**	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.25 -[excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.01**	
Fixed Rate Step-Up Notes, 05/17/2027	unsecured	Bond	**17/05/2027**	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.25 -[excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.01**	
Finanziamento unsecured in pool	unsecured	Unsecured loan in pool	**30/06/2027**	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 unencumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.01**	
Fin.to MPS Garanzia Italia	unsecured	Unsecured loan	**30/09/2026**	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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.00 - [excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.01**	

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 29) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2023	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	12/31/2023
Provisions for employee severance indemnities	**2,756**	**97**	**(328)**	**242**	**96**	**2,863**

	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**

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	2023
Cost of living increase	**2.00%**
Discount rate	**3.17%**
Increase in total compensation	Executives **2.5%**; White collar/Middle managers **1.0%**; Blue collar: **1.0%**
Increase in severance indemnity	**3.000%**

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2023

	(in Euro/000)
Inflation rate +0,25% - Provision for employee severance indemnities:	**2,882**
Inflation rate -0,25% - Provision for employee severance indemnities:	**2,759**
Discount rate +0,25% - Provision for employee severance indemnities:	**2,739**
Discount rate -0,25% - Provision for employee severance indemnities:	**2,903**
Turnover rate +1 - Provision for employee severance indemnities:	**2,832**
Turnover rate -1 - Provision for employee severance indemnities:	**2,805**
Service cost 2023	**259**
Plan duration	**17**
Estimated payments year 1	**112**
Estimated payments year 2	**200**
Estimated payments year 3	**268**
Estimated payments year 4	**120**
Estimated payments year 5	**174**

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 30) GENERAL PROVISIONS

	01/01/2023	Uses	Provision	Reclassification	12/31/2023
Provision for taxation	**1,922**	**0**	**663**		**2,585**
Consolidated Fund risks and future charges	**1,827**	**0**	**570**		**2,397**
Bonus provisions	**895**	**(755)**	**1,250**		**1,390**
Provisions for risks and future charges	**4,644**	**(755)**	**2,483**		**6,372**

> Provision for taxation

At 31 December 2023 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 risks of these complaints, except in the case of Guidonia for which it was not possible to suspend payment of the new assessments.

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 shopping centers in Palermo, Ravenna, and Guidonia.

> Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2024 on the basis of the Group's 2023 estimated results. The utilization refers to the payment made in the first half of 2023.

This provision also includes a long-term portion for upper management, paid every three years. The only movement in 2023 was an allocation, as the next payment date is in 2025.

> Other general provisions

These cover the risks arising from litigation in course and probable future expenses (€1,647K), and estimated end-of-term benefits for directors (€750K). The principal changes during the year were as follows:

> An allocation of €250K for an administrative dispute involving the subsidiary Win Magazin S.a.;

> A net allocation of €320K for earthquake proofing to be carried out, at IGD's expense, at various supermarkets and hypermarkets sold in 2021.

> NOTE 31) SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES

	12/31/2023	12/31/2022	Change
Due to Livorno municipality	**4,039**	**5,918**	**(1,879)**
Advances due one year	**800**	**800**	**0**
BNL extension fees	**313**	**625**	**(312)**
Intesa extension fees	**408**	**0**	**408**
Debt for SACE guarantee	**533**	**968**	**(435)**
Debt for entry tax regime SIINQ	**516**	**731**	**(215)**
Other liabilities	**531**	**345**	**186**
Sundry payables and other non-current liabilities	**7,140**	**9,387**	**(2,247)**

Commitments to the City of Livorno concern the additional secondary urban infrastructure works as provided for by contract (€587K) and works to be delivered to Porta a Mare S.p.A. (€3,452K). As described earlier, the change for the year refers to works completed under the agreement.

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 Intesa extension fees reflecting the €408K in total fees that IGD SIIQ S.p.A. will have to pay to Intesa SanPaolo in connection with the five-year, €250 million green secured facility contracted in May 2023;

> A decrease in BNL extension fees due to the reclassification to current liabilities of the €312.5K extension fee that the Company will have to pay to BNP Paribas in 2024 in order to extend the duration of the €215 million loan to 2025. As of this writing, the Company believes an extension to both 2025 and 2026 is likely;

> A decrease of €435K due to the reclassification to current liabilities of the fees payable to SACE in 2024 as consideration for the guarantees backing the *(i)* 5-year loan of €36,300K obtained in 2020 and the *(ii)* 6-year loan of €20,946K obtained in 2022;

> A decrease of €215K 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 during the previous year. The SIINQ entry tax is paid in five annual installments starting in 2022.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

Related party payables are shown below:

	12/31/2023	12/31/2022	Change
Coop Alleanza 3.0	**9,911**	**9,911**	**0**
Librerie Coop S.p.a.	**19**	**0**	**19**
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	**10,460**	**10,441**	**19**

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 38 for additional information.

> NOTE 32) CURRENT FINANCIAL LIABILITIES

	Duration	12/31/2023	12/31/2022	Change
Payables due to banks		**0**	**13,000**	**(13,000)**
Bper Intesa - Hot money	**09/05/2022 - 29/07/2022**	**0**	**13,000**	**13,000**
Payables due to mortgages		**27,173**	**76,348**	**(49,175)**
05 BreBanca IGD Mondovicino (Galleria)	**23/11/2006 - 10/01/2023**	**0**	**690**	**(690)**
06 Unipol Lungosavio IGD	**31/12/2008 - 31/12/2023**	**0**	**4,025**	**(4,025)**
01 Unipol Sarca	**10/04/2007 - 06/04/2027**	**3,551**	**3,295**	**256**
08 Carisbo Guidonia IGD Tiburtino	**27/03/2009 - 27/03/2024**	**0**	**4,136**	**(4,136)**
07 Carige Nikefin Asti I Bricchi	**31/12/2008 - 31/03/2024**	**0**	**2,082**	**(2,082)**
13 CR Veneto Mondovi (Retail Park)	**08/10/2009 - 01/11/2024**	**0**	**1,725**	**(1,725)**
10 Mediocredito Faenza IGD	**05/10/2009 - 30/06/2029**	**935**	**934**	**1**
14 MPS Palermo (Galleria)	**21/12/2010 - 30/11/2025**	**0**	**2,318**	**(2,318)**
17 Carige Palermo IGD (Iper)	**12/07/2011 - 30/06/2027**	**1,831**	**1,791**	**40**
15 CentroBanca Coné (Galleria)	**22/12/2010 - 31/12/2025**	**2,645**	**2,642**	**3**
Loan Ubi 5 Leonardo	**19/04/2018 - 17/10/2023**	**0**	**41,713**	**(41,713)**
Loan Ubi 1 Lame Rp Favorita	**19/04/2018 - 17/07/2023**	**0**	**1,891**	**(1,891)**
Mps sace loan	**16/10/2020 - 30/09/2026**	**10,384**	**9,075**	**1,309**
Loan BNP 215 ML	**04/08/2022 - 01/08/2027**	**83**	**31**	**52**
Loan Intesa 250 ML	**15/05/2023 - 09/08/2028**	**7,744**	**0**	**7,744**
Payables due to other source of finance		**7,879**	**7,674**	**205**
Leasing Igd office	**30/04/2009 - 30/04/2027**	**393**	**380**	**13**
IFRS 16 Livorno ST liabilities	**01/01/2019 - 31/03/2026**	**3,288**	**3,152**	**136**
IFRS 16 Abruzzo ST liabilities	**01/01/2019 - 31/12/2023**	**0**	**119**	**(119)**
IFRS 16 Nova ST liabilities	**01/01/2019 - 28/02/2027**	**4,198**	**4,023**	**175**
Paybles due to bonds		**2,319**	**1,812**	**507**
Bond 100 ML	**11/01/2017 - 11/01/2024**	**0**	**1,056**	**(1,056)**
Bond 400 ML	**28/11/2019 - 17/05/2027**	**283**	**756**	**(473)**
Bond 310 ML	**17/11/2023 - 17/05/2027**	**2,036**	**0**	**2,036**
Current financial liabilities		**37,371**	**98,834**	**(61,463)**

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

Current financial liabilities	12/31/2022	Coupon of the year	Repayment	Amortized cost	Interest accrual	Reclassification	12/31/2023
Paybles due to banks	13,000	6,000	(19,000)	0	0	0	0
Paybles due to mortages	76,348	0	(75,973)	29	3,106	23,663	27,173
Paybles due to bonds	1,812	0	(100,000)	104	507	99,896	2,319
Paybles due to IFRS16	7,294	0	(7,293)	0	0	7,485	7,486
Paybles due to other sources of finance	380	0	(380)	0	0	393	393
Total	98,834	6,000	(202,646)	133	3,613	131,437	37,371

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 loans and bonds (including interest accrued), and short-term bank borrowings.

The principal changes in current financial liabilities relate to:

> The repayment of ultra-short-term borrowings (€19 million in total);

> The early repayment of various mortgage loans, originally maturing in 2024 or 2025, in the second quarter of 2023 as a result of contracting a five-year loan of up to €250 million with a pool of major national and international lenders;

> The early redemption, in November 2023, of the €100 million bond originally maturing in January 2024.

> NOTE 33) NET DEBT

The table below presents net debt at 31 December 2023 and 31 December 2022, 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.

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

	12/31/2023	12/31/2022	Change
Cash and cash equivalents	(6,069)	(27,069)	21,000
LIQUIDITY	(6,069)	(27,069)	21,000
Current financial liabilities	0	13,000	(13,000)
Mortgage loans - current portion	27,173	76,348	(49,175)
Leasing - current portion	7,879	7,674	205
Bonds loans - current portion	2,319	1,812	507
CURRENT DEBT	37,371	98,834	(61,463)
CURRENT NET DEBT	31,302	71,765	(40,463)
Non-current financial assets	(174)	(174)	0
Leasing non-current portion	15,492	23,370	(7,878)
Non-current financial liabilities	556,521	386,757	169,764
Bond loans	365,284	495,223	(129,939)
NON-CURRENT NET DEBT	937,123	905,176	31,947
NET DEBT	968,425	976,941	(8,516)

Net debt improved by €8.5 million with respect to 31 December 2022, 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;

> Partially offset by dividend payments of €33.1 million in May 2023.

The gearing ratio is the ratio of net debt to net equity, including non-controlling interests, net of cash flow hedge reserves. The ratio worsened during the year, from 0.87 at 31 December 2022 to 0.97 at the end of 2023.

Uncommitted credit facilities amount to €103 million: €53 million from banks and €50 million from the holding company, Coop Alleanza 3.0. They were fully unutilized at 31 December 2023.

Committed revolving credit facilities with banks, unutilized at 31 December, amount to €60 million.

As in previous years, net debt does not include other non-current liabilities described in Note 31, consisting mainly of security deposits received from third parties and related parties for the rental of hypermarkets and malls, guarantee deposits, extension fees payable, 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 €2,364K and €3,854K, respectively.

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> NOTE 34) TRADE AND OTHER PAYABLES

	12/31/2023	12/31/2022	Change
Trade paybales within	**22,405**	**22,746**	**(341)**
Trade and other payables	**22,405**	**22,746**	**(341)**

Trade payables were essentially in line with the previous year.

> NOTE 35) RELATED PARTY TRADE AND OTHER PAYABLES

	12/31/2023	12/31/2022	Change
Coop Alleanza 3.0	**759**	**262**	**497**
Alleanza Luce e Gas	**3**	**1**	**2**
Cons. propr. del compendio com. del Commendone (GR)	**44**	**41**	**3**
Consorzio prop. Fonti del Corallo	**26**	**33**	**(7)**
Consorzio Coné	**144**	**60**	**84**
Consorzio Clodi	**104**	**37**	**67**
Consorzio Crema (Gran Rondò)	**102**	**29**	**73**
Consorzio I Bricchi	**0**	**25**	**(25)**
Consorzio Katané	**4**	**159**	**(155)**
Consorzio Lame	**143**	**79**	**64**
Consorzio Leonardo	**72**	**146**	**(74)**
Consorzio La Torre	**15**	**164**	**(149)**
Consorzio Porta a Mare	**0**	**28**	**(28)**
Consorzio Sarca	**307**	**269**	**38**
Distribuzione Centro Sud s.r.l.	**23**	**6**	**17**
Consorzio Punta di Ferro	**105**	**59**	**46**
Millennium Center	**100**	**98**	**2**
Fondo Juice	**14**	**14**	**0**
Consorzio La Favorita	**102**	**6**	**96**
Consorzio Le Porte di Napoli	**17**	**118**	**(101)**
Consorzio Casilino	**119**	**211**	**(92)**
Related parties trade and other payables	**2,203**	**1,845**	**358**

Most of the increase in related party payables (€358K) reflects the higher amounts due to the holding company, Coop Alleanza 3.0.

See Note 38 for additional information.

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4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 36) CURRENT TAX LIABILITIES

	12/31/2023	12/31/2022	Change
Due to tax authorities for withholdings	**709**	**714**	**(5)**
Irap	**33**	**43**	**(10)**
Ires	**230**	**171**	**59**
VAT	**123**	**181**	**(58)**
Other taxes	**0**	**2**	**(2)**
Substitute tax	**0**	**620**	**(620)**
Debt for SIINQ entry tax	**258**	**244**	**14**
Current tax liabilities	**1,353**	**1,975**	**(622)**

This item decreased by €622K due mainly to the payment of the third and final installment (€620K) of 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 (absorbed by IGD SIIQ during the year) and Millennium Gallery (absorbed by IGD Management in 2021).

> NOTE 37) OTHER CURRENT LIABILITIES

	12/31/2023	12/31/2022	Change
Social security	**337**	**384**	**(47)**
Accrued liabilities and deferred income	**1,294**	**289**	**1,005**
Insurance	**8**	**8**	**0**
Due to employees	**1,016**	**820**	**196**
Security deposits	**8,915**	**9,143**	**(228)**
Unclaimed dividends	**1**	**287**	**(286)**
Advances received due within the year	**30**	**1,150**	**(1,120)**
Amounts due to director for emoluments	**168**	**120**	**48**
SACE guarantee debt	**436**	**884**	**(448)**
BNL extension fees	**312**	**0**	**312**
Other liabilities	**815**	**1,078**	**(263)**
Other current liabilities	**13,332**	**14,163**	**(831)**

These consist mainly of security deposits received from tenants. The decrease of €831K mostly concerns:

> A reduction in advances received from the subsidiary Porta Medicea against the sale of residential units in the Officine Storiche section of Porta a Mare;

> A decrease in security deposits;

> A reduction in unpaid dividends by €228K;

> A decrease of €448K in payables for SACE guarantees;

> Partially offset by an increase in deferred income and in BNL extension fees due to the reclassification from non-current liabilities of the €312.5K extension fee that the Company will have to pay to BNP Paribas in 2024 in order to extend the duration of the €215 million loan to 2025.

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> NOTE 38) RELATED PARTY DISCLOSURES

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

	Receivables and other current assets	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial payables	Sundry receivables and other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Alleanza 3.0	**149**	**0**	**759**	**9,911**	**0**	**0**	**0**	**0**
Librerie Coop s.p.a.	**26**	**0**	**0**	**19**	**0**	**0**	**14**	**0**
Alleanza Luce e Gas	**32**	**0**	**3**	**55**	**0**	**0**	**0**	**0**
Unicoop Tirreno s.c.a.r.l.	**45**	**0**	**0**	**25**	**0**	**0**	**0**	**0**
Cons. propr. del compendio com. del Commendone (GR)	**7**	**0**	**44**	**0**	**0**	**0**	**64**	**0**
Consorzio prop. Fonti del Corallo	**0**	**0**	**26**	**0**	**0**	**0**	**58**	**0**
Consorzio Coné	**2**	**0**	**144**	**0**	**0**	**0**	**96**	**0**
Consorzio Clodi	**2**	**0**	**104**	**0**	**0**	**0**	**11**	**0**
Consorzio Crema (Gran Rondò)	**2**	**0**	**102**	**0**	**0**	**0**	**161**	**0**
Consorzio I Bricchi	**227**	**0**	**0**	**0**	**0**	**0**	**2**	**0**
Consorzio Katané	**3**	**0**	**4**	**0**	**0**	**0**	**252**	**0**
Consorzio Lame	**2**	**0**	**143**	**0**	**0**	**0**	**4**	**0**
Consorzio Leonardo	**2**	**0**	**72**	**0**	**0**	**0**	**135**	**0**
Consorzio La Torre	**7**	**0**	**15**	**0**	**0**	**0**	**250**	**0**
Consorzio Porta a Mare	**10**	**0**	**0**	**0**	**0**	**0**	**50**	**0**
Consorzio Sarca	**2**	**0**	**307**	**0**	**0**	**0**	**539**	**0**
Distribuzione Centro Sud s.r.l.	**0**	**0**	**23**	**450**	**0**	**0**	**0**	**0**
Consorzio Punta di Ferro	**2**	**0**	**105**	**0**	**0**	**0**	**34**	**0**
Millennium Center	**14**	**0**	**100**	**0**	**0**	**0**	**195**	**0**
Fondo Juice	**46**	**0**	**14**	**0**	**0**	**0**	**0**	**0**
Consorzio La Favorita	**22**	**0**	**102**	**0**	**0**	**0**	**6**	**0**
Consorzio Le Porte di Napoli	**423**	**0**	**17**	**0**	**0**	**0**	**201**	**0**
Consorzio Casilino	**38**	**0**	**119**	**0**	**0**	**0**	**260**	**0**
Consorzio del Centro Commerciale Nuova Darsena	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,066**	**0**	**2,203**	**10,460**	**0**	**0**	**2.332**	**0**
Total reported	**43,103**	**174**	**37,940**	**17,600**	**974,668**	**112**		
Total increase/ decrease of the period							**23.182**	**0**
Weight %	**2.47%**	**0.00%**	**5.81%**	**59.43%**	**0.00%**	**0.00%**	**10.06%**	

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	**22,040**	**0**	**471**	**495**
Librerie Coop s.p.a.	**921**	**0**	**0**	**0**
Alleanza Luce e Gas	**235**	**0**	**(34)**	**3**
Unicoop Tirreno s.c.a.r.l.	**1,563**	**0**	**20**	**0**
Cons. propr. del compendio com. del Commendone (GR)	**173**	**0**	**89**	**0**
Consorzio prop. Fonti del Corallo	**0**	**0**	**1**	**0**
Consorzio Coné	**197**	**0**	**454**	**0**
Consorzio Clodì	**65**	**0**	**264**	**0**
Consorzio Crema (Gran Rondò)	**71**	**0**	**114**	**0**
Consorzio I Bricchi	**135**	**0**	**411**	**0**
Consorzio Katané	**243**	**0**	**69**	**0**
Consorzio Lame	**214**	**0**	**252**	**0**
Consorzio Leonardo	**231**	**0**	**180**	**0**
Consorzio La Torre	**235**	**0**	**48**	**0**
Consorzio Porta a Mare	**108**	**0**	**499**	**0**
Consorzio Sarca	**207**	**0**	**457**	**0**
Distribuzione Centro Sud s.r.l.	**1,014**	**0**	**0**	**23**
Consorzio Punta di Ferro	**201**	**0**	**494**	**0**
Millennium Center	**193**	**0**	**34**	**0**
Fondo Juice	**181**	**0**	**0**	**0**
Consorzio La Favorita	**271**	**0**	**26**	**0**
Consorzio Le Porte di Napoli	**446**	**0**	**(27)**	**0**
Consorzio Casilino	**428**	**0**	**506**	**0**
Total	**29,372**	**0**	**4,328**	**521**
Total reported	**156,705**	**514**	**(43,249)**	**(49,171)**
Weight %	**18.74%**	**0.00%**	**-10.01%**	**-1.06%**

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 2023, including for retail premises, amounted to €22.0 million;

> The provision of IT services by Coop Alleanza 3.0. Soc. Coop;

> Security deposits received on leases.

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 €921K 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 €235K 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 €1.6 million under these arrangements.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries 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 Arco Campus S.r.l. and Igd Service S.r.l. and financial receivables/payables with the subsidiaries Igd Service S.r.l. and Win Magazin S.A. through the pooled account; *(iii)* the tax consolidation agreement with 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 39) 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 bonds, 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 73.76% 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 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-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22
Interests bearing assets	Euribor	**61**	**271**	**0**	**0**	**0**	**0**	**0**	**0**
Hot Money	Euribor	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities at variable rate	Euribor	**(4,897)**	**(3,576)**	**4,873**	**3,562**	**0**	**0**	**0**	**0**
Derivative instruments									
Cash Flow		**2,347**	**1,894**	**(1,867)**	**(1,888)**	**0**	**0**	**0**	**0**
Fair Value		**0**	**0**	**0**	**0**	**6,753**	**11,808**	**(6,842)**	**1,060**
Total		**(2,489)**	**(1,411)**	**3,006**	**1,674**	**6,753**	**11,808**	**(6,482)**	**1,060**

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);

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> 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 2023 and 2022.

