2014
ANNUAL REPORT

SPACES TO BE LIVED IN

LE MAIOLICHE

Faenza – Ravenna

Opening 2009

Mall GLA sq.m 21,717

Food anchor GLA sq.m 9,277

2,261,308 visitors in 2014

2014 Annual Report

IGD, spaces to be lived in

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CENTRO D'ABRUZZO

San Giovanni Teatino - Chieti

Opening 2001

Restyling 2013

Mall GLA sq.m 13,276

Food anchor GLA sq.m 114,127

3,389,727 visitors in 2014

The IGD Group

01

1.1 Letter to the Shareholders

Dear Shareholders,
Your Company closed 2014 with a net profit of €7.3 million, an increase of 46.1% against the prior year, and FFO (Funds from Operations) of €35.1 million, testimony to the persistently strong cash flow generated by operations.

In what continues to be a very challenging environment, in 2014 IGD succeeded in **strengthening its real estate portfolio,** thanks to the completion of development investments in the pipeline and the acquisition of a portfolio of strategic assets for €94.7 million: based on the independent experts' appraisals the fair value at 31 December 2014 of the new portfolio, net of disposals, reached a total of **€1,951.21 million,** versus €1,891.28 million at 31 December 2013. At the same time, thanks to the €199.68 million capital increase completed in October, IGD was able to both finance the purchase of a strategic portfolio and **significantly improve its financial solidity** as is shown by the decreased **gearing** ratio (D/E ratio) which dropped from the 1.38x posted at year-end 2013 to **0.95x** at year-end 2014 and the LTV which fell from 57.4% to 48.3%.

A year, therefore, in which far-reaching changes took place, affecting both the **profile of the portfolio** and **the financial equilibrium,** which will **positively impact** the income statement **over the coming years.**

In addition to the extraordinary transactions, the 2014 results reflect the impact of recurring operations which continued in line with previously provided guidance. As per the strategic guidelines included in the 2014-2016 Plan, our focus in 2014 was on **two main areas:** on the one hand, **core business** operations, by working on both the real estate portfolio and implementing commercial initiatives and, on the other, improving the Company's **financial sustainability.**

With regard to **the first area,** enhancement of our centers continued. Specific steps were taken to optimize the **occupancy rates** at existing centers and **generate income** from development investments.

The **work done on the existing portfolio** included, for example, the reformatting of the spaces at Mondovicino where vacant spaces were grouped together to form mid-size stores, while at the Tiburtino center remodeling of the spaces allowed for the introduction of new brands (Moby Dick, for example) and a different merchandise mix (that included dental clinics) which helped to noticeably increase traffic.

In terms of development investments, in 2014 **three important marketing campaigns** were carried out relating to the Centro d'Abruzzo extension, the opening of the first retail area at Piastra Mazzini in Livorno and the completion of a new mall space at Centro di Afragola, near Naples, thanks to the area made available following the downsizing of the hypermarket.

In 2014 IGD's property portfolio was **strengthened** significantly thanks to the acquisition **of strategic assets** from Coop Adriatica and UnicoopTirreno for €94.7 million; these assets include the Città delle Stelle shopping center in Ascoli Piceno, two hypermarkets, in Schio and in Cesena, as well as two supermarkets found, respectively, in Cecina and Civita Castellana.

Asset rotation also helped us to optimize the structure of our portfolio: in January 2014 the Le Fonti del Corallo center in Livorno was sold for €47 million, in line with its book value. We continued with this process in the new year, as well, and in January 2015 a preliminary agreement was signed for the sale of the real estate complex on via Rizzoli, in the historic heart of Bologna, for €29.4 million (an amount that is higher than the independent expert's appraisals at 30 June 2014 and at 31 December 2014).

We also continued **investing in property maintenance** which, while not recognized by the independent appraisers insofar as new revenue streams are not generated immediately, make it possible to maintain the **high quality** of our portfolio in order to ensure its value over time.

The best way to gauge the success of the activities we carried out is to look at the **sales figures reported by the retailers** found in our shopping centers. In 2014 **sales rose 3.4%,** while the number of footfalls was largely unchanged (-0.1%). At **96.2%**, the occupancy rate for the Italian portfolio, which was impacted by the work underway at different centers, also confirms the validity of the business choices we made.

With regard to the Company's **financial sustainability**, we were very active in terms of the number and scope of the transactions completed, as well as the rapidity with which we understood and took advantage of favorable moments in a market that, in 2014, was subject to rapidly changing investor sentiment.

At the beginning of March, at a time when international investors were expressing interest in the Italian real estate sector, thanks also to the low interest rate environment and the recovery that was expected to materialize year-end, the fund **Quantum Strategic Partners Ltd.**, managed by Soros Fund Management LLC, became a new shareholder of IGD with **an interest of 5%** following the **purchase of 3.15% of IGD's treasury shares**, as well as1.85% of the interest held by Unicoop Tirreno.

Early April we, once again, acted to take advantage of the interest shown by international investors in the Italian real estate sector and completed a **€150 million private placement with Morgan Stanley of 5-year senior notes** with a fixed coupon of 3.875%.

At the end of May we also completed a capital increase reserved for 2013 dividend recipients: the **Dividend Reinvestment Option** – which generated fresh funds of €14.05 million for the Company – reached the highest level of subscriptions recorded in the last three years (77.8%).

The success of the transactions completed and the solid levels of the stock price, which reached its year high on 9 June, created the right conditions to proceed with the **acquisition of the strategic portfolio** for €94.7 million and the recapitalization of approximately **€200 million**. The capital increase, announced on 8 July, and officially launched with a rights issue on 29 September once the green light was received from CONSOB, was completed on 24 October with subscriptions reaching 99.75% of the shares offered – a record for corporate debt capital market transactions. The unexercised options were sold on the first subsequent session of the Italian Stock Exchange. A success that should not be taken for granted, particularly if we consider that in the same period a few Italian companies were forced to suspend IPO procedures in light of the negative mood of institutional investors. The geopolitical tensions in Hong Kong, Ukraine and different countries of the Middle East, in fact, made the prospects for world economic growth more uncertain, and the concerns about the health of the banks, involved in passing stress tests, increased. Italian companies were also penalized by the skepticism of investors about the government's ability to quickly implement the reforms needed to fuel investments and reduce unemployment in light of the troubled gestation period of the Jobs Act.

We believe that we were able to successfully complete such a substantial capital increase thanks **to the conviction and support of our majority shareholders**, early advocates of the transaction, and the **large number of institutional shareholders**, with non-controlling interests, who subscribed the newly issued shares in confirmation of their belief in the equity story that IGD represents. Toward this end, our transparent approach to communication with the financial markets and the ability to consistently deliver on the targets laid out in our business plans, definitely played in our favor.

A quick look at the results presented in the **2014 Annual Report** reveals that the actions described above have already, in part, had a tangible financial-economic impact.

The **core business EBITDA**, the most significant performance indicator for IGD's operations, amounted to **€79.25 million**, a drop of 4.3% against the prior year; while total operating revenue was largely stable (-0.2%), this result was affected by an increase of 11.0% in direct costs as a result, primarily, of the 29.3% rise in rents payable linked to the sale of the Fonti del Corallo mall which is currently under management based on a long term lease agreement and the increased condominium fees explained by the vacancies for the restructuring underway. The **core business EBITDA Margin** came to **65.8%**, versus 68.6% in the prior year.

The Group's **net profit,** which **rose significantly** with respect to the €5.00 million posted in 2013 to €7.30 million, benefitted from **fewer writedowns and fair value adjustments** (-€23.10 million versus -€33.49 million in 2013) and lower **financial expense** (which fell from the €46.55 million reported in 2013 to €44.79 million) as a result of both financing cost optimization and **a decrease in net debt**, which fell from the €1,084.88 million recorded at year-end 2013 to **€942.1 million** at 31 December 2014.

In light of the good results achieved IGD's Board of Directors decided **to propose a dividend** of **€0.375 per share**, higher than the mandatory payout under the SIIQ regime and which, based on the adjusted price recorded at year-end (€0.6426) represents a **dividend yield of 5.8%**. IGD confirms, in this way, its ability to, **once again**, provide shareholders with attractive returns. In terms of total shareholder return, in addition to the dividend yield, shareholders that invested at year-end 2013 may also benefit from capital gains as more recently the **stock price** has **returned** to levels recorded in September 2014, namely prior to the capital increase.

We, therefore, close an intense 2014 more solid overall, in terms of both the core business and the capital structure.

While we are looking at the FY 2014 results, we are already actively programming 2015. We are, in fact, determined to proceed with the investments called for under the committed pipeline: from the opening of the new retail park in Chioggia to the restyling of Sacra and Centro Borgo, while work continues on the ESP extension in Ravenna, which is expected to open in 2016.

We have also equipped ourselves with a new instrument to take advantage of the new growth opportunities that the Italian real estate market may provide by choosing to enter the world of asset management companies in partnership with a premier player: in December 2014 we, in fact,

announced the acquisition (which closed in January 2015) of 20% of UnipolSai Investimenti SGR, a company specialized in the promotion of commercial/retail real estate initiatives, with great potential as an asset aggregator that will benefit from the expertise IGD is in a position to contribute. In the meantime two regulatory changes have taken place as a result of Decree 133 of 12.9.2014 (the "Sblocca Italia" decree) based on which SIIQs may make equity investments in real estate funds and any income generated by fund quotas will be subject to the same special tax regime.

2015 began with a global market environment that leaves room for **moderate optimism**, thanks to the stronger Euro against the USD, the drop in oil prices and the financing costs, which continue to be limited. Even though the timid signs of a recovery in consumption in Italy continue to make it economically difficult for some retailers, we are proceeding with our policy to reduce the use of temporary reductions, as planned.

Once the new **Board of Directors** is in place, following the Annual General Meeting to be held on 15 April, work will begin on outlining the strategic targets, along with a clear outline of the path to follow in order to achieve them, in line with the rigorous approach to forecasting and timely reporting begun in 2009. We believe that what we achieved in 2014 has provided us with a strong structure: now we can **leverage on the solid foundation of our property portfolio and balanced capital structure to proceed with the next growth phase**".

The Chairman	*The Chief Executive Officer*
Gilberto Coffari	Claudio Albertini

1.2 Corporate and Supervisory Bodies

Board of Directors

GILBERTO COFFARI	**Chairman** *Executive*	Chairman's Committee
SERGIO COSTALLI	**Vice-Chairman** *Non-executive*	Chairman's Committee
CLAUDIO ALBERTINI	**Chief Executive Officer** *Executive*	Chairman's Committee
ROBERTO ZAMBONI	*Non-executive*	Chairman's Committee
ARISTIDE CANOSANI	*Non-executive*	
LEONARDO CAPORIONI	*Non-executive*	
FERNANDO PELLEGRINI	*Non-executive*	
FABIO CARPANELLI	*Independent*	Nominations and compensation Committee
TAMARA MAGALOTTI	*Independent*	Nominations and compensation Committee
ANDREA PARENTI	*Independent*	Nominations and compensation Committee; Committee for related party transaction
RICCARDO SABADINI	*Independent*	Committee for related party transaction; Lead Indipendent Director
GIORGIO BOLDREGHINI	*Independent*	Committee for related party transaction
ELISABETTA GUALANDRI	*Independent*	Control and Risk Committee
MASSIMO FRANZONI	*Independent*	Control and Risk Committee
LIVIA SALVINI	*Independent*	Control and Risk Committee

During the meeting held on 19 April 2012 shareholders resolved that the Board of Directors should comprise 15 members. The current members were on the only list submitted jointly by the majority shareholders, Coop Adriatica and Unicoop Tirreno. A majority of the directors on the Board are independent (8 out of 15).
The Internal Control and Risk Management Committee, the Nominations and Compensation Committee and the Committee for Related Party Transactions comprise solely independent members.
The Directors will be in office through the Annual General Meeting called to approve the financial statements for FY 2014. All the Directors are of Italian nationality.

Board of Statutory Auditors

ROMANO CONTI	**Chairman**	*Standing*
ROBERTO CHIUSOLI	**Auditor**	*Standing*
PASQUINA CORSI	**Auditor**	*Standing*
ISABELLA LANDI	**Auditor**	*Alternate*
MONICA MANZINI	**Auditor**	*Alternate*

The Board of Statutory Auditors will remain in office for the three-year period 2012-2014.

External Auditors	*Financial Reporting Officer*
PRICEWATERHOUSECOOPERS S.P.A.	**GRAZIA MARGHERITA PIOLANTI**

Corporate Governance Rules

The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. As in the past, for the year that closed on 31 December 2014, IGD hired the consulting company Egon Zehnder International to help with this self-assessment process which adopted methods specific to the third year of the Board's term.

The consulting company Egon Zehnder does not carry out any other activities for IGD or its subsidiaries.

This year the Board Review, as specifically requested by the Company and in accordance with best practices for the third and final year of the mandate, was focused on follow-up of the critical areas that emerged as a result of last year's review. A questionnaire was, therefore, agreed upon that concentrated on the areas for improvement that emerged during the last review, particularly with regard to the recommendations that the outgoing Board might give to the Board appointed during the next Annual General Meeting. This questionnaire was used to guide the individual discussions held with each Board member.

This survey, relating to the year closed on 31 December 2014, was conducted in the months of January and February 2015 in accordance with the most sophisticated international best practices and was carried out on the basis of:

- discussions with each Director, after having completed a questionnaire prepared for this purpose;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

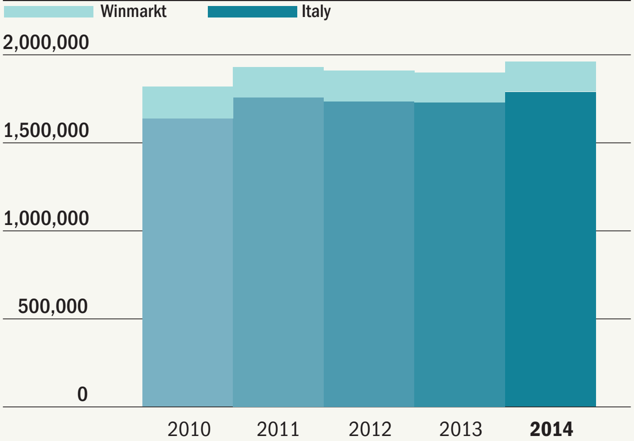
The Board Review results were presented during the Board of Directors' meeting held on 26 February 2015.

More in detail, the Directors expressed their appreciation of the topics that were the focus of this year's self-assessment and, as a whole, the Board:

- was found to be satisfactory in terms of functioning and efficiency, the presence of the necessary expertise and experience, while suggesting the need to possibly strengthen the Board's international dimension;
- expressed its willingness to reduce the number of Directors;
- was satisfied with the involvement of the management team in meetings and the work done;
- expressed its appreciation of the specific training and development initiatives, as well as with regard to assessment of skills and results achieved, implemented by the management team and requested that the Board receive adequate information;
- continues to be satisfied with the work done by the Chief Executive Officer and the Chairman, and hopes to see continuity going forward;
- recognizes, by a vast majority, the need to adopt a succession plan for the key executives, and that implementation during the next Board's term should be a priority;
- confirmed great satisfaction with how strategic discussions begun in the past were conducted last year and for the specific initiatives that materialized as a result.

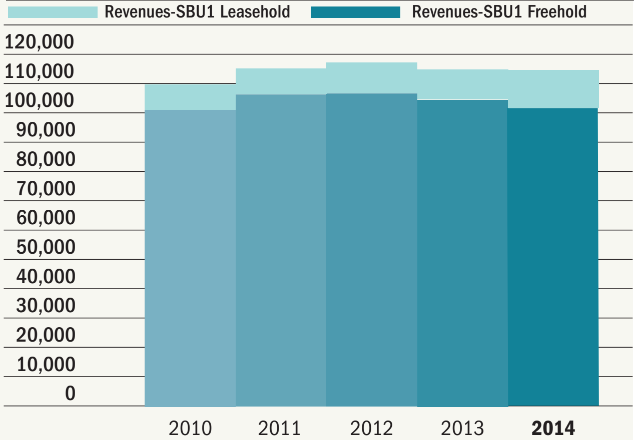
1.3 Highlights

Market value



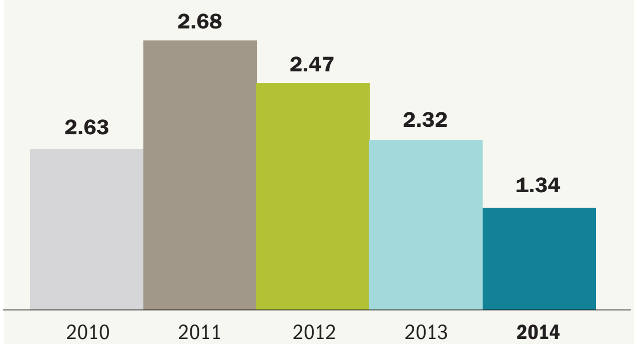
€1,951.21 million

Core business Rental Income



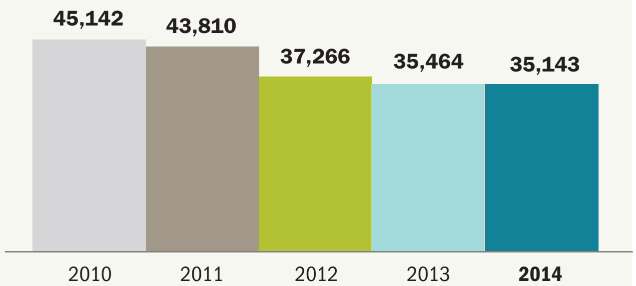
€115.35 million

Epra Nav per share



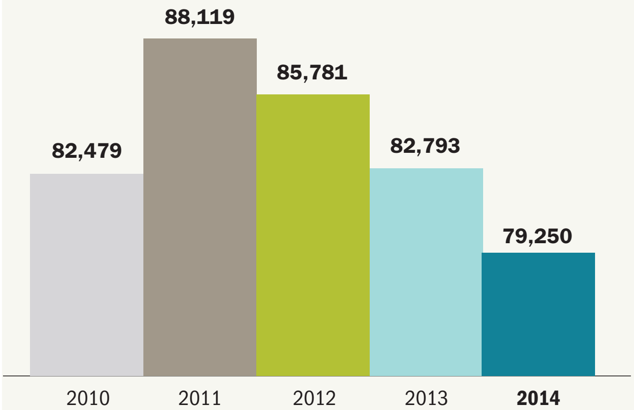
€1.34

Core business FFO



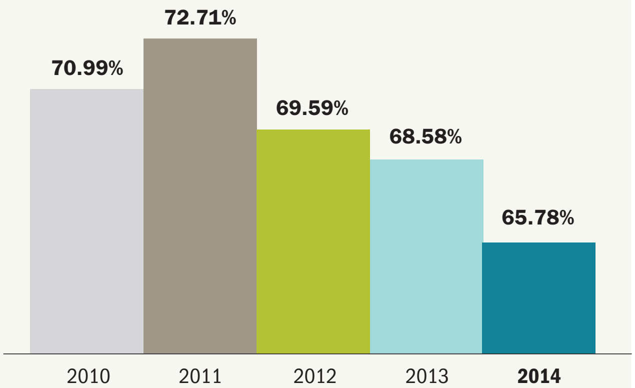
€35.143 million

Core business EBITDA



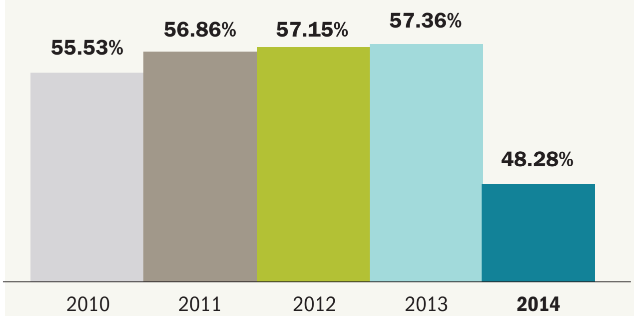
€79.25 million

Core business EBITDA margin



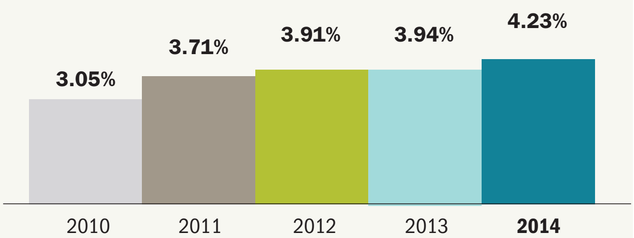
65.78%

Loan to value



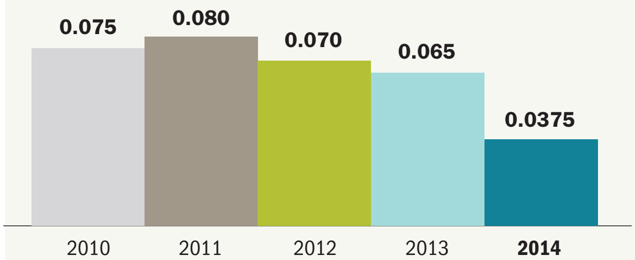
48.28%

Adjusted average cost of debt



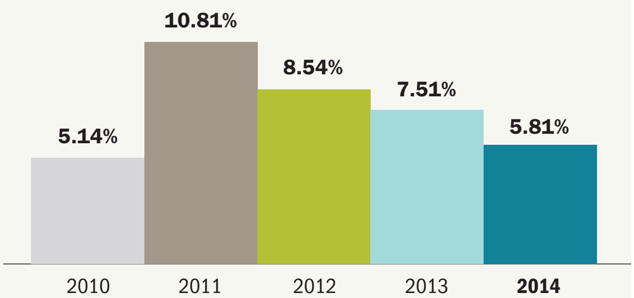
4.23%

Dividend



€0.0375

Dividend yield



5.81%

EPRA Financial occupancy

HYPERMARKETS **100%**
MALLS **94.3%**

96.2%
average - Italy

86.4%
Romanian malls

Compound average yield of total portfolio *(gross initial yield)*

6.52%
Italian hypermarkets

6.58%
Italian malls

6.72%
Romanian malls

Contracts

MALLS **1,024**
HYPERMAKETS **24**

1,048
contracts in Italy

MALLS **523**

523
contracts in Romania

TOP TEN TENANTS

Italy

	Product category	Turnover impact	Contracts
GRUPPO MIROGLIO (Fiorella Rubino, Oltre, Motivi)	CLOTHING	3.5%	32
Piazza Italia	CLOTHING	3.1%	10
H&M	CLOTHING	2.7%	8
Scarpe & Scarpe	FOOTWEAR	2.0%	5
Calzedonia	CLOTHING	1.6%	19
OVS	CLOTHING	1.5%	4
Apple	ELECTRONICS	1.5%	1
BBC OBI	BRICOLAGE	1.4%	1
Camst	RESTAURANT	1.4%	10
GameStop	ENTERTAINMENT	1.4%	19

20.0% total - turnover impact

109 total contracts

Romania

	Product category	Turnover impact	Contracts
Carrefour market	FOOD	9.1%	9
H&M	CLOTHING	8.4%	4
Domo	ELECTRONICS	4.7%	8
B&B collection	JEWELLERY	2.8%	8
dm	HOUSEHOLD GOODS	2.6%	5
Sensiblu	PHARMACY	2.2%	4
HOUSE OF ART	CLOTHING (FAMILY)	1.7%	5
Billa	SUPERMARKETS	1.3%	2
Leonardo	FOOTWEAR	1.2%	5
Altex	ELECTRONICS	1.2%	3

35.3% total - turnover impact

53 total contracts

CENTRO BORGO
Bologna
Opening 1989
Extension 2005
Restyling 2015
Mall GLA sq.m 7,043
Food anchor GLA sq.m 11,480

3,318,381 visitors in 2014

Directors' Report

Dear Shareholders,

The directors' report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents.

The consolidated financial statements at 31 December 2014 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ SpA and other Group companies as listed in the paragraph related to the scope of consolidation.

Alternative Performance Indicators

This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where clearly specified. These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards. The indicators deemed significant for the reading of the Group's financial statements include EBITDA, FFO and EBIT the calculations of which are described in the Glossary.

02

KATANÈ
Gravina di Catania - Catania
Opening 2009
Mall GLA sq.m 14,912
Food anchor GLA sq.m 13,663

5,734,848 visitors in 2014

WINMARKT GALATI
Galati
Restyling 2005
GLA mq 7,889

1.300 million visitors in 2014

2.1 The IGD Group today

IGD is one of Italy's two SIIQ (Società di Investimento Immobiliari Quotate or real estate investment trust) and is the only one focused on the retail segment.

The IGD Group operates primarily in Italy, but is also present in Romania - in 13 different mid-sized cities – where it owns the country's largest change of department stores, Winmarkt, through WinMagazin SA, acquired in April 2008.

IGD SIIQ's perimeter of exempt operations includes the freehold assets found in Italy. The Parent Company also controls:

1.

100% of Millennium Gallery (owner of part of the Rovereto shopping mall and a business division in the shopping center in Crema);

2.

100% of IGD Property SIINQ SpA, a real estate company which is listed on regulated markets;

3.

100% of IGD Management srl which, in addition to owning the CentroSarca shopping mall in Milan, also holds the majority of the operations which are not included in the SIIQ's scope of consolidation:

- *99.9% of WinMagazin, through which it controls 100% of WinMarktManagement, the company responsible for the team of Romanian managers;*
- *80% of Porta Medicea, the requalification and real estate development project of Livorno's waterfront;*
- *15% of Iniziative Bologna Nord, a company currently being liquidated;*
- *management of the leasehold properties Centro Nova and Centro Piave;*
- *service activities which include mandates for the management of freehold and leasehold properties.*

4.

50% of RGD Ferrara 2013, formed on 30 September 2013, to manage a business division in the Darsena City Shopping Center in Ferrara.

5.

48.75% of Virtus College s.r.l., the purpose of which is to buy, sell, rent and manage properties to be used for sports, in addition to the development and dissemination of sports, in general.

IGD GROUP HEADQUARTERS

Bologna

UNI EN ISO 14001

environmental certification

The organizational chart below reflects the Group's structure at 31 December 2014.

The IGD Group's operations can be broken down in to **three distinct divisions,** each of which reports to a specific division head.

→ **PROPERTY MANAGEMENT AND DEVELOPMENT**

→ **SALES, MARKETING AND NETWORK MANAGEMENT**

→ **ROMANIA**

The three division heads report to the Chief Operating Officer.

Our activities

The property management and leasing of freehold properties, as well as of third party assets, represents IGD's core business. All of the freehold properties are managed directly by the Company.

IGD is also involved in a number of activities related to services, such as the mandates for shopping center management and the marketing of new shopping centers.

→ Property management and leasing

The objective is to enhance the long term value of the portfolio through three distinct activities:

1.
The purchase and leasing of real estate, both existing properties and new initiatives, in which case IGD may also get involved in development.

2.
The optimization of the returns from the portfolio, through: commercial policies and initiatives which maintain the shopping center's appeal and occupancy rates at high levels; property enhancement which involves improvements like extensions or restyling, as well as routine and extraordinary maintenance. The commercial initiatives are closely related to property maintenance.

3.
Asset rotation through the disposal of assets.

→ Services

IGD is typically involved in the Agency Management and Pilotage operations which entails the promotion of newly opened, expanded or restyled centers; the rapidity with which consumer trends change and the need to sustain the appeal of the shopping centers by constantly updating the merchandise mix has called for frequent action not necessarily linked to new openings. The revenue generated by services this year was largely attributable to the pilotage operations connected to the opening of the Centro d'Abruzzo extension.

IGD is also involved in Facility Management services which are linked to marketing and the daily operations of the center such as, for example, security, cleaning and routine maintenance.

Contract management

In Italy at the end of 2014 IGD had 1,024 contracts with a total of 601 retailers. During the year the Company signed 229 new contracts explained for 140 by renewals and the remaining 89 by turnover.

In Romania at the end of 2014 WinMagazin had 523 contracts. During the year 41 new contracts were executed, in addition to 79 renewals.

The client portfolio risk is limited: the ten largest tenants represent only 20% of IGD's total rental income from malls in Italy. IGD's brand portfolio reflects a very international merchandise mix: in the Italian malls, international brands account for 17% of the total, while in Romania the percentage is even higher at 31%.

The Marketing Plan

IGD organizes and sponsors advertising initiatives and promotional events in its shopping centers. These activities were increased in 2014 in order to provide visitors with useful and enjoyable moments, in line with our view of shopping centers as "spaces to be lived in".

In 2014 the first customer satisfaction surveys were carried out in order to understand the impact of the events offered in the shopping centers: more than 4,000 people were involved in the first 12 surveys. They provided precious feedback on which events were the most appreciated and where to concentrate resources. A better understanding of what visitors are interested in also fostered marketing initiatives that were more in tune with the tenants' needs.

Along with the "classic" appointments, new event formats were introduced, focused primarily on work, health and sports, that, in many instances, were offered at the same time in a number of centers; in order to enhance the impact of the scheduled events new forms of content marketing were used which allow for the development of parallel online content before and during the actual event. This also provided the shopping centers with additional visibility through new media channels like YouTube, Facebook and Instagram.

The use of ADV 2.0 advertising is becoming more and more prevalent, resulting in lower costs with respect to traditional media. This path is also leading to the gradual substitution in each shopping center of signage with totems featuring videos of current promotions.

In 2014 a new approach to marketing was also used to increase the brand awareness and brand reputation of the shopping centers, the websites of which were updated to reflect IGD's corporate identity.

The marketing done made it possible to maintain the number of footfalls high at IGD's shopping centers: footfalls in 2013 amounted to approximately 60 million in the Italian centers (-0.1% with respect to 2013). The average ticket reached €20.59, an increase of 1.1%.

Footfalls in Romania exceeded 29.8 million in 2014.

→ Mission

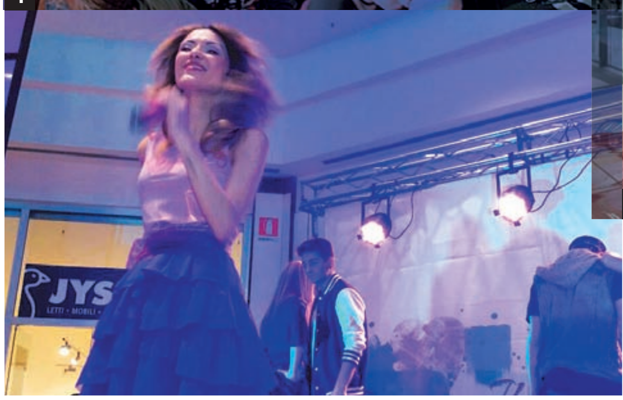
IGD's mission is to create value for all its stakeholders: shareholders and financial backers, employees, customers, local communities, retailers, as well as suppliers. We believe this is possible through sustainable growth.

