IMMOBILIARE GRANDE DISTRIBUZIONE

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

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

VAT, Bologna Company Register no. 00397420399

Bologna Chamber of Commerce Registration no. 458582

Share capital subscribed and paid-in: €650,000,000.00

HALF-YEAR FINANCIAL REPORT

30/06/2022

Corporate and Supervisory Bodies

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

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

Supervisory Board (Appointed by the Board of Directors on 20 April 2021)

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

External Auditors

Deloitte&Touche S.p.A.

Financial Reporting Officer

Carlo Barban

1. The IGD Group's Interim Management Statement

1.1. // Introduction

The Immobiliare Grande Distribuzione Group's Consolidated Half-Year Financial Report at 30 June 2022 was prepared pursuant to Art. 154-ter of Legislative Decree 58/1998 and in accordance with the valuation criteria and measurements established by the IFRS (International Financial Reporting Standards) adopted by the European Commission as per the procedure established in Art. 6 of EC Regulation n°1606/2002 issued by the European Parliament and the Council on 19 July 2002, and in particular with IAS 34 – Interim Financial Reporting. The Half-Year Financial Report, along with the notes to the accounts, consolidates the income statements and statements of financial position at 30 June 2022 of IGD Siiq S.p.A. (hereinafter "Company", "IGD" or "IGD SIIQ") and other Group companies (hereinafter "Gruppo IGD or "Group") described in the section on the scope of consolidation.

1.2. // Alternative performance indicators

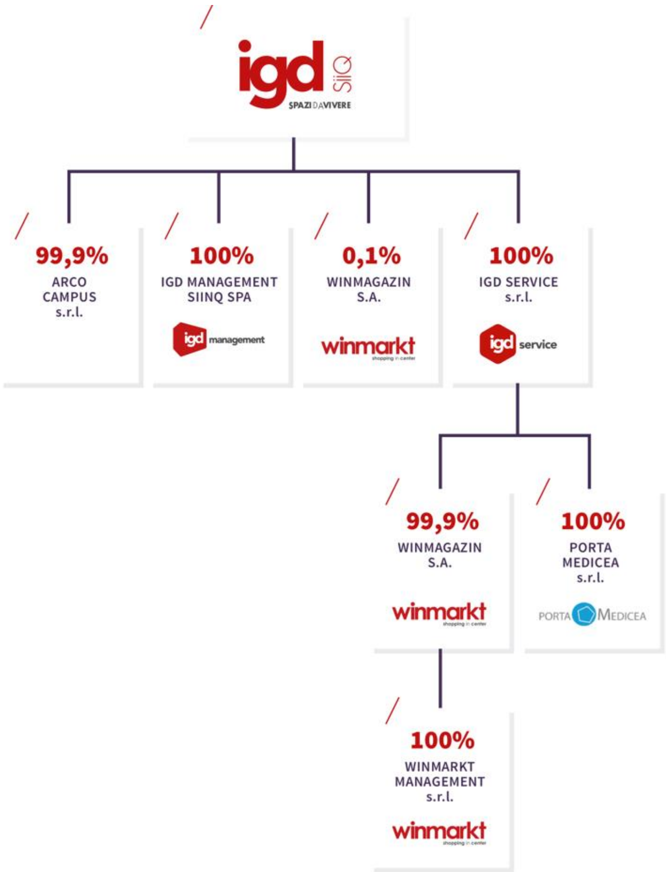
This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements which comply with IAS/IFRS.

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

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

1.3. // IGD Group

IGD was the first company in Italy to obtain SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) status in 2008 and is still the only retail real estate company that qualifies as a SIIQ. Most of the Group's real estate assets are in Italy (around 93.8%). The remainder (around 6.2%) is in Romania where IGD owns the Winmarkt chain of shopping centers through WinMagazin SA.



IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy.
At 30 June 2022, in addition to the parent company, IGD Group comprises:

- 100% of **IGD Management SIINQ S.p.A.,** owner of the shopping mall at CentroSarca in Milan and part of the Rovereto shopping mall;
- 99.9% of **Arco Campus S.r.l.,** a company dedicated to the sale, leasing and management of properties used for sports, in addition to the development and promotion of sports;
- 100% of **IGD Service S.r.l.,** which, in addition to owning the licenses for the Centro Sarca, Millennium Center, Gran Rondò and Darsena centers, also controls 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;

- management of the leasehold properties (Centro Nova);
- services which include mandates for the management of freehold and leasehold properties.

1.4. // Income Statement Review

After a 2021 characterized by a dynamic global economy, in the first half of 2022 there was a widespread slowdown in economic activity in the main countries. Russia's invasion of Ukraine exacerbated problems that had already begun to materialize: the difficulties in logistics and problems across the global supply change, caused by the lockdowns and penalizing restrictive measures in place over the last two years, were accompanied by increases in the prices for raw materials, energy and food products which caused a marked acceleration in inflation. There was, therefore, a sudden change in monetary policy, with restrictive measures already in place in the United States and the European Union.[1] Even though the backdrop is still positive, the uncertainty as to how the conflict between Russia and Ukraine will unfold and the continuation of the inflation period[2] are having a negative impact on the growth prospects for the second part of the year; currently the global gross domestic product is expected to grow by 3.0%, lower than the +5.8% recorded in 2021.[3]

After the strong growth recorded in 2021, in Italy there was also a slowdown in the economic cycle beginning in the first quarter of 2022 when the gross domestic product rose 0.1% against the fourth quarter of 2021; things are expected to have improved slightly in the spring, thanks to the restart of services, particularly those related to tourism/recreational activities, supported by the improved health situation.[4] The behavior of families is different than that of businesses, however: on the one hand, consumer confidence is down resulting in more cautious spending and, on the other, investments are lively with manufacturing up 2.1% compared to the previous three months.[5] In the first few months of 2022 inflation accelerated in Italy, also, driven by higher raw materials, energy and food costs: at June 2022 there was an increase of +6.4%[6] and further increases are expected in the coming months to then slow, even though the timing and to what degree is still uncertain. In this backdrop, the Italian GDP should, however, continue to grow both in 2022 (+3.2%) and 2023 (+1.3%) albeit it at a much slower pace compared to the prior year when growth reached +6,6%.[7] These estimates are, however, still subject to the great uncertainty tied to the Russian-Ukrainian conflict and the relative repercussions, the continuation of the inflation period and the impact of monetary tightening.[8]

IGD's performance in the first half of 2022, while still impacted by high Covid-19 contagion in the first part of the year, cannot be compared to the first six months of 2020 and 2021 which were affected by stringent restrictive measures. Toward this end, in the first six months of 2022 there was no need to estimate the direct impact of Covid-19 stemming from credit losses and rebates, while in the first half of the prior year the direct impact amounted to roughly €7.8 million.

The footfalls and sales recorded by retailers in the Italian malls improved gradually in the half, consistent with the improvement in the pandemic. Compared to 2019, the footfalls went from -22.2% in January to -15.4% in June. The retailers' sales fared even better. If, in January, sales

[1] Source: ISTAT – *Le prospettive per l'economia italiana nel 2022-2023*, June 2022
[2] Source: ISTAT – *Nota mensile sull'andamento dell'economia italiana maggio giugno*, July 2022
[3] Source: Bank of Italy – *Bollettino economico 3/2022*, July 2022
[4] Source: Bank of Italy – *Bollettino economico 3/2022*, July 2022
[5] Source: ISTAT – *Nota mensile sull'andamento dell'economia italiana maggio giugno*, July 2022
[6] Source: ISTAT – *Prezzi al consumo*, June 2022
[7] Source: Bank of Italy – *Bollettino economico 3/2022*, July 2022
[8] Source: ISTAT – *Le prospettive per l'economia italiana nel 2021-2022*, June 2021

were still 12.8% lower compared to 2019, by June they were in line (-0.2%). The cumulative figure for the half came to -2.0%, which indicates a return to pre-pandemic levels.
The performances suggest that consumers tend to visit shopping centers less frequently, but also tend to make more targeted purchases: in June the average ticket was, in fact, 17.3% higher than in the same month in 2019, coming in at €27.6.
Looking at the different categories of merchandise, standouts include electronics, home care, culture and leisure which together were higher than in the same period of 2019.
The performance of the Group's freehold hypermarkets and supermarkets was also positive, posting an increase of 2.9% against the first half of 2021 (hypermarkets and supermarkets were always open in 2021).

The retail sector was particularly vibrant in the half which allowed IGD to quickly re-let the spaces vacated by the retailers that were hit the hardest by the restrictive measures implemented in the two-year period 2020-2021 and the changes in consumers' buying behavior: in the reporting period 10,600 square meters of space was vacated and an impressive 13,190 square meters were already re-let in the first six months of the year. A total of 113 leases (51 renewals and 62 turnover) were signed with an average upside on rents of +2.5%. Thanks to the work done, the Italian portfolio's occupancy reached 95.1%, 30 basis points higher than at 31 March 2022 when it was 94.8%. The opening of the points of sale that have been pre-let will be spread out over the second half of 2022 due both to the amount of time it takes to complete the fit-out work at stores pre-let due to turnover and the fact that the tenants themselves are experiencing delays in the delivery of systems, furnishings and other goods.

Good results were also achieved in terms of rent collection which came to more than 90%.

After a particularly positive first quarter with the gross domestic product up 5.2% at 31 March, in the spring months the economic cycle slowed in Romania. GDP is expected to rise 3.9% by year-end, while more noticeable slowdown is expected in 2023. [9] Looking at the operating results of the Winmarkt shopping malls, occupancy reached 92.9% at 30 June 2022 which was lower than the 94.6% reported at 31 December 2021 explained mainly by a strategic vacancy as currently approximately 3,000 square meters have already been pre-let which in the next few months will bring occupancy back to pre-pandemic levels. This confirms that the retail sector in Romania is also lively.
During the half 187 leases were signed (118 renewals and 69 turnover), with an average upside of around 3.5%. Rent collection also went well, reaching roughly 93% in the first six months of 2022.

Looking at asset management, in the first half of 2022 IGD worked, above all, on optimizing planning and execution times of construction work. A total of around €10 million was invested. Work continued on Porta a Mare in Livorno, where the development of the Officine Storiche section is underway. Completion of the section was postponed to the first/second quarter of 2023: the Company decided, in fact, to align the progress made with the construction work with the commercial negotiations which in the last few months have had excellent results (pre-letting of the 15,000 square meter retail space has reached 75/80%).

[9] Source: European Commission – *Summer Economic Forecast*, July 2022

Consistent with the Business Plan, the restyling work continued at the Portogrande (San Benedetto del Tronto) and La Favorita (Mantua) centers, while progress was made on the remodeling of the hypermarkets at La Torre (Palermo) and Katanè (Catania).

As for the financial structure, the average cost of debt was 2.08% at 30 June 2022, lower than the 2.20% reported at year-end 2021, while the interest cover ratio or ICR came to 3.74X (higher than 3.2X at 31 December 2021).
The Loan-to-Value reached 45.1%, higher than the 44.8% recorded at year-end 2021: with net cash flow of around €24.1 million generated in the first six months, the payment on 11 May 2022 of the full dividend affected the LTV which is expected to improve in the second half of the year.
During the first six months, the Company also repaid the residual €153.6 million outstanding on the "€162,000,000 2.650 per cent. Notes due 21 April 2022" using available cash in April, while in May and June two committed credit lines for a total of €60 million were renewed through 2025, both unutilized and, therefore, available in full.

Consistent with the refinancing strategy and expansion of the investor based outlined in the Business Plan, after the close of the half and as disclosed to the market, on 2 August the Company obtained a senior unsecured green loan from a pool of 7 premiere banking institutions. This is the first instrument for IGD that falls within the scope of the Green Framework published in March; the €215 million loan expires in 3 years (the company has the option to extend it for an additional 2 years). The proceeds were used to repay a €200 million bank loan, expiring in 2023, in advance.
With this transaction, and taking into account the unutilized committed lines, IGD has basically covered its financial needs for the second half of 2022 and 2023, with the next significant debt maturity in 2024.

As a result of the above, Funds from Operations (FFO) reached €34.0 million, 11.0% higher than at 30 June 2021. These figures includes the energy costs for the shopping centers which are included in IGD's direct costs. As these costs have begun to rise, it is likely that they will have a greater impact on the second half. More in detail, these costs reflect the increased amount of time it takes to complete the fit-outs at pre-let stores as IGD is still responsible for the condominium fees until the property is delivered to the tenant.

Taking into account the operating dynamics described above, including the delayed opening of Officine Storiche in Livorno, the economic impact of the pre-lets that will be spread over the second half and the significant increase in energy costs at the shopping centers, as well as the prospects for the next few months, the Company revised the FFO guidance for 2022 and confirmed growth against 2021 of +2/3% (or +17/18% taking into account the asset disposal completed year-end 2021), lower than what was announced in February[10] even though the estimates for 2023 and 2024 are still considered valid.
The Group's consolidated net profit came to €26,457 thousand at 30 June 2022, an increase of 36.0% compared to 30 June 2021.

[10] This new estimate is based on facts that are known to date and assume that there will be no further resurgence of the pandemic in the fall such that could lead to the introduction of new restrictive measures or limitations on shopping center activities.

In the first half of 2022 no direct impact of Covid-19 was assumed, while in the first half of the prior year the direct impact was estimated at roughly €7.8 million (€7.5 million recognized as direct costs and €0.3 million recognized as rebates on rents).

The consolidated operating income statement is shown below:

GROUP CONSOLIDATED	(a) 30/06/2022	(b) 30/06/2021	Δ (a)/(b)
Revenues from freehold rental activities	64,533	66,892	-3.5%
Revenues from leasehold rental activities	4,428	6,176	-28.3%
Total income from rental activities	**68,961**	**73,068**	**-5.6%**
Rents and payable leases	-2	-2	
Direct costs from rental activities	-11,863	-17,582	-32.5%
Net rental income	**57,096**	**55,484**	**2.9%**
Revenues from services	3,685	3,275	12.5%
Direct costs from services	-2,776	-2,676	3.7%
Net services income	**909**	**599**	**51.8%**
HQ Personnel expenses	-3,717	-3,333	11.5%
G&A expenses	-2,490	-2,120	17.5%
CORE BUSINESS EBITDA (Operating income)	**51,798**	**50,630**	**2.3%**
Core business Ebitda Margin	*71.3%*	*66.3%*	
Revenues from trading	432	440	-1.8%
Cost of sale and other costs from trading	-616	-654	-5.8%
Operating result from trading	**-184**	**-214**	**-14.0%**
EBITDA	**51,614**	**50,416**	**2.4%**
Ebitda Margin	*70.6%*	*65.7%*	
Impairment and Fair Value adjustments	-9,819	-12,455	-21.2%
Depreciation and provisions	-772	-529	45.9%
EBIT	**41,023**	**37,432**	**9.6%**
FINANCIAL MANAGEMENT	-14,310	-16,727	-14.4%
EXTRAORDINARY MANAGEMENT	397	0	n.a.
PRE-TAX RESULTS	**27,110**	**20,705**	**30.9%**
Taxes	-653	-1,252	-47.8%
NET RESULT OF THE PERIOD	**26,457**	**19,453**	**36.0%**
(Profit/Loss) for the period related to third parties	0	0	n.a.
GROUP NET RESULT	**26,457**	**19,453**	**36.0%**

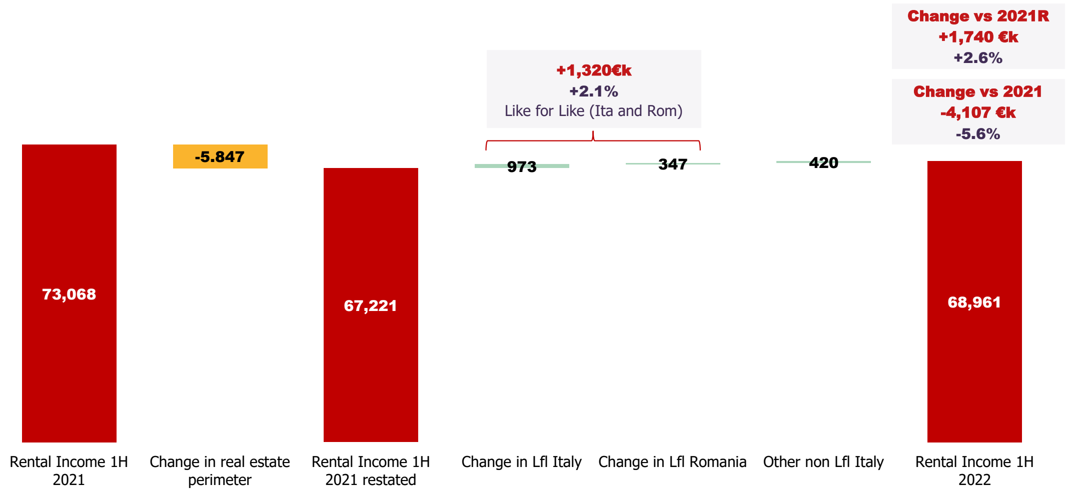
Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements (please refer to operating segment information).

The interim results shown in the consolidated operating income statement, particularly, core business EBTDA, EBITDA and EBIT are not identified as accounting measures under the international accounting standards and, therefore, should not be considered a substitute measure of the Group's performance. The criteria used by the Group to determine the interim results could also differ from those used by other sectors companies and/or groups and, therefore, these figures may not be comparable.

Net rental income

Rental income amounted to €68,961 thousand at 30 June 2022, a decrease of 5.6%.

For the sake of a more accurate comparison, following the disposal of the portfolio of hypermarkets finalized at year-end 2021 and the termination of the master lease at the Centro Piave Shopping Center as of January 2022, the 2021 rental income was restated in order to take account of the change in perimeter and restated amounts to €67,221 thousand.

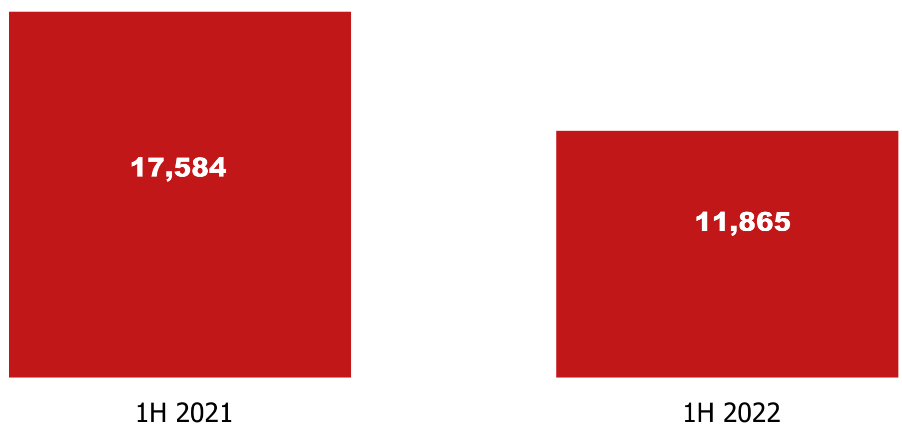


The increase of €1,740 thousand compared to 2021 restated, is explained by:

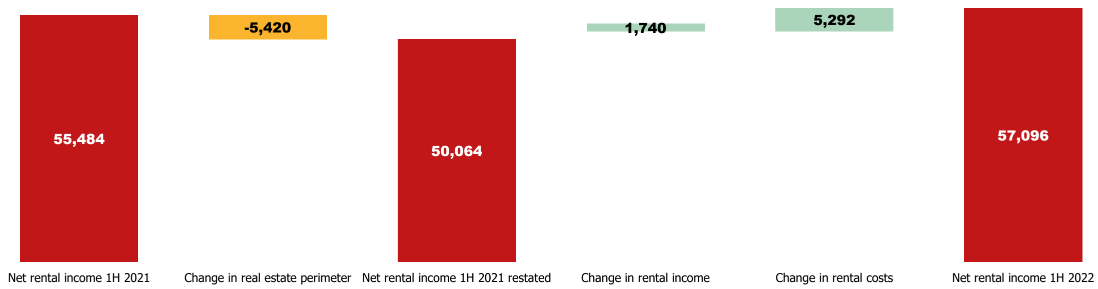
- like-for-like revenue in Italy (malls +1.6% and hypermarkets +2.0%) due to pre-letting, new openings, as well as ISTAT indexing for around 680 bp (around €0.8 million for malls and around €0.3 for hypermarkets), partially offset by higher temporary discounts for around €0.8 million. Variable revenue (€0.3 million) and the temporary rentals (€0.5 million) were also higher. 113 leases (51 renewals and 62 turnover) were signed in the reporting period with an average upside of 2.5%;
- for €420 thousand, higher revenue not like-for-like (attributable to the remodeling at Casilino, Palermo, Catania and Conegliano);
- for +€347 thousand, higher revenue like-for-like in Romania due to lower discounts. 187 leases (69 turnover and 118 renewals) were signed in the reporting period with an average upside of 3.5% on renewals.

The direct costs for the rental business amounted to €11,865 thousand. The decrease in costs is explained largely by the lack of both the net direct Covid impacts in 2022 included among credit losses (which amounted to €7.5 million in 2021) and the costs for the portfolio sold. Net of these items, condominium fees (due in part to higher energy costs) were higher, as were the indemnities stemming from the co-marketing project with Coop Alleanza 3.0, while provisions were lower than in the first half of 2021.

Direct costs from rental activities



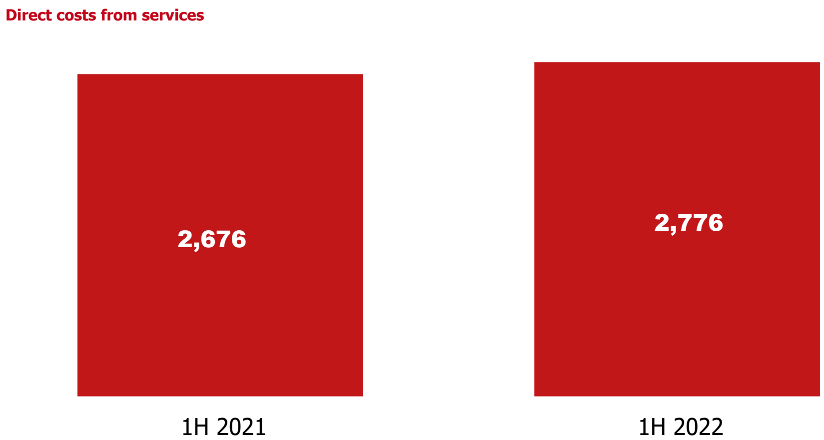
Net rental income amounted to €57,096 thousand, an increase of +2.9% against the same period of the prior year, and +16.0% like-for-like.
The change in perimeter of €5,420 thousand includes the change in revenue not like-for-like referred to above for €5,847 thousand and the relative direct costs of €427 thousand. The increase in net rental income compared to net rental income restated of the prior year comes to €7,032 thousand (+14.0%).



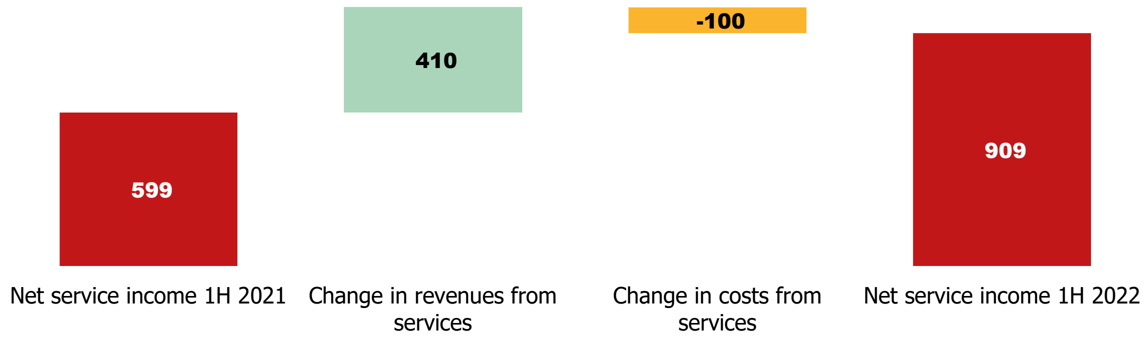
Net rental income freehold amounted to €52,787 thousand, up 7.1% with respect to the same period of the prior year. The margin is sizeable, coming in at 81.8% of revenue, which is higher than in the prior year due to lower direct costs and an increase in revenue.
Net rental income leasehold amounted to €4,309 thousand, 30.7% lower than in the same period of the prior year.

Net services income

Revenue from services was higher than in the same period of the prior year. Most of this revenue comes from the facility management business (78.1% of the total or €2,876 thousand), in line with the previous reporting period. Revenue from pilotage was in line, while agency and other services (revenue from outsourcing services) was higher.
The direct costs for services amounted to €2,776 thousand, an increase of €100 thousand (+3.7%) compared to the same period of the prior year.

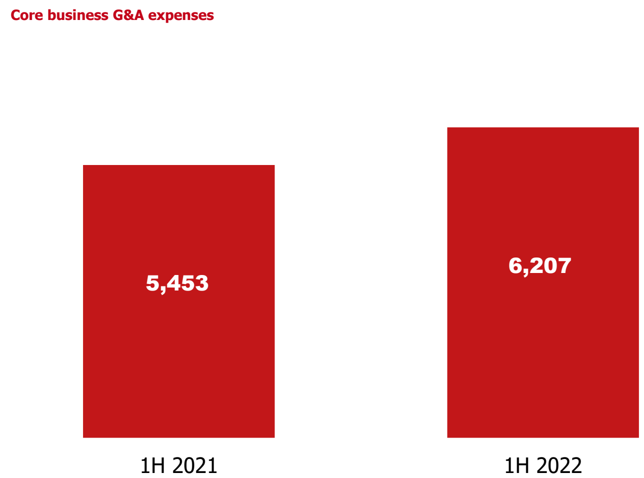


Net services income amounted to €909 thousand, an increase of 51.8% compared to the same period of the prior year, and was higher as a percentage of services income rising from 18.3% in the same period of the prior year to 24.7%.



General expenses for the core business

General expenses for the core business, including payroll costs at headquarters, came to €6,207 thousand, higher (+13.8%) with respect to the €5,453 thousand posted in the first half of 2021 due mainly to an increase in payroll costs at headquarters, outsourcing and other costs, partially offset by savings in corporate communications and consultancies.
These general operating costs came to 8.5% of core business revenue.

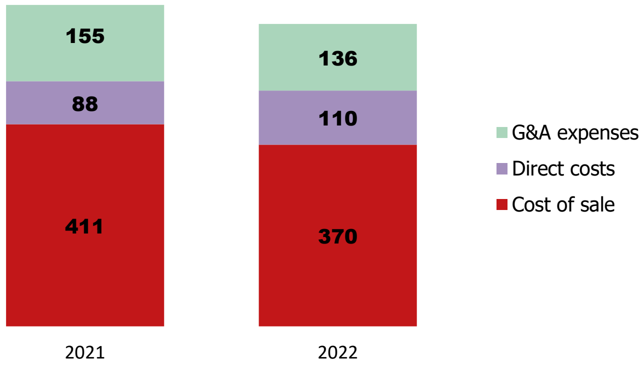


Operating results for trading

Trading posted an operating loss of €184 thousand, slightly better with respect to the first half of 2021.

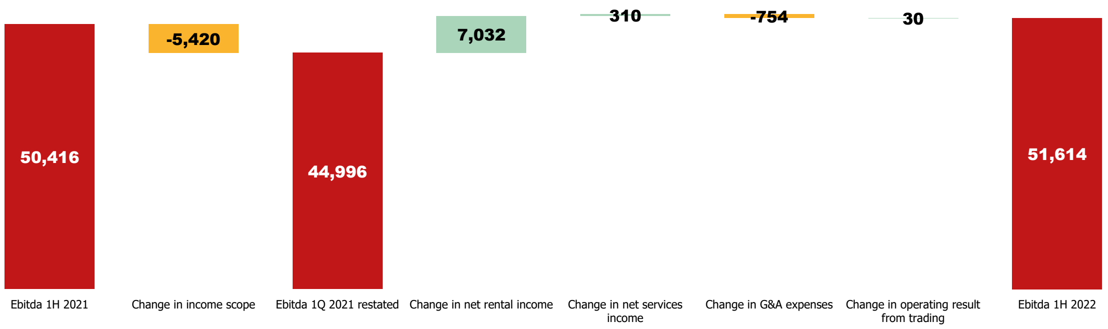
In this first half the Porta a Mare project generated revenue from trading of €432 thousand (for more information refer to section 1.4). Binding preliminary sales agreements have been stipulated for 28 out of the 42 apartments up for sale at Officine Storiche. Almost all of these sales are expected to close by the end of the year.

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

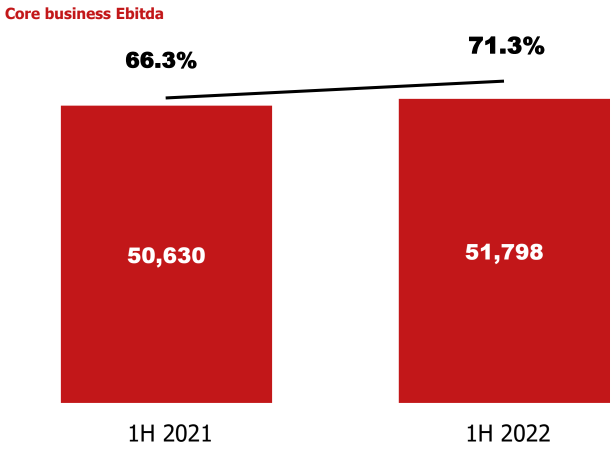


EBITDA

The core business EBITDA amounted to €51,798 thousand in the first half of 2022, 2.3% higher than in the same period of the prior year, while total EBITDA rose by 2.4% to €51,614 thousand. The increase reaches €6,585 thousand or +14.6% against the 2021 restated EBITDA.
The changes in the components of total EBITDA in the first six months of 2022 are shown below:



The core business **EBITDA MARGIN** reached 71.3%, higher than in the same period of the prior year.



Fair value adjustments and impairment of work in progress and inventory

Fair value adjustments and impairment were negative for €9,819 thousand at 30 June 2022,

lower than the €12,455 thousand recorded at 30 June 2021.
The difference in fair value, negative for €9,337 thousand, is explained by:

- for €3,249 thousand, impairment of the right-of-use assets stemming from IFRS 16 application;
- for €8,377 thousand, impairment of the extraordinary maintenance of properties owned and rented by IGD Group's Italian companies;
- for €553 thousand, impairment of the extraordinary maintenance of properties owned by the Romanian subsidiary Win Magazin SA;
- for +€3,562 thousand, a fair value adjustment made to the freehold investment property of IGD Group's Italian subsidiaries based on the appraised market value at 30 June 2022;
- for -€720 thousand, impairment of the freehold investment property of IGD Group's Romanian subsidiary Win Magazin SA based on the appraised market value at 30 June 2022.

Impairment losses on work in progress and inventory of €482 thousand are attributable to: (i) an impairment loss of €509 thousand on the Officine residential, Molo, Lips and Arsenale sections of the Porta a Mare project; *(ii)* partially offset, for €27 thousand, by an impairment reversal on the Porto Grande extension.