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	2023	2022
Receivables and Loans		
Sundry receivables and other assets	112	121
Financial assets	0	0
Trade and other receivables	9,676	15,212
Trade and other receivables vs related parties	1,066	1,242
Other assets	4,872	1,601
Cash equivalents	6,069	27,069
Financial receivables and other financial assets	174	174
Total	21,969	45,419

> 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 bonds involve covenants; this aspect is monitored constantly by the chief financial officer, who also coordinates with management to gauge the likelihood of violating the covenants as a result of the strategic, operational, compliance and financial risks mapped, using the enterprise risk management system.

Financial commitments are covered by funds confirmed by the banks, and unutilized credit facilities are available.

Liquidity risk is managed prudently to avoid incurring excessive costs in the case of unforeseen events, which could have a further negative impact on market reputation and financial viability.

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

> For the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;

> For the future cash flows of the fixed-rate bonds, the contractual flows have been used;

> For derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;

> Amounts include cash flows from both the interest and the principal component.

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

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LIQUIDITY RISK

Maturity analysis at 31 december 2023	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	**1,340**	**9,430**	**15,576**	**24,972**	**65,620**	**588,292**	**943**	**706,173**
Leasing	**42**	**84**	**125**	**241**	**464**	**1,.401**	**0**	**2,357**
IFRS 16	**0**	**1,872**	**1,872**	**3,744**	**7,811**	**5,928**	**0**	**21,227**
Bond	**0**	**0**	**10,115**	**0**	**23,118**	**447,661**	**0**	**480,894**
Short-term credit lines	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,382**	**11,386**	**27,688**	**28,957**	**97,013**	**1,043,282**	**943**	**1,210,651**
Derivative financial instruments								
Derivative on rate risk	**(452)**	**(246)**	**(360)**	**(687)**	**1,228**	**1,559**	**0**	**1,042**
Total	**(452)**	**(246)**	**(360)**	**(687)**	**1,228**	**1,559**	**0**	**1,042**
Exposure at 31 december 2023	**930**	**11,140**	**27,328**	**28,270**	**98,241**	**1,044,841**	**943**	**1,211,693**

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**	**599,497**	**379,670**	**7,401**	**1,095,143**

In May 2023 IGD contracted a €250 million green secured facility from a pool of major Italian and international banks. The first tranche of €130 million was disbursed the same month and used to pay off various mortgage loans and pay down others by around €120 million. In November, the second tranche was used for the early redemption of the €100 million bond subscribed by an American investor, originally due to mature in January 2024.

On 5 October 2023, IGD approved the issue of a senior bond and launched an exchange offer and a tender offer for the bond notes maturing on 28 November 2024. The Company then initiated a consent solicitation for the holders of those notes. The acceptance rate for the exchange and tender offer on the bond maturing on 28 November 2024 was 85.55%. A new senior bond was therefore issued in the amount of €310.006 million. On 14 November 2023 the bondholders' meeting approved changes to various terms and conditions of the bond maturing in November 2024, with an outstanding amount of €57.816 million. The Company also issued partial redemptions to the bondholders who accepted the exchange by the "early bird" deadline, for a total of €32.178 million.

IGD has uncommitted credit lines of €103 million and committed credit lines of €60 million, available in full at 31 December 2023.

> 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 0.87x at 31 December 2022 and rose to 0.97x at the end of 2023);

> Keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50% (it was 48.01% at the close of the year, an increase over the 45.46% reported at the end of 2022).

> War in Ukraine and the macroeconomic scenario

Group Management has determined that the wars in Ukraine and the Middle East, with their impacts on the macroeconomic scenario, are material events. The current and expected impacts for Gruppo IGD, while material as noted in the directors' report, have not required any revision of estimated financial statement figures at 31 December 2023, given that the Group is not directly or indirectly 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 40) 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	12/31/2023	12/31/2022	Change	Level
Derivative assets	**2,649**	**6,314**	**(3,665)**	**2**
Derivative liabilities	**(3,854)**	**(199)**	**(3,655)**	**2**
IRS net effect	**(1,205)**	**6,115**	**(7,320)**	

Contracts in detail	IRS 35_67 Intesa Sanpaolo 2.429%	IRS 35_81 BPM 2.427%	IRS 35_84 Intesa Sanpaolo 2.429%	IRS 49_102 MPS 2.80%	IRS 327_325 BNL 0,5925%	IRS 327_326 Bintesa 0.5925%
Nominal amount	**7.590.000**	**4.554.000**	**3.036.000**	**357.143**	**25.250.000**	**25.250.000**
Inception date	**30/12/2011**	**31/12/2011**	**30/12/2011**	**31/12/2011**	**06/07/2017**	**06/07/2017**
Maturity	**31/12/2025**	**31/12/2025**	**31/12/2025**	**31/03/2024**	**06/04/2027**	**06/04/2027**
Irs frequency	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
Customer rate	**2.429%**	**2.427%**	**2.43%**	**2.80%**	**0.59%**	**0.59%**

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Contracts in detail	IRS 263_270 partial coverage 130 mln - MPS Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	IRS 263_269 partial coverage 130 mln - Unicredit Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	IRS 263_268 partial coverage 130 mln - BPER Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	IRS 263_267 partial coverage 130 mln - Intesa Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	IRS 263_266 partial coverage 130 mln - BMP Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	IRS 263_265 partial coverage 130 mln - BNL Gruppo BNP Paribas Euribor 3m + 0.215% Floor 2.365% Cap 3.715%
Nominal amount	**28,260,870**	**22,608,696**	**5,652,174**	**33,913,043**	**14,130,435**	**2,826,087**
Inception date	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**
Maturity	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**
Irs frequency	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
Customer rate	Euribor 3m +0.215% Floor 2.365% Cap 3,715%	Euribor 3m +0.215% Floor 2.365% Cap 3,715%	Euribor 3m +0.215% Floor 2.365% Cap 3,715%	Euribor 3m +0.215% Floor 2.365% Cap 3,715%	Euribor 3m +0.215% Floor 2.365% Cap 3,715%	Euribor 3m +0.215% Floor 2.365% Cap 3,715%

Contracts in detail	IRS 263_264 partial coverage 130 mln - DeutscheBank Euribor 3m +0.215% Floor 2.365% Cap 3.715%	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	**22,608,696**	**18,428,571**	**18,428,571**	**18,428,571**	**4,095,240**	**12,285,714**
Inception date	**15/05/2023**	**30/12/2022**	**30/12/2022**	**30/12/2022**	**30/12/2022**	**30/12/2022**
Maturity	**10/05/2027**	**02/08/2026**	**02/08/2026**	**03/08/2026**	**03/08/2026**	**02/08/2026**
Irs frequency	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
Customer rate	Euribor 3m +0.215% Floor 2.365% Cap 3.715%	3,18%	3,18%	3,18%	3,18%	3,18%

Contracts in detail	IRS 152_260 partial coverage 215 mln - MPS Euribor 3m +0.34% Floor 1.84%| Cap 3.84%	IRS 152_258 partial coverage 215 mln - Deutsche Bank Euribor 3m +0.34% Floor 1.84% Cap 3.84%	IRS 152_256 partial coverage 215 mln - BNL Gruppo BNP Paribas Euribor 3m +0.34% Floor 1.84%| Cap 3.84%	IRS 152_254 partial coverage 215 mln - BPM Euribor 3m +0.34% Floor 1.84% Cap 3.84%	IRS 152_251 partial coverage 215 mln - Intesa Euribor 3m +0.34% Floor 1.84% Cap 3.84%
Nominal amount	**18,428,571**	**4,095,240**	**18,428,571**	**12,285,714**	**18,428,571**
Inception date	**31/03/2023**	**31/03/2023**	**31/03/2023**	**31/03/2023**	**31/03/2023**
Maturity	**03/08/2026**	**02/08/2026**	**02/08/2026**	**02/08/2026**	**03/08/2026**
Irs frequency	Quartely	Quartely	Quartely	Quartely	Quartely
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Customer rate	Euribor 3m +0,34% Floor 1,84% Cap 3,84%	Euribor 3m +0,34% Floor 1,84% Cap 3,84%	Euribor 3m +0,34% Floor 1,84% Cap 3,84%	Euribor 3m +0,34% Floor 1,84% Cap 3,84%	Euribor 3m +0,34% Floor 1,84% Cap 3,84%

> NOTE 41) SUBSEQUENT EVENTS

On 23 February 2024 IGD SIIQ, as the outcome of negotiations that took shape early in the year and as authorized by the Board of Directors on 6 February 2024, signed an agreement with Sixth Street (a global investment firm with approximately 75 billion dollars in assets under management), subsidiaries of Starwood Capital (an investment company with 115 billion dollars in assets under management), and Prelios SGR S.p.A. (one of Italy's largest real estate management and services companies) for the sale of a portfolio of 13 assets for €258 million, which does not significantly differ from their carrying amount. The transaction will close by the end of April 2024.

The portfolio is made up of eight hypermarkets (one each in Chioggia, Porto d'Ascoli, Rome, Rimini, Conegliano, and Ascoli Piceno and two in Bologna), three supermarkets (in Civita Castellana, Ravenna, and Rome) and two malls (in Bologna and Chioggia), with combined net rental income of around €17 million per year.

The sale will take place through an Italian closed-end real estate investment fund (REIF) called "Food Fund," established and managed by Prelios SGR S.p.A., the asset management arm of Prelios Group with around €8 billion in assets under management, to which IGD will transfer the properties. For €155 million, IGD will transfer 60% of the fund (class A preferred shares) to a Luxembourg vehicle company (50% Sixth Street and 50% Starwood Capital), while the remaining 40% (class B subordinate shares) will be held by IGD. Further to the sale, IGD's interest in the fund will be measured at fair value on the basis of discounted future cash flows. Given currently foreseeable scenarios, this could mean a reduction in the investment's value by around 18-23%. The estimates used could undergo changes at the close of the sale, considering the shifting landscape of discount rates and the potential cash flow hypotheses that might materialize.

Completion of the sale is not subject to obtaining financing or to other conditions precedent.

IGD will also sign a contract with Prelios SGR in order to remain in charge of project, property & facility management activities for the entire portfolio, with the aim of further increasing its value in the coming years and selling it on the market under the best possible conditions.

The disposal of the portfolio is aimed entirely at reducing the Group's financial leverage. As a result of the transaction, to date the Loan to Value ratio (pro-forma) is expected to decrease by around 3.7 percentage points: with the proceeds of the sale, IGD will pay off in advance part of the mortgage loans on the properties sold as well as some additional loans in accordance with contractual terms and conditions, including the "€310,006,000 Fixed Rate Step-up Notes due 17 May 2027," thereby reducing annualized financial charges by an estimated €11 million. In addition to the above, IGD's income statement will reap further benefits (lower operating costs and greater revenue from project, property & facility management) amounting to some €2 million annually.

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 42) COMMITMENTS

At 31 December 2023 the Group had the following major commitments:

> Contract for the construction of a midsize store at the Officine Storiche mixed-use complex, for remaining balance of about €1.6 million.

> NOTE 43) TAX LITIGATION

On 23 December 2015 the regional tax authorities of Emilia Romagna served IGD 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 44) 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 2023 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 measured at fair value through profit and loss. At 31 December 2023 the Group had no financial instruments in this category;

> Financial liabilities measured at amortized cost.

> Classification in the statement of financial position

The Group's financial instruments are included in the statement of financial position as follows.

The item "Other non-current assets" covers sundry receivables and other non-current assets.

The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.

The item "Non-current liabilities" includes mortgage loans from banks, bond loans, derivatives, 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 2023 and 31 December 2022:

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as 31 december 2023	Financial assets/ liabilities designated at fair value	Financial assets/ liabilities measured at fair value held for trading	Receivables and loans	Financial assets held to maturity	Financial assets available for sale	Financial liabilities measured at amortized cost	Hedging derivatives	Total	of which current	of which non current	Fair Value
ASSETS											
Other non current assets											
Derivative assets	0	0	2,649	0	0	0	0	2,649	0	2,649	2,649
Sundry receivables and other non current assets	0	0	112	0	0	0	0	112	0	112	112
Equity investments	0	0	25,715	0	0	0	0	25,715	0	25,715	25,715
Non current financial assets	0	0	174	0	0	0	0	174	0	174	174
Current assets											
Trade and other receivables	0	0	9,676	0	0	0	0	9,676	9,676	0	9,676
Related party trade and other receivables	0	0	1,066	0	0	0	0	1,066	1,066	0	1,066
Other current assets	0	0	8,334	0	0	0	0	8,334	8,334	0	8,334
Cash and cash equivalents	0	0	6,069	0	0	0	0	6,069	6,069	0	6,069
TOTAL FINANCIAL ASSETS	0	0	53,795	0	0	0	0	53,795	25,145	28,650	53,795
LIABILITIES											
FINANCIAL LIABILITIES											
Derivative liabilities	0	0	0	0	0	0	3,854	3,854	0	3,854	3,854
Due to bank	0	0	0	0	0	0	0	0	0	0	0
Leasing	0	0	0	0	0	2,145	0	2,145	393	1,752	1,973
Bond	0	0	0	0	0	367,603	0	367,603	2,319	365,284	369,134
Due to other sources of finance	0	0	0	0	0	21,226	0	21,226	7,486	13,740	21,226
Mortgage	0	0	0	0	0	583,694	0	583,694	27,173	556,521	583,082
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	6,936	0	6,936	0	6,936	6,936
Related party sundry payables and other non current liabilities	0	0	0	0	0	10,460	0	10,460	0	10,460	10,460
Current liabilities											
Trade and other payables	0	0	0	0	0	22,405	0	22,405	22,405	0	22,405
Related party trade and other receivabes	0	0	0	0	0	2,203	0	2,203	2,203	0	2,203
Other current liabilities	0	0	0	0	0	13,020	0	13,020	13,020	0	13,020
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,029,692	3,854	1,033,546	74,999	958,547	1,034,293

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as 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		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 2023
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 2023 the estimated credit spread was 6% (3.75% the previous year).

> Collateral

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

Collateral given	Carrying value	
	2023	2022
Security deposits		
Sundry receivables and other assets	**112**	**121**

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	2023	2022
Opening balance	**17,988**	**20,343**
Translation effect	**(3)**	**0**
Allocation for individual writedowns	**440**	**533**
Utilizations	**(2,132)**	**(2,888)**
Other movements	**43**	**0**
Total	**16,336**	**17,988**

> 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 negative €5,861K in 2023 versus a positive €10,666K in 2022, including the derivatives held by the subsidiary IGD Management SIINQ S.p.A. that was absorbed by IGD SIIQ S.p.A. on 1 October 2023 with effect for statutory and tax purposes from 1 January 2023.

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement at 12/31/2023	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	Hedge derivatives
	31-dec-23						
Net profit (loss)							
Financial assets/ liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**2,645**
Trade and other receivables	**0**	**0**	**(440)**	**0**	**0**	**0**	**0**
Total	**0**	**0**	**(440)**	**0**	**0**	**0**	**2,645**

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement at 12/31/2022	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	Hedge 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)**

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

Interest income	2023	2022
Interest income of financial assets not measured at fair value		
Deposits	**513**	**90**
Related party receivables	**0**	**0**

Interest expenses	2023	2022
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**521**	**130**
Sundry payables and other liabilities	**1,405**	**1,346**
Financial liabilities		
Mortgage	**30,374**	**10,153**
Leasing	**112**	**48**
IFRS 16	**1,522**	**1,234**
Bonds	**17,882**	**14,710**
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 2022	year 2021
ASSETS		
A) Subscribed capital unpaid	**0**	**0**
B) Fixed assets	**3,923,329,875**	**3,807,419,353**
C) Current assets	**2,645,162,383**	**2,840,545,196**
D) Accrued income and pre-payments	**22,231,813**	**23,398,879**
Total assets	**6,590,724,071**	**6,671,363,428**
LIABILITIES		
A) Net equity	**1,578,532,064**	**1,682,660,546**
B) General provisions	**108,000,745**	**107,505,356**
C) Provisions for employees serverance indemnities	**112,521,934**	**110,412,651**
D) Payables	**4,788,472,856**	**4,767,625,630**
E) Accrued income and prepayments	**3,196,472**	**3,159,245**
Total liabilities and net equity	**6,590,724,071**	**6,671,363,428**
MEMORANDUM ACCOUNT		
INCOME STATEMENT (ex art. 2425 C.C.)		
A) Value of production	**4.253.093.352**	**4.565.789.102**
B) Cost of production	**(4.400.819.938)**	**(4.669.658.467)**
C) Financial income and charges	**95.345.438**	**129.035.704**
D) Adjustment to the value of financial assets	**(59.719.113)**	**(60.537.562)**
Income taxes for the period	**(4.454.492)**	**(3.390.729)**
Profit (loss) for the period	**(116.554.753)**	**(38.761.952)**

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 2023.

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 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	**15,112,273.00**	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	**64,165,000.00**	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 2023 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 2023
Auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**157**
	Deloitte & Touche S.p.A.	Subsidiaries: - IGD Service S.r.l. - Porta Medicea S.r.l.	**27**
	Deloitte Audit S.R.L.	Romanian subsidiaries	**30**
Sustainability report auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**21**
Provision of other services aimed at issuing a certificate issued by the auditing firm	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**4**
Assignment in the context of the issue of a new bond (*)	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**100**
Total			**339**

***(*)**: It is specified that, as part of the issuance of the new bond loan completed in November 2023, the costs related to the assignments entrusted to Deloitte & Touche S.p.A. have been accounted for as ancillary costs to the transaction and included in the calculation of the amortized cost.*

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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 2023.

2. We also confirm that:

2.1. the consolidated financial statements:

a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

b) correspond to the ledgers and accounting entries;

c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation;

2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of the issuer and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 27 February 2024

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

4.11 // 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 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, 2023, 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 material accounting policy information.

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, 2023, 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.

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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.11 EXTERNAL AUDITORS' REPORT

Deloitte.

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Assessment of the investment properties, of the investment properties under construction and of the work in progress inventory

Description of the key audit matter

As of December 31, 2023 Investment properties, investment properties under construction and work in progress inventory are equal to Euro 1,985 million (of which Euro 2.4 million relating to assets under construction and Euro 24 million related to work in progress inventory), representing 96.3% 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 25.7 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 138 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 and between Israel and Palestine, 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, 2023.

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 Appraisers 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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IIGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.11 EXTERNAL AUDITORS' REPORT

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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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- 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.