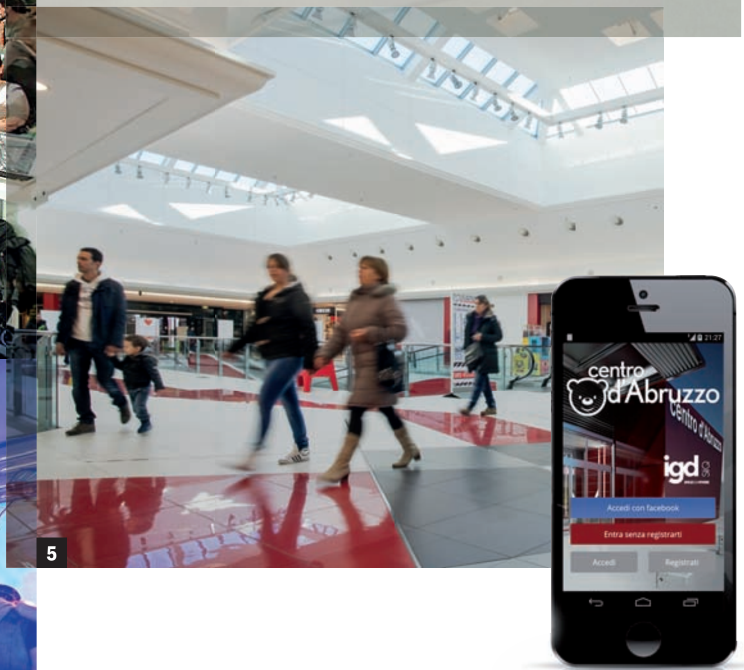
→ Vision

IGD has always been focused on the retail segment of the Italian real estate market as the Company believes that this segment can offer interesting returns on investments as long as the tenants and the assets are managed with a view to the long-term. This interpretation of its role has allowed the Company to emerge from the long consumer crisis that has persisted in Italy since 2008 even more convinced that the business choices made have been the right ones.

IGD's real estate portfolio is found throughout Italy; typically the shopping centers are midsize and located near urban centers, as well as strongly positioned in primary catchment areas. This format makes it possible to meet specific characteristics of the local demand as in Italy a large part of the population lives outside large cities.

Another characteristic of IGD's centers that makes it possible to meet demand in Italy has to do with the commercial format: there is, in fact, almost always a food anchor next to a mall with approximately 50 retailers which helps to attract traffic all week long and promote customer loyalty.





1. Centro d'Abruzzo – San Giovanni Teatino (CH), events that took place for the opening of the extension on April 2014
2. Centro Porto Grande – Porto d'Ascoli (AP), event organized to celebrate the Epiphany
3. Centro commerciale Conè – Conegliano (TV), participants to the Video Game Party event
4. Mondovicino – Mondovì (CN), event attended by the character Violetta
5. Centro d'Abruzzo – San Giovanni Teatino (CH), launch of the fist IGD's smartphone application

Strategic guidelines

IGD's strategic guidelines were presented on 19 December 2013 when the 2014-2016 Business Plan was approved.

To summarize, the three main objectives for the next three years include: keeping revenue and financing costs at a sustainable level while, at the same time, taking the steps needed to maintain the market value of the portfolio assets over time.

Based on the results that this type of commercial, financial and property management is able to generate, IGD will strive to offer its shareholders attractive returns through the payment of dividends.

IGD's Plan also addresses sustainability and includes specific objectives focused on improving the quality and energy efficiency of the portfolio assets, more effective understanding of changes in demand through stakeholder engagement and strengthening the concept of the shopping center as "a space to be lived in".

In 2014, as investments in the Italian retail real estate sector increased and IGD's stock price rose noticeably, the Company decided to take the opportunity to purchase a strategic real estate portfolio for €94.7 million and launch a €200 million capital increase.

The two transactions, while not included in the Plan, are in line with the Group's strategic guidelines and have made a positive contribution to achieving Plan targets as is demonstrated by the results posted at year-end 2014. The real estate acquisition provides stable cash flow and optimizes the portfolio's risk profile by laying the foundation for an improvement in FFO. The net proceeds from the capital increase, excluding the part used to finance the acquisition, make it possible to accelerate deleveraging and have a positive impact on the LTV.

1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4


1. Rendering of the extension of ESP Shopping Center in Ravenna
2. Rendering of the restyling in progress in Centro Sarca in Sesto San Giovanni (MI)

3. Summary of the 2013 Sustainability Report
4. Winmarkt Ploiesti shopping mall in Romania

2.2 Performance in 2014

2.2.1 Income statement review

2014 was a busy year for the IGD Group, in terms of both operations and the numerous extraordinary and financial transactions completed, in line with the targets of the 2014-2016 Business Plan. With regard to the former, of note are the disposals made (the mall in the Le Fonti del Corallo Shopping Center in Livorno and treasury shares), the third Dividend Reinvestment Option (with participation higher than in prior years), €200 million capital increase (which, with subscriptions reaching 99.75%, was the most successful capital increase launched in the Italian market) along with the simultaneous purchase of a core portfolio (for €94.7 million), the securitizations completed in December 2013 (for €135 million subscribed by European and Asian investors) and the €150 million private placement made with Morgan Stanley of unsecured notes.

In terms of operations, of note were the opening of the Centro di Abruzzo expansion (in April) and of the first retail units in the Mazzini area in Livorno, the remodeling of Le Porte di Napoli in Afragola, near Naples (the hypermarket was downsized and the mall was expanded), the completion of various fit outs, and the continuous investment made on updates and retail fit outs in Romania.

During the year the work needed to maintain the value of the assets and their appeal over time continued through active management of the tenant mix and merchandising, as did restyling and maintenance, that speak to the Group's strategy and its positioning as the leading retail real estate company in Italy.

While 2014 began with the best wishes and forecasts for a definitive inversion of the Italian economy's negative trend, as the months passed the year proved to be one of transition characterized by some persistantly negative indicators and others which, while not falling further, did not give signs that a real recovery was underway. The preliminary estimates for **GDP** point to drop for the year of -0.4%[1] which, while still negative, is better than 2013. Economic activity was slowed, above all, by a decline in investments which was partially offset by a rise in family spending and in foreign demand which continues to sustain GDP; the number of employed increased by 0.5%, but failed to translate into a drop in unemployment which came to 12.9%[2] (due to an increase in the jobs offered). **Family spending** showed growth again (in line with the increase in disposable income sustained by the measures implemented by the government), albeit to a limited degree (+0.1% at the end of the third quarter[3]). These factors, along with the negative trend in energy prices, caused **inflation** to remain at an extremely low level (+0.2%[4]).

It is clear, therefore, that once again this year IGD had to operate in an unfavorable environment which also worsened in the second half of the year as a result of international geopolitical tensions; despite this, the operating results achieved by the Group were solid and confirm the validity of both the Company's strategy and its operations.

Noteworthy in Italy are the positive results recorded in term of **footfalls** (basically unchanged against 2013), as well as, above all, the **retailers' sales** which rose +3.4% against 2013 while on a national level non-food retail sales fell –1.3%[5]. The year-end occupancy (the average for hypermarkets and malls in Itay reached 96.2%) further confirms the high levels reached by the Group. The increase in the average vacancy in the year and the commercial policies designed to sustain tenants experiencing difficulties undoubtedly had a negative impact on core business revenue.

In Romania the macroeconomic data[6] appear better than Italy's (GDP excluding agriculture rose about +2.5% and unemployment was stable at 7%) even if the tendency for families to pay down debt is slowing the increase in family spending. Family spending is, however, expected to be quite robust in coming years.

Similary, confidence indices and the 2015 forecasts point to gradual growth in Italy: the economic activity is expected to be sustained by expansive monetary policy and

1 Source: Istat – Preliminary GDP estimates, February 2015
2 Source: Istat – Employed and unemployed, December 2014
3 Source: Bank of Italy – Economic Bulletin 1/2015
4 Source: Istat – Consumer prices, December 2014
5 Source: Istat – Retail index for the sale of non-food items, November 2014
6 Source: European Commission – European Economic Forecast Winter 2015 an Raiffeisen Research, February 2015

government measures calling for lower taxes and should also benefit from a gradual acceleration in international trade, the weakening of the currency and the drop in oil prices. These expectations have already, in part, helped to fuel better conditions in the financial markets particularly with regard to the spread between ten-year Italian government bonds and the equivalent German Bund (which fell to around 130 bps); the credit crunch continues, albeit with moderation (loans to businesses were down -2.4% at November[7]). In this environment, therefore, it is again quite noteworthy that IGD was able to gather €237 million in financial resources and successfully complete the capital increases launched in May (as a resut of the DRO, with participation reaching 77.8%) and in October (€200 million with subscriptions reaching 99.75%), testimony to the Group's good credit profile.

To conclude, several positive elements have emerged from the examination of 2014 and the purport of the Group's results, detailed below, is similar. The year closed, in fact, with a noticeable increase in net profit, which came to €7,302 thousand (+46.10%), despite the one-off provisions made for taxes and funds from operations that were largely stable at approximately €35.1 million.

The consolidated operating income statement is shown below:

CONSOLIDATED INCOME STATEMENT (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/13	31/12/14	Δ%	31/12/13	31/12/14	Δ%	31/12/13	31/12/14	%
Revenues from freehold real estate and rental activities	105,653	102,907	(2.6)%	105,556	102,633	(2.8)%	97	274	n.a.
Revenues from leasehold real estate and rental activities	10,183	12,713	24.8%	10,183	12,713	24.8%	0	0	n.a.
Total revenues from real estate and rental activities	**115,836**	**115,620**	**(0.2)%**	**115,739**	**115,346**	**(0.3)%**	**97**	**274**	**n.a.**
Revenues from services	4,996	5,139	2.9%	4,996	5,139	2.9%	0	0	n.a.
Revenues from trading	6,163	1,644	(73.3)%	0	0	n.a.	6,163	1,644	(73.3)%
Operating revenues	**126,995**	**122,403**	**(3.6)%**	**120,735**	**120,485**	**(0.2)%**	**6,260**	**1,918**	**(69.4)%**
Increases, cost of sales and other costs	**(5,219)**	**(1,360)**	**(73.9)%**	**0**	**0**	**N.A.**	**(5,219)**	**(1,360)**	**(73.9)%**
Rents and payable leases	(8,560)	(11,067)	29.3%	(8,560)	(11,067)	29.3%	0	0	n.a.
Personnel expenses	(3,679)	(3,731)	1.4%	(3,679)	(3,731)	1.4%	0	0	n.a.
Direct costs	(16,133)	(16,662)	3.3%	(15,772)	(16,296)	3.3%	(361)	(366)	1.2%
Direct costs	**(28,372)**	**(31,460)**	**10.9%**	**(28,011)**	**(31,094)**	**11.0%**	**(361)**	**(366)**	**1.2%**
GROSS MARGIN	**93,403**	**89,583**	**(4.1)%**	**92,724**	**89,391**	**(3.6)%**	**680**	**192**	**(71.7)%**
Headquarters personnel	(5,983)	(6,096)	1.9%	(5,881)	(5,991)	1.9%	(102)	(105)	2.9%
G&A expenses	(4,517)	(4,673)	3.5%	(4,049)	(4,150)	2.5%	(468)	(523)	11.6%
G&A expenses	**(10,501)**	**(10,769)**	**2.6%**	**(9,930)**	**(10,141)**	**2.1%**	**(570)**	**(628)**	**10.1%**
EBITDA	**82,903**	**78,814**	**(4.9)%**	**82,795**	**79,250**	**(4.3)%**	**108**	**(436)**	**n.a.**
Ebitda Margin	***65.3%***	***64.4%***		***68.6%***	***65.8%***				
Other provisions	(125)	(125)	0.0%						
Impairment and fair value adjustment	(33,487)	(23,101)	(31.0)%						
Depreciations	(1,323)	(1,414)	6.9%						
Depreciations and impairments	**(34,935)**	**(24,640)**	**(29.5)%**						
EBIT	**47,968**	**54,174**	**12.9%**						
Net financial result	**(46,550)**	**(44,792)**	**(3.8)%**						
Extraordinary management	**(498)**	**(16)**	**(96.7)%**						
PRE-TAX INCOME	**920**	**9,366**	**n.a.**						
Taxes	3,244	(2,317)	n.a.						
NET PROFIT FOR THE PERIOD	**4,164**	**7,049**	**69.3%**						
(Profit)/Loss for the period related to third parties	834	253	(69.7)%						
GROUP NET PROFIT	**4,998**	**7,302**	**46.1%**						

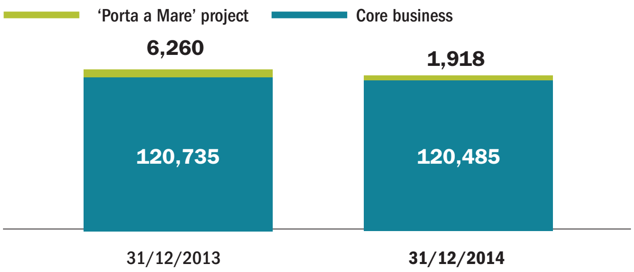
Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements (please refer to the information provided for each operating segment).

7 Source: Bank of Italy - Economic Bulletin 1/2015

Revenue

Consolidated operating revenue amounted to €122,403 thousand. The core business revenue reached €120,485 thousand, while trading revenue came to €1,644 thousand. Total revenue fell by 3.62% against the prior year due, almost entirely, to the drop in trading revenue.

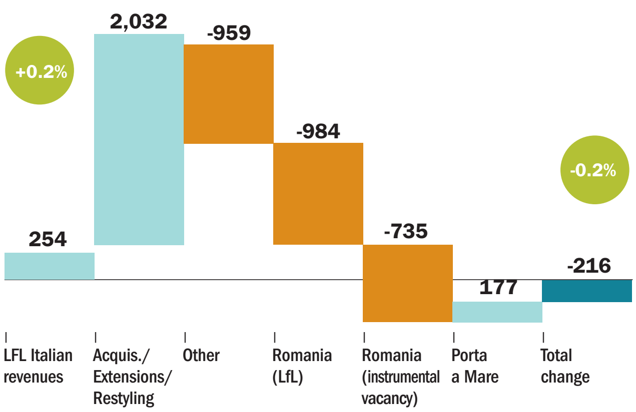
TOTAL REVENUES



More in detail, revenue can be broken down as follows:

The **revenue from the rental business** fell with respect to 2013 by 0.19%.

GROWTH OF RENTAL INCOME



The decline of €216 thousand is attributable:

- for €254 thousand, to like-for-like revenue which rose by 0.2%. The positive trend for hypermarkets was confirmed (up +1.3% due to indexing and the step-ups that took full effect at the most recently opened hypermarkets). Malls fell slightly (-0.4%) due primarily to vacancies and turnover. The average downside in the period reached -7.25% (on 299 contracts, 140 of which relating to renewals and 89 to turnover).

- for €2,032 thousand, to the Centro d'Abruzzo extension, the remodeled Le Porte di Napoli, opening of the first retail area at Piazza Mazzini in Livorno and the asset portfolio acquired in October (hyper and mall at Città delle Stelle, hyper in Schio and Cesena, super in Civita Castellana and Cecina);

- for -€959 thousand, to the drop in revenue linked to instrumental vacancies (vacant spaces which have already been pre-let where work on new layouts is underway), net of the increase in revenue recorded at the Darsena City mall (positive effect of the purchase of the business division and the subsequent direct management).

- for -€984 thousand, to the drop in like-for-like revenue in Romania due to the residual downside of the end of 2013 and 2014 contracts and the re-commercializations underway (retail and office building). Moreover the instrumental vacancy needed to proceed with the investment plan and the delay in planned openings determined a decrease in revenues for -€735 thousand.

- for €177 thousand, the rental income generated by the Porta a Mare project following the rental of office units.

Revenue from services increased with respect to 2013 (+2.87%). Most of this revenue comes from the facility management business (89.76% of the total or €4,613 thousand), which was down with respect to the prior year (-2.85%), due to the expiration of a management mandate and the decrease recorded in Romania. Revenue from Pilotage, rather, increased significantly (by approximately €438 thousand) due primarily to the pre-letting of the Centro d'Abruzzo extension, Piazza Mazzini and Centro Sarca.

Revenue from trading amounted €1,644 thousand and reflects the sale of migliaia di euro, sono relativi alla vendita di 5 residential units, 3 garages and 1 parking place, for €1,538 thousand, as well as €106 thousand in other income.

Direct Costs

Direct costs, pertaining to the core business and including personnel expenses, amounted to €31,094 thousand, an increase of 11% with respect to the prior year. This change reflects:

- an increase in rents and leases payable (of €2,507 thousand or 29.29%), due primarily to the sale of the Le Fonti del Corallo mall in Livorno which is now under management based on a long-term leaseback agreement entered into with the buyer; at 31 December 2014 this item represented approximately 36% of total direct costs.

- higher condominium fees (amounting to approximately €775 thousand) as a result of the increased vacancies in the period, as well as the vacancies linked to the refurbishing of a few properties (particularly the reduction of the surface area of the hypermarket found in the Le Porte di Napoli shopping center) and the contracts with retailers that contain caps on condominium fees.

- the increase in property taxes (of approximately €100 thousand) attributable, in Italy, to the increased rates recorded in a few municipalities and the new TASI tax. At 31 December 2014 this item amounted to €7,705 thousand or approximately 25% of total direct costs.

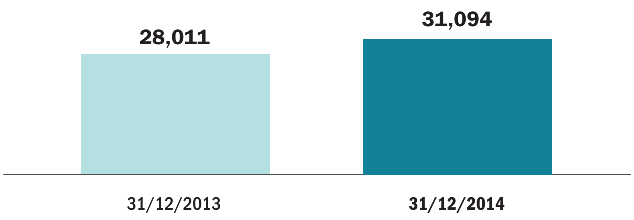
- increased pilotage costs, linked to the increase in service revenue.

- the drop in provisions for doubtful accounts (-€520 thousand) as a result of fewer disputed claims.

The costs pertaining to the core business represent 25.81% of revenue, an increase with respect to the 23.20% recorded in the prior year.

The direct costs for the Porta a Mare project, which amounted to €366 thousand, consist primarily in the IMU property tax (€273 thousand) and condominium fees.

CORE BUSINESS DIRECT COSTS



Margins

The divisional gross margin fell by 4.09%, dropping from the €93,404 thousand posted at 31 December 2013 to €89,583 thousand at 31 December 2014. The table below shows the trend in divisional gross margins by business segment:

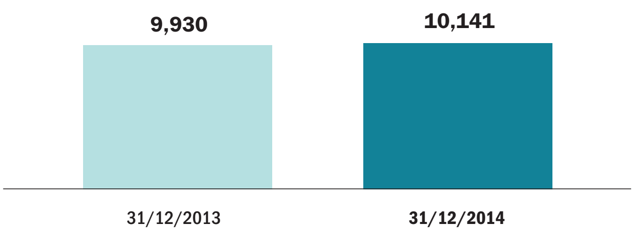
GROSS MARGIN (€/000)	CONSOLIDATED			CORE BUSINESS			"PORTA A MARE" PROJECT		
	31/12/13	31/12/14	%	31/12/13	31/12/14	%	31/12/13	31/12/14	%
Margin from freehold properties	91,332	88,243	(3.4)%	91,256	87,985	(3.6)%	76	258	n.a.
Margin from leasehold properties	935	1,015	8.6%	935	1,015	8.6%	0	0	n.a.
Margin from services	534	391	(26.7)%	534	391	(26.7)%	0	(0)	n.a.
Margin from trading	604	(66)	n.a.	0	0	n.a.	604	(66)	n.a.
Gross margin	**93,404**	**89,583**	**(4.1)%**	**92,725**	**89,391**	**(3.6)%**	**680**	**192**	**(71.75%)**

- **SBU 1 - Property leasing - margin from freehold properties:** this margin amounted to €88,243 thousand versus €91,332 thousand in the prior year due primarily to the reclassification of the Fonte del Corallo mall under leasehold properties. Coming in at 85.73% of revenue, down slightly compared to 86.45% of the prior year due, above all, to the decrease in revenue (primarily in Romania and due to strategic vacancies) and the increse in direct costs (increase in property taxes and condominium fees).
- **SBU 1 - Property leasing - margin on leasehold properties:** this margin reached €1,015 thousand. As a percentage of revenue the margin came to 7.98% (9.18% in 2013); the decline is due primarily to the increase in direct costs.
- **SBU 2 - Services - margin from service businesses:** the margin from services amounted to €391 thousand and represents 7.61% of service revenue. The drop in this margin with respect to 2013 (10.68%) is explained by the decrease in Facility revenue (one less management mandate, drop recorded in Romania, offset by the mandate for Piazza Mazzini and the increase linked to the Centro d'Abruzzo expansion) and increased direct costs
- **SBU 3 - Development and trading - margin from trading:** the margin from the "Porta a Mare" project in Livorno reached a negative €66 thousand, versus a positive €604 thousand in the same period of the prior year, due to the decrease in revenue from property sales.

General expenses

General expenses for the core business, including payroll costs at headquarters, rose 2.12% with respect to the €9,930 thousand posted in 2013 to €10,141 thousand due to also to a slight increase in payroll costs at headquarters as a result of new hiring and a few contractual adjustments. These costs represent 8.42% of core business revenue.

CORE BUSINESS G&A EXPENSES

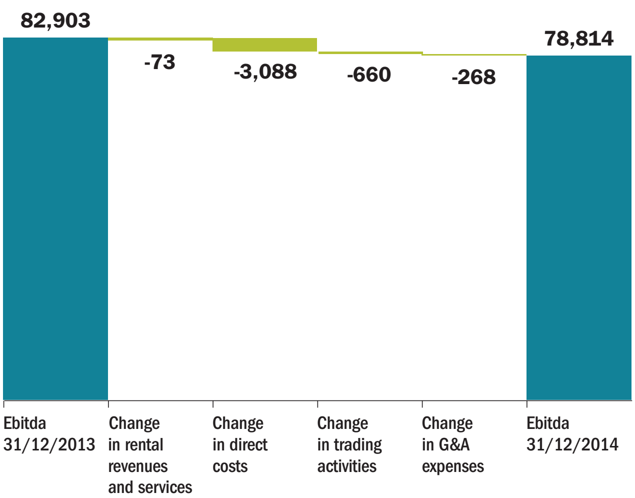


General expenses for the Porta a Mare project, amounted to €628 thousand (including payroll costs), an increase of 10.08% with respect to the prior year explained by higher advertising costs and consulting fees.

EBITDA

Core business **EBITDA** amounted to €79,250 thousand in 2014, a decrease of 4.28% with respect to the same period of the prior year, while total EBITDA fell by 4.93% to €78,814 thousand. The changes in the components of total EBITDA during 2014 are shown below.

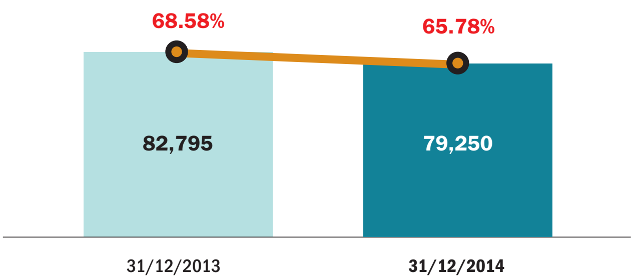
EBITDA



As mentioned above, the EBITDA margin was impacted by the drop in core business revenue (particularly in Romania and due to strategic vacancies) and the increase in costs (including rents payable).

The core business **EBITDA MARGIN** came in at 65.78%, down with respect to the same period of the prior year due to the combined effect of the elements described above.

CORE BUSINESS EBITDA AND EBITDA MARGIN



EBIT

EBIT amounted to €54,174 thousand, an increase of 12.94% due primarily to lower writedowns and negative fair value adjustments.

Net financial income (charges)

NET FINANCIAL INCOME (CHARGES)	31/12/14	31/12/13	CHANGE
(Financial income)	(162)	(134)	(28)
Financial charges	45,739	46,695	(956)
Exchange (gains)/losses	3	116	(113)
Capitalized interests	(840)	(349)	(491)
Commissions	186	222	(36)
Net financial income/(charges)	**44,926**	**46,550**	**(1,624)**

Financial charges fell €1,624 thousand from the €46,550 thousand posted at 31 December 2013 to €44,926 thousand at 31 December 2014.

Net of the interest capitalized (€840 thousand), financial charges decreased by approximately €1,133 thousand.

The average cost of debt reached 4.27% at 31 December 2014, higher against the 4.22% recorded in the prior year, while net of the pro-forma charges for the convertible bond the figure came to 4.23% at 31 December 2014 versus 3.94% at 31 December 2014.

The changes are attributable primarily to: (i) lower fees following the extinction of mortgage loans (with Intesa San Paolo and Monte dei Paschi), loans (granted by Mediocredito Italiano, Credito Valtellinese and Coop Adriatica), as well as fewer drawdowns of short-term credit lines explained by the transactions completed in the year (sale ofa mall, sale of treasury shares and the positive outcome of the capital increase; (ii) the decrease in the spread applied to short term borrowing, while the Euribor was largely unchanged, falling from 0.22 (average 3m 360 Euribor in 2013) to 0.21 (average 3m 360 Euribor in 2014); (iii) the decrease in IRS fees; (iv) an increase in interest payable on the mortgage loans following the stipulation of new loan agreements last year with Iccrea Banca for €6 million and with BNP PARIBAS for €135 million, partially offset by a drop in interest payable on the convertible bond that expired year-end 2013; (iv) the charges relating to the €150 million bond loan issued on 7 May 2014 and (v) the recognition in the income statement, following termination of the loans referred to above, of the ancillary costs for these transactions which had not been fully amortized amounting to approximately €782 thousand.

Capital gains/(losses) from disposals

A capital gain of €124 thousand, net of ancillary sales costs, was generated in 2014 as a result of the sale of the mall in the Fonti del Corallo shopping center in Livorno on 26 February 2014 for €47 million.

→ Tax

INCOME TAXES	31/12/14	31/12/13	CHANGE
Current taxes	1,145	1,232	(87)
Substitute tax		383	(383)
Deferred tax liabilities	1,571	(744)	2,315
Deferred tax assets	(2,267)	(4,088)	1,821
Net effect of tax assets and liabilities D. L. 133/2014	1,888	0	1,888
Contingent assets and liabilities	(20)	(27)	7
Total	**2,317**	**(3,244)**	**5,561**

The tax burden, current and deferred, reached a negative €2,317 thousand versus a positive €3,244 thousand in the prior year.

The difference is largely attributable to the impact of Law Decree n. 133 dated 12 September 2014 (effective as of 13 September), published on 12 September in the Official Gazzette (“**D.L. 133/2014**”), converted on 11 November in Law n. 164 of 11 November 2014 which includes the new provisions introduced in art. 20 of D.L. 133/2014 based on which the capital gains/(losses) relating to rental property are to be considered part of the exempt operations.

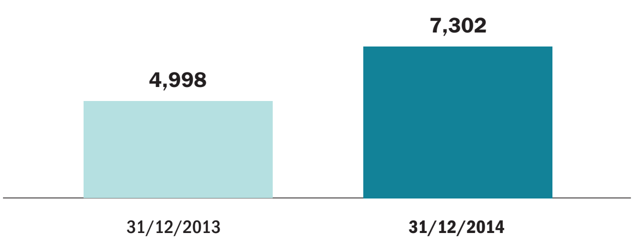
This resulted in the reversal of the deferred tax assets and liabilities (for the Parent Company and IGD Property SIINQ S.p.A.) recognized in the financial statements at 31 December 2013 of €16,024 thousand and €14,136 thousand, respectively, which had a negative impact on the income statement of €1,888 thousand; furthermore, for the companies IGD SIIQ S.p.a. and IGD Property SIINQ S.p.A. no deferred taxes (assets and liabilities) were recognized for the changes in fair value recorded at 30 December 2014.

The tax rate was also affected by property sales made in 2014, of which there were none in the same period last year.

→ Group net profit

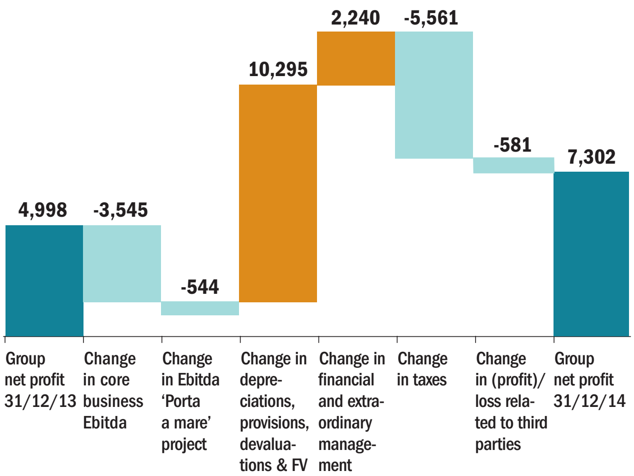
As a result of the above the Group’s net profit increased by 46.10% against 31 December 2013 to €7,302 thousand.

GROUP NET PROFIT



The change in net profit with respect to the prior year is shown below.

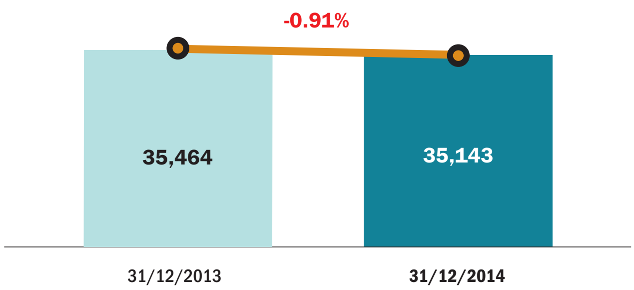
CHANGE IN NET PROFIT BETWEEN 2013 AND 2014



→ Core business FFO

More significant than the comparison with net profit is the trend in FFO (Funds From Operations), an indicator used widely in the real estate sector (REITs), which defines the cash flow generated by a company’s core business by adjusting pre-tax profit by non-monetary items (deferred tax, writedowns, fair value adjustments, amortization, depreciation and other), as well as the impact of income from equity investments and revenue from property sales and which, therefore, better represents the trend in the Group’s core business. The figure posted at 31 December 2014 was largely unchanged (-0.91%) against the prior year.