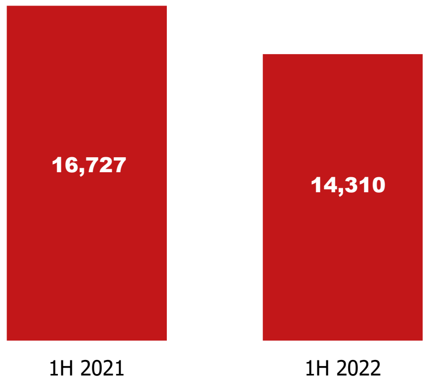
EBIT

EBIT amounted to €41,023 thousand, 9.6% higher than in the same period of the prior year; this change is attributable to the factors described above.

Income/(loss) from the disposal of assets

Amounting to €397 thousand, this item stems from the framework agreement between IGD Service S.r.l. and Do.Ma S.r.l. for the sale, as from 1 January 2022, of the mall at Centro Piave shopping center for consideration of €1 million.
The assets and liabilities of the business division sold were recognized among "Assets held for sale" and "Liabilities associated with the assets held for sale" at 31 December 2021. The assets held for sale, which amounted to €1,801 thousand, included the goodwill and the right-of-use relative to the mall at Centro Piave. "Liabilities associated with assets held for sale", which came to €1,228 thousand, included the financial liability deriving from the application of IFRS 16 to the lease agreement for the mall.
The framework agreement signed by the parties also provided, effective 1 January 2022, for a facility management contract under which IGD Service S.r.l. will manage the mall at Centro Piave for six years, renewable for an additional three years

Financial income and charges



"Financial charges" went from €16,727 thousand at 30 June 2021 to €14,310 thousand at 30 June 2022. The decrease, of around €2,417 thousand, is attributable mainly to:

- lower financial charges on mortgages due to a decrease in the amount of principal;
- lower financial charges for IRS due to a decrease in the notional amount;
- lower IFRS 16 financial charges, including also as a result of the termination of the lease for the mall at «Centro Piave»;
- lower financial charges on bond loans.

The average cost of debt (without considering recurring and non-recurring transaction costs) at 30 June 2022 was 2.08%, lower than the 2.20% recorded at 31 December 2021, while the weighted average effective cost of debt went from 2.66% at 31 December 2021 to 2.49%. The **interest cover ratio (ICR),** the ratio of Ebitda to interest expense, came to 3.61x, higher compared to the 3.20x posted at 31 December 2021.

Taxes

	30/06/2022	30/06/2021	Change
Current taxes	600	597	3
Deferred tax assets	64	655	(591)
Out-of-period income/charges - Provisions	(11)	0	(11)
Income taxes	**653**	**1,252**	**(599)**

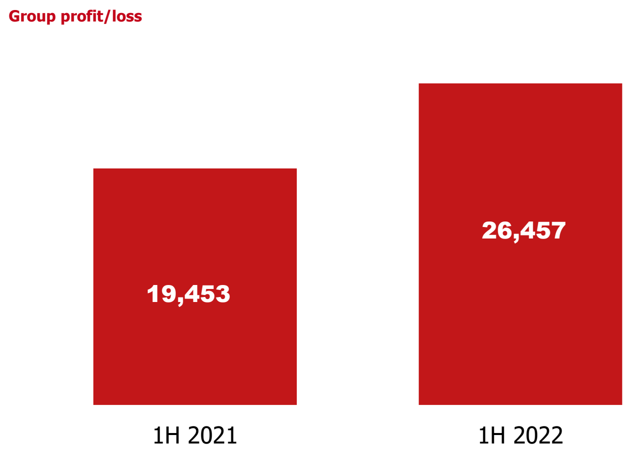
The tax burden, current and deferred, reached €653 thousand at 30 June 2022, a decrease of €599 thousand against 30 June 2021.

Current taxes are in line with the same period of the prior year.

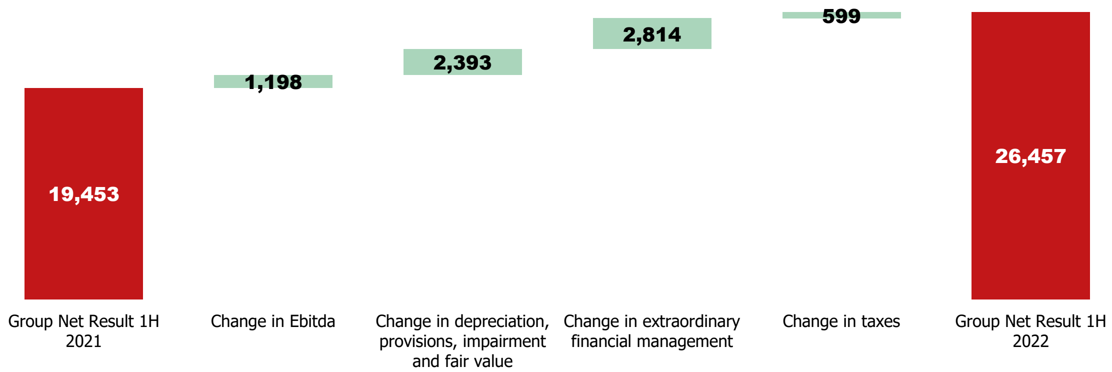
The change in **deferred taxes,** compared to the prior year, of €591 thousand is attributable to *(i)* the switch to SIINQ status of the subsidiary IGD Management SIINQ S.p.A. effective as from 1 January 2022, *(ii)* adjustments consistent with the change in fair value of the real estate investments held by the subsidiary Win Magazin S.A. subject to ordinary taxation *(iii)* and the impact of IFRS16 application on the lease for the shopping mall in the «Centro Nova» Shopping Center.

Group net profit

As a result of the above, the Group recorded a net profit of €26,457 thousand, an increase of €7,004 thousand compared to the profit of €19,453 thousand recorded at 30 June 2021.



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



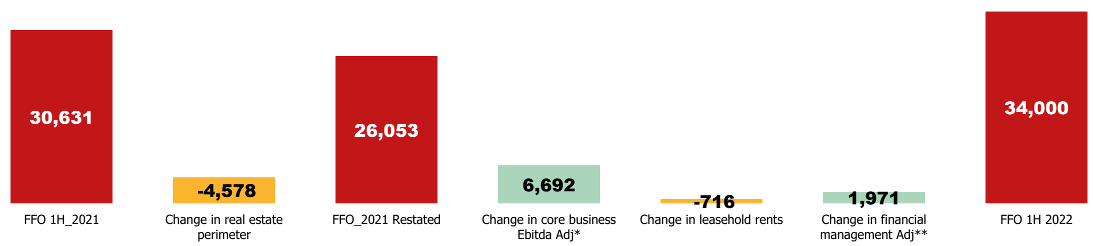
Core business FFO

FFO (Funds from Operations), an indicator used widely in the real estate sector (REITs), which measures the cash flow generated by a company's core business, came to €34,000 thousand at 30 June 2022, higher (+11.0%) than in same period of the prior year due to the improvement in EBITDA and lower financial charges adjusted, which includes the negative carry recorded in 2021 and rents payable. Current taxes adjusted were basically in line.

The change in perimeter of €4,578 thousand includes €5,420 thousand relative to the change in net rental income not like-for-like referred to above and the decrease in rents payable following the termination of the Piave master lease for €842 thousand included in the FFO calculation. The increase against the restated 2021 FFO comes to €7,948 thousand (+30.8%).

* Net of 2021 non-recurring expenses
** Financial charges adj is net of IFRS 16 and IFRS 9, non-recurring exchange costs and the negative carry.

Funds from Operations	1H 2022	1H 2021	Δ	Δ%
Core business EBITDA*	**51,901**	**50,630**	**1,271**	2.5%
IFRS16 Adjustment (Payable leases)	(4,096)	(4,227)	131	-3.1%
Financial Management Adj**	(13,204)	(15,175)	1,971	-13.0%
Current taxes for the period Adj	(601)	(597)	(4)	0.7%
FFO	**34,000**	**30,631**	**3,369**	11.0%



1.5. // Statement of financial position and financial review

IGD Group's statement of financial position at 30 June 2022 can be summarized as follows:

(in thousands of Euros)	30/06/2022	31/12/2021	Δ	%
Investment property	2,093,143	2,093,176	(33)	0.00%
Assets under construction and advance payments	43,420	44,095	(675)	-1.55%
Intangible assets	7,950	7,888	62	0.78%
Other tangible assets	8,809	9,030	(221)	-2.51%
Sundry receivables and other non-current assets	127	127	0	0.00%
Equity investments	25,765	25,765	0	0.00%
Assets held for sale	0	1,801	(1,801)	-100.00%
Net working capital	28,179	24,504	3,675	13.04%
Funds	(7,278)	(7,521)	243	-3.34%
Sundry payables and other non-current liabilities	(19,024)	(19,945)	921	-4.84%
Net deferred tax (assets)/liabilities	(13,856)	(11,702)	(2,154)	15.55%
Total use of funds	**2,167,235**	**2,167,218**	**17**	**0.00%**
Total shareholders' equity	1,165,974	1,171,758	(5,784)	-0.50%
Net (assets) and liabilities for derivative instruments	(330)	8,435	(8,765)	2656.06%
Net debt	1,001,591	987,025	14,566	1.45%
Total sources	**2,167,235**	**2,167,218**	**17**	**0.00%**

The principal changes in the first half 2022 compared to 31 December 2021, relate to:

- ✓ **Investment property,** which was €33 thousand lower due to:
  - for €2,999 thousand, ongoing extraordinary maintenance relating primarily to energy efficiency upgrades at the Tiburtino, Casilino, Maremà, Centro d'Abruzzo and ESP shopping centers, as well as at a few Romanian shopping centers;
  - for €1,056 thousand, the reclassification of assets under construction and advances of work completed in the period on construction of the medium size stores at the Casilino Shopping Center in Rome;
  - for €1,777 thousand, the reclassification from assets under construction and advances of work on the construction of new medium-sized stores in the area created as a result of the hypermarket reduction at the Porto Grande Shopping Center in San Benedetto del Tronto;
  - fair value adjustments. Specifically, investment property was revalued by €30,371 thousand and written down by €32,987, for a net negative impact of €2,616 thousand;
  - for €3,249 thousand, an impairment loss on the right-of-use assets relating to the malls in the "Centro Nova" and "Fonti del Corallo" shopping centers based on changes in the independent experts' appraisals.

- ✓ **Assets under construction and advances**, which showed a decrease of €675 thousand attributable primarily to:
  - for €3,272 thousand, ongoing work at Officine Storiche;
  - for €228 thousand, the work completed on building medium-sized stores at the Casilino Shopping Center in Rome;
  - for €921 thousand, the work completed on the new medium-sized stores built following the hypermarket reduction at the Porto Grande center in San Benedetto del Tronto;

- for €910 thousand, restyling at the La Favorita Shopping Center in Mantua. The work is expected to be completed in the second half of 2022;
- for €122 thousand, planning of the restyling at Leonardo Shopping Center in Imola. The work is expected to be completed in 2023;
- for €27 thousand and €82 thousand, planning of the remodeling at the Katanè center in Catania and La Torre in Palermo, respectively, pursuant to the agreement signed between IGD SIIQ and Coop Alleanza 3.0 to reduce the size of the hypermarket and increase the size of the mall. The work is expected to be completed in 2023;
- for €1 thousand, the remapping of the surface area of the hypermarket in the Tiburtino Shopping Center in Guidonia;
- for €1,056 thousand, the reclassification to investment property of work completed in the period relating to the medium-sized stores at the Casilino Shopping Center in Rome;
- for €1,777 thousand, the reclassification to investment property of work completed in the period on the restyling of the Porto Grande Shopping Center in San Benedetto del Tronto;
- for €3,472 thousand, the writedown of the Officine Storiche portion of the Porta a Mare project, nearing completion, partially offset by the revaluation of the Porto Grande expansion for €27 thousand;
- for €40 thousand, the net increase in advances.

✓ **Intangible assets,** which were €62 thousand higher, due mainly to:
  - for €250 thousand, consolidation differences relating to the Romanian subsidiary Win Magazin SA explained by the foreign exchange adjustments;
  - the recognition of the transition to new accounting and management software as intangible assets under development;
  - amortization recognized in the reporting period.

✓ **Other plant, property and equipment** which changed due to amortization and depreciation recognized in the reporting period.

✓ **Net working capital** which was €3,675 thousand higher compared to 31 December 2021 explained primarily by:
  - an increase in trade and related party receivables of €433 thousand;
  - an increase in inventory of €157 thousand attributable to (i) for €1,038 thousand, work done in the period, (ii) a writedown of €509 thousand, and (iii) the sale of a residential unit and an enclosed garage;
  - an increase in other current assets of €948 thousand due mainly to higher prepaid expenses relating to insurance and other costs pertaining to the year but paid in first quarter 2022, partially offset by a decrease in the VAT credit;
  - an increase in tax liabilities of around €1,348 thousand, relating mainly to the withholding tax payable on the dividends;
  - a decrease in trade payables of €3,244 thousand due to a difference in the timing of payments compared to the prior year.

(in thousands of Euros)	30/06/2022	31/01/2021	▲	%
Work in progress inventory and advances	37,532	37,375	157	0.42%
ST trade receivables	13,969	15,415	(1,446)	-10.35%
Related party trade and other receivables	2,595	716	1,879	72.41%
Other current assets	6,665	5,717	948	14.22%
Trade and other payables	(12,034)	(16,062)	4,028	-33.47%
Related parties trade and other payables	(1,734)	(950)	(784)	45.21%
Current tax liabilities	(4,315)	(2,967)	(1,348)	31.24%
Other current liabilities	(14,449)	(14,740)	241	-1.66%
Net working capital	**28,179**	**24,504**	**3,675**	**13.04%**

- ✓ **Provisions for risks and charges** which showed an increase of €243 thousand explained by: *(i)* the provisions made for bonuses payable to employees in 2022 which will be paid in 2023, *(ii)* provisions made for a few IMU disputes underway relative to the ESP (Ravenna) and La Torre (Palermo) shopping centers, *(iii)* earthquake proofing for which IGD is responsible at a few of the supermarkets and hypermarkets sold during the prior year *(iv)* provisions made for an administrative dispute underway involving the subsidiary Win Magazin S.a., *(v)* adjustments to employee severance (TFR) and *(vi)* the release of provisions for 2021 variable compensation paid in June 2022.

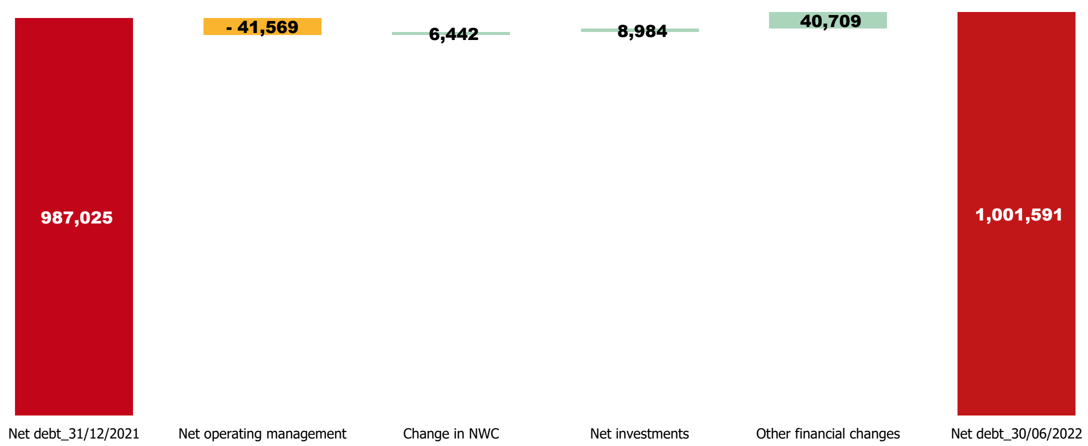
- ✓ **Sundry payables and other non-current liabilities**, which were €921 thousand lower, due mainly to the reclassification to current liabilities of the portion of taxes payable by June 2023:
  - the substitute tax on revaluation and realignment under the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken in 2020 by the subsidiaries Millennium Gallery S.r.l. and IGD Management S.r.l.;
  - the SIINQ entry tax payable by IGD Management for opting to adopt SIINQ status as of 1 January 2022.

- ✓ **Net deferred tax assets and liabilities,** which went from €11,702 thousand to €13,856 thousand due mainly to a change in the fair value of the IRS.

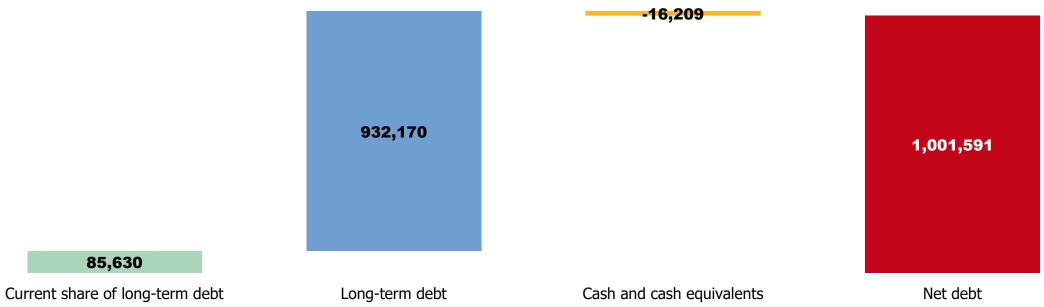
- ✓ The **Group's net equity** amounted to €1,165,974 thousand at 30 June 2022. The decrease of €5,784 thousand is explained mainly by:
  - an adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around +€3,374 thousand for the parent company;
  - an adjustment of the CFH reserve linked to the derivatives accounted for using the cash flow hedge method which amounted to around +€3,252 thousand for a subsidiary;
  - for approximately -€247 thousand, movements in the reserve for the translation of foreign currency financial statements;
  - for €38,620 thousand, the dividends paid in the reporting period;
  - for €26,457 thousand, the Group's share of the net profit for the reporting period.

- ✓ **Net liabilities for derivatives** were down against the prior year due to the fair value measurement of hedging instruments at 30 June 2022 which was €8,765 thousand higher than in the prior year.

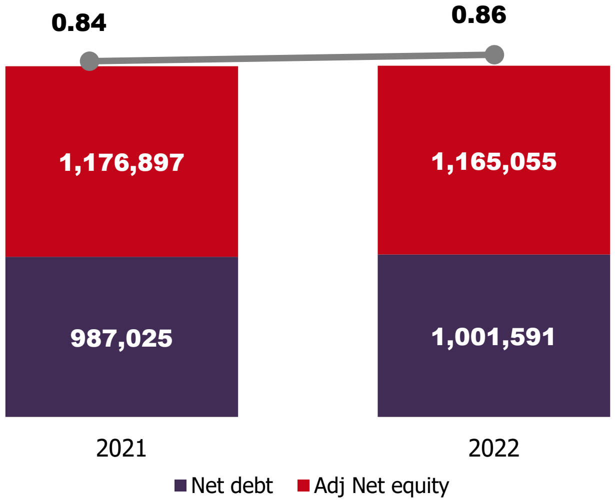
The net financial position at 30 June 2022 was about €14.6 million higher than in the previous year. The changes are shown below:



The item "Short term portion of long-term debt" shown in the net financial position includes the short-term portion of mortgages, leases, lease financing and bond debt.



The gearing ratio reflects the debt-to-equity ratio, including non-controlling interests but excluding the CFH reserves. The ratio came to 0.86 at 30 June 2022, slightly higher than the 0.84 recorded at 31 December 2021.


0.84
0.86
1,176,897
1,165,055
987,025
1,001,591
2021
2022
Net debt
Adj Net equity

1.6 // EPRA Performance Indicators

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

EPRA Vacancy Rate: the portfolio's vacancy rate calculated as the ratio between the estimated market rental value (ERV) of the vacant premises and the ERV of 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)** which replace EPRA NAV and EPRA NNNAV.

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 30 June 2022 the company does not have any assets which could be sold and for this reason the deferred taxes coincide with the amount excluded from the NRV calculation. Contrary to NRV, the goodwill and the intangible assets included in the financial statements are excluded from the equity attributable to the Group.

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

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

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

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

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

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

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

EPRA Performance Measure	30/06/2022	31/12/2021
EPRA NRV (€'000)	1,184,419	1,197,354
EPRA NRV per share	€ 10.73	€ 10.85
EPRA NTA	1,176,469	1,189,467
EPRA NTA per share	€ 10.66	€ 10.78
EPRA NDV	1,204,446	1,151,244
EPRA NDV per share	€ 10.92	€ 10.43
EPRA Net Initial Yield (NIY)	5.6%	5.8%
EPRA 'topped-up' NIY	5.8%	5.9%
EPRA Vacancy Rate Malls Italy	6.0%	6.1%
EPRA Vacancy Rate Hypermarkets Italy	0.0%	0.0%
EPRA Vacancy Rate Total Italy	4.9%	4.9%
EPRA Vacancy Rate Romania	7.1%	5.4%

EPRA Performance Measure	30/06/2022	30/06/2021
EPRA Cost Ratios (including direct vacancy costs)	24.2%	19.7%
EPRA Cost Ratios (excluding direct vacancy costs)	19.7%	16.9%
EPRA Earnings (€'000)	€ 37,359	€ 33,493
EPRA Earnings per share	€ 0.3	€ 0.3

The Net Asset Value calculations at 30 June 2022 are shown below:

	30/06/2022			31/12/2021		
EPRA Net Asset Value	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	1,165,974	1,165,974	1,165,974	1,171,758	1,171,758	1,171,758
Exclude:						
v) Deferred tax in relation to fair value gains of IP	18,774	18,774		17,161	17,161	
vi) Fair value of financial instruments	(329)	(329)		8,435	8,435	
viii.a) Goodwill as per the IFRS balance sheet		(7,335)	(7,335)		(7,585)	(7,585)
viii.b) Intangibles as per the IFRS balance sheet		(615)			(302)	
Include:						
ix) Fair value of fixed interest rate debt			45,807			(12,929)
x) Real estate transfer tax (estimate)						
NAV	1,184,419	1,176,469	1,204,446	1,197,354	1,189,467	1,151,244
Fully diluted number of shares	110,341,903	110,341,903	110,341,903	110,341,903	110,341,903	110,341,903
NAV per share	10.73	10.66	10.92	10.85	10.78	10.43
Change % vs 31/12/2021	-1.1%	-1.1%	4.6%			

The NRV was slightly lower than at 31 December 2021 (-1.1%) due mainly to the changes in net equity and the fair value of derivatives. These changes are primarily attributable to: (i) the payment of dividends during the year (paid entirely in May 2022) (ii) the change in the fair value of derivatives, (iii) higher FFO and the increase in the cash flow hedge reserve partially offset by the decrease in the properties' fair value, and (iv) other minor changes in equity.

The NTA was lower than at 31 December 2021 (-1.1%). 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 in line with 31 December 2021 (+4.6%) due mainly, in addition to the above, 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 30 June 2022, in addition to a change in the composition of debt (in terms of both duration and cost).

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

EPRA NIY and "topped-up" NIY disclosure		Final balance 30/06/2022					Final balance 31/12/2021				
€'000		*Italy*	*Romania*	*Total (no IFRS16)*	*Leasehold*	*Total*	*Italy*	*Romania*	*Total (no IFRS16)*	*Leasehold*	*Total*
Investment property – wholly owned		1,932,579	135,060	**2,067,639**	28,041	**2,095,680**	1,928,790	135,780	**2,064,570**	32,470	**2,097,040**
Investment property – share of JVs/Funds		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Trading property (including share of JVs)		75,860	0	**75,860**	0	**75,860**	75,902	0	**75,902**	0	**75,902**
Less developments		-229,897	0	**-229,897**	0	**-229,897**	-243,512	0	**-243,512**	0	**-243,512**
Completed property portfolio		1,778,542	135,060	**1,913,602**	28,041	**1,941,643**	1,761,180	135,780	**1,896,960**	32,470	**1,929,430**
Allowance for estimated purchasers' costs		0	0	**0**	0	**0**	0	0	**0**	0	**0**
Gross up completed property portfolio valuation	***B***	***1,778,542***	***135,060***	***1,913,602***	***28,041***	***1,941,643***	***1,761,180***	***135,780***	***1,896,960***	***32,470***	***1,929,430***
Annualised cash passing rental income		108,549	9,017	**117,566**	8,958	**126,524**	106,020	9,752	**115,772**	11,962	**127,734**
Property outgoings		-15,965	-1,620	**-17,585**	-104	**-17,689**	-13,545	-1,267	**-14,812**	-294	**-15,106**
Annualised net rents	***A***	***92,584***	***7,397***	***99,981***	***8,854***	***108,835***	***92,475***	***8,485***	***100,960***	***11,668***	***112,628***
Add: notional rent expiration of rent free periods or other lease incentives		2,772	726	**3,498**	137	**3,635**	1,104	410	**1,514**	183	**1,697**
Topped-up net annualised	*C*	**95,356**	**8,123**	**103,479**	**8,991**	**112,470**	**93,579**	**8,895**	**102,474**	**11,851**	**114,325**
EPRA NIY	**A/B**	**5.2%**	**5.5%**	**5.2%**	**31.6%**	**5.6%**	**5.3%**	**6.2%**	**5.3%**	**35.9%**	**5.8%**
EPRA "topped-up" NIY	**C/B**	**5.4%**	**6.0%**	**5.4%**	**32.1%**	**5.8%**	**5.3%**	**6.6%**	**5.4%**	**36.5%**	**5.9%**

The net initial yield (NIY) is the annualized rent 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 4.9%, in line with the prior year. The vacancy rate for malls came to 6.0%, in line with 31 December 2021, while full occupancy was posted for hypermarkets, consistent with the prior year. The EPRA vacancy rate in Romania was higher than at 31 December 2021, rising from 5.4% at 31 December 2021 to 7.1%.

EPRA Vacancy Rate	Hypermarkets Italy	Malls Italy	Total Italy	Romania
Estimated Rental Value of vacant space	-	6.08	6.08	0.67
Estimated rental value of the whole portfolio	23.88	100.7	124.6	9.34
EPRA Vacancy Rate	0.00%	6.04%	4.88%	7.13%

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

EPRA Cost Ratios	1H CONS_2022	1H CONS_2021
Include:		
(i) Administrative/operating expense line per IFRS income statement	-21,095	-18,475
(ii) Net service charge costs/fees	2,191	1,707
(iii) Management fees less actual/estimated profit element	2,771	2,669
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	5	5
(v) Share of Joint Ventures expenses		
Exclude (if part of the above):		
(vi) Investment Property depreciation		
(vii) Ground rent costs	2	2
(viii) Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs) (A)	**-16,126**	**-14,092**
(ix) Direct vacancy costs	-2,997	-2,047
EPRA Costs (excluding direct vacancy costs) (B)	**-13,129**	**-12,045**
(x) Gross Rental Income less ground rent costs - per IFRS	68,957	73,068
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant) (x)	-2,191	-1,707
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rent costs)		
Gross Rental Income (C)	**66,766**	**71,361**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**24.2%**	**19.7%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**19.7%**	**16.9%**

The EPRA cost ratio (including direct vacancy costs) was higher compared to 30 June 2021 as Epra Costs were higher (due mainly to condominium fees on vacant properties and the costs stemming from the co-marketing project with Coop Alleanza 3.0), proportionate to the decrease in Gross Rental Income (stemming also from the changed perimeter).
The Epra cost ratio (excluding direct vacancy costs) was higher than in the prior year despite the increase in direct costs for vacancies which are not included in the calculation.

The estimated one-off impact of Covid-19 (of €7,479 thousand) recognized in credit losses (namely the "(i) Administrative/operating expense line of the IFRS income statement") was not included in the calculation at 30 June 2021.
In the first half of 2022 the Group did not capitalize project management costs.
The Epra Earnings per share calculation is shown below:

EPRA Earnings & Earnings Per Share	1H CONS_2022	1H CONS_2021
Earnings per IFRS income statement	**26,457**	**19,453**
EPRA Earnings Adjustments:		
(i) Changes in value of investment properties, development properties held for investment and other interests	9,820	12,455
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	397	0
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-62	-29
(iv) Tax on profits or losses on disposals	17	8
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	911	522
(vii) Acquisition costs on share deals and non-controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	-181	1,084
(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	**37,359**	**33,493**
Company specific adjustments:		
(a) General provisions and depreciations	772	529
(b) Non-controlling interests in respect of the above	0	0
(c) Tax on profits or losses on disposals	-17	-8
(d) Contingent tax	-12	0
(e) Other deferred tax	245	-429
(f) Capitalized interests	0	0
(g) Current Tax	0	0
expenses	-3,412	-3,643
(i) Other Adjstument for no core activities	-935	688
Company specific Adjusted Earnings	**34,000**	**30,631**
Earnings Per Share		
Number of shares*	110,341,903	110,341,903
Earnings Per Share	**0.34**	**0.30**

The EPRA Earnings indicator is calculated by excluding non-monetary items (write-downs, fair value gains and losses on properties and financial instruments recognized in the income statement, any impairment or revaluations of goodwill), as well as non-recurring items (gains or losses from the disposal of investment properties, profits generated by trading along with current tax, costs relating to the advance repayment of any loans), deferred tax relating to the fair value of properties and financial instruments recognized in the income statement, as well as the portion of these items that pertains to non-controlling interests. The main differences with respect to FFO relate to generic amortization, depreciation and provisions, as well as the above EPRA adjustments, the non-recurring tax recognized in the income statement and the deferred tax that does not relate to the fair value of properties and financial instruments recognized in the income statement. The figure posted at 30 June 2022 shows a significant increase of €3,866 thousand or +11.5%. This increase is largely in line with the increase in FFO.

Additional information on investment properties

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

Capital expenditure (Euro/migliaia)	30/06/2022	31/12/2021
Acquisitions	**0**	**0**
Development	**4,310**	**9,190**
Investment properties	**5,640**	**13,680**
Incremental lettable space	*0*	*0*
No incremental lettable space	*2,043*	*3,820*
Tenant incentives	*0*	*0*
Other material non-allocated types of expenditure	*3,597*	*9,860*
Capitalised interest (if applicable)	**0**	**0**
Total CapEx	**9,950**	**22,870**
Conversion from accrual to cash basis		
Total CapEx on cash basis	**9,950**	**22,870**

The Group is not party to any joint ventures.

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

- 1.5 Statement of financial position and financial review
- 1.8 Significant events in the year - Investments

and the Explanatory Notes (section 2.6.5, 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 2.6.2).
With regard to the real estate portfolio appraisals, the independent experts selected and the appraisal criteria used, please refer to section 1.9 The Real Estate Portfolio in the Directors' Report and section 2.6.3 Use of Estimates in the Explanatory Notes.
The reports issued by each independent expert on the appraisals made at 30 June 2022 are in section 1.10 Appraisals of the Independent Experts.
The reconciliation of the fair value shown in the independent experts' appraisals and the book value of the real estate portfolio, along with any changes in the classification of real estate assets are reported in section 1.9 The Real Estate Portfolio in the Directors' Report.