IGD GROUP: CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
4.11 EXTERNAL AUDITORS' REPORT

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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 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, 2023, 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, 2023 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, 2023 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 25, 2024

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 2023

DETAILED INDEX

5.1 // Income statement

(Amount in Euro)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A) - (B)
Revenue	1	123,784,253	112,825,531	10,958,722
Revenues from third parties		86,863,036	81,219,765	5,643,271
Revenues from related parties		36,921,217	31,605,766	5,315,451
Other revenue	2	1,432,819	1,181,297	251,522
Other revenues from third parties		988,849	738,294	250,555
Other revenues from related parties		443,970	443,003	967
Operating revenues		125,217,072	114,006,828	11,210,244
Service costs	3	(15,819,274)	(15,331,001)	(488,273)
Service costs from third parties		(12,074,047)	(8,900,145)	(3,173,902)
Service costs from related parties		(3,745,227)	(6,430,856)	2,685,629
Cost of labour	4	(6,391,522)	(5,894,184)	(497,338)
Other operating costs	5	(8,702,712)	(8,324,094)	(378,618)
Total operating costs		(30,913,508)	(29,549,279)	(1,364,229)
Depreciations, amortization and provisions		(2,061,444)	(1,124,090)	(937,354)
(Impairment losses)/ Reversals on work in progress and inventories		(408,942)	(41,510)	(367,432)
Provisions for doubtful accounts		(322,419)	(460,683)	138,264
Change in fair value		(119,634,516)	(59,301,950)	(60,332,566)
Depreciation, amortization, provisions, impairment and change in fair value	6	(122,427,321)	(60,928,233)	(61,499,088)
EBIT		(28,123,757)	23,529,316	(51,653,073)
Income/ (loss) from equity investments and asset disposal	7	(44,921)	4,052	(48,973)
Financial Income		4,356,829	737,768	3,619,061
Financial income from third parties		378,243	57,038	321,205
Financial income from related parties		3,978,586	680,730	3,297,856
Financial charges		(48,417,783)	(29,061,745)	(19,356,038)
Financial charges from third parties		(47,704,449)	(28,919,644)	(18,784,805)
Financial charges from related parties		(713,334)	(142,101)	(571,233)

(Amount in Euro)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A) - (B)
Net financial income (expense)	8	(44,060,954)	(28,323,977)	(15,736,977)
Pre-tax profit (loss)		(72,229,632)	(4,790,609)	(67,439,023)
Income taxes	9	(285,226)	(237,317)	(47,909)
Net profit (loss) for the period		(72,514,858)	(5,027,926)	(67,486,932)

5.2 // Statement of comprehensive income

(Amount in Euro)	12/31/2023	12/31/2022
Net profit (loss) for the period	(72,514,858)	(5,027,926)
Other components of comprehensive income that will not be reclassified to profit / (loss)		
Recalculation of defined benefit plans	(64,989)	468,052
Tax effect	1,203	(8,830)
Total other components of comprehensive income that will not be reclassified to profit/ (loss), net of tax effect	(63,786)	459,222
Other components of comprehensive income that will be reclassified to profit / (loss)		
Hedge derivative financial instruments	(7,711,926)	7,403,133
Tax effect of hedge derivative financial instruments	1,850,862	(1,776,752)
Total other components of comprehensive income that will be reclassified to profit / (loss)	(5,861,064)	5,626,381
Total comprehensive profit / (loss) for the period	(78,439,708)	1,057,677

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.3 STATEMENT OF FINANCIAL POSITION

5.3 // Statement of financial position

(Amount in Euro)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A) - (B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite lives	10	774,270	764,840	9,430
Goodwill	11	1,000,000	1,000,000	0
		1,774,270	1,764,840	9,430
Property, plant, and equipment				
Investment property	12	1,810,740,779	1,741,750,399	68,990,380
Buildings	13	6,790,721	6,998,864	(208,143)
Plant and machinery	14	110,133	86,051	24,082
Equipment and other goods	14	2,134,540	1,649,111	485,429
Assets under construction and advance payments	15	2,287,990	25,926,298	(23,638,308)
		1,822,064,163	1,776,410,723	45,653,440
Other non-current assets				
Deferred tax assets	16	1,593,188	970,928	622,260
Sundry receivables and other non-current assets	17	82,610	82,610	(0)
Equity investments	18	142,084,552	212,097,918	(70,013,366)
Derivative assets	39	2,649,950	1,119,317	1,530,633
		146,410,300	214,270,773	(67,860,473)
TOTAL NON-CURRENT ASSETS (A)		1,970,248,733	1,992,446,336	(22,197,603)
Current assets:				
Trade and other receivables	19	6,752,075	10,684,761	(3,932,686)
Related party trade and other receivables	20	1,774,714	1,046,133	728,581
Other current assets	21	6,919,707	2,070,220	4,849,487
Related parties other current assets	22	806,903	1,408,607	(601,704)
Financial receivables and other current financial assets	23	79,708,129	93,144,754	(13,436,625)
Cash and cash equivalents	24	3,141,373	21,043,995	(17,902,622)
TOTAL CURRENT ASSETS (B)		99,102,901	129,398,470	(30,295,569)
TOTAL ASSETS (A+B)		2,069,351,634	2,121,844,806	(52,493,172)

(Amount in Euro)	Note	12/31/2023 (A)	12/31/2022 (B)	Change (A) - (B)
NET EQUITY				
Share capital		650,000,000	650,000,000	0
Other reserves		472,082,296	476,320,920	(4,238,624)
Group profit (loss) carried forward		1,034	19,695,070	(19,694,036)
Net profit (loss) of the year		(72,514,858)	(5,027,926)	(67,486,932)
NET EQUITY		1,049,568,472	1,140,988,064	(91,419,592)
TOTAL NET EQUITY (D)	25	1,049,568,472	1,140,988,064	(91,419,592)
Non current liabilities:				
Derivatives - liabilities	39	3,854,789	199,338	3,655,451
Non-current financial liabilities	26	927,566,202	840,980,896	86,585,306
Provisions for employee severance indemnities	27	1,582,292	1,544,252	38,040
Provision for risks and future charges	28	5,255,530	3,862,574	1,392,956
Sundry payables and other liabilities	29	2,892,017	2,404,124	487,893
Related parties sundry payables and other non-current liabilities	29	14,310,436	10,891,685	3,418,751
TOTAL NON-CURRENT LIABILITIES (E)		955,461,266	859,882,869	95,578,397
Current Liabilities:				
Current financial liabilities	30	33,172,964	91,515,631	(58,342,667)
Related parties financial liabilities	30	0	3,465,878	(3,465,878)
Trade and other payables	32	16,769,378	13,087,984	3,681,394
Related parties trade and other payables	33	2,338,610	1,461,022	877,588
Current tax liabilities	34	729,197	508,135	221,062
Other current liabilities	35	10,732,309	10,686,046	46,263
Related parties other current liabilities	36	579,438	249,177	330,261
TOTAL CURRENT LIABILITIES (F)		64,321,896	120,973,873	(56,651,977)
TOTAL LIABILITIES (H=E+F)		1,019,783,162	980,856,742	38,926,420
TOTAL NET EQUITY AND LIABILITIES (D+H)		2,069,351,634	2,121,844,806	(52,493,172)

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.4 STATEMENT OF CHANGES IN EQUITY

5.4 // Statement of changes in equity

(Amount in Euro)	Share capital	Sahre premium reserve	Other reserves	Profit (loss) from previous years	Profit (loss) for the year	Net equity
Balance at 01/01/2023	**650,000,000**	**0**	**476,320,920**	**19,695,070**	**(5,027,926)**	**1,140,988,063**
Profit / (loss) of the year	**0**	**0**	**0**	**0**	**(72,514,858)**	**(72,514,858)**
Cash flow hedge derivative assessment	**0**	**0**	**(5,861,064)**	**0**	**0**	**(5,861,064)**
Other comprehensive profit (loss)	**0**	**0**	**(63,786)**	**0**	**0**	**(63,786)**
Total comprehensive profit (loss)	**0**	**0**	**(5,924,849)**	**0**	**(72,514,858)**	**(78,439,707)**
Surplus IGD Management merger	**0**	**0**	**20,122,686**	**0**	**0**	**20,122,686**
Cover of 2022 loss						
Dividends paid	**0**	**0**	**(16,843,038)**	**(16,259,531)**	**0**	**(33,102,570)**
Fair value reserve classification	**0**	**0**	**0**		**0**	**0**
2022 Loss cover	**0**	**0**	**(1,593,422)**	**(3,434,504)**	**5,027,926**	**0**
Balance at 12/31/2023	**650,000,000**	**0**	**472,082,296**	**1,034**	**(72,514,858)**	**1,049,568,472**

(Amount in Euro)	Share capital	Share premium reserve	Other reserves	Profit (loss) from previous years	Profit (loss) for the year	Net equity
Balance at 01/01/2022	**650,000,000**	**0**	**470,564,127**	**3,892,525**	**54,093,401**	**1,178,550,053**
Profit (loss) for the year	**0**	**0**	**0**	**0**	**(5,027,926)**	**(5,027,926)**
Cash flow hedge derivative assessment	**0**	**0**	**5,626,381**	**0**	**0**	**5,626,381**
Other comprehensive income (loss)	**0**	**0**	**459,222**	**0**	**0**	**459,222**
Total comprehensive profit (loss)	**0**	**0**	**6,085,603**	**0**	**(5,027,926)**	**1,057,677**
Cover of 2021 loss						
Dividends paid	**0**	**0**	**(6,886,659)**	**(31,733,007)**	**0**	**(38,619,666)**
Alllocation of 2021 profit	**0**		**6,557,849**	**47,535,552**	**(54,093,401)**	**0**
Balance at 12/31/2022	**650,000,000**	**0**	**476,320,920**	**19,695,070**	**(5,027,926)**	**1,140,988,064**

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5.5 // Statement of cash flows

(In thousands of Euros)	Nota	12/31/2023	12/31/2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit (loss) of the year		**(72,515)**	**(5,028)**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities			
Taxes of the year	9	**286**	**237**
Financial charges/ (income)	8	**44,061**	**28,324**
Depreciation and amortization	6	**2,061**	**1,124**
Writedown of receivables	6	**322**	**461**
(Impairment losses) / reversal on work in progress	6	**409**	**41**
Changes in fair value - (increases) / decreases	6	**119,635**	**59,302**
Gains / losses from disposal - equity investments	7	**45**	**(5)**
Changes in provisions for employees and end of mandate treatment		**1,019**	**792**
CASH FLOW OPERATING ACTIVITIES:		**95,323**	**85,248**
Financial charge paid		**(32,302)**	**(26,015)**
Provisions for employees, end of mandate treatment		**(691)**	**(988)**
Income tax		**(81)**	**(261)**
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:		**62,249**	**57,984**
Change in trade receivables		**3,113**	**(837)**
Net change in other assets		**(5,049)**	**1.410**
Change in trade payables		**3,562**	**5,599**
Net change in other liabilities		**(192)**	**(603)**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**63,683**	**63,553**
(Investments) in intangibile assets	11	**(377)**	**(611)**
Disposal of investment proprieties		**0**	**0**
(Investments) in tangible assets		**(26,517)**	**(18,357)**
(Investments) in equity interest		**0**	**0**

(In thousands of Euros)		12/31/2023	12/31/2022
CASH FLOW FROM INVESTING ACTIVITIES (B)		**(26,894)**	**(18,968)**
Change in related parties financial receivables and other current financial assets		**13,437**	**928**
Collected dividends		**5**	**5**
Distribution of dividends	25	**(33,103)**	**(38,619)**
Rents paid for financial leases		**(3.791)**	**(3,619)**
Collections for new loans and other financing activities		**256,000**	**288,946**
Loans repayments and other financing activities		**(289,625)**	**(417,562)**
CASH FLOW FROM FINANCING ACTIVITIES (C)		**(57,077)**	**(169,921)**
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C)		**(20,288)**	**(125,336)**
CASH BALANCE AT BEGINNING OF THE PERIOD	31	**21,044**	**146,380**
CASH BALANCE IGD MANAGEMENT		**2,385**	**0**
CASH BALANCE AT END OF THE PERIOD	31	**3,141**	**21,044**

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.6 NOTES TO THE FINANCIAL STATEMENTS

5.6 // Notes to the financial statements

5.6.1 // General information

The separate financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. for the year ended 31 December 2023 were approved and authorized for publication by the Board of Directors on 27 February 2024.

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 2023 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.

The Directors have assessed the applicability of the business continuity assumption in the preparation of the financial statements, concluding that such assumption is appropriate as there are no doubts about the business continuity, considering the actions taken in 2023 described in the corporate events paragraph.

> 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

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as from 1 January 2023:

> 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 transactions that can generate assets and liabilities of the same amount upon initial recognition, such as leasing and decommissioning obligations. The modifications are effective from 1 January 2023. This amendment has had no effect on the Company's separate financial statements;

> 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 concerning IAS 1 require an entity to disclose material information on its accounting policies. The amendments improve disclosures regarding the Group's 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. The modifications are effective from 1 January 2023. Adoption of these amendments has not affected the Company's separate financial statements;

> On 23 May 2023 the IASB published "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules." The amendments introduce a temporary exception to the accounting and disclosure obligations for deferred tax assets and liabilities under the Pillar Two Model Rules (which took effect in Italy on 31 December 2023 but are applicable from 1 January 2024), and require specific disclosures by entities affected by the International Tax Reform.

Size-wise, because it is controlled by Coop Alleanza (the "ultimate parent entity" or UPE), the Group is affected by the new Pillar Two Model Rules. With support from its consultants, the UPE has used 2022 data (with the final figures for 2023 not yet available) to determine the perimeter of application and the potential impact of the new rules on the jurisdictions falling within its scope of consolidation, including through use of the transitional safe harbours applicable to the three-year period 2024-2026 as allowed by the OECD guidelines. On the basis of those analyses, the new rules are not expected to have an impact on the Company or the Group, since the safe harbour – routine profit test is fully applicable.

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 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet effective and were not early adopted by the Company as of 31 December 2023:

> 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 amendments clarify how to classify payables and other liabilities as current or non-current. They also improve the required disclosures when an entity's right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments come into force on 1 January 2024; early adoption is permitted. The directors do not expect them 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 them 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 31 December 2023

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 25 May 2023 the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements." The document requires disclosures on reverse factoring agreements that allow users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on the entity's exposure to liquidity risk. The changes 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 Company's financial statements;

> On 15 August 2023 the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability." The amendments require an entity to use a consistent method to assess whether a currency can be exchanged for another, and if it cannot, how to determine the exchange rate to be used and what disclosures to make in the notes to the financial statements. They are effective from 1 January 2025 but early adoption is permitted. The directors do not expect them 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

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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 // 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.

The Company has not capitalized any financial charges.

5.6.2.4 // Right of use assets

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.

5.6.2.5 // 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.

5.6.2.6 // 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

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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.

5.6.2.7 // 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.

5.6.2.8 // Other non-current assets

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

5.6.2.9 // Trade and other receivables

Receivables are 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.

5.6.2.10 // Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

5.6.2.11 // Financial receivables and other current financial assets

These consist mainly of financial assets held to maturity. 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.

The assets and liabilities held for sale are those whose value will primarily be recovered through sale rather than through use. Classification into this category occurs when the sale is highly probable and the assets and liabilities are immediately available for sale in their current condition. Such assets are valued at the lower of cost and fair value net of sale costs.

Any liabilities related to business branches held for sale are accounted for separately under the item liabilities associated with assets held for sale.

Any losses accounted for under this principle are charged to the income statement, both in the case of write-downs to fair value and in the case of gains and losses resulting from subsequent fair value changes.

5.6.2.12 // 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.

Lease liabilities as of the start date of the lease are calculated as the present value of payments due, discounted to present value using the implied interest rate or, where this cannot be easily termined, the marginal financing rate. The payments included in the computation of lease liabilities are: (a) fixed payments; b) variable payments linked to an index or rate; (c) amounts expected to be paid to guarantee the remaining balance; (d) the exercise price of any purchase option, if the duration of the lease takes this into account; and e) any penalties for termination of the lease, if the duration takes this into account.

After the start date, lease liabilities are adjusted for: (a) financial charges recognized in the income statement; b) payments made to the lessor; and (c) any new assessments or changes in the lease agreement or revised assumptions regarding payments due.

5.6.2.13 // 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.

5.6.2.14 // 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.

5.6.2.15 // 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.

5.6.2.16 // Dividends

Dividends are recognized when the Company is entitled

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to their receipt.

5.6.2.17 // Costs

Costs are recognized on an accruals basis.

5.6.2.18 // 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.

5.6.2.19 // Income taxes

a) Current taxes

Current tax liabilities for the 2023 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.

5.6.2.20 // Derecognition of financial assets and financial liabilities

a) Financial assets

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

> The rights to receive cash flows from the asset have expired;

> The Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;

> The Company has transferred the right to receive cash flows from the asset and *(a)* has transferred substantially all risks and rewards of ownership of the financial asset or *(b)* has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset;

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

b) Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

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

5.6.2.21 // 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.

5.6.2.22 // Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IFRS 9, derivative financial instruments used for hedging qualify for hedge accounting only if:

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.

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

5.6.2.23 // SIIQ status

A company with SIIQ (Società di Investimento Immobiliare Quotata) status, applicable to IGD since 1 January 2008, can exclude rental income and the equivalent for the purposes of IRES (corporate income tax) and IRAP (regional business tax) (see also section 2.8 of the directors' report).

At 31 December 2023, 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

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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)	12/31/2023	12/31/2023	12/31/2023
	Total	Exempt income	Taxable income
Total revenues and operating income	**125,217,072**	**116,157,705**	**9,059,367**
Total operating costs	**(30,913,508)**	**(29,337,455)**	**(1,576,053)**
Amortization and provisions	**(2,061,444)**	**(1,621,305)**	**(440,139)**
Provisions on doubtful account	**(408,942)**	**(408,942)**	**0**
(Impairment) / Reversals of work in progress and inventories	**(322,419)**	**(403,132)**	**80,713**
Change in fair value - increases / (decreases)	**(119,634,516)**	**(116,663,450)**	**(2,971,066)**
OPERATING RESULT	**(28,123,757)**	**(32,276,579)**	**4,152,822**
Equity investment result	**(44,921)**	**5,000**	**(49,921)**
Financial income	**4,356,829**	**42,453**	**4,314,376**
Financial charges	**(48,417,783)**	**(42,866,913)**	**(5,550,870)**
Financial management result	**(44,060,954)**	**(42,824,460)**	**(1,236,494)**
PRE-TAX PROFIT	**(72,229,632)**	**(75,096,039)**	**2,866,407**
Income taxes for the period	**(285,226)**	**0**	**(285,226)**
NET PROFIT FOR THE PERIOD	**(72,514,858)**	**(75,096,039)**	**2,581,181**

Confirmation of the economic result (amounts in Euro)	31/12/2023
Income from rental activities (exempt income)	**116.157.705**
Capital gains	**0**
Total **(A)**	**116.157.705**
Positive Components	**129.578.980**
Capital gains	**0**
Total **(B)**	**129.578.980**
Income ratio **(A/B)**	**89,66%**

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Confirmation of the financial conditions (amount in Euro thousands)		12/31/2023
Rental properties		**1,805,612**
Assets under construction		**2,288**
Stakes in closed real estate funds		**25,666**
Total rental properties, assets under construction and stakes in SIINQ	A	**1,833,566**
TOTAL ASSETS	B	**2,069,352**
Items excluded from the ratio:	C	**(102,408)**
Cash on hands		**(3,142)**
Group companies loans		**(79,708)**
Trade receivables		**(8,526)**
IGD SIIQ HQ		**(6,790)**
Derivative assets		**(2,649)**
Deferred tax assets		**(1,593)**
Total adjusted assets **B-C=D**	D	**1,966,944**
FINANCIAL RATIO **A/D**		**93.22%**

5.6.3 // Use of estimates

The preparation of the separate financial statements and notes in accordance with IFRS requires Management to follow accounting policies and methods that in some cases depend on difficult subjective quantifications and estimates based on past experience, and assumptions that are considered reasonable and realistic on a case-by-case basis. These affect the carrying values of assets and liabilities and disclosures of contingent assets and liabilities as of the reporting date. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss. Because assumptions about future performance are highly uncertain, actual results may differ from those forecast, and may require sizable adjustments that cannot presently be foreseen or estimated.

The critical valuation processes and key assumptions used by management in the process of applying IFRS that may significantly impact the amounts presented in the financial statements or that may in the future lead to material differences with respect to the carrying amount of assets and liabilities are summarized below.

> Investment property

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms selected on the basis of the following criteria: *(i)* recognized European-level qualifications, *(ii)* specialized expertise in the retail segment, and *(iii)* reputability and independence. The selection of the independent appraisers is by resolution of the Board of Directors.

In line with recommendations from the supervisory authorities and the various industry best practices, the company has long followed a specific procedure that governs the 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 2023, the following independent firms were selected: *(i)* CBRE Valuation S.p.A., *(ii)* Kroll Advisory 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.

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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;

(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 2023. 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 12/31/2023 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	1,393,945
Hypermarkets and supermarkets	0	0	399,767
Other	0	0	11,900
IGD SIIQ S.p.A. investment property	0	0	1,805,612
Right to use (IFRS 16)			
Right to use (IFRS 16)	0	0	5,129
Total right to use (IFRS 16)	0	0	5,129
IGD SIIQ S.p.A. Total investment properties measured at Fair Value	0	0	1,810,741

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.

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> 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 // Absorption of the subsidiary IGD Management SIINQ by IGD SIIQ S.p.A.

On 4 May 2023 the extraordinary shareholders' meeting of IGD Management SIINQ S.p.A. and the Board of Directors of IGD SIIQ S.p.A. approved plans for the absorption by Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. of the wholly-owned subsidiary IGD Management SIINQ S.p.A., on the basis of the two companies' statements of financial position at 31 December 2022. The merger documents were finalized on 31 July 2023.

The merger took effect for legal purposes from 1 October 2023 and for accounting and tax purposes from 1 January 2023.

The main objective of the merger is to complete the reorganization and streamlining of the Group's structure by reducing the number of companies and separating, where possible, its business lease operations (licenses) from "pure" property rentals. That process began in 2021 with *(i)* the merger of RGD Ferrara 2013 S.r.l. and Millennium Gallery S.r.l. into IGD Management S.r.l., *(ii)* the proportional partial spin-off of IGD Management post-merger to the company IGD Service S.r.l., and *(iii)* the conversion of IGD Management into an unlisted real estate investment company (SIINQ).

The effects of the merger are detailed in the table below. The "Aggregate" column is the sum of the two companies' balance sheet figures at 1 January 2023, while the column "IGD SIIQ post-merger" is the sum of the two balance sheet figures at 1 January 2023 plus the merger adjustments and elimination of intercompany balances.