FFO



2.2.2 Statement of financial position and financial review

The IGD Group's statement of financial position at 31 December 2014 can be summarized as follows:

SOURCES-FUNDS	31/12/2013	31/12/2014	Δ	%
Fixed asstes	1,857,799	1,900,357	42,558	2.29%
Non-current assets held for sale	0	28,600	28,600	
NWC	71,271	66,637	-4,634	(6.50%)
Other long term liabilities	-47,189	-48,769	-1,580	3.35%
TOTAL USE OF FUNDS	**1,881,881**	**1,946,825**	**64,944**	**3.45%**
Shareholders' equity	763,692	960,818	197,126	25.81%
Net (assets) and liabilities for derivative instruments	33,302	43,912	10,610	31.86%
Net debt	1,084,887	942,095	-142,792	(13.16%)
TOTAL SOURCES	**1,881,881**	**1,946,825**	**64,944**	**3.45%**

The main changes with respect to 31 December 2013 are as follows:

Non-current assets.

These went from €1,857,799 thousand at 31 December 2013 to €1,900,357 thousand. The increase of €42,558 thousand is due chiefly to the following additions and disposals:

- **Investment property** (+€58,590 thousand). Most of the net change refers to:
  - the acquisition of a core portfolio comprised of a shopping center (Città delle Stelle) and two hypermarkets (Lungo Savio and Schio) sold by Coop Adriatica S.c.a r.l. and two supermarkets (Civita Castellana and Cecina) sold by Unicoop Tirreno S.C., for a total of €92,665 thousand plus ancillary charges and transfer taxes of €2,079 thousand;
  - value increases of €19,611 thousand, in particular for the following construction work: (i) completion of the Centro d'Abruzzo mall extension for €5,476 thousand; (ii) the revision of the layouts at La Torre shopping center (Palermo) for €383 thousand; (iii) the reduction of the hypermarket (€716 thousand) and renovation of the mall (€2,944 thousand) at Le Porte di Napoli shopping center; (iv) the modernization of the Lugo shopping center for €1,158 thousand; (v) lot 1 of the Centro Sarca mall restyling, plus fit-out work for thousand (€615 thousand). In Romania, the Group carried out extraordinary maintenance including refurbishment of the façade at Piatra Neamt, as well as layout changes, the creation of new GLA and fit-out work for the addition of new anchors, for a total of €4,934 thousand;
  - the reclassification from assets under construction of (i) €14,445 thousand for the expansion of the Centro d'Abruzzo mall in April 2014; (ii) €348 thousand for completed work at La Torre shopping center; (iii) €1,302 thousand for lot 1 of the Centro Sarca restyling; (iv) €10 thousand for completed work at Esp shopping center; and (v) €1,957 thousand for completed work at some Romanian shopping centers; in addition to €25,300 thousand for the reclassification of Piastra Mazzini in Livorno;
  - the reclassification of the business division (€65 thousand) and plant (€389 thousand) of the Città delle Stelle mall in Ascoli Piceno, further to acquisition of the shopping center;
  - fair value accounting at 31 December 2014, leading to writedowns in excess of revaluations, for net impairment losses of €22,880 thousand;
  - the sale of the mall at Fonti del Corallo shopping center in Livorno to the real estate fund managed by BNP Paribas REIM SGR, for a decrease of €46,700 thousand, and the consequent reclassification of the business division to goodwill in the amount of €1,300 thousand;
  - the transfer to "Non-current assets held for sale" of the property complex on Via Rizzoli in the historic heart of Bologna (€28,600 thousand) following the execution of a preliminary sales agreement subject to conditions precedent.
- **Assets under construction** (-€18,070 thousand). The change is mostly due to:
  - progress on the retail portion of the Porta a Mare project in Livorno for about €929 thousand; the fair value adjustment at 31 December was +36 thousand for the "Officine" section, while the sections recognized using the adjusted cost method were written down by €185 thousand to bring their carrying amounts in line with the lower of cost and appraised fair value;
  - progress on the buildings of the future retail park in Chioggia for about €11,881 thousand. The fair value adjustment at 31 December came to +€919 thousand (relating for €398 thousand to impairment reversals and for €521 thousand to changes in fair value);
  - urban infrastructure expenses resulting from the Zoning Agreement and transaction costs for the Esp expansion, for a total of about €455 thousand, plus €840 thousand in capitalized interest, with a posi-

tive fair value adjustment of €1,628 thousand at 31 December;

- interior restyling of the Centro Sarca mall (lot 2) in the amount of approximately €3,410 thousand;

- restyling and fit-out work at Borgo shopping center for approximately €1,109 thousand;

- unfinished extraordinary maintenance work at some Romanian centers, for approximately €226 thousand;

- progress on the Portogrande expansion amounting to €118 thousand. This project, recognized using the adjusted cost method, was written down by €122 thousand to bring the carrying amount in line with the lower of cost and appraised fair value.

Decreases are essentially due to:
- the completion of work amounting to approximately €3,617 thousand, mostly at Centro Sarca (underground level/lot 1), La Torre shopping center, and some shopping centers in Romania as well as the expansion of Centro d'Abruzzo and Piastra Mazzini, which were therefore reclassified to property, plant and equipment.

- **Net deferred tax assets** (+€3,278 thousand). The change is mostly due to:

- the recognition of deferred tax assets for inventory impairment relating to the Porta a Mare project (approximately €787 thousand);

- the recognition of deferred tax assets for the tax loss recorded as a result of the Group-wide tax consolidation;

- the release to the income statement, pursuant to Decree Law 133 of 12 September 2014, of deferred tax assets on the fair value adjustment of investment property and construction in progress (€16,024 thousand) and deferred tax liabilities on the fair value adjustment of investment property (€14,136 thousand);

- the increase in deferred taxes on mortgage loan hedging instruments (IRS) as a result of their negative fair value change (+€3,173 thousand).

For further details, see note 18 of the Notes to the financial statements.

- **Sundry receivables and other non-current assets** (-€1,917 thousand). The change is mostly due to:

- a decrease in the beneficial interest (real right of enjoyment of the mall at Città delle Stelle shopping center) for the amount recognized in the income statement up to 24 October 2014 and for termination of that right, due to the Group's purchase of the mall.

Net working capital

(-€4,634 thousand). The change mostly reflects:

- -€3,654 thousand for the decrease in work in progress inventory and advances. The change was caused by progress on the Piazza Mazzini section of the Livorno project, the disposal of inventory in relation to residential units sold, and the impairment loss reflecting the lower appraised value of the non-retail component. For movements during the year see note 22 of the Notes to the financial statements;
- -€607 thousand for the decrease in trade receivables from third parties, net of the provision for doubtful accounts;
- +€643 thousand for the increase in trade receivables from related parties;
- -€2,429 thousand for the increase in trade payables with suppliers, mainly in connection with construction and contract work carried out during the last quarter on the Borgo, Chioggia, Sarca, and Porta a Mare shopping centers;
- +€1,953 thousand for the decrease in trade payables with related parties, chiefly concerning the beneficial interest on the Città delle Stelle mall;
- -€841 thousand for the increase in other current liabilities, due mainly to the receipt of security deposits for new contracts, especially in connection with the expansion of the Abruzzo shopping center.

Other non-current liabilities

(€48,769 thousand). The change of €1,580 thousand is primarily due to:

- the change in deferred tax liabilities (€1,228 thousand), as a result of impairment losses on investment property in Romania. For further details see note 18 of the Notes to the financial statements;
- the increase in the provision for employee severance indemnities (+€507 thousand).

Net equity

at 31 December 2014, net equity came to €960,818 thousand. Most of the increase of €197,126 thousand is due to:

- an increase in IGD SIIQ S.p.A.'s share capital by €14,054 thousand as a result of the 2014 dividend reinvestment option;
- an increase in IGD SIIQ S.p.A.'s share capital by €199,678 thousand due to the transaction completed on 24 October 2014;
- the sale of treasury shares for €12,074 thousand;
- changes in the value of derivatives accounted for using the cash flow hedge method (-€9,242 thousand for the parent company and +€881 thousand for subsidiaries);
- a decrease for transaction costs relating to the capital increases, net of tax effects, in the amount of €4,496 thousand;
- the recognition of actuarial losses of €282 thousand for the application of IAS 19 (Employee benefits);
- movements in the translation reserve for the translation of foreign currency financial statements, in the amount of +€30 thousand;
- distribution of the 2013 dividend of €22,620 thousand;
- the profit for the year allocable to owners of IGD SIIQ S.p.A. (€7,302 thousand) and the result allocable to non-controlling interests (-€253 thousand).

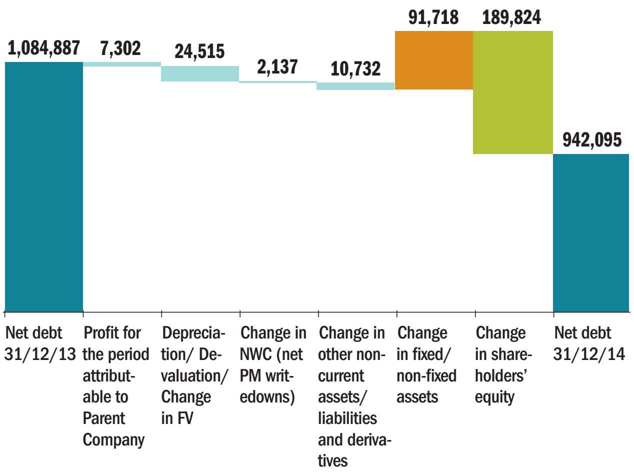
Net derivative (assets)/liabilities:

the fair value measurement of hedging instruments at 31 December 2014 was €10,610 thousand lower than the previous year.

Net financial position:

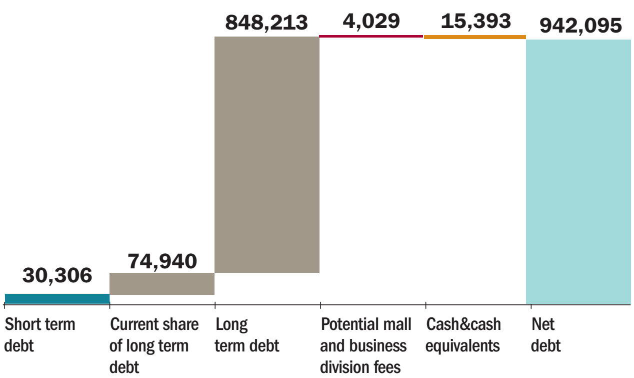
at 31 December 2014 the net financial position was €942,095 thousand, a substantial improvement with respect to the previous year (+€142,792 thousand). Details are shown in the table below:

RECONCILIATION OF THE NET FINANCIAL POSITION



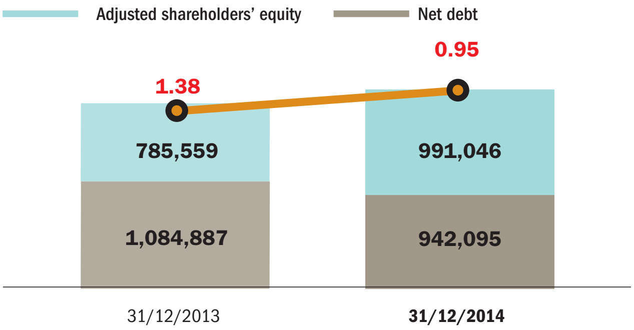
The breakdown of the net financial position is shown below:

BREAKDOWN OF THE NET FINANCIAL POSITION



The gearing ratio, which came to 0.95 at 31 December 2014, reflects the adjusted debt to equity ratio, but does not include the accounting, non-monetary effects of the CFH reserves.

GEARING RATIO



→ EPRA Performance Indicators

The IGD Group decided to report on a few of the EPRA[8] performance indicators in accordance with the recommendations found in *"EPRA Best Practices Recommendations"*[9].

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

2. **EPRA Net Asset Value (NAV):** is the fair value of the net assets calculated over the long term and on a going concern basis, based on the equity pertaining to he Group (as shown in the financial statements in accordance with IFRS standards) net of certain assets and liabilities that are not part of normal operations, like the fair value of hedges or the deferred taxes on market appraisals of the properties. .

3. **EPRA Triple Net Asset Value (NNNAV):** is the EPRA NAV adjusted to include the fair values of (i) hedging instruments, (ii) financial debt and (iii) deferred taxes.

The results obtained following application of the EPRA Best Practices Reccomendations are summarized below:

EPRA PERFORMANCE MEASURES		31/12/2013	31/12/2014
1) Vacancy Rate	*Italy (malls)*	*3.8%*	*5.7%*
	Italy (hypermarkets)	*0%*	*0%*
	Italy	**2.6%**	**3.8%**
	Romania	**15.5%**	**13.6%**
2) NAV (per share)		**2.32 €**	**1.34 €**
3) NNNAV (per share)		**2.20 €**	**1.23 €**

8 European Public Real estate Association
9 Please refer to www.epra.com

The NAV and NNNAV per share calculation are shown below:

EPRA NNNAV CALCULATION	31/12/2013		31/12/2014	
	€	€p.s.	€	€p.s.
Share total number	348,001,715		756,356,289	
1) NAV per the financial statement	**752,850**	**2.16**	**950,229**	**1.26**
Include				
Revaluation intangibles and operating assets	423		0	
Exclude				
Fair value of financial instruments	33,303		43,912	
Deferred taxes on balance sheet	19,289		18,093	
Goodwill as a result of deferred taxes				
2) EPRA NAV	**805,865**	**2.32**	**1,012,234**	**1.34**
Include				
Fair value of financial instruments	(33,303)		(43,912)	
Fair value of debt	13,447		(16,697)	
Effective deferred taxes	(19,406)		(18,093)	
3) EPRA NNNAV	**766,604**	**2.20**	**933,532**	**1.23**

The decrease in the NAV is attributable primarily to the increase in share capital linked to both the Dividend Reinvestment Option 2014, as a result of which shares increased by 12,167,948 from 348,001,715 to 360,169,663, and the fully subscribed capital increase completed on 24 October which resulted in a further increase of 396,186,626 shares for total of €199,678,059.50. IGD's new share capital, therefore, amounts to €549,760,278.52, broken down into 756,356,289 oridinary shares without a stated par value.

2.3 The Stock

IGD's shares are traded on the Mercato Telematico Azionario (MTA - screen-based stock market) managed by Borsa Italiana as part of the Super Sector Beni Immobili; IGD is also part of the STAR segment.

The minimum lot is €1.00 and its specialist is Intermonte.

IGD's codes:

- **RIC: IGD.MI**
- **BLOOM: IGD IM**
- **ISIN: IT0003745889**

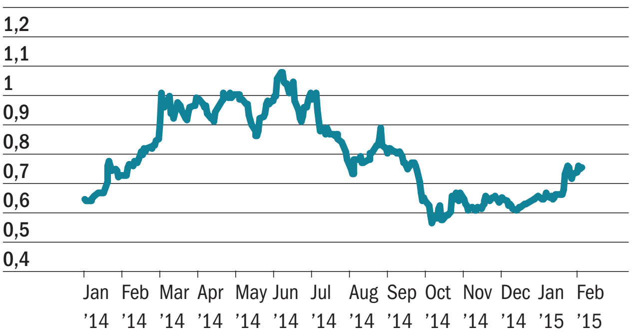
IGD SIIQ SpA's share capital subscribed and paid-in at 31 December 2014 amounted to €549,760,278.52, broken down into 756,356,289 oridinary shares without a stated par value.

All pre-capital increase prices were adjusted.

Indices in which IGD's stock is included:

- **FTSE All-Share Capped, FTSE Italia All-Share, FTSE Italia STAR, FTSE Italia Mid Cap, FTSE Italia Finanza, FTSE Italia Beni Immobili, FTSE ECPI Italia SRI Benchmark;**
- **FTSE EPRA/NAREIT Global Real Estate Index;**
- ***EPRA: European Public Real Estate Association.***

IGD'S STOCK PRICE SINCE 2 JANUARY 2014



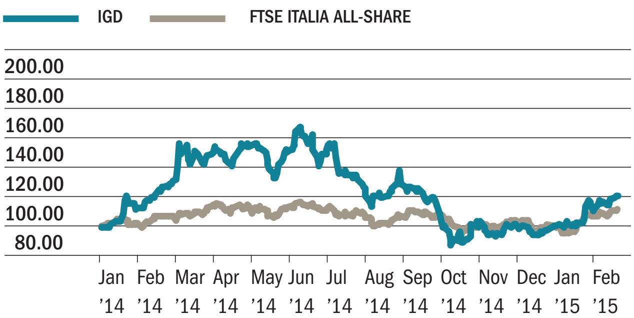
Source: Italian Stock Exchange data compiled by IGD

In 2014, between 30 December 2013 and 30 December 2014, IGD's stock price rose overall, albeit to a limited degree (0.9%) but with noticeable highs and lows: the high for 2014 of €1.08 Euro was reached on 9 June, while the low was hit on 8 October.

In the same period of time, between year-end 2013 and year-end 2014, the Italian stock market index (FTSE Italia All-Share) declined by -0.3%, even though the index was up by 20% in June.

The comparison of IGD's performance with Italian index shows that through the end of October IGD consistently outperformed the index reaching a peak of +50.5% on 9 June 2104. Subsequently the stock traded at levels more in line with the index to then trade in line during the last few weeks of the year.

IGD'S STOCK VS. THE FTSE ALL-SHARE INDEX SINCE 2 JANUARY 2014



Base 02.01.2014 = 100
Source: Italian Stock Exchange data compiled by IGD

In the first half of 2014 IGD's stock rallied significantly following the presentation of 2014-2016 Business Plan on 19 December and was subsquently driven by the news of the closing price for the Le Fonti del Corallo center in Livorno (14 February), as well as by the positive fundamentals shown in the FY 2013 results (announced on 27 February).

In the first part of the year, the general environment for equities was positive as the consensus of international investors was that in the second half of 2014 the economic recovery would "catch on" in Italy, as well, while the gradual tapering of the Federal Reserve indicated that any increase in interest rates would be delayed.

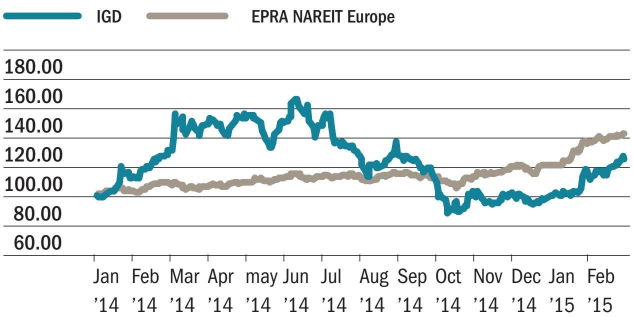
During this time a premier global fund, Quantum Strategic Partners Ltd., managed by Soros Fund Management LLC, also became a shareholder of IGD and purchased of 3.15% of IGD's treasury shares and 1.85% of the interest held by Unicoop Tirreno.

Driven by a series of favorable factors, IGD's stock began a second rally when the it went ex-div on 19 May and reached the high for the year of €1.08 on 9 June.

During the summer the gains of IGD's stock and the Italian stock market retraced and a period low was hit in the first week of August. IGD's stock, susbsequently, rose following the publication (7 August) of its solid half-year 2014 results and reached its period high on 28 August. Once it received the green light from Consob, the Company launched a capital increase of approximately €200 million, announced on 8 July, which was successfuly completed on 24 October. A result that is even more significant if we consider that in the same period a few Italian companies were forced to suspend IPO procedures in light of the negative mood of institutional investors. The geopolitical tensions in Hong Kong, Ukraine and different countries of the Middle East, in fact, made the prospects for world economic growth more uncertain, and the concerns about the health of the banks, involved in passing stress tests, increased. Italian companies were also penalized by the skepticism of investors about the government's ability to quickly implement the reforms needed to fuel investments and reduce unemployment.

More recently, the prior negative elements of the overall scenario have largely dissipated thanks to the "Jobs Act" passed in December which is expected to have a positive impact on the Italian labor market, to the announcement of the ECB's quantitative easing program which exceeded expectaions and the a few first upward revisions relating to economic growth in Italy.

IGD'S STOCK VS. THE FTSE ALL-SHARE INDEX SINCE 2 JANUARY 2014



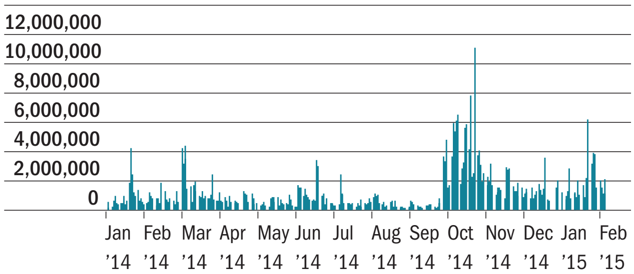
Base 02.01.2014 = 100
Source: EPRA data compiled by IGD

The comparison with the European sector index (EPRA/NAREIT Europe) shows that, despite the brilliant performance of the sector stocks, IGD outperformed the real estate benchmark through the end of September 2014 to then trade, as shown above, more in line with the Italian Stock Market index.

In 2014 the European real estate index rose 21% against year-end 2013: the performance was driven by the fact that many investors view the shares of European real estate companies with quality assets as a viable alternative to investments in bonds: given the low cost of financing, companies with balanced LTVs and reliable tenants offer highly visible dividend payouts.

This dynamic has become even more attractive in recent months when, following the announcement of the aggressive QE program, the yields of many high rated bonds turned, in some instances, negative, while the drop in oil prices and the weak dollar have kindled expectations that consumer spending will recover which has impacted estimates for retail salse: all these factors have made the retail real estate sector, in particular, one of the most interesting in terms of dividend yields. At current levels the current prices of European retail real estate stocks still can provide international investors with ample upside before the expected dividend yields are in line with the yields of sovereign debt or triple AAA bonds.

VOLUME OF IGD STOCK TRADED AS OF 2 JANUARY 2014



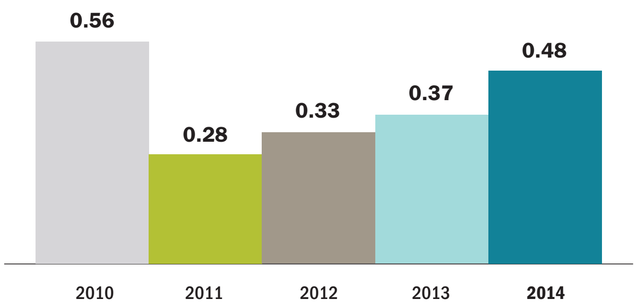
Source: Investis data compiled by IGD

In 2014 an average of approximately 1,257,000 IGD shares were traded each day, a significant increase with respect to the average of circa 325,000 shares traded per day in 2013. Volumes were particularly high in the latter part of the year: between 1 October and 30 December 2014 and average of 2,578,000 were traded per day.

→ P/EPRA NAV

The chart below shows the gradual improvement of the stock price (at the last day of the year) and the EPRA NAV over the last five years.

SHARE PRICE/EPRA NNAV



→ Dividend

The dividend for 2013 and the third Dividend Reinvestment Option

For the third year in a row, in 2014 IGD proposed the Dividend Reinvestment Option, which was very well received as is demonstrated by the level of participation which was the highest recorded in the last three years and the record sum of the total amount of the shares subscribed described more in detail below.

During the Annual General Meeting held on 15 April 2014 IGD's shareholders approved a dividend of €0.065 per share; the extraordinary AGM also approved the proposal to increase share capital for cash, by up to 10% of the Company's pre-existing share capital through the issue of ordinary shares reserved exclusively for those entitled to receive the 2013 dividend. The dividend recipients adhered to the capital increase could reinvest a part, not more 80%, of their dividends in accordance with the Dividend Reinvestment Option offered.

On 12 May 2014 the Board of Directors determined the definitive conditions for the capital increase, setting the subscription price at €1.155 per share and the exchange ratio at 4 new ordinary shares for every 89 ordinary shares held on which the 2013 dividend was paid.

Between 19 and 30 May 2014 a total of 12,167,948 newly issued ordinary shares of IGD were subscribed or 77.798% of the total number of shares offered worth approximately €14.05 million.

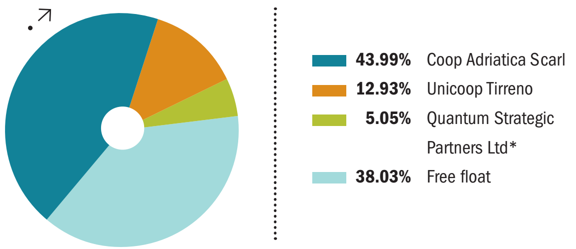
The dividend for 2014

In light of the recent capital increase of approximately €200 million, this year a new Dividend Reinvestment Option will not be offered.

IGD's Board of Directors will propose that shareholders approve a dividend of €0.0375 per share on the 756,356,289 shares comprising the share capital during the Annual General Meeting to be held on 15-16 April 2015.

The comparison with the dividend paid in 2013 of €0.065 on 348,001,715 shares before the Dividend Reinvestment Option points to an increase in the total payout of 25.4%.

MAIN SHAREHOLDERS



Source: IGD SIIQ SPA's shareholder register and Consob filings
* Monitored directly by IGD – updated through 29 October 2014

→ Investor Relations

The extraordinary financial transactions completed during 2014 required a lot of work including in terms of financial communication and Investor Relations; the decision to cultivate over time an open and transparent relationship with analysts and investors made it possible to capitalize on the credibility built over the years, particularly during the delicate moment of the capital increase.

At year-end 2014 IGD was covered by a qualified independent research firm and 6 brokers, three domestic and three international.

In 2014 IGD organized six conference call presentations:

- 27 February, to discuss the FY 2013 results;
- 9 May, to discuss the results for first quarter 2014;
- 8 July, to discuss the acquisition of a strategic real estate portfolio and the launch of the €200 million capital increase
- 7 August, to discuss results for first half 2014;
- 7 November, to discuss the results for the first nine months of 2014.

Thanks to the collaboration of six different brokers, roadshows were organized in eight different financial centers (Milan, Rome, Paris, Brussels, Amsterdam, London, New York City and Geneva). On 25 March 2014 the Company also participated in the STAR Conference organized by Borsa Italiana in Milan. In 2014 a meetings were held with a total of 97 institutional investors, a noticeable increase with respect to the 52 investors that management met with in 2013.

In 2014 the Company's website, full of new content, played a crucial role in ensuring that investors had complete and rapid access to corporate information during a phase in which IGD's shareholder base included global institutional investors with very different approaches.

The work done to maintain the website constantly updated and complete with new content help to better understand the Company and its results also made it possible for IGD to further improve its position in the Italian Webranking, the ranking that Comprend does each year to measure the quality of the listed companies' online communication: IGD was, in fact, ranked 16th versus 20th in 2013.

In addition to this type of recognition, IGD has also obtained significant results in terms of traffic: the commitment to rendering www.gruppoigd.it ever more responsive to stakeholders' needs did, in fact, result in an increase in the total number of visitors and unique visits. More in detail, based on Google Analytics figures in 2014 visits rose by more than 20% with respect to the prior year, with the duration of the average visit rising by more than 7% which confirmed that the users found the content interesting.

2014 was also the sixth consecutive year in which the investor newsletter was made available on the website in Italian and English on a quarterly basis.

The Investor Relations department continued to provide the top managment with a Peer Analysis in which the main operating results and the stock performance of the most important listed European retail real estate companies are compared.

In 2014, when meetings were held to approve period results, the IR Board Report was presented to the Board of Directors in order to provide the Board with an update overview of the institutional shareholders, any changes in brokers consensus and IGD's stock in comparison with its peers.

Financial Calendar 2015

26 February
Board of Directors' meeting to approve the draft separate and consolidated financial statements at 31 December 2014.

15-16 April
Annual General Meeting, in first and second call, respectively.
Approval of the financial statements at 31 December 2014.

7 May
Board of Directors' meeting to examine the Interim Management Statement at 31 March 2015.

6 August
Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2015.

10 November
Board of Directors' meeting to examine the Interim Management Statement at 30 September 2014.

2.4 Significant Events

The main events for the year are described below.

Corporate events

On **27 February 2014** the Board of Directors approved the draft separate and consolidated financial statements for FY 2013 and resolved to submit a proposed dividend of €0.065 per outstanding share to the AGM for approval. With a view to strengthening the Company's capital structure, similar to last year, the Board of Directors also decided to propose that the shareholders approve a capital increase excluding pre-emption rights which will give those shareholders, coupon holders entitled to receive the 2013 dividend, the possibility to reinvest a part, not to exceed 80%, of their dividend in IGD (the Dividend Reinvestment Option). This transaction, in line with the widespread practice adopted by a number of European REITs, gives recipients of the 2013 dividend the possibility to reinvest in IGD and IGD to recapitalize itself.

Lastly, IGD's Board of Directors also approved the Annual Report on Corporate Governance and Ownership Structure, included in the annual report, as well as the Board of Directors' Compensation Report.

On **10 April 2014,** the Board of Directors approved the issue of unsecured senior bonds amounting to €150,000,000. The bonds were issued with a nominal value of €100,000 in multiples of €1,000 for up to a maximum of €199,000, and mature January 2019, with a fixed coupon of 3.875% per annum payable in arrears on 7 January of each year. The bonds were placed exclusively with qualified investors in Italy and abroad with the exception of those jurisdictions in which the offer or sale of the securities would be prohibited by law. The issue and settlement of the bonds took place on **7 May 2014.** The bonds are listed and traded on the Irish Stock Exchange.

During the Annual General Meeting held on **15 April 2014,** IGD' s shareholders approved the FY 2013 financial statements, as presented during the Board of Directors' meeting held on 28 February 2014 and resolved to pay a dividend equal to €0.065 per share

During the ordinary AGM shareholders also renewed the authorization granted to the Board of Directors to buy and sell treasury shares on one or more occasions up to the maximum permitted by law.

The extraordinary AGM also approved the proposal to increase share capital for cash, pursuant to Art. 2441, fourth paragraph, second sentence, of the Italian Civil Code, excluding pre-emption rights, by up to 10% of the Company's pre-existing share capital. The capital increase is reserved exclusively for those entitled to receive the dividend paid for 2013.

The Dividend Reinvestment Option calls for:

- an increase in the share capital of up to a maximum of 80% of the 2011 dividend and, therefore, equal to €18,096,089.60, through the issue of ordinary shares without any stated nominal value with dividend rights;
- the capital increase may be subscribed exclusively by 2013 dividend recipients who may reinvest up to 80% of their gross dividend;
- the subscription price of the new shares will be set by the Board of Directors closer to the offer launch date based on the criteria established by the shareholders and will be equal to the average stock price recorded during the eight trading sessions prior to the launch date adjusted by (i) subtracting the amount of the 2013 cash dividend and (ii) applying a discount of a maximum of 10% and will not, at any rate, be less than €0.69 (arithmetic average of the stock's official closing price recorded in the six month period prior to 27 February 2014 adjusted by subtracting the 2013 dividend payment and applying a discount of up to a maximum of 15%).

The Company launched the capital increase, subject to approval by the relative authorities, when the 2013 dividend was paid. The transaction ended with 12,167,948 shares subscribed or 77.798% of the shares offered for a total of €14,053,979.94.