1.7. // The Stock

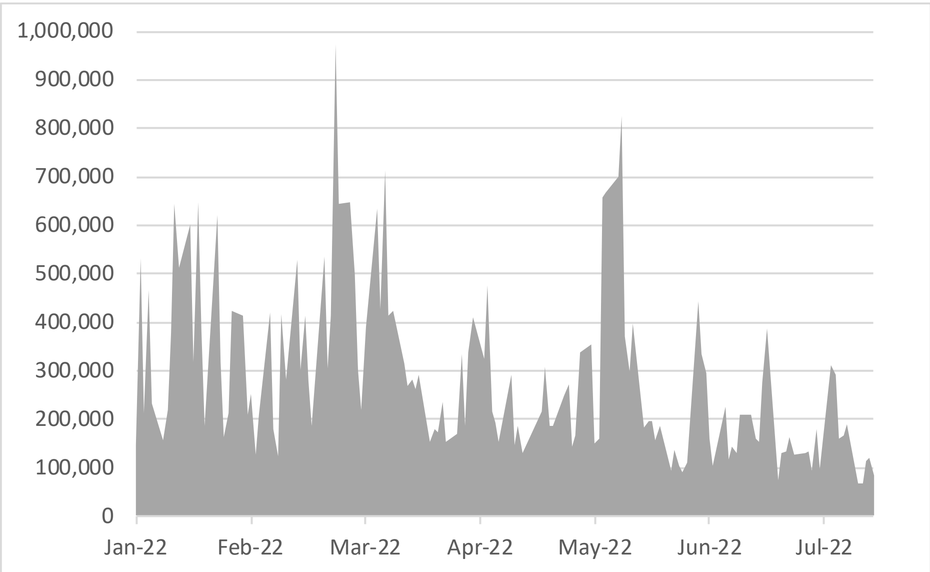
IGD's shares are traded on the Euronext Milan market managed by Borsa Italiana as part of the Industry Finanza and Super Sector Beni Immobili index; IGD is also part of the Euronext STAR segment. The stock began trading on 11 February 2005.

The minimum lot is €1.00 and the company's specialist is Banca IMI.
IGD's stock symbols:
RIC: IGD.MI
BLOOM: IGD IM
ISIN: IT0005322612
Borsa Italiana ID instrument: 327.322
IGD SIIQ SpA's share capital amounts to €650,000,000.00, broken down into 110,341,903 ordinary shares without a stated par value.

IGD is included in a number of index families.
International indices: Bloomberg, FTSE Russel, MSCI, S&P, Solactive and STOXX.
Real estate sector indices: EPRA (European Public Real Estate Association), IEIF (Institut de l'Epargne Immobilière et Foncière) and GPR (Global Property Research).
IGD is included in the following ESG (Environment, Social & Governance) indices, as well: GPR IPCM LFFS Sustainable GRES Index, GPR Eurozone ESG+, iSTOXX PPF Responsible SDG and EURO STOXX Total Market ESG-X.

IGD has 10 independent and unsolicited ESG ratings, as well as one solicited rating from CDP. At the beginning of 2022, IGD was valued "Negligible risk" by Sustainalytics, with a score of 9.3 which was better than the prior assessment. ISS did not change the score it assigned IGD relative to Environment and Social, equal to 2 and 3, respectively, on a scale of 1-10 based on which 1 is the best score, while it suspended Governance assessments for all small caps.

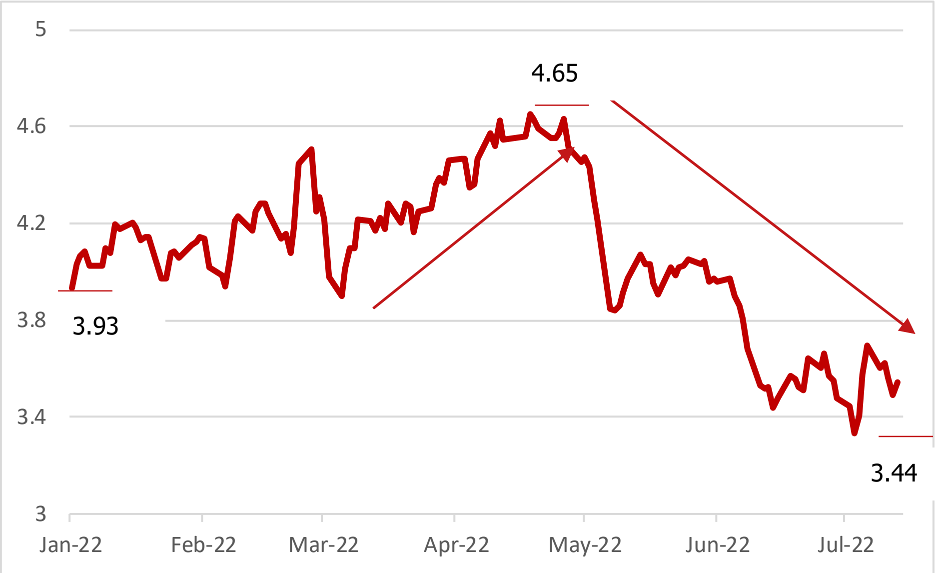
Volumes of IGD shares traded since 3 January 2022 through 15 July 2022



Source: Italian Stock Exchange data compiled by IGD

In the first half of 2022, an average of 297,038 IGD shares was traded each day, slightly less than the 313,390 shares traded on average in the first half of 2021. The volume high was reached on 24 February when the FY21 results were published and 975,722 shares were traded.

IGD's stock price since 3 January 2022 through 15 July 2022



Source: Italian Stock Exchange data compiled by IGD

IGD's stock price fell 8.0% in the first six months of 2022: from the price of €3.86 recorded at 30 December 2021, the stock, in fact, closed at €3.55 on the last trading session of the reporting period, 30 June 2022. The high for 2022, of €4.65, was recorded on 20 April, while the period low of €3.44 was posted on 16 June.

This performance was recorded in a backdrop which, in the first part of 2022, was impacted by several elements that were not conducive to equity investments.

The main factors triggering the correction in stock prices include the severe lockdown implemented in several cities in China as part of the "zero-Covid" policy, the geopolitical tensions caused by the Russian-Ukrainian conflict and the abrupt inversion of the central banks' monetary policies.

The problems affecting the supply chain caused by the lockdown in China and war in Ukraine – which hit energy, raw materials and food costs particularly hard – resulted in strong inflationary pressures which the central banks sought to control through restrictive measures.

There was, consequently, growing uncertainty about the extent to which the main economies would be able to grow given the two contrasting phenomenon: the ongoing recovery post-pandemic and geopolitical crisis.

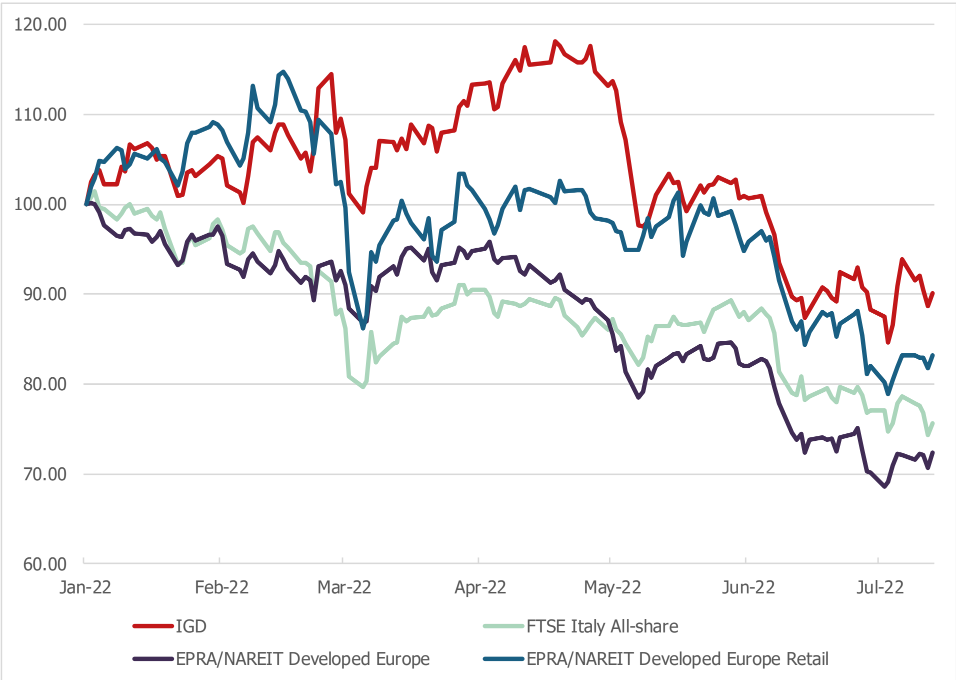
As a result of the monetary tightening the credit conditions worsened more quickly than expected, increasing the perceived risk that economies could slow to a point that the trend could be reversed and cause a recession.

On the other hand, inflation and the deteriorating economic sentiment weighed on consumer confidence, creating growing concerns about a shift in demand.

Concerns about that the analysts estimates for corporate earnings for 2022 and 2023 would have to be revised downward increased gradually as corporate profits could be subject to pressure when the tax incentives provided to mitigate the impact of the pandemic end and inflation causes the cost of raw materials and energy to rise, with higher interest rates resulting in higher financing costs. In the face of this delicate environment, in the first half of 2022 many investments funds had to deal with a significant amount of redemptions, which contributed to a market sell-off which in the European stock markets resulted in the worst half-year performance since the financial crisis of 2008, while the correction in the US market was the biggest seen in more than 50 years.
After the close of the first half, the scenario did not suggest a change in the investor's risk-off sentiment, even though multiples were below historic averages for many sectors.
The record annualized inflation reported in the USA (+9.1%) in June was the highest level seen in the last 40 years and above expectations which suggests that the Fed will raise rates by between 75 and 100 basis points as a result of an even more restrictive stance.
The Italian stock exchange is also impacted by the unstable domestic political situation in the wake of the government crisis that began on 14 July.

In this bearish market scenario, in the first half of 2022 IGD's stock outperformed the entire set of benchmarks (even though the stock was down 8.0%). There was a particularly strong decline in both the general European index, EPRA/NAREIT Developed Europe (-29.4%), and the Italian index, the FTSE Italy All-Share (-22.2%). The drop in the retail real estate segment, EPRA/NAREIT Developed Europe Retail, was less dramatic (-17.0%), but, nonetheless, was more than double compared to the decline posted by IGD.

Igd's stock Vs. the Italian stock market index Ftse Italia All- Share and Epra/Nareit Developed Europe and Epra/Nareit Developed Europe Retail (Base 3.1.2022 = 100)



Source: Italian Stock Exchange data compiled by IGD

Investor Relations and Financial Communication

Analyst coverage

The target consensus price of the five brokers covering IGD was €4.93 at 30 June 2022. The majority of the analysts have moderate buy recommendations (Upside, Add), while the recommendations of 3 analysts are neutral. No broker has issued a sell recommendation.

Presentations and meetings with investors

In the first half of 2022 IGD organized two conference calls:

- 24 February, to discuss the FY 2021 results;
- 5 May, to discuss the results for first quarter 2022.

During the first six months of 2022, IGD's management participated in a number of virtual events which made it possible to meet with 32 institutional investors, including 6 asset management companies for the first time.
IGD's specialist, Intesa Sanpaolo-IMI, also organized a virtual roadshow held on 17 and 19 January. The Company also participated in Borsa Italiana's STAR Conference held in Milano on 23 March, as well as a conference call held with current shareholders. On 12 May IGD's management participated in the Italian Investment Conference 2022, a virtual event organized by Unicredit and Kepler Cheuvreux, which was held on 18 May. On 29 June IGD also attended the Mid&Small Virtual Conference organized by Virgilio IR.

Financial Calendar 2022

4 August - Board of Directors' meeting to approve the Half-Year Financial Report as at 30 June 2022.
3 November - Board of Directors' meeting to approve the Interim Financial Report as at 30 September 2022.

1.8. // Significant events

The main events in the reporting period are described below.

Corporate events

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

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

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

During the Annual General Meeting held on 14 April 2022, IGD's shareholders approved the 2021 financial statements of IGD SIIQ S.p.A., as presented during the Board of Directors meeting held on 24 February 2022, which closed with a net profit of €54,093,401.45.
Shareholders also resolved to distribute a dividend of €0.35 per share. The total dividend payable, calculated based on the number of IGD shares outstanding at 24 February 2022 (110,341,903 ordinary shares), amounted to €38,619,666.05 and was taken from:

- for €31,733,007.20, distributable income generated by exempt operations;
- for €6,886,658.85, utilization of the reserves released following the disposal of 5 hypermarkets and 1 supermarket finalized during the year.

The net earnings generated by exempt operations to be distributed amounted to €38,619,666.05 or €0.35 per share.
Lastly, during the Annual General Meeting shareholders resolved to grant the statutory audit assignment for the period 2022-2030 to the firm Deloitte & Touche S.p.A.

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

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

Investments

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

The investments made at 30 June 2022 are shown below:

	30/06/2022 Euro/mn
Development projects:	
Porta a Mare project; Officine Storiche retail area (in progress)	3.27
Porta a Mare project (Trading) (in progress)	1.04
Restyling in progress	1.14
Restyling ended in 2022	1.14
Extraordinary maintenance	3.00
Other	0.36
Total investments carried out	**9.95**

Development projects

"Porta a Mare" Project

Work on the residential portion of the Officine Storiche section continued in the half for a total of around €1,038 thousand. Work on the retail portion, which is expected to be completed by the second half of 2022, amounted to approximately €3,272 thousand. Twenty-two preliminary sales agreements/irrevocable offers, five of which in the first half of 2022, for residential units in the Officine Storiche area had been signed at 30 June 2022.

Lastly, the sale of a residential unit and an enclosed garage in the Mazzini section closed in the first half of 2022.

Restyling

In the first quarter of 2022 work on the new medium-sized stores at the Casilino center in Rome and construction of the new medium-sized stores in the space created by reducing the hypermarket at the Porto Grande Shopping Center in San Benedetto del Tronto was completed. The costs incurred for the work done in the half amounted to €228 thousand and €921 thousand, respectively.

The restyling work is consistent with the strategy, already described at length in the Annual Report and the Corporate Sustainability Report at 31 December 2021, to be increasingly green in order to reach climate change goals, provide financial support through the issue of sustainable finance instruments and increase the property's tradable value.

At 30 June 2022 work was still underway on:

- restyling of the La Favorita Shopping Center in Mantua which is expected to be completed by the second half of 2022. The costs incurred for the work done in the quarter amounted to €910 thousand;
- planning the restyling of the Leonardo Shopping Center in Imola which is expected to be completed in 2023. The costs incurred in the reporting period amounted to €122 thousand;
- planning the remodeling of the spaces inside the Katanè Shopping Center in Catania and the La Torre Shopping Center created by reducing the size of the hypermarket, which increased the size of the mall, pursuant to the agreement signed between IGD SIIQ and Coop Alleanza

3.0. The work is expected to be completed in 2023. Costs incurred for the work done in the reporting period totaled €27 thousand for Katanè and €82 thousand for La Torre;

- remapping of the space occupied by the hypermarket at the Tiburtino Shopping Center in Guidonia. The cost incurred for the planning work amounted to €1 thousand at 30 June 2022.

La Favorita (MN) – Piazza food

Porto Grande – San Benedetto del Tronto – Ingresso principale

Extraordinary maintenance

In the first half of 2022, extraordinary maintenance continued for a total of €2,999 thousand, relating mainly to work done to improve the energy efficiency at the Tiburtino, Casilino, Maremà, Centro d’Abruzzo and ESP centers, as well as a few Romanian shopping centers.

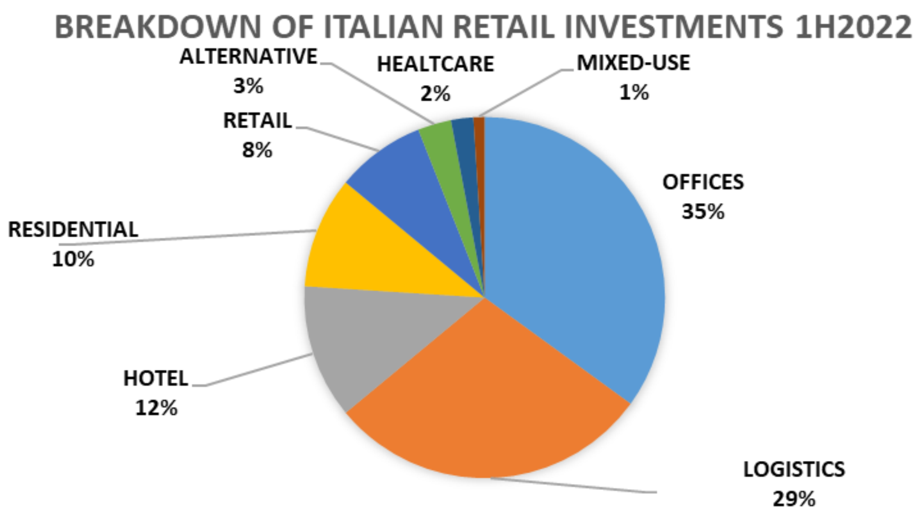
1.9. // The real estate portfolio

For a better understanding of the performance of IGD SIIQ SPA Group's real estate portfolio in both Italy and Romania, below is a brief description of how the Italian and Romanian retail real estate markets performed in the first half of 2022.

THE ITALIAN REAL ESTATE MARKET

In the first half of 2022 the volume of commercial real estate investments in Italy was high, driven by the momentum seen in the second half of 2021. With €6.2 billion transacted (+84% compared to the same half of the prior year), the first half of 2022 was the best half on record.
The Office segment was, once again, in first place with €2.2 billion transacted, an increase of +192% compared to first half 2021. In the logistics segment, transactions were up +177%; growth, albeit limited, was also reported by the hotel segment with transactions totaling €728 million (+14% compared to the first half of 2021); residential continued to grow, coming in at €643 million (+111% against the first half of 2021); the retail segment recovered partially with the amount transacted reaching €529 million (+118% compared to the first half of 2021). Alternative, healthcare and mixed use were down slightly. The political-economic scenarios, however, began to deteriorate in the first half. The Covid containment measures implemented in China were accompanied by the sharp rise in the cost of raw materials and energy due to the escalation of the Russian-Ukrainian conflict which fueled inflationary pressures and reduced household purchasing power. The monetary authorities responded by increasing the cost of money. In light of this deterioration in the global market conditions, the market is expected to slow in the second half.

Commercial real estate transactions in Italy 1H2022



Source Cbre market 1H2022

THE ITALIAN RETAIL REAL ESTATE MARKET

The first half of 2022 closed with investments in the retail real estate market at €530 million, an increase of +118% compared to the same period of the prior year, which confirmed the recovery seen already at the end of 2021. The biggest transactions involved the retail warehouse, retail

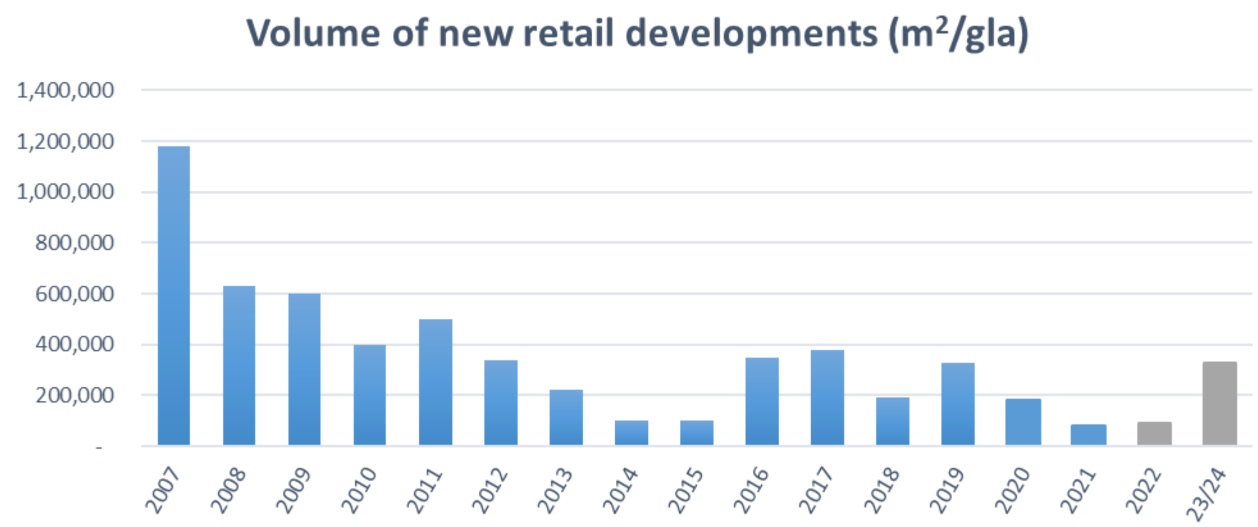
park and high street segments, which accounted for 54% of the amount transacted. The shopping center segment saw a few opportunistic transactions, but only in the second quarter as investors continued to look for attractive deals and owners maintained a wait-and-see attitude. While investments in the retail segment could increase over the next few months, higher interest rates and the financing costs seen recently indicate that it may take longer for sellers and potential buyers to realign price expectations.
In the first half of 2022 the net yield for prime shopping centers reached 6.15% and 7.75% for good secondary. Yields for the high street segment remain low with prime and good secondary coming in at 3.10% and 5.50%, respectively. Rents/m2 for prime shopping centers were unchanged at €960/year.

Change in retail investments in Italy 2011-1H2022

Source Fonte CBRE market 1H2022

THE STOCK AND THE RETAIL SECTOR PIPELINE

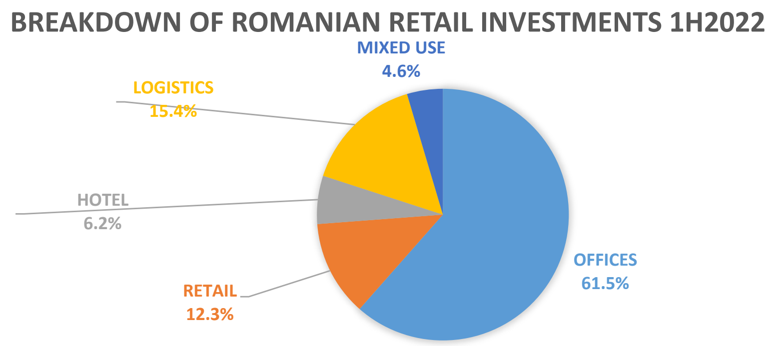
New retail developments completed and still underway at 30 June 2022 (GLA >10,000 m²)



Source CBRE market snapshot- retail 2Q2022

THE ROMANIAN RETAIL REAL ESTATE MARKET

In Romania commercial real estate investments totaled €323 million in the first half of 2022, an increase of 6% against the same period of the prior year. The breakdown by sector is shown below:



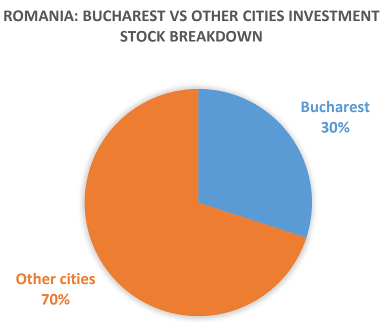
The main investors in the Romanian real estate market were foreign, primarily from Austria (37%), but the presence of domestic investors increased and in the first half of 2022 these investors were involved in 18% of the deals.

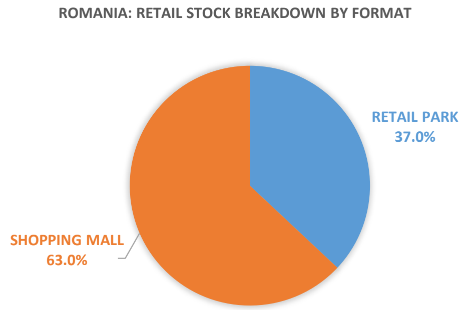
The retail segment, with transactions reaching roughly €40 billion, was the third largest asset class by amount transacted, after the office and industrial segments.

In 1H2022 36,500 square meters of new GLA were added and the total stock reached about 4.03 million square meters GLA.

The change in the composition of the stock, shifting more towards the retail park format to the detriment of the traditional shopping malls, continued. At the end of the reporting period, the ratio was 37% retail park vs/ 63% shopping malls – and shopping malls account for just 47% of the pipeline, which calls for construction of an additional 172,000 square meters of GLA by year-end 2023.

The capital Bucharest continues to be, by far, the city with the largest amount of retail GLA, compared to Romania's other large cities with 30% of the stock in Bucharest and 70% in the other cities.





"Prime" retail rents in 1H2022 were in line with the prior half at €45/m^2/month for high street, while shopping centers rose slightly from €70/ m^2/month to €75/ m^2/month.

1.9.1. The real estate portfolio

Based on the appraisals at 30 June 2022, IGD SIIQ SPA Group's freehold real estate portfolio had a fair value of **€2,143.5 million**, to which the fair value of the leasehold properties (€**28.04 million**) should be added.

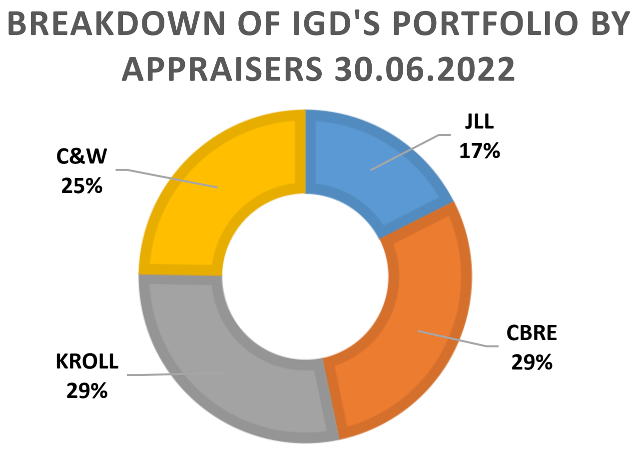
In the first half of 2022 the leasehold portfolio comprises solely the Nova (Villanova di Castenaso-Bologna) and Fonti del Corallo (Livorno) shopping malls as the perimeter no longer includes the mall in the Piave center (San Donà di Piave - Venice) following the early termination on 1 January 2022 of the master lease.

FREEHOLD ASSETS

IGD SIIQ SPA Group's real estate portfolio is comprised of commercial retail properties (of which 96.34% is already generating revenue) and assets under construction.

The assets generating revenue streams are found in Italy and Romania, while at 30 June 2022 the development projects were solely in Italy. The property appraisals are carried out by CBRE Valuation S.p.A. (hereinafter referred to as CBRE), Kroll (formerly Duff&Phelps), Cushman & Wakefield LLP (hereinafter C&W) and Jones Lang LaSalle S.p.A (JLL) whose mandates were renewed in 2022 for two more years.

The breakdown by fair value for each of the four appraisers of IGD's property portfolio is shown below:



The breakdown of fair value by appraiser at 30 June 2022 in Italy and Romania is shown below:

Importi in Euro milioni	Fair Value 30.06.2022 Totale	Fair Value 30.06.2022 Italia	Fair Value 30.06.2022 Romania
C&W	530.07	530.07	0
CBRE	653.27	581.91	71.36
JLL	315.29	315.29	0
KROLL	644.86	581.16	63.70
Totale Patrimonio IGD	**2,143.49**	**2,008.43**	**135.06**

The fees paid to the independent appraisers at 30 June 2022 are shown below:

Amounts in thousands of Euro	Appraisal fees	Other fees	Total fees
CBRE	52	0	52
KROLL	82	7	89
JLL	40	0	40
C&W	40	0	40
Total fees	**214**	**7**	**221**

The asset classes comprising the Group's real estate portfolio at 30 June 2022 are described below:

- "Hyper and super": at 30 June 2022 this asset class comprised 19 properties with a total GLA of about 170,100 m^2, found in 8 regions in Italy;
- "Malls and retail parks": 27 properties found in 12 regions in Italy. In the first half of 2022, the remodeling/reduction of the Katané and La Torre hypermarkets was completed bringing the total GLA for malls and retail parks to around 427,300 m^2;
- "Other": two properties which are part of freehold shopping centers, a store, two office units, and a mixed-use property used by athletes and sports associations as housing/offices, for a total of six properties with a GLA of about 9,600 m^2;

- "Progetto Porta a Mare": a mixed-use real estate complex under construction with a residual GLA of approximately 51,821 m^2 located near Livorno's waterfront;
- "Development projects": this asset class comprises a single property located near the Porto Grande Shopping Center which will be used to expand the center by around 5,000 m^2 GLA;
- "Winmarkt": a portfolio of 14 retail properties, and an office building, found throughout Romania covering a total area of approximately 94,500 m^2. The properties belonging to this asset class are centrally located in thirteen of Romania's largest cities, but none are found in the capital, Bucharest.