(amount in thousands of euro)	IGD SIIQ 01/01/2023 (A)	IGD Management SIINQ 01/01/2023 (B)	Aggregate 01/01/2023 (A) + (B)	Merger 01/01/2023 (C)	IGD SIIQ Post merger 01/01/2023 (A) + (B) + (C)
NON CURRENT ASSETS:					
Intangible assets					
Intangible assets with finite lives	765	0	765		765
Goodwill	1,000	0	1,000		1,000
	1,765	0	1,765	0	1,765
Tangible assets					
Investment property	1,741,750	139,606	1,881,356		1,881,356
Building	6,999	0	6,999		6,999
Plant and machinery	86	0	86		86
Equipment and other goods	1,649	286	1,935		1,935
Assets under construction and advance payments	25,926	0	25,926		25,926
	1,776,410	139,892	1,916,302	0	1,916,302
Other non current assets					
Net deferred tax assets	971	0	971		971
Sundry receivables and other non-current assets	83	0	83		83
Equity investments	212,098	4	212,102	(69,966)	142,136
Derivative assets	1,119	5,195	6,314		6,314
	214,271	5,199	219,470	(69,966)	149,504
TOTAL NONCURRENT ASSETS (A)	1,992,446	145,091	2,137,537	(69,966)	2,067,571
CURRENT ASSETS					
Trade and other receivables	10,685	5	10,690		10,690
Related party trade and other receivables	1,047	225	1,272		1,272
Other current assets	2,070	795	2,865		2,865
Related party other current assets	1,409	53	1,462	(1,029)	433
Related party financial receivables and other current financial assets	93,145	3,466	96,611	(3,466)	93,145
Cash and cash equivalents	21,044	2,385	23,429		23,429
TOTAL CURRENT ASSETS (B)	129,400	6,929	136,329	(4,495)	131,834
TOTAL ASSETS (A + B)	2,121,846	152,020	2,273,866	(74,461)	2,199,405

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(amount in thousands of euro)	IGD SIIQ 01/01/2023 (A)	IGD Management SIINQ 01/01/2023 (B)	Aggregate 01/01/2023 (A) + (B)	Merger 01/01/2023 (C)	IGD SIIQ Post merger 01/01/2023 (A) + (B) + (C)
NET EQUITY					
Share capital	650,000	20,000	670,000	(20,000)	650,000
Merger surplus				20,124	20,124
Other reserve	476,321	94,383	570,704	(94,383)	476,321
Profit (loss) carried forward	14,667	(24,293)	(9,626)	24,293	14,667
Profit (loss) for the year	0	0	0	0	0
TOTAL NET EQUITY (D)	1,140,988	90,090	1,231,078	(69,966)	1,161,112
NON CURRENT LIA BILITIES:					
Derivative liabilities	199	0	199		199
Financial liabilities	840,981	50,438	891,419		891,419
Provision for employees severance indemnities	1,544	0	1,544		1,544
Deferred liabilities	0	1,221	1,221		1,221
Provision for risks and future charges	3,863	0	3,863		3,863
Sundry payables and other liabilities	2,404	731	3,135		3,135
Related party sundry payables and other liabilities	10,892	0	10,892		10,892
TOTAL NONCURRENT LIABILITIES (E)	859,883	52,390	912,273	0	912,273
CURRENT LIABILITIES:					
Financial liabilities	91,516	3,295	94,811		94,811
Related party current financial liabilities	3,466	0	3,466	(3,466)	0
Trade and other payables	13,088	714	13,802		13,802
Related party trade and other payables	1,462	282	1,744		1,744
Tax liabilities	508	865	1,373		1,373
Other liabilities	10,686	8	10,694		10,694
Related party other liabilities	249	4,376	4,625	(1,029)	3,596
TOTAL CURRENT LIABILITIES (F)	120,975	9,540	130,515	(4,495)	126,020
TOTAL LIABILITIES (H = E + F)	980,858	61,930	1,042,788	(4,495)	1,038,293
TOTAL NET EQUITY AND LIABILITIES (D + H)	2,121,846	152,020	2,273,866	(74,461)	2,199,405

The merger voided IGD's investment in IGD Management, amounting to €69,966K, against the elimination of IGD Management's net equity of €90,090K and the recognition of a merger surplus of €20,124K. Considering the nature of the merged company's equity reserves prior to the merger and the fifth paragraph of Article 172 of the Tax Code, which requires reserves that are "taxed only in case of distribution" to be reconstituted as part of the incorporating entity's net equity if and to the extent that "*there is a merger surplus or capital increase in an amount exceeding the combined capital of the companies taking part in the merger net of the shares of each of them already owned by them or by others*", the merger surplus resulting from this extraordinary operation was used for the partial reinstatement of a tax-suspended revaluation reserve pursuant to Article 110 of Decree Law 104/2020.

The operation, in addition to the merger surplus and the elimination of the investment in IGD Management, produced the following changes in IGD SIIQ's statement of financial position:

> An increase of €139,606K in "Investment property" to account for Gallerie Commerciali di Sarca (Milan) and Millennium Center (Rovereto);

> An increase of €5,195K in assets for derivative financial instruments corresponding to the mark-to-market value of two interest rate swaps;

> An increase of €2,385K in "Cash and cash equivalents";

> An increase of €53,733K in current and non-current financial liabilities, reflecting a bank loan due in April 2027 secured by a mortgage on Galleria Commerciale di Sarca.

5.6.5 // Notes to the separate Financial Statements

	Note	12/31/2023	12/31/2022	Change
Revenue	1	123,784	112,826	10,958
Revenues from third parties		86,863	81,220	5,643
Revenues from related parties		36,921	31,606	5,315
Other revenue	2	1,433	1,181	252
Other revenues from third parties		989	738	251
Other revenues from related parties		444	443	1
Operating revenues		125,217	114,007	11,210

In 2023 IGD earned total revenue of €125,217K. The increase of €11,210K reflects higher revenue from third parties (+€5,643K) due mainly to inflation-linked rent increases, and from related parties (+€5,315K) as a result of IGD SIIQ's absorption of the subsidiary IGD Management on 1 October 2023, which took effect for accounting and tax purposes on 1 January 2023.

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> NOTE 1) REVENUE

	12/31/2023	12/31/2022	Change
Freehold hypermarkets - Rents and business leases from related parties	23,865	25,552	(1,687)
Freehold hypermarkets - Rents and business leases from third parties	2,047	668	1,379
Freehold supermarkets - Rents and business leases from related parties	317	299	18
Freehold supermarkets - Rents and business leases from third parties	235	235	0
TOTAL HYPERMARKETS/SUPERMARKETS	26,464	26,754	(290)
Freehold malls, offices and city center	90,785	79,532	11,253
Rents	17,691	9,584	8,107
To related parties	11,810	4,174	7,636
To third parties	5,881	5,410	471
Business leases	73,094	69,948	3,146
To related parties	776	1,432	(656)
To third parties	72,318	68,516	3,802
Leasehold malls	3,088	3,185	(97)
Rents	233	220	13
To related parties	35	33	2
To third parties	198	187	11
Business leases	2,855	2,965	(110)
To related parties	61	55	6
To third parties	2,794	2,910	(116)
Other contracts and temporary rents	3,447	3,355	92
Other contracts and temporary rents	3,390	3,294	96
Other contracts and temporary rents - related parties	57	61	(4)
TOTAL MALLS	97,320	86,072	11,248
GRAND TOTAL	123,784	112,826	10,958
of which related parties	36,921	31,606	5,315
of which third parties	86,863	81,220	5,643

Revenue from malls increased by €11,253K, while revenue from hypermarkets and supermarkets was down by €290K.

Third-party rent and business lease revenue from freehold malls, offices, and city center properties rose by €4,273K as a result of new openings and the ISTAT adjustment for inflation.

Related-party rent and business lease revenue from freehold malls, offices, and city center properties rose by €6.980K as a result of the ISTAT adjustment and IGD SIIQ's absorption of the subsidiary IGD Management on 1 October 2023, which took effect for accounting and tax purposes on 1 January 2023.

Rent from freehold hypermarkets and supermarkets decreased by €290K on the previous year, due mainly to agreements for the partial remapping of the hypermarkets at the Palermo, Catania, and Casilino shopping centers.

Variable contract revenue amounts to roughly 1.6% 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

	12/31/2023	12/31/2022	Change
Out-of-period income/charges	416	39	377
Portfolio and rent management revenues	188	231	(43)
Pilotage and construction revenues	244	219	25
Marketing revenues	141	217	(76)
Other income	0	32	(32)
Other revenues from third parties	989	738	251
Pilotage and construction revenues from related parties	67	23	44
Portfolio and rent management revenues from related parties	8	25	(17)
Administrative services from related parties	188	224	(36)
Other income from related party	181	171	10
Other revenues from related parties	444	443	1
Other revenue	1,433	1,181	252

Other income increased by €252K with respect to the previous year. Other income from third parties rose by €251K as a result of a €377K increase in out-of-period income, following a positive ruling by the appellate court on a lawsuit regarding former employees of a tenant that had leased retail space from the Group at Conè shopping center, only partially offset by a decrease in marketing and portfolio management revenue.

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> NOTE 3) SERVICE COSTS

	12/31/2023	12/31/2022	Change
Service costs from third parties	12,074	8,900	3,174
Paid rents	101	80	21
Utilities	134	224	(90)
Promotional and advertising expenses	74	75	(1)
Centers management expenses for vacancies	2,204	1,221	983
Centers management expenses for ceiling to tenants' costs	2,311	1,333	978
Insurances	1,064	929	135
Professional fees	130	106	24
Directors' and statutory auditors' fees	881	845	36
External auditing fees	182	135	47
Investor relations, Consob, Monte Titoli costs	488	446	42
Shopping center pilotage and construction costs	14	3	11
Consulting	1,066	1,076	(10)
Real estate appraisals fees	552	334	218
Maintenance and repair expenses	142	119	23
Co-marketing costs	827	768	59
Contingent assets / liabilities	76	(186)	262
Other costs of services	1,828	1,392	436
Service costs from related parties	3,745	6,431	(2,686)
Paid rents	2	2	0
Service	152	184	(32)
Centers management expenses for vacancies	1,114	2,366	(1,252)
Centers management expenses for ceiling to tenants' costs	912	2,082	(1,170)
Related party other service costs	1,523	1,603	(80)
Insurances	4	8	(4)
Directors' and statutory auditors' fees	38	65	(27)
Other costs of services	0	121	(121)
Service costs	15,819	15,331	488

Service costs rose by €488K for the year.

Most of the increase in service costs from third parties (€3,174K) is explained by higher facility management expenses due to unlet space and cost caps.

Related party service costs decreased by €2,686K, primarily as a result of the trend in building management expenses in relation to unlet space and cost caps.

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated refer to compensation for 2023.

Directors and Statutory Auditors	Office	Dates in office	End of term	Fees
Board of Directors				
Rossella Saoncella	Chairman Director	01/01/23 - 31/12/23 01/01/23 - 31/12/23	FY2023 Approval FY2023 Approval	75,000 20,000
Stefano Dall'Ara	Vice Chairman Director	01/01/23 - 31/12/23 01/01/23 - 31/12/23	FY2023 Approval FY2023 Approval	25,000 20,000
Claudio Albertini	Chief Executive Officer Director	01/01/23 - 31/12/23 01/01/23 - 31/12/23	FY2023 Approval FY2023 Approval	300,000 20,000
Alessia Savino	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Timothy Guy Michele Santini	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Silvia Benzi	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Rosa Cipriotti	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Edy Gambetti	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Antonio Rizzi	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Rossella Schiavini	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Gery Xavier Didier Robert Ambroix	Director	01/01/23 - 31/12/23	FY2023 Approval	20,000
Board of Statutory Auditors				
Gian Marco Committeri	Chaiman	01/01/23 - 31/12/23	FY2023 Approval	30,000
Daniela Preite	Standing Auditor	01/01/23 - 31/12/23	FY2023 Approval	20,000
Massimo Scarafuggi	Standing Auditor	01/01/23 - 31/12/23	FY2023 Approval	20,000

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Committees	Office	Dates in office	End of term	Fees
Control and Risk Committee				
Rossella Schiavini	Director (Chairman)	**01/01/23 - 31/12/23**	FY2023 Approval	**12,000**
Rosa Cipriotti	Director	**01/01/23 - 31/12/23**	FY2023 Approval	**8,000**
Antonio Rizzi	Director	**01/01/23 - 31/12/23**	FY2023 Approval	**8,000**
Compliance Committee				
Gilberto Coffari	External (Chairman)	**01/01/23 - 31/12/23**	FY2023 Approval	**12,000**
Alessandra De Martino	External	**01/01/23 - 31/12/23**	FY2023 Approval	**8,000**
Paolo Maestri	External	**01/01/23 - 31/12/23**	FY2023 Approval	**8,000**
Nominations and compensation committee				
Timothy Guy Michele Santini	Director (Chairman)	**01/01/23 - 31/12/23**	FY2023 Approval	**3.000**
Silvia Benzi	Director	**01/01/23 - 31/12/23**	FY2023 Approval	**3.000**
Rossella Schiavini	Director	**01/01/23 - 31/12/23**	FY2023 Approval	**3.000**

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

> NOTE 4) COST OF LABOR

The cost of labor is detailed below:

	12/31/2023	12/31/2022	Change
Wages and salaries	**4,549**	**4,096**	**453**
Social security	**1,339**	**1,211**	**128**
Severance pay	**282**	**312**	**(30)**
Other costs of services	**222**	**275**	**(53)**
Cost of labour	**6,392**	**5,894**	**498**

The cost of labor went up by €498K, due mainly to a higher provision for performance bonuses and an increase in the number of employees.

Severance pay includes contributions to supplementary funds in the amount of €114K.

The workforce is broken down by category below:

	12/31/2023	12/31/2022
Executives	**5**	**5**
Middle managers	**14**	**14**
Junior managers	**28**	**30**
Clerks	**30**	**26**
Totale	**77**	**75**

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> NOTE 5) OTHER OPERATING COSTS

	12/31/2023	12/31/2022	Change
IMU / TASI / Property Tax	**7,462**	**7,122**	**340**
Other taxes	**84**	**77**	**7**
Contract registrations	**291**	**252**	**39**
Losses	**97**	**17**	**80**
Membership fees	**117**	**127**	**(10)**
Losses on receivables	**294**	**347**	**(53)**
Fuel and tolls	**163**	**139**	**24**
Other costs	**195**	**243**	**(48)**
Other operating costs	**8,703**	**8,324**	**379**

Other operating costs increased by €379K with respect to the previous year. Most of the change reflects the higher IMU (municipal property tax) paid during the year on the Sarca (Milan) and Millennium Center (Rovereto) malls, as a result of the merger of IGD Management into IGD SIIQ.

> NOTE 6) DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES

	12/31/2023	12/31/2022	Change
Amortization of intangible assets	**(367)**	**(135)**	**(232)**
Amortization of tangible assets	**(711)**	**(531)**	**(180)**
Provisions for risks	**(983)**	**(458)**	**(525)**
Depreciations, amortization and provisions	**(2,061)**	**(1,124)**	**(937)**
Provisions for doubtful accounts	**(322)**	**(461)**	**139**
(Impairment losses)/Reversals on work in progress and inventories	**(409)**	**(41)**	**(368)**
Change in fair value	**(119,635)**	**(59,302)**	**(60,333)**
Depreciation, amortization, provisions, impairment and change in fair value	**(122,427)**	**(60,928)**	**(61,499)**

> Amortization increased by €232K because of the full-year amortization of the investments made in July 2022 for the transition to new management software.

> Depreciation went up as a result of equipment purchased during the year, mainly for the new Officine Storiche mixed-use complex inaugurated in September 2023, as well as the full-year depreciation of investments made in 2022.

> Other provisions refer to the estimated outcome of three IMU (municipal property tax) disputes regarding Tiburtino shopping center in Guidonia (€500K), La Torre shopping center in Palermo (€113K), and Esp shopping center in Ravenna (€22K). In addition, €320K was allocated during the year for IGD's share of earthquake proofing to be carried out at some of the supermarkets and hypermarkets sold in 2021, while €28K was used to restore the provision for taxation.

> Net allocations for doubtful accounts (performing, non-performing, and legal-action receivables) in Italy came to €322K in 2023, an improvement of €139K with respect to the previous year;

> (Impairment losses)/reversals on work in progress (-€409K) 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 €119,635K) covers *(i)* a revaluation of €20,956K and a writedown of €137,620K carried out to match the carrying value of investment property to appraised market value at 31 December 2023 (See Note 12 for details of movements in investment property); and *(ii)* a writedown of €2,971K 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 2023.

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> NOTE 7) INCOME/(LOSS) FROM EQUITY INVESTMENTS AND PROPERTY SALES

	12/31/2023	12/31/2022	Change
Dividends	**5**	**4**	**1**
Income / (loss) from equity investments	**(50)**	**0**	**(50)**
Income / (loss) from equity investments and asset disposal	**(45)**	**4**	**(49)**

The loss of €45K reflects the writedown by €50K of an equity investment carried at cost, partially offset by dividends from the subsidiary Win Magazin SA.

> NOTE 8) FINANCIAL INCOME AND CHARGES

	12/31/2023	12/31/2022	Change
Bank interest income	**20**	**57**	**(37)**
Other interests income and equivalents	**311**	**0**	**311**
Contingent financial assets	**47**	**0**	**47**
Financial income from third parties	**378**	**57**	**321**
Interest income from subsidiaries	**3,979**	**681**	**3,298**
Financial income from related parties	**3,979**	**681**	**3,298**
Financial Income	**4,357**	**738**	**3,619**

Financial income was €3,619K higher than the previous year. The increase in financial income from third parties is due to the upward trend in the Euribor, the benchmark rate for calculating interest.

Financial income from related parties consists of interest, charged at going market rates, on loans granted to subsidiaries.

	12/31/2023	12/31/2022	Change
Interest expenses on security deposits	**713**	**133**	**580**
Interest expenses to related party	**0**	**9**	**(9)**
Financial charges from related parties	**713**	**142**	**571**
Interest expenses to banks	**37**	**116**	**(79)**
Amortized mortgage loan costs	**28,234**	**7,844**	**20,390**
Amortized costs of the equity mortgage componer	**2,140**	**1,923**	**217**
IRS spread	**(2,645)**	**2,644**	**(5,289)**
Bond financial charges	**11,807**	**12,005**	**(198)**
Bond amortized costs	**6,075**	**2,704**	**3,371**
Financial charges on leasing	**112**	**53**	**59**
Financial charges IFRS 16	**641**	**477**	**164**
Other interests and charges	**1,303**	**1,154**	**149**
Financial charges from third parties	**47,704**	**28,920**	**18,784**
Financial charges	**48,417**	**29,062**	**19,355**

Financial charges increased by €19,355K.

Related party financial charges were higher due to the increase in the legal interest rate in force on security deposits.

Financial charges from third parties decreased by €18,784K, mostly as a result of:

> Higher interest on mortgage loans due to the increase in debt in connection with €215 million green financing loan taken out in August 2022, a new €250 million loan taken out in May 2023, and higher interest rates in keeping with the rate hikes carried out by the European Central Bank;

> Higher financial charges on bonds reflecting the issue of a new €400 million bond and partial exchange for the bond notes maturing on 28 November 2024. Described in greater detail in the section on significant events in 2023, this operation voided the pre-existing bond and led to the release to the income statement of the remaining expenses for amortized cost and the recognition of the new bond loan;

> Lower IRS charges, due to the early termination of various derivatives with a positive mark to market and a decrease in notional amounts.

> NOTE 9) INCOME TAXES

	12/31/2023	12/31/2022	Change
Current taxes	**279**	**(63)**	**342**
Deferred tax	**8**	**242**	**(234)**
Out-of-period income/charges - Provisions	**(1)**	**58**	**(59)**
Income taxes	**286**	**237**	**49**

The overall tax effect was a negative €286K.

The IRES charge was zero as a result of the tax consolidation process.

IRAP current taxes increased by €278K compared with the previous year.

See Note 16 for movements in deferred tax liabilities and deferred tax assets.

Reconciliation of income taxes applicable to profit before taxes	12/31/2023	12/31/2022
Pre-tax profit (loss)	**(72,515)**	**(4,791)**
Theoretical tax charges (rate 24%)	**0**	**0**
Profit (loss) resulting in the income statement	**(72,515)**	**(4,791)**
Increases:		
IMU - Property tax	**7,769**	**7,041**
Negative fair value	**137,619**	**66,313**
Impairment on assets under construction	**409**	**42**
Impairment losses	**3,286**	**2,051**
IFRS 16	**3,612**	**2,681**
Other increases	**425**	**2,270**
Decreases:		
Change in tax-exempt income	**(41,799)**	**(47,447)**
Depreciations	**0**	**0**
Positive fair value	**(20,956)**	**(9,208)**
IMU - Property tax (IRES deductible portion)	**(7,445)**	**(7,020)**
IFRS 16	**(3,912)**	**(3,621)**

Reconciliation of income taxes applicable to profit before taxes	12/31/2023	12/31/2022
Financial use of provisions of covid doubtful accounts	**(2,987)**	**(1,400)**
Other decreases	**(595)**	**(5,035)**
Taxable Income	**2,911**	**1,876**
Use of ACE Benefit	**2,911**	**1,876**
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	**0**	**(325)**
IRAP tax credit	**0**	**0**
Total current taxes for the year	**0**	**(325)**
Difference between value and cost of production	**100,651**	**90,406**
Theoretical IRAP charge (3.9%)	**3,925**	**3,526**
Difference between value and cost of production	**100,651**	**90,406**
Changes:		
Increases	**8,537**	**8,223**
Decreases	**(5,123)**	**(5,407)**
Changes in tax-exempt income	**(90,864)**	**(80,521)**
Other deductions	**(6,098)**	**(6,012)**
IRAP Taxable Income	**7,103**	**6,689**
Lower IRAP taxes recognized directly in net equity	**0**	**0**
Current IRAP for the year	**278**	**262**

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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**

	01/01/2023	Increase	Decrease	Amortization	12/31/2023
Intangible assets with finite useful lives	**756**	**377**	**0**	**(368)**	**774**

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 and the new HR management software.