→ €200 million capital increase

On **7 July 2014** the Company's Board of Directors resolved to approve a property acquisition and, in particular, the signing of two preliminary agreements for the purchase of a portfolio of "core' properties comprising a shopping center and two hypermarkets owned by Coop Adriatica S.c.a.r.l. and two supermarkets owned by Unicoop Tirreno S.C., the Company's majority shareholders, for €92.665 million in addition to ancillary charges and transfer taxes (amounting to approximately €2.1 million).

At the same time, the Board of Directors resolved to propose during the Shareholders' Meeting approval of a cash share capital increase of up to a maximum of €200 million by means of a rights issue to be offered to all shareholders, aimed at financing the acquisition of the properties and strengthening the Company's capital and financial structure.

Pursuant to the Company's Regulations for the Related Party Transactions the real estate acquisition is viewed as a material transaction. On 7 July 2014, therefore, the Board of Directors approved the property acquisition subject to the favorable opinion of the Committee for Related Party Transactions.

On **7 August,** shareholders approved the cash share capital increase, to be carried out on one or more occasions, of up to a maximum of €200 million (including additional paid-in capital) to be completed by 31 March 2015 through the issue of ordinary shares with no par value and with dividend rights. The new shares were offered on a pre-emptive basis to all shareholders pursuant to Art. 2441, first paragraph, of the Italian Civil Code, in proportion to the number of shares held.

On **25 September 2014,** IGD's Board of Directors, in execution of the resolution of the Extraordinary Shareholders' meeting held on 7 August 2014, resolved upon the final conditions of the Share Capital Increase, subject to Consob's authorization (issued on 26 September), which calls for the issue of new ordinary shares without a stated par value, ranking pari passu with the ordinary IGD shares outstanding at the issue due and with dividend rights, through a rights issue to be offered to all IGD shareholders at an issue rate of 11 new shares for every 10 ordinary shares held, at an issue price €0.504 per share to be recognized entirely as share capital. The issue price of the newly issued shares was determined in accordance with the criteria established during the Extraordinary Shareholders' Meeting, by applying a discount of 32.99% on the Theoretical Ex Right Price – TERP of IGD's ordinary shares calculated based on the Milan Stock Exchange's closing price on 25 September 2014 of €1.025.

On **24 October** the offer of 396,186,626 newly issued ordinary shares of IGD was completed and fully subscribed for a total of €199,678,059.50.

IGD's new share capital, therefore, amounts to €549,760,278.52, broken down into 756,356,289 ordinary shares without a stated par value. Furthermore, as announced to the market on 7 August 2014 and in light of the full subscription of the capital increase, the contracts were signed for the purchase and subsequent leaseback of a portfolio of "core" properties comprising a shopping center and two hypermarkets owned by Coop Adriatica S.c.a.r.l. and two supermarkets owned by Unicoop Tirreno S.C. for a total of €92.665 million in addition to ancillary charges and transfer taxes which amount to approximately €2.1 million.

1

2

Investments, commercial agreements and financing

During the year the IGD Group continued with development of new properties, expansion and restyling of existing shopping centers, and also completed the above mentioned "core" property acquisition. The projects include:

→ Centro d'Abruzzo (expansion, fit outs and extraordinary maintenance)

Work on the expansion of the mall was completed, along with fit outs and extraordinary maintenance amounting to €5,476 thousand.

The expansion of the shopping center, inaugurated on 10 April, involved the construction of 19 stores with a GLA of approximately 3,300 m^2.

→ Fit outs and improvements

In 2014 work was completed on (i) the revised layouts at the La Torre (Palermo) shopping center, with the investment reaching approximately €383 thousand; (ii) the downsizing of the hypermarket in the "Le Porte di Napoli" shopping center, for approximately €716 thousand, and restructuring of the mall began which called for an investment of approximately €2,944 thousand; (iii) modernization of the Lugo center for an investment amounting to about €1,158 thousand.

The fit out work done in the shopping centers, by grouping and revamping existing points of sale, involved significant renovation (inside the stores) and work on systems (new systems and changes to existing ones).

→ Centro Sarca (Restyling)

The first part of the restyling, begun in 2013, of the underground parking and stairs leading to the shopping center was completed in the period, with the investment reaching approximately €315 thousand. Approximately €3,410 thousand had also been spent at 31 December 2014 on the restyling of the mall interior. Work is expected to be completed in first half 2015.

→ Centro Borgo (Restyling and fit out)

The restyling project that will affect both the shopping center and the external areas serving the center was begun and calls for a complete transformation of the entire retail complex in order to relaunch the appearance, connection and integration with the local area. The restyling project includes another transformation project which will involve the transfer of retail units from the southern area of the mall to the first and ground floors in order to give a bigger push to the retail activities of the mall's first floor by including restaurant services, as well. At 31 December 2014, the investment amounted to €1,109 thousand and work is expected to be completed in first half 2015.

→ Piazza Mazzini

In January 2014 IGD purchased the retail and services complex, and relative appurtenances, of the Mazzini area from Porta Medicea for a total of €26.5 million, in addition to the transfer tax and ancillary charges, for which down payments amounting to €19.5 million at 31 December 2013 had already been made.

On 10 July Piazza Mazzini was partially opened (10 points of sale through today). Pre-letting is underway for the remaining portion.

→ Porta a Mare Project

Work continued in the period on the **Mazzini area** (residential) with the investment reaching approximately €160 thousand, as well as on the foundation of the underground parking lot in the **Officine area** for an investment of some €928 thousand. The pre-letting of the residential units continued. 5 units were sold, as well as 3 garages, and 1 parking place, in the period. In February 2014 the magazine "Retail&Food" awarded the Porta a Mare Project the first prize, "Prima Pietra", as the best project in the special category "Innovation Indicators", dedicated to the retail real estate projects in Italy that stand out for commercial, architectural, urban and social innovation.

1. Rendering of the restyling in progress in Centro Sarca in Sesto San Giovanni (MI)

2. Panoramic view of the Porta a Mare area in Livorno and details of the Piazza Mazzini area completed in 2014

1

2


winmarkt
New look
New style
BILLA
winmarkt
ÎN CURÂND UN NOU MAGAZIN
winmarkt
ÎN CURÂND UN NOU MAGAZIN

→ Porto Grande (expansion)

The building permits were obtained for the midsize stores that will increase the size of the Porto Grande center, in the province of Ascoli Piceno. The planning phase was also completed and all the authorizations were issued. The total GLA will be increased from 23,387 to 28,387 m^2 and will comprise 2 midsize external stores of approximately 5,000 m^2, as well as green zones of 1,700 m^2 and a new parking area of approximately 10,531 m^2.

The opening is expected to take place by year-end 2016.

→ Chioggia retail park

The retail park in Chioggia will include an Ipercoop, 7 midsize stores and 8 points of sale, 2 of which will be used for restaurant services. There will be 1,465 parking places.

Contractors for the construction of the buildings were found and work continued in the period for an investment of around €11,881 thousand. The retail park is expected to open in first half 2015.

→ ESP Expansion

In 2014 the Zoning Agreement was signed relative to the expansion of the mall in the ESP shopping center in Ravenna. The commercial licenses were and the application process for the building permits was completed. The investment in the period reached approximately €455 thousand. The opening is expected to take place in second half 2016.

→ Romania

During the year extraordinary maintenance was started and largely completed in Romania. The work included the refurbishment of a façade in Piatra Neamt, in addition to revamping of layouts, creating new GLA and fit outs in order to accommodate new anchors (H&M in Galati and in Ramnicu Valcea; Flanco electronics in Cluj; Carrefour in Ramnicu Valcea) for a total investment of approximately €5.9 million.

The investments made in 2014 are shown below:


3

Investments 2014

REAL ESTATE ASSETS EXTENSIONS AND RESTYLING	19.61
REAL ESTATE INVESTMENTS (after capital increase)	94.74
ASSETS UNDER CONSTRUCTION	18.97
INTANGIBLE FIXED ASSETS	0.02
OTHER FIXED ASSETS	1.05
TOTAL INVESTMENTS IN FIXED ASSETS	**134.40**
INVENTORIES OF WORK IN PROGRESS PROJECT PORTA A MARE	**0.16**

€134.56 million

Total investments

1. Rendering of the extension of ESP Shopping Center in Ravenna
2. Restyling of Winmarkt Piatra Neamt shopping mall in Romania completed in 2014
3. Rendering of the extension of Porto Grande shopping center, Porto d'Ascoli (AP)

Disposals

On 26 February, pursuant to the preliminary agreement signed on 14 February 2014, the sale of a mall in the Fonti del Corallo Shopping Center in Livorno to a private real estate fund managed by BNP Paribas REIM Sgr was finalized. Consideration for the sale of the property which covers approximately 7,300 m^2 amounted to €47 million. Post-closing, IGD will continue to own the business division that manages the mall, along with the tenant relationships, and will lease the property based on a long term lease. This agreement will make it possible for IGD to keep the network of the shopping centers managed unchanged. Fonti del Corallo in Livorno is of primary importance to this network as it is located in a region of particular interest to the Company's business and also includes a freehold Ipercoop with a sales area of approximately 8,500 m^2.

Loans

On 29 January 2014 an amendment to the agreement for the loan granted by BNP Paribas's Italian branch was executed. As a result of the amendment the floating rate was converted to fixed rate which was set at 5.162% with the conversion taking effect on 31 January 2014. The Company was notified that this loan has been assigned without recourse to Reni SPV s.r.l.

At the same time the "early termination" clause found in the agreement for the Interest Rate Swap stipulated in December 2013 was exercised.

With a view, once again to optimizing the financial structure, on 24 March 2014 Immobiliare Grande Distribuzione SIIQ S.p.A extinguished the mortgage loan taken out in 2012 with Intesa San Paolo.

On 28 March 2014 the loan granted by Cassa di Risparmio di Bologna for the purchase of Centro Commerciale "Tiburtino" (Guidonia) was extended even further, through 27 March 2024, at the 3M Euribor plus a spread of 3.60%.

On the same date an amendment to the agreement for the mortgage loan granted by Cassa di Risparmio del Veneto (falling due 1 May 2014) was signed, which extended the expiration to 1 November 2024 at the 6M Euribor plus a spread of 3.60%.

On 7 May the above mentioned private placement was completed for a total of €150,000,000.

On 15 May 2014 IGD and Beni Stabili S.p.A. SIIQ, extinguished the mortgage loan taken out jointly with MPS.

On 6 August 2014 the Company repaid in advance a €6 million unsecured loan granted by EmilBanca and Iccrea Banca on 7 August 2013 falling due originally on 6 February 2015.

On 6 November two amendments were signed relating to the loan granted by Cassa di Risparmio Bologna (expiring 27 Marzo 2024) and the mortgage loan held with Cassa di Risparmio del Veneto (expiring 1 November 2024) which calls for a reduction in the spread (from 3.60% to 2.60%), in addition to a commission of 95 basis points on the residual debt.

In November, following completion of the capital increase, three loans were extinguished (Mediocredito Italiano, Credito Valtellinese and Coop Adriatica) and a mortgage (with Mediocredito Italiano) was partially repaid, for a total of approximately €68.1 million.

Sale of treasury shares

On 5 March 2014 IGD finalized the sale of all its treasury shares (10,976,592, approximately 3.154% of the share capital) to the investment fund Quantum Strategic Partners Ltd., managed by Soros Fund Management LLC, for €12.07 million. On the same date Unicoop Tirreno sold 6,423,494 IGD shares, 1.846% of the share capital, to the same buyer. As a result of these transactions Quantum Strategic Partners Ltd. now owns 17,400,086 IGD shares, 5% of the share capital, and is the Company's third largest shareholder.

Equity investments

On 7 August an agreement was signed for the promotion of real estate funds specialized in the retail/commercial segment. The project calls for IGD to purchase 20% of the share capital of UnipolSai Investimenti SGR S.p.A., a wholly-owned subsidiary of UnipolSai, for €4.2 million and the future creation of a division within the SGR specialized in the formation and management of closed-end real estate funds focused on the commercial/retail segment.

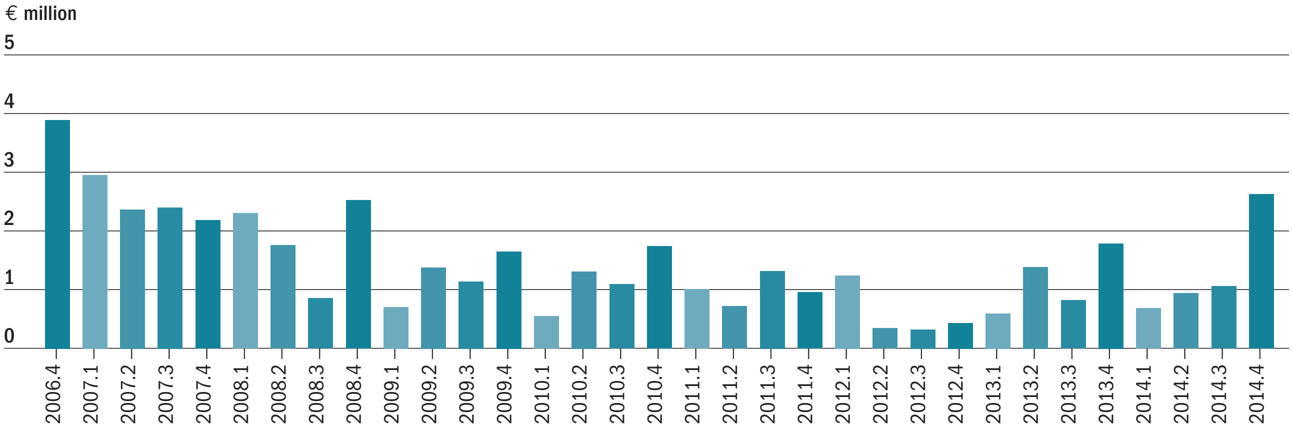
On 16 December the Bank of Italy gave the greenlight for the transaction pursuant to and in accordance with Art. 15 of Legislative Decree 58/98.

2.5 The Real Estate Portfolio

→ The Italian real estate market

The interest of investors, particularly foreign, in the Italian real estate market increased in 2014, with total investments reaching €5.3 billion (+ 10% against 2013). The biggest increase was recorded in the fourth quarter of the year.

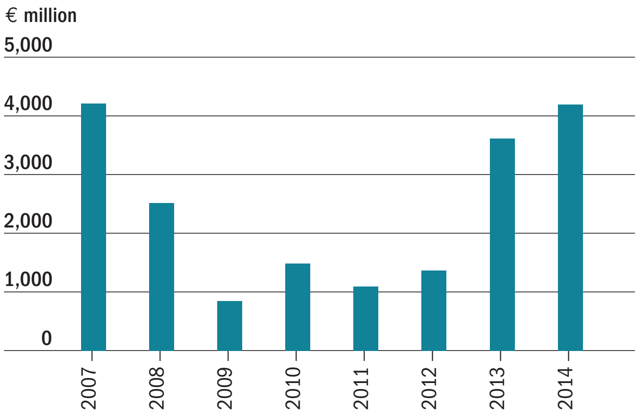
REAL ESTATE INVESTMENTS IN ITALY, QUARTERLY VOLUMES



Source: CBRE Research, Q4 2014

The presence of foreign investors returned to pre-crisis levels.

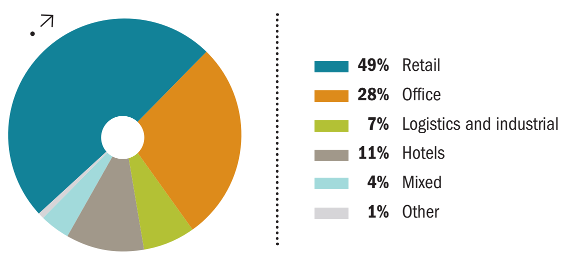
ANNUAL FOREIGN INVESTMENT EVOLUTION IN ITALY



Source: CBRE Research, Q4 2014

Investors continued to prefer the retail sector in 2014.

INVESTMENT VOLUMES BY SECTOR, 2014

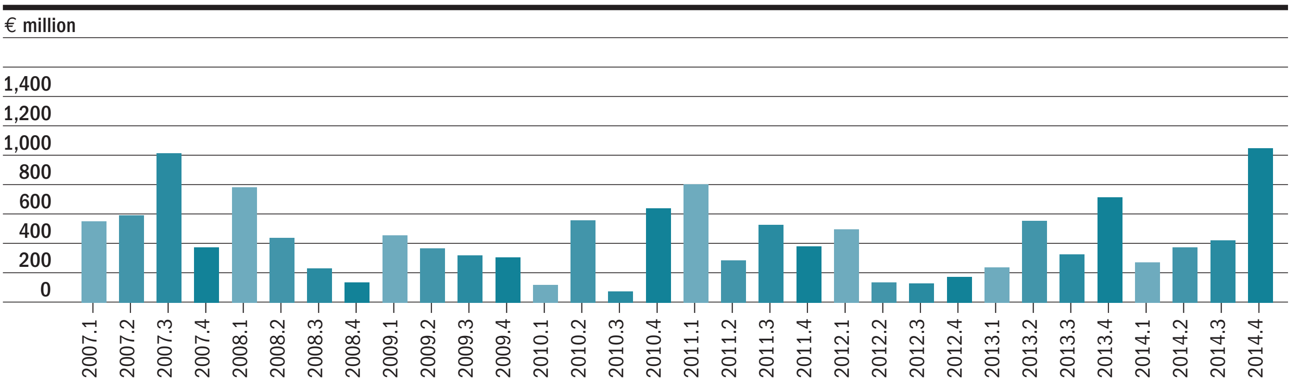


Source: CBRE Research, Q4 2014

→ Investments in the retail sector

In 2014 the retail sector attracted the most investments out of all the real estate sectors in Italy. Investments for FY 2014 rose + 18% against 2013 to €2.6 billion.

RETAIL INVESTMENT EVOLUTION IN ITALY



Source: CBRE Research, Q4 2014

The most important portfolio acquisitions completed in 2014 include: AXA's acquisition of Fondo Olinda; Orion's purchase of three shopping centers in northeastern Italy; IGD SIIQ SPA's purchase of a retail portfolio comprised of a shopping center, two hypermarkets and a supermarket; Blackstone's purchase of a portfolio comprised of two outlets (Molfetta Outlet and Mantua Outlet). The main transactions involving single assets completed in the year include the acquisition of the mall in the Fonti del Corallo shopping center in Livorno by BNP Paribas Reim Sgr; the acquisition of RP Terminal Nord in Udine by Europa risorse Sgr; the purchase of the La Scaglia shopping center in Civitavecchia by Blackstone; the acquisition of the mall in the Le Mura di Ferrara shopping center by Serenissima Sgr; the acquisition of the mall in the Vialarga shopping center by Nordiconand; the purchase of the Parco Dora shopping center in Turin by Foncier Lfpi Italia; the purchase of the Fiumara shopping center in Genoa by the ING and Allianz JV; the acquisition of Le Terrazze shopping center in La Spezia by Union Investment; the acquisition of 50% of the Roma Est shopping center by GIC; the purchase of Galleria Borromea in Peschiara Borromeo (Milan) by the Rockfeller Group; the purchase of Centro 8 Gallery in Turin by GMW. 73% of the retail real estate transactions in Italy involved shopping centers, 14% High street properties; 8% outlets and 4% retail parks.

The increase in retail properties caused net yields to drop in 2014:

- the net yield for prime shopping centers fell from the 6.23% posted in first quarter 2014 to 6.0% in fourth quarter 2014;
- the net yield for secondary shopping centers fell from the 7.57% posted in first quarter 2014 to 7.0% in fourth quarter 2014;
- the net yield for prime high street fell from the 5.10% posted in first quarter 2014 to 4.5% in fourth quarter 2014;
- the net yield for secondary high street fell from the 7.20% posted in first quarter 2014 to 6.75% in fourth quarter 2014;
- the net yield for prime retail parks fell from the 7.90% posted in first quarter 2014 to 7.75% in fourth quarter 2014.

The stock and the retail sector pipeline

In 2014 the stock of new retail m2, including formats without size limits, in Italy rose 120,000 m2, bringing the total retail stock to 16.7 million m2, 86% of which refers to structures with GLAs of more than 10,000 m2.

The stock of new retail GLA in 2014 was 48% less than in 2013 which underscores the marked slowdown in development activity recorded in the last few years.

The density of retail space reached 275 m2/1,000 inhabitants and 239 m2/1,000 inhabitants for shopping malls alone.

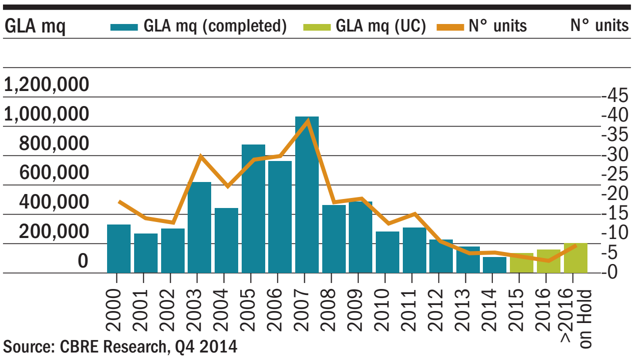
The most important openings that took place in 2014 include the Nave De Vero Shopping Center (Venice) with a GLA of approximately 38,800 m2 owned by Corio and Shopping Brugnato (La Spezia) with a GLA of approximately 22,500 m2.

Retail space under construction amounts to approximately 400,000 m2 GLA involving, primarily, shopping centers.

The main initiatives in the pipeline at year-end 2014 include the Arese project (88,000 m2 GLA) which was just started; Cascina Merlata, Ikea Brescia, Pescaccio and Westfield (artificial lake area) with potentially uncertain completion times.

Refurbishment and expansion of existing shopping centers continues at a lively pace, in line with the more mature European markets.

EVOLUTION OF NEW DEVELOPMENTS OF SHOPPING CENTERS (GLA > 10,000 MQ IN ITALY AND UNDER CONSTRUCTION PROJECTS)



Source: CBRE Research, Q4 2014

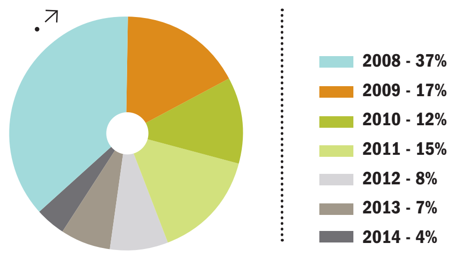
ROMANIA

In 2014 two new shopping centers were opened in Bucharest and one in Targu Jui.

The retail stock rose 80.000 m2 in 2014 and volumes reached 2.88 million m2.

2014 was the year with the smallest increase in new GLA since 2008.

NEW COMPLETIONS OUT OF THE TOTAL DELIVERIES 2008-2014



Source: CBRE Research

The retail stock is still comprised as follows: 57% shopping centers, 42% retail parks and 1 % outlets.

50% of the stock is concentrated in Romania's five most important cities, including Bucharest, while the remaining 50% is spread throughout the country.

The pipeline under construction for the period 2015-2016 amounts to a GLA of approximately 260,000 m2. The main projects are concentrated in Bucharest (ParkLake, Mega Mall, Ghencea shopping Center), in Timisoara (Timisoara Shopping City) and Brasov (Coresi Shopping City).

Upon completion of these projects, forecast for 2016, the stock of retail GLA will reach 3.15 million m2 with the average density for retail formats coming to 158m2/1,000 inhabitants.

The main transactions completed in 2014 include the sale of 12 Auchan shopping centers (found throughout Romania) and the sale of Promenada Shopping Center in Bucharest. NEPI was the Romanian market's most active investor.

At year-end 2014 the average prime yield came to 8.0%.

The Romanian retail market also witnessed the first restyling initiatives focused on market repositioning (Iris Titan of Bucharest) and plans for significant refurbishments were also announced (Plaza Romania and Bucaresti Mall).

CENTRO NOVA
Villanova di Castenaso (BO)
Opening 1995
Restyling 2008
Mall GLA sq.m 12,485
Food anchor GLA sq.m 18,188

4,360,797 visitors in 2014

CENTRO COMMERCIALE TIBURTINO
Guidonia - Roma
Opening 2009
Mall GLA sq.m 33,419
Food anchor GLA sq.m 7,125

5,069,943 visitors in 2014

Freehold assets

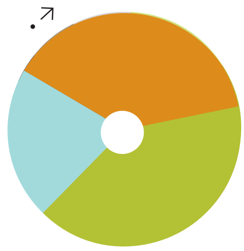
The IGD SIIQ SPA Group's real estate portfolio comprises primarily commercial (retail) properties in Italy and Romania and assets under construction in Italy.

Beginning first half 2014, the IGD Group's real estate portfolio was appraised by CBRE, REAG Advisory, in addition to the independent expert Cushman & Wakefield.

With the arrival of the new appraiser, 61% of the assets appraised were rotated with the existing independent experts.

The breakdown by percentage of FV at 31 December 2014 of the appraisals done by CBRE, REAG and Cushman & Wakefield of the IGD Group's portfolio is shown below:

BREAKDOWN OF PORTFOLIO APPRAISERS BASED ON FV AT 31/12/2014



The fees paid at 31 December 2014 to the independent experts are shown below:

FEES AT 31 DECEMBER 2014		(€/000)
CBRE Valuation SPA	Fees for appraisals	90.0
	Other compensation	0.0
	Total compensation	**90.0**
REAG Advisory Group Spa	Fees for appraisals	148.1
	Other compensation	87.70
	Total compensation	**235.8**
Cushman&Wakefield	Fees for appraisals	84.7
	Other compensation	0.0
	Total compensation	**84.7**

The main changes that took place in 2014 include:

- in February, the sale of the mall in the Le Fonti del Corallo shopping center for €47 million;
- in April, the opening of the expanded Centro d'Abruzzo mall and the recognition of the "Abruzzo expansion" as one of the mall's assets;
- in May, the completion of the pre-letting of the pedestrian bridge connecting the two Winmarkt shopping centers, Gran Center and Omnia, in Ploiesti;
- in June, the downsizing of the hypermarket found in the "Le Porte di Napoli" shopping center and the expansion of the mall.
- in July: the retail portion of Piazza Mazzini (Porta a Mare project) was reclassified in the asset class "City Center" as it began generating revenue;
- in October: acquisition of the ICON portfolio comprised of the shopping center and two hypermarkets sold by ale Coop Adriatica and the two supermarkets sold by Unicoop Tirreno for €94.744 million including ancillary charges and transfer taxes.

Based on the appraisals at 31 December 2014, the market value of the IGD Group's real estate portfolio came to €1,951.21 million.

The asset classes comprising the Group's real estate portfolio at 31 December 2014 included:

- **"Hyper and super":** 24 properties with a total GLA of about 259,000 m^2, found in 8 regions in Italy. Following the purchase of the ICON portfolio, 5 properties (three hypers and two supers) were added to this asset class for a total GLA of approximately 36,000 m^2.
- **"Malls and retail parks",** 19 properties with a total GLA of about 285,000 m^2, found in 10 regions in Italy. In February 2014 the mall in the Le Fonti del Corallo shopping center in Livorno with a GLA of about 7,000 m^2 was sold and is no longer part of this asset class, but the total number of properties pertaining to this asset class was unchanged against 31.12.2013 following the purchase of the ICON portfolio which included the Città delle Stelle mall in Ascoli which has a GLA of around 18,200 m^2.
- **"City center",** commercial properties located along the main shopping streets of urban centers. At 31 December 2014 this asset class comprised two properties; a real estate complex located in downtown Bologna with a GLA of about 2,350 m^2 and, as of July 2014, a retail portion with a GLA of about 7,500 m^2 that is part of the Livorno waterfront project which was reclassified in this asset class as it is no longer considered part of **"Development projects and plots of land".**
- **"Other":** seven properties pertaining to freehold shopping centers or office units with a total GLA of about 3,150 m^2.
- **"Porta a Mare Project",** a multipurpose real estate complex under construction covering an area of approximately 62,500 m^2 located near Livorno's waterfront. In 2014 the retail portion of the Mazzini area (GLA 7,500 m^2) was reclassified initially under the asset class **"Development projects and plots of land"** and then, as of 31.12.2014, under the asset class **City Center.**
- **"Development projects and plots of land",** 3 areas found throughout Italy which are to be used for future expansion and/or new retail projects with a future total GLA of approximately 40,700 m^2.
- **"Winmarkt"** a portfolio of 14 properties used primarily for retail purposes, and an office building, found throughout Romania covering a total area of approximately 65,840 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.