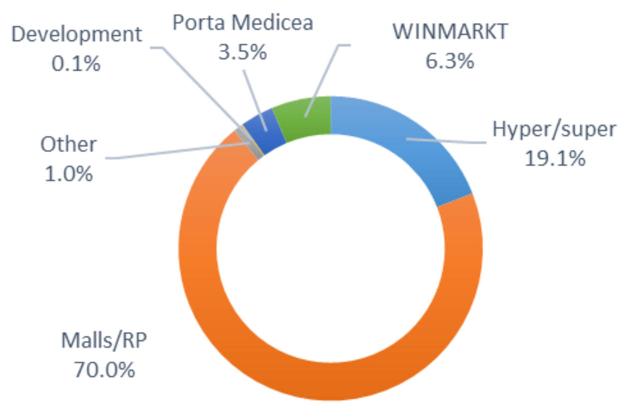
IGD Group has 54 properties in Italy and can be broken down by asset class as follows:

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

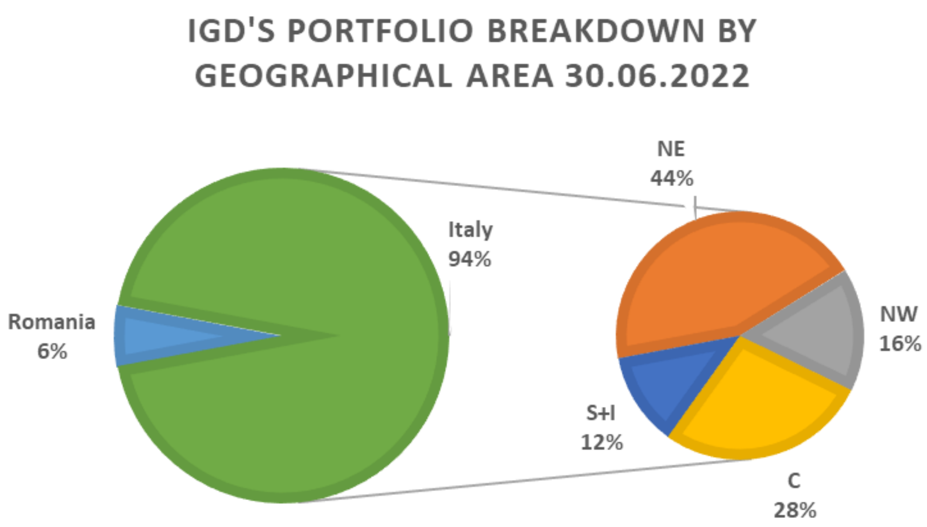
IGD Group has 15 properties in Romania (the Winmarkt portfolio), broken down as follows:

- 14 shopping malls
- 1 office building

Breakdown of IGD's real estate portfolio at 30 June 2022 by asset class



Geographic breakdown of IGD's portfolio in Italy and Romania at 30 June 2022



LEASEHOLD ASSETS

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

Map of IGD's real estate portfolio in Italy at 30.06.2022

E.Romagna: 8 Malls, 8 Hyper - 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;

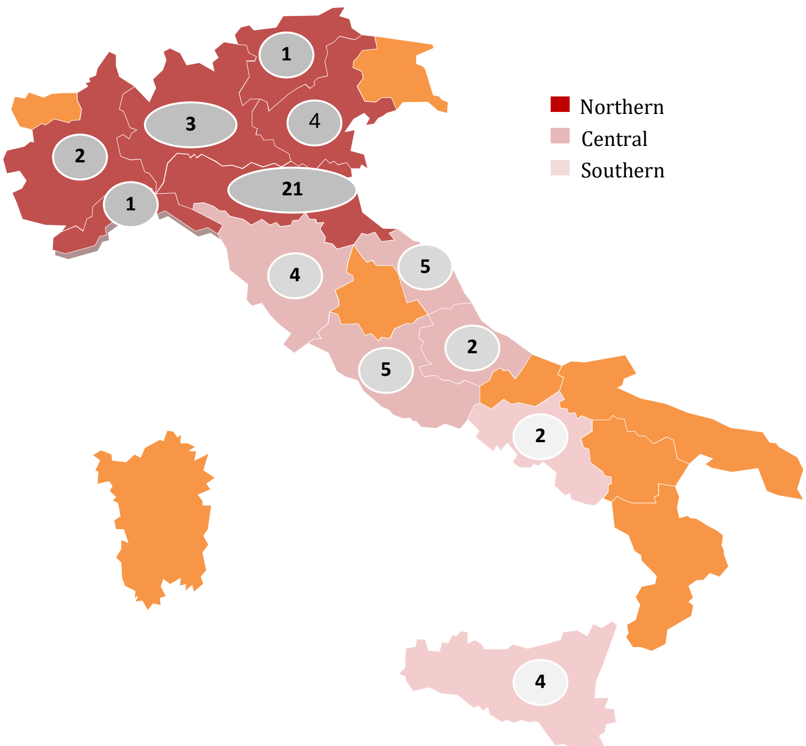
Abruzzo:1 mall, 1 hyper;

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; NW: Piedmont, Lombardy; Liguria; C: Tuscany, Marche, Lazio, Abruzzo; S+I: Sicily, Campania.

Map of Winmarkt's real estate portfolio in Romania at 30.06.2022

15 freehold assets

Muntenia: 6 malls, 1 office building;

Moldova: 3 malls +RP;

Oltenia:1 mall;

Transilvania: 3 malls;

Dobrogea: 1 mall.

The following tables provide the principal data relative to IGD Group's freehold and leasehold properties in Italy and Romania:

ITALY

Appraisers	Asset	Location	Mall and Retail Park GLA (sqm)	Other/external areas	Ownership	Ownership of business branch	Opening date	Date of last extensions / restyling / remodeling	% owned	Form of ownership	No. of shops	No. of medium surfaces	No. of other external areas	Parking places	Main brands	Food anchor	Food anchor GLA
SGR - D&P	Ipermercato CC Fonti del Corallo	Livorno (LI)			IGD SIIQ SPA	Food anchor manager	2003	//	100%	Freehold property (only hypermarket+ MS from hyper reduction)		5			//	Ipercoop	9,359
JLL	Supermercato Civita Castellana	Civita Castellana (VT)	//	//	IGD SIIQ SPA	Food anchor manager	2010	//	100%	Freehold property (only supermarket)					//	Coop	3,020
JLL	Galleria Commerciale Millennium Center	Rovereto (TN)	7,683	//	IGD MANAGEMENT SiiNQ	IGD SERVICE Srl	2004	//	100%	Freehold property (excluding supermarket and a portion of a shopping malls)	28	4		900	Game 7 Athletics, Oviesse, Terranova, Me & City	Superstore Despar (non di proprietà)	4,500
JLL	Ipermercato CC I Malatesta	Rimini (RN)	//	882	IGD SIIQ SPA	Food anchor manager	2005	//	100%	Freehold property (Hypermarket + Wholesale Area + Fitness Area)					//	Ipercoop	10,435
JLL	Centro Commerciale ESP	Ravenna (RA)	29,952	3,200	IGD SIIQ SPA	IGD SIIQ SPA	1998	2017	100%	Freehold property	84	16	1	3,304	Deichmann, Game 7 Athletics, Unieuro, H&M, Piazza Italia, Bershka, Pull & Bear, OVS; Kiabi, Casa, Maisons du Monde, Scarpe & Scarpe	Ipercoop	16,536
JLL	Centro Commerciale e Retail Park Conè	Conegliano (TV)	20,466	//	IGD SIIQ SPA	IGD SIIQ SPA	2010	2019 riduzione Iper - ampliamento Galleria 2021	100%	Freehold property	58	9		1,550	Maison du Monde,Conbipel, H&M, Librerie Coop, Euronics, Scarpe&Scarpe, Stradivarius, Bershka	Ipercoop	Nuova GLA ridotta 6.972 mq da dicembre 2019 -AV 4.356
JLL	Galleria CC Luna	Sarzana (SP)	3,576	//	IGD SIIQ SPA	IGD SIIQ SPA	1992	//	100%	Freehold property (excluding hypermarket)	38	1			Kiko, GameStop, Camaieu	Ipercoop (non di proprietà)	//
JLL	Retail Park Clodì	Chioggia (VE)	9,329	//	IGD SIIQ SPA	IGD SIIQ SPA	2015		100%	Freehold property	8	6			OVS, Scarpe&Scarpe; Piazza Italia, Dechatlon, Trony, Happy Casa	Ipercoop	7,490
C&W	Centro Commerciale Borgo	Bologna (BO)	6,975	//	IGD SIIQ SPA	IGD SIIQ SPA	1989	2015	100%	Freehold property	33	4		1,450	Librerie Coop, Unieuro, Scarpe&Scarpe, Pepco, Portobello	Ipercoop	11,480
C&W	Centro Commerciale Porto Grande	Porto d'Ascoli (AP)	13,462	543	IGD SIIQ SPA	IGD SIIQ SPA	2001	2019 riduzione Iper - ampliamento Galleria 2022	100%	Freehold property	35	5	1	1,730	Decathlon, Deichmann, Portobello, Unieuro	Ipercoop	Nuova GLA ridotta 8.360 mq da dicembre 2019
C&W	Centro Commerciale d'Abruzzo	San Giovanni Teatino (CH)	12,571	3,610	IGD SIIQ SPA	IGD SIIQ SPA	2001	2014	100%	Freehold property	45	7	3	1,730	Unieuro, Piazza Italia; Terranova; Happycasa; Kiabi	Ipercoop	14,127
C&W	Centro Commerciale Lungo Savio	Cesena FC)	2,928	//	IGD SIIQ SPA	IGD SIIQ SPA	2002	//	100%	Freehold property	23	1		850	Librerie Coop, Coop Salute	Ipercoop	7,476
C&W	Centro Commerciale Le Maioliche	Faenza (RA)	25,343	//	IGD SIIQ SPA	IGD SIIQ SPA	2009	//	100%	Freehold property	42	10		2,400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	NB nuova GLA ridotta 2019 mq 6.163 AV mq 3.906
C&W	Centro Commerciale Leonardo	Imola (BO)	15,016	//	IGD SIIQ SPA	IGD SIIQ SPA	1992	2012 (Zara p1)	100%	Freehold property	60	7			OVS, Mediaworld,King Sport, Terranova	Ipercoop	15,862
C&W	Centro Commerciale Lame	Bologna (BO)	6,183	//	IGD SIIQ SPA	IGD SIIQ SPA	1996	2003	100%	Freehold property	43	1			Librerie Coop, Douglas, Amici di Casa Coop, Original Marines, Pepco	Ipercoop	15,201
CBRE	Centro Commerciale Città delle Stelle	Ascoli Piceno (AP)	20,975	1,850	IGD SIIQ SPA	IGD SIIQ SPA	2002	2017	100%	Freehold property	46	8	1	2,200	Piazza Italia, HappyCasa; H&M; Multiplex Stelle; Kiabi, Casa, Clayton; Dverso	Ipercoop	9,614
CBRE	Centro Commerciale Casilino	Roma (RM)	7,269	4,273	IGD SIIQ SPA	IGD SIIQ SPA	2002	2019 restyling parziale e nuova MS PT - 2021 riduzione Iper - 2022 nuova Galleria P1	100%	Freehold property	27	7	2	1,260	Euronics, Piazza Italia, Satur, Pepco;	Ipercoop	5,870
CBRE	Centro Commerciale La Torre	Palermo (PA)	15,252	//	IGD SIIQ SPA	IGD SIIQ SPA	2010	2022 riduzione Iper e ampliamento Galleria	100%	Freehold property	44	5		1,700	Expert, Piazza Italia, H&M; McDonald	Ipercoop	7,203
CBRE	Piastra Commerciale Mazzini	Livorno (LI)	6,083	//	IGD SIIQ SPA	IGD SIIQ SPA	2014	//	100%	Freehold property	23	1			Unieuro/Coop	Coop	1,440
CBRE	Galleria CC Favorita	Mantova (MN)	7,400	//	IGD SIIQ SPA	IGD SIIQ SPA	1996	2007	100%	Freehold property (excluding hypermarket)	33	4			Ovs, Piazza Italia, Calliope, Deichmann	Ipercoop (non di proprietà)	11,000
CBRE	Retail Park CC Favorita	Mantova (MN)	6,214	//	IGD SIIQ SPA	IGD SIIQ SPA	1996	//	100%	Freehold property (only buildings 1, 2A, 2B, 3)	4				Mediaworld,Terranova, Scarpe & Scarpe, Pepco	//	//
CBRE	Galleria Commerciale Punta di Ferro	Forlì (FC)	21,218	//	IGD SIIQ SPA	IGD SIIQ SPA	2011	//	100%	Freehold property (excluding hypermarket)	88	7		2,854	H&M, Unieuro, Toys, McDonald, Deichmann, Benetton	Conad (non di proprietà)	12,625
CBRE	Galleria Commerciale Maremà	Grosseto (GR)	17,121	//	IGD SIIQ SPA	IGD SIIQ SPA	2016	//	100%	Freehold property (excluding hypermarket)	45	6		3,000	Piazza Italia, Decathlon, Zara, Bershka, Stradivarius, Pull & Bear	Ipercoop (non di proprietà)	//
CBRE	Centro Commerciale Katanè	Gravina di Catania (CT)	14,925	//	IGD SIIQ SPA	IGD SIIQ SPA	2009	2022 riduzione Iper e ampliamento Galleria	100%	Freehold property	67	6		1,320	Adidas, Euronics, OVS, Conbipel, Piazza Italia,	Ipercoop	7,221
D&P	Centro Commerciale Tiburtino	Guidonia Montecelio (RM)	36,079	//	IGD SIIQ SPA	IGD SIIQ SPA	2009	//	100%	Freehold property	99	16		3,800	Desigual; Bata; Azzurra Sport, H&M, Piazza Italia, Obi, Scarpamondo,NewYorker, Euronics	Ipercoop	5,262
D&P	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	
D&P	Galleria Commerciale Gran Rondò	Crema (CR)	15,130	//	IGD SIIQ SPA	IGD SERVICE Srl	1994	2006	100%	Freehold property (excluding hypermarket)	40	4	presente distributore di proprietà Coop Lombardia	1,280	Oviesse, Euronics, Pepco, DM	Ipercoop (non di proprietà)	//
D&P	Centro Commerciale Le Porte di Napoli	Afragola (NA)	16,987	//	IGD SIIQ SPA	IGD SIIQ SPA	1999	2014	100%	Freehold property	66	9		2,650	Euronics, H&M, Piazza Italia, Toys, Deichmann;	Ipercoop	9,570
D&P	Galleria Commerciale Sarca	Sesto S. Giovanni (MI)	23,672	//	IGD MANAGEMENT SiiNQ	IGD SERVICE Srl	2003	2015	100%	Freehold property (excluding hypermarket)	72	8		2,500	OVS, H&M, Notorious cinema, Roadhouse, Scarpe&Scarpe,	Ipercoop (non di proprietà)	//
D&P	Galleria Commerciale e Retail Park Mondovicino	Mondovì (CN)	17,194	//	IGD SIIQ SPA	IGD SIIQ SPA	2007	2014	100%	Freehold property (excluding hypermarket)	39	8		4,500	Jysk,OVS, Librerie.Coop, Brico IO, Foot Loker	Ipercoop (non di proprietà)	12,550
D&P	Centro Commerciale Darsena City	Ferrara (FE)	16,250	//	IGD SIIQ SPA	IGD SERVICE Srl	2005	//	100%	Freehold property	15	2		1,320	UCI, WeArena, TEDI	Despar	3,715
D&P	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)	//
D&P	Supermercato Aquileia	Ravenna (RA)	//	//	IGD SIIQ SPA	Gestore Ancora Alimentare		//	100%	Freehold property (Supermarket)					//	Famila	2,250
	Centro Nova	Villanova di Castenaso (BO)	12,640	//	CSII SPA e COPAIN HOLDING SPA	IGD SERVICE Srl	1995	2008	//	Master Leasing	55	7		2,400	H&M, Librerie Coop, Bershka, Pittarosso, Benetton; McDonald	Ipercoop	18,268
	Galleria CC Fonti del Corallo	Livorno (LI)	7,054	//	Fondo Mario Negri	IGD SIIQ SPA	2003	//	//	Master Leasing	55	2		1,600	Oviesse; Librerie Coop, Bata, Swarovski	Ipercoop	

ROMANIA

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

1.9.2. Analysis by asset class of the freehold portfolio

1.9.2.1. ITALY

In the first half of 2022 there were no changes in the perimeter of IGD Group's real estate portfolio.

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

	IGD Group Investment Property						Direct development initiative	Porta a Mare Project	Total investment property, land and development initiatives, assets held for trading	Right to use (IFRS 16)	Assets held for sale	Total investment property, land and development initiatives, assets held for trading and right to use
Amounts in € million	Hypermarkets and Supermarkets	Shopping malls Italy	Other	Total Italy	Total Romania	**Total IGD Group**	Plot of land and ancillary cost	Porta a Mare project (+)				
Book value at 31.12.2021	**423.84**	**1,481.62**	**20.82**	**1,926.28**	**135.78**	**2,062.06**	**2.51**	**75.90**	**2,140.47**	**31.12**	**1.35**	**2,172.94**
Increase due to work 2022	0.00	2.22	0.05	2.27	0.55	**2.82**	0.00	4.31	**7.13**	0.17	0.00	**7.30**
Disposals	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	(0.37)	**(0.37)**	0.00	1.35	**(1.72)**
Capital gains on property sales	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Reclassification from asset under construction	0.00	2.83	0.00	2.83	0.00	**2.83**	0.00	0.00	**2.83**	0.00	0.00	**2.83**
Reclassification for 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**
Riclassification 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 revaluations/ writedowns	(14.24)	12.74	0.16	(1.34)	(1.27)	**(2.61)**	0.03	(3.98)	**(6.56)**	(3.25)	0.00	**(9.81)**
Book value at 30.06.2022	**409.60**	**1,499.41**	**21.03**	**1,930.04**	**135.06**	**2,065.10**	**2.54**	**75.86**	**2,143.50**	**28.04**	**0.00**	**2,171.54**

HYPERMARKETS AND SUPERMARKETS

IGD's hypermarkets and supermarkets are leased on a long-term basis to Coop Alleanza 3.0 Group (formerly Coop Adriatica Scarl), Unicoop Tirreno Soc. Coop Group, Despar and Familia. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings. The hypermarkets and supermarkets were valued at 30 June 2022 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Iper/Super	30/06/2022
JLL	28%
CBRE	12%
KROLL	7%
C&W	53%
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 standard duration of 15 years.

The fair value of this asset class reached €409.60 million in the half, a decrease of -3.36% or €14.24 million compared to the prior half. The decrease is explained by the remodeling of the hypermarkets in the Katané and La Torre shopping centers; like-for-like the fair value of this asset class was 1.62% of €6.16 million higher.
The average discount rate was 0.40% higher than in the prior half like-for-like, coming in at 6.73%, due to higher inflation estimates. The average gross cap out rate reached 6.29%, showing an increase of +0.07%.
The weighted average gross initial yield was 6.14%, an increase of +0.08%.
The occupancy rate for this asset class was unchanged at 100%.

SHOPPING MALLS AND RETAIL PARKS

IGD Group's shopping malls and retail parks are leased on average for five years to businesses. Rent is indexed to 100% of the ISTAT index.
Leases of six + six years, with rent indexed to 75% of the ISTAT index, are reserved for services like newsstands, tobacco shops, dental studios, hair salons and beauty centers.
Shopping malls and retail parks were valued at 30 June 2022 by the appraisers CBRE, KROLL, C&W and JLL based on the following percentages of FV:

Malls/RP	30/06/2022
JLL	17%
CBRE	29%
KROLL	33%
C&W	21%
TOTAL	**100%**

The DCF method was used by all the appraisers for this asset class. In the DCF models of CBRE, C&W, and JLL a standard duration of 10 years was used for all assets; KROLL used a standard duration of 15 years.
The fair value of this asset class reached €1,499.41 million, a rise of 1.20% or €17.79 million against the prior year explained by the increase in the size of the Katané and La Torre shopping malls following the remodeling of the respective hypermarkets. Like-for-like, namely excluding these malls, the asset class was up +0.81% or +10.98 million.

The average discount rate was 0.24% higher than in the prior half, coming in at 7.34%, due to the higher inflation rate, while decompression in the average gross cap (7.20%) was more contained at +0.03%.
The average gross initial yield for malls/retail parks was +0.13% higher than in the prior half, coming in at 6.70%.
The financial occupancy rate reached 93.96% at 30 June 2022, showing another slight increase of 0.02% against the comparison period.

DEVELOPMENT PROJECTS

At 30 June 2022 this asset class comprised one plot of land to be used for the expansion of the Porto Grande Shopping Center in Porto d'Ascoli (AP) by constructing two medium-size retail areas with a GLA of around 5,000 m2.
"Development projects" were valued entirely by C&W using the residual method.
The fair value of this asset class reached an estimated €2.54 million at 30 June 2022, in line with the prior year.

PORTA A MARE PROJECT (TRADING)

The assets of Porta Medicea, owner of the Porta a Mare Project, were valued at 30 June 2022 entirely by the CBRE using the conversion or residual method.
The project can be broken down into the following areas:

- Mazzini (residential, offices, parking and public parking) which at 30 June 2022 had a total GLA of 296 m^2 (this refers to the last residential units completed which should be sold in 2022);
- Officine Storiche (retail, residential, parking and public parking) which has a total GLA of 20,537 m^2. Work began in first half 2015 and sales of residential units began in 2021;
- Lips (retail, tourist services, accommodations and temporary residences) which has a total GLA of 15,867 m^2;
- Molo Mediceo (retail, services and temporary residences) which has a total GLA of 7,350 m^2;
- Arsenale (retail, temporary residences and parking) which has a total GLA of 7,771 m^2.

The fair value of this asset class fell 0.06% or €400 thousand against the prior half to €75.86 million at 30 June 2022, despite the progress made on the Officine residential and commercial section, due to the increase in construction costs, as well as the discount and cap rates.
The fair value of the Porta a Mare Project at 30 June 2022 includes the retail portion of the Officine Storiche section not destined for sale which will continue to be owned by IGD Group.

OTHER

The fair value of this class of property was up +1.06% or €0.21 million at 30 June 2022, coming in at €21.03 million.
"Other" was valued at 30 June 2022 by the appraisers Kroll and JLL based on the following percentages of FV:

Other	30/06/2022
JLL	1%
KROLL	99%

TOTAL	**100%**

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

1.9.2.2. ROMANIA

The Winmarkt properties were valued at 30 June 2022 by the appraisers CBRE and KROLL based on the following percentages of FV:

Winmarkt	30/06/2022
CBRE	53%
KROLL	47%
TOTAL	**100%**

The DCF method was used by both independent experts. KROLL applied a standard duration of 15 years and CBRE of 10 years.
The FV of this asset class was down -0.53% or -€0.72 million compared to the prior half, coming in at €135.06 million.
While still at a good level, the average gross initial yield for the malls at 30 June 2022 was 0.04% lower, coming in at 7.56% due to higher vacancy.
The average discount rate for malls was 0.19% higher compared to the prior half and amounted to 8.05% due, again, to higher inflation estimates.
The average gross cap out for the malls reached 7.92%, showing a slight decrease of -0.11% against the prior year.
The financial occupancy rate for the Winmarkt malls fell -1.73% to 92.87%.

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

Summary at 30.06.2022:

	N° of asset	GLA(mq)	gross initial yield	gross cap out	Weighted discount rate	Financial occupancy rate	Annual rental value/mq	Erv/mq
Hypermarkets and Supermarkets	19	170,112	6.14%	6.73%	6.73%	100%	147	140
Malls Italy	27	427,300	6.70%	7.34%	7.34%	93.96%	224	236
Total Italy Malls+hypermarkets	46	597,412	6.58%	7.21%	7.21%	95.23%	201	209
Malls Romania	14	91,381	7.56%	7.92%	8.05%	92.87%	97	102
Total hypermarkets and malls IGD Group	**60**	**688,793**	**6.32%**	**6.73**	**6.92%**	**94.96%**	**188**	**194**

Summary at 31.12.2021:

	N° of asset	GLA(mq)	gross initial yield	gross cap out	Weighted discount rate	Financial occupancy rate	Annual rental value/mq	Erv/mq
Hypermarkets and Supermarkets	19	173,350	6.06%	6.22%	6.34%	100%	150	145
Malls Italy	27	425,585	6.57%	7.17%	7.10%	93.93%	225	235
Total Italy Malls+hypermarkets	46	598,935	6.45%	6.96%	6.93%	95.16%	202	209
Malls Romania	14	91,408	7.6%	8.03%	7.86%	94.60%	101	103
Total hypermarkets and malls IGD Group	**60**	**690,343**	**6.22%**	**6.69%**	**6.66%**	**95.11%**	**188**	**194**

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

Category	Book value 30/06/2022	Accounting method	Market value 30/06/2022	Book value 31/12/2021	Change
IGD Group Real Estate Investments					
Hypermarkets and Supermarkets	409.60	fair value	409.60	423.84	(14.24)
Shopping malls Italy	1,499.41	fair value	1,499.41	1,481.62	17.79
Other	21.03	fair value	21.03	20.82	0.21
Total Italy	**1,930.04**		**1,930.04**	**1,926.28**	**3.76**
Shopping malls Romania	132.26	fair value	132.26	133.08	(0.82)
Other Romania	2.80	fair value	2.80	2.70	0.10
Total Romania	**135.06**		**135.06**	**135.78**	**(0.72)**
Total IGD Group	**2,065.10**		**2,065.10**	**2,062.06**	**3.04**

Category	Book value 30/06/2022	Accounting method	Market value 30/06/2022	Book value 31/12/2021	Change
Plots of land and ancillary costs	2.54	adjusted cost / Fair value	2.54	2.51	0.03
Direct development initiative	**2.54**	**adjusted cost / Fair value**	**2.54**	**2.51**	**0.03**

Category	Book value 30/06/2022	Accounting method	Market value 30/06/2022	Book value 31/12/2021	Change
Porta a Mare Project	75.86	adjusted cost / Fair value	75.86	75.90	-0.04

Category	Book value 30/06/2022	Accounting method	Market value 30/06/2022	Book value 31/12/2021	Change
Right to use (IFRS 16)	28.04	fair value	28.04	31.12	(3.08)
Total right to use	**28.04**		**28.04**	**31.12**	**(3.08)**

Category	Book value 30/06/2022	Accounting method	Market value 30/06/2022	Book value 31/12/2021	Change
Assets held for sale	0.00	fair value	0.00	1.35	(1.35)
Assets held for sale	**0.00**		**0.00**	**1.35**	**(1.35)**

Investment properties, plots of land, development initiatives, assets held for trading and right to use	Book value 30/06/2022		Market value 30/06/2022	Book value 31/12/2021	Change
Total	**2,171.54**		**2,171.54**	**2,172.94**	**(1.40)**

The details of the main development projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	ESTIMATED INVESTMENT	BOOK VALUE AT 30.06.2022 (Mn/€)	% HELD	STATUS
PORTO GRANDE	Extension	Porto d'Ascoli (AP)	5.000 sqm	June 2024	ca. 9,9 Mn/€	2.54	100%	Planning stage completed. All the building permits and authorisation for preletting activities have been issued
					Total	**2.54**		

1.10. // Real estate appraisals

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IGD-GRUPPOIGD-CERTVALPERBILANCIO-220630-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD** VIA TRATTATI COMUNITARI EUROPEI 1957-2007, 13 40127 BOLOGNA] ITALY
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**22 JULY 2022**
VALUATION DATE:	**30 JUNE 2022**
OUR REFERENCE:	*VAL/CLI/IGD-GRUPPOIGD-CERTVALPERBILANCIO-220630-01-ENG*

1. INSTRUCTIONS

1.1 APPOINTMENT

We are pleased to submit our report and valuation (the "Valuation Report"), which has been prepared in accordance with the Engagement Letter entered into between us dated 14 April 2020, extended through a further letter dated 8 March 2022, a copy of which is to be found at the back of this document. This letter and the terms set out there in constitute the "Terms of Business", which form an integral part of this Valuation Report.

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

We have valued the property interest detailed in the Individual Report attached at Section A of *Ref: IGD-GruppoIGD-CertVal-220630-01-ITA*.

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGD-CertVal-220630-01-ITA*.

1.2 THE PROPERTIES

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

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

1.3 COMPLIANCE WITH RICS "RED BOOK"

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

1.4 STATUS OF VALUER AND CONFLICTS OF INTEREST

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

The valuation was prepared by the team of professionals of C&W V&A and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS. C & W (U.K.) LLP has been signatory to valuations provided to the Client for the same purpose as the report, from June 2014 until December 2021. Prior to June 2014, C & W (U.K.) LLP had no previous involvement in the valuation. In our most recent financial year, C & W (U.K.) LLP received less than 5% of its total fee income from the Client.

1.5 PURPOSE OF VALUATION

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

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

1.6 BASES OF VALUATION

The valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

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

MARKET RENT

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

1.7 SPECIAL ASSUMPTIONS

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

This valuation is not subject to any Special Assumptions.

1.8 DEPARTURES

We have made no Departures from the RICS Red Book.

1.9 RESERVATIONS

The valuation is not subject to any reservation.

1.10 INSPECTION

Details of our inspection of the Property are included in the Individual Report section of *Ref: IGD-GruppoIGD-CertVal-220630-01-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-220630-01-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-220630-01-ITA*.

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

1.15 GENERAL COMMENT

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

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

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

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

1.16 CURRENCY

The Properties have been valued in local currency.

2. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref IGD-GruppoIGD-CertVal-220630-01-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-220630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

3. VALUATION METHODOLOGY

In the following paragraph, we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the single reports of *Ref: IGD-GruppoIGD-CertVal-220630-01-ITA*.

3.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

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

4. VALUATION

MARKET CONDITIONS EXPLANATORY NOTE: WAR IN UKRAINE

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

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

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

€522,040,000
(Five hundred twenty-two million and forty thousand Euro)

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

Single Valuation Reports are enclosed under Section A of *Ref: IGD-GruppoIGD-CertVal-220630-01-ITA*.

As per your request we report in the following table the Values gross of purchaser's costs, which is equal to €530,112,730.

5. CONFIDENTIALITY

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

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

6. DISCLOSURE

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

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

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

7. RELIANCE

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

(i) you;

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

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

C & W (U.K.) LLP

SECTION A TERMS OF BUSINESS

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IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-220630-01-ENG

For translation purposes only – Italian version legally binding

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**22 JULY 2022**
VALUATION DATE:	**30 JUNE 2022**
OUR REFERENCE:	*VAL/CLI/IGD-GRUPPOIGDNOSVILUPPI-VALCERTPERBILANCIO-220630-01-ENG*

1. INSTRUCTIONS

1.1 APPOINTMENT

We are pleased to submit our report and valuation (the "Valuation Report"), which has been prepared in accordance with the Engagement Letter entered into between us dated 14 April 2020, extended through a further letter dated 8 March 2022, a copy of which is to be found at the back of this document. This letter and the terms set out there in constitute the "Terms of Business", which form an integral part of this Valuation Report.

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

We have valued the property interest detailed in the Individual Report attached at Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-220630-01-ITA.*

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-220630-01-ITA.*

1.2 THE PROPERTIES

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

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

Detailed reports relating to the Properties are enclosed under Section A of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-220630-01-ITA.*

1.3 COMPLIANCE WITH RICS "RED BOOK"

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

1.4 STATUS OF VALUER AND CONFLICTS OF INTEREST

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

The valuation was prepared by the team of professionals of C&W V&A and reviewed by Mariacristina Laria MRICS and Joachim Sandberg FRICS. C & W (U.K.) LLP has been signatory to valuations provided to the Client for the same purpose as the report, from June 2014 until December 2021. Prior to June 2014, C & W (U.K.) LLP had no previous involvement in the valuation. In our most recent financial year, C & W (U.K.) LLP received less than 5% of its total fee income from the Client.

1.5 PURPOSE OF VALUATION

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

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

1.6 BASES OF VALUATION

The valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

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

MARKET RENT

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

1.7 SPECIAL ASSUMPTIONS

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

This valuation is not subject to any Special Assumptions.

1.8 DEPARTURES

We have made no Departures from the RICS Red Book.

1.9 RESERVATIONS

The valuation is not subject to any reservation.

1.10 INSPECTION

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

1.11 MEASUREMENT

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the areas provided to us and calculated as per local market practice. Details of the floor areas of the Property are included in the Individual Report section of *Ref: IGD-GruppoIGDNoSviluppi-CertVal-220630-01-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-GruppoIGDNoSviluppi-CertVal-220630-01-ITA*.

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

1.15 GENERAL COMMENT

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

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

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

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

1.16 CURRENCY

The Properties have been valued in local currency.

2. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref IGD-GruppoIGDNoSviluppi-CertVal-220630-01-ITA*, our valuations assume the Properties are effectively freehold. We have assumed that the Properties have a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-220630-01-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

3. VALUATION METHODOLOGY

In the following paragraph, we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the single reports.

3.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

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

4. VALUATION

MARKET CONDITIONS EXPLANATORY NOTE: WAR IN UKRAINE

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

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

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

€519,500,000

(Five hundred nineteen million five 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-GruppoIGDNoSviluppi-CertVal-220630-01-ITA.*

As per your request we report the Value gross of purchaser's costs, which is equal to €527,537,325.