> NOTE 11) GOODWILL

	01/01/2022	Increase	Decrease	Amortization	12/31/2022
Goodwill	**1,000**	**0**	**0**	**0**	**1,000**

	01/01/2023	Increase	Decrease	Amortization	12/31/2023
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 2023 and 2022:

Goodwill	12/31/2023	12/31/2022
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.

	01/01/2022	Merger	Increase	Acquisitions	Revaluation	Impairment	Reclassification from assets under construction	12/31/2022
Investment property	**1,771,338**	**0**	**9,547**	**0**	**9,208**	**(66,313)**	**9,870**	**1,733,650**
Right-of-use IFRS16	**10,297**	**0**	**0**	**0**	**0**	**(2,197)**	**0**	**8,100**
Investment property	**1,781,635**	**0**	**9,547**	**0**	**9,208**	**(68,510)**	**9,870**	**1,741,750**

	01/01/2023	Merger	Increase	Acquisitions	Revaluation	Impairment	Reclassification from assets under construction	12/31/2023
Investment property	**1,733,650**	**139,606**	**10,464**	**32,100**	**20,956**	**(137,620)**	**6,456**	**1,805,612**
Right-of-use IFRS16	**8,100**	**0**	**0**	**0**	**0**	**(2.971)**	**0**	**5,129**
Investment property	**1,741,750**	**139,606**	**10,464**	**32,100**	**20,956**	**(140,591)**	**6,456**	**1,810,741**

The changes in investment property since 31 December 2022 concern:

> IGD SIIQ S.p.A.'s absorption of the subsidiary IGD Management SIINQ S.p.A. on 1 October 2023, which took effect for statutory and tax purposes on 1 January 2023. As a result of the merger, the Sarca mall in Milan and the Millennium Center mall in Rovereto are now owned by IGD SIIQ;

> Extraordinary maintenance work (€10,464K), mostly for waterproofing at Leonardo shopping center, fit-out work at the Officine Storiche mixed-use complex, and energy efficiency upgrades at Punta di Ferro, Centro d'Abruzzo, Tiburtino, Porte di Napoli, and La Torre shopping centers;

> The acquisition in September 2023, from the wholly-owned indirect subsidiary Porta Medicea, of the mixed-use Officine Storiche complex for €32.1 million;

> The reclassification (€6,456K) from assets under construction and advances of work completed during the period, namely *(i)* the restyling of Porto Grande shopping center in San Benedetto del Tronto and *(ii)* the restyling (first lot) of Leonardo shopping center in Imola. Works performed during the year amounted to €5,682K;

> Fair value adjustments. Specifically, investment property was revalued in the amount of €20,956K and written down by €137,620K on the basis of independent third-party appraisals, for a net negative impact of €116,664K;

> The writedown of the right-of-use asset for the mall at Fonti del Corallo (€2,971K) 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 41.

See the directors' report for further information.

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> NOTE 13) BUILDINGS

	01/01/2022	Merger	Increase	Decrease	Amortization	12/31/2022
Historical cost	**10,132**	**0**	**70**	**0**	**0**	**10,202**
Depreciation fund	**(2,959)**	**0**	**0**	**0**	**(244)**	**(3,203)**
Net book value	**7,173**	**0**	**70**	**0**	**(244)**	**6,999**

	01/01/2023	Merger	Increase	Decrease	Amortization	12/31/2023
Historical cost	**10,202**	**0**	**38**	**0**	**0**	**10,240**
Depreciation fund	**(3,203)**	**0**	**0**	**0**	**(246)**	**(3,449)**
Net book value	**6,999**	**0**	**38**	**0**	**(246)**	**6,791**

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.

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> NOTE 14) PLANT AND MACHINERY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

	01/01/2022	Merger	Increase	Decrease	Amortization	12/31/2022
Historical cost	**351**	**0**	**5**	**0**	**0**	**356**
Depreciation fund	**(239)**	**0**	**0**	**0**	**(31)**	**(270)**
Plant and machinery	**112**	**0**	**5**	**0**	**(31)**	**86**
Historical cost	**4,168**	**0**	**780**	**0**	**0**	**4,948**
Depreciation fund	**(3,043)**	**0**	**0**	**0**	**(256)**	**(3,299)**
Equipment and other goods	**1,125**	**0**	**780**	**0**	**(256)**	**1,649**

	01/01/2023	Merger	Increase	Decrease	Amortization	12/31/2023
Historical cost	**356**	**0**	**51**	**0**	**0**	**407**
Depreciation fund	**(270)**	**0**	**0**	**0**	**(27)**	**(297)**
Plant and machinery	**86**	**0**	**51**	**0**	**(27)**	**110**
Historical cost	**4,948**	**1,072**	**637**	**0**	**0**	**6,657**
Depreciation fund	**(3,299)**	**(785)**	**0**	**0**	**(438)**	**(4,522)**
Equipment and other goods	**1,649**	**287**	**637**	**0**	**(438)**	**2,135**

Most of the changes in plant and machinery and equipment reflect *(i)* IGD SIIQ S.p.A.'s absorption of the subsidiary IGD Management SIINQ S.p.A. on 1 October 2023, with statutory and tax effects starting on 1 January 2023; and *(ii)* the purchase and installation of equipment at the new Officine Storiche mixed-used complex inaugurated in September 2023, partially offset by depreciation for the year.

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> NOTE 15) ASSETS UNDER CONSTRUCTION

	01/01/2022	Increase	Decrease	(Impairment losses)/ Reversals	Reclassification	12/31/2022
Assets under construction	**5,428**	**7,954**	**0**	**(41)**	**(9,870)**	**3,471**
Advance payments	**22,455**	**0**	**0**	**0**	**0**	**22,455**
Assets under construction and advance payments	**27,883**	**7,954**	**0**	**(41)**	**(9,870)**	**25,926**

	01/01/2023	Increase	Decrease	(Impairment losses)/ Reversals	Reclassification	12/31/2023
Assets under construction	**3,471**	**5,682**	**0**	**(409)**	**(6,456)**	**2,288**
Advance payments	**22,455**	**0**	**(22,455)**	**0**	**0**	**0**
Assets under construction and advance payments	**25,926**	**5,682**	**(22,455)**	**(409)**	**(6,456)**	**2,288**

At 31 December 2023, assets under construction consisted mainly of:

> Land at Porto Grande for the construction of midsize stores, recognized at fair value in the amount of €2.1 million;

> Costs for restyling in progress at Gran Rondò shopping center in Crema.

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

> The restyling of Porto Grande shopping center in San Benedetto del Tronto (€3,295K);

> The restyling of Leonardo shopping center in Imola (€2,387K);

> The reclassification (€6,456K) to investment property of work completed during the period, namely *(i)* the restyling of Porto Grande shopping center in San Benedetto del Tronto, and *(ii)* the restyling (first lot) of Leonardo shopping center in Imola;

> The writedown of the Porto Grande expansion by €409K;

> A decrease of €22,455K in advance payments due to the acquisition in September 2023, from the wholly-owned indirect subsidiary Porta Medicea, of the mixed-use Officine Storiche complex.

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

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> 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:

	12/31/2023	12/31/2022	Change
Taxed provisions	**174**	**173**	**1**
IAS 19	**(12)**	**(3)**	**(9)**
Financial derivatives	**327**	**(304)**	**631**
Loss from tax consolidation	**741**	**741**	**0**
IFRS 16 Livorno	**363**	**363**	**0**
Deferred tax assets	**1,593**	**970**	**623**

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 for the Group in the short to medium term, as corroborated by taxable income earned in recent years, prior-year losses are expected to be used, so the deferred tax assets are likely to be recovered.

Deferred tax asset	Balance at 12/31/2022		Increases	Decreases	Increases	Decreases	Balance at 12/31/2023	
	Temporary difference	Deferred tax assets	Temporary difference		Deferred tax assets		Temporary difference	Deferred tax assets
TFR Provisions - Ias 19*	**(11)**	**(2)**	**0**	**33**	**0**	**9**	**(44)**	**(11)**
Doubtful account	**1,214**	**149**	**0**	**0**	**0**	**0**	**1,214**	**149**
Variable salary	**1,375**	**23**	**0**	**0**	**0**	**0**	**1,375**	**23**
Loss from tax consolidation	**3,088**	**741**	**0**	**0**	**0**	**0**	**3,088**	**741**
Irs transaction*	**(1,267)**	**(304)**	**2,478**	**0**	**632**	**0**	**1,211**	**328**
IFRS 16 Livorno	**1,513**	**363**	**0**	**0**	**0**	**0**	**1,513**	**363**
Total	**5,912**	**970**	**2,478**	**33**	**632**	**9**	**8,357**	**1,593**

(*): effect charged or credited directly to equity

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5.6 NOTES TO THE FINANCIAL STATEMENTS

> NOTE 17) SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS

	12/31/2023	12/31/2022	Change
Security deposits	83	83	0
Due to other	0	0	0
Sundry receivables and other non-current assets	83	83	0

Security deposits were roughly in line with the previous year.

> NOTE 18) EQUITY INVESTMENTS

Equity investments are detailed in the table below:

	01/01/2023	Increase	Revaluations/ (Write-downs)	Variation area/ extraord. operations	12/31/2023
IGD Management SIINQ S.p.a.	69,966	0	0	(69,966)	0
Arco Campus S.r.l.	1,441	0	0	0	1,441
Win Magazin S.A.	186	0	0	0	186
IGD Service S.r.l.	114,744	0	0	0	114,744
Cons. propr. del compendio com. del Commendone (GR)	6	0	0	0	6
Consorzio Proprietari Fonti del Corallo	7	0	0	0	7
Consorzio I Bricchi	4	0	0	0	4
Punta di Ferro	6	0	0	0	6
Equity investment in subsidiaries	186,360	0	0	(69,966)	116,394
Fondo Juice	25,666	0	0	0	25,666
Consorzio Millennium Center	0	0	0	3	3
Equity investments in associates	25,666	0	0	3	25,669
Equity investments in other companies	72	0	(50)	0	22
Equity investments	212,098	0	(50)	(69,963)	142,085

The carrying amount of equity investments changed as follows during the year:

> Elimination of the wholly-owned subsidiary IGD Management SIINQ following its absorption by IGD SIIQ S.p.A. on 1 October 2023, effective for statutory and tax purposes as of 1 January 2023;

> Writedown by €50K of an investment carried at cost.

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 2023 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, net debt as of the measurement date, and the subsidiaries' fair value.

Recoverable amount was calculated using projected operating cash flows for each company, which derive from the 2024 budget approved by the Board of Directors on 13 December 2023 and stationary projections for 2025 and 2026.

Those projections were based on the typical and stable characteristics of the subsidiaries' businesses, mainly consisting of long-term rental contracts, and considering the most recent inflation levels. Costs were projected on the basis of past performance and forward-looking assumptions based on all available information.

Future cash flows were determined based on figures for 2024-2026, particularly EBITDA less estimated taxes and capital expenditure.

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:

> Discount rate (WACC) of 6.80% (6.77% at 31 December 2022);

> Future cash flows estimated as described above;

> Perpetuity growth rate (g) of 2% (unchanged since the previous year).

The results of impairment tests are summarized below:

Euro thousands Impairment Test result	Equity Value pro quota	Carrying Amount	Cover / (Impairment)
IGD Service S.r.l.	115,586	114,734	852
Arco Campus S.r.l.	2,393	1,441	952

The test found no evidence of impairment, although, given the additional writedown of the property portfolio of IGD Service, the coverage has decreased since the previous 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 Service S.r.l., an additional 0.1% increase in WACC or a 0.1% decrease in the growth rate would reduce the existing coverage to zero.

Finally, for the investment in Arco Campus S.r.l., a 1.1% increase in WACC or 1.2% decrease in the growth rate would reduce the existing coverage to zero.

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> NOTE 19) TRADE AND OTHER RECEIVABLES

	12/31/2023	12/31/2022	Change
Trade and other receivables	**20,019**	**25,320**	**(5,301)**
Provision for doubtful accounts	**(13,266)**	**(14,635)**	**1,369**
Trade and other receivables	**6,753**	**10,685**	**(3,932)**

Net trade receivables decreased with respect to the previous year by €3,932K, due mainly to greater receipts during the year.
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 over 180 days	Total receivables
Gross trade receivables	**2,293**	**1,609**	**581**	**2,435**	**231**	**891**	**11,979**	**20,019**
Gross trade receivables	**2,293**	**1,609**	**581**	**2,435**	**231**	**891**	**11,979**	**20,019**

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 €322K in 2023. The allocation for the year was calculated based on the problems encountered with individual receivables recognized at 31 December 2023 and on all available information.

The use of €1,734K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period.

Movements in the provision for doubtful accounts are reported below:

	12/31/2023	12/31/2022	Change
Provision for doubtful account at the beginning of the period	**14,635**	**16,223**	**(1,588)**
Use	**(1,734)**	**(2,049)**	**315**
Provision	**322**	**461**	**(139)**
Other movements	**43**	**0**	**43**
Provision for doubtful account at year-end	**13,266**	**14,635**	**(1,369)**

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

> NOTE 20) RELATED PARTY TRADE AND OTHER RECEIVABLES

	12/31/2023	12/31/2022	Change
Coop Alleanza 3.0	**139**	**104**	**35**
Librerie Coop S.p.a.	**26**	**25**	**1**
Alleanza Luce e Gas S.r.l.	**32**	**25**	**7**
Unicoop Tirreno S.c.a.r.l.	**45**	**37**	**8**
Cons. propr. del compendio com. del Commendone (GR)	**0**	**2**	**(2)**
Consorzio Cone'	**2**	**2**	**0**
Consorzio Clodì	**2**	**0**	**2**
Consorzio Crema (Gran Rondò)	**2**	**3**	**(1)**
Consorzio I Bricchi	**227**	**2**	**225**
Consorzio Katanè	**2**	**2**	**0**
Consorzio Lame	**2**	**9**	**(7)**
Consorzio Leonardo	**2**	**2**	**0**
Consorzio Porta a Mare	**15**	**12**	**3**
Consorzio Sarca	**2**	**2**	**0**
IGD Service S.r.l.	**1,007**	**584**	**423**
Porta Medicea S.r.l.	**39**	**3**	**36**
Arco Campus S.r.l.	**117**	**15**	**102**
Consorzio Punta di Ferro	**2**	**0**	**2**
Millennium Center	**14**	**22**	**(8)**
Fondo Juice	**46**	**171**	**(125)**
Consorzio La Favorita	**3**	**4**	**(1)**
Consorzio Le Porta di Napoli	**41**	**14**	**27**
Consorzio Casilino	**3**	**4**	**(1)**
Consorzio del Centro Commerciale Nuova Darsena	**3**	**3**	**0**
Related party trade and other receivables	**1,773**	**1,047**	**726**

See Note 37 for comments.

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> NOTE 21) OTHER CURRENT ASSETS

	12/31/2023	12/31/2022	Change
Tax credits			
VAT credits	2,106	1,114	992
IRES credits	454	449	5
IRAP credits	362	44	318
Due from others			
Insurance credits	69	0	69
Accrued income and prepayments	1,882	316	1,566
Deferred costs	1,848	0	1,848
Other costs of services	198	147	51
Other current assets	6,919	2,070	4,849

Other current assets increased by €4,849K with respect to the previous year, due mainly to a rise in prepayments, deferred costs, and the VAT credit resulting primarily from the early receipt of an invoice for rent payable pertaining to 2024.

> NOTE 22) RELATED PARTY OTHER CURRENT ASSETS

	12/31/2023	12/31/2022	Change
Credits from tax consolidation			
Igd Management SIINQ S.p.A.	0	976	(976)
Igd Service S.r.l.	808	433	375
Total receivables from tax consolidation	808	1,409	(601)

At 31 December 2023 the tax consolidation credit referred to the amount due to the Company from the subsidiary IGD Service S.r.l., which contributed positive taxable income to the tax consolidation arrangement.

> NOTE 23) FINANCIAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

	12/31/2023	12/31/2022	Change
To other related parties	79,708	93,145	(13,437)
Related parties financial receivables and other current financial assets	79,708	93,145	(13,437)

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 125 basis points. Details of the major outstanding loans are provided below:

> €15 million 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 2022 there was a remaining balance of €68,879K. During the year, the subsidiary made payments in the amount of €24 million. At 31 December 2023 there was a remaining balance of €44,879K;

> Loan granted to Arco Campus S.r.l.: €2,262K;

There are also receivables arising from the use of Group treasury accounts, due from:

> IGD Service S.r.l. for €17,140K;

> Porta Medicea S.r.l. for €427K.

> NOTE 24) CASH AND CASH EQUIVALENTS

	12/31/2023	12/31/2022	Change
Cash and cash equivalents	3,129	21,026	(17,897)
Cash on hand	13	18	(5)
Cash and cash equivalents	3,142	21,044	(17,902)

Cash and cash equivalents at 31 December 2023 consisted mainly of current account balances at banks. The decrease of €18 million reflects cash generated during the year net of capital expenditure, mortgage loan payments, the distribution of dividends, and the exchange offer for the bond notes maturing in November 2023.

The statement of cash flows provides a clearer understanding of how this item changed during the period.

> NOTE 25) NET EQUITY

	12/31/2023	12/31/2022	Change
Share capital	**650,000**	**650,000**	**0**
Other reserves	**472,082**	**476,321**	**(4,239)**
Legal reserve	**130,000**	**130,000**	**0**
Revaluation reserve d.l. no. 104/2020 (IGD Management merger surplus)	**20,122**	**0**	**20,122**
FTA IFRS 9 reserve	**(1,450)**	**(1,450)**	**0**
Restatement of defined benefit plans	**349**	**412**	**(63)**
Cash flow hedge reserve	**(1,032)**	**963**	**(1,995)**
Fair value reserve	**212,586**	**216,608**	**(4,022)**
Available reserves (from capital reduction)	**53,584**	**55,178**	**(1,594)**
Other available reserves	**57,923**	**74,610**	**(16,687)**
Net profit (loss) of the year	**(72,514)**	**(14,667)**	**(87,181)**
Profit (loss) carried forward	**1**	**19,695**	**(19,694)**
Profit (loss) for the year	**(72,515)**	**(5,028)**	**(67,487)**
Net equity	**1,049,568**	**(1,140,988)**	**(91,420)**

As approved by the annual general meeting of 13 April 2023, during the year the Company: *(i)* fully covered the 2022 loss of €5,027,925.94 using €3,434,503.96 in profit carried forward from taxable operations and €1,593,421.98 from the distributable capital reserve; *(ii)* reclassified €4,022,100.74 from the fair value reserve to profit carried forward from exempt operations since the reserve is no longer fully undistributable pursuant to Art. 6 of Legislative Decree 38/2005, bringing the fair value reserve for the appraisal at market value of the property portfolio from €216,607,954.49 to €212,585,853.75; *(iii)* allocated a portion of the other distributable profit reserves from exempt operations freed up by the transfer during the year of five hypermarkets and one supermarket (€10,264,114.16) to dividends; *(iv)* allocated €16,259,872.48 in profit carried forward from exempt operations to dividends; and *(v)* allocated €6,578,584.26 in other distributable profit reserves from exempt operations to dividends.

The merger described in Section 5.6.4 voided IGD's investment in IGD Management, amounting to 69,966K, against the elimination of IGD Management's net equity of €90,090K and the recognition of a merger surplus of €20,124K. Considering the nature of the merged company's equity reserves prior to the merger and the fifth paragraph of Article 172 of the Tax Code, which requires reserves that are "taxed only in case of distribution" to be reconstituted as part of the incorporating entity's net equity if and to the extent that "there is a merger surplus or capital increase in an amount exceeding the combined capital of the companies taking part in the merger net of the shares of each of them already owned by them or by others," the merger surplus resulting from this extraordinary operation was used for the partial reinstatement of a tax-suspended revaluation reserve pursuant to Article 110 of Decree Law 104/2020.

Other movements in net equity were the result of:

> The adjustment of the cash flow hedge reserves relating to outstanding contracts by a negative 5,861K and by a positive €3,866K as a result of the merger described above;

> The adjustment of the reserve for the recalculation of defined benefits (€63K);

> Recognition of the loss for the year in the amount of €72,515K.