Analysis of the freehold assets

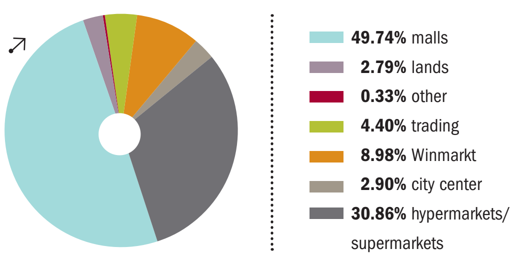
→ Geographical breakdown and composition of the portfolio

IGD's properties in **Italy** total 56 (including the 50% of the "Darsena" Shopping Center) and can be broken down by asset class as follows:

- → **19 shopping malls and retail parks**
- → **24 hypermarkets and supermarkets**
- → **2 city center**
- → **3 development projects and plots of land**
- → **1 asset held for trading**
- → **7 other**

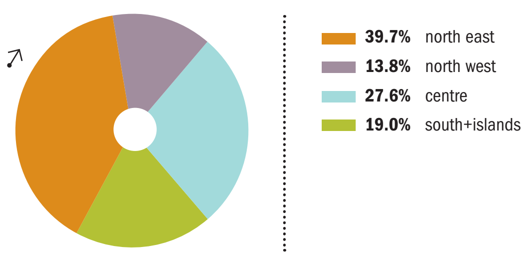
The fair value of the IGD SIIQ Group's real estate portfolio can be broken down as follows:

PORTFOLIO BREAKDOWN AT 31/12/2014



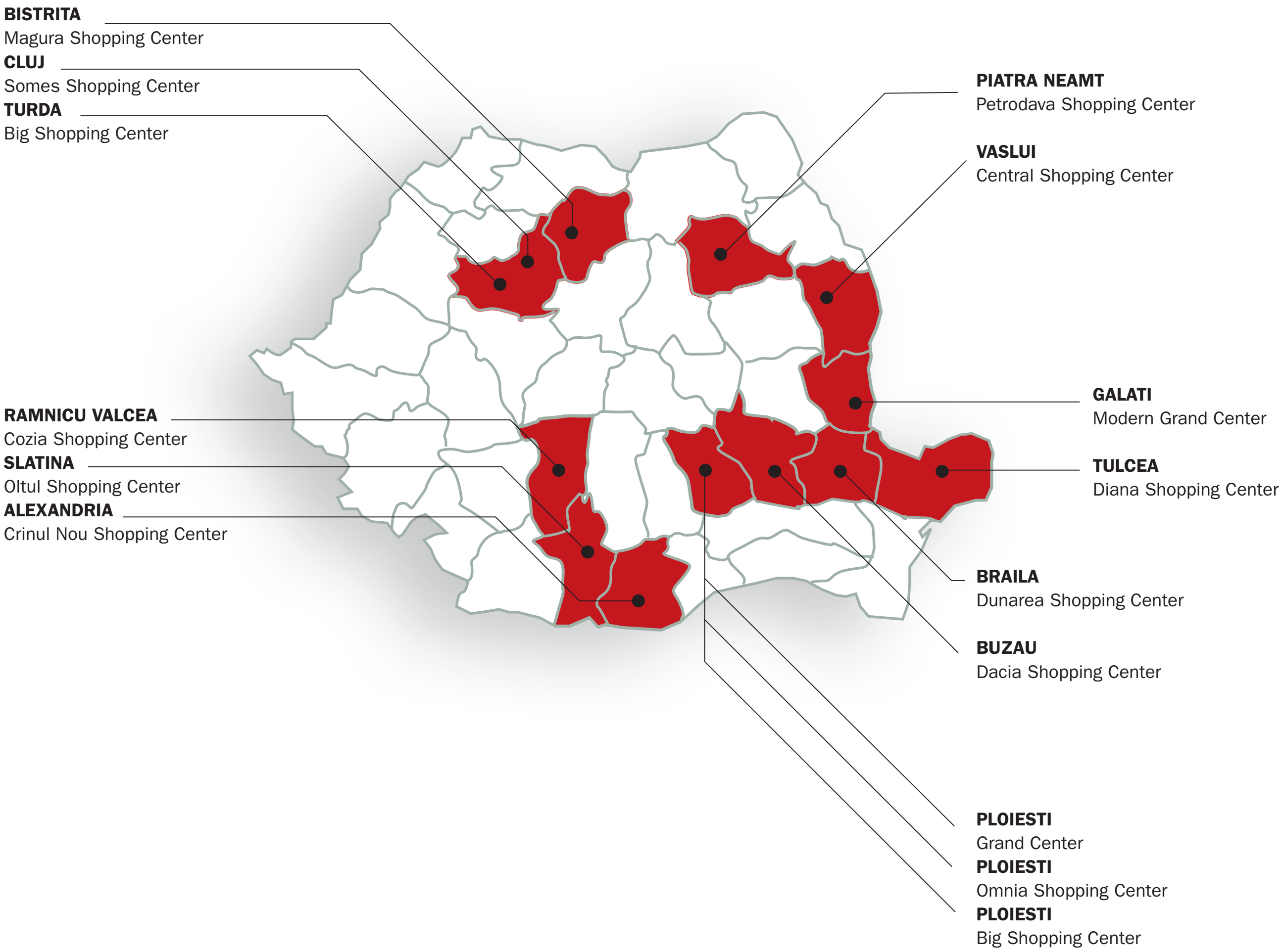
The breakdown of the properties by region and geographical area is shown below:

GEOGRAPHIC PORTFOLIO BREAKDOWN IN ITALY AT 31/12/2014

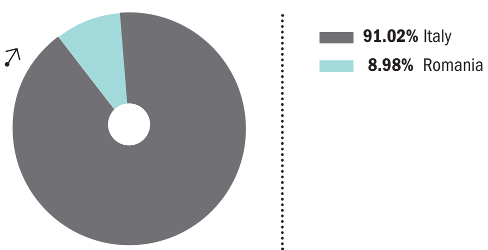


IGD's real estate assets in **Romania** total 15, broken down as follows:

- → **14 shopping centers**
- → **1 office building**



PORTFOLIO BREAKDOWN ITALY AND ROMANIA 31/12/2014



The following tables provide the principal data relative to the real estate portfolios in Italy and Romania managed by the IGD Group:

→

Italy

SHOPPING CENTER	LOCATION	MALL GLA (MQ)	OTHER (MQ)	OWNERSHIP	OPENING DATE	EXTENSION/RESTYLING/ REMODELLING DATE	% OWNED
Mondovicino Shopping mall and retail park	Mondovì (CN)	16,857	//	Igd Siiq Spa	2007	//	100
I Bricchi Shopping mall	Isola d'Asti (AT)	16,211	//	Igd Siiq Spa	2009	//	100
Sarca Shopping mall	Sesto S. Giovanni (MI)	23,733	//	Igd Management Srl	2003	in corso	100
Gran Rondò Shopping mall	Crema (CR)	11,650	//	Igd Siiq Spa	1994	2006	100
Millennium Shopping mall	Rovereto (TN)	7,683	674	Millennium Srl	2004	//	100
Conè Shopping Center and Retail Park	Conegliano (TV)	18,161	//	Igd Siiq Spa	2010	//	100
Borgo Shopping Center	Bologna (BO)	7,043	//	Igd Property Siinq Spa	1989	2005	100
ESP Shopping Center	Ravenna (RA)	14,993	3200	Igd Property Siinq Spa	1998	2012	100
Le Maioliche Shopping Center	Faenza (RA)	21,717	2374	Igd Siiq Spa	2009	//	100
Lungo Savio Shopping Center	Cesena FC)	2,917	//	Igd Siiq Spa	2002	//	100
Porto Grande Shopping Center	Porto d'Ascoli (AP)	8,097	//	Igd Siiq Spa	2001	//	100
Centro d'Abruzzo Shopping Center	San Giovanni Teatino (CH)	15,821	//	Igd Siiq Spa	2001	2014	100
Tiburtino Shopping Center	Guidonia Montecelio (RM)	32,988	//	Igd Siiq Spa	2009	//	100
Casilino Shopping Center	Roma (RM)	5,515	//	Igd Property Siinq Spa	2002	//	100
Le Porte di Napoli Shopping Center	Afragola (NA)	17,341	//	Igd Siiq Spa	1999	2014	100
La Torre Shopping Center	Palermo (PA)	14,338	//	Igd Siiq Spa	2010	//	100
Katanè Shopping Center	Gravina di Catania (CT)	14,912	//	Iper Igd Siiq Spa/Galleria Igd Property Siinq Spa	2009	//	100
Darsena City Shopping Center	Ferrara (FE)	12,320	//	Igd Siiq Spa	2009	//	50
Città delle Stelle Shopping Center	Ascoli Piceno (AP)	17,203	//	Igd Siiq Spa	2002	//	100
Ipermarket CC Miralfiore	Pesaro (PU)	//	56	Igd Siiq Spa	1992	//	100
Supermarket Aquileia	Ravenna (RA)	//	//	Igd Siiq Spa		//	100
Hypermarket CC Il Maestrale	Cesano di Senigallia (AN)	//	//	Igd Siiq Spa	1999	//	100
Hypermarket CC Lame	Bologna (BO)	//	//	Igd Siiq Spa	1996	//	100
Hypermarket CC Globo	Lugo di Romagna (RA)	//	//	Igd Siiq Spa	1997	2005	100
Hypermarket CC Leonardo	Imola (BO)	//	//	Igd Siiq Spa	1992	//	100
Hypermarket CC I Malatesta	Rimini (RN)	//	1085	Igd Siiq Spa	2005	//	100
Hypermarket CC Fonti del Corallo	Livorno (LI)	//	//	Igd Siiq Spa	2003	//	100
Hypermarket Schio	Schio (VI)	//	//	Igd Siiq Spa	2008	//	100
Supermarket Cecina	Cecina (LI)	//	//	Igd Siiq Spa	1994	//	100
Supermarket Civita Castellana	Livorno (LI)	//	//	Igd Siiq Spa	2010	//	100
Rizzoli City center	Bologna (BO)	2,350	//	Igd Siiq Spa	edificio storico primi '900	//	100
Commercial area Mazzini	Livorno (LI)	7,523		Igd Siiq Spa	2014	//	100
Centro Piave	San Donà di Piave (VE)	11,600		Csii Spa	1995	2003	//
Centro Nova	Villanova di Castenaso (BO)	12,485		Csii Spa e Copain Holding Spa	1995	2008	//
Fonti del Corallo Shopping Mall	Livorno (LI)	//	//	Igd Siiq Spa	2003	//	100

FORM OF OWNERSHIP	N. OF SHOPS	N. OF MIDDLE SIZED AREAS	PARKING PLACES	MAIN BRANDS	FOOD ANCHOR	FOOD ANCHOR GLA
Freehold property (excluding hypermarket)	54	8	4500	Jysk,OVS, Librerie Coop, Brico IO, Casa Terra, Foot Loker	Ipercoop (non di proprietà)	//
Freehold property (excluding hypermarket)	25	6	1450	Combipel, Deichamann	Il Gigante (non di proprietà)	//
Freehold property (excluding hypermarket)	80	7	2500	H&M, Piazza Italia, Skyline cinema, Roadhause, Scarpe&Scarpe , Rosso Pomodoro	Ipercoop (non di proprietà)	//
Freehold property (excluding hypermarket)	38	3	1280	Oviesse, Promenade calzature	Ipercoop (non di proprietà)	//
Freehold property (excluding the super-market and a portion of the mall)	33	6	900	Game 7 athletics, Oviesse, Trony, Bata	Superstore Coop (non di proprietà)	//
Freehold property	64	9	1550	Maison du Monde,Combipel, H&M, Librerie Coop, Eurionics, Scarpe&Scarpe, Stradivarius	Ipercoop	9,498
Freehold property	32	5	1550	Librerie Coop, Unieuro, C6, Scarpe&Scarpe	Ipercoop	11,480
Freehold property	44	6	2456	Deichmann, Game 7 athletics, Librerie Coop, Piazza Italia, Unieuro	Ipercoop	16,536
Freehold property	48	8	2400	Deichmann, H&M, Trony, C&A, Decathlon, Bricofer	Ipercoop	9,277
Freehold property	24	1	850	Benetton, Librerie Coop, Motivi, Primigi, Kiko	Ipercoop	7,476
Freehold property	36	2	1730	Decathlon, Deichmann	Ipercoop	15,290
Freehold property	50	3	1730	Decathlon, Euronics, Librerie Coop, Piazza Italia, Terranova, Intersport, Scarpamondo	Ipercoop	14,127
Freehold property	115	11	3800	Desugual, Bata, Azzurra Sport, H&M, Piazza Italia, Obi, Scarpamondo, NewYorker, Euronics	Ipercoop	7,633
Freehold property	25	3	1260	Euronics, Piazza Italia, Bata	Ipercoop	14,567
Freehold property	72	5	2650	Desugual, Euronics, H&M, Piazza Italia, Rosso Pmodoro	Ipercoop	9,800
Freehold property	59	5	1700	Expert, Scarpe&Scarpe, Piazza Italia, H&M, McDonald	Ipercoop	11,217
Freehold property	70	6	1320	Adidas, Euronics, H&M, Combipel, Piazza Italia,	Ipercoop	13,663
50% of freehold property of the mall and hypermarket	31	2	1320	Deichmann	Despar	3,715
Freehold property	46	10	2200	Game 7 athletics, Piazza Italia, Non solo sport, Unieuro, Multiplex Stelle	Ipercoop	14,381
Freehold property (Hypermarket + Shop)				//	Ipercoop	10,356
Freehold property (Supermarket)				//	Coop	2,250
Freehold property (Hypermarket)				//	Ipercoop	12,551
Freehold property (Hypermarket)				//	Ipercoop	15,681
Freehold property (Hypermarket)				//	Ipercoop	7,937
Freehold property (Hypermarket)				//	Ipercoop	15,862
Freehold property (Hypermarket + Wholesale Area + Fitness Area)				//	Ipercoop	10,232
Freehold property (only hypermarket)				//	Ipercoop	15,371
Freehold property (only hypermarket)				//	Ipercoop	8,176
Freehold property (only supermarket)				//	Coop	5,749
Freehold property (only supermarket)				//	Coop	3,020
Freehold property of 2 commercial units	2			Apple, H&M	//	//
Freehold property	35	2		Unieuro/Coop	//	//
Master Leasing	48	5	1500	Cisalfa, Librerie Coop, Oviesse, Piazza Italia, Scarpe&Scarpe, McDonald	Ipercoop	15,800
Master Leasing	55	7	2400	H&M, Librerie Coop, Bershka, Pittarosso, Benetton, McDonald	Ipercoop	18,188
Master Leasing	55	2	1600	Oviesse, Librerie Coop, Bata, Swarovski	Ipercoop	15,371

Romania

SHOPPING CENTER	LOCATION	SHOPPING CENTER GLA MQ	NET SALLING AREA	CIRCULATION (SQM) RENTED	RENTED WARE-HOUSE/OFFICE	OWNERSHIP	DATE OPENED
Grand Omnia Center	Ploiesti	17,758	16,176	455	1,127	Win Magazin SA	1986
Big	Ploiesti	3,999	2,642	486	871	Win Magazin SA	1976
Modern	Galati	7,889	7,351	138	400	Win Magazin SA	1973
Cozia	Ramnicu Valcea	7,871	7,572	117	182	Win Magazin SA	1973
Petrodava	Piatra Neamt	6,066	4,734	341	992	Win Magazin SA	1985
Dunarea	Braila	7,397	6,322	217	858	Win Magazin SA	1978
Dacia	Buzau	5,650	5,052	24	574	Win Magazin SA	1975
Diana	Tulcea	3,941	3,725	8	208	Win Magazin SA	1972
Somes	Cluj Napoca	7,306	5,681	93	1,532	Win Magazin SA	1983
Magura	Bistrita	5,360	4,500	89	771	Win Magazin SA	1984
Crinul Nou	Alexandria	3,366	3,123	37	205	Win Magazin SA	1978
Oltul	Slatina	5,978	5,008	37	933	Win Magazin SA	1975
Central	Vaslui	3,650	3,506	31	114	Win Magazin SA	1973
Big	Turda	2,579	2,577	2	-	Win Magazin SA	1981
SHOPPING MALLS TOTAL		**88,811**	**77,970**	**2,075**	**8,765**		
Junior	Ploiesti	3,012	2,137	544	331	Win Magazin SA	
TOTAL		**91,823**	**80,107**	**2,619**	**9,096**		

DATE OF EXPANSION /RESTYLING	AREA OF EXPANSION	% OWNED	FORM OF OWNERSHIP	N. OF POINT OF SALE	N. OF MIDSIZE STORES	PAR-KING	MAIN BRANDS
2014		100	Freehold property	142	//	400	Adidas, Levi's, Domo, Vodafone, Carrefour Market, Samsonite,Leonardo, Jolidon, House of Art, Banca Transilvania, KFC, Flanco
2013		100	Freehold property	95	//		Banca Transilvania, Carrefour Market
2005		100	Freehold property	60	//		Domo, B&B, Sevda, Jolidon, Levi's, Manas, Leonardo
2004		100	Freehold property	45	//		B&B Collection, House of Art, Fox, Leonardo, Jolidon, dm Drogerie Markt, Domo
2004		100	Freehold property	70	//		Sensiblu, B&B Collection, Billa, Leonardo
2004		100	Freehold property	46	//		B&B, City Pharma, Credit Europe Bank, Leonardo, House of Art, Jolidon, Domo, Vodafone, Sevda, miniMAX Discount
2005		100	Freehold property	26	//		B&B Collection, Leonardo, KFC, Sensiblu,
2002		100	Freehold property	44	//		B&B Collection, Leonardo, House of Art, Domo, Minimax, Vodafone
2011		100	Freehold property	34	//		Carrefour Market, dm drogerie markt, Leonardo, Big Fitness
2005		100	Freehold property	27	//		Carrefour, Leonardo, Domo, DM Drogerie Markt, fast-food Pizzamania
2013		100	Freehold property	32	//		B&B Collection, Carrefour Market, Domo, House of Art, Leonardo, Jolidon
2005		100	Freehold property	21	//		Altex, Avenir Telecom, B&B, Jolidon, House of Art, Domo
2006		100	Freehold property	17	//		Electronmedia, B&B Collection, Leonardo, Jolidon Import Export, Domo Retail
2007		100	Freehold property	7	//		ILEX, Robest, Leonardo, Altex
		100	Freehold property				

Italy - Analysis by asset class

→ Hypermarkets and supermarkets

IGD's freehold hypermarkets and supermarkets are leased on a long-term basis to Coop Adriatic Scr, Unicoop Tirreno Scrl and Coop Sicilia. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings.

The hypermarkets and supermarkets were valued at 31 December 2014 by the appraisers CBRE, REAG and Cushman & Wakefield based on the following percentages of FV:

HYPER/SUPER	31/12/2014
CBRE	32%
REAG Advisory	34%
Cushman & Wakefield	34%
Total	**100%**

The DCF method was used by all the appraisers for this asset class.

In CBRE's and C&W's DCF model a standard duration of 10 years was used for all the assets; Reag used a duration of between 17 and 25 years depending on the expiration of the lease held by the retailer.

The total value of this class of property at 31 December 2014 reached €602.18 million, an increase of 10.62% (+€57.79 million) against 31 December 2013 explained by the acquisition in October 2014 of the ICON portfolio (three hypermarkets and two supermarkets). The ICON portfolio hypermarkets are found in Schio, near Vicenza, in Cesena (at the Lungo Savio shopping center) and in Ascoli Piceno (Città delle Stelle shopping center) and are leased to Coop Adriatica, while the two supermarkets are found in Cecina (near Grosseto) and Civita Castellana (Viterbo) and are leased to Unicoop Tirreno. On a like-for-like perimeter basis the fair value of this asset class fell by 2.81% (-€15.30 million) explained entirely by the downsizing in June 2014 of the hypermarket found in the Le Porte di Napoli shopping center.

The gross initial yield came to 6.52%, a drop of – 0.11% against 31.12.13 attributable primarily to the noticeable decrease in the inflation index rate used by the appraisers in the first DCF year, particularly with regard to the second half. The result was also impacted by the decrease in the rent paid by the hyper in Tiburtino. The discount rate was largely in line with the two prior semesters and came to 7.03% at 31.12.2014, -0.01% against 31 December 2013. The average gross cap out rate reached 6.54%, an increase of +0.05% against 31.12.2013. The occupancy rate of the hyper/supermarkets came to 100%, unchanged with respect to prior semesters.

→ Shopping malls and retail parks

The IGD Group's shopping malls and retail parks are leased on average for five years to businesses. Rent is indexed to 100% of the ISTAT index.

Leases of six + six years, with rent indexed to 75% of the ISTAT index, are reserved for services like newsstands, tobacco shops, hair salons and beauty centers.

Shopping malls and retail parks were valued at 31 December 2014 by the appraisers CBRE, REAG and Cushman & Wakefield based on the following percentages of FV:

MALLS/RETAIL PARKS	31/12/2014
CBRE	35%
REAG Advisory	43%
Cushman & Wakefield	22%
Total	**100%**

The DCF method was used by all three appraisers for this asset class.

In CBRE's and C&W's DCF model a standard duration of 10 years was used for all assets; Reag used a standard duration of 18 years for this asset class.

The fair value of this asset class reached €970.44 million at 31 December 2014, a decrease of €1.09 million (-0.11%) with respect to the prior year. Net of the non-recurring transactions (the sale of the Fonti del Corallo in Livorno and the acquisition of the Città delle Stelle mall in Ascoli Piceno – ICON portfolio) the fair value rose +2.33% (+€21.5 million) against 31.12. 2013. The result reflects the expansion of the mall at the Le porte di Napoli shopping center following the downsizing of the hypermarket and the revenue generated by the mall extension at Centro D'Abruzzo. On a like-for-like perimeter basis (net of the "Le Fonti del Corallo" and "Città delle Stelle" malls) the average gross initial yield for this asset class at 31 December 2014 was 6.57%, a slight increase of +0.09% against 31.12.2013. The discount rate was lower by 0.03% (-0.05% excluding the new Città delle Stelle mall) against 31 December 2013 at 7.27%. The average gross cap out rate rose by +0.1% against 31.12.13. The financial occupancy rate at 31 December 2014 was 94.3%, down by -1.9% against 31 December 2013 due to increased vacancies primarily in the malls found in the Sarca, Gran Rondò, Mondovì, Città delle Stelle and i Bricchi centers.

→ City Center

This asset class comprises a complex of properties which are adjacent and connected to one another located in downtown Bologna as well as, beginning in the second half of the year, a new asset "Piastra commerciale Mazzini" (a retail complex) located in Livorno, which was reclassified in this asset class following its opening in July 2014.

The market value of this asset class of property at 31 December 2014 amounted to €56.50 million, an increase of 103.24% against the prior year following the new opening. Net of the acquisition, this asset class's fair value rose +2.88% against 31.12.2013.

The gross initial yield fell by -0.71% against the prior year to 4.94% due primarily to the lower inflation forecasts for 2015. The discount rate increased by 0.20% against 31 December 2013 to 6.40% while the gross cap out rate increased +0.20% to 6.15%.

The financial occupancy rate for this asset class came to 74.3% at 31 December, a decrease of 25.7% against 31 December 2013 due to spaces that were still being pre-let at Piastra commerciale Mazzini.

The City Center property was appraised at 31 December 2014 100% by CBRE based on the DCF method with a standard duration of 10 years.

→ Development projects

In 2014 the perimeter of this asset class changed following the exit of the asset Abruzzo Expansion, which is now generating income and was recognized as one the Abruzzo mall's assets, and the exit of the property "Piastra Commerciale Mazzini, which is no longer considered part of the Porta a Mare Project under which it had been classified through 31 December 2013.

At 31 December 2014 this asset class consisted of three plots of land on which the following retail projects are underway:

- Chioggia Retail park (VE): retail park with a GLA of 16,900 m^2, as per the last variant filed; work on the building began in December 2013 and the retail park should be opening in second half 2015.

- Expansion of ESP: extension of the mall in the ESP Shopping Center in Ravenna by a GLA of 19,000 m^2. In 2014 the Zoning Agreement was signed and the permits were obtained. The opening is expected to take place in second half 2016.

- Expansion of P.to Grande: extension of the Porto Grande Shopping Center in P.rto d'Ascoli (AP) following the construction of two midsize stores with a GLA of 5,000 m^2. Planning has been completed for this project and all the permits obtained. The opening is expected to take place by year-end 2016.

"Development projects" were valued at 31 December 2014 by the appraisers CBRE, REAG and Cushman & Wakefield based on the following percentages of FV:

DEVELOPMENT PROJECTS	31/12/2014
CBRE	37%
REAG Advisory	56%
Cushman & Wakefield	7%
Total	**100%**

Appraisers used the conversion, DCF and residual methods to value this asset class.

The total FV of this class of property at 31 December 2014 amounted to €54.49 million, an increase like-for-like of 39%, (approximately €15.29 million), due primarily to the progress made on the work at Chioggia which reached the final stages at the end of 2014.

→ Porta a Mare Project

The assets of Porta Medicea at 31 December 2014, owner of the Porta a Mare Project, were valued entirely by the independent appraiser CBRE using the conversion method.

The project can be broken down into the following areas:

- Piazza Mazzini (residential and retail) where sales of residential units began in 2013;

- Officine storiche (retail, residential) where work is expected to end by year-end 2017;

- Lips (retail, tourist services, and accommodations) where work is expected to begin in the second half of 2017.

- Molo Mediceo (retail and services) where work is expected to begin in 2018

- Arsenale (retail) where work is expected to begin in 2018.

The market value of this asset class at 31 December 2014 reached €85.84 million.

Excluding the residential units sold in the half and "Piastra commerciale Mazzini" reclassified definitively under "City Center", the market value fell -1.8% against 31.12.2013 (-€1.3 million) due primarily to the delayed start date for the work at the Molo, Lips and Arsenale areas.

The FV at 31 December 2014 includes the commercial properties that will continue to be owned by the IGD Group.

→ Other

The perimeter of this asset class was unchanged at 31 December 2014 with respect to the prior half and continues to comprise one store near the supermarket on via Aquileia in Ravenna and offices found inside the P.to Grande hypermarket in Porto D’Ascoli (Ascoli Piceno), an office next to the Miralfiore hypermarket, plus a wholesale zone and a fitness area pertaining to the Malatesta Shopping Center in Rimini.

This category includes the offices located on the second floor of the Centro Direzionale Bologna Business Park office building, where the IGD Group’s headquarters are located, leased to the Hera Group, as well as the offices located on the third and last floor which are leased to Librerie Coop.

The class of assets was valued at 31 December 2014 by the appraisers CBRE, REAG and Cushman & Wakefield based on the following percentages of FV:

OTHER	31/12/2014
CBRE	68%
REAG Advisory	25%
Cushman & Wakefield	7%
Total	**100%**

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

The market value of this class of property at 31 December 2014 amounted to €6.45 million, a slight drop of 1.87% (-€0.13 million) against the prior year.

Romania

In first half 2014 the perimeter of the real estate portfolio of the Romanian company Winmarkt changed as a result of the completion and opening of the tunnel connecting the Grand Center and Omnia centers in Ploiesti and the formation of a single shopping center of approximately 16,200 m^2 GLA.

The portfolio now comprises 14 shopping centers and an office building covering a total area of approximately 80,100 m^2. The Winmarkt properties were valued at 31 December 2014 by the appraisers CBRE and REAG based on the following percentages of FV:

WINMARKT	31/12/2014
CBRE	51%
Reag	49%
Total	**100%**

The DCF method was used by both independent experts. Reag applied a standard duration of 15 years and CBRE of 6 years.

The market value of this asset class at 31 December 2014 was €175.3 million, an increase of +€1.9 million (+1.1%), attributable entirely to shopping malls. The Gran Omnia mall in Ploiesti made the biggest contribution to the result.

After falling slightly in the first half, the fair value of the office building Junior in Ploiesti reached €3.40 million at 31 December 2014, in line with the prior year.

The gross initial yield at 31 December 2014 rose by 0.08% to 6.72%, while the gross cap out rate fell by -0.21% to 8.64%.

The discount rate was increased slightly with respect to the prior half coming in at 8.51% (+0.42%).

The financial occupancy rate for the Romanian portfolio at 31 December 2014 came to 86.4%, an improvement of 1.9% with respect to the prior year.

The most important real estate investments and development projects, as well as the accounting method used, are shown in the following table:

REAL ESTATE INVESTMENTS IGD GROUP (In €/000)	BOOK VALUE AT 31/12/2014	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2014	DATE OF LAST APPRAISAL
Hypermarkets and Supermarkets	602.18	fair value	602.18	Jan 2014 & Feb 2014
Shopping malls Italy	970.44	fair value	970.44	Jan 2014 & Feb 2014
City Center*	56.50	fair value	56.50	Jan 2014
Other	6.45	fair value	6.45	Jan 2014 & Feb 2014
Total Italy	**1,635.58**		**1,635.58**	
Shopping malls Romania	171.90	fair value	171.90	Jan 2014 & Feb 2014
Other Romania	3.40	fair value	3.40	Jan 2014 & Feb 2014
Total Romania	**175.30**		**175.30**	
Total IGD Group	**1,810.88**		**1,810.88**	

DIRECT DEVELOPMENT INITIATIVES	BOOK VALUE AT 31/12/2014	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2014	DATE OF LAST APPRAISAL
Direct Development Initiatives	**54.49**	**Fair value / adjusted cost**	**54.49**	**Jan 2014 & Feb 2014**

PORTA A MARE PROJECT	BOOK VALUE AT 31/12/2014	ACCOUNTING METHOD	MARKET VALUE AT 31/12/2014	DATE OF LAST APPRAISAL
Porta a Mare Project**	**85.84**	**Fair value / adjusted cost**	**85.84**	**Jan 2014**

TOTAL	INVESTMENT PROPERTY, PLOTS OF LAND, DEVELOPMENT PROJECTS, ASSET HELD FOR TRADING	MARKET VALUE, FREEHOLD PROPERTIES, PLOT OF LAND, DIRECT DEVELOPMENT PROJECTS, ASSETS HELD FOR TRADING	CHANGE
Total	**1,951.21**	**1,951.21**	**0.00**

* The figures includes the non-current assets held for sale
** The figure includes the portion of the retail units included in preliminary sales agreements with IGD SIIQ S.p.A. classified in the financial statements as works in progress and down payments.

The details of ongoing projects are shown below:

PROJECT	TYPE	LOCATION	GLA	COMPLETION DATE	ESTIMATED INVESTMENT (€/000)	BOOK VALUE AT 31.12.2014 (€/000)	% HELD	STATUS
ESP	Expansion	Ravenna	19.000 mq	2H 2016	ca. 51	20.20	100%	Signing of the Urban Convention and marketing authorization being finalized
PORTO GRANDE	Expansion	Porto d'Ascoli (AP)	5.000 mq	2H 2016	ca. 9,9	3.79	100%	Planning stage completed. All the construction permits have been issued
CHIOGGIA RETAIL PARK	New retail park	Chioggia (VE)	16.900 mq	1H 2015	ca. 39	30.50	100%	Work in progress; nearing completion
					Total	**54.49**		

2.6 Appraisals

CBRE

CBRE VALUATION S.P.A.
Via del Lauro 5/7
20121 Milano

Tel +39 02 655 670 1
Fax +39 02 655 670 50

Milan, January, the 22nd 2015

I.G.D.
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari Europei 1957-2007, n.13
40127 Bologna (BO)

CONTRACT N. 7375; 7376; 7377

Valuation certificate of the assets owned by IGD SIIQ Spa at 31/12/2014

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of owned and operating Shopping Galleries, Hypermarkets, retail and office portions and land lots . The scope of work is to value on the basis of the Market Value the freehold interest in the Properties of the Portfolio.