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

Attachments that form part of this report:

SECTION A TERMS OF BUSINESS

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

VALUATION CERTIFICATE FOR FINANCIAL STATEMENT

Report Date	26 July 2022
Addressee (or Client)	IGD SiiQ SpA Via Trattati Comunitari Europei 1957-2007, n.13 40127 Bologna (BO) For the attention of: **Mr Roberto Zoia**
The Property	Real estate properties owned by IGD SiiQ SpA as per attached schedule.
Property Description	The portfolio under valuation consists in 4 shopping centres (including both the hypermarket and the gallery) in Italy and 5 in Romania, 4 retail galleries (one of which also includes a Retail park and a mixed use development in Italy plus and office building in Romania, as better described in the in the property report. In relation to the portfolio of assets owned in Romania, please refer to the specific valuation certificate 22-64VAL-0082.
Ownership Purpose	Investment.
Instruction	To value the unencumbered Freehold interest in the Properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement 096-22 entered into between CBRE and the addressee dated 14 March 2022 countersigned the 11 April 2022.
Valuation Date	30 June 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards. / Independent Valuer, as defined in our instructions.
Purpose	Financial reporting purpose for incorporation within the Company's accounts.
Market Value	Market Value as at 30 June 2022: €625,919,500.00 (SIX HUNDRED TWENTY-FIVE MILLION NINE HUNDRED NINETEEN THOUSAND AND FIVE HUNDRED/00 EUROS) exclusive of V.A.T.
Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached. However, for the avoidance of doubt, we confirm that our Valuation has been prepared in accordance the Valuation assumptions provided by Bank of Italy for Reit Fund and contained in "Regolamento sulla gestione collettiva del risparmio -

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

Heightened Market Volatility

We would draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine – in addition to the on-going effects of the global Covid-19 pandemic, in some markets – has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date.

Special Assumptions

None

Compliance with Valuation Standards

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

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

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

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

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

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

Assumptions

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

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

Variation from Standard Assumptions

None.

Valuer

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

Independence

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

Previous Involvement & Conflict of Interests

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

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

Disclosure

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

Reliance

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

(i) Addressees of the Report; and

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

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

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

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

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

Yours faithfully

Davide Cattarin
Managing Director

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

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

Yours faithfully

Elena Gramaglia MRICS
Director
MRICS Registered Valuer

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

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

CBRE Valuation S.p.A.
Valuation & Advisory Services
Piazza degli Affari, 2
20123 Milano
Project reference: 22-64VAL-0083
22-64VAL-0082

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

VALUATION CERTIFICATE FOR FINANCIAL STATEMENT

Report Date	26 July 2022
Addressee (or Client)	**IGD** SiiQ SpA Via Trattati Comunitari Europei 1957-2007, n.13 40127 Bologna (BO) For the attention of: **Mr Roberto Zoia**
The Property	Real estate properties owned by IGD SiiQ SpA as per attached schedule.
Property Description	The portfolio under valuation consists in 4 shopping centres (including both the hypermarket and the gallery) in Italy and 5 in Romania, 4 retail galleries (one of which also includes a Retail Park) in Italy plus and office building in Romania, as better described in the in the property report. In relation to the portfolio of assets owned in Romania, please refer to the specific valuation certificate 22-64VAL-0082.
Ownership Purpose	Investment.
Instruction	To value the unencumbered Freehold interest in the Properties on the basis of Market Value as at the valuation date in accordance with the terms of engagement 096-22 entered into between CBRE and the addressee dated 14 March 2022 countersigned the 11 April 2022.
Valuation Date	30 June 2022
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards. / Independent Valuer, as defined in our instructions.
Purpose	Financial reporting purpose for incorporation within the Company's accounts.
Market Value	Market Value as at 30 June 2022: €550,060,000.00 (FIVE HUNDRED FIFTY MILLION SIXTY THOUSAND/00 EUROS) exclusive of V.A.T.
Service Agreement	Our opinion of value is based upon the Scope of Work and Valuation Assumptions attached. However, for the avoidance of doubt, we confirm that our Valuation has been prepared in accordance with the Valuation assumptions provided by Bank of Italy for Reit Fund and contained in "Regolamento sulla gestione collettiva del risparmio

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

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

Heightened Market Volatility

We would draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine – in addition to the on-going effects of the global Covid-19 pandemic, in some markets – has heightened the potential for greater volatility in property markets over the short-to-medium term. Past experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. You should note that the conclusions set out in this report are only valid as at the valuation date.

Special Assumptions

None

Compliance with Valuation Standards

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

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

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

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

Sustainability Considerations

Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. 'Sustainability' is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations – and current and historic land use.

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

Assumptions

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

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

Variation from Standard Assumptions

None.

Valuer

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

Independence

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

Previous Involvement & Conflict of Interests

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

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

Disclosure

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

Reliance

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

(i) Addressees of the Report; and

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

for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

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

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval.

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

Yours faithfully

Davide Cattarin
Managing Director

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

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

Yours faithfully

Elena Gramaglia MRICS
Director
RICS Registered Valuer

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

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Elena.Gramaglia@cbre.com

CBRE Valuation S.p.A.
Valuation & Advisory Services
Piazza degli Affari 2
20123 Milan
Project reference: 22-64VAL-0083
22-64VAL-0082

Valuation Advisory

Valuation Certificate

Client: IGD SiiQ S.p.A.

Property: Retail Portfolio

06/2022

Milan, 30/06/2022

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

Dear Mr. Zoia,

Following the assignment conferred on 11[st] April 2022, we have performed the necessary analysis aiming to determine the Market Value and Market Rental Value (as defined in Section 2) of the properties identified in Section 1 of the present letter.

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

Property: Retail Portfolio

1. Valuation Certificate

1.1. Subject properties

The retail portfolio under-analysis consists of 4 Hypermarkets/Supermarkets, 3 Retail Galleries, 1 Retail Park and 1 Area Fitness mainly located in the North and Centre of Italy. The main details of these assets are identified in the table below:

Asset	Address	Use	GLA m^2 current
Supermercato Civitacastellana	Civita Castellana (LT)	Supermarket	3,020
Ipermercato Coné	Conegliano (VE)	Hypermarket	6,972
Galleria Commerciale + RP Coné	Conegliano VE)	Shopping Gallery + Retail Park	20,466
Ipermercato Malatesta	Rimini	Hypermarket	10,435
Area Fitness Malatesta	Rimini	Fitness area	882
Ipermercato ESP	Ravenna (RA)	Hypermarket	16,536
Galleria Commerciale ESP	Ravenna (RA)	Shopping Gallery	33,152
Galleria Millenium	Rovereto (TN)	Shopping Gallery	7,668
Retail Park Clodì	Chioggia (VE)	Retail Park	9,329
Ipermercato Clodì	Chioggia (VE)	Hypermarket	7,490
Galleria Centro Luna	Sarzana (SP)	Shopping Gallery	3,576

1.2. Scope of the valuation analysis

The scope of the valuation analysis is to provide you with our professional opinion of the following values as at market conditions available at the valuation date, 30th of June 2022:

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

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

1.3. Basis of Valuation

Our analyses are carried out in accordance with the principles, guidelines and definitions contained in the RICS professional standards and guidance, global – RICS Valuation – Global Standards, issued November 2021, effective from 31 January 2022, incorporating the IVSC International Valuation Standards.

The subject valuation is carried out in accordance with the following definition of Market Value settled by the International Valuation Standards Committee and referred to in the RICS professional standards and guidance, global – RICS Valuation – Global Standards, issued November 2021, effective from 31 January 2022 (VPS 4 – Section 4):

Property: Retail Portfolio

Market Value

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

The subject valuation is carried out in accordance with the following definition of Market Rent as settled by the International Valuation Standards Committee and referred to in the RICS professional standards and guidance, global – RICS Valuation – Global Standards, issued November 2021, effective from 31 January 2022 (VPS 4 – Section 5):

Market Rent

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

1.4. Ukraine Crisis Note

On 24 February 2022, Russian forces entered Ukraine and conflict ensued.

At the time this report was drafted (29/06/2022) the extent of the conflict and its longer-term impact are unknown.

The conflict caused immediate volatility in global stock markets and consequences are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe. There is a risk that the conflict could escalate and directly involve NATO countries.

Sanctions have been imposed against Russia.

The impact on the property market outside of the immediate area affected by the conflict is as yet unknown and, at this stage, there is no evidence that transaction activity and the sentiment of buyers or sellers has changed. The market can therefore still be described as functioning, albeit still in the aftermath of the COVID-19 crisis.

Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly as the conflict in Ukraine evolves, we highlight the importance of the valuation date.

1.5. General principles

Please note that the "General Principles" on which our Valuation are based, are detailed in the single Valuation Reports; those principles are to be considered valid and applicable to the present 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 responsibility of Mr. Massimo Livi, the Chairman of the Board of Jones Lang LaSalle S.p.A., the signee of this Valuation Report; the valuation has been prepared under the supervision of Mr. Riccardo Bianchi MRICS, Head of Valuation Advisory, Mr. Hugo Carlota MRICS, Head of Retail Valuation Advisory, Jones Lang LaSalle S.p.A. and carried out by Mrs. Lorenza Mariotti, Senior Valuer, Jones Lang LaSalle S.p.A.

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

Property: Retail Portfolio

1.6. Source of information

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

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

- Tenancy Schedules;
- Turnover figures (net of VAT) of each retail unit divided per year and per months for the years off 2018, 2019, 2020, 2021 and for the first 3 months of 2022 (Retail Gallery and Retail Park);
- Turnover figures (net VAT) of the Supermarket and Hypermarket divided per year for the years: 2018, 2019, 2020, 2021 and first 3 months of 2022;
- Non- recoverable Landlord costs;
- Summary schedule of all additional income;
- Forecast turnover rent generated in 2022;
- Asset summary identification schedules;
- ESG schedule.

1.7. Valuation method

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

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

1.8. Valuation

Please note that the sum of the Net Market Values of each subject property, listed in Section 1 ("Subject Properties"), is € 365,940,000, while the sum of the rounded Gross Market Values is equal to € 375,844,000 rounded.

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

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

Firmato digitalmente da: Massimo Livi
Data: 21/07/2022 09:59:21

Ing. Massimo Livi FRICS
Chairman of the Board Jones Lang LaSalle Spa

Massimo L.

KROLL
REAL ESTATE ADVISORY GROUP

Agrate Brianza, 22th July 2022

Ref. n° 25797R00 – 25799R00

Messrs

GRUPPO IGD S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of June 30th, 2022 of a real estate portfolio consisting of n. 11 real estate assets intended for commercial use and n.1 real estate asset intended for residential and office mixed use, located on the Italian territory and n. 9 real estate assets located on the romanian territory, indicated as owned by GRUPPO IGD S.p.A.**

Dear sirs,

in compliance with Your request, **KROLL Advisory S.p.A., Real Estate Advisory Group Division (hereinafter REAG S.p.A.)** carried out the valuation of a real estate portfolio, indicated as owned by GRUPPO IGD S.p.A. (hereinafter the Client), in order to determine the market value as of June 30th, 2022.

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

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

KROLL Advisory S.p.A.

Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3 – Via Paracelso, 26
20864 Agrate Brianza MB – Italy
Tel. +39 039 6423.1 - Fax +39 039 6058427
info.krolladvisory@kroll.com
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Via Boccaccio, 4 - 20123 Milano - Italy
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Società soggetta alla attività di direzione e coordinamento di KROLL LLC con sede a New York
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P.IVA 05881660152
www.kroll.com

Definitions

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

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

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

"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).

Valuation criteria

Valuations Asset by Asset of the entire portfolio have been carried out considering the conditions set out in drafts of leases and rent of business unit and individual "rent roll" provided by the Ownership, reflecting the rental situation as of June 2022.

For the valuation of the shopping centers having both the part called "Hyper" and the part called "Mall", REAG, as agreed with the client, proceeded to the virtual separation of the properties into two separate entities, Hyper and Mall, making two separate assessments, assumptions and specific valuation criteria.

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

- **Market/Sales Comparison Approach**: is predicated on actual sales transaction data. Sales are adjusted for comparability including time, location, size, condition, utility and intangible benefits.
- **Income Capitalization Approach**: takes two different methodological approaches into consideration:
  - Direct Capitalisation: based on capitalisation of future net incomes generated by the property at a rate deduced from the real estate market;
  - Discounted Cash Flow Method (DCF) based:
    - on the calculation of future net incomes derived from Property renting for a period of "n." years;
    - on the determination of the Market Value of the property by means of the capitalisation in perpetuity of the net income at the end of this period;
    - on the discounted back net incomes (cash flow) as of the evaluation date.

REAG moreover:

- Carried out site inspections on the Properties located in Livorno (CC Fonti del Corallo), Guidonia Montecelio (CC Tiburtino), in Italy, and on all nine 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; no site inspections were carried out on the other properties, REAG based the appraisals on the information already known.

- Carried out an analysis of the conditions of the local real estate market, took the economic data detected therein into consideration and adapted it to the specific features of the Properties through appropriate statistical work-ups;
- Determined the building area on the basis of the documents supplied by the Client;
- Considered the draft of the "model" lease agreement, the individual amounts of the fees as indicated in the "rent-roll" and the related clauses (duration, insurance costs, maintenance costs, etc) provided by the Client;
- Determined the value of the Property on the assumption of its highest and best use, that is to say, considering among all legally permitted and financially feasible technical uses, only those that can potentially confer the maximum value to each Property;
- Considered the rental situation at the date of the appraisal and indicated by the Client;
- Specifically excludes the impact of substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination resulting from earthquakes or other causes;
- No environmental impact study has been ordered made.
- Did not make specific compliance survey and analysis of the property to determine whether or not it is compliant with the various detailed requirements of the law, concerning the possibility for disabled people to enter work places.

Report content

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

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

Conclusions

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

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

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

Given the above considerations

It is our opinion that, as of December 31st, 2021, the **Market Value** of the subject Properties can reasonably be expressed as follows:

Euro 611.660.000,00

(Euro Six Hundred Eleven Millions Six Hundred Sixty Thousands/00)

Global Market conditions explanatory note: Conflict in Ukraine and Covid-19 Pandemic

On 24 February 2022, Russian forces entered Ukraine and conflict ensued.

At the time this report was drafted the extent of the conflict and its longer-term impact were unknown.

The conflict caused immediate volatility in global stock markets and consequences are anticipated in relation to the cost and availability of energy and natural resources, particularly within Europe.

Sanctions have been imposed against Russia.

The impact on the property market outside of the immediate area affected by the conflict is as yet unknown and, at this stage, there is no evidence that transaction activity and the sentiment of buyers or sellers has changed. The market can therefore still be described as functioning, albeit still in the aftermath of the COVID-19 crisis. On March 31, 2022, Italy ended COVID-19 state of emergency, gradually phasing out the safety measures that were put in place during the pandemic period.

Accordingly - and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly as the conflict in Ukraine evolves, we highlight the importance of the valuation date.

Agrate Brianza, 22th July 2022

Ref. n° 25797R00 – 25799R00

KROLL Advisory S.p.A.

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

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Managing Director,
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Managing Director,
Advisory & Valuation Dept.

1.11. // 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 30 June 2022, similar to year-end 2021, the objective requirements were all satisfied. The asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenues from the rental of freehold properties or other property rights rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

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

COMPLIANCE WITH STATUTORY REQUIREMENTS

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

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

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

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

The income from a single tenant or tenants belonging to a single tenant or single group of tenants did not exceed 60% of total rental income.

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

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

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

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

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

With regard to 2021, as resolved in previous years, during the AGM held on 14 April 2022 shareholders approved the distribution of income generated by exempt operations for an amount that complied with the distribution requirements.

More in detail, shareholders approved the distribution of a total dividend of €38,619,666.05, taken from:

- for €31,733,007.20, distributable income generated by exempt operations;
- for €6,886,658.85, using part of the reserves released following the disposal of 5 hypermarkets and 1 supermarket finalized in the year.

1.12. // Subsequent events

On 2 August 2022 IGD SIIQ S.p.A. entered into a facility agreement with BNP Paribas, in its capacity as Global Coordinator and Green Coordinator, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Cassa Depositi e Prestiti S.p.A., China Construction Bank, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and MPS Capital Services Banca per le Imprese S.p.A., in their capacity of Arrangers and Lenders, pursuant to which the lenders granted the Company a EUR 215 million 3-year Green Facility which may be extended by the Company for up to an additional five years.
The loan will be used to finance and/or refinance, in whole or in part, the so-called Eligible Green Projects referred to in the Company's Green Financing Framework, developed in accordance with the Green Bond Principles 2021, published by the International Capital Market Association (ICMA), and the Green Loan Principles 2021, published by the Loan Market Association (LMA). It will also be used to refinance the Company's existing debt with a pool of banks and lending institutions for a maximum original amount of EUR 200 million, granted under the terms and conditions stated in the loan agreement signed on 16 October 2018.

1.13. // Outlook

The global market conditions continue to be characterized by a series of factors that could weigh further on the post-pandemic recovery. More in detail, the pent-up demand stemming from the recession and the lack of commodities (energy and non), fueled further by the conflict in Ukraine and the international sanctions on Russia, are pushing market prices to levels rarely seen before.
Given the prospects for the next few months, characterized by further price increases, a drop in international trade and higher interest rates, and despite the good results achieved by IGD Group in the first half of 2022, in line with the budget, the Company revised the FFO guidance for 2022 and estimated growth against 2021 to reach +2/3% (versus the +9/10% announced in February). The Company did confirm the February 2022 estimates for 2023 and 2024. This new estimate is based on facts that are known to date and assume that there will be no further resurgence of the pandemic in the fall such that could lead to the introduction of new restrictive measures or limitations on shopping center activities.

1.14. // 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.
Details of related party transactions carried out in the first half of 2022 are provided in a specific section of the notes to the financial statements.

1.15. // Treasury Shares

IGD owned no treasury shares at 30 June 2022 IGD.

1.16. // Research and development

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

1.17. // Significant transactions

During the first half of 2022, no significant non-recurring transactions or atypical/unusual transactions, as defined in CONSOB's notice of 28 July 2006, were carried out with third parties or between Group companies.

2. IGD GROUP'S CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022

2.1 // Consolidated income statement

(in thousands of Euros)	Note	30/06/2022 (A)	30/06/2021 (B)	Change (A)-(B)
Revenue	1	**68,961**	**73,068**	**(4,107)**
Revenues from third parties		53,279	53,208	71
Revenues from related parties		15,682	19,860	(4,178)
Other revenue	2.1	**3,685**	**3,275**	**410**
Other revenues from third parties		2,248	1,985	263
Other revenues from related parties		1,437	1,290	147
Revenues from property sales	2.2	**432**	**440**	**(8)**
Operating revenues		**73,078**	**76,783**	**(3,705)**
Change in inventory	6	667	1,150	(483)
Revenues and change in inventory		**73,745**	**77,933**	**(4,188)**
Construction costs for the period	6	(1,038)	(1,560)	522
Service costs	3	(9,694)	(6,240)	(3,454)
Service costs from third parties		(6,874)	(4,262)	(2,612)
Service costs from related parties		(2,820)	(1,978)	(842)
Cost of labour	4	(5,322)	(5,083)	(239)
Other operating costs	5	(4,789)	(5,406)	617
Total operating costs		**(20,843)**	**(18,289)**	**(2,554)**
Depreciations, amortization and provisions		(772)	(327)	(445)
(Impairment losses)/Reversals on work in progress and inventories		(482)	(54)	(428)
Provisions for doubtful accounts		(1,288)	(9,430)	8,142
Change in fair value		(9,337)	(12,401)	3,064
Depreciation, amortization, provisions, impairment and change in fair value	7	**(11,879)**	**(22,212)**	**10,333**
EBIT		**41,023**	**37,432**	**3,591**
Income/ (loss) from equity investments and asset disposal	8	**397**	**0**	**397**
Financial Income		**62**	**36**	**26**
Financial income from third parties		62	36	26
Financial charges		**(14,372)**	**(16,763)**	**2,391**
Financial charges from third parties		(14,306)	(16,762)	2,456
Financial charges from related parties		(66)	(1)	(65)
Net financial income (expense)	9	**(14,310)**	**(16,727)**	**2,417**
Pre-tax profit		**27,110**	**20,705**	**6,405**
Income taxes	10	(653)	(1,252)	599
NET PROFIT FOR THE PERIOD		**26,457**	**19,453**	**7,004**
Non-controlling interests in (profit)/loss for the period		0	0	0
Profit/(loss) for the period attributable to the Parent Company		**26,457**	**19,453**	**7,004**
- Basic earnings per share	11	0.240	0.176	0.06
- Diluted earnings per share	11	0.240	0.176	0.06

2.2 // Consolidated statement of comprehensive income

(in thousands of Euro)	30/06/2022	30/06/2021
NET PROFIT FOR THE PERIOD	**26,457**	**19,453**
Total other components of comprehensive income that will not be reclassified to profit/(loss):		
Total components of comprehensive income that will not be reclassified to profit/(loss), net of tax effects	**0**	**0**
Other components of comprehensive income that will be reclassified to profit/(loss):		
Effects of hedge derivatives on net equity	8,585	3,431
Tax effects of hedge derivatives on net equity	(1,956)	(789)
Conversion reserve	(247)	(303)
Total components of comprehensive income that will be reclassified to profit/(loss)	**6,382**	**2,339**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	**32,839**	**21,792**
Non controlling interests in (profit)/loss for the period	0	0
TOTAL PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**32,839**	**21,792**

2.3 // Consolidated statement of financial position

(in thousands of Euros)	Note	30/06/2022 (A)	31/12/2021 (B)	Change (A)-(B)
NON CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	12	615	303	312
Goodwill	13	7,335	7,585	(250)
		7,950	**7,888**	**62**
Property, plant, and equipment				
Investment property	14	2,093,143	2,093,176	(33)
Buildings	15	7,057	7,174	(117)
Plant and machinery	16	98	115	(17)
Equipment and other goods	16	1,654	1,741	(87)
Assets under construction and advance payments	17	43,420	44,095	(675)
		2,145,372	**2,146,301**	**(929)**
Other non-current assets				
Deferred tax assets	18	3,899	6,173	(2,274)
Sundry receivables and other non-current assets	19	127	127	0
Equity investments	20	25,765	25,765	0
Non-current financial assets	21	174	174	0
Derivative assets	40	2,671	0	2,671
		32,636	**32,239**	**397**
TOTAL NON-CURRENT ASSETS (A)		**2,185,958**	**2,186,428**	**(470)**
CURRENT ASSETS:				
Work in progress inventory and advances	22	37,532	37,375	157
Trade and other receivables	23	13,969	15,490	(1,521)
Related party trade and other receivables	24	2,595	716	1,879
Other current assets	25	6,665	5,717	948
Cash and cash equivalents	26	16,209	158,080	(141,871)
TOTAL CURRENT ASSETS (B)		**76,970**	**217,378**	**(140,408)**
ASSETS HELD FOR SALE (C)		**0**	**1,801**	**(1,801)**
TOTAL ASSETS (A + B+C)		**2,262,928**	**2,405,607**	**(142,679)**
NET EQUITY:				
Share capital		650,000	650,000	0
Other reserves		473,350	467,300	6,050
Group profit (loss) carried forward		16,167	1,689	14,478
Group profit		26,457	52,769	(26,312)
Total Group net equity		**1,165,974**	**1,171,758**	**(5,784)**
Capital and reserves of non-controlling interests		0	0	0
TOTAL NET EQUITY (D)	27	**1,165,974**	**1,171,758**	**(5,784)**
NON-CURRENT LIABILITIES:				
Derivatives - liabilities	40	2,341	8,435	(6,094)
Non-current financial liabilities	29	932,344	951,408	(19,064)
Provisions for employee severance indemnities	30	3,438	3,391	47
Deferred tax liabilities	18	17,755	17,875	(120)
Provisions for risks and future charges	31	3,840	4,130	(290)
Sundry payables and other non-current liabilities	32	8,583	9,504	(921)
Related parties sundry payables and other non-current liabilities	32	10,441	10,441	0
TOTAL NON-CURRENT LIABILITIES (E)		**978,742**	**1,005,184**	**(26,442)**
CURRENT LIABILITIES:				
Current financial liabilities	33	85,630	192,643	(107,013)
Trade and other payables	35	12,034	16,137	(4,103)
Related parties trade and other payables	36	1,734	950	784
Current tax liabilities	37	4,315	2,967	1,348
Other current liabilities	38	14,499	14,740	(241)
TOTAL CURRENT LIABILITIES (F)		**118,212**	**227,437**	**(109,225)**
LIABILITIES LINKED TO ASSETS HELD FOR SALE (G)		**0**	**1,228**	**(1,228)**
TOTAL LIABILITIES (H=E+F+G)		**1,096,954**	**1,233,849**	**(136,895)**
TOTAL NET EQUITY AND LIABILITIES (D+H)		**2,262,928**	**2,405,607**	**(142,679)**

2.4 // Consolidated statement of changes in equity

(Amounts in thousands of Euro)	Share Capital	Share premium reserve	Other reserves	Profit (loss) from previous years	Profit (loss) of the year	Group net equity	Non-controlling interest capital and reserves	Total net equity
Balance at 01/01/2021	**650,000**	**30,058**	**499,131**	**9,574**	**(74,321)**	**1,114,442**	**0**	**1,114,442**
Profit/(loss) for the year	0	0	0	0	19,453	19,453	0	19,453
Cash flow hedge derivative assessment	0	0	2,642	0	0	2,642	0	2,642
Other comprehensive income/(losses)	0	0	(303)	0	0	(303)	0	(303)
Total comprehensive profit/(losses)	**0**	**0**	**2,339**	**0**	**19,453**	**21,792**	**0**	**21,792**
Cover of 2020 loss								
Fair value reserve reclassification	0	0	0	0	0	0	0	0
2020 loss cover and other reclassifications	0	(30,058)	(36,378)	(7,885)	74,321	0	0	0
Balance at 30/06/2021	**650,000**	**0**	**465,092**	**1,689**	**19,453**	**1,136,234**	**0**	**1,136,234**

(Amounts in thousands of Euro)	Share capital	Other reserves	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**	**467,300**	**1,689**	**52,769**	**1,171,758**	**0**	**1,171,758**
Profit/(Loss) of the period	0	0	0	26,457	26,457	0	26,457
Cash flow hedge derivative assessment	0	6,626	0	0	6,626	0	6,626
Other comprehensive income (loss)	0	(247)	0	0	(247)	0	(247)
Total compehensive profit (loss)	**0**	**6,379**	**0**	**26,457**	**32,836**	**0**	**32,836**
Allocation of 2021 profit							
Dividends paid	0	(6,887)	(31,733)	0	(38,620)	0	(38,620)
Fair Value reserve reclassification	0	0	0	0	0	0	0
Undistributed dividends previous years	0	0	0	0	0	0	0
Allocation 2021 profit	0	6,558	46,211	(52,769)	0	0	0
Balance at 30/06/2022	**650,000**	**473,350**	**16,167**	**26,457**	**1,165,974**	**0**	**1,165,974**

2.5 // Consolidated statement of cash flows

(In thousands of Euros)	30/06/2022	30/06/2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) of the year	**26,457**	**19,453**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities		
Taxes of the year	653	1,252
Financial charges / (income)	14,310	16,727
Depreciation and amortization	772	327
Writedown of receivables	1,288	9,430
(Impairment losses) / reversal on work in progress	482	54
Changes in fair value - increases / (decreases)	9,337	12,401
Gains/losses from disposal - equity investments	(397)	0
Changes in provisions for employees and end of mandate treatment	699	840
CASH FLOW FROM OPERATING ACTIVITIES:	**53,601**	**60,484**
Financial charge paid	(10,072)	(12,368)
Provisions for employees, end of mandate treatment	(1,373)	(582)
Income tax	(587)	(435)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:	**41,569**	**47,099**
Change in inventory	(666)	(1,149)
Change in trade receivables	(1,721)	(17,132)
Net change in other assets	1,326	271
Change in trade payables	(3,244)	5,242
Net change in other liabilities	(2,137)	(672)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**35,127**	**33,659**
(Investments) in intangible assets	(321)	(80)
Disposals of intangible assets	0	0
(Investments) in tangible assets	(8,663)	(8,728)
Disposals of tangible assets	0	0
(Investments) in equity interests	0	52
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(8,984)**	**(8,756)**
Distribution of dividends	(37,850)	0
Rents paid for financial leases	(4,018)	(1,014)
Collections for new loans and other financing activities	40,000	0
Loans repayments and other financing activities	(166,149)	(97,398)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(168,017)**	**(98,412)**
Exchange rate differences on cash and cash equivalents (D)	3	(53)
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)	**(141,871)**	**(73,562)**
CASH BALANCE AT BEGINNING OF THE PERIOD	**158,080**	**117,341**
CASH BALANCE AT END OF THE PERIOD	**16,209**	**43,779**

2.6 // Notes to the condensed interim consolidated financial statements

2.6.1. General information

The condensed interim consolidated financial statements of Immobiliare Grande Distribuzione at 30 June 2022 were approved and authorized for publication by the Board of Directors on 4 August 2022.

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

2.6.2. Summary of accounting standards

2.6.2.1. Preparation criteria

Statement of compliance with International Accounting Standards

The condensed interim consolidated financial statements for the period ended 30 June 2022 have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), that as of the reporting date had been endorsed following the procedure specified in Regulation (EC) 1606/2002 and specifically includes IAS 34 – Interim Financial Reporting. The IFRS have been applied consistently to all reporting periods presented. The condensed interim consolidated financial statements do not include all disclosures required in the annual financial statements, and should be read jointly with the Group's annual report for the year ended 31 December 2021.

Reporting formats

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

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

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

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

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

Changes in accounting standards

a) IFRS accounting standards, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as from 1 January 2022:

- Amendments to IFRS 3 Business Combinations, for the purpose of updating the reference in IFRS 3 to the revised version of the Conceptual Framework, with no material changes to the accounting standard;
- Amendments to IAS 16 Property, Plant and Equipment, to prohibit the deduction from the cost of an item of property, plant and equipment any proceeds from the sale of items produced during the asset's testing phase. Such proceeds and the related costs will instead be recognized in profit or loss;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to clarify that all costs relating directly to a contract must be considered when determining whether the contract is onerous. Therefore, an entity should consider both incremental costs (e.g. materials) as well as any costs it cannot avoid because it is a party to the contract (e.g. the depreciation of machinery used to fulfill the contract);
- Annual Improvements 2018-2020: the improvements concern IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples of IFRS 16 Leases.

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

b) IFRS and IFRIC accounting standards, amendments, and interpretations endorsed by the European Union but not yet effective and not applied in advance by the Group as of 30 June 2022

- On 18 May 2017 the IASB published IFRS 17 – Insurance Contracts, which will replace IFRS 4 of the same designation. The new standard aims to make sure an entity gives pertinent information that accurately represents the rights and obligations arising from insurance contracts issued. The directors do not expect it to have a significant impact on the 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 improve the disclosure of accounting policies in order to provide more useful information to investors and to other primary users of financial statements, and help companies distinguish changes in accounting estimates from changes in accounting policies. They are effective from January 1, 2023 but early adoption is permitted. The directors are currently assessing the potential effects of these amendments on the consolidated financial statements.