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)	**53,584**	A, B, C	**53,584**	**53,584**		
Total capital reserves	**53,584**		**53,584**	**53,584**		
Profit reserves:						
Legal reserve*	**130,000**	B				
Fair value reserve	**212,586**	B				
Revaluation law decree n. 104/2020 (surplus from IGD Management merger)	**20,122**	A, B	**20,122**	**20,122**		
FTA IFRS 16 reserve	**(1,450)**	A, B, C **	**(1,450)**	**(1,450)**		
Cash Flow Hedge reserve	**(1,032)**	---				
Recalculation of defined benefit plans	**349**	---				
Distributable reserves	**57,923**	A, B, C	**57,923**	**57,923**		
New profit/loss	**1**	A, B, C	**1**	**1**		
Total profit reserve	**418,499**		**76,596**	**76,596**		
Total reserve	**472,083**		**130,180**	**130,180**		

LEGENDA

A *For capital increase*
B *For loss coverage*
C *For SHAREHOLDER distribution*

* *Legal reserve contains capital for €117,758 thousands*

** *Negative reserves reduce the positive available reserves*

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> NOTE 26) NON-CURRENT FINANCIAL LIABILITIES

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

	Duration	12/31/2023	12/31/2022	Change
Mortgage loans		**556,522**	**336,319**	**220,203**
08 Carisbo Guidonia IGD Tiburtino	**27/03/2009 - 27/03/2024**	**0**	**23,187**	**(23,187)**
01 Unipol Sarca	**10/04/2007 - 06/04/2027**	**47,452**	**0**	**47,452**
07 Carige Nikefin Asti I Bricchi	**31/12/2008 - 31/03/2024**	**0**	**9,530**	**(9,530)**
13 CR Veneto Mondovì (Retail Park)	**08/10/2009 - 01/11/2024**	**0**	**9,286**	**(9,286)**
10 Mediocredito Faenza IGD	**05/10/2009 - 30/06/2029**	**4,177**	**5,106**	**(929)**
14 MPS Palermo (Galleria)	**21/12/2010 - 30/11/2025**	**0**	**10,698**	**(10,698)**
17 Carige Palermo IGD (Iper)	**12/07/2011 - 30/06/2027**	**4,756**	**6,587**	**(1,831)**
15 CentroBanca Cone (Galleria)	**22/12/2010 - 31/12/2025**	**12,501**	**15,121**	**(2,620)**
Mps - SACE 2020	**16/10/2020 - 30/09/2026**	**15,450**	**24,212**	**(8,762)**
BNL 215 Million	**04/08/2022 - 01/08/2027**	**213,041**	**212,544**	**497**
Mps - SACE 2022	**15/12/2022 - 30/09/2028**	**18,977**	**20,048**	**(1,071)**
Intesa Loan 250 Million	**15/05/2023 - 09/08/2028**	**240,168**	**0**	**240,168**
Debts due to bonds		**365,284**	**495,223**	**(129,939)**
Bond 100 ML	**11/01/2017- 11/01/2024**	**0**	**99,896**	**(99,896)**
Bond 400 ML	**28/11/2019 - 17/05/2027**	**57,966**	**395,327**	**(337,361)**
Bond 310 ML	**17/11/2023 - 17/05/2027**	**307,318**	**0**	**307,318**
Debts due to other sources of finance		**5,760**	**9,441**	**(3,681)**
Sardaleasing for Bologna HQ	**30/04/2009 - 30/04/2027**	**1,752**	**2,145**	**(393)**
IFRS 16 Livorno liability	**01/01/2019 - 31/03/2026**	**4,008**	**7,296**	**(3,288)**
Non current financial liabilities		**927,566**	**840,983**	**86,583**

Movements during the year are shown below:

Non current financial liabilities	12/31/2022	IGD Management Merger	250ML Loan Intesa	Repayments/ Renegotiation	Amortized Costs	Reclassification	12/31/2023
Payables due to mortages	**336,319**	**50,438**	**250,000**	**(54,419)**	**(2,153)**	**(23,663)**	**556,522**
Payables due to bonds	**495,223**	**0**	**0**	**(32,178)**	**2,135**	**(99,896)**	**365,284**
Paybles due to IFRS 16	**7,296**	**0**	**0**	**0**	**0**	**(3,288)**	**4,008**
Payables due to other sources of finance	**2,145**	**0**	**0**	**0**	**0**	**(393)**	**1,752**
Total	**840,983**	**50,438**	**250,000**	**(86,597)**	**(18)**	**(127,240)**	**927,566**

> Mortgage loans

The changes in 2023 reflect:

> The merger of the subsidiary IGD Management SIINQ S.p.A., which brought with it the "Unipol Sarca" loan with a non-current balance of €47,452K;

> A five-year green secured facility of €250 million contracted on 9 May 2023 from a pool of major Italian and international banks, including Intesa Sanpaolo S.p.A. (Divisione IMI Corporate & Investment Banking), acting, among other capacities, as global coordinator, green coordinator, agent and lender; Gruppo MPS, through MPS Capital Services Banca per le Imprese S.p.A., acting, among other capacities, as global coordinator and lender; and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Cassa depositi e prestiti S.p.A., Deutsche Bank S.p.A., BPER Banca S.p.A., and UniCredit S.p.A., acting, among other capacities, as lenders; of which €130 million was disbursed immediately and the remaining €120 million disbursed in November 2023 and partially used for the early redemption of the €100 million bond maturing in January 2024;

> 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.

> Bonds

The change in bonds during the year is due to:

> The early redemption in November 2023 of the €100 million bond due to mature in January 2024;

> The issue on 5 October 2023 of a €310 million non-subordinated, non-convertible senior bond. In this regard, IGD's Board of Directors approved *(i)* an offer to exchange the bond due on 28 November 2024 (ISIN XS2084425466) (the "Existing Notes") for the New Notes, subject to certain conditions; and *(ii)* a tender offer for the Existing Notes with the rule that a specified amount resulting from the buy-back would be reinvested in the purchase of New Notes. The exchange, tender, and consent solicitation period ran from 5 October 2023 to 10 November 2023. Holders of Existing Notes who accepted the exchange offer by 13 October 2023 exchanged their Existing Notes for a combination of (a) New Notes for an amount equal to 90% of the nominal value of the Existing Notes exchanged, and (b) a cash payout for the residual portion. Under the reinvestment rule of the tender offer, the holders of Existing Notes who accepted the tender offer by 13 October 2023 received (a) 90% of their proceeds for the purchase of New Notes and (b) €32,178K in cash. The Existing Notes exchanged and repurchased by the Company were voided. The Existing Notes that were not exchanged and/or repurchased by the Company have been traded or admitted to trading on Euronext Dublin and Euronext Access Milan (formerly ExtraMot Pro). The exchange offer and the tender offer are part of a broader transaction that includes a consent solicitation process addressed to the holders of the Existing Notes. For this purpose, on 14 November 2023 the meeting of the Existing Notes holders approved various amendments to the terms and conditions of the Existing Notes, relating, in particular, to maturity, coupon and repurchase options, in order to align these provisions with the relevant terms and conditions of the New Notes. Moreover, the terms and conditions of the New Notes provide for certain undertakings by the Company, additional to and different from those that will be provided for the Existing Notes, including, inter alia, a freeze on dividends (or other forms of distributions) in excess of what is necessary to comply with the rules applicable to IGD SIIQ S.p.A. in its capacity as a listed real estate investment company. The New Notes will mature on 17 May 2027 and interest payments will increase over time, as follows:

> 5.500% per annum for the first interest period, beginning on 28 November 2023 and ending on 17 May 2024;

> 6.250% per annum for the interest period beginning on 17 May 2024 and ending on 17 May 2025;

> 7.250% per annum for the interest period beginning on 17 May 2025 and ending on 17 May 2026;

> 8.500% per annum for the interest period beginning on 17 May 2026 and ending on 17 May 2027;

In each case, to be paid annually in arrears;

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Details of outstanding bonds are presented in the table below:

	Non Current Portion	Current Portion					Non Current Portion	Current Portion		
Payables due to bonds	12/31/2022	12/31/2022	Bond issue/repayments	Bond Exchange	Cost amortization at 31/12/2023	Financial charges at 31/12/2023	12/31/2023	12/31/2023	Nominal interest rate	Actual interest rate
Bond 100 ML	**100,000**		**(100,000)**							
Ancillary costs	**(104)**				**104**					
Coupon rate 12.31.22		**1,056**				**(1,056)**				
Paid interests						**3,018**				
Coupon rate 12.31.23								**0**		
Total Bond 100 ML	**99,896**	**1,056**	**(100,000)**	**0**	**104**	**1,962**	**0**	**0**	**2.250%**	**2.35%**
Bond 400 ML	**400,000**		**(32,178)**	**(306,537)**			**61,285**			
Ancillary costs	**(4,673)**			**(3,467)**	**4,821**		**(3,319)**			
Coupon rate 12.31.22		**756**				**(756)**		**0**		
Paid interests						**8,282**				
Coupon rate 12.31.23						**283**		**283**		
Total Bond 400 ML	**395,327**	**756**	**(32,178)**	**(310,004)**	**4,821**	**7,809**	**57,966**	**283**	**7.000%**	**8.50%**
Bond 310 ML				**328,606**			**328,606**			
Ancillary costs				**(22,438)**	**1,150**		**(21,288)**			
Coupon rate 12.31.22						**0**		**0**		
Paid interests						**0**				
Coupon rate 12.31.23						**2,036**		**2,036**		
Total Bond 310 ML	**0**	**0**	**0**	**306,168**	**1,150**	**2,036**	**307,318**	**2,036**	**7.000%**	**8.50%**
Total bonds	**495,223**	**1,812**	**(132,178)**	**(310,004)**	**6,075**	**11,807**	**365,284**	**2,319**		
Total financial charges					**6,075**	**11,807**				

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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 2023.

Name	Guarantees given	Type of product	End date	Financial "covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)	Indicator v)
Bper Banca	Sarca shopping mall	Secured loan	06/04/2027	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2.3	**0.95**				
Banca Intesa Sanpaolo	Le Maioliche Shopping Center (Hypermarket)	Secured loan	30/06/2029	IGD SIIQ SpA Financial Statement: ratio of external net financial debts to equity + intercompany loan must not exceed 2.70	**0.98**				
Banca Intesa Sanpaolo	Conè Shopping Center (Mall)	Secured loan	31/12/2025	Consolidated financial statement: ration of net debt (including derivative assets and liabilities) to net equity must not exceed 2	**0.95**				
Secured loan in pool	Punta di Ferro Shopping Mall Tiburtino Shopping Center (ihypermkt + mall) Porto Grande Shopping Center (hypermkt + mall) Centro Luna Shopping Mall Gran Rondò Shopping Mall Mondovicino Shopping Mall and Retail Park Lame Shopping Center (hypermkt + loan) Città delle Stelle Shopping Center (hypermkt + loan)	Secured loan in pool	09/05/2028	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 60%; ii) Interest Cover Ratio (recurring items on cash basis) > = 1.7; iii) Ratio of Secured Debt to Total Asset - Intangible Asset equal or under 45%;; iv) Ratio of unencumbered assets to Unsecured debt (net of cash and cash equivalents) > = 1.25 - [excluding effect of IFRS16 accounting standards] v) Loan To Value ratio for mortaged property must not exceed 50% (*)	**46.52%**	**3.14**	**16.10%**	**2.02**	**48.03%** (*)calculated on the basis of the latest availble appraisals
New Fixed Rate Step-Up Notes, 17/05/2027	unsecured	Bond	17/05/2027	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.25 -[excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.02**	
Fixed Rate Step-Up Notes, 17/05/2027	unsecured	Bond	17/05/2027	i)Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and cahs and cash equivalents) at 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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.25 -[excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.02**	
Loan unsecured in pool	unsecured	Unsecured loan in pool	30/06/2027	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 unencumbered assets to Unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.02**	
Loan MPS Garanzia Italia	unsecured	Unsecured loan	30/09/2026	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 unencumbered assets to Unsecured debt (net of cash and cash equivalents) > 1.00 - [excluding effect of IFRS16 accounting standards]	**46.52%**	**3.14**	**16.10%**	**2.02**	

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> NOTE 27) PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

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

	01/01/2023	Actuarial (Gain)/ Losses	Use	Provision	Financial charges IAS 19	12/31/2023
Provisions for employee severance indemnities	**1,544**	**64**	**(219)**	**139**	**54**	**1,582**

	01/01/2022	Actuarial (Gain)/ Losses	Use	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	2023
Cost of living increase	**2.00%**
Discount rate	**3.17%**
Increase in total compensation	Executives **2.5%**; White collar/Middle managers **1.0%**; Blue collar **1.0%**
Increase in severance indemnity provision	**3.000%**

> SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2023

Inflation rate +0.25% - Provision for employees severance indemnities	**1,615**
Inflation rate -0.25% - Provision for employees severance indemnities	**1,550**
Discount rate +0.25% - Provision for employees severance indemnities	**1,540**
Discount rate -0.25% - Provision for employees severance indemnities	**1,627**
Turnover rate +1% - Provision for employees severance indemnities	**1,589**
Turnover rate -1% - Provision for employees severance indemnities	**1,575**

Yearly service Cost pro future	**150**
Plan duration	**16**

Estimated payments, year 1	**62**
Estimated payments, year 2	**151**
Estimated payments, year 3	**174**
Estimated payments, year 4	**65**
Estimated payments, year 5	**69**

> NOTE 28) GENERAL PROVISIONS

	01/01/2023	Use	Provision	12/31/2023
Provision for taxation	**1,921**	**0**	**666**	**2,587**
Consolidated Fund risks and future charges	**1,330**	**0**	**318**	**1,648**
Bonus provisions	**612**	**(472)**	**880**	**1,020**
Provisions for risks and future charges	**3,863**	**(472)**	**1,864**	**5,255**

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> Provision for taxation

At 31 December 2023 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 risks of these complaints, except in the case of Guidonia for which it was not possible to suspend payment of the new assessments.

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 shopping centers in Palermo, Ravenna, and Guidonia.

> Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2024 on the basis of the Group's 2023 estimated results. The utilization refers to the payment made in the first half of 2023.

This provision also includes a long-term portion for upper management, paid every three years. The only movement in 2023 was an allocation, as the next payment date is in 2025.

> Other general provisions

These cover the risks arising from litigation in course and probable future expenses (€898K), and estimated end-of-term benefits for directors (€750K). The principal change during the year was a net allocation of €318K 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

	12/31/2023	12/31/2022	Change
Extension fees BNL	313	625	(312)
Extension fees Intesa	408	0	408
Advances due beyond 12 months	800	800	0
SACE guarantee debts	533	968	(435)
SIINQ entry tax liabilities	516	0	516
Other liabilities	10	11	(1)
Sundry payables and other non-current liabilities	2,580	2,404	176

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 Intesa extension fees reflecting the €408K in total fees that IGD SIIQ S.p.A. will have to pay to Intesa SanPaolo in connection with the five-year, €250 million green secured facility contracted in May 2023;

> A decrease in extension fees due to the reclassification to current liabilities of the €312.5K extension fee that the Company will have to pay to BNP Paribas in 2024 in order to extend the duration of the €215 million loan to 2025. As of this writing, the Company believes an extension to both 2025 and 2026 is likely;

> A decrease of €435K due to the reclassification to current liabilities of the fees payable to SACE in 2024 as consideration for the guarantees backing the *(i)* 5-year loan of €36,300K obtained in 2020 and the *(ii)* 6-year loan of €20,946K obtained in 2022;

> An increase, due to the merger described in Section 5.6.4, of €516K 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 during the previous year. The SIINQ entry tax is paid in five annual installments starting in 2022.

Below are the details of related party payables:

	12/31/2023	12/31/2022	Change
Security deposits v/Coop Alleanza 3.0	9,912	9,912	0
Security deposits v/Librerie Coop s.p.a.	19	0	19
Security deposits v/Alleanza Luce e Gas	55	55	0
Security deposits v/Unicoop Tirreno	25	25	0
Security deposits v/Distribuzione Centro Sud s.r.l.	450	450	0
Security deposits v/IGD Service s.r.l.	3,850	450	3,400
Related parties sundry payables and other non-current liabilities	14,311	10,892	3,419

Security deposits refer to sums received for the leasing of hypermarkets and malls. During the year this item increased by €3,400K as a result of the absorption of the subsidiary IGD Management SIINQ S.p.A., to account for the security deposits received from the affiliate IGD Service S.r.l. under the Masterlease agreements for the lease of Centro Sarca and Millennium Center malls.

Security deposits pay interest at the rates provided for by law.

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> NOTE 30) CURRENT FINANCIAL LIABILITIES

	Duration	12/31/2023	12/31/2022	Change
Total payables due to banks		0	13,000	(13,000)
Bper intesa - Hot money	09/05/2022 - 29/07/2022	0	13,000	(13,000)
Total payables due to mortgage loans		27,173	73,053	(45,880)
05 BreBanca IGD Mondovicino (Mall)	23/11/2006 - 10/01/2023	0	690	(690)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	0	4,025	(4,025)
01 Unipol Sarca	10/04/2007 - 06/04/2027	3,551	0	3,551
08 Carisbo Guidonia IGD Tiburtino	27/03/2009 - 27/03/2024	0	4,136	(4,136)
07 Carige Nikefin Asti I Bricchi	31/12/2008 - 31/03/2024	0	2,082	(2,082)
13 CR Veneto Mondovì (Retail Park)	08/10/2009 - 01/11/2024	0	1,725	(1,725)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	935	934	1
14 MPS Palermo (Mall)	21/12/2010 - 30/11/2025	0	2,318	(2,318)
17 Carige Palermo IGD (Hyper)	12/07/2011 - 30/06/2027	1,831	1,791	40
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,645	2,642	3
Loan Ubi 5 Leonardo	19/04/2018 - 17/10/2023	0	41,713	(41,713)
Loan Ubi 1 Lame Rp Favorita	19/04/2018 - 17/07/2023	0	1,891	(1,891)
Mps sace	16/10/2020 - 30/09/2026	10,384	9,075	1,309
Loan BNP 215 ML	04/08/2022 - 01/08/2027	83	31	52
Loan Intesa 250 ML	15/05/2023 - 09/08/2028	7,744	0	7,744
Total payables due to other source of finance		3,680	3,651	29
Leasing Igd HQ	30/04/2009 - 30/04/2027	393	380	13
IFRS 16 Livorno liability	01/01/2019 - 31/03/2026	3,287	3,152	135
IFRS 16 Abruzzo liability	01/01/2019 - 31/12/2023	0	119	(119)
Total payables due to bond		2,319	1,812	507
Bond 100 ML	11/01/2017- 11/01/2024	0	1,056	(1,056)
Bond 400 ML	28/11/2019 - 17/05/2027	283	756	(473)
Bond 310 ML	17/11/2023 - 17/05/2027	2,036	0	2,036
Current financial liabilities		33,172	91,516	(58,344)
Total current financial liabilities vs related parties		0	3,466	(3,466)

Movements in current financial liabilities are as follows:

Current financial liabilities	12/31/2022	IGD Management Merger	Increases	Repayment/ Renegotiations	Amortized Cost	Accrued interest	Reclassification	12/31/2023
Payables due to banks	13,000	0	6,000	(19,000)	0	0	0	0
Payables due to mortgages	73,053	3,295	0	(75,659)	29	2,792	23,663	27,173
Payables due to bonds	1,812	0	0	(100,000)	104	507	99,896	2,319
Payables due to IFRS 16	3,271	0	0	(3,271)	0	0	3,287	3,287
Payables due to other sources of finance	380	0	0	(380)	0	0	393	393
Total	91,516	3,295	6,000	(198,310)	133	3,299	127,239	33,172

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, and the current portion of outstanding mortgage loans and bonds (including interest accrued). The principal changes in current financial liabilities relate to:

> The repayment of ultra-short-term borrowings (€19 million);

> The early repayment of various mortgage loans, originally maturing in 2024 or 2025, in the second quarter of 2023 as a result of contracting a five-year loan of up to €250 million with a pool of major national and international lenders;

> The early redemption, in November 2023, of the €100 million bond originally maturing in January 2024.

The reduction in related party liabilities (€3,466K) reflects the elimination of the amount due for use of the treasury account to the subsidiary IGD Management SIINQ S.p.A. as a result of that company's absorption by IGD SIIQ S.p.A.