Italian Portfolio :

RIF	TIPOLOGIA ASSET	INDIRIZZO	DENOMINAZIONE	LOCALITÀ	PROV.
1	Galleria Commerciale	Via Po	Centro d'Abruzzo	San Giovanni Teatino	CH
1	Ipermercato	Via Po	Centro d'Abruzzo	San Giovanni Teatino	CH
1	Terreni/sviluppo	Via Po	Ampliamento Centro d'Abruzzo	San Giovanni Teatino	CH
3	Galleria Commerciale	Via Marco Bussato, 74	ESP	Ravenna	RA
3	Ipermercato	Via Marco Bussato, 74	ESP	Ravenna	RA
3	Terreno/Sviluppo	Via Marco Bussato, 74	Ampliamento ESP	Ravenna	RA
4	Galleria Commerciale	Via M.E. Lepido, 184	Centro Borgo	Bologna	BO
4	Ipermercato	Via M.E. Lepido, 184	Centro Borgo	Bologna	BO
5	Ipermercato	Via Marco Polo, 3	Lame	Bologna	BO
12	Galleria Commerciale	Via Santa Maria La Nuova, 1	Le Porte di Napoli	Afragola	NA
12	Ipermercato	Via Santa Maria La Nuova, 1	Le Porte di Napoli	Afragola	NA
13	Ipermercato	Via Gino Graziani, 6	Fonti del Corallo	Livorno	LI
16	Galleria Commerciale	Via Milanese, snc	Sarca	Sesto San Giovanni	MI
28	City Center	Via Rizzoli 16/18	Via Rizzoli	Bologna	BO
29	Uffici (via Trattati Comunitari)	Via dei Trattati Comunitari, 13	HERA	Bologna	BO
30	Uffici (via Trattati Comunitari)	Via dei Trattati Comunitari, 13	Librerie Coop	Bologna	BO
31	City Center	Piazza Mazzini	Piazza Mazzini	Livorno	LI
LIV	Investimenti	Via del Molo Mediceo	Porta a Mare	Livorno	LI

Winmarkt Portfolio - Romania,

RIF	SHOPPING CENTRE	TOWN
2	Big Shopping Centre	Ploiesti
3	Grand Centre + Omnia Shopping Complex	Ploiesti
4	Junior Office Building	Ploiesti
8	Cozia Shopping Centre	Ramnicu Valcea
12	Crinul Nou Shopping Centre	Alexandria
13	Oltul Shopping Centre	Slatina

Sede Legale e Amministrativa: Via del Lauro 5/7, 20121, Milano T +39 02 6556 701 F +39 02 6556 70 50
Sedi Secondarie: Via L. Bissolati 20, 00187, Roma T +39 06 4523 8501 F +39 06 4523 8531
Palazzo Paravia P.zza Statuto 18, 10122 Torino T +39 011 2272 901 F +39 011 2272 905
iscriz. reg. imprese presso c.c.i.a.a. n.04319600153 cod. fisc./partita i.v.a. 04319600153 cap. soc. € 500.000 i.v.
c.c.i.a.a. Milano 1004000
Società soggetta all'attività di direzione e coordinamento da parte della Società CBRE Ltd

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2014 on the basis of the criteria expressed herein.

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. Specifically, we have been provided with the details regarding the leasing status of each unit at the date of valuation; the related turnover data and variable rent received; other eventual income related to temporary lettings; sales area and gross area, both related to existing assets or buildings under construction; property tax, insurance, service charges of each asset.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Professional Standards, Latest Italian Edition (2014),* on the basis of "Market Value" which is defined as: "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 acted knowledgeably, prudently and without compulsion."

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically the criteria we applied to the different asset types are the following:

Shopping galleries, Hypermarkets, retail and office portions: Discounted Cash Flow analysis: based on the discounting back of the future cash flows generated by the property over a fixed holding period (typically 10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.
Land sites for new constructions or enlargement of the existing assets: Conversion/Transformation method, based on the discount, at the date of valuation, of the cash flows (deriving from rental incomes after completion of works) calculated over a period corresponding to the completion of works on the site in order to be fully operating, (cash flows are the results of the difference between incomes and costs) so the market value is the difference between the market value of the transformed area and the costs of development. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at an appropriate market capitalisation rate relating to investments similar to that in question, deducting costs required to the enlargement at valuation date.

LIMITATIONS AND ASSUMPTIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out, that can be summarised as follows.

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.

- The Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions.

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- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.
- No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.
- All data relating to the progress of construction works have been supplied to us by the Client.
- Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined all the deeds, leases or other documents relating thereto.
- Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.
- We have not measured the Property but have relied upon the floor areas provided.
- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.

VALUATION

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out here and in the full valuation report, of which the subject certificate is an extract, we are of the opinion that the market value of the properties owned by IGD SIIQ SpA as at 31st December 2014 is:

Market Value Euro 788.810.000,00 (Seven Hundred and Eighty-Eight Million Eight Hundred Ten Thousand Euro/00)

Yours faithfully

CBRE VALUATION S.p.A.

Mirko Baldini
(Managing Director)

For and on behalf of
CBRE Valuation Spa

Elena Gramaglia MRICS
(Associate Director)

For and on behalf of
CBRE Valuation Spa

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CBRE

CBRE VALUATION S.P.A.
Via del Lauro 5/7
20121 Milano

Tel +39 02 655 670 1
Fax +39 02 655 670 50

Milan, January, the 22nd 2015

I.G.D.
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari Europei 1957-2007, n.13
40127 Bologna (BO)

CONTRACT N. 7375; 7376; 7377

Valuation certificate of the properties owned by IGD SIIQ Spa at 31/12/2014 – excluding land lots but including Winmarkt Portfolio in Romania and business agreements owned by subsidiary companies

INTRODUCTION

In accordance with your instructions, we have determined the Market Value of the following assets owned by IGD SIIQ SpA:

Italian Portfolio :

RIF	TIPOLOGIA ASSET	INDIRIZZO	DENOMINAZIONE	LOCALITÀ	PROV.
1	Galleria Commerciale	Via Po	Centro d'Abruzzo	San Giovanni Teatino	CH
1	Ipermercato	Via Po	Centro d'Abruzzo	San Giovanni Teatino	CH
3	Galleria Commerciale	Via Marco Bussato, 74	ESP	Ravenna	RA
3	Ipermercato	Via Marco Bussato, 74	ESP	Ravenna	RA
4	Galleria Commerciale	Via M.E. Lepido, 184	Centro Borgo	Bologna	BO
4	Ipermercato	Via M.E. Lepido, 184	Centro Borgo	Bologna	BO
5	Ipermercato	Via Marco Polo, 3	Lame	Bologna	BO
12	Galleria Commerciale	Via Santa Maria La Nuova, 1	Le Porte di Napoli	Afragola	NA
12	Ipermercato	Via Santa Maria La Nuova, 1	Le Porte di Napoli	Afragola	NA
13	Ipermercato	Via Gino Graziani, 6	Fonti del Corallo	Livorno	LI
16	Galleria Commerciale	Via Milanese, snc	Sarca	Sesto San Giovanni	MI
28	City Center	Via Rizzoli 16/18	Via Rizzoli	Bologna	BO
29	Uffici (via Trattati Comunitari)	Via dei Trattati Comunitari, 13	HERA	Bologna	BO
30	Uffici (via Trattati Comunitari)	Via dei Trattati Comunitari, 13	Librerie Coop	Bologna	BO
31	City Center	Piazza Mazzini	Piazza Mazzini	Livorno	LI

Winmarkt Portfolio - Romania,

RIF	SHOPPING CENTRE	TOWN
2	Big Shopping Centre	Ploiesti
3	Grand Centre + Omnia Shopping Complex	Ploiesti
4	Junior Office Building	Ploiesti
8	Cozia Shopping Centre	Ramnicu Valcea
12	Crinul Nou Shopping Centre	Alexandria
13	Oltul Shopping Centre	Slatina

We have made all appropriate enquiries in order to inform you as to the Market Value of the properties as at 31st December 2014 on the basis of the criteria expressed herein.

The valuation of the subject assets has been performed on the basis of the information supplied to us by the Client. Specifically, we have been provided with: details regarding the leasing status of each unit at the date of valuation; the related turnover data and variable rent received; other eventual income related to temporary lettings; sales area and gross area, both related to existing assets or buildings under construction; property tax, insurance, service charges of each asset.

DEFINITION OF MARKET VALUE

The valuation has been prepared in accordance with The *RICS Valuation Professional Standards, Latest Italian Edition (2014)*, on the basis of "Market Value" which is defined as: "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 acted knowledgeably, prudently and without compulsion."

VALUATION CRITERIA

The valuation of the assets in question has been performed on the basis of commonly used and accepted valuation criteria. Specifically the criteria we applied to the different asset types are the following:

- Market Value of operating shopping galleries, Hypermarkets; of office and retail portions; of the leasehold interest of the shopping gallery whose business lease is held by a subsidiary company.

The criterion applied to the above listed assets is the:

- **Discounted Cash Flow analysis**: based on the discounting back of the future cash flows generated by the property over a fixed holding period (10 years), that refers to the lease contracts duration. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the final year net income at a right market capitalisation rate relating to investments similar to that in question.

LIMITATIONS TO THE SUBJECT REPORT

This valuation certificate has been carried out according to the instructions received and on the basis of the building documentation provided by the owner or its representative. However, there are a number of limitations inherent to this certificate, which we should point out and which can be summarised as follows.

- No research has been carried out relating to the properties structural analyses, to the cadastral, mortgage or other situations or to their equipment and machineries. We have not verified the presence of asbestos or other any toxic substances and assume that none exist.
- The Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions.
- All buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use.
- No legal, fiscal or financial aspects have been considered other than those explicitly quoted below.
- Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined all the deeds, leases or other documents relating thereto.
- Rental values indicated in our report are those which have been adopted by us as appropriate in

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assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

- We have not measured the Property but have relied upon the floor areas provided.
- In accordance with IGD SIIQ, we have not taken into account the eventual future conversion into Law and application of art. 3 "Razionalizzazione del patrimonio pubblico e riduzione dei costi per le locazioni passive" of the Decree n. 95 - 6 July 2012 "Spending Review" which may have an impact on the Market Value of some of the assets.

VALUATION

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge, and subject to the "General Principles" and the specific comments and assumptions which are set out in the report, we are of the opinion that the current market value of the properties owned by IGD SIIQ SpA as at 31st December 2014, listed in the introduction is:

Asset owned by **IGD + WINMARKT**:
Market Value Euro 682.770.000,00
(Six Hundred Eighty Two Million Seven Hundred Seventy Thousand Euro/00)

Yours faithfully

CBRE VALUATION S.p.A.

Mirko Baldini
(Managing Director)

For and on behalf of
CBRE Valuation Spa

Elena Gramaglia MRICS
(Associate Director)

For and on behalf of
CBRE Valuation Spa

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Strictly Confidential – For Addressee Only

Cushman & Wakefield LLP
Via Filippo Turati 16/18
20121 Milano

Tel. +39 02 63799.1
Fax +39 02 63799.250
PEC: finance@pec.cwllp.it
www.cushmanwakefield.com

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO**
REPORT DATE:	**19 JANUARY 2015**
VALUATION DATE:	**31 DECEMBER 2014**

1. INSTRUCTIONS

1.1 THE PROPERTIES

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

GRUPPO IGD PORTFOLIO			
#	Location	Province	Property
1	Conegliano	TV	Conè
2	Crema	CR	Gran Rondo'
3	San Benedetto del Tronto (Porto d'Ascoli)	AP	Porto Grande
4	Rovereto	TN	Millenium Center
5	Imola	BO	Leonardo Hypermarket
6	Pesaro	PU	Miralfiore Hypermarket
7	Cesano di Senigallia	AN	Il Maestrale Hypermarket
8	Cesena	FC	Lungo Savio
9	Ascoli Piceno	AP	Città delle Stelle
10	Cecina	LI	Supermarket
11	Civita Castellana	VT	Hypermarket
12	Schio	VI	Hypermarket
13	Cesena	FC	Hypermarket

Detailed reports relating to the Properties are enclosed under Attachment 1 of *Ref: IGD-GruppoIGD-CertVal-141231-02-ITA.*

1.2 PURPOSE OF VALUATION

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

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

1.3 COMPLIANCE WITH RICS "RED BOOK"

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards current at the date of the report (the "Red Book") by valuers conforming to its requirements, acting as external valuer.

1.4 DISCLOSURE OF CONFLICT OF INTEREST

We confirm that we have no conflict of interest in carrying out this assignment.

1.5 BASIS OF VALUATION

As per instruction and according to the RICS Valuation – Professional Standards, the valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

VS 3.2 defines the Market Value as follows:

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

MARKET RENT

VS 3.3 defines the Market Rent as follows:

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

1.6 CONFIRMATION OF TERMS OF ENGAGEMENT

A copy of our confirmation letter *Ns Ref: VAL/CLI/IGD-Portfolio2014-ConfIncarico-140506-02-fp.docx* dated 6 May 2014, a copy of the addendum to the instruction letter *Ns Ref: VAL/CLI/IGD-LettIntegrativaIncarico-141031-01-mcl* dated 3 November 2014, together with a copy of the confirmation fax signed by you, are enclosed to this report under Attachment II.

1.7 THIRD PARTY LIABILITY

The valuation has been carried out on behalf of Gruppo IGD and no responsibility is accepted to any third party in respect of its contents.

1.8 VALUERS

This valuation has been undertaken by the team of professionals of Cushman & Wakefield Valuation & Advisory and reviewed by Francesca Prandi MRICS and Mariacristina Laria MRICS and Joachim Sandberg FRICS.

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Valuation Principles and Principal Terms and Conditions of Appointment as Valuers' as listed under Attachment I of this report.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 31 December 2014.

4. INSPECTIONS

As described in the relevant valuation reports hereto attached enclosed under Attachment I of *Ref: IGD-GruppoIGD-CertVal-141231-02-ITA*, all Properties, excluding Lungo Savio Retail Gallery, were inspected both internally and externally during the site visits carried out for the previous June 2014 valuations.

Our comments on the state of repair are limited to the state of maintenance which is visible from a cursory visit and they are not intended to be technical due diligence.

In particular, we did not have access to non public areas and the roof which are assumed in good state of repair.

We have not measured the Properties nor carried out check-measurements but have relied on the GLAs that have been supplied to us. We assume that these have been calculated on an appropriate basis.

5. INFORMATION SUPPLIED

The Valuations were prepared on the basis of information that has been supplied to us by Gruppo IGD, which we have assumed to be complete and correct for our purposes.

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGD-CertVal-141231-02-ITA*.

We have relied on the information supplied to us as being complete, updated and correct as we have not been instructed to carry out any due diligence activity.

6. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-141231-02-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-141231-02-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGD-CertVal-141231-02-ITA*.

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

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

8. VALUATION CERTAINTY

Where uncertainty could have a material effect on an opinion of value, the Red Book requires a valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The Italian real estate market is extremely volatile at the moment. For this reason we have to register that our opinion has required a greater degree of judgment than is usual in stable market conditions.

9. MARKET VALUE

Subject to the contents of this report we consider that the Market Value (net of purchaser's costs) of the Properties forming part of the portfolio and spilt as per your request, as at 31 December 2014, may fairly be estimated as:

€411,380,000

(Four hundred eleven million three hundred eighty thousand Euros)

The Properties have been valued on an individual basis. The sum of the Market Values of the single Properties does not represent the Market Value of the portfolio in its entirety.

More details are included in the Full Valuation Reports *Ref: IGD-GruppoIGD-CertVal-141231-02-ITA.*

As per your request we report the Value gross of purchaser's costs, which is equal to €417,599,169.

10. CONFIDENTIALITY

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of the whole or any part of its contents.

IGD-GRUPPOIGD-VALCERTPERBILANCIO-141231-02-ENG

11. DISCLOSURE AND PUBLICATION

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

FOR AND ON BEHALF OF CUSHMAN & WAKEFIELD LLP

JOACHIM SANDBERG FRICS
Partner

FRANCESCA PRANDI MRICS
Partner

MARIACRISTINA LARIA MRICS
Partner

Attachments that form part of this report:

ATTACHMENT I GENERAL VALUATION PRINCIPLES AND PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS

ATTACHMENT II INSTRUCTION LETTER ADDENDUM AND CONFIRMATION FAX

Strictly Confidential – For Addressee Only

Cushman & Wakefield LLP
Via Filippo Turati 16/18
20121 Milano

Tel. +39 02 63799.1
Fax +39 02 63799.250
PEC: finance@pec.cwllp.it
www.cushmanwakefield.com

TO:	**GRUPPO IGD**
ATTENTION:	**MR. ROBERTO ZOIA**
PROPERTY:	**REAL ESTATE PORTFOLIO (excluding buildable land)**
REPORT DATE:	**19 JANUARY 2015**
VALUATION DATE:	**31 DECEMBER 2014**

1. INSTRUCTIONS

1.1 THE PROPERTIES

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

GRUPPO IGD PORTFOLIO excluding buildable land and development project

#	Location	Province	Property
1	Conegliano	Treviso	Conè
2	Crema	Cremona	Gran Rondo'
3	San Benedetto del Tronto (Porto d'Ascoli)	Ascoli Piceno	Porto Grande (excluding buildable land)
4	Rovereto	Trento	Millenium Center
5	Imola	Bologna	Leonardo Hypermarket
6	Pesaro	Pesaro Urbino	Miralfiore Hypermarket
7	Cesano di Senigallia	Ancona	Il Maestrale Hypermarket
8	Cesena	FC	Lungo Savio
9	Ascoli Piceno	AP	Città delle Stelle
10	Cecina	LI	Supermarket
11	Civita Castellana	VT	Hypermarket
12	Schio	VI	Hypermarket
13	Cesena	FC	Hypermarket

More details relating to the Properties are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-ITA.*

1.2 PURPOSE OF VALUATION

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

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

1.3 COMPLIANCE WITH RICS "RED BOOK"

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards current at the date of the report (the "Red Book") by valuers conforming to its requirements, acting as external valuer.

1.4 DISCLOSURE OF CONFLICT OF INTEREST

We confirm that we have no conflict of interest in carrying out this assignment.

1.5 BASIS OF VALUATION

As per instruction and according to the RICS Valuation – Professional Standards, the valuation has been prepared on the basis of Market Value and Market Rent and adopts the following definitions contained in the Red Book:

MARKET VALUE

VS 3.2 defines the Market Value as follows:

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

MARKET RENT

VS 3.3 defines the Market Rent as follows:

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

1.6 CONFIRMATION OF TERMS OF ENGAGEMENT

A copy of our confirmation letter *Ns Ref: VAL/CLI/IGD-Portfolio2014-ConfIncarico-140506-02-fp.docx* dated 6 May 2014, a copy of the addendum to the instruction letter *Ns Ref: VAL/CLI/IGD-LettIntegrativaIncarico-141031-01-mcl* dated 3 November 2014, together with a copy of the confirmation fax signed by you, are enclosed to this report under Attachment II.

1.7 THIRD PARTY LIABILITY

The valuation has been carried out on behalf of Gruppo IGD and no responsibility is accepted to any third party in respect of its contents.

1.8 VALUERS

This valuation has been undertaken by the team of professionals of Cushman & Wakefield Valuation & Advisory and reviewed by Francesca Prandi MRICS and Mariacristina Laria MRICS and Joachim Sandberg FRICS.

2. ASSUMPTIONS & SPECIAL ASSUMPTIONS

This valuation report and its contents are subject to the general Assumptions contained in our 'General Valuation Principles and Principal Terms and Conditions of Appointment as Valuers' attached.

This valuation is not subject to any Special Assumptions.

3. DATE OF VALUATION

The date of valuation is 31 December 2014.

4. INSPECTIONS

As described in the relevant valuation reports enclosed under Attachment I of *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-ITA*, all Properties, excluding Lungo Savio Retail Gallery, were inspected both internally and externally during the site visits carried out for the previous June 2014 valuations

We inspected the Properties as stated in the relevant Full Property Reports. Our comments on the state of repair are limited to the state of maintenance which is visible from a cursory visit and they are not intended to be technical due diligence.

In particular, we did not have access to non public areas and the roof which are assumed in good state of repair.

We have not measured the Properties nor carried out check-measurements but have relied on the GLAs that have been supplied to us. We assume that these have been calculated on an appropriate basis.

5. INFORMATION SUPPLIED

The Valuations were prepared on the basis of information that has been supplied to us by Gruppo IGD, which we have assumed to be complete and correct for our purposes.

Details on the information supplied for each Property is provided within the Full Property Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-ITA*.

We have relied on the information supplied to us as being complete, updated and correct as we have not been instructed to carry out any due diligence activity.

6. GENERAL PRINCIPLES

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

Unless otherwise stated in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-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-141231-02-ITA*, our valuations are on the basis that the Properties have been erected in accordance with a valid planning permission and are being occupied and used without any contravention.

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

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

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

7. VALUATION METHODOLOGY

In the following paragraph we provide a brief description of the methodology used to arrive at the Market Value of the Properties. For further details, please refer to the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-ITA*.

7.1 DCF ANALYSIS (DISCOUNTED CASH FLOW ANALYSIS)

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

The algebraic sum of the discounted cash flows represents the gross value of the Property from which, once deducted the purchaser's costs, we obtain the Market Value.

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

8. VALUATION CERTAINTY

Where uncertainty could have a material effect on an opinion of value, the Red Book requires a valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The Italian real estate market is extremely volatile at the moment. For this reason we have to register that our opinion has required a greater degree of judgment than is usual in stable market conditions.

9. MARKET VALUE

Subject to the contents of this report we consider that the Market Value (net of purchaser's costs) of the Properties forming part of the portfolio (excluding buildable land and development project) and spilt as per your request, as at 31 December 2014, may fairly be estimated as:

€407,680,000

(Four hundred seven million six hundred eight thousand Euros)

The Properties have been valued on an individual basis. The sum of the Market Values of the single Properties does not represent the Market Value of the portfolio in its entirety.

More details are included in the Full Valuation Reports *Ref. IGD-GruppoIGDNoSviluppi-CertVal-141231-02-ITA.*

As per your request we report the Value gross of purchaser's costs, which is equal to €413.813.248.

10. CONFIDENTIALITY

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of the whole or any part of its contents.

11. DISCLOSURE AND PUBLICATION

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

FOR AND ON BEHALF OF CUSHMAN & WAKEFIELD LLP

JOACHIM SANDBERG FRICS
Partner

FRANCESCA PRANDI MRICS
Partner

MARIACRISTINA LARIA MRICS
Partner

Attachments that form part of this report:

ATTACHMENT I	GENERAL VALUATION PRINCIPLES AND PRINCIPAL TERMS AND CONDITIONS OF APPOINTMENT AS VALUERS
ATTACHMENT II	INSTRUCTION LETTER, ADDENDUM AND CONFIRMATION FAX

REAG Real Estate Advisory Group SpA
a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB - Italy
Tel. +39 039 6423.1
Fax +39 039 6058427
italy@reag-aa.com

Sede Legale
Via Monte Rosa, 91
20149 Milano - Italy
Capitale Sociale € 1.000.000,00 i.v.
R.E.A. Milano 1047058
C.F. / Reg. Imprese / P. IVA 05881660152

REAL ESTATE ADVISORY GROUP

Agrate Brianza, 20th February 2015

Ref. n° 9006,01-9007,01-9008,01

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

To the kind attention of Mr Roberto Zoia

Subject: **Determination of the Market Value as of December 31st of a real estate portfolio consisting of of n. 12 real estate assts intended for commercial use and located on the italian territory and n. 9 department stores located on the romanian territory, indicated as owned by GRUPPO IGD S.p.A.**

Dear sirs,

in compliance with Your request, REAG – Real Estate Advisory Group carried out the valuation of a real estate portfolio, indicated as owned by GRUPPO IGD S.p.A. (hereinafter the Client), in oder to determine the market value as of December 31st 2014.

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.

REAL ESTATE ADVISORY GROUP

Definitions

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

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

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

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

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

"Market Rent" (MR) is " (…) the estimated amount for which a property, or space within a Property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion". (Valuation Standard RICS, January 2014).

Valuation criteria

Valuations Asset by Asset of the entire portfolio have been carried out considering the conditions set out in drafts of leases and rent of business unit and individual "rent roll" provided by the Ownership, reflecting the rental situation as of December 2014.

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.

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REAG moreover:

- Carried out during December 2014 site inspections on the Properties located in Ferrara, Chioggia, Roma, Guidonia, Palermo and Gravina di Catania to find out all the information (building qualities, preservation condition, etc,) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the informations 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;

- Carried out the catchments area analyses of the Properties located in Ferrara and Chioggia;

- Considered the rental sistuation at the date of the appraisal and indicated by the Client.

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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.

R E A L E S T A T E A D V I S O R Y G R O U P

Given the above considerations

It is our opinion that, as of December 31st, 2014, the **Market Value** of the subject Properties can reasonably be expressed as follows:

	CITTA'	PROV.	IMMOBILE	TIPOLOGIA CC	TIPOLOGIA IMMOBILE
1	RIMINI	RN	C.C. I MALATESTA	IPER + AREA FITNESS + AREA INGROSSO	IPER
					AREA FITNESS
					AREA INGROSSO
2	FERRARA	FE	C.C. LA DARSENA	GALLERIA	GALLERIA
3	FAENZA	RA	C.C. LE MAIOLICHE	GALLERIA +IPER	GALLERIA
					IPER
4	LUGO	RA	C.C. GLOBO	IPER	IPER
5	RAVENNA	RA	VIA AQUILEIA	SUPERMERCATO + NEGOZIO	SUPERMERCATO
					NEGOZIO
6	MONDOVI'	CN	C.C. MONDOVICINO	GALLERIA + RETAIL PARK	GALLERIA
					RETAIL PARK
7	ISOLA D'ASTI	AT	C.C. I BRICCHI	GALLERIA	GALLERIA
8	ROMA	RM	C.C. CASILINO	GALLERIA +IPER	GALLERIA
					IPER
9	GUIDONIA	RM	C.C. TIBURTINO	GALLERIA + SUPERMERCATO	GALLERIA
					SUPERMERCATO
10	GRAVINA DI CATANIA	CT	CC KATANE'	GALLERIA +IPER	GALLERIA
					IPER
11	PALERMO	PA	CC LA TORRE	GALLERIA +IPER	GALLERIA
					IPER
12	CHIOGGIA	VE	CHIOGGIA RETAIL PARK	MALL + IPER	MALL
					IPER

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R E A L ESTATE ADVISORY GROUP

	ROMANIA		
	CITTA'	IMMOBILE	TIPOLOGIA
1	TURDA	S.C. BIG	DEPARTMENT STORE
2	CLUJ NAPOCA	S.C. SOMES	DEPARTMENT STORE
3	BISTRITA	S.C. MAGURA	DEPARTMENT STORE
4	GALATI	S.C. MODERN	DEPARTMENT STORE
5	PIATRA NEAMT	S.C. PETRODAVA	DEPARTMENT STORE
6	VASLUI	S.C. CENTRAL	DEPARTMENT STORE
7	BRAILA	S.C. DUNAREA	DEPARTMENT STORE
8	TULCEA	S.C. DIANA	DEPARTMENT STORE
9	BUZAU	S.C. DACIA	DEPARTMENT STORE

Euro 744.800.000,00

(Euro Sevenhundredfortyfourthousandmillioneighthundredthousand/00)

Supervision and control:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.

Osvaldo Rigamonti
Senior Director

An American Appraisal company

REAG Real Estate Advisory Group SpA
a socio unico
Direzione Generale
Centro Direzionale Colleoni
Palazzo Cassiopea 3
20864 Agrate Brianza MB - Italy
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REAL ESTATE ADVISORY GROUP

Agrate Brianza, 20th February 2015

Ref. n° 9006,01-9007,01-9008,01

Messrs

GRUPPO IGD S.p.A.

Immobiliare Grande Distribuzione

Via Trattati Comunitari Europei 1957-2007, n. 13

40127 Bologna

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Dear sirs,

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

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

R E A L
E S T A T E
A D V I S O R Y
G R O U P

REAG moreover:

- Carried out during December 2014 site inspections on the Properties located in Ferrara, Roma, Guidonia, Palermo and Gravina di Catania to find out all the information (building qualities, preservation condition, etc,) necessary to elaborate the appraisals themselves, in addition to the information given by Client; no site inspections were carried on the other properties, REAG based the appraisals on the informations already known.

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- 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;

- Carried out the catchment area analys of the Property located in Ferrara;

- Considered the rental sistuation at the date of the appraisal and indicated by the Client.

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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;
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- 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:

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- Technical-financial elaborations;

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

REAL ESTATE ADVISORY GROUP

Given the above considerations

It is our opinion that, as of December 31st, 2014, the **Market Value** of the subject Properties can reasonably be expressed as follows:

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3	FAENZA	RA	C.C. LE MAIOLICHE	GALLERIA +IPER	GALLERIA
					IPER
4	LUGO	RA	C.C. GLOBO	IPER	IPER
5	RAVENNA	RA	VIA AQUILEIA	SUPERMERCATO + NEGOZIO	SUPERMERCATO
					NEGOZIO
6	MONDOVI'	CN	C.C. MONDOVICINO	GALLERIA + RETAIL PARK	GALLERIA
					RETAIL PARK
7	ISOLA D'ASTI	AT	C.C. I BRICCHI	GALLERIA	GALLERIA
8	ROMA	RM	C.C. CASILINO	GALLERIA +IPER	GALLERIA
					IPER
9	GUIDONIA	RM	C.C. TIBURTINO	GALLERIA + SUPERMERCATO	GALLERIA
					SUPERMERCATO
10	GRAVINA DI CATANIA	CT	CC KATANE'	GALLERIA +IPER	GALLERIA
					IPER
11	PALERMO	PA	CC LA TORRE	GALLERIA +IPER	GALLERIA
					IPER

An American Appraisal company

REAL ESTATE ADVISORY GROUP

	ROMANIA		
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9	BUZAU	S.C. DACIA	DEPARTMENT STORE

Euro 714.300.000,00

(Euro Sevenhundredfourteenmillionthreehundredthousand/00)

Supervision and control:
Savino Natalicchio
Engagement Manager

REAG – Real Estate Advisory Group S.p.A.
Osvaldo Rigamonti
Senior Director

An American Appraisal company

2.7 The SIIQ Regulatory Environment

The special SIIQ regime was introduced under Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (the 2007 budget law). The regulatory framework was completed when the Ministry of Economics and Finance issued the **Founding Law** as Regulation n. 174/2007 which was subsequently interpreted by the Tax Office in **Bulletin** n. 8/E issued on 31 January 2008.

Subsequently, pursuant to Art. 12 of Legislative Decree n. 135 dated 25 September 2009 a new paragraph, 141-*bis*, of Art. 1 of Law n. 296 dated 27 December 2006, was introduced eliminating the Italian residency requirement for the companies that intend to participate in the SIIQ regime. Further reference was made in this regard in the Tax Board's Resolution n. 136 of 27 December 2010.

Lastly, based on Art. 20 of legislative decree n. 133 dated 12 Septembere 2014, n. 133, effective 13 September and converted, with amendments, in Law n. 164 on 11 November 2014 introduced a few substantive changes to the special regime. The most important of the changes made are the ones relating to eligibility for the special regime, the distribution of income generated by exempt operations and the broadening of the scope of operations exempt from taxation.

More in detail, with regard to elibility requirements, the decree resulted in (i) more stringent **Ownership Requirements,** raising the threshold for a single shareholder from 51% to 60% of the voting and dividend rights (the so-called **"Control limit"**) and the percentage of shareholders who must have interests of less than 2% of voting and dividend rights when the option is exercised was lowered from 35% to 25% (the so called **"Float requisite"**), and (ii) the scope of the parameters relating to the economic elements and assets (the so called **"Asset Test"** and **"Profit Test"**) used to satisfy the **Objective requirements** was broadened.