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

As of the reporting date, the EU authorities had not yet finished the endorsement process necessary for the adoption of the following amendments and standards.

- On 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current." These clarifying amendments come into force on 1 January 2023; early adoption is in any case permitted. The directors do not expect the amendments to have a significant impact on the consolidated financial statements.
- On 7 May 2021 the IASB published "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The amendments clarify the accounting of deferred tax on certain translations that can generate assets and liabilities of the same amount, such as leasing and decommissioning obligations. They are effective from January 1, 2023 but early adoption is permitted. The directors do not expect the amendments to have a significant impact on the consolidated financial statements.

2.6.2.2. Consolidation

a) Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 30 June 2022, prepared by the boards of directors of the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. The scope of consolidation has not changed since 31 December 2021. Pursuant to Consob Circular DEM/6064293 of 28 July 2006, below is a list of Group companies showing the location of their registered office, share capital in the local currency and consolidation method. The interests held directly or indirectly by IGD SIIQ S.p.A. and each of its subsidiaries are also specified. Below are the exchange rates used to convert foreign subsidiaries' accounts into euros:

Exchange rates	Euro/Ron
Spot exchange at 30.06.2022	4.9454
1H2022 average exchange	4.9455
Spot exchange at 30.06.2021	4.9236
1H2021 average exchange	4.9009
Spot exchange at 31.12.2021	4.9489
2021 average exchange	4.9204

Name	Registered office	Country	Share capital	Currency	% of consolidated Group interest	Held by	% of share capital held	Activity
Parent company								
IGD SIIQ S.p.A.	Bologna via trattati comunitari Europei 1957-2007	Italy	650,000,000.00	Euro				Shopping centers management
Subsidiaries fully consolidated								
IGD Management SIINQ S.p.A.	Bologna via trattati comunitari Europei 1957-2007	Italy	20,000,000.00	Euro	100%	IGD SIIQ S.p.A.	100.00%	Shopping centers management and services
IGD Service S.r.l	Bologna via trattati comunitari Europei 1957-2007	Italy	60,000,000.00	Euro	100%	IGD SIIQ S.p.A.	100.00%	Shopping centers management and services
Porta Medicea S.r.l.	Bologna via trattati comunitari Europei 1957-2007	Italy	34,302,411.00	Euro	100%	IGD Service S.r.l.	100.00%	Construction and marketing company
Win Magazin S.A.	Bucarest	Romania	113,715.30	Lei	100%	IGD Service S.r.l. 99.9% IGD SIIQ S.p.A. 0.1%	100.00%	Shopping centers management
Winmarkt management S.r.l.	Bucarest	Romania	1,001,000	Lei	100%	Win Magazin S.A.	100.00%	Services, Agency and facility management
Arco Campus S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	1,500,000.00	Euro	99.98	IGD SIIQ S.p.A.	99.98%	Activities of asset management, sport facilities and equipment management, construction, sale and rent of properties to be used for commercial and sport activities
Subsidiaries consolidtaed using the equity method								
Fondo Juice	Milano, via San Paolo 7	Italy	64,165	Euro	40%*	IGD SIIQ S.p.A.	40%	Hypermarkets/supermarkets property

* IGD SIIQ holds 25,224 shares of B class equal to 40% of the capital of the fund

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	% of control	Registered office
Owner consortium CC Leonardo	Direct	52.00%	VIA AMENDOLA 129, IMOLA (BO)
Owner consortium CC I Bricchi	Direct	72.25%	VIA PRATO BOSCHIERO, ISOLA D'ASTI (LOC MOLINI)
Owner consortium Centrolame	Direct	66.43%	VIA MARCO POLO 3, BOLOGNA (BO)
Consortium of the shopping center Katanè	Direct	53.00%	VIA QUASIMODO, GRAVINA DI CATANIA LOC SAN PAOLO
Consortium of the shopping center Conè	Direct	65.78%	VIA SAN GIUSEPPE SNC, QUARTIERE DELLO SPORT CONEGLIANO (TV)
Consortium of the shopping La Torre-Palermo	Direct	55.04%	VIA TORRE INGASTONE, PALERMO LOC BORGONUOVO
Owner consortium of the shopping center Gran Rondò	Direct	48.69%	VIA G. LA PIRA n. 18. CREMA (CR)
Owner consortium of the shopping center Fonti del Corallo	Direct	68.00%	VIA GINO GRAZIANI 6, LIVORNO
Owner consortium of the shopping center Centrosarca	Indirect	62.50%	VIA MILANESE, SESTO SAN GIOVANNI (MI)
Consortium Porta a Mare Mazzini	Direct	80.90%	VIA G. D'ALESIO, 2 - LIVORNO
Consortium of the retail park Clodì	Direct	70.35%	S.S. ROMEA n. 510/B; CHIOGGIA (VE)
Consortium Centro Le Maioliche	Direct	70.52%	VIA BISAURA N.13, FAENZA (RA)
Consortium ESP	Direct	64.59%	VIA MARCO BUSSATO 74, RAVENNA (RA)
Owner consortium Puntadiferro	Direct	62.34%	Piazzale della Cooperazione 4, FORLI' (FC)
Owner consortium of compendio commerciale del Commendone	Direct	52.60%	Via Ecuador snc, Grosseto
Consortium shopping center Le Porte di Napoli	Direct	70.56%	Via S. Maria La Nuova, Afragola (NA)
Consortium Darsena	Direct	77.12%	Via Darsena 75 - Ferrara (FE)
Consortium Centro Commerciale 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 30 June 2022. The subsidiaries' and associates' accounts are prepared each year using the same accounting standards as the parent. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the statement of financial position and the income statement;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;

- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;
- the financial statements of all IGD SIIQ Group companies that use a functional currency other than that used in the consolidated statements are translated into euros as follows:
  - the assets and liabilities of each statement of financial position submitted are translated at the exchange rates in force on the reporting date;
  - the revenue and costs of each income 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.

2.6.3. Use of estimates

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

Investment property and inventory

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms selected on the basis of the following criteria: (i) recognized European-level qualifications, (ii) specialized expertise in the retail segment, and (iii) reputability and independence. The selection of the independent appraisers is by resolution of the Board of Directors.
In line with recommendations from the supervisory authorities and the various industry best practices, the company has long followed a specific procedure that governs the selection rules for independent appraisers and the handling of information flows used in the process of assessing the properties' fair value.

To appraise the real estate portfolio at 30 June 2022, the following independent firms were selected: (i) CBRE Valuation S.p.A., (ii) Kroll (formerly Duff&Phelps Reag S.p.A.), (iii) Cushman & Wakefield LLP, and (iv) Jones Lang LaSalle S.p.A. Given their specialized expertise in the retail segment, IGD believes that the findings and assumptions used by the independent appraisers are representative of the market.

The properties in the portfolio are appraised individually, using for each one the appraisal techniques specified below in accordance with IFRS 13.

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

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

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

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

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

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

1) the amount of net cash flow:
    a. for finished properties: rent received less property costs
    b. for construction in progress: estimated future rent less construction costs and property costs

2) the distribution of cash flows over time:
   a. for finished properties: generally even distribution over time
   b. for construction in progress: construction costs come before future rental income
3) the discount rate
4) the gross cap out rate.

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

1) information received from IGD SIIQ, as follows:
   (i) for finished properties: data on the rental status of each unit in each shopping center, as specified in the Company's internal procedure; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs;
   (ii) for construction in progress: the start and end dates of the work, the status of building permits and authorizations, remaining costs, the state of progress, the ribbon-cutting date and projected rentals;
2) assumptions used by the independent appraisers, such as inflation, discount rates, cap out rates and ERVs, determined through their own professional judgment upon careful observation of the market. The following are taken into account when determining the capitalization and discounting rates used to value individual properties:
   - the type of tenant currently occupying the property or responsible for complying with rental obligations and the possible future occupants of vacant properties, as well as the market's general perception of their creditworthiness;
   - the division of responsibilities for insurance and maintenance between the lessor and the lessee;
   - the remaining economic life of the property.

The information provided by IGD to the independent appraisers and the latters' assumptions and appraisal methods are approved by the head of Real Estate Development and Management, who is responsible for organizing and coordinating the appraisal and for monitoring and verifying results before they are incorporated into the financial statements. The entire process is governed in detail by IGD SIIQ's internal procedure.
Disclosures on the fair value hierarchy are provided below in accordance with IFRS 13. The fair value hierarchy classifies into three levels the inputs to valuation techniques used to measure fair value. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). More specifically:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:
  (a) quoted prices for similar assets or liabilities in active markets;
  (b) quoted prices for identical or similar assets or liabilities in markets that are not active;

(c) inputs other than quoted prices that are observable for the asset or liability, for example:

(i) interest rates and yield curves observable at commonly quoted intervals;
(ii) implied volatilities; and
(iii) credit spreads;

(d) market-corroborated inputs.

- Level 3 inputs are unobservable inputs for the asset or liability.

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

The following table shows IGD Group's investment property by type, measured at fair value at 30 June 2022. It does not include construction in progress in the amount of €40,027K (Porto Grande expansion, listed with assets under construction, and non-retail portions of the Porta a Mare project, listed with inventory) as these are measured at the lower of cost and appraised market value as opposed to fair value.

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

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

FAIR VALUE MEASUREMENTS 30/06/2022 Amounts in thousands of Euro	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKETS (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN MARKET (LEVEL 3)
Investment property Italy:			
Malls and retail parks	0	0	1,499,407
Hypermarkets and supermarkets	0	0	409,601
Residual portion of property	0	0	21,034
Total investment property Italy	**0**	**0**	**1,930,042**
Investment property Romania:			
Shopping malls	0	0	132,260
Office Building	0	0	2,800
Total investment property Romania	**0**	**0**	**135,060**
IGD Group investment property	**0**	**0**	**2,065,102**
Porta a Mare project			
Porta a Mare project (*)	0	0	38,370
Total asstes held for trading	**0**	**0**	**38,370**
Right of use (IFRS 16)			
Right of use (IFRS 16)	0	0	28,040
Total right of use (IFRS 16)	**0**	**0**	**28,040**
Total IGD Group investment property measured at Fair Value	**0**	**0**	**2,131,512**

(*) This is a project relating to a retail sector of the Porta a Mare project, recorded under construction in progress and valued at fair value

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 30 June 2022:

Portfolio	Appraisal method	Discounted rate 30/06/2022		GROSS CAP OUT 30/06/2022		Yearly rent €/sqm 30/06/2022	
		min	max	min	max	min	max
TOTAL MALLS/RP	Income-based (DCF)	6.50%	8.61%	5.76%	10.69%	6	541
TOTAL HYPER/SUPER	Income-based (DCF)	5.90%	7.98%	5.36%	7.85%	79	206
TOTAL WINMARKT	Income-based (DCF)	7.00%	9.60%	6.22%	9.47%	38	200

The Group conducts periodic sensitivity analyses on its properties to monitor the impact that changes ("shocks") in the most important unobservable inputs (discount rate and/or gross cap out rate), as a result of macroeconomic trends, would have on the value of its portfolio.
Rate shocks of +/-0.5% are tested individually and jointly to determine how they increase/decrease the value of the real estate portfolio by asset class. The sensitivity analysis at 30 June 2022 is reported below.

Sensitivity analysis at 30 June 2022

Asset class	Hypermarkets and supermarkets	Malls and retail parks	Other	Investment property Romania	Total
Market value at 30/06/2022 +0.5 discount rate	(14,526)	(53,237)	(1,150)	(4,610)	(73,523)
Market value at 30/06/2022 -0.5 discount rate	15,261	55,459	1,340	5,430	77,490
Market value at 30/06/2022 +0.5 Gross cap out	(19,773)	(49,956)	(770)	(4,610)	(75,109)
Market value at 30/06/2022 -0.5 Gross cap out	23,217	58,037	971	5,450	87,675
Market value at 30/06/2022 + 0.5 discount rate +0.5 Gross cap out	(33,519)	(99,984)	(1,799)	(8,940)	(144,242)
Market value at 30/06/2022 -0.5 discount rate -0.5 Gross cap out	39,738	117,028	2,421	11,080	170,267
Market value at 30/06/2022 +0.5 discount rate -0.5 Gross cap out	7,519	2,313	(169)	450	10,113
Market value at 30/06/2022 -0.5 discount rate +0.5 Gross cap out	(5,185)	3,327	579	630	(649)

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

Other variables that could reduce fair value are:

- an increase in operating costs and/or taxes
- a decrease in rent or in estimated rental value for vacant space
- an increase in estimated extraordinary charges.

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

Recoverable amount of goodwill

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

Recoverability of deferred tax assets

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

Fair value of derivative instruments

The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates, also with support from external consultants. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 13: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market.

Variable revenue

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

Provision for doubtful accounts

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

Contingent liabilities

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

2.6.4. Segment reporting

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

PROFIT AND LOSS	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Total revenues and operating income	**68,961**	**73,068**	**3,685**	**3,275**	**432**	**440**	**0**	**0**	**73,078**	**76,783**
Change in work in progress inventory	**0**	**0**	**0**	**0**	**667**	**1,150**	**0**	**0**	**667**	**1,150**
Direct costs (a)	(11,865)	(17,584)	(2,776)	(2,676)	(1,283)	(1,804)	0	0	(15,924)	(22,064)
G&A expenses (b)	0	0	0	0	0	0	(6,207)	(5,453)	(6,207)	(5,453)
Total operating costs (a)+(b)	**(11,865)**	**(17,584)**	**(2,776)**	**(2,676)**	**(1,283)**	**(1,804)**	**(6,207)**	**(5,453)**	**(22,131)**	**(27,517)**
(Depreciation and amortizations)	(586)	(438)	(34)	0	(1)	0	(151)	(91)	(772)	(529)
(Impairment losses)/reversals on work in progress and inventory	27	(15)	0	0	(509)	(39)	0	0	(482)	(54)
Fair value change - increases/(decreases)	(9,337)	(12,401)	0	0	0	0	0	0	(9,337)	(12,401)
Total depreciation, amortization, provisions, impairment and fair value changes	**(9,896)**	**(12,854)**	**(34)**	**0**	**(510)**	**(39)**	**(151)**	**(91)**	**(10,591)**	**(12,984)**
EBIT	**47,200**	**42,630**	**875**	**599**	**(694)**	**(253)**	**(6,358)**	**(5,544)**	**41,023**	**37,432**
Property sales result	**0**	**0**	**0**	**0**	**0**	**0**	**397**	**0**	**397**	**0**
Financial income:	0	0	0	0	0	0	62	36	62	36
Financial charges:	0	0	0	0	0	0	(14,372)	(16,763)	(14,372)	(16,763)
Net financial income (expenses)	**0**	**0**	**0**	**0**	**0**	**0**	**(14,310)**	**(16,727)**	**(14,310)**	**(16,727)**
PRE-TAX PROFIT	**47,200**	**42,630**	**875**	**599**	**(694)**	**(253)**	**(20,271)**	**(22,271)**	**27,110**	**20,705**
Income taxes for the period	0	0	0	0	0	0	(653)	(1,252)	(653)	(1,252)
NET PROFIT FOR THE PERIOD	**47,200**	**42,630**	**875**	**599**	**(694)**	**(253)**	**(20,924)**	**(23,523)**	**26,457**	**19,453**
Non-controlling interests in (Profit)/Loss of the period	0	0	0	0	0	0	0	0	0	0
Parent company share of net profit for the period	**47,200**	**42,630**	**875**	**599**	**(694)**	**(253)**	**(20,924)**	**(23,523)**	**26,457**	**19,453**

REVENUES FROM FREEHOLD PROPERTIES	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY&ISLANDS		ABROAD		TOTAL	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
LEASE & RETAIL INCOME	35,428	36,509	22,746	25,026	4,569	4,226	62,743	65,761
ONE-OFF REVENUE	10	0	2	2	0	0	12	2
TEMPORARY LOCATION RENTALS	1,152	602	617	437	0	0	1,769	1,039
OTHER RENTAL INCOME	0	0	0	87	9	3	9	90
TOTAL	**36,590**	**37,111**	**23,365**	**25,552**	**4,578**	**4,229**	**64,533**	**66,892**

Balance sheet	CORE BUSINESS PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
Investment property	2,093,143	2,093,176	0	0	0	0	0	0	2,093,143	2,093,176
Assets under construction	43,420	44,095	0	0	0	0	0	0	43,420	44,095
Intangible assets	6,328	6,578	1,007	1,007	0	0	615	303	7,950	7,888
Other tangible assets	1,746	1,850	6	6	0	0	7,057	7,174	8,809	9,030
Non current assets held for sale	0	1,801	0	0	0	0	0	0	0	1,801
Sundry receivables and other non-current assets	0	0	0	0	0	0	127	127	127	127
Equity investments	25,693	25,614	0	0	0	0	72	151	25,765	25,765
NWC	(7,073)	(8,548)	714	868	34,540	32,183	0	0	28,181	24,503
Funds	(5,658)	(5,668)	(1,617)	(1,808)	(5)	(43)	0	0	(7,280)	(7,519)
Non-current payables and other liabilities	(13,108)	(14,029)	0	0	(5,917)	(5,917)	0	0	(19,025)	(19,946)
Net deferred tax (assets)/ liabilities	(16,417)	(14,264)	0	0	2,563	2,562	0	0	(13,854)	(11,702)
Liabilities related to assets held for sale	0	(1,228)	0	0	0	0	0	0	0	(1,228)
Total use of funds	**2,128,074**	**2,129,377**	**110**	**73**	**31,181**	**28,785**	**7,871**	**7,755**	**2,167,236**	**2,165,990**
Total shareholders' equity	1,135,271	1,140,579	(610)	(801)	31,313	31,980	0	0	1,165,974	1,171,758
Net (assets) and liabilities for derivative instruments	(329)	8,435	0	0	0	0	0	0	(329)	8,435
Net financial position	993,132	980,362	720	874	(132)	(3,195)	7,871	7,755	1,001,591	985,797
Total sources	**2,128,074**	**2,129,377**	**110**	**73**	**31,181**	**28,785**	**7,871**	**7,755**	**2,167,236**	**2,165,990**

2.6.5. Notes to the consolidated financial statements

Note 1) Revenue and other income

	30/06/2022	30/06/2021	Change
Revenue	**68,961**	**73,068**	**(4,107)**
Revenues from third parties	53,279	53,208	71
Revenues from related parties	15,682	19,860	(4,178)
Other revenue	**3,685**	**3,275**	**410**
Other revenues from third parties	2,248	1,985	263
Other revenues from related parties	1,437	1,290	147
Revenues from property sales	**432**	**440**	**(8)**
Operating revenues	**73,078**	**76,783**	**(3,705)**

In the first half of 2022 the IGD Group earned revenue and other income of €73,078K, including €432K from property sales (one residential unit and one enclosed garage unit in the Mazzini section of the Porta a Mare project). The decrease of €3,705K mostly reflects a reduction of €4,107K in revenue that was only partially offset by an increase in other income.

Note 1.1) Revenue

	Note	30/06/2022	30/06/2021	Change
Freehold hypermarkets - Rents and business leases from related parties	a.1	14.487	18.085	(3.598)
Freehold hypermarkets - Rents and business leases from third parties	a.2	300	0	300
Leasehold hypermarkets - Business leases from related parties	a.3	0	61	(61)
Freehold supermarkets - Rents and business leases from related parties	a.4	379	786	(407)
TOTAL HYPERMARKETS/SUPERMARKETS	**a**	**15.166**	**18.932**	**(3.766)**
Freehold malls, offices and city center	**b.1**	**47.556**	**46.723**	**833**
Rents		**9.155**	**8.401**	**754**
To related parties		348	342	6
To third parties		8.807	8.059	748
Business leases		**38.401**	**38.322**	**79**
To related parties		414	484	(70)
To third parties		37.987	37.838	149
Leasehold malls	**b.2**	**4.285**	**5.834**	**(1.549)**
Rents		**275**	**325**	**(50)**
To related parties		46	59	(13)
To third parties		229	266	(37)
Business leases		**4.010**	**5.509**	**(1.499)**
To related parties		91	127	(36)
To third parties		3.919	5.382	(1.463)
Other contracts and temporary rents	**b.3**	**1.954**	**1.579**	**375**
Other contracts and temporary rents		1.920	1.546	374
Other contracts and temporary rents - related parties		34	33	1
TOTAL MALLS	**b**	**53.795**	**54.136**	**(341)**
GRAND TOTAL	**a+b**	**68.961**	**73.068**	**(4.107)**
of which related parties		15.682	19.860	(4.178)
of which third parties		53.279	53.208	71

Total revenue decreased by €4,107K compared with the same period last year.

Rent from freehold hypermarkets and supermarkets decreased by €3,766K, due mainly to the transfer finalized on 25 November 2021 of five hypermarkets and one supermarket to the "Fondo Juice" real estate investment fund (IGD's stake: 40%), as partially offset by the ISTAT inflation adjustment.

Rent and business lease revenue from freehold malls, offices, and city center properties rose by €833K as a result of new openings and the ISTAT adjustment for inflation. Rent and business lease revenue from leasehold malls decreased by €1,549K due mainly to the early termination, as of 1 January 2022, of the lease agreement for the mall at Centro Piave Shopping Center.

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

Note 2.1) Other income

	30/06/2022	30/06/2021	Change
Out-of-period income/charges	39	173	(134)
Facility management revenues	1.930	1.598	332
Portfolio and rent management revenues	104	87	17
Pilotage and construction revenues	84	61	23
Marketing revenues	91	57	34
Other income	0	9	(9)
Other revenues from third parties	**2.248**	**1.985**	**263**
Facility management revenues from related parties	1.298	1.253	45
Marketing revenues vs related parties	126	24	102
Portfolio and rent management revenues from related parties	13	13	0
Other revenues from related parties	**1.437**	**1.290**	**147**
Other revenue	**3.685**	**3.275**	**410**

Other income from third parties increased by €263K on the first half of 2021, mainly as a result of higher facility management revenue due to a new framework agreement between Do.Ma. S.r.l. and IGD Service S.r.l., under which IGD Service S.r.l. will manage the mall at Centro Piave for six years starting on 1 January 2022, renewable for an additional three years (see Note 8 for further details).

Other income from related parties increased by €147K.

Note 2.2) Income from the sale of trading properties

This came to €432K in the first half of 2022 and concerns the sale of one residential unit and one enclosed garage unit in the Mazzini section of Porta a Mare.

Note 3) Service costs

	30/06/2022	30/06/2021	Change
Service costs from third parties	**6,874**	**4,262**	**2,612**
Paid rents	114	123	(9)
Promotional and advertising expenses	119	209	(90)
Centers management expenses for vacancies	1,903	828	1,075
Centers management expenses for ceiling to tenants' costs	1,168	914	254
Facility management administration costs	377	373	4
Insurances	536	487	49
Professional fees	175	109	66
Directors' and statutory auditors' fees	441	659	(218)
External auditing fees	105	123	(18)
Investor relations, Consob, Monte Titoli costs	229	204	25
Shopping center pilotage and construction costs	0	5	(5)
Consulting	437	385	52
Real estate appraisals fees	214	214	0
Maintenance and repair expenses	13	58	(45)
Out-of-period income/charges	34	(302)	336
Discounts on passive rents	0	(406)	406
Other costs of services	1,009	279	730
Service costs from related parties	**2,820**	**1,978**	**842**
Promotional and advertising expenses	808	0	808
Service	181	154	27
Centers management expenses for vacancies	864	991	(127)
Centers management expenses for ceiling to tenants' costs	943	793	150
Insurances	4	21	(17)
Directors' and statutory auditors' fees	32	19	13
Other costs of services	(12)	0	(12)
Service costs	**9,694**	**6,240**	**3,454**

Service costs rose by €3,454K for the year.
Most of the increase in service costs from third parties (€2,612K) is explained by shared building expenses (due in part to higher energy bills) and by the reduction in miscellaneous losses relating to the rent discounts arranged with the owners of Centro Nova, Centro Piave, and Fonti del Corallo shopping centers for the period January - March 2021 due to the restrictive measures imposed by the government to contain the Covid-19 pandemic.
Related party service costs increased by €842K as a result of contributions and reimbursements under the co-marketing project with Coop Alleanza 3.0.

Note 4) Cost of labour

	30/06/2022	30/06/2021	Change
Wages and salaries	3,913	3,855	58
Social security	1,043	991	52
Severance pay	233	235	(2)
Other costs	133	2	131
Cost of labour	**5,322**	**5,083**	**239**

The cost of labour was €239K higher than the previous year, due mainly to headquarters payroll costs.

Note 5) Other operating costs

	30/06/2022	30/06/2021	Change
IMU/TASI/Property tax	4,225	4,498	(273)
Other taxes	37	37	0
Contract registrations	194	179	15
Out-of-period income/charges	(5)	12	(17)
Membership fees	67	65	2
Losses on receivables	29	449	(420)
Fuel and tolls	119	94	25
Other costs	123	72	51
Other operating costs	**4,789**	**5,406**	**(617)**

Other operating costs decreased by €617K, due mainly to:

- a reduction of €420K in losses on receivables. In 2021 these losses were explained chiefly by the economic difficulties of various tenants as a result of the Covid-19 public health emergency;
- a decrease of €273K in IMU (municipal property tax), as a result of the transfer on 25 November 2021 of five hypermarkets and one supermarket to the 40%-owned "Fondo Juice" real estate investment fund.

Note 6) Change in work in progress inventory

	30/06/2022	30/06/2021	Change
Construction costs for the period	1,038	1,560	(522)
Change in inventories for disposal	(371)	(410)	39
Change in inventory	**667**	**1,150**	**(483)**

The change in work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno amounted to €667K for the first half of 2022, reflecting the sale of one residential unit and one enclosed garage unit, net of the advancement of works for the period (see Note 22 for further information).

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

	30/06/2022	30/06/2021	Change
Amortization of intangible assets	(9)	(15)	6
Amortization of tangible assets	(284)	(243)	(41)
Provisions for risks	(479)	(69)	(410)
Depreciations, amortization and provisions	**(772)**	**(327)**	**(445)**
Provisions for doubtful accounts	**(1,288)**	**(9,430)**	**8,142**
(Impairment losses)/Reversals on work in progress and inventories	**(482)**	**(54)**	**(428)**
Change in fair value	**(9,337)**	**(12,401)**	**3,064**
Depreciation, amortization, provisions, impairment and change in fair valu	**(11,879)**	**(22,212)**	**10,333**

Overall depreciation went up mainly as a result of the installation, in 2021, of Led walls at every shopping center for the display of advertisements and mall information.
Allocations for doubtful accounts came to €1,288K in the first half of 2022, down from €9,430K the previous year, due mainly to the allocation in 2021 of €7,436K to cover the estimate of receivables that would not be collected as a result of the rent discounts granted for the final period of 2021. During the first half of 2022 the Group formalized the Covid discounts for 2021 with various tenants, totaling €1,160K, drawing on the Covid-19 provision allocated in prior years. At 30 June 2022 the Covid-19 provision had a remaining balance of around €2.2 million.
All allocations were determined by evaluating the individual positions of clients in order to adjust them to estimated realizable value; in this respect, various tenants have filed for composition with creditors (as duly reflected in the allocation for the period), while some provisions made in the past and no longer deemed necessary have been released.
See Note 23 for changes in the provision for doubtful accounts.

Other provisions reflect the estimated liability for two IMU (municipal property tax) disputes regarding La Torre (Palermo) shopping center, for which €57K has been provided, and Esp shopping center (Ravenna), for which €12K has been set aside. In addition, €160K was allocated during the half-year for IGD's share of earthquake proofing to be carried out at some of the supermarkets and hypermarkets sold during the previous year, while €250K was set aside for an administrative dispute involving the subsidiary Win Magazin S.a.

Adjustments to fair value and net impairment losses for the first half of 2022 amounted to a negative €9,819K, down from €12,455K the previous year.
Fair value changes (-€9,337K) were made up as follows:

- an impairment loss of €3,249K on right-of-use assets from the application of IFRS 16;
- an impairment loss of €8,377K for extraordinary maintenance on freehold and leasehold properties of IGD Group's Italian companies;
- an impairment loss of €553K for extraordinary maintenance on freehold properties of the Romanian subsidiary Win Magazin SA;
- an impairment reversal of €3,562K for the adjustment to fair value of the investment property of IGD Group's Italian companies, based on independent appraisals as of 30 June 2022;
- an impairment loss of €720K for the adjustment to fair value of the investment property of the Romania subsidiary Win Magazin SA, based on independent appraisals as of 30 June 2022.

Net impairment losses on work in progress and inventory (€482K) reflect an impairment loss of €509K for the Officine (residential), Molo, Lips, and Arsenale sections of Porta a Mare and an impairment reversal of €27K on the Portogrande expansion.

Note 8) Income/(loss) from the disposal of assets

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

At 31 December 2021 the mall's assets and liabilities were accounted for under "assets held for sale" and "liabilities associated with assets held for sale." Assets held for sale, totaling €1,801K, included goodwill and the right-of-use asset for the mall at Centro Piave. Liabilities associated with assets held for sale (€1,228K) included the financial liability deriving from the application of IFRS 6 to the lease agreement for the mall.

Under the framework agreement, IGD Service S.r.l. will manage the Centro Piave mall for six years starting on 1 January 2022, renewable for an additional three years.

Note 9) Financial income and charges

	30/06/2022	30/06/2021	Change
Bank interest income	61	23	38
Other interests income and equivalents	1	4	(3)
Exchange rate (losses)/gains	0	9	(9)
Financial income from third parties	**62**	**36**	**26**
Financial income from related parties	**0**	**0**	**0**
Financial Income	**62**	**36**	**26**

Most of the increase in financial income reflects a rise of €38K in interest from banks.

	30/06/2022	30/06/2021	Change
Interest expenses on security deposits	66	1	65
Financial charges from related parties	**66**	**1**	**65**
Interest expenses to banks	25	0	25
Amortized mortgage loan costs	2.235	2.674	(439)
Loans amortized costs	751	832	(81)
IRS spread	2.139	2.582	(443)
Bond financial charges	6.630	7.706	(1.076)
Bond amortized costs	1.406	1.715	(309)
Financial charges on leasing	16	17	(1)
IFRS 16 financial charges	586	616	(30)
Other interests and charges	518	620	(102)
Financial charges from third parties	**14.306**	**16.762**	**(2.456)**
Financial charges	**14.372**	**16.763**	**(2.391)**

Net financial charges went from €16,727K in the first half of 2021 to €14,310K this year. The reduction of €2,417K is due mainly to *(i)* lower financial charges on mortgage loans due to the decrease in the notional amount, *(ii)* lower expenses on interest rate swaps, partly as a result of the decrease in the notional amount, *(iii)* lower IFRS-16-related financial charges due in part to the termination of the lease agreement for the Centro Piave mall, and *(iv)* lower financial charges on bonds.

At 30 June 2022, the average cost of debt (without considering recurring and non-recurring transaction costs) was 2.08%, down from 2.20% at 31 December 2021, while the weighted average effective cost of debt went from 2.66% to 2.49%.