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> NOTE 31) NET DEBT

The table below presents net debt at 31 December 2023 and 31 December 2022. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

	12/31/2023	12/31/2022	Change
Cash and cash equivalents	**(3,142)**	**(21,044)**	**17,902**
Financial receivables and other current financial assets vs. related parties	**(79,708)**	**(93,145)**	**13,437**
LIQUIDITY	**(82,850)**	**(114,189)**	**31,339**
Current financial liabilities vs related parties	**0**	**3,466**	**(3,466)**
Current financial liabilities	**0**	**13,000**	**(13,000)**
Mortages – current portion	**27,173**	**73,053**	**(45,880)**
LIQUIDITY	**3,680**	**3,651**	**29**
Bond loans - current portion	**2,319**	**1,812**	**507**
CURRENT DEBT	**33,172**	**94,982**	**(61,810)**
CURRENT NET DEBT	**(49,678)**	**(19,207)**	**(30,471)**
Leasing - non-current portion	**5,760**	**9,441**	**(3,681)**
Non-current financial liabilities	**556,522**	**336,319**	**220,203**
Bond loans	**365,284**	**495,223**	**(129,939)**
NON-CURRENT NET DEBT	**927,566**	**840,983**	**86,583**
Net debt	**877,888**	**821,776**	**56,112**

Net debt increased by €56 million with respect to 31 December 2022, due mainly to:

> The absorption of the subsidiary IGD Management SIINQ by IGD SIIQ (see Section 5.6.4 for details);

> Dividend payments of €33.1 million in May 2023;

> 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, net debt does not include non-current liabilities described in Note 31, consisting of payables for contractual commitments, security deposits received from third parties and related parties for the rental of hypermarkets and malls, guarantee deposits, extension fees payable, 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 €2,649K and €3,855K, respectively.

> NOTE 32) TRADE AND OTHER PAYABLES

	12/31/2023	12/31/2022	Change
Trade payables within 12 months	**16,770**	**13,088**	**3,682**
Trade and other payables	**16,770**	**13,088**	**3,682**

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

	12/31/2023	12/31/2022	Change
Coop Alleanza 3.0	**754**	**263**	**491**
Alleanza Luce e Gas	**3**	**1**	**2**
Cons. propr. del compendio com. del Commendone (GR)	**44**	**41**	**3**
Consorzio prop. Fonti del Corallo	**26**	**33**	**(7)**
Consorzio Coné	**144**	**60**	**84**
Consorzio Clodì	**104**	**37**	**67**
Consorzio Crema (Gran Rondò)	**102**	**29**	**73**
Consorzio I Bricchi	**0**	**25**	**(25)**
Consorzio Katané	**4**	**158**	**(154)**
Consorzio Lame	**143**	**79**	**64**
Consorzio Leonardo	**72**	**146**	**(74)**
Consorzio La Torre	**15**	**164**	**(149)**
Consorzio Porta a Mare	**0**	**6**	**(6)**
IGD Service S.r.l.	**205**	**10**	**195**
IGD Management SIINQ S.p.a.	**0**	**1**	**(1)**
Porta Medicea S.r.l.	**46**	**0**	**46**
Consorzio Sarca	**290**	**0**	**290**
Distribuzione Centro Sud s.r.l.	**23**	**0**	**23**
Consorzio Punta di Ferro	**105**	**59**	**46**
Millennium Center	**100**	**0**	**100**
Fondo Juice	**14**	**14**	**0**
Consorzio La Favorita	**6**	**6**	**0**
Consorzio Le Porte di Napoli	**17**	**118**	**(101)**
Consorzio Casilino	**119**	**211**	**(92)**
Related parties trade and other payables	**2,336**	**1,461**	**875**

Most of the increase in related party payables (+€875K) reflects the different timing of payments. See Note 37 for details.

> NOTE 34) CURRENT TAX LIABILITIES

	12/31/2023	12/31/2022	Change
Irpef/additional regional and municipality tax	**471**	**508**	**(37)**
Due to tax authorities for withholdings	**258**	**0**	**258**
Current tax liabilities	**729**	**508**	**221**

This item covers the amount due for IRPEF and regional and municipal surtaxes that was paid in January 2024, and for the SIINQ entry tax of €258K (current portion) resulting from the merger of the subsidiary IGD Management SIINQ S.p.A.

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> NOTE 35) OTHER CURRENT LIABILITIES

	12/31/2023	12/31/2022	Change
Social security	**230**	**235**	**(5)**
Accrued income and prepayments	**1,154**	**99**	**1,055**
Insurance	**8**	**8**	**0**
Due to employees	**487**	**386**	**101**
Security deposits	**7,435**	**7,603**	**(168)**
Unclaimed dividends	**1**	**287**	**(286)**
Amounts due to director for emoluments	**168**	**120**	**48**
SACE guarantee debts	**436**	**884**	**(448)**
Extension fees BNL	**312**	**0**	**312**
Other liabilities	**814**	**1,064**	**(250)**
Other current liabilities	**11,045**	**10,686**	**359**

These consist mainly of security deposits received from commercial tenants.

The increase of €359K stems mainly from *(i)* an increase of €1,055K in accrued liabilities and deferred income; *(ii)* an increase of €312.5K in extension fees due to the reclassification from non-current liabilities of the fees the Company will have to pay in 2024 to BNP Paribas to extend the €215 million loan until 2025, partially offset by *(iii)* a decrease of €448K in payables to SACE (€265K 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 36) RELATED PARTY OTHER CURRENT LIABILITIES

	12/31/2023	12/31/2022	Change
Tax consolidation payables			
IGD Management SIINQ S.p.A.	**0**	**53**	**(53)**
Porta Medicea S.r.l.	**579**	**196**	**383**
Related parties other current liabilities	**579**	**249**	**330**

The increase concerns the tax consolidation and refers to the subsidiary Porta Medicea S.r.l., which in 2023 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	**139**	**0**	**754**	**9,912**	**0**	**0**	**0**	**0**
Librerie Coop S.p.a.	**26**	**0**	**0**	**19**	**0**	**0**	**14**	**0**
Alleanza Luce e Gas	**32**	**0**	**3**	**55**	**0**	**0**	**0**	**0**
Unicoop Tirreno S.c.a.r.l.	**45**	**0**	**0**	**25**	**0**	**0**	**0**	**0**
Cons. propr. del compendio com. del Commendone (GR)	**0**	**0**	**44**	**0**	**0**	**0**	**64**	**0**
Consorzio prop. Fonti del Corallo	**0**	**0**	**26**	**0**	**0**	**0**	**58**	**0**
Consorzio Coné	**2**	**0**	**144**	**0**	**0**	**0**	**96**	**0**
Consorzio Clodì	**2**	**0**	**104**	**0**	**0**	**0**	**11**	**0**
Consorzio Crema (Gran Rondò)	**2**	**0**	**102**	**0**	**0**	**0**	**161**	**0**
Consorzio I Bricchi	**227**	**0**	**0**	**0**	**0**	**0**	**2**	**0**
Consorzio Katané	**2**	**0**	**4**	**0**	**0**	**0**	**252**	**0**
Consorzio Lame	**2**	**0**	**143**	**0**	**0**	**0**	**4**	**0**
Consorzio Leonardo	**2**	**0**	**72**	**0**	**0**	**0**	**135**	**0**
Consorzio La Torre	**0**	**0**	**15**	**0**	**0**	**0**	**250**	**0**
Consorzio Porta a Mare	**15**	**0**	**0**	**0**	**0**	**0**	**50**	**0**
Consorzio Sarca	**2**	**0**	**290**	**0**	**0**	**0**	**539**	**0**
IGD Service S.r.l.	**1,007**	**0**	**205**	**3,850**	**0**	**0**	**0**	**0**
Distribuzione Centro Sud s.r.l.	**0**	**0**	**23**	**450**	**0**	**0**	**0**	**0**
Porta Medicea S.r.l.	**39**	**0**	**46**	**0**	**0**	**0**	**0**	**0**
Arco Campus S.r.l.	**117**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consorzio Punta di Ferro	**2**	**0**	**105**	**0**	**0**	**0**	**34**	**0**
Millennium Center	**14**	**0**	**100**	**0**	**0**	**0**	**195**	**0**
Fondo Juice	**46**	**0**	**14**	**0**	**0**	**0**	**0**	**0**
Consorzio La Favorita	**3**	**0**	**6**	**0**	**0**	**0**	**6**	**0**
Consorzio Le Porte di Napoli	**41**	**0**	**17**	**0**	**0**	**0**	**201**	**0**
Consorzio Casilino	**3**	**0**	**119**	**0**	**0**	**0**	**260**	**0**
Consorzio del centro commerciale Nuova Darsena	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,773**	**0**	**2,336**	**14,311**	**0**	**0**	**2,332**	**0**
Total balance sheet	**15,445**	**79,708**	**30,733**	**16,891**	**960,739**	**83**		
Total increase/ decrease for the period							**26,894**	**0**
Incidence %	**11.48%**	**0.00%**	**7.60%**	**84.73%**	**0.00%**	**0.00%**		

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	**22,033**	**0**	**471**	**495**
Librerie Coop S.p.a.	**780**	**0**	**0**	**0**
Alleanza Luce e Gas	**235**	**0**	**(34)**	**3**
Unicoop Tirreno S.c.a.r.l.	**1,563**	**0**	**20**	**0**
Cons. propr. del compendio com. del Commendone (GR)	**0**	**0**	**89**	**0**
Consorzio prop. Fonti del Corallo	**0**	**0**	**1**	**0**
Consorzio Coné	**0**	**0**	**454**	**0**
Consorzio Clodì	**0**	**0**	**264**	**0**
Consorzio I Bricchi	**0**	**0**	**411**	**0**
Consorzio Katané	**1**	**0**	**69**	**0**
Consorzio Lame	**0**	**0**	**252**	**0**
Consorzio Leonardo	**0**	**0**	**180**	**0**
Consorzio La Torre	**0**	**0**	**48**	**0**
Consorzio Porta a Mare	**0**	**0**	**487**	**0**
Distribuzione Centro Sud S.r.l.	**1,014**	**0**	**0**	**22**
Porta Medicea S.r.l.	**66**	**0**	**0**	**0**
Winmark Management S.r.l.	**1**	**0**	**0**	**0**
IGD Service S.r.l.	**11,402**	**0**	**2**	**193**
Consorzio Punta di Ferro	**0**	**0**	**494**	**0**
Millennium Center	**10**	**0**	**34**	**0**
Fondo Juice	**181**	**0**	**0**	**0**
Consorzio La Favorita	**0**	**0**	**23**	**0**
Consorzio Le Porte di Napoli	**77**	**0**	**(27)**	**0**
Consorzio Casilino	**1**	**0**	**506**	**0**
Total	**37,364**	**0**	**3,744**	**713**
Total balance sheet	**125,216**	**4,355**	**30,911**	**48,417**
Incidence %	**29.84%**	**0.00%**	**12.11%**	**1.47%**

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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 2023, including for retail premises, amounted to €22.0 million;

> The provision of IT services by Coop Alleanza 3.0. Soc. Coop.;

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 €780K 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 €235K 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 €1.56 million under these arrangements.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries IGD Service S.r.l., Porta Medicea S.r.l., Arco Campus S.r.l., Win Magazin S.A. concern the following: *(i)* administrative, technical and financial services provided by IGD; *(ii)* loans granted to the subsidiaries Arco Campus S.r.l., IGD Service S.r.l. and financial payables/receivables to the subsidiary IGD Service S.r.l. for the use of pooled accounts; *(iii)* the tax consolidation agreement with 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 bonds, 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 73.76% 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 39 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-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22	31-dec-23	31-dec-22
Interest bearing assets	Euribor	61	210	0	0	0	0	0	0
Hot Money	Euribor	0	0	0	0	0	0	0	0
Financial liabilities at a variable rate	Euribor	(4,897)	(3,050)	4,873	3,045	0	0	0	0
Derivatives									
Cash Flow		2,347	1,361	(1,867)	(99)	0	0	0	0
Fair Value		0	0	0	0	6,753	4,730	(6,482)	(2,205)
Total		(2,489)	(1,479)	3,006	2,946	6,753	4,730	(6,482)	(2,205)

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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 2023 and 2022.

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	2023	2022
Receivables and loans		
Sundry receivables and other assets	**83**	**83**
Trade and other receivables	**6,752**	**10,685**
Related party trade and other receivables	**1,775**	**1,046**
Other assets	**3,997**	**463**
Cash and cash equivalents	**3,141**	**21,044**
Financial receivables and other financial assets	**79,708**	**93,145**
Total	**95,456**	**126,466**

> 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 bonds 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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LIQUIDITY RISK

Maturity analysis at 31 December 2023	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	**1,340**	**9,430**	**15,576**	**24,972**	**65,620**	**588,292**	**943**	**706,173**
Leasing	**42**	**84**	**125**	**241**	**464**	**1,401**	**0**	**2,357**
IFRS16	**0**	**822**	**822**	**1,644**	**3,427**	**580**	**0**	**7,295**
Bond	**0**	**0**	**10,115**	**0**	**23,118**	**447,661**	**0**	**480,894**
Short-term credit lines	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Payables vs related parties	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,382**	**10,336**	**26,638**	**26,857**	**92,629**	**1,037,934**	**943**	**1,196,719**
DERIVATIVE FINANCIAL INSTRUMENTS								
Derivative on rate risk	**(452)**	**(246)**	**(360)**	**(687)**	**1,228**	**1,559**	**0**	**1,042**
Total	**(452)**	**(246)**	**(360)**	**(687)**	**1,228**	**1,559**	**0**	**1,042**
Exposure at 31 December 2023	**930**	**10,090**	**26,278**	**26,170**	**93,857**	**1,039,493**	**943**	**1,197,761**

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**

In May 2023 IGD contracted a €250 million green secured facility from a pool of major Italian and international banks. The first tranche of €130 million was disbursed the same month and used to pay off various mortgage loans and pay down others by around €120 million. In November, the second tranche was used for the early redemption of the €100 million bond subscribed by an American investor, originally due to mature in January 2024.

On 5 October 2023, IGD approved the issue of a senior bond and launched an exchange offer and a tender offer for the bond notes maturing on 28 November 2024. The Company then initiated a consent solicitation for the holders of those notes. The acceptance rate for the exchange and tender offer on the bond maturing on 28 November 2024 was 85.55%. A new senior bond was therefore issued in the amount of €310.006 million. On 14 November 2023 the bondholders' meeting approved changes to various terms and conditions of the bond maturing in November 2024, with an outstanding amount of €57.816 million. The Company also issued partial redemptions to the bondholders who accepted the exchange by the "early bird" deadline, for a total of €32.178 million.

IGD has uncommitted credit lines of €103 million and committed credit lines of €60 million, available in full at 31 December 2023.

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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	12/31/2023	12/31/2022	Change	Level
Derivative assets	**2,649**	**1,119**	**1,530**	**2**
Derivative liabilities	**(3,854)**	**(199)**	**(3,655)**	**2**
IRS net effect	**(1,205)**	**920**	**(2,125)**	

The contracts are detailed below:

Contracts in detail	IRS 35_67 Intesa Sanpaolo 2.429%	IRS 35_81 BPM 2.427%	IRS 35_84 Intesa Sanpaolo 2.429%	IRS 49_102 MPS 2.80%	IRS 327_325 BNL 0,5925%	IRS 327_326 Bintesa 0.5925%
Nominal amount	**7,590,000**	**4,554,000**	**3,036,000**	**357,143**	**25,250,000**	**25,250,000**
Inception date	**30/12/2011**	**31/12/2011**	**30/12/2011**	**31/12/2011**	**06/07/2017**	**06/07/2017**
Maturity	**31/12/2025**	**31/12/2025**	**31/12/2025**	**31/03/2024**	**06/04/2027**	**06/04/2027**
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	**2.429%**	**2.427%**	**2.43%**	**2.80%**	**0.59%**	**0.59%**

Contracts in detail	IRS 263_270 partial coverage 130 mln - MPS Euribor 3m +0.215% Floor 2.365% Cap 3.715%	IRS 263_269 partial coverage 130 mln - Unicredit Euribor 3m +0.215% Floor 2.365% Cap 3.715%	IRS 263_268 partial coverage 130 mln - BPER Euribor 3m +0.215% Floor 2.365% Cap 3.715%	IRS 263_267 partial coverage 130 mln - Intesa Euribor 3m +0.215% Floor 2.365% Cap 3.715%	IRS 263_266 partial coverage 130 mln - BMP Euribor 3m +0.215% Floor 2.365% Cap 3.715%	IRS 263_265 partial coverage 130 mln - BNL Gruppo BNP Paribas Euribor 3m +0.215% Floor 2.365% Cap 3.715%	
Nominal amount	**28,260,870**	**22,608,696**	**5,652,174**	**33,913,043**	**14,130,435**	**2,826,087**	
Inception date	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**	**15/05/2023**	
Maturity	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**	**10/05/2027**	
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	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	Euribor 3m + 0,215% Floor 2.365% Cap 3.715%	

Contracts in detail	IRS 263_264 partial coverage 130 mln - Deutsche Bank Euribor 3m + 0.215% Floor 2.365% Cap 3.715%	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	**22,608,696**	**18,428,571**	**18,428,571**	**18,428,571**	**4,095,240**	**12,285,714**
Inception date	**15/05/2023**	**30/12/2022**	**30/12/2022**	**30/12/2022**	**30/12/2022**	**30/12/2022**
Maturity	**10/05/2027**	**02/08/2026**	**02/08/2026**	**03/08/2026**	**03/08/2026**	**02/08/2026**
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	Euribor 3m + 0,215% Floor 2,365% Cap 3,715%	**3,18%**	**3,18%**	**3,18%**	**3,18%**	**3,18%**

Contracts in detail	IRS 152_260 partial coverage 215 mln - MPS Euribor 3m + 0.34% Floor 1.84% Cap 3.84%	IRS 152_258 partial coverage 215 mln - Deutsche Bank Euribor 3m + 0.34% Floor 1.84% Cap 3.84%	IRS 152_256 partial coverage 215 mln - BNL Gruppo BNP Paribas Euribor 3m + 0.34% Floor 1.84% Cap 3.84%	IRS 152_254 partial coverage 215 mln - BPM Euribor 3m + 0.34% Floor 1.84% Cap 3.84%	IRS 152_251 partial coverage 215 mln - Intesa Euribor 3m + 0.34% Floor 1.84% Cap 3.84%	
Nominal amount	**18,428,571**	**4,095,240**	**18,428,571**	**12,285,714**	**18,428,571**	
Inception date	**31/03/2023**	**31/03/2023**	**31/03/2023**	**31/03/2023**	**31/03/2023**	
Maturity	**03/08/2026**	**02/08/2026**	**02/08/2026**	**02/08/2026**	**03/08/2026**	
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	Euribor 3m + 0,34% Floor 1,84% Cap 3,84%	Euribor 3m + 0,34% Floor 1,84% Cap 3,84%	Euribor 3m + 0,34% Floor 1,84% Cap 3,84%	Euribor 3m + 0,34% Floor 1,84% Cap 3,84%	Euribor 3m + 0,34% Floor 1,84% Cap 3,84%	

> NOTE 40) SUBSEQUENT EVENTS

On 23 February 2024 IGD SIIQ, as the outcome of negotiations that took shape early in the year and as authorized by the Board of Directors on 6 February 2024, signed an agreement with Sixth Street (a global investment firm with approximately 75 billion dollars in assets under management), subsidiaries of Starwood Capital (an investment company with 115 billion dollars in assets under management), and Prelios SGR S.p.A. (one of Italy's largest real estate management and services companies) for the sale of a portfolio of 13 assets for €258 million, which does not significantly differ from their carrying amount. The transaction will close by the end of April 2024.

The portfolio is made up of eight hypermarkets (one each in Chioggia, Porto d'Ascoli, Rome, Rimini, Conegliano, and Ascoli Piceno and two in Bologna), three supermarkets (in Civita Castellana, Ravenna, and Rome) and two malls (in Bologna and Chioggia), with combined net rental income of around €17 million per year.

The sale will take place through an Italian closed-end real estate investment fund (REIF) called "Food Fund," established and managed by Prelios SGR S.p.A., the asset management arm of Prelios Group with around €8 billion in assets under management, to which IGD will transfer the properties. For €155 million, IGD will transfer 60% of the fund (class A preferred shares) to a Luxembourg vehicle company (50% Sixth Street and 50% Starwood Capital), while the remaining 40% (class B subordinate shares) will be held by IGD. Further to the sale, IGD's interest in the fund will be measured at fair value on the basis of discounted future cash flows. Given currently foreseeable scenarios, this could mean a reduction in the investment's value by around 18-23%. The estimates used could undergo changes at the close of the sale, considering the shifting landscape of discount rates and the potential cash flow hypotheses that might materialize.

Completion of the sale is not subject to obtaining financing or to other conditions precedent.

IGD will also sign a contract with Prelios SGR in order to remain in charge of project, property & facility management activities for the entire portfolio, with the aim of further increasing its value in the coming years and selling it on the market under the best possible conditions.

The disposal of the portfolio is aimed entirely at reducing the Group's financial leverage. As a result of the transaction, to date the Loan to Value ratio (pro-forma) is expected to decrease by around 3.7 percentage points: with the proceeds of the sale, IGD will pay off in advance part of the mortgage loans on the properties sold as well as some additional loans in accordance with contractual terms and conditions, including the "€310,006,000 Fixed Rate Step-up Notes due 17 May 2027," thereby reducing annualized financial charges by an estimated €11 million. In addition to the above, IGD's income statement will reap further benefits (lower operating costs and greater revenue from project, property & facility management) amounting to some €2 million annually.