The distribution requirement, namely the amount of the income generated by exempt operations that must be distributed each year upon approval of the annual report, was lowered from 85% to 70%.

Lastly, based on the decree 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. 50% of the capital gains must be distributed within two years of their realization (rather than 70% upon approval of the annual report).

As no specific indications were provided about the effective date of the regulatory changes relating to the income to be included under exempt operations, as well as the provisions that will directly impact the calculation of exempt and taxable income, it was viewed as appropriate, in accordance with Art. 3 of Law n. 212 of 27 July, to apply the provisions beginning the tax period subsequent to the date in which the decree took effect.

Taking into account the amendments called for in the above mentioned law decree n. 133 dated 12 September 2014, the 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

- rules must be adopted which regulate investments
- limits on the concentration of investment and counterparty risk must be provided for
- limits on the maximum financial leverage permitted must be provided for.

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 hold less than 2% of the voting rights exercisable in ordinary Shareholders' Meetings and less 2% of the dividend rights, the so called **"Float requisite"**.

Objective requirements

- freehold rental properties must make up 80% of the real estate assets, the so-called **"Asset Test"**
- revenues from rental activities must total at least 80% of the positive entries in the income statement, the so-called **"Profit Test"**.

The failure to comply with the most important conditions for 3 consecutive years will result in ineligibility under the special regime and the ordinary rules and regulations will be applied beginning as of the third of the years considered.

The primary characteristic of this special regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.

Given the fact that income generated by the SIIQ is subject to income tax solely when distributed to shareholders, the law requires that a minumum of the rental income must be distributed (the percentage was reduced pursuant to Decree 133/2014 from 85% to 70%).

With regard to the verification of eligibility, based on the same law the subjective, statutory and ownership requisites must be met before the option is exercised while the verification of the objective requisites is done after the close of the financial statements for the year in which the option was exercised.

In April 2008, once it was clear that all the subjective, statutory and ownership requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.

Furthermore, for the purposes of SIIQ status, the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets, the real property rights on same, the plots of land 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**).

Pursuant to paragraph 128, Art. 1 of the Founding Law, IGD opted to pay the Entry Tax of €30,797,217 in five yearly installments.

The payment of each installment coincides with the deadline for IRES payments related to the prior tax period. The installments subsequent to the payment of the first installment will be paid with the interest matured calculated based on the discount rate plus one percentage point. As mentioned above, pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes at least 70% of same. In this regard, on 15 April 2014 the Shareholders' Meeting approved payment of a dividend totalling €22,620,112 for 2013 and the earnings distributed were generated entirely by exempt operations and amounted to not less than 85% of the earnings from these operations that were distributable.

Based on the parent company's financial statements at 31 December 2014 both 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.

→ Disclosure regarding compliance with corporate by-law requirements (art. 3, p. 2, ministerial decree n. 174 of 7 July 2007)

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 by-laws 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 by-laws that:

- *"income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income".*

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

With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's by-laws that:

- *"the maximum permitted financial leverage, at a company or group level, is 85 percent of equity".*

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

2.8 Organization and human resources

In 2014 the IGD Group witnessed a livelier labor market, introduced new roles within certain divisions and also used temporary workers, which resulted in positive turnover.

Their was one exit linked to retirement and the CEO of the Romanian company Winmarkt tendered his resignation. He was substituted by a resource that was already part of the company.

→ Organizational structure

One resource was added to the Asset Management division and to the Marketing division, a graduate was hired following completion of her internship in Marketing to become a Marketing Analyst and to work on the CSR. Three outgoing employees were substituted in administration, general services and legal affairs, respectively, and temporary absences linked to maternity leave and studies were covered.

One resource was added to the commercial network following the opening of Piazza Mazzini in Livorno, while the number of white collar workers was unchanged.

With regard to the **Winmarkt** Group, in 2013 the staff was changed to include:

- 1 Property account executive - asset management department
- 1 PR
- 1 Legal advisor - legal affairs department
- 1 Area manager - retail department.

→ Staff and turnover

The staff increased by two heads.

The data relating to the domestic market show:

- an increase in the use of temporary contracts (still very limited in absolute terms) as turnover increased;
- a stabilization in career paths;
- a slight increase in the number of men.

The average age and the average level of education were unchanged.

IGD GROUP ITALY AT 31/12/2014	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	OF WHICH FIXED TERM	TOTAL	PERCENTAGE
MEN	**3**	**13**	**25**	**13**	**(2)**	**54**	**46%**
WOMEN	**1**	**7**	**23**	**32**	**(4)**	**63**	**54%**
TOTAL	**4**	**20**	**48**	**45**	**(6)**	**117**	
Percentage	3%	17%	41%	39%		100%	100%
Percentage of total employees					(5%)		
Comparison with 2013						+2	+1.8%

TURNOVER ITALY 2014 (INCLUDING FIXED TERM RESOURCES)	HIRES	RESIGNED	DIFFERENCE
Managers	0	-1	-1
Middle managers	0	0	0
Junior managers	1	0	1
Clerks	6	-4	3
TOTAL	**7**	**-5**	**2**

WINMARKT GROUP ROMANIA 31/12/2014	EXECUTIVES	MIDDLE MANAGERS	JUNIOR MANAGERS	CLERKS	TOTAL
MEN	**1**	**3**	**14**	**3**	**21**
WOMEN	**0**	**2**	**8**	**20**	**30**
TOTAL	**1**	**5**	**22**	**23**	**51**
%	2%	10%	43%	45%	100%

TURNOVER ROMANIA 2014	HIRES	RESIGNED	DIFFERENCE
Managers	0	0	0
Middle managers	0	0	0
Junior managers	6	3	3
Clerks	4	3	1
TOTAL	**10**	**6**	**4**

Compensation policies

The fully implemented personnel evaluation system was used to evaluate the work done by 60 employees or 55.5% of the full-time staff, excluding executives, and 15 merit based pay raises.

In order to promote the growth and development of the resources within the Winmarkt Group, in 2014 a premier recruitment company was used to find senior and junior managers. Their preparation was rounded off with internal tuturing which resulted in an upgrade in the top management.

Training

As usual, in 2014 particular attention was paid to the training programs offered.

The training offered included:

- **English language courses,** as needed based on the employee's duties;
- **refresher and advanced courses** relating to changes in laws and division specific activities;
- **updates on the Organizational Model developed in accordance with Legislative Decree 231**
- **training relating to ISO certification**
- **safety,** with general training of new hires and specific training of managers in accordance with T.U. n. 81;
- **corporate sustainability** in order to introduce the principles of the sustainability report to clerks (the last category to receive this training);
- **completion of the "Grow to compete" project with the working groups ending their work on professional and personal growth in order to enhance competitiveness,** offered initially to middle managers and subsequently to all employees during the company convention in December.

The initiative concluded the project kicked off in 2012 focused on the definition and application of the expertise needed to improve competitiveness, as well as topics relating to self-development, which involved just about the entire staff.

As in prior years, 100% of the company was involved in at least one training course in 2014. A total of 2,730 hours of training was offered with a total cost of approximately €70,000 (approximately €650 per employee).

Training within the Winmarkt Group focused on:

- retail/technical workshop relating to important retail openings (H&M Piatra Neamt)
- the real estate market: refresher courses regarding the latest international and local market trends and developments, including relating specifically to the retail sector
- professional refresher courses: training courses focused on individual professional development for the members of the commercial, technical, legal and administrative departments
- motivational/professional team building for the entire commercial staff (headquarters and network).

In 2013 about 90% of the entire staff was involved in the quality training hours offered designed to meet specific departmental needs,

2.9 Subsequent events

On 15 January 2015 Immobiliare Grande Distribuzione SIIQ S.p.A.signed a preliminary agreement, subject to conditions precedent, for the sale of the property complex on Via Rizzoli in the historic heart of Bologna. The complex, comprised of buidings that are adjacent and connected to one another, has a GLA of 2,350 m2, spread out over three floors, and is leased in its entirety to two premier retailers. IGD purchased the complex in 2011. The definitive agreement will be signed by 30 June 2015 at total sales price of €29.4 million with payment of a down payment/security deposit of €2.94 million and the balance at the closing. The total sales price is above the appraised value shown in the independent expert's appraisals at 30 June 2014 and at 31 December 2014.

On 28 January 2015 the purchase was finalized of 20% of the share capital of UnipolSai Investimenti SGR S.p.A., a wholly-owned subsidiary of UnipolSai, for €4.2 million after having received authorization from the Bank of Italy on 16 December 2014 in accordance with Art. 15 of Legislative Decree 58/98.

2.10 Outlook

2015 began with a global market environment that leaves room for moderate optimism, thanks to the strengthening of the Euro against the USD, the drop in oil prices and financing costs, which continue to be limited. Even though the timid signs of a recovery in consumption in Italy continue to make it economically difficult for some retailers, the Group is proceeding with the policy to reduce the use of temporary reductions granted in the past. The Company is also committed to moving forward with the investments in the committed pipeline: the opening of the new retail park in Chioggia, the restyling of Sarca and Centro Borgo, as well as the work on the ESP extension in Ravenna which should open in 2016.

Thanks to the completion of the €199.68 million capital increase in October not only was IGD able to finance the acquisition of a core portfolio, but the Company also significantly improved its financial soundnes. Far-reaching changes, therefore, in terms of both the profile of the portfolio and the financial equilibrium, which will positively impact the income statement over the coming years.

2.11 IGD SIIQ SPA's and the Group's Primary Risks and Uncertainties

In the future the Group's earnings and financial situation could be influenced by a series of risk factors.

In order to systematically assess and monitor its risks, IGD SiiQ SpA implemented an Enterprise Risk Management (ERM) system which conforms to the highest international standards and the COSO framework (promoted by the Committee of Sponsoring Organizations of the Treadway Commission). This system provides a systematic approach to identifying the primary corporate risks, making it possible to assess the potential negative effects in advance and organize control mechanisms.

The Company monitors these risks using a model based on Key Risk Indicators, which assists management in assessing the residual exposure relative to each type of risk. The primary risks that IGD faces and manages are listed below.

1. Strategic risks:

→ 1.1 Risks associated with change in the macro and micro economic scenarios or consumer trends

Risk factors:

- change in growth rates;
- inflation;
- change in consumer volumes and trends,

which could negatively impact the Group's revenue and the value of its assets.

Risk management:

Periodically the Company monitors the Italian economic situation, particularly when defining or updating the Business plan or annual budget. The analyses include a study of Italy's principal macroeconomic indicators (GDP, consumption, family income, etc.).

While these studies are being conducted, the Company also carries out in depth analyses of the competition: the Company monitors the performance of the main competitors and peers as part of specific initiatives or when the Business Plan or the Budget are presented by examining the most important economic, financial and performance indicators.

When a new shopping center/location is opened the Company normally, including with the help of specialized professionals, completes economic and geomarketing studies of the catchment area involved in order to have a complete vision of the specific market that the Company will be entering and doing business in.

Great attention is also paid to the tenants' results. Management carefully monitors the sales statistics and the indicators that could point to any problems the tenants might be experiencing, paying particular attention to the impact that contract renegotiations could have on the clients: the steps taken to support the retailers and any operational changes are shared with the Commercial Division and are, at any rate, subject to the approval of Operations Management and the budget revisions made with respect to the budget approved by the Board of Directors.

The positioning with respect to the targets for each shopping center is monitored and any changes that are made to the merchandising mix/tenant mix during the renewal phase, expansion and remodeling are in line with the targets.

The controls for this type of risk were also monitored as part of the Group's Enterprise Risk Management initiative.

With regard to the Romanian market, over the years the Company has carried out extraordinary maintenance, in addition to work on revised layouts and fit outs in order to introduce new tenants, increase the shopping centers' appeal and respond to the actions taken by competitors.

→ 1.2 Loss of asset value

Risk factors:

- Exogenous factors;
- Global economic crisis;
- Changes in the domestic/international market,

which results in a significant devaluation of the asset portfolio.

Risk management:

The shopping centers are located throughout the country which reduces the exposure to risks connected to regional phenomenon.

The analysis of sales figures, along with the monitoring of commercial dynamics, receivables, renegotiations, traffic volume, support of the independent expert with the appraisal of the assets, help the management spot signs that changes are taking place in the retail real estate market.

Periodically the Company also runs sensitivity analyses involving the valuations of the portfolio assets in order to constantly monitor the effects that changes due to changes in the global economic environment on the discount or cap rate or revenue would have on the value of the assets. The controls for this type of risk were also monitored as part of the Group Enterprise Risk Management initiative.

→ 1.3 Country risk

Risk factors:

The risk pertains to changes in the Country's macroeconomic scenario;

- geopolitical problems in the Country;
- change in the Country's growth rates;
- inflation within the Country;
- change in the Country's consumer trends and volumes;
- third party restitution claims requesting the return of real property,

which could have an impact on revenue and on the value of the Group's assets.

Risk management:

IGD's Romanian portfolio is spread out throughout the country; the 15 assets, an office building and 14 shopping centers, are found in 13 midsize cities. This makes it possible to diversify the risks linked to consumer volatility, while the fact that the centers are centrally located helps to minimize risk of decreased consumption which could affect the outlying shopping areas.

Top Management of the Romanian subsidiaries monitors the country's economic trends constantly, verifying that the principal indicators of economic and political stability (interest rates, the political scenario, implementation of EC subsidies and the local regulatory environment) are stable and that no problems for IGD's business have developed.

The management of WinMarkt also uses structured tools to monitor dynamics of the local competition.

The Company has also adopted a commercial strategy designed to improve the quality of the tenants by selecting high profile international partners.

As part of the Enterprise Risk Management project, the Company implemented a structured risk management program based on risk indicators relative to the local competitive environment.

With regard to third party restitution claims, please note that the statute of limitations for filing such claims has run. The Group, however, stipulated a "Title Insurance" policy to protect against risks linked to this type of claim in order to protect the value of the assets held in Romania.

2. Operational risks

→ 2.1 Tenant related risk

Risk factors:

- the shopping center fails to attract the target customers found in the catchment area;
- merchandising mix does not meet the needs of the customers in the catchment area;
- tenant mix does not meet the needs of the customers in the catchment area,

which could impact sales and the ability of the tenants to fulfill their contractual obligations with IGD.

Risk management:

The Company's commercial divisions, along with Operations Management, evaluate the planned positioning in order to limit the risks connected to tenant and merchandising mixes which fail to meet the needs of each shopping center's potential customers.

The commercial planning is carried out in accordance with internal procedures. The company constantly monitors, including through the use of the updated internal sales data, the tenants' sales and the vacancy rates. All of the commercial choices made respect the policy defined by the Commercial Division and any atypical allocation of the space must be approved by the Commercial Division. Toward this end the Commercial Division meets each week in order to coordinate and check the steps taken in the region.

The tenant mix is selected on the basis of the analyses done, including through the help of specialized professionals, regarding the shopping center's intrinsic characteristics and its location.

The Company has also strengthened its ability to process and compile data having created a position specifically for this purpose.

→ 2.2 Credit risk

Risk factors:

- client default;
- credit recovery problems.

Risk management:

The tenants are subject to pre-contractual selection based on parameters linked to the business's financial soundness and P&L forecasts.

The analyses of potential clients are done with the help of specialized consultants and focus on understanding potential risks for the Company. Monthly analyses are also done in order to assess the level of risk associated with each tenant and to monitor solvency.

All clients must guarantee their contractual obligations with sureties and/or security deposits. The Company constantly monitors the contractual relationship to ensure that the contractual obligations are being respected and in the event of default the company follows the internal procedures for credit management; in a few instances, involving well-known tenants, remedial measures may be taken.

The credit positions are constantly monitored through the use of a tenant payment schedule, developed each quarter, but monitored daily in order to follow constantly the measures taken or that need to be taken in terms of debt collection.

The ERM model used also calls periodic monitoring in order to assess the adequacy of the risk management measures in place with respect to the actual level of risk.

→ 2.3 Contract risk

Risk factors:

- problems managing the contractual relationship with tenants;
- Increased costs or loss of income.

Risk management:

The Company conducts preliminary evaluations of potential tenants, referring also to third party credit analyses through the Lince system.

Guarantees in the form of sureties and security deposits are also requested once the economic terms have been agreed upon.

The Consortium contracts are stipulated with the involvement of all the consortia tenants on a pro-rata basis (broken down into thousandths) and, based on the bylaws, owners will be granted voting rights if deemed opportune.

The Consortium is responsible for the management of the center and all operators will be charged for the operating costs on a pro-rata basis (broken down into thousandths).

The Company, furthermore, uses standard rent/lease agreements that may be revised/amended based on the conditions agreed upon with the tenant; if need be the Company may avail itself of outside consultants or the internal legal department in order to define specific contractual clauses.

→ 2.4 Pre-letting risk

Risk factors:

- chance that the property remains partially vacant and the target occupancy rates are not hit,
  which could impact both revenue and the value of the Group's assets.

Risk management:

The Company controls pre-letting risk through promotional activities and incentive schemes involving current and potential tenants.

Intense public relations activities are carried out with the tenants in order to ensure that the space is let and investments are made in promotional activities and launches.

The surface coverage ratios are constantly monitored throughout the management and life of a shopping center.

The commercial team is comprised of highly experienced sector professionals who work to reach the Group's objectives in terms of revenue and filling vacant space.

During its weekly meetings, the Commercial Division analyses the occupancy rates of the different shopping centers and determines any steps that need to be taken to reach a vacancy rate that is close to zero.

Capex are budgeted in order to improve the quality and appeal of the properties, including by changing the property's internal layout which makes it possible to meet the tenant's needs and/or adapt to changing economic conditions.

In the event tenants are sought that are not part of the Company's typical tenant portfolio, the Company will work with specialized professionals.

→ 2.5 Risks associated with natural disasters (i.e. earthquakes, floods, fires) or damages caused by third parties and third party liability

Risk factors:

- natural disasters (for example, floods, earthquakes, etc.);
- catastrophic events (for example, fires);
- damages caused by third parties;
- damages incurred by third parties in the course of business or related activities,
  which could impact the value of the Group's assets or cash flow.

Risk management:

Given the type of business and its unique portfolio, the Company has taken out All Risk policies with a primary sector insurance company based on which each shopping center has annual coverage.

Based on the Group's risk management policy vis-à-vis damage to assets, each consortium of tenants and/or owners must stipulate its own All Risk policy with an insurance company.

With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities. The consortia, the Sales & Marketing, Network Management and Asset Management and Development Divisions all constantly check the quality and maintenance of the properties in order to understand if further steps must be taken to limit risk.

The company invests significantly in the maintenance and quality of its properties.

3. Compliance risk

→ 3.1 Liability pursuant to Legislative Decree 231/01

Risk factors:

- sanctions associated with corporate liability for crimes committed pursuant to Legislative Decree 231/01.

Risk management:

The Company adopted the "Model for organization, management and control" pursuant to Legislative Decree. 231/01 which defines the guidelines, rules and conduct that should govern the company's activities and which must be complied with in order to minimize the risk that the crimes referred to in Legislative Decree. 231/01 are committed, and which ensures maximum transparency and fairness in the company's business dealings.

When Legislative Decree. 231/01 took effect, the Company also prepared a Code of Conduct applicable to all IGD employees, without exception, who must ensure that they perform their duties in accordance with the standards included in the Code.

Toward this end, the Supervisory Board adopted specific procedures and, together with Internal Audit, seeks to ensure that they are complied with.

The Supervisory Board constantly updates and amends the Model to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure.

Training courses were also provided to employees following the update of the Legislative Decree. 231/01 Model which introduced two new offenses:

i) corruption between private parties (art. 25-ter, lett. s-*bis*);
ii) inappropriate persuasion to give or share profits (art. 25).

In 2014 the Company updated its Model in order to comply with changes in the law.

→ 3.2 Regulatory risk associated with being a listed company (Consob, Borsa)

Risk factors:

- Sanctions for violations of the regulations issued by the stock exchange and regulatory agencies relating to companies with financial instruments traded on a regulated market.

Risk management:

The Company pays great attention to the norms and regulations governing listed companies.

More in detail, Corporate & Legal Affairs and Investor Relations work to comply with the norms and regulations issued by the stock exchange and the regulatory agencies, while also organizing the disclosure of any information to the market. This process, which calls for the close collaboration of the internal divisions involved in compiling, checking and disclosing data and information regarding the company's administration, accounts and operations, is done in accordance with internal procedures and under the supervision of the Chief Executive Officer and the Financial Reporting Officer.

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

3.3 Liability pursuant to Law 262/05

Risk factors:

- Sanctions associated with violations of the Financial Reporting Officer's responsibilities pursuant to Law 262/05.

Risk management:

The Company, in accordance with Legislative Decree n. 262 dated 28 December 2005, the Uniform Savings Act, adopted administrative and accounting control procedures related to financial disclosures in order to (I) ascertain whether or not the current Internal Control System provides reasonable certainty that the information represented in the financial statements is accurate and reliable; (ii) implement adequate administrative and accounting procedures to be used in drafting the separate and consolidated financial statements, as well as any other financial disclosures (in accordance with Law 262/2005); (iii) ensure that the administrative and accounting procedures are complied with during the period in which the above documents are being drawn up.

The implementation and verification of the Internal Control System pursuant to Legislative Decree 262/05 are carried out by internal resources as instructed by and under the supervision of the Financial Reporting Officer appointed by the Board of Directors in accordance with the law.

3.4 Tax risk - requirements under the SIIQ regime

Risk factors:

- failure to meet the profit and asset requisites necessary to be eligible for SIIQ status,
  resulting in being ineligible for treatment under the SIIQ regime (in the event this situation should be prolonged for the period provided for at law).

Risk management:

The Company, which was awarded SIIQ status beginning in 2008, has since then carefully monitored the associated tax risks; the valuations made regarding the taxation models used are prepared with the assistance of carefully selected specialized professionals and the Head of Administration, Legal and Corporate Affairs constantly monitors any regulatory changes and the internal accounting procedures.

More in detail, the accounts for the taxable and exempt operations are maintained separately; the division also frequently conducts asset and profit tests in order to ensure compliance with the SIIQ regulations.

The results of the tests are shared with management.

4. Financial risks

4.1 Risks associated with funding and cash management

Risk factors:

- problems managing liquidity;
- financial resources fail to meet the company's needs;
- problems maintaining existing loans and in obtaining new ones.

Risk management:

Liquidity risk is managed through careful management of cash flow and is mitigated by the availability of substantial credit lines.

The Finance Division monitors cash flow through the use of quarterly financial forecasts (updated on a rolling basis) and ensures that available liquidity is sufficient to meet the company's business needs, and also establishes the correct ratio between bank borrowings and capital market funding.

With regard to medium/long term debt, each line of credit finances a project which minimizes the risk associated with refinancing. Medium/long term loans may contain covenants and the Finance Division monitors this aspect constantly including together with company management through the use of the Enterprise Risk Management system in order to understand the impact that any breaches of these covenants could have on strategic, operational, compliance and financial risks.

Financial commitments are covered by funding made available by financial institutions and available credit lines.

This risk is managed on the basis of the principle of prudence in order to avoid, in the event unexpected events should occur, excessive expense which could have a further negative impact on the company's market reputation.

A project was also completed which called for the implementation of tools to be used to analyze financial risk. The project involved i) analysis and assessment of interest rate risk, ii) methods used to gather data and information relating to the IRS contracts stipulated iii) the possibility of developing a signal model for risk analysis and management, iv) identification of the financial risk assessment tools to be used taking into account:

a) fair value
b) cash flow sensitivity
c) stress test
d) VAR estimates.

In 2014 specific monitoring tools were added to the ERM process to address this type of risk.

4.2 Interest rate risk

Risk factors:

- volatile interest rates which could impact the financing of operations as well as the use of available liquidity.

The Group uses primarily short term credit lines and floating rate medium/long term mortgages, therefore if interest rates are raised it is exposed to the risk that financial expense could increase.

Risk management:

Interest rate risk is monitored constantly by the Finance Division and Top Management, as well as through the assessment and analysis tools developed as part of the Group's Enterprise Risk Management initiative.

The Finance Division monitors any changes in the main financial-economic indicators that could possibly impact the company's performance. Reports are periodically presented to Top Management regarding the following indicators:

- Gearing ratio
- Loan to value
- Interest cover ratio
- Average cost of debt
- Average length of long term debt
- Medium/long term debt
- Hedging on long term debt plus bond
- Bank confidence
- Mkt value of mortgage free assets
- Net financial position

To manage this risk, the Group purchases interest rate swaps with which it is able to cover about 80% of its medium/long term interest rate risk.

The Finance Division analyzes and measures interest rate risk and liquidity constantly in order to understand possible risk management solutions; furthermore, scouting activities are carried out periodically in order to find way to reduce financing costs through bank borrowings and the debt capital markets.

In 2014 specific monitoring tools were added to the ERM process to address this type of risk.

→ 4.3 Foreign exchange risk

Risk factors:

- fluctuations in the Romanian currency, Leu, which could result in the portfolio being written down and the default of Romanian retailers whose contracts are in Leu, but anchored to the Euro.

Risk management

The Romanian tenants' rents are in Leu but anchored to the euro; therefore the company is exposed to the risk that the tenants could default if the currency fluctuations result in the weakening of the Leu.

Currently IGD works to mitigate this risk by working constantly on the optimal merchandising and tenant mix, as well as on the management of the portfolio with a view to sustaining value, including through improvements. With a view to understanding the correct policies to adopt, the Company holds weekly meetings in order to monitor the credit profile of the different shopping centers and tenants. The commercial policies are carefully defined and based on in depth research as to the market needs and the habits of the local consumers.

Toward this end the Group is assisted by a group of specialized corporate and local resources in order to understand the correct trade-off between acquired know-how, corporate development and understanding of the local needs.

2.12 Intercompany and related party transactions

With regard to related party and intercompany transactions, there are no transactions which qualify as unusual or atypical, as they fall within the Group's ordinary sphere of operations and take place under arm's-length conditions.

With regard to the rules of corporate governance and the “Procedures for Related Party Transactions”, please refer to Section 3.12, “Report on Corporate Governance and Ownership Structure”.

Details of related party transactions carried out in 2014 are provided in a section of the notes to the financial statements.

2.13 Treasury shares

The Company did not own any treasury shares at 31 December 2014.

2.14 Research and development

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

2.15 Significant transactions

During the year ended 31 December 2014, 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 companies in the Group.

2.16 Reconciliation between the Separate and Consolidated Accounts

RECONCILIATION BETWEEN THE PARENT COMPANY AND THE CONSOLIDATED ACCOUNTS (In €/000)	NET PROFIT		NET EQUITY	
	GROUP	MINORITIES	GROUP	MINORITIES
BALANCE - PARENTS COMPANY'S FINANCIAL STATEMENT	**3,681**		**947,003**	
Elimination of dividends	0			
Elimination of writedowns of consolidated equity investments	2,300			
Book value of consolidated equity investments			(602,776)	
Effect of subsidiaries' CFH reserve			(5,192)	
Effect of restatement of subsidiaries' defined benefit plans			(88)	
Net equtiy and profit of consolidated companies	**1,544**	**(253)**	**599,675**	**10,589**
Allocation of differences to the assets of consolidated companies				
Goodwill from consolidation of PORTAMEDICEA (allocated to work in progress)			281	
Goodwill from consolidation of MILLENNIUM			3,952	
Goodwill from consolidation of IMMOBILIARE LARICE			0	
Goodwill from consolidation of Winmagazine			5,410	
Goodwill from consolidation of Winmarkt management			1	
Interest capitalized on works in progress	97		350	
Changes in fair value of real estate investments and works in progress	(333)		1,626	
Sale of assets to Group companies (amortization/depreciation effect)	13		(18)	
Other adjustments	0		6	
BALANCE SHOWN IN THE CONSOLIDATED ACCOUNTS	**7,302**	**(253)**	**950,229**	**10,589**

2.17 Comment on the Parent Company's financial and economic performance

The full year financial statements of the Parent Company IGD SIIQ S.p.A. reflect the full year contribution of the businesses and properties spun-off by the subsidiary Igd Property SIINQ S.p.A. in December 2013 which resulted in differences in costs and revenues causing significant changes in both the EBIT and the bottom line. Conversely, the subsidiary Igd Property SIINQ S.p.A. closed FY 2014 with earnings of €10,170,199 and resolved to pay dividends of €9,459,364, generated entirely by exempt operations which the Parent Company, in accordance with IFRS, will recognized in 2015.

The net financial position improved as a result of the extraordinary transactions completed in the year.

2.18 Proposal to approve the financial statements, the allocation of net profit for 2014 and the payment of dividends

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2014 which closed with a net profit of €3,681,389. The Board of Directors proposes, subject to the approval of the financial statements for the year ended 31 December 2014:

- *to combine the Euro conversion reserve in its entirety (€23,113) with the legal reserve which would then rise from €12,348,038 to €12,371,151;*
- *to combine the share premium reserve of €97,580,905 with the legal reserve up to one fifth of the share capital as a result of which the legal reserve would rise from €12,371,151 to €109,952,056, and would, therefore, be fully formed as per Art. 2430 of the Italian Civil Code; the share premium reserve would drop from €147,730,288 to €50,149,383;*
- *to use €10,178,231.80 of the share premium reserve to cover the negative reserve balance following the sale of treasury shares (-€10,178,231.80) which would cause the share premium reserve to fall from €50,149,383 to €39,971,151.20;*
- *to reclassify €10,430,269.36 of the fair value reserve, as a result of the partial elimination of the provisions governing availability found in Art. 6 of Legislative Decree n. 38 of 28 February 2005, increasing the non-distributable reserve by the same amount. The fair value reserve, relating to the fair value of the real estate assets, will, therefore, decrease from €226,296,595 to €215,866,325.64, while the non-distributable reserve will rise from €4,472,026.45 to €14,902,295.81.*
- *to pay a dividend of €0.0375 per ordinary share outstanding when the shares go ex-div.*

The total dividend payout, calculated based on the number of shares outstanding at 26 February 2015 (756,356,289), amounts to €28,363,360.84 to be taken from:

- *for €3,681,389, distributable income generated entirely by exempt operations;*
- *for €1,102,448.39, the reserve for retained earnings from exempt operations;*
- *for €10,430,269.36, the reserve for retained earnings arising from the elimination of the restrictions on the fair value reserve and entirely attributable to exempt operations;*

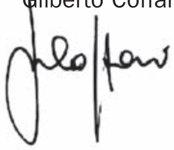
The income distributed generated by exempt operations amounts to €15,214,106.75, equal to €0.020115 per share;

- *for €3,369,578.06, the reserve for retained earnings accrued prior to becoming a SIIQ;*
- *for €9,779,676.03, the merger surplus reserve (profit carried forward of €273,790.18 and equity reserve of €9,505,885.85) equal to €0.012568 per share, which would, therefore, drop from €13,735,610.48 to €3,955,934.45.*

The distributions made using reserves formed prior to the adoption of the special SIIQ regime amount to €3,643,368.24, equal to €0.004817 per share.