Note 10) Income taxes

	30/06/2022	30/06/2021	Change
Current taxes	600	597	3
Deferred taxes	64	655	(591)
Out-of-period income/charges - Provisions	(11)	0	(11)
Income taxes	**653**	**1,252**	**(599)**

Current and deferred taxes came to €653K for the period, a decrease of €599K with respect to the first half of 2021.

Current taxes were in line with the first half of the previous year.

The change in deferred tax assets (€591K) is explained by: (i) the adoption of SIINQ status as from 1 January 2022 by the subsidiary IGD Management SIINQ S.p.A., (ii) adjustments reflecting the change in fair value of the investment property held by the non-SIIQ subsidiary Win Magazin S.A., and (iii) the effects of applying international accounting standard IFRS 16 to the lease agreement for the mall at Centro Nova shopping center.

Below is a reconciliation between theoretical income tax and actual income tax for the periods ended 30 June 2022 and 30 June 2021.

Reconciliation of income tax applicable to profit before taxes	30/06/2022	30/06/2021
Pre-tax profit	**27,110**	**20,705**
Theoretical tax charges (rate 24%)	6,506	4,969
Profit resulting in the income statement	27,110	20,705
Increases:		
IMU - Property tax	3,653	4,193
Fair value on work in progress and inventories	510	54
Other increases	4,952	12,872
Decreases:		
Change in tax-exempt income	(27,584)	(28,262)
Deductible depreciation	(183)	(3,653)
Negative Fair Value	8,273	10,705
Other changes	(12,119)	(13,378)
Tax income	**4,612**	**3,236**
Use of Ace benefit	**1,088**	**1,249**
Taxable income net of losses and Ace benefit	**3,524**	**1,987**
Lower Current taxes recognized directly in shareholders' equity	**0**	**0**
Current taxes of the year	**467**	**400**
Income from tax consolidation	**(65)**	**0**
Total current IRES for the year (a)	**402**	**400**
Difference between value and cost of production	**52,466**	**57,356**
Theoretical tax charges (rate 3.9%)	2,046	2,237
Difference between value and cost of production	**52,466**	**57,356**
Changes:		
Increases	4,272	4,977
Decreases	(4,978)	(6,063)
Change in exempt income	(44,488)	(47,064)
Other deductions	(3,101)	(4,949)
Taxable IRAP income	**4,171**	**4,257**
Current IRAP for the year (b)	**198**	**197**
Total current taxes (a+b)	**600**	**597**

Note 11) 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 ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

	30/06/2022	30/06/2021
Net profit attributable to IGD SIIQ S.p.A. shareholders	26,457	19,453
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	26,457	19,453
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 for purposes of diluted earnings per share	110,341,903	110,341,903
Basic earnings per share	**0.240**	**0.176**
Diluted earnings per share	**0.240**	**0.176**

Note 12) Intangible assets with finite useful lives

	01/01/2021	Increase	Decrease	Reclassification	31/12/2021
Intangible assets with finite useful lives	35	302	0	(34)	303

	01/01/2022	Increase	Decrease	Reclassification	30/06/2022
Intangible assets with finite useful lives	303	321	0	(9)	615

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of company trademarks and for business software, licenses, and certifications valid for more than one year. During the half-year there were no impairment losses or reversals on intangible assets. The increase of €321K refers mainly to the recognition as assets under development of costs for the transition to the new accounting and management software.

Note 13) Goodwill

	01/01/2021	Increase	Decrease	Reclassification	31/12/2021
Goodwill	8,533	0	(500)	(448)	7,585

	01/01/2022	Increase	Decrease	Reclassification	30/06/2022
Goodwill	7,585	0	(250)	0	7,335

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 30 June 2022 and 31 December 2021:

Goodwill	30/06/2022	31/12/2021
Win Magazin S.A.	4,659	4,909
Winmarkt Management s.r.l.	1	1
Darsena	123	123
Fonti del Corallo	1,000	1,000
Centro Nova	546	546
Service	1,006	1,006
Goodwill	**7,335**	**7,585**

At 30 June 2022, goodwill for Win Magazin was reduced by €250K as a result of the exchange rate adjustment.

Goodwill for Win Magazin refers to the consolidation difference that arose upon acquisition and first-time consolidation of Win Magazin S.A. The recoverability of the goodwill allocated to this CGU has been analyzed on the basis of the property appraisals by CBRE Valuation S.p.A. and KROLL S.p.A. in accordance with the criteria described earlier in these notes ("use of estimates").

Specifically, this goodwill covers the possibility to sell properties owned by the subsidiary (through the equity investment) without incurring taxes. Therefore, recoverability derives from the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount.

Goodwill for the CGUs Fonti del Corallo, Centro Nova, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at shopping centers owned by the Group and by third parties. For the latter, the Group performs impairment tests every year at 31 December, and whenever circumstances indicate that the recoverable amount of goodwill may have been impaired. At 30 June 2022 there were no signs from quantitative and/or qualitative indicators, and specifically from fair value movements in investment property, requiring that the tests be conducted anew.

As for the need to conduct second-level impairment testing at 30 June 2022 on the entire scope of consolidation, to test the recoverability of consolidated net invested capital (including goodwill), in consideration of the fact that:

- the Group closed the first half of 2022 in line with the 2022-2024 Strategic Plan;
- for the sake of prudence, the Group has produced new FFO 2022 guidance with estimated growth of +2-3% on 2021 (rather than the +9-10% growth announced in February) but has substantially confirmed the targets of the three-year strategic plan;
- the Group's stock market capitalization is lower than consolidated net equity but essentially in line with the figure at 31 December 2021;
- impairment testing as of 31 December 2021 showed positive coverage of €614 million;
- the Group has also developed sensitivity analyses to take into account the revised discount rate, the effects of rising inflation, and the forecasts for end-2022 and these analyses do not show any critical issues;

management has decided that for the half-year report at 30 June 2022 there are no quantitative and/or qualitative indicators suggesting the need for a new second-level impairment test.

Note 14) Investment property

	01/01/2021	Increase	Decrease	Revaluation	Devaluation	Reclassification	Reclassification to assets held for sales	31/12/2021
Investment property	2.191.157	9.578	(139.118)	27.427	(27.578)	594	0	2.062.060
Right-of-use IFRS16	43.327	144	0	0	(11.002)	0	(1.353)	31.116
Investment property	**2.234.484**	**9.722**	**(139.118)**	**27.427**	**(38.580)**	**594**	**(1.353)**	**2.093.176**

	01/01/2022	Increase	Decrease	Revaluation	Devaluation	Reclassification	Reclassification to assets held for sales	30/06/2022
Investment property	2.062.060	2.825	0	30.371	(32.987)	2.833	0	2.065.102
Right-of-use IFRS16	31.116	173	0	0	(3.249)	0	0	28.040
Investment property	**2.093.176**	**2.998**	**0**	**30.371**	**(36.236)**	**2.833**	**0**	**2.093.142**

Investment property decreased by €33K, due mainly to:

- ongoing extraordinary maintenance work (€2,999K), mostly for energy efficiency upgrades at Tiburtino, Casilino, Maremà, Centro d'Abruzzo, and ESP shopping centers and at various shopping centers in Romania;
- the reclassification from assets under construction and advances of work completed during the period, for construction work on medium-sized retail stores at Casilino shopping center in Rome (€1,056K);
- the reclassification from assets under construction and advances of work for the construction of new medium-sized retail stores using the surface area produced by the

reduction in size of the hypermarket at Porto Grande shopping center in San Benedetto del Tronto (€1,777K);

- fair value adjustments. Specifically, investment property was revalued in the amount of €30,371K and written down by €32,987K, for a net negative impact of €2,616K;
- 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 (€3,249K).

For details, see Sections 1.8 (significant events during the half-year) and 1.9 (the real estate portfolio) of the interim directors' report.

Note 15) Buildings

	01/01/2021	Increase	Decrease	Amortization	31/12/2021
Historical cost	10,129	4	0	0	10,133
Depreciation fund	(2,715)	0	0	(244)	(2,959)
Net book value	**7,414**	**4**	**0**	**(244)**	**7,174**

	01/01/2022	Increase	Decrease	Amortization	30/06/2022
Historical cost	10,133	4	0	0	10,137
Depreciation fund	(2,959)	0	0	(121)	(3,080)
Net book value	**7,174**	**4**	**0**	**(121)**	**7,057**

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

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

	01/01/2021	Increase	Decrease	Amortization	Currency translation gain/losses	31/12/2021
Historical cost	3,230	17	0	0	0	3,247
Depreciation fund	(3,087)	0	0	(45)	0	(3,132)
Plant and machinery	**143**	**17**	**0**	**(45)**	**0**	**115**
Historical cost	5,961	993	0	0	0	6,954
Depreciation fund	(4,992)	0	0	(221)	0	(5,213)
Equipment and other goods	**969**	**993**	**0**	**(221)**	**0**	**1,741**

	01/01/2022	Increase	Decrease	Amortization	Currency translation gain/losses	30/06/2022
Historical cost	3,247	1	0	0	0	3,248
Depreciation fund	(3,132)	0	0	(18)	0	(3,150)
Plant and machinery	**115**	**1**	**0**	**(18)**	**0**	**98**
Historical cost	6,954	57	0	0	1	7,012
Depreciation fund	(5,213)	0	0	(145)	0	(5,358)
Equipment and other goods	**1,741**	**57**	**0**	**(145)**	**1**	**1,654**

Most of the increase in depreciation reflects the installation, in 2021, of Led walls at all shopping centers for the display of advertisements and mall information.

Note 17) Assets under construction

	01/01/2021	Increase	Decrease	(Write-downs) / Write-backs	Reclassification to assets under construction	Reclassification	31/12/2021
Assets under construction	41,929	7,677	0	35	725	(594)	44,075
Advance payments	745	0	(1,025)	-	(725)	0	20
Assets under construction and advance payments	**42,674**	**7,677**	**(1,025)**	**35**	**0**	**(594)**	**44,095**

	01/01/2022	Increase	Decrease	(Write-downs) / Write-backs	Reclassification to assets under construction	Reclassification	30/06/2022
Assets under construction	44,075	5,563	0	27	0	(2,833)	43,360
Advance payments	20	40	0	0	0	0	60
Assets under construction and advance payments	**44,095**	**5,603**	**0**	**27**	**0**	**(2,833)**	**43,420**

Assets under construction and advances decreased by a net €675K, the result of:

- ongoing work on the Officine Storiche section of Porta a Mare (€3,272K);
- the completed construction of medium-sized retail stores at Casilino shopping center in Rome (work performed during the period amounted to €228K);

- the completed construction of medium-sized retail stores using the surface area produced by the reduction in size of the hypermarket at Porto Grande shopping center in San Benedetto del Tronto (work performed during the period amounted to €921K);
- restyling work at La Favorita shopping center in Mantua, scheduled for completion in the second half of 2022 (work performed during the period amounted to €910K);
- the initial planning of a restyling project at Leonardo shopping center in Imola, scheduled for conclusion in 2023 (costs incurred during the period amounted to €122K);
- the initial remapping of the space derived from the reduction in size of the hypermarket at Katanè shopping center in Catania and La Torre shopping center in Palermo and consequent increase in the size of the mall, under the agreement between IGD SIIQ and Coop Alleanza 3.0, scheduled for conclusion in 2023 (costs incurred during the period amounted to €27K for Katanè and €82K for La Torre);
- planning work for splitting the surface area of the hypermarket at Tiburtino shopping center in Guidonia (at 30 June 2022, completed planning work amounted to €1K);
- the reclassification to investment property of work completed during the period for the construction of medium-sized stores at Casilino shopping center in Rome (€1,056K);
- the reclassification to investment property of work completed during the period for the restyling of Porto Grande shopping center in San Benedetto del Tronto (€1,777K);
- the writedown of the Officine Storiche portion of the Porta a Mare project, nearing completion (€3,472K), partially offset by the revaluation of the Porto Grande expansion by €27K;
- a net increase in advances (€40K).

Note 18) Deferred tax assets and deferred tax liabilities

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

Deferred tax assets and deferred tax liabilities for the Italian companies are shown in detail below:

	30/06/2022	31/12/2021	Change
Taxed provisions	472	687	(215)
IRS operations	408	1.843	(1.435)
Impaiment loss on inventories	2.560	2.559	1
Impairment loss on equity investments and financial receivables	289	289	0
Loss from tax consolidation	728	780	(52)
Other effects	869	67	802
IFRS 16	1.516	1.825	(309)
Total deferred tax assets	**6.842**	**8.050**	**(1.208)**

	30/06/2022	31/12/2021	Change
Property investments	(2.286)	(1.877)	(409)
IRS operations	(657)	0	(657)
Total deferred tax liabilities	**(2.943)**	**(1.877)**	**(1.066)**

	30/06/2022	31/12/2021	Change
Net deferred tax assets	3.899	6.173	(2.274)
Net deferred tax liabilities	0	0	0

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.

Most of the change for the year reflects deferred tax assets on mortgage hedging instruments (IRS) due to the decrease in their negative fair value.
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, prior-year losses are expected to be used, so the deferred tax assets are likely to be recovered.

For the Italian companies, at 30 June 2022 the balance of deferred tax assets of €6,842K and deferred tax liabilities of €2,943K was a net asset of €3,899K.

The deferred tax liabilities shown in the statement of financial position include the deferred tax liabilities on the investment property of the Romanian subsidiary Win Magazin SA. The decrease in deferred tax liabilities for the Romanian companies reflects the negative change in the fair value of investment property during the period.

	30/06/2022	31/12/2021	Change
Property investments Romania	17.755	17.875	(120)
Italian companies net deferred tax liabilities	0	0	0
Italian companies net deferred tax assets	3.899	6.173	(2.274)
Total deferred tax liabilities	**13.856**	**11.702**	**2.154**

Note 19) Sundry receivables and other non-current assets

	30/06/2022	31/12/2021	Change
Security deposits	102	106	(4)
Due to other	25	21	4
Sundry receivables and other non-current assets	**127**	**127**	**0**

This item was unchanged with respect to 31 December 2021.

Note 20) Equity investments

	01/01/2022	Increase	Decrease	30/06/2022
Cons. propr. del compendio com. del Commendone (GR)	6	0	0	6
Consorzio prop. Fonti del Corallo	7	0	0	7
Consorzio I Bricchi	4	0	0	4
Consorzio Punta di Ferro	6	0	0	6
Equity investment in subsidiaries	**23**	**0**	**0**	**23**
Millennium Center	4	0	0	4
Fondo Juice	25,666	0	0	25,666
Equity investments in associates	**25,670**	**0**	**0**	**25,670**
Equity investments in other companies	**72**	**0**	**0**	**72**
Equity investments	**25,765**	**0**	**0**	**25,765**

Equity investments were unchanged with respect to 31 December 2021.
Fondo Juice, of which the Company owns 40%, was formed in 2021 with IGD's contribution of five hypermarkets and one supermarket, with an eye to boosting earnings from its real estate portfolio. The fund is valued using the equity method and its valuation at 30 June 2022 was in line with the previous year.

Note 21) Non-current financial assets

	30/06/2022	31/12/2021	Change
Non-current financial assets	**174**	**174**	**0**

These consist of the interest-free loan due from Iniziative Bologna Nord S.r.l (in liquidation) in the amount of €174K, net of the €430K writedown charged in previous years.

Note 22) Work in progress inventory

	01/01/2022	Increase	Decrease	Revaluations/ (Write-downs)	30/06/2022
"Porta a Mare" project	37,332	1,038	(372)	(509)	37,489
Advances	43	0	0	0	43
Work in progress inventory	**37,375**	**1,038**	**(372)**	**(509)**	**37,532**

Inventory for work in progress related to land, buildings (completed and under construction) and urban infrastructure works at the multifunctional complex in Livorno underwent: (i) an increase for work on the Officine Storiche section, totaling €1,038K; (ii) a decrease for the final sale during the period of one property and one enclosed garage unit (€372K); and (iii) a writedown to adjust carrying amount to the lower of cost and appraised fair value (€509K).

Note 23) Trade and other receivables

	30/06/2022	31/12/2021	Change
Trade and other receivables	34.246	35.833	(1.587)
Provision for doubtful accounts	(20.277)	(20.343)	66
Trade and other receivables	**13.969**	**15.490**	**(1.521)**

Trade receivables, net of the provision for doubtful accounts, decreased by €1,521K with respect to 31 December 2021. The allocation for the half-year, €1,288K, was calculated based on the problems encountered with individual receivables.
The use of €196K from the provision concerns doubtful accounts/problem credits identified in previous years that were fully written off during the period, while the use of €1,160K refers to the

definitive formalization of agreements to grant discounts to tenants for the periods in 2021 when stores were closed by government mandate in an attempt to contain the pandemic.

Movements in the provision for doubtful accounts are reported below:

	30/06/2022	31/12/2021	Change
Provision for doubtful account at the beginning of the period	**20,343**	**22,695**	**(2,352)**
Foreign exchange effect	1	(18)	19
Reverse	(1,355)	(5,773)	4,418
Write-down/(uses) interest on late payments	0	(8)	8
Provision	1,288	3,447	(2,159)
Provision for doubtful account at the end of the period	**20,277**	**20,343**	**(66)**

The following table shows receivables by geographical area:

	30/06/2022	31/12/2021	Change
Receivables Italy	32,827	34,544	(1,717)
Provision for doubtful accounts	(19,439)	(19,487)	48
Net receivables Italy	**13,388**	**15,057**	**(1,669)**
Receivables Romania	1,419	1,289	130
Provision for doubtful accounts	(838)	(856)	18
Net receivables Romania	**581**	**433**	**148**
Total Net Receivables	**13,969**	**15,490**	**(1,521)**

Note 24) Related party trade and other receivables

	30/06/2022	31/12/2021	Change
Coop Alleanza 3.0	1,915	85	1,830
Librerie Coop s.p.a.	0	12	(12)
Alleanza Luce e Gas	1	25	(24)
Unicoop Tirreno s.c.a.r.l.	29	82	(53)
Cons. propr. del compendio com. del Commendone (GR)	1	1	0
Consorzio Cone'	1	17	(16)
Consorzio Clodì	1	8	(7)
Consorzio Crema (Gran Rondò)	42	76	(34)
Consorzio I Bricchi	1	45	(44)
Consorzio Katanè	167	31	136
Consorzio Lame	2	115	(113)
Consorzio Leonardo	2	0	2
Consorzio La Torre	176	45	131
Consorzio Porta a Mare	15	77	(62)
Consorzio Sarca	2	0	2
Consorzio Le Maioliche	21	5	16
Consorzio Punta di Ferro	14	13	1
Millennium Center	5	7	(2)
Consorzio Proprietari Centro Luna	7	6	1
Consorzio Esp	2	21	(19)
Fondo Juice	103	17	86
Consorzio La Favorita	7	13	(6)
Consorzio Le Porte di Napoli	53	2	51
Consorzio Casilino	26	13	13
Consorzio del centro commerciale Nuova Darsena	2	0	2
Related party trade and other receivables	**2,595**	**716**	**1,879**

Related party trade and other receivables increased by €1,879K on the previous year, mostly with the client Coop Alleanza 3.0, which settled its balance in the month of July.

See Note 38 for details.

Note 25) Other current assets

	30/06/2022	31/12/2021	Change
Tax credits			
VAT credits	3,276	4,208	(932)
IRES credits	438	427	11
IRAP credits	294	30	264
Due from others			
Advances paid to suppliers	117	3	114
Accrued income and prepayments	2,136	822	1,314
Deferred costs	236	52	184
Other costs of services	168	175	(7)
Other current assets	**6,665**	**5,717**	**948**

Other current assets increased by €948K, due mainly to greater prepayments for insurance and other costs pertaining to the year but paid in the first half of 2022, which were partially offset by the lower VAT credit.

Note 26) Cash and cash equivalents

	30/06/2022	31/12/2021	Change
Cash and cash equivalents	16,087	158,001	(141,914)
Money and cash values	122	79	43
Cash and cash equivalents	**16,209**	**158,080**	**(141,871)**

Cash and cash equivalents at 30 June 2022 consisted mainly of current account balances at banks. The statement of cash flows provides a clearer understanding of how this item changed during the period.

Note 27) Net equity

	30/06/2022	31/12/2021	Change
Share capital	650,000	650,000	0
Other reserves	**473,350**	**467,300**	**6,050**
Legal reserve	130,000	130,000	0
Translation reserve	(5,620)	(5,373)	(247)
FTA IFRS 16 reserve	1,886	1,886	0
Recalculation of defined benefit plans	(47)	(47)	0
Cash flow hedge reserve	(1,289)	(4,663)	3,374
Fair value reserve	216,608	210,050	6,558
Subsidiaries cash flow hedge reserve	2,079	(1,173)	3,252
Recalculation of defined benefit plans subsidiaries	(55)	(55)	0
IPO reserve	55,178	55,178	0
Other reserves	74,610	81,497	(6,887)
Net profit (loss) of the year	**42,624**	**54,458**	**(11,834)**
Group profit (loss) carried forward	16,167	1,689	14,478
Group profit (loss) of the year	26,457	52,769	(26,312)
Total Group net equity	**1,165,974**	**1,171,758**	**(5,784)**
Capital and reserves of non-controlling interests	**0**	**0**	**0**
Net Equity	**1,165,974**	**1,171,758**	**(5,784)**

The Group's share of net equity amounted to €1,165,974K at 30 June 2022. Most of the decrease of €5,784K is explained by:

- the positive adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€3,374K for the parent company);
- the positive adjustment of cash flow hedge reserves pertaining to derivatives accounted for using the cash flow hedge method (€3,252K for a subsidiary);
- movements in the reserve for the translation of foreign currency financial statements, for a negative €247K;
- dividends paid during the period (€38,620K);
- the Group's share of the net profit for the period (€26,457K).

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	30/06/2022	31/12/2021	Change
Mortgage loans		**411,211**	**427,579**	**(16,368)**
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	0	685	(685)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	25,178	27,172	(1,994)
06 Unipol Lungosavio IGD	21/12/2008 - 31/12/2023	3,596	4,023	(427)
01 Unipol SARCA	10/04/2007 - 06/04/2027	51,930	53,433	(1,503)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	10,583	11,602	(1,019)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	10,087	10,888	(801)
10 Mediocredito Faenza	05/10/2009 - 30/06/2029	5,570	6,035	(465)
14 MPS Palermo (Gallerie)	21/12/2010 - 30/11/2025	11,836	12,958	(1,122)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	7,488	8,379	(891)
15 CentroBanca Coné (Gallerie)	22/12/2010 - 31/12/2025	16,431	17,741	(1,310)
Loan UBI 5 Leonardo	19/04/2018 - 17/10/2023	40,462	41,448	(986)
Loan UBI 1 Lame RP Favorita	19/04/2018 - 17/07/2023	617	1,864	(1,247)
Loan BNL 125M LT	01/01/2019 - 15/10/2023	123,885	123,461	424
Loan BNL 75M LT	01/01/2019 - 15/10/2023	75,000	75,000	0
Mps - Sace	16/10/2020 - 30/09/2026	28,548	32,890	(4,342)
Debts for bonds		**493,924**	**492,786**	**1,138**
Bond 100 ML	11/01/2017 - 11/01/2024	99,836	99,796	40
Bond 400 ML	28/11/2019 - 28/11/2024	394,088	392,990	1,098
Due to other source of finance		**27,209**	**31,043**	**(3,834)**
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	2,336	2,525	(189)
IFRS 16 Livorno LT liabilities	01/01/2019 - 31/03/2026	8,872	10,448	(1,576)
IFRS 16 Abruzzo LT liabilities	01/01/2019 - 31/12/2023	59	118	(59)
IFRS 16 Nova LT liabilities	01/01/2019 - 28/02/2027	15,942	17,952	(2,010)
Non-current financial liabilities		**932,344**	**951,408**	**(19,064)**
Total financial liabilities vs third parties		**0**	**0**	**0**

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

NON CURRENT FINANCIAL LIABILITIES	31/12/2021	INCREASES	REFUNDS / RENEGOTIATION	COST OF AMORTIZATION	RECLASSIFICATION	30/06/2022
Payable due to mortgage	427,579	0	0	752	(17,120)	411,211
Payable due to bond	492,786	0	0	1,138	0	493,924
Payable due to IFRS 16	28,518	0	0	0	(3,645)	24,873
Payable due to other source of finance	2,525	0	0	0	(189)	2,336
TOTAL	**951,408**	**0**	**0**	**1,890**	**(20,954)**	**932,344**

Mortgage loans

Mortgage loans are secured by properties. The change is due to the reclassification to current financial liabilities of the principal falling due in the next 12 months. The average interest rate on adjustable-rate mortgage loans at 30 June 2022 was 1.15%.

Bonds

The decrease is due to the redemption at maturity, in April 2022, of the bond originally amounting to €162 million.

Details of outstanding bonds are presented in the table below:

	NON-CURRENT PORTION	CURRENT PORTION				NON-CURRENT PORTION	CURRENT PORTION		
Debts for bonds	**31/12/2021**	**31/12/2021**	**Bond Issue/ Repaiments**	**Ancillary cost amortizations 30/06/2022**	**Financial charges at 30/06/2022**	**30/06/2022**	**30/06/2022**	**Nominal interest rate**	**Actual interest rate**
Bond 162 ML		153,600	(153,600)				0		
Additional transition costs		(268)		268			0		
Coupon rate 31.12.21		2,815			(2,815)				
Paid interests					4,070				
Coupon rate 30.06.22									
Total Bond 162 ML	**0**	**156,147**		**268**	**1,255**	**0**	**0**	**2.65%**	**3.94%**
Bond 100 ML	100,000					100,000			
Additional transition costs	(204)			40		(164)			
Coupon rate 31.12.21		1,056			(1,056)				
Paid interests					1,125				
Coupon rate 30.06.22					1,056		1,056		
Total Bond 100 ML	**99,796**	**1,056**		**40**	**1,125**	**99,836**	**1,056**	**2.25%**	**2.35%**
Bond 400 ML	400,000		0			400,000			
Additional transition costs	(7,010)		0	1,098		(5,912)			
Coupon rate 31.12.21		756			(756)				
Paid interests									
Coupon rate 30.06.22					5,006		5,006		
Total Bond 400 ML	**392,990**	**756**	**0**	**1,098**	**4,250**	**394,088**	**5,006**	**2.13%**	**2.76%**
Total bond	**492,786**	**157,959**	**0**	**1,406**	**6,630**	**493,924**	**6,062**		
Total financial charges				**1,406**	**6,630**				

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 30 June 2022.

Name	Guarantees given	Type of product	End date	Financial "Covenant"	Indicator i)	Indicator ii)	Indicator iii)	Indicator iv)
05 BreBanca IGD	Mondovicino shopping mall	Mortgage	10/01/2023					
01 Unipol Larice	Sarca shopping mall	Mortgage	06/04/2027	Certfied consolidate financial statement: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 2.3	0.83			
06 Unipol Lungosavio IGD	Lungo Savio shopping center (mall)	Mortgage	31/12/2023					
07 Carige Nikefin Asti	I Bricchi shopping mall	Mortgage	31/03/2024					
08 Carisbo Guidonia IGD	Tiburtino shopping center	Mortgage	27/03/2024	Financial condition of IGD Group: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 through to maturity	0.83			
10 Mediocredito Faenza IGD	Le Maioliche shopping center (Hypermarket)	Loan	30/06/2029	IGD Siiq SpA financial statements: ratio of external net debt to equity + Intercompany loan must not exceed 2.70	0.86			
14 MPS Palermo	La Torre shopping center (Mall)	Mortgage	30/11/2025	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.7 ii) Loan to Value ratio for individual property must not exceed 70%	0.83	30.52%		
13 CR Veneto Mondovi	Retail Park Mondovicino	Mortgage	01/11/2024	Certified consolidated financial statements: ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6	0.83			
17 Carige Palermo IGD	La Torre shopping center (Hypermarket)	Mortgage	30/06/2027					
30 Ubi 1 lame_rp_fav	La Favorita shopping center (Mall and Retail Park) and Lame shopping center (Mall)	Mortgagebacked loan	17/07/2023					
33 Ubi 5 leonardo	Leonardo shopping center (Mall) and Centro Luna shopping center (Mall)	Mortgagebacked loan	17/10/2023	Consolidated financial statements: i) ratio of net debt (including derivative assets and liabilities) to net equity must not exceed 1.6 ii) Loan to Value ratio for individual property must not exceed 55%	0.83	41.10%		
Notes 2,25% - 11/01/2024	unsecured	Bond	11/01/2024	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio od secured debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to unsecured debt > 1.50 - [including effect of IFRS16 accounting standards]	45.14%	4.12	10.81%	1.96
Notes 2,125% - 28/11/24	unsecured	Bond	28/11/2024	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net cash and cash equivalents) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to unsecured debt (net of cash and cash equivalents) > 1.25 - [excluding effect of IFRS16 accounting standards]	43.55%	3.98	9.51%	2.00
34 Syndicated Loan	unsecured	Syndicated loan	16/10/2023	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities) under 60%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.7; iii) Ratio of secured debt to Total Asset - Intangible Asset under 45%; iv) Ratio of encumbered assets to unsecured debt > 1.25 - [excluding effect of IFRS16 accounting standards]	44.27%	3.98	9.51%	1.96
35 Fin.to MPS Garanzia Italia	unsecured	Unsecured loan	16/10/2026	i) Ratio Total Asset - Intangible Asset to Total Debt (excluding derivative liabilities and net cash and cash equivalents) under 65%; ii) Interest Cover Ratio (recurring items on cash basis) > 1.5; iii) Ratio secured debt to Total Asset - Intangible Asset under 50%; iv) Ratio of encumbered assets to unsecured debt (net of cash and cash equivalents) > 1.00 - [excluding effect of IFRS16 accounting standards]	43.55%	3.98	9.51%	2.00

Note 29) Provision for employee severance indemnities

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

	01/01/2021	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	31/12/2021
Provisions for employee severance indemnities	3,267	2	(211)	314	19	3,391

	01/01/2022	Actuarial (Gain)/ Losses	Reverse	Provision	Financial charges IAS 19	30/06/2022
Provisions for employee severance indemnities	3,391	0	(123)	152	18	3,438

The following charts show the demographic and financial assumptions used:

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

FINANCIAL ASSUMPTIONS	*2021*
Cost of living increase	1.75%
Discount rate	1.03%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	2.813%

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.

As permitted by the international accounting standards, the provision for employee severance indemnities is assessed once a year by an independent actuary upon closure of the annual accounts.

Note 30) General provisions

	01/01/2022	Reverse	Provision	30/06/2022
Provision for taxation	1,847	(64)	69	1,852
Consolidated Fund risks and future charges	1,029	0	410	1,439
Bonus provisions	1,254	(1,254)	549	549
Provisions for risks and future charges	**4,130**	**(1,318)**	**1,028**	**3,840**

Provision for taxation

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

Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2023 on the basis of the Group's 2022 estimated results. The utilization refers to the bonus for 2021, paid to employees in June 2022.

Other general provisions

These cover the risks arising from litigation in course and probable future expenses (€689K), and estimated end-of-term benefits for directors (€750K). During the first half of the year, movements consisted of *(i)* an allocation of €160K for IGD's share of earthquake proofing to be carried out at some of the supermarkets and hypermarkets sold during the previous year, and *(ii)* an allocation of €250K for an administrative dispute involving the subsidiary Win Magazin S.a.