> NOTE 41) COMMITMENTS

At 31 December 2023 the Group had the following major commitments:

> Contract for the construction of a midsize store at the Officine Storiche mixed-use complex, for remaining balance of about €1.6 million.

> NOTE 42) DISPUTES

At 31 December 2023 there were no significant disputes involving IGD SIIQ S.p.A.

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> NOTE 43) TAX LITIGATION

On 23 December 2015 the regional tax authorities of Emilia Romagna served IGD 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.

See Note 28 for information on other tax litigation.

> NOTE 44) 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 2023 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), which coincides with amortized cost;

> Available for sale financial assets: the Company has no financial instruments belonging to this category.
There are only two categories of financial liability:

> Financial liabilities measured at fair value through profit and loss. At 31 December 2023 the Company had no financial instruments in this category;

> Financial liabilities measured at amortized cost.

> Classification in the statement of financial position

The Company's financial instruments are included in the statement of financial position as follows.

The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.

The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date. The item "Non-current liabilities" includes mortgage loans from banks, bond loans, derivatives, 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 2023 and 31 December 2022:

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE							CARRYING VALUE			
Data as at 31 December 2023	Financial assets/ liabilities disegnated 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 at amortized costs	Hedging derivatives	Total	of which current	of which non-current	Fair Value
ASSETS											
Other non-current assets	0	0	2,649	0	0	0		2,649	0	2,649	2,649
Sundry receivables and other non current assets	0	0	83	0	0	0	0	83	0	83	83
Equity investments	0	0	142,085	0	0	0	0	142,085	0	142,085	142,085
Non current financial assets	0	0	174	0	0	0	0	174	0	174	174
Current assets											
Trade and other receivables	0	0	6,752	0	0	0	0	6,752	6,752	0	6,752
Trade and other receivables vs related parties	0	0	1,775	0	0	0	0	1,775	1,775	0	1,775
Other current assets	0	0	3,997	0	0	0	0	3,997	3,997	0	3,997
Financial receivables and other current financial assets vs related parties	0	0	79,708	0	0	0	0	79,708	79,708	0	79,708
Cash and cash equivalents	0	0	2,650	0	0	0	0	2,650	2,650	0	2,650
TOTAL FINANCIAL ASSETS	0	0	239,873	0	0	0	0	239,873	94,882	144,991	239,873
LIABILITIES											
Financial liabilities											
Derivative liabilities	0	0	0	0	0	0	3,854	3,854	0	3,854	3,854
Leasing	0	0	0	0	0	2,145	0	2,145	393	1,752	1,973
Bond	0	0	0	0	0	367,603	0	367,603	2,319	365,284	369,134
Due to other sources of finance	0	0	0	0	0	7,295	0	7,295	3,287	4,008	7,295
Mortages	0	0	0	0	0	583,694	0	583,694	27,173	556,521	583,082
Non current liabilities											
Sundry payables and other non current liabilities	0	0	0	0	0	810	0	810	0	810	810
Sundry payables and other non current liabilities vs related parties	0	0	0	0	0	14,311	0	14,311	0	14,311	14,311
Current liabilities											
Trade and other payables	0	0	0	0	0	16,769	0	16,769	16,769	0	16,769
Trade and other payables vs related parties	0	0	0	0	0	2,339	0	2,339	2,339	0	2,339
Other current liabilities	0	0	0	0	0	10,300	0	10,300	10,300	0	10,300
TOTAL FINANCIAL LIABILITIES	0	0	0	0	0	1,005,266	3,854	1,009,120	62,580	946,540	1,009,867

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.6 NOTES TO THE FINANCIAL STATEMENTS

	CARRYING VALUE				CARRYING VALUE						
Data as at 31 December 2022	Financial assets/ liabilities disegnated 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 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
Trade and other receivables vs related parties	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
Financial receivables and other current financial assets vs related parties	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
Mortages	0	0	0	0	0	409,372	0	409,372	73,053	336,319	425,671
Financial payables vs related parties	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
Sundry payables and other non current liabilities vs related parties	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
Trade and other payables vs related parties	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

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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
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 2023 the estimated credit spread was 6% (3.75% the previous year).

> Collateral

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

Collateral given	Carrying value	
	2023	2022
Security deposits		
Sundry receivables and other assets	**83**	**83**

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	2023	2022
Opening balance	**14,635**	**16,223**
Allocation for individual writedowns	**322**	**461**
Utilizations	**(1,734)**	**(2,049)**
Other movements	**43**	**0**
Total	**13,266**	**14,635**

> Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.

For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes of derivatives, charged to the cash flow hedge reserve under equity (net of the tax effects), came to a negative €5,861K in 2023 versus a positive €5,627K in 2022.

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement 31/12/2023	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-23						
Net profit (loss)							
Financial assets / liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**2,645**
Trade and other receivables	**0**	**0**	**(322)**	**0**	**0**	**0**	**0**
Total	**0**	**0**	**(322)**	**0**	**0**	**0**	**2,645**

INCOME AND LOSS FROM FINANCIAL INSTRUMENTS

Income statement 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 cost	Hedging derivatives
	31-dec-22						
Net profit (loss)							
Financial assets / liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**(2,644)**
Trade and other receivables	**0**	**0**	**(461)**	**0**	**0**	**0**	**0**
Total	**0**	**0**	**(461)**	**0**	**0**	**0**	**(2,644)**

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

Interest income	2023	2022
Interest income of financial assets not measured at fair value		
Deposits	**376**	**57**
Receivables vs Related parties	**3,979**	**681**

Interest expenses	2023	2022
Interest expenses of financial liabilities not measured at fair value		
Security deposits	**713**	**133**
Sundry payables and other liabilities	**1,303**	**1,154**
Payables vs related parties	**0**	**9**
Financial liabilities		
Mortgage	**30,374**	**9,767**
Leasing	**112**	**53**
IFRS 16	**641**	**477**
Bond	**17,882**	**14,709**
Short-term loans	**37**	**116**

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 2023 for your approval, which close with a net loss of € 72,514,857.76. Subject to approval of the draft financial statements for the year ending 31 December 2023 and the Directors' Report on Operation, the Board of Directors propose:

1. To cover the net loss of € 72,514,857.76 recorded at 31 December 2023 using the available reserve for € 57,922,821.3 and distributable capital reserve for € 14,592,036.46;
2. To reclassify the Fair Value reserve by €25,179,494.12, 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 available reserves by the same amount. Consequently the Fair Value reserve, relative to the fair value of the real estate portfolio, will go from €212,585,853.75 to €187,406,359.63.

Bologna, 27 February 2024

THE CHAIRMAN

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 2022	Year 2021
ASSETS		
A) Subscribed capital unpaid	**0**	**0**
B) Fixed assets	**3,923,329,875**	**3,807,419,353**
C) Current assets	**2,645,162,383**	**2,840,545,196**
D) Accrued income and prepayments	**22,231,813**	**23,398,879**
Total assets	**6,590,724,071**	**6,671,363,428**
LIABILITIES		
A) Net equity	**1,578,532,064**	**1,682,660,546**
B) General provisions	**108,000,745**	**107,505,356**
C) Provisions for employees severance indemnities	**112,521,934**	**110,412,651**
D) Payables	**4,788,472,856**	**4,767,625,630**
E) Accrued income and prepayments	**3,196,472**	**3,159,245**
Total liabilities and net equity	**6,590,724,071**	**6,671,363,428**
MEMORANDUM ACCOUNT		
INCOME STATEMENT (ex art. 2425 C.C.)		
A) Value of production	**4,253,093,352**	**4,565,789,102**
B) Costs of production	**(4,400,819,938)**	**(4,669,658,467)**
C) Financial income and charges	**95,345,438**	**129,035,704**
D) Adjustment to the value of financial assets	**(59,719,113)**	**(60,537,562)**
E) Extraordinary income and charges		
Income taxes for the period	**(4,454,492)**	**(3,390,729)**
Profit (Loss) or the period	**(116,554,753)**	**(38,761,952)**

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 2023 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 2023
Auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**157**
Sustainability report auditing	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**21**
Provisions of other services aimed at issuing a certificate issued by the auditing firm	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**4**
Assignment in the context of the issue of a new bond (*)	Deloitte & Touche S.p.A.	IGD SIIQ S.p.A.	**100**
Total			**282**

(*): It is specified that, as part of the issuance of the new bond loan completed in November 2023, the costs related to the assignments entrusted to Deloitte & Touche S.p.A. have been accounted for as ancillary costs to the transaction and included in the calculation of the amortized cost.

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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, 27 February 2024

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.

27 February 2024

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 2023
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 Service S.r.l.	Bologna, via Trattati Comunitari Europei 1957 - 2007	Italy	**60,000,000 (Euro)**	**(10,232,567)**	**55.112.554**	**100%**	IGD SIIQ S.p.A.	**114,743,673**	**138,347,383**	**83,234,829**	**26,355,438**
Arco Campus S.r.l.	Bologna, via dell'Arcoveggio 49/2	Italy	**1,500,000 (Euro)**	**(10,635)**	**1,599,271**	**99.98%**	IGD SIIQ S.p.A.	**1,506,779**	**3,991,606**	**2,392,335**	**252,894**
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)**	**0**	**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)**	**4,143,482**	**67,834,034**	**40%***	IGD SIIQ S.p.A.	**25,666,000**	**140,480,000[4]**	**72,645,966[5]**	**9,161,245**

(*) *Figures refers to the financial statements of the year ended 31 December 2022*
(**) *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 2023
5.12 EXTERNAL AUDITORS' REPORT

5.12 // External Auditors' Report

Deloitte.

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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, 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 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.

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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Assessment of the investment properties and investment properties under construction	
Description of the key audit matter	As of December 31, 2023 Investment properties and investment properties under construction are equal to Euro 1,813 million (of which Euro 2.3 million relating to assets under construction), representing 87.6% 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 25.7 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 119.6 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 and between Israel and Palestine, 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, 2023. 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.

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
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 Appraisers 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.

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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.
- 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.

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- 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.

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.

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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, 2023, 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, 2023 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, 2023 and are prepared in accordance with the law.

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 25, 2024

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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IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
5.13 BOARD OF STATUTORY AUDITORS' REPORT

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

* * * * *

2023 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 and the mandate will end with the approval of the Financial Statements as at 31 December 2023.

During the year the Board of Statutory Auditors carried out its duties in accordance with the Italian Civil Code, Legislative Decrees 58/1998 and 39/2010, and the by-laws, as well as any special legislation in this regard, provisions of the supervisory authority *Commissione Nazionale per le Società e la Borsa* - CONSOB), while also taking into account the recommendations of the Italian Accounting Profession.

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

During the year, the Board of Statutory Auditors gathered the information necessary to fulfill its duties through *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 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 2023 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 2023 are summarized below:

- during the Annual General Meeting held on 13 April 2023, IGD's shareholders approved the 2022 financial statements of IGD SIIQ S.p.A., as presented by the Board of Directors, which closed the year with a net loss of €5,027,925.94;
- on 4 May 2023, the Board of Directors approved the proposed merger by incorporation of the wholly-owned subsidiary IGD MANAGEMENT SIINQ, whose Board of Directors also approved the Project. The merger will take effect for legal purposes as from 1 October 2023 and for statutory and tax purposes as from 1 January 2023;
- on 9 May 2023 IGD signed a 5-year €250 million green secured facility, of which €130 million were used upon signing and an additional €120 million was used in November 2023, partially for advance repayment of the €100 million private placement maturing in January 2024;

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- on 2 August 2023 the Board of Directors examined and approved the half-year financial report at 30 June 2023;
- on 5 October 2023 the Board of Directors of Immobiliare Grande Distribuzione SIIQ S.p.A. resolved upon the issuance of a non-subordinated and non-convertible senior bond, of up to a maximum amount of Euro 400,000,000 (the "New Notes"), to be issued, based on market conditions, by 31 December 2023, to institutional investors in Italy and abroad (excluding the United States of America, pursuant to Regulation S of The United States Securities Act of 1933, as amended), in accordance with applicable laws and regulations; during the same meeting, IGD's Board of Directors resolved to launch (i) an exchange offer of the bond due 28 November 2024 (ISIN XS2084425466) (the "Existing Notes") for the New Notes, subject to certain conditions; and (ii) a tender offer of the Existing Notes for a cash amount provided that a specified amount resulting from such repurchase is reinvested in the purchase of New Notes; the regulations of the New Notes call for certain undertakings by the Company, additional to and different from those that will be provided for the Existing Notes, including, inter alia, the blocking of the dividend distribution (or the making of other forms of distributions) in excess of what is necessary in order to comply with the rules applicable to the Company as a listed real estate investment company. The new notes mature on 17 May 2027 and have a fixed interest rate subject to incremental increases, equal to:
  - 5.500% per annum in relation to the first interest period beginning on 28 November 2023 and ending 17 May 2024;
  - 6.250% per annum in relation to the interest period beginning on 17 May 2024 and ending on 17 May 2025;
  - 7.250% per annum in relation to the interest period beginning on 17 May 2025 and ending on 17 May 2026;
  - 8.500% per annum in relation to the interest period beginning on 17 May 2026 and ending on 17 May 2027;
- on 4 November 2023 the Board of Directors examined and approved the interim financial report as at 30 September 2023

Significant events

On 23 February 2024 IGD SIIQ, as detailed in the Report on Operations, IGD SIIQ S.p.A. signed an agreement with Sixth Street, a global investment firm ("Sixth Street") and subsidiaries of Starwood Capital (Starwood), an investment company, for the sale of a portfolio of 13 assets for €258 million. The transaction will close by the end of April 2024. The transaction will be carried out through an Italian closed-end real estate investment fund called "Food Fund," established and managed by Prelios SGR S.p.A., the asset management arm of Prelios Group, to which IGD will transfer the properties.

For €155 million, IGD will transfer 60% of the fund (class A preferred shares) to a Luxembourg vehicle company (50% Sixth Street and 50% Starwood Capital), while the remaining 40% (class B subordinate shares) will be held by IGD. IGD will also sign a contract with Prelios SGR in order to remain in charge of project, property & facility management activities for the entire portfolio, with the aim of further increasing its value in the coming years and selling it on the market under the best possible conditions. The disposal of the portfolio is aimed entirely at reducing the Group's financial leverage. As a result of the transaction the Loan to Value is expected to decrease by around 3.7 percentage points. IGD will use the sale proceeds to make advance repayment of the mortgaged-backed loans on the properties sold, as well as a few other loans, resulting in a drop in annualized financial expenses of an estimated €11 million.

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

The 2023 Financial Statements, submitted for the approval of the Annual General Meeting, close with a net loss of €72,515 thousand. Total revenue and other income came to €125,217 thousand, an increase of €11.2 million (+9.8%) on the previous year, attributable mainly the positive impact of new openings and the ISTAT indexing of rents, new pre-lets and the completion of the merger by incorporation in IGD SIIQ of the subsidiary IGD Management SIINQ which took effect for legal purposes as from 1 October 2023 and for statutory and tax purposes as from 1 January 2023

Operating costs (including G&A expenses) increased (+4.6%) and fell slightly as a percentage of revenue from 26.4% to 25%.
At €28.1 million, EBIT was €51.7 million lower than in 2022 due to the higher decrease in the fair value of the property portfolio equal to €120 million (the decrease in fair value was equal to €59.3 million at 31 December 2022).

Financial charges amounted to €44.1 million at 31 December 2023, €15.7 million higher than in the prior year.
The net financial position amounted to €877.8 million, around €56 million higher than in 2022. The increase is mainly attributable to (i) the merger by incorporation of the subsidiary IGD Management SIINQ in IGD SIIQ, (ii) the payment of €33.1 million in dividends in May 2023, (iii) the decrease in payables derived from IFRS 16 application, and (iv) cash generated during

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5.13 BOARD OF STATUTORY AUDITORS' REPORT

the year net the investments made and the payment of the current portions of a few outstanding mortgages and bonds.

In 2023 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 External audit company.

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 2023. 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 2023, IGD SIIQ S.p.A. still complied with the subjective, statutory, and objective requirements called for under the special SIIQ or società di investimento immobiliare quotate (REIT or real estate investment trust) system introduced by Art. 1 of Law 296 of 27 December 2006 – the 2007 Budget Law – as well as Art. 3 of Ministerial Decree 174 of 7 September 2007.

During the year that just closed (2023) the Company approved on April 13, 2023 the distribution of a dividend equal to €0.30 per share, for a total amount equal to €33,102,570.90.

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 2023 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 on 25 March 2024.

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 2023, 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 2023 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.

On 25 March 2024 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 2023 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 2023 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

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 2023 was €157 thousand. The external auditors and/or other entities belonging to the same group also received (i) €21 thousand for auditing the Corporate Sustainability Report; (ii) €100 thousand for the support in the issue of the new Bond; (iii) € 4 thousand for the filing of tax returns. 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 €30 thousand for these services.

Deloitte & Touche S.p.A. also served as external auditors for the following subsidiaries: (i) IGD Service S.r.l. and (ii) Porta Medicea S.r.l.. Total fees came to €27 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 2023 to Deloitte & Touche S.p.A. and/or other entities belonging to the same group for both audit and other services. That amount was €339 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 2023 to companies connected to the financial audit company Deloitte & Touche S.p.A. on a continuous basis.

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5.13 BOARD OF STATUTORY AUDITORS' REPORT

IX. OPINIONS ISSUED BY THE BOARD OF STATUTORY AUDITORS IN 2023 AS REQUIRED BY LAW

In 2023 the Board of Statutory Auditors issued opinions when required by law, the by-laws or Consob regulations. Our opinions and key observations include:

- the opinion 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 performance 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 renewal of the Risk Management Unit.
- the opinion on i) the proposed merger by incorporation of the subsidiary IGD Management SIINQ S.p.A, as well as ii) the approval of the merger by incorporation of the subsidiary IGD Management SIINQ S.p.A;
- the hearing held regarding the approval of Internal Audit's Work Plan for 2024.

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 2023, the Board of Directors met 14 (fourteen) times, on 26 January, 23 February, 19 April, 4 May(in ordinary and extraordinary session), 2 August, 11 September, 25 September, 3 October, 5 October, 19 October, 8 November, 23 November and 13 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 27 February

2024 and are discussed in the Report on Corporate Governance and Ownership Structure.

The Board of Statutory Auditors met 9 (nine) times in 2023, on 23 January, 16 February, 21 March, 22 March, 13 June, 28 July, 30 October, 13 November and 13 December.

The Board of Statutory Auditors also attended the meetings of the Board of Directors and:, i)the meetings of the Internal Control Committee; and (ii) the meetings of the Nominations and Compensation Committee. The Board of Statutory Auditors also encouraged and attended meetings with the company's top management, the External Auditors, the Internal Audit department, and the control bodies of subsidiaries or affiliates.

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 2023 two meetings were organized: in July 2023 for the presentation of the audit of the half-yearly report at 30.06.2023, and, in February 2024, to discuss the draft financial statements for FY 2023.

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.

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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 2023 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 (Italy and Romania).

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 2023 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 2023, 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 2023, 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

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
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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 S.p.A. 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 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 4 (four) times in 2023, on 15 February, 21 February, 27 April and 6 November. The chairman of the Board of Statutory Auditors and/or the standing auditors attended 3 (three) out of 4 (four) meetings;
- the Control and Risk Committee is comprised of three non-executive independent directors: Rossella Schiavini (chair), Rosa Cipriotti, and Antonio Rizzi. In 2023 the Committee met consistently and as dictated by the company's needs. In 2023 the Committee met 7 (seven) times, on 24 January, 16 February, 13 March, 2 May, 25 July, 24 October and 6 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. The chairman of the Board of Statutory Auditors, and/or other statutory auditors, attended 6 (six) out of 7 (seven) meetings;
- 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

IGD SIIQ S.P.A. SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023
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Transactions and is currently comprised of three non-executive independent directors: Antonio Rizzi (chair), Silvia Benzi, and Robert Ambroix Gery. In 2023 the committee did not meet.

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 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 2023, 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 pursuant to D.Lgs 231/2001 with three members: Gilberto Coffari (chair), Paolo Maestri, and Alessandra De Martino. In 2023 it met 5 (five) times on 15 February, 2 May, 20 July, 30 October and 4 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 18 April 2024 at 10:00 a.m., in first call and, if necessary, on 19 April 2024, in second call at the same time and place, the Board of Statutory Auditors notes that, pursuant to Art. 106.7 of Legislative Decree n. 18 of 17 March 2020, converted with amendments by Law n. 27 of 24 April 2020, subsequently amended and extended by Law Decree n. 215 of 30 December 2023, converted in Law n. 18 of 23 February 2024 (the "Decree"), as per Art. 135-undecies of Legislative Decree n. 58/98 those entitled to attend the Shareholders' Meeting may do so only through the Company's designated representative, Computershare S.p.A., with registered offices in via Lorenzo Mascheroni n. 19 – 20145 Milan (the "Designated Representative").

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, 25 March 2024

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 headquarters 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 reali-

zed 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 2023 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 calculate the expected return on investments.

SPACES TO BE
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