Note 31) Sundry payables and other non-current liabilities

	30/06/2022	31/12/2021	Change
Deferred income	5,920	5,920	0
Advances due beyond one year	800	800	0
Payables for SACE guarantee	787	787	0
Payable for substitute tax	0	620	(620)
Payables for entry tax SIINQ status	731	975	(244)
Other liabilities	345	402	(57)
Sundry payables and other non-current liabilities	**8,583**	**9,504**	**(921)**

The decrease of €921K is explained chiefly by the reclassification to current liabilities of the portion due by June 2023 of:

- the substitute tax on revaluation and realignment, under the option granted by Art. 110 of Decree Law 104 of 14 August 2020 (the "August Decree," converted into Law 126 of 13 October 2020) to realign statutory amounts with those valid for tax purposes and to revalue business assets, including for tax purposes, by paying a substitute tax equal to 3% of the revalued amounts. This option was taken in 2020 by the subsidiaries Millennium Gallery S.r.l. and IGD Management S.r.l.;
- the entry tax for the adoption of SIINQ status by the subsidiary IGD Management SIINQ S.p.A., which exercised that option the previous year. The SIINQ entry tax is paid in five annual installments starting in 2022.

Deferred income concerns the City of Livorno for additional secondary urban infrastructure works as provided for by contract (€2,468K) and works to be delivered to Porta a Mare S.p.A. (€3,452K). 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.

Related party payables are shown below:

	30/06/2022	31/12/2021	Change
Coop Alleanza 3.0	9,911	9,911	0
Alleanza Luce e Gas	55	55	0
Unicoop Tirreno s.c.a.r.l.	25	25	0
Distribuzione Centro Sud s.r.l.	450	450	0
Related parties sundry payables and other non-current liabilities	**10,441**	**10,441**	**0**

Security deposits refer to sums received for the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law.

Note 32) Current financial liabilities

	Duration	30/06/2022	31/12/2021	Change
Due to banks		**40,029**	**0**	**40,029**
Intesa San Paolo - hot money	09/06/2022 - 29/07/2022	35,025	0	35,025
BNL Bologna - hot money	09/06/2022 - 29/07/2022	5,004	0	5,004
Mortgage loans		**32,025**	**27,328**	**4,697**
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	1,353	1,316	37
06 Unipol Lungosavio IGD	31/12/2008 - 21/12/2023	842	817	25
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,128	4,129	(1)
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,012	3,000	12
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	2,016	1,952	64
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,686	1,682	4
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	933	0
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	2,260	2,229	31
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,772	1,753	19
15 CentroBanca Coné (Galleria)	22/12/2010 - 31/12/2025	2,640	2,640	0
Loan UBI 5 Leonardo	19/04/2018 - 17/10/2023	2,067	2,072	(5)
Loan UBI 1 Lame RP Fav	19/04/2018 - 17/07/2023	2,510	2,536	(26)
Mps SACE	16/10/2020 - 30/09/2026	6,806	2,269	4,537
Due to other source of finance		**7,514**	**7,355**	**159**
Leasing IGD Office	30/04/2009 - 30/04/2027	374	368	6
IFRS 16 Livorno liabilities current	01/01/2019 - 31/03/2026	3,087	3,021	66
IFRS 16 Abruzzo liabilities current	01/01/2019 - 31/12/2023	117	116	1
IFRS 16 Nova liabilities current	01/01/2019 - 28/02/2027	3,936	3,850	86
Debts for bonds		**6,062**	**157,960**	**(151,898)**
Bond 100 ML	11/01/2017 - 11/01/2024	1,056	1,056	0
Bond 162 ML	21/04/2015 - 21/04/2022	0	156,148	(156,148)
Bond 400 ML	28/11/2019 - 28/11/2024	5,006	756	4,250
Current financial liabilities		**85,630**	**192,643**	**(107,013)**

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

CURRENT FINANCIAL LIABILITIES	31/12/2021	COUPON OF THE YEAR	INCREASES	REFUNDS	COST OF AMORTIZATION	RECLASSIFICATION	30/06/2022
Payables to banks	0	0	40,000	0	29	0	40,029
Payables due to mortgage	27,328	0	0	(12,423)	0	17,120	32,025
Payables due to bond	157,960	6,630	0	(158,795)	267	0	6,062
Payables due to IFRS 16	6,987	0	0	(3,492)	0	3,645	7,140
Payables due to other source of finance	368	0	0	(183)	0	(189)	374
TOTAL	**192,643**	**6,630**	**40,000**	**(174,893)**	**296**	**20,954**	**85,630**

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of outstanding mortgage and bond loans (including interest accrued), and the current portion of the financial liabilities arising from the adoption of IFRS 16.
The principal changes in current financial liabilities relate to the redemption in the month of April of the €162 million bond loan, the repayment of principal falling due during the period on mortgage loans existing at the close of the previous year, and the reclassification from non-current liabilities of payments due within 12 months.
Bank borrowings, consisting of €40 million in ultra-short-term borrowings set to expire on 29 July 2022, have been extended in the amount of €30 million until 29 August 2022.

Note 33) Net financial position

The table below presents the net financial position at 30 June 2022 and 31 December 2021, prepared on the basis of ESMA guidelines. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

	30/06/2022	31/12/2021	Change
Cash and cash equivalents	(16,209)	(158,080)	141,871
LIQUIDITY	**(16,209)**	**(158,080)**	**141,871**
Short term loans	40,029	0	40,029
Mortgage loans - current portion	32,025	27,328	4,697
Leasing - current portion	7,514	7,355	159
Bond loans - current portion	6,062	157,960	(151,898)
CURRENT DEBT	**85,630**	**192,643**	**(107,013)**
CURRENT DEBT RELATED TO ASSETS HELD FOR SALE	**0**	**1,228**	**(1,228)**
CURRENT NET DEBT	**69,421**	**35,791**	**33,630**
Non-current financial assets	(174)	(174)	0
Leasing - non-current portion	27,209	31,043	(3,834)
Non-current financial liabilities	411,211	427,579	(16,368)
Bond loans	493,924	492,786	1,138
NON-CURRENT NET DEBT	**932,170**	**951,234**	**(19,064)**
Net debt	**1,001,591**	**987,025**	**14,566**

Net debt increased by about €14.6 million with respect to 31 December 2021, due mainly to:

- dividend payments of €38.6 million in May 2022;
- a decrease in payables as a result of applying IFRS 16;
- cash generated during the half-year net of capital expenditure and mortgage loan payments.

The gearing ratio is the ratio of net financial position to net equity, including non-controlling interests, net of cash flow hedge reserves. The ratio of 0.86 at 30 June 2022 was consistent with the figure at 31 December 2021.

Uncommitted credit facilities with banks amount to €151 million, of which €111 million was unutilized at the close of the period.
Committed revolving credit facilities with banks, unutilized at 30 June 2022, amount to €60 million.
See the section "Statement of financial position and financial review" of the Directors' Report for comments.

As in previous years, the net financial position does not include other payables consisting mainly of security deposits received from third parties and related parties for the rental of hypermarkets and malls, as well as tax liabilities.
In addition, as in previous years, it does not include assets and liabilities for derivative financial instruments which amounted to €2,671K and €2,341K, respectively.

Note 34) Trade and other payables

	30/06/2022	31/12/2021	Change
Trade payables within	12,034	16,137	(4,103)
Trade and other payables	**12,034**	**16,137**	**(4,103)**

The decrease in trade payables mostly reflects the different timing of payments with respect to the previous year.

Note 35) Related party trade and other payables

	30/06/2022	31/12/2021	Change
Coop Alleanza 3.0	1,156	213	943
Librerie Coop s.p.a.	4	0	4
Unicoop Tirreno s.c.a.r.l.	9	284	(275)
Cons. propr. del compendio com. del Commendone (GR)	8	19	(11)
Consorzio prop. Fonti del Corallo	48	3	45
Consorzio Cone'	25	71	(46)
Consorzio Clodì	0	2	(2)
Consorzio Katanè	113	20	93
Consorzio Lame	5	12	(7)
Consorzio Leonardo	32	54	(22)
Consorzio La Torre	242	24	218
Consorzio Porta a Mare	3	12	(9)
Consorzio Sarca	33	55	(22)
Distribuzione Centro Sud s.r.l.	3	0	3
Consorzio Le Maioliche	0	4	(4)
R.P.T. Robintur	5	0	5
Consorzio Punta di Ferro	23	82	(59)
Consorzio Proprietari Centro Luna	2	1	1
Consorzio Esp	13	53	(40)
Consorzio Le Porte di Napoli	10	35	(25)
Consorzio Casilino	0	4	(4)
Consorzio del centro commerciale Nuova Darsena	0	2	(2)
Related parties trade and other payables	**1,734**	**950**	**784**

Related party trade and other payables increased by €784K, mainly because of the higher amount due to COOP Alleanza 3.0.

See Note 38 for additional information.

Note 36) Current tax liabilities

	30/06/2022	31/12/2021	Change
Due to tax authorities for withholdings	2,909	709	2,200
Irap	64	835	(771)
Ires	202	226	(24)
VAT	240	327	(87)
Other taxes	36	6	30
Substitute tax	620	620	0
Entry tax SIINQ status	244	244	0
Current tax liabilities	**4,315**	**2,967**	**1,348**

This item increased by €1,348K due mainly to withholding tax accrued on dividends to be paid, partially offset by the lower amount due for IRAP (regional business tax).

Note 37) Other current liabilities

	30/06/2022	31/12/2021	Change
Social security	375	442	(67)
Accrued liabilities and deferred income	358	791	(433)
Insurance	8	8	0
Due to employees	928	968	(40)
Security deposits	8,328	8,319	9
Unclaimed dividends	772	2	770
Consideration for Piave sale	0	1,000	(1,000)
Advances received due within the year	1,778	1,077	701
Amounts due to director for emoluments	97	249	(152)
Extension fees	500	500	0
Payables SACE guarantee	296	296	0
Other liabilities	1,059	1,088	(29)
Other current liabilities	**14,499**	**14,740**	**(241)**

These consist mainly of security deposits received from tenants.

The decrease of €241K stems mainly from *(i)* the settling of accounts further to the sale, as from 1 January 2022, of the mall at Centro Piave shopping center and *(ii)* a decrease in accrued liabilities and deferred income, which were only partially offset by an increase in *(iii)* amounts due to shareholders for dividends and *(iv)* payables for advances due within 12 months.

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	1,915	0	1,156	9,911	0	0	0	0
Librerie Coop s.p.a.	0	0	4	0	0	0	0	0
Alleanza Luce e Gas	1	0	0	55	0	0	0	0
Unicoop Tirreno s.c.a.r.l.	29	0	9	25	0	0	0	0
Cons. propr. del compendio com. del Commendone (GR)	1	0	8	0	0	0	6	0
Consorzio prop. Fonti del Corallo	0	0	48	0	0	0	46	0
Consorzio Cone'	1	0	25	0	0	0	40	0
Consorzio Clodì	1	0	0	0	0	0	0	0
Consorzio Crema (Gran Rondò)	42	0	0	0	0	0	0	0
Consorzio I Bricchi	1	0	0	0	0	0	0	0
Consorzio Katanè	167	0	113	0	0	0	34	0
Consorzio Lame	2	0	5	0	0	0	0	0
Consorzio Leonardo	2	0	32	0	0	0	44	0
Consorzio La Torre	176	0	242	0	0	0	76	0
Consorzio Porta a Mare	15	0	3	0	0	0	0	0
Consorzio Sarca	2	0	33	0	0	0	26	0
Distribuzione Centro Sud s.r.l.	0	0	3	450	0	0	0	0
Consorzio Le Maioliche	21	0	0	0	0	0	0	0
R.P.T. Robintur	0	0	5	0	0	0	0	0
Consorzio Punta di Ferro	14	0	23	0	0	0	0	0
Millennium Center	5	0	0	0	0	0	0	0
Consorzio Proprietari Centro Luna	7	0	2	0	0	0	0	0
Consorzio Esp	2	0	13	0	0	0	14	0
Fondo Juice	103	0	0	0	0	0	0	0
Consorzio La Favorita	7	0	0	0	0	0	0	0
Consorzio Le Porte di Napoli	53	0	10	0	0	0	10	0
Consorzio Casilino	26	0	0	0	0	0	45	0
Consorzio del centro commerciale Nuova Darsena	2	0	0	0	0	0	0	0
Total	**2,595**	**0**	**1,734**	**10,441**	**0**	**0**	**341**	**0**
Total financial statements	**60,761**	**174**	**28,267**	**19,024**	**1,017,974**	**127**		
Total increase/decrease of the period							**8,983**	**0**
% of the total	**4.27%**	**0.00%**	**6.13%**	**54.88%**	**0.00%**	**0.00%**		

	Operating revenues	Financial Income	Total operating costs	Financial charges
Coop Alleanza 3.0	13,800	0	1,012	63
Robintur s.p.a.	139	0	0	0
Librerie Coop s.p.a.	417	0	0	0
Alleanza Luce e Gas	110	0	0	0
Unicoop Tirreno s.c.a.r.l.	728	0	10	0
Cons. propr. del compendio com. del Commendone (GR)	78	0	35	0
Consorzio Cone'	88	0	116	0
Consorzio Clodì	29	0	48	0
Consorzio Crema (Gran Rondò)	32	0	0	0
Consorzio I Bricchi	61	0	261	0
Consorzio Katanè	109	0	103	0
Consorzio Lame	96	0	23	0
Consorzio Leonardo	122	0	40	0
Consorzio La Torre	106	0	255	0
Consorzio Porta a Mare	40	0	115	0
Consorzio Sarca	93	0	(12)	0
Distribuzione Centro Sud s.r.l.	474	0	0	3
Consorzio Le Maioliche	90	0	136	0
R.P.T. Robintur	8	0	0	0
Consorzio Punta di Ferro	87	0	126	0
Millennium Center	53	0	0	0
Consorzio Proprietari Centro Luna	80	0	39	0
Consorzio Esp	109	0	110	0
Carburanti 3.0	103	0	0	0
Consorzio La Favorita	67	0	16	0
Consorzio Le Porte di Napoli	0	0	127	0
Consorzio Casilino	0	0	260	0
Total	**17,119**	**0**	**2,820**	**66**
Total financial statements	**73,078**	**62**	**20,843**	**14,372**
% of the total	**23.43%**	**0.00%**	**13.53%**	**0.46%**

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. Group; and with Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0 Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.). Related party transactions are conducted at arm's length and are recognized at face value.

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

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

- the rental of investment property to Coop Alleanza for use as hypermarkets and supermarkets; rental income in the first half of 2022, including for retail premises, amounted to €13.8 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 half-year, the Group received €417K under this arrangement.

Transactions with Alleanza Luce e Gas S.r.l. refer to the rental of part of the second floor of the building where IGD has its head office. For the half-year, the Group received €110K under this arrangement.

Transactions with Distribuzione Centro Sud S.r.l. (owned 70% by Coop Alleanza 3.0. Soc. Coop. and 30% by Unicoop Tirreno Soc. Coop.) refer to the lease to those companies of the Afragola hypermarket for €474K, as well as security deposits received on leases.

Transactions with Unicoop Tirreno Soc. Coop.

Transactions with Unicoop Tirreno Soc. Coop. consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets and supermarkets. For the half-year, the Group received €728K under these arrangements.

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. The Board of Directors reviews and agrees on policies to manage these risks.

Market risk

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

Interest rate risk

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

The Finance department monitors interest rate risk constantly, in coordination with top management, including through analysis and measurement tools developed within the Group's enterprise risk management program. It also monitors trends in the main economic and financial indicators that may affect the Group's performance. Interest rate swaps hedge 93.09% 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.

Foreign exchange risk

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

Price risk

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

Credit risk

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

Liquidity risk

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

Capital management

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

1. keeping the net debt/equity ratio at 1x or below over the medium term (the ratio was 0.84x at 31 December 2021 and 0.86x at 30 June 2022);
2. keeping the loan-to-value ratio (net of leasing installments due for the purchase of company premises) under 50% (it was 45.11% at the close of the half-year, compared with 44.76% at the end of 2021).

War in Ukraine and the macroeconomic scenario

Group Management has determined that the war in Ukraine, with its impacts on the macroeconomic scenario, is a significant event pursuant to paragraph 15 of IAS 34. The current and expected impacts for the IGD Group, while material as noted in Section 1.3 of the interim directors' report (outlook for the rest of the year), have not required any revision of estimated financial statement figures at 30 June 2022, partly in consideration of the Group's strong performance in the first half of the year and the fact that it is not directly exposed to the risks produced by the conflict.

Also, on the basis of the present circumstances and available information, there appear to be no indicators that would require impairment testing of the assets recognized in the consolidated financial statements for the period ended 30 June 2022, as discussed in detail in Note 13 ("Goodwill") of these notes, especially since all investment property at 30 June 2022 is measured at fair value based on independent appraisals and therefore reflects the current macroeconomic scenario.

Note 40) Derivative instruments

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

Fair value - hierarchy	30/06/2022	31/12/2021	Change	Level
Derivative assets	2,671	0	2,671	2
Derivative liabilities	(2,341)	(8,435)	6,094	2
IRS net effect	**330**	**(8,435)**	**8,765**	

Contracts in detail	IRS 06 Carisbo 3.3495%	IRS 16 Aletti 3.285%	IRS 17 Aletti 2.30%	IRS 14 Carisbo 3.272%	IRS 13 Carisbo 3.412%	IRS 15 ex MPS 3.25%	IRS 18 MPS 2.30%	IRS 19 Carisbo 2.30%
Nominal account	1,351,088	3,784,516	7,385,750	5,046,021	4,441,763	3,784,516	7,385,750	7,385,750
Inception date	12/02/2009	28/04/2010	27/08/2010	28/04/2010	28/04/2010	30/04/2010	31/08/2010	27/08/2010
Maturity	10/01/2023	31/03/2024	27/03/2024	28/03/2024	29/12/2023	28/03/2024	27/03/2024	27/03/2024
IRS frequency	Half-yearly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Consumer rate	3.35%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

Contracts in detail	IRS 20 Carisbo 2.285%	IRS 21 MPS 2.80%	IRS 22 Carisbo 3.25%	IRS 24 Carisbo 2.429%	IRS 23 Carisbo 2.429%	IRS 25 Aletti 2.427%	IRS 29 BNL 0.5925%
Nominal account	7,385,750	2,500,000	11,850,000	9,570,000	3,828,000	5,742,000	29,750,000
Inception date	27/08/2010	12/07/2011	12/07/2011	12/09/2011	12/09/2011	12/09/2011	08/06/2017
Maturity	27/03/2024	31/03/2024	01/11/2024	31/12/2025	31/12/2025	31/12/2025	06/04/2027
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	Euribor 3 months	Euribor 3 months	Euribor 6 months	Euribor 3 months	Euribor 3 months	Euribor 3 months	Euribor 3 months
Consumer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	0.59%

Contracts in detail	IRS 30 Bintesa 0.5925%	IRS 31 UBI 0.333%	IRS 39 BNP -0,21%	IRS 40 MPS -0,21%	IRS 41 BPM -0,21%	IRS 42 ICCREA -0,21%	IRS 38 BNP 0.075%
Nominal account	29,750,000	42,500,000	48,000,000	50,000,000	30,000,000	15,000,000	57,000,000
Inception date	08/06/2017	17/01/2019	15/10/2021	15/10/2021	15/10/2021	15/10/2021	15/10/2021
Maturity	06/04/2027	17/10/2023	14/10/2022	14/10/2022	14/10/2022	14/10/2022	14/10/2022
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
Consumer rate	0.59%	0.33%	0.12%	0.12%	0.12%	0.12%	0.08%

At 30 June 2022 the fair value of derivatives was a positive €724K.

Note 41) Subsequent events

On 2 August 2022 IGD SIIQ S.p.A. took out a €215 million "green loan" from BNPS Paribas (global coordinator, green coordinator, and lender), Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., BNP Baribas, Cassa depositi e prestiti S.p.A., and China Construction Bank (lenders), with a duration of three years extendable to five years.

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

Note 42) Commitments

At 30 June 2022 the Group had the following major commitments:

- contract for the development of the Officine Storiche section (Livorno), for a remaining amount of €7.2 million;
- contract for the restyling of the Mantua property, for an amount of €2.3 million.

Note 43) Tax litigation

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

companies. After reviewing the papers and looking into the matter carefully, IGD's advisors concluded that the assessments are unfounded and filed settlement requests for both with the Emilia Romagna regional office.
During the subsequent debate phase, the company presented its arguments against the assessments to the Emilia Romagna authorities, who decided to consider IGD's arguments regarding IRES and IRAP but to uphold the complaint regarding VAT. Nevertheless, as the deadline approached for contesting the two assessments and no reversal notice had been received from the regional authorities, the company decided to prevent them from becoming definitive and on 6 June 2016 filed a formal appeal against each with the Provincial Tax Commission of Bologna.
On 30 November 2016 the Emilia Romagna regional authorities annulled the IRES assessment in full, while the IRAP/VAT assessment was annulled for the IRAP portion only and the VAT violation was confirmed.
In session on 25 January 2017, the Provincial Tax Commission of Bologna sided with IGD: with decision no. 253/17 filed on 28 February 2017 it definitively cleared the IRES and IRAP assessments, and with decision no. 254/14 (also filed on 28 February 2017) it accepted IGD's arguments concerning VAT and annulled that assessment as well, a ruling that became definitive on 14 June 2018.
For both proceedings, the Commission ordered the revenue office to reimburse IGD's legal expenses in the amount of €6,000.00 total.
On 29 September 2017 the Emilia Romagna regional authorities appealed the VAT decision (254/17) and on 28 November IGD filed its counterarguments against that appeal.
On 9 January 2020, the Emilia Romagna regional authorities filed a statement of defense to rebut the Company's counterarguments.
With a decision filed on 23 November 2020, the Regional Tax Commission of Emilia Romagna confirmed the lower commission's ruling, rejected the regional authorities' appeal, and ordered the regional authorities to pay the costs of both levels of justice in the amount of €7,000.00 (reimbursed in the first half of 2021).

In May 2021 the Emilia Romagna regional authorities filed an appeal with the Court of Cassation and IGD SIIQ S.p.A. filed its response.

2.7 // Certification of the condensed interim consolidated financial statements

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

1. We, the undersigned, Claudio Albertini as chief executive officer and Carlo Barban as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:

- the adequacy of in relation to the characteristics of the business; and
- the company's due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the first half of 2022.

2. We also confirm that:

2.1. the condensed consolidated financial statements:

a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;

b) correspond to the ledgers and accounting entries;

c) provide fair and truthful disclosure of the financial status and performance of the issuer and the companies included in the consolidation;

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

Bologna, 4 August 2022

Claudio Albertini	Carlo Barban
Chief Executive Officer	Financial Reporting Officer

2.8 // External auditors' report on the condensed consolidated interim financial statements

Deloitte.

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Immobiliare Grande Distribuzione SIIQ S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. and subsidiaries ("IGD Group"), which comprise the statement of financial position as of June 30, 2022 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The consolidated financial statements of IGD Group for the year ended as of December 31, 2021 and the half-yearly condensed consolidated financial statements for the six month period ended as of June 30, 2021 have been respectively audited and reviewed by other auditors that on March 16, 2022 and on August 5, 2021 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

Deloitte.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of IGD Group as at June 30, 2022 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Masetti
Partner

Bologna, Italy
August 4, 2022

This report has been translated into the English language solely for the convenience of international readers.

3. GLOSSARY

AGENCY MANAGEMENT
Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

AVERAGE COST OF DEBT
Refers to the average cost, without taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

AVERAGE EFFECTIVE COST OF DEBT
Refers to the average cost, taking into account additional borrowing costs like fees and commissions (recurring and non), incurred by a company to service debt. The calculation takes into account the interest payable matured in the period under examination (relating to short-term loans, mortgages, unsecured loans, IRS differentials, bonds and fees paid on financial leases) and the average stock of long and short term debt recorded at the close of every quarter and at the beginning of the period.

CORE BUSINESS FFO
FFO (Funds from Operations) is a performance indicator used widely in the real estate sector (REITs).
Core business FFO, which measures the cash flow generated by the Group's core business, is calculated by subtracting non-cash items (writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of extraordinary transactions and income generated by property sales from pre-tax profit, net of current tax and adjusted to reflect non-recurring items.

DEVELOPMENT PIPELINE
Program of investments in development.

DIRECT COSTS
Costs directly attributable to the shopping centers.

DIVIDEND YIELD
The dividend yield, or price/dividend ratio, is the company annual dividend payments made or announced divided by closing price of its ordinary shares at the end of the year.

EBIT (Operating profit)
EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, changes in the fair value of properties held and provisions for risk.

EBITDA (including core business)

EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings before interest payable, taxes, disposals, income/(loss) from equity investments, non-recurring transactions, amortization, depreciation, provisions, as well as impairment and fair value adjustments. Core business Ebitda refers to the core business included in the consolidated income statement which does not include the results posted by the "Porta a Mare Project".

EBITDA MARGIN (including core business)

This indicator is calculated by dividing Ebitda by operating income.

EPRA

European Public Real Estate Association.

EPRA Net Initial Yield o NIY

EPRA NIY is a performance measurement index and it is calculated as the annualized rental income based on the cash rents passing at the balance sheet date (including one-off and variable income), less non-recoverable property operating expenses, divided by the gross market value of property, net of development property.

EPRA "topped-up" NIY

The EPRA topped-up NIY is a performance measurement index obtained by making an adjustment to the EPRA NIY with annualized and full term rental income (including one-off and variable income), i.e. excluding unexpired lease incentives such as discounted rent periods and step rents.

EPS / EARNINGS PER SHARE

Net profit divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV

The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

FACILITY MANAGEMENT

Supply of specialized services to shopping centers such as security, clearing and routine maintenance.

FINANCIAL OCCUPANCY

Calculated as the GLA rented at market rates and expressed as a percentage of the market value of the total GLA rented at market rates.

GEARING

The gearing ratio reflects the total debt to total equity ratio, including non-controlling interests, and net of the cash flow hedge reserve. It measures financial leverage which demonstrates the degree to which a company's operations are funded by owner's funds versus borrowings and facilitates sector benchmark analysis.

GENERAL EXPENSES

Corporate costs not attributable to the individual shopping center.

GROSS EXIT CAP RATE
The terminal value of the gross revenue (rents, temporary and variable) calculated as a percentage of the exit value.

GROSS INITIAL YIELD
The gross initial yield of an investment is the annualized rental income used in the first year of the DCF model (Discounted Cash Flow) expressed as a percentage of the property's fair value.

GLA / GROSS LEASABLE AREA
The total floor area designed for tenant occupancy which includes outside walls.

GROSS MARGIN
The result obtained by subtracting direct costs from revenues.

HEDGING
The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortgage loans and bonds.

HYPERMARKET
Property with a sales floor in excess of 2,500 sqm, used for the retail sales of food and non-food products.

INTEREST COVER RATIO (ICR)
Measure of the number of times a company's operating profit covers the interest payable on debt. It is an indicator used to understand a company's solvency and ability to assume debt. It is calculated by dividing EBITDA by the net financial expense.

INITIAL YIELD
The annualized rental income from a property as a percentage of its valuation at the time of purchase.

INTEREST RATE SWAPS / IRS
Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Using to convert floating rate debt into fixed rate debt.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for the entire year and the entire prior year.

LIKE FOR LIKE REVENUE
Revenues from rental activities of the assets held in the portfolio for the entire year and the entire prior year. They are separately calculated for Italy and Romania portfolios and they exclude:

- revenues from assets that have been acquired, sold or subject to remodeling and therefore they have not realized any income in the period;
- missing revenues from instrumental vacancy due to different reasons (i.e. works carried out to create new layouts);
- exceptional and one-off revenues which would make the comparison less reliable.

LOAN TO VALUE (LTV)

Ratio between the amount borrowed (including the lease for IGD's headquarters) and the market value of freehold properties.

MALL / SHOPPING MALL

Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

MALL

Property that includes an aggregation of shops, as well as the common areas on which they insist

MIDSIZE STORE

A property with a sales floor area of 250 to 2,500 sqm used for the retail sales of non-food consumer goods.

NET ASSET VALUE METRICS

The main performance indicators that provide stakeholders with information about the fair value of the company's assets and liabilities.
In October 2019, three new asset value metrics were introduced in EPRA Best Practices Recommendations: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV) which replace EPRA NAV and EPRA NNNAV.
Consistent with EPRA Best Practices Recommendations, the new EPRA NAV indicators were used for the first time in the half-year report at 30 June 2020 which include a reconciliation of the calculation used for the old and new indicators, along with the calculation used for the comparison period (2019).

NET ASSET VALUE (NAV) AND TRIPLE NET ASSET VALUE (NNNAV)

The equity pertaining to the Group, calculated based on EPRA indications which call for a few adjustments.
Certain items are excluded from the NAV calculation for lack of relevance in a business model with a long term view like the Group's. NNNAV provides more relevant information about the fair value of assets and liabilities. The NAV is adjusted to take into account the fair value of (i) hedges, (ii) debt and (iii) deferred taxes.
It represents the equity pertaining to the Group including in the calculation the fair value of the main assets and liabilities that are not included in the EPRA NAV, namely (i) hedges, (ii) debt and (iii) deferred taxes.

NET DISPOSAL VALUE (NDV)

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

NET DEBT

Net debt shows financial structure and is calculated by adding long-term debt, short-term debt and the current portion of long-term debt included in "Non-current and current financial liabilities (with third parties and related parties)", net of "Cash and cash equivalents", "Non-current financial assets" and "Financial receivables and other current financial assets (with third parties and related parties)".

NET REINSTATEMENT VALUE (NRV)

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

NET TANGIBLE ASSETS (NTA)

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability. It represents a scenario in which a few properties could be sold. At 30 June 2022 the company does not have any assets which could be sold and for this reason the deferred taxes coincide with the amount excluded from the NRV calculation. Contrary to NRV, the goodwill and the intangible assets included in the financial statements are excluded from the equity attributable to the Group.

OCCUPANCY RATE

Gross let surface area as a percentage of properties' total surface area.

OVER-RENTED

Space rented for an amount exceeding its ERV.

PRE-LET

Lease signed by a tenant before development of the property has been completed.

REAL ESTATE ASSETS

The Group's freehold properties.

REAL ESTATE PORTFOLIO

The portfolio of freehold and leasehold properties rented out by the IGD Group.

REIT

Real Estate Investment Trust. Comparable to a SIIQ in Italy.

RETAIL PARK

Group of three or more complexes with a combined area of more than 4,500 sqm and shared parking.

REVERSIONARY POTENTIAL YIELD

The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

SHOPPING CENTER

Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

SIIQ

Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicly held listed company whose prevalent activity is the rental of properties and equivalent, provided they meet a series of earnings and balance sheet requirements.

STORE

Property for the retail sale of non-food consumer goods.

SUPER MARKET

A property with a sales floor of 250 to 2,500 sqm used for the retail sale of food and non-food products.

TENANT MIX

Set of store operators and brands found within a mall.

UNDER-RENTED

Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL

The weighted average cost of debt and all other sources of capital, used to calculated the expected return on investments.