Bologna, 26 February 2015

The Chairman
Gilberto Coffari



CENTRO SARCA
Sesto San Giovanni - Milano
Opening 2003
Restyling 2015
Mall GLA sq.m 23,733

UNI EN ISO 14001
environmental certification

Report on Corporate Governance and Ownership Structure

03

Glossary

BOARD:
the Issuers' Board of Directors

CIV. COD./C.C.:
the Italian Civil Code.

CODE/CORPORATE GOVERNANCE CODE:
the Corporate Governance Code for listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

CONSOB MARKET REGULATIONS:
market regulations issued by CONSOB pursuant to Resolution n.16191 of 2007, as subsequently amended.

CONSOB REGULATIONS FOR ISSUERS:
the regulations for issuers approved CONSOB in Resolution n. 11971 of 1999, as amended.

CONSOB REGULATIONS FOR RELATED PARTY TRANSACTIONS:
the Regulations issued by CONSOB pursuant to Resolution n. 17221 of 12 March 2010, as subsequently amended, for related party transactions.

ISSUER OR THE COMPANY:
issuer of stock referred to in this Report.

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

TUF/"TESTO UNICO DELLE DISPOSIZIONI IN MATERIA DI INTERMEDIAZIONE FINANZIARIA"
Legislative Decree n. 58 dated 24 February 1998 - Financial Markets Consolidation Act.

YEAR:
financial year referred to in this Report.

3.1 Company Profile

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

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

The Company's mission is to create value for all its stakeholders: shareholders, employees, clients and suppliers through sustainable growth.

In 2015 the Company approved the Corporate Sustainability Report which describes the characteristics of the IGD Group, its recent growth, the objectives for future development and the main results achieved in 2014 relating to economic, environmental and social sustainability.

The Corporate Sustainability Report is available to the public on the Company's website: http://eng.gruppoigd.it/Sustainability/Sustainability-Report-and-Documents.

3.2 Information on Ownership Structure

(pursuant to Art. 123-*bis,* par. 1, TUF)

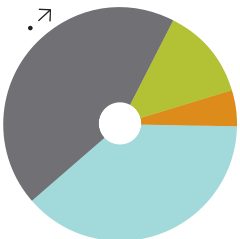
a) Share capital structure
(pursuant Art. 123-*bis*, par. 1, lett. a), TUF)
The share capital at 26 February 2015 totals €549,760,278.52 is fully paid-in and subscribed, divided in 756,356,289 ordinary shares without a stated par value.

b) Share transfer restrictions
(pursuant to art. 123-*bis*, par- 1, letter b), TUF)
There are no restrictions and all shares are freely transferable.

c) Significant interests in share capital
(pursuant to Art. 123-*bis*, par. 1, lett. c), TUF)
The company qualifies as a "SME" as defined in Art. 1, paragraph 1, lett. W-1) of TUF, introduced in Legislative Decree n. 91 of 24 June 2014 and converted, with amendments, into Law n. 116 on 11 August 2014. The minimum holding in the Company, therefore, subject to disclosure under Art. 120 of TUF is 5% and not 2%

Based on the declarations received under artt. 120 and 122 of TUF, the shareholders with voting rights holding more than 5% of the company's ordinary share capital are those indicated in Table 1 "Significant interests in share capital" attached to this report.

IGD'S SHAREHOLDERS



43.99%	Coop Adriatica Scarl
12.93%	Unicoop Tirreno
5.00%	Quantum Strategic Partners Ltd
38.08%	Free float

d) Shares granting special rights
(pursuant to Art. 123-*bis*, para. 1, lett. d), TUF)
The shares issued all have the same rights.

e) Employee share ownership: exercise of voting rights
(pursuant to Art. 123-*bis*, par. 1, letter e), TUF)
There are no specific mechanisms which provide for employee share ownership.

f) Restrictions on voting rights
(pursuant to Art. 123-*bis,* par. 1, lett. f), TUF)
There are no restrictions on voting rights.

g) Shareholder Agreements
(pursuant to Art. 123-*bis*, par. 1, lett. g), TUF)
The Company is party to the following shareholder agreement deemed relevant pursuant to Art. 122 of TUF:

On 22 December 2014 Coop Adriatica S.c.a r.l. ("Coop Adriatica") and Unicoop Tirreno Company Cooperativa ("Unicoop Tirreno") agreed to early dissolution of the shareholders' agreement stipulated on 20 December 2013 and, on the same date, stipulated a new shareholders' agreement involving shares of Immobiliare Grande Distribuzione SIIQ S.p.A., pursuant to Art. 122, paragraphs 1 and 5 A) and B), of TUF - substantially in line with the previous one - designed to facilitate the Company's strategic decisions and their management. The number of shares involved in the Agreement is equal to 430,498,768 ordinary IGD shares or 56.92% of the company's share capital (the syndicated shares)¸ of which 385,741,707 shares or 51.00% of the share capital are bound by a voting block.

The agreement will expire on 31 December 2014.

A summary of the above mentioned agreement is available to the public on Consob's website, in accordance with the law and on the Company's website http://eng.gruppoigd.it/Investor-Relations/IGD-Stock/Codes-indexes-and-shareholders.

h) Provisions relating to change of control clauses
(pursuant to Art. 123-*bis*, par.1, lett. h), TUF)
and takeover bids (pursuant to Art. 104, par. 1-*ter,* and 104-*bis*, par. 1)
In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the company contracting party should change.

Without prejudice to the above, the Company:

(i) on 7 May 2013, issued senior fixed rate notes *"€144,900,000 4.335 per cent, notes due 7 May 2017"*, the regulations for which call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change;

(ii) on 26 November 2013, stipulated an agreement for a mortgage of €135 million with the Italian branch of BNP Paribas which calls for advance repayment of the loan in the event control of the Company should change.
(iii) on 7 May 2014, completed a €150 million private placement of unsecured senior notes, due January 2019, the regulations for which call for the issue of a put option that may be exercised by the note holders in the event control of the Company should change.

With regard to the provisions found in the company by-laws relating to takeover bids, there are no clauses which provide for exceptions to the passivity rule nor application of the breakthrough rule.

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

The Board of Directors, pursuant to Art. 2443 of the Italian Civil Code has the right to, by 19 April 2017, increase share capital against payment, in one or more instalments, by up to 10% of the current share capital, to be subscribed by parties selected by the Board of Directors including qualified investors and/or business partners and/or financial partners in Italy and abroad or shareholders of the Company – excluding pre-emption rights pursuant to Art. 2441, paragraph 4 (2), as long as the issue price corresponds to the shares' market price which must be confirmed in a report issued by the external auditors.

On 15 April 2014 the Ordinary Annual General Meeting granted the Board of Directors the authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code. For additional information on the authorization granted in the resolution please refer to the report presented during the Ordinary Annual General Meeting held on 15 April 2014 and available on the Company's website at http://www.gruppoigd.it/Governance/Assemblea-degli-Azionisti/(year)/2014.

On 26 February 2015 the Company's Board of Directors, which approved this report, resolved to propose that the shareholders convened in ordinary session on 15 and 16 April 2015, respectively in first and second call, revoke the expiring authorization granted by the shareholders 15 April 2014 and grant a new authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code. The purchase and disposal of treasury shares will be done in accordance with the means established by the shareholders as indicated in the Directors' Report.

At 31 December 2014, the Company does not hold any treasury shares. As of the date on which this Report was approved, there has not been any change with respect to 31 December 2014.

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

The Company is subject to the management and coordination of shareholder Coop Adriatica s.c.ar.l. who controls 43.99% of the company's share capital, pursuant to and in accordance with Art. 2497 of the Italian Civil Code.

→ Other information

Indemnity of Directors (pursuant to Art. 123-*bis*, par. 1, letter i), TUF)

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

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

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

3.3 Compliance

(pursuant to Art. 123-*bis*, par. 2, lett. a), T.U.F)

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

The code is published on Borsa Italiana's website (http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/corporategovernance.htm).

During the meeting held on 8 November 2012, the Board of Directors, with a view to adopting a system more in line with best practices of listed companies which allow for the management of control functions to be separated from operations, called upon the Chairman, Gilberto Coffari, to act as the Director in Charge of Control and Risk Management who, following this assignment, is considered the executive director. At the same time the relative powers originally granted to the Chief Executive Officer were revoked.

In line with the best international practices relating to corporate governance and in light of the recommendations found in the latest edition of the Corporate Governance Code approved by Borsa Italiana's Corporate Governance Committee in July 2014, during the Board of Directors' meeting held on 18 November 2014, the Company resolved to update the Company's Rules for Corporate Governance which, along with the other documents (corporate by-laws, code of ethics, Decree 231/01 Model for organization, management and control, Regulations for Shareholders' Meetings, Procedures for related party transactions, Procedures for the disclosure and treatment of confidential information, the Internal dealing code) – comprise the group of self-governance instruments used by the Company.

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

The structure of the company's governance is described in this section of the Directors' Report.

→ Corporate governance structure

Insofar as it is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors.

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

The Board of Directors defines the strategy for the Company and its subsidiaries and oversees the business operations. In accordance with the bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders.

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

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

3.4 Board of Directors

3.4.1 Appointment and Replacement (pursuant to Art. 123-*bis*, par. 1, lett. l), TUF)

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

The shareholders' meeting of 19 April 2012 decided that there will be 15 members in the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2014.

The directors pursue the corporate purpose, acting independently and resolving with sound judgement, seeking out all available information, in order to achieve the priority goal of creating medium/long term value for the shareholders.

Pursuant to Articles 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists which comply with the current laws relating to gender equality. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the interest determined in accordance with CONSOB regulations (for 2014 equal to 2.5% of the Company's share capital). The lists must be filed at the head office at least twenty-five days in advance of the first-call date of the meeting which will be mentioned in the notice of call. Pursuant to Art. 147-ter, paragraph 1-*bis*, TUF, Shareholders must submit the certification attesting to possession of the shares needed to file voting lists, determined on the basis of the shareholders of record on the day the lists were filed with the company, issued by an intermediary authorized in accordance with the law at least 21 days prior to the Annual General Meeting is to be held.

The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 ter, fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.

The lists which include three or more candidates must include candidates of both genders, as indicated in the notice of call for the Annual General Meeting, in order to ensure that the composition of the Board of Directors complies with current laws relating to gender equality.

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

Art. 16.4 of the bylaws, reflecting the provisions of Art. 147-ter, paragraph 3 of the TUF, prohibits any shareholder from submitting or participating in the submission of more than one list. In keeping with the above, Art. 16.7 of the bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking. Pursuant to art. 16.7-*bis* of the bylaws – as introduced by the amendments approved by the shareholders meeting in ordinary session on 18 April 2013 – if the law relating to gender equality fails to be complied with as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality without prejudice to the minimum number of independent directors required under the law. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the directors of the least represented gender with the majority of votes required by law.

Art. 16.8 of the bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-ter, par. 3 of the TUF, as well as in accordance with the laws governing gender equality.

The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, already mentioned in the previous paragraph 3.2 lett. g) art.2 provides that the Board of Directors of IGD is to be comprised of 15 members, due also regard to the provisions related to gender balance, for the duration of the agreement. In the event the Board of Directors is renewed, the parties agreed to submit a list of fifteen candidates, consisting of 7 directors designated by the Coop Adriatica (3 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998), 5 directors designated by Unicoop Tirreno (2 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998) and 3 directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code). Furthermore, pursuant to Art. 2, the Syndicate Agreement, pursuant to Art. 16.7 of the bylaws, if more than one list is submitted, at least one director must be appointed from the minority list.

The Annual General Meeting called for the approval of the 2014 annual report, will have in its agenda also the appointment of the Board of Directors for the period 2015-2017.

→ Succession plan

As of the date on which this report was approved, the Board of Directors decided not to proceed with the adoption of a specific succession plan for the executive directors as it was deemed unnecessary in light of the shareholders and the current powers granted to the Board. In the light of the shareholders, the Company has the possibility to promptly activate the Board of Directors in order to adopt the appropriate resolutions.

3.4.2 Composition (pursuant to Art. 123-*bis*, par. 2, lett. d) TUF)

The Board of Directors in office through 31 December 2014 consists of 15 directors and was appointed by the shareholders during the meeting held on 19 April 2012 for a term of three years which expires on the date the Annual General Meeting is called to approve the financial statements at 31 December 2014.

During the Shareholders' Meeting held on 19 April 2012 only one list was presented by the majority shareholders Coop Adriatica and Unicoop Tirreno. The lists were submitted with all the documentation relating to the personal characteristics of the candidates along with their irrevocable acceptance of the appointment in the time period provided for under the law.

The above mentioned list received 67.885% of the votes cast.

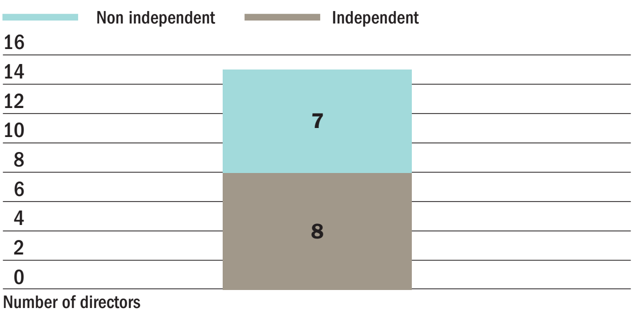
The Board of Directors currently comprises the following members: Gilberto Coffari (Chairman), Claudio Albertini (Chief Executive Officer), Roberto Zamboni, Aristide Canosani, Sergio Costalli (Vice Chairman), Leonardo Caporioni, Fernando Pellegrini, Fabio Carpanelli, Elisabetta Gualandri, Tamara Magalotti, Livia Salvini, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini and Massimo Franzoni.

Following the renewal of the Board of Directors on 19 April 2012, Francesco Gentili, Sergio Santi and Corrado Pirazzini are no longer members of the Board.

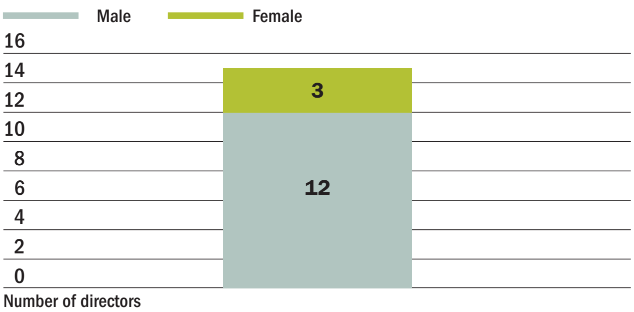
The members of the current Board of Directors, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed as of the date in which this report was approved, can be found in Table 2 *bis* "Structure of the Board of Directors and Committees" attached.

The current Board of Directors is composed of members with different professional and personal characteristics, such as university professors, professionals, businessmen, as well as company executives. The majority of the directors appointed is in possession of the independence requirement under the provisions of the Code of Conduct and the TUF.

DIRECTORS



GENDER QUOTES IN THE BOD



The personal characteristics and professional experience of the single members of the Board of Directors are provided below.

GILBERTO COFFARI
Chairman of the Board of DIrectors

Gilberto Coffari, born in 1946, has been Chairman of IGD's Board of Directors since its formation in 2000. From 2006 through 2011 he was Chairman of Coop Adriatica. Currently he is Director of Federazione delle Cooperative di Ravenna. Mr. Coffari has acted as a Director and Chairman of the Board for a number of cooperatives, a world he has been part of for more than 40 years. He also holds the offices listed in Table 4.

SERGIO COSTALLI
Vice-Chairman of the Board of Directors

Born in 1952, Sergio Costalli was, through July 2013, Chairman of Unipol Merchant, the Unipol Group's merchant bank, and Vice Chairman of Unicoop Tirreno through January 2014. He is Vice-Chairman of Unipol Banca, in addition to being a Director and member of the Chairman's Committee of Unipol Gruppo Finanziario and Director of Finsoe. He has matured important professional experience, particularly in Unicoop Tirreno where he has held managerial and top positions in administration, finance, legal affairs and asset management since 1989. On 27 January 2014 he was appointed unanimously to act as Chairman of the Chamber of Commerce, Industry, Small Business and Agriculture of the province of Livorno. He has been Vice Chairman of IGD since 2003. He also holds the offices listed in Table 4.

CLAUDIO ALBERTINI
CEO since May 2009
(Director since 2006)

He was born in 1958. For more than twenty years Mr. Albertini was part of the Gruppo Unipol where he ultimately acted as General Manager of Unipol Merchant. Mr. Albertini is a certified financial auditor registered in Bologna. He also holds the offices listed in Table 4.

ROBERTO ZAMBONI
Director

Mr. Zamboni, born in 1950, has been Head of Development and Asset Management from 2006 until January 2015, at Coop Adriatica, a company where he also acted as technical director. Mar. Zamboni has matured experience specifically in real estate and construction, thanks also to his prior professional experiences and his training as a structural engineer. He also holds the offices listed in Table 4.

ARISTIDE CANOSANI
Director

Born in 1935. Chairman of CreditRas Assicurazioni, until May 2014 and CreditRas Vita until May 2013, Mr. Canosani was in charge of UniCredit Banca for eight years after having worked in Rolo Banca 1473, Carimonte Banca and Banca del Monte di Bologna and Ravenna. Certified financial auditor, he makes a priceless contribution to IGD's BoD thanks to both his vast experience and expertise in finance. He also holds the offices listed in Table 4.

LEONARDO CAPORIONI
Director

A Chartered Public Accountant and Financial Auditor, Mr. Caporioni, born in 1964, is head of Administration and Financial Reporting at Uniccop Tirreno, a group where he has worked since 1991 holding positions of increasing responsibility. He has matured important experiences as a director and statutory auditor for a number of national and regional (Tuscany) cooperatives. He also holds the offices listed in Table 4.

FERNANDO PELLEGRINI
Director

He was born in 1964. General Manager of Finance, Asset Management and Financial Reporting at Unicoop Tirreno, where he has worked since 1995 in administration, finance and control. Mr. Pellegrini is also Vice Chairman and Chairman of the Executive Committee at Simgest S.p.A.. He also holds the offices listed in Table 4.

FABIO CARPANELLI
Indipendent Director

He was born in 1938. Chairman of the Supervisory Committee of Manutencoop Facility Management and sole director of Veicolo5 Srl; Mr. Carpanelli has also acted as Chairman of Consorzio Cooperative Costruttori C.C.C. in Bologna, of SMAER, of ANCPL-Legacoop and of Autostazione di Bologna SpA. He also holds the offices listed in Table 4.

ELISABETTA GUALANDRI
Indipendent Director

Born in 1955, Ms. Gualandri received a degree in Business Economics, University of Modena, and a Master's degree in Financial Economics, University College of North Wales. She is a professor of Financial Intermediation, Universities of Modena and Reggio Emilia (CEFIN and Softech-ICT). She was a statutory auditor for the Bank of Italy from 2007 to 2012, and is currently a member of the Board of Directors of BPER and of DaraRiver, start-up of UNIMORE. She is member also of ADEIMF, SUERF, AIDEA. Advisor to the European Commission for the program Horizon 2020, Access to Finance Group;

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member of the incubator Knowbel's CTS. Research topics: banking regulations, financial crises, financing of innovative SMBs and start-ups. She also holds the offices listed in Table 4.

TAMARA MAGALOTTI

Indipendent Director

Ms. Magalotti, born in 1948, holds a degree in Business Economics and was a member of the BoD and manager of CMC in Ravenna, where she matured most of professional experience, as part of the Corporate and Legal Affairs Division.

LIVIA SALVINI

Indipendent Director

She was born in 1957. Professor of Tax Law at LUISS - Guido Carli University in Rome and Avvocato Cassazionista (the highest order of attorneys), Ms. Salvini boasts a twenty year academic career and has been part of numerous ministerial and government commissions and studies. Ms. Salvini is the author of two monographs on VAT and the relative procedures, assessment and application, as well as numerous studies on tax matters. She also holds the offices listed in Table 4.

ANDREA PARENTI

Indipendent Director

Born in 1957, Mr. Parenti holds a degree in Business Economics, University of Florence, he is a certified financial auditor registered in Prato. He acts as a court consultant. In 2006 he formed and founded a corporate tax consulting firm after leaving the international audit firm Ernst & Young where he began first as a manager to then become partner of the tax advisory firm for which he ran the Florence office for more than fifteen years. During his professional career, begun in 1983, he matured experience as an auditor and in corporate structuring, with a focus on corporate earnings and extraordinary transactions. He worked as an appraiser of business divisions for the Monte dei Paschi di Siena Banking Group and for other important companies. As a director, he has worked on Boards of companies involved in the manufacture of defense systems, television broadcasting, distribution of audiovisual products, including with mandates relating to administrative and financial matters. He is currently Chairman and member of the Boards of Statutory Auditors of 20 companies. He also holds the offices listed in Table 4.

RICCARDO SABADINI

Indipendent Director

He was born in 1957. Avvocato cassazionista (the highest order of attorneys), justice of the peace from 1984 until 1988 and tax commission appeals court judge, Mr. Sabadini acts as a consultant for cooperative companies, municipalities, public entities and industry associations with regard, above all, to extraordinary corporate transactions and restructuring. He is the author of several publications and and he worked with the universities of Ferrara and Forlì. He also holds the offices listed in Table 4.

GIORGIO BOLDREGHINI

Indipendent Director

He was born in 1944. A civil engineer with vast experience in the retail real estate sector and in logistics. He has acted as a manager and director of a number of different engineering companies. He has been responsible for many national and international projects relating to manufacturing, infrastructure and logistics. He also holds the offices listed in Table 4.

MASSIMO FRANZONI

Indipendent Director

He was born in 1956. Professor of Civil Law and of Private Insurance Law at the University of Bologna and Avvocato Cassazionista (the highest order of attorneys), Mr. Franzoni is Head of the School of Specialization for legal professions at the same university; he is a member of the scientific committee of the Forensic Foundation of Bologna and he is a member of the scientific committee of many legal journals such as "Contratto e Impresa"; he has published several works relating to civil and commercial law. He is the Representative of the shareholders holding privileged class shares of Unipo Gruppo Finanziario and also acts as a director of Carimonte Holding and UniCredit Private Banking. He also holds the offices listed in Table 4.

The current composition of the Board of Directors complies with the current laws relating to gender equality. Toward that end, when the majority shareholders presented their lists for the renewal of the Board of Directors, the number of candidates of the least represented gender reflected the voluntary and early compliance with the laws introduced by Law 120/2011.

It should also be pointed out that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate after one year from the date of entry into force of the law (i.e. after 12 August 2012), at least one fifth of the directors and statutory auditors should be of the least represented gender.

In compliance with the Corporate Governance Code, the directors take office only when they believe that they will be able to dedicate the time needed to carry out their duties diligently, including in light of their roles in any Board committees, as well as the workload connected to their professional activities, the number of and time dedicated to other offices held as director or statutory auditor in other companies as per the limits on multiple assignments described below, ensuring that this condition remains throughout their term of office.

The Directors, aware of the responsibilities inherent in the office held, must be constantly updated on the newest legislative and regulatory developments affecting the Company and its business.

The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company regulates the directors' conduct; the directors, like the statutory auditors, must treat any documents and information to which they might have access in the course of their duties with the maximum confidentiality.

→ Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in another company that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, in accordance with the proposal received from the Nominations Committee now "Nominations and Compensation Committee", made available to the public on the Company's website at http://eng.gruppoigd.it/Governance/Board-of-Directors.

On 26 February 2015 the Board of Directors, following the favorable opinion of the Nominations and Compensation Committee, decided to make the necessary changes to the mentioned Regulations in order to align it with the provisions of the Applicative Criterion 1 par.3 of the Corporate Governance Code.

Based on the regulations, the term "maximum number" does not refer solely to the number of offices held, but also attributes a weight to each type of appointment in relation to the nature and size of the company, as well as the position held by IGD's directors in other companies, in light of the fact that more time is dedicated to certain positions than to others. In light of this consideration, IGD's Board of Directors held that the weight to be attributed to the office of Chairman, Executive Director be different, for example, than that of a non-executive/independent director or member of the Board of Statutory Auditors as well as because of the possible membership in one or more Committees – different from the Chairman's committee – constituted within the Board of Directors. Lastly, the weight attributed each office was also different based on the type and size of the company and two sub-categories were established; Group A and Group B. Group A includes other companies listed on regulated markets, financial institutions, banks, insurance companies or other large companies. All the companies which are not part of Group A are automatically considered part of Group B. In light of these considerations, the Board listed the overall weight of the offices held in other companies which can be considered compatible with acting effectively as a director in IGD.

On the basis, therefore, of the regulations governing "Limits to the maximum number of appointments allowed in other companies" the current board was found to be fully compliant[1].

Pursuant to the Corporate Governance Code the principle offices held by directors in companies other than those of the IGD Group can be found in Table 4 "Offices held by the directors at 31 December 2014", attached.

→ Induction Programme

Over the years the Company, in line with the practice adopted since 2009, has promoted group meetings with the Directors and the Statutory Auditors in order to further explore topics linked to the global market environment in which the Company operates and analyze the unique characteristics of the Company's core business and any strategic opportunities.

1 Corporate Governance Code: Art. 1.C.3.

3.4.3 Role and functions of the Board of Directors
(pursuant to Art. 123-*bis,* par. 2, lett. d) TUF)

The Company is administered by a Board of Directors which meets on a regular basis and which is organized in such a way as to guarantee that its duties are carried out efficiently.

The Board of Directors primary responsibility is to determine and pursue the strategic objectives of the Company and the entire Group.

In order to ensure maximum attendance at the Board meetings, they are held on the dates indicated in a financial calendar which has been disclosed to the market in accordance with Borsa Italiana's instructions. Additional meetings may be called if deemed necessary in order to address certain issues; the Board, at any rate, takes the steps necessary to effectively fulfil its duties. The Company published the following financial calendar which calls for 4 meetings to be held in 2015:

- 26 February 2015: Board of Directors' meeting to examine the separate and consolidated financial statements at 31 December 2014;
- 7 May 2014: Board of Directors' meeting to examine the Interim Management Statement at 31 March 2015;
- 6 August 2014: Board of Directors' meeting to examine the Half-year Financial Report at 30 June 2015;
- 10 November 2014: Board of Directors' meeting to examine the Interim Management Statement at 30 September 2015.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2015.

Pursuant to Art. 17.3 of the bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes. He must ensure that the Board of Directors constantly pursues its primary responsibility, namely achieving the strategic goals of the Company and the entire Group.

Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors. Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above. Typically the meetings are called via e-mail.

The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151 , second paragraph of TUF.

The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.

The Chairman of the Board of Directors works to ensure that the directors and statutory auditors receive the documentation relating to the items on the Agenda in a timely manner and prior to the date on which the meeting is to be held[2].

The documentation relative to the Board meeting agendas was regularly made available to each director on the Company's website; directors may access it on an exclusive basis using a password created by a personalized token. The publication of the documentation is preceded by a notice sent by e-mail from a specific function identified inside the Company. During 2014 the adequate notice period on average was equal to 2 (two) days.

During the meetings, the Chairman of the Board of Directors assured an extensive discussion of the items on the agenda allowing a constructive debate, also thanks to the regular participation of the Company's top management.

Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.

For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.

The bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session. If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the bylaws the chairman and/or the chief executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.

Typically the Issuer's managers attend the Board of Directors' meetings in order to provide additional information regarding the items on the Agenda. The Chairman of the Board of Directors, including if requested by one or more directors, may request that the Chief Executive Officer invite executives of the Company or Group companies to attend the Board meetings to provide in depth information about the items on the Agenda.

During the year ended 31 December 2014, the Board of Directors held 9 meetings, on 27 February, 10 April, 8 May, 7 July, 7 August, 25 September, 12 November, 18 December, duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was

2 Corporate Governance Code: Art 1.C.5.

quite low and all absences were excused. Each meeting lasted an average of 2.15 hours (two hours and fifteen minutes).

Some meetings of the Board of Directors were attended by Company executives and/or external parties, so they could provide specialized input on the topics up for debate.

Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

- **a)** examines and approves the strategic, business and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries, periodically monitoring implementation; defines the Company's corporate governance system and Group structure;
- **b)** defines the nature and level of risk deemed compatible with the Company's strategic objectives;
- **c)** judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries with particular reference to the internal control system and the management of conflicts of interest;
- **d)** in order to encourage the involvement and cooperation of the directors, institutes the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;
- **e)** establishes the frequency with which the delegated bodies must report to the Board of Directors on the progress made during the year relating to their assignments and the most significant operations carried out in the period, which will, at any rate, not be more than once a quarter;
- **f)** evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
- **g)** resolves on the operations carried out by the Company and its subsidiaries where such transactions are strategically, economically or financially significant for the Company; toward this end, determines the general criteria to be used to define material transactions and ensures that the strategically significant subsidiaries submit any transactions that could have a significant impact on the Company to the Board of Directors for approval;
- **h)** evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, also taking into account professional qualifications, experience, including as a manager, along with the nature of its members and their seniority;
- **i)** in light of the results of the assessment referred to in letter h) above, expressed to the shareholders, prior to the appointment of the new Board of Directors, any opinions about the type of professional that should be part of the Board;
- **l)** provides information in the report on corporate governance: (i) on the composition of the Board, indicating the qualifications (executive, non executive, independent), offices held within the Board (for example, Chairman or Chief Executive Officer), the main professional characteristics, as well as how long the office has been held; (ii) on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member; (iii) on the ways the assessment in letter h) above was carried out (iv) on the timeliness and completeness of the information provided before the Board, providing indications if the information was provided in a timely enough manner – and, at any rate, in accordance with the Company's bylaws;
- **m)** after the appointment of an independent director and, subsequently when circumstances materialize which could impact the latter's independent status and, at any rate once a year, evaluates – based on the information received form the interested party or, at any rate, available to the Company - the independent status of its non-executive members[3]: this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report). In these documents the Board of Directors: (i) indicates if parameters other than those indicated in the Corporate Governance Code were used, including with regard to a single director; and (ii) describes the quantitative and/or qualitative criteria used to assess the significance of the relationships being evaluated[4].
- **n)** each year, based on the information received from the Directors, records notes in the Report on Corporate Governance, the assignments held by Directors in other companies as directors or statutory auditors in financial, banking, insurance or large companies, listed on regulated markets (in Italy or abroad);
- **o)** expresses an opinion with regard to the criteria to be used to determine the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of Company director, taking into account the position held in any Board committees[5]. Toward this end, on the basis of a specific procedure[6], looks at the workload connected with each directorship (executive director, non executive or independent), including in relation to the type and size of the company in which the offices are held, as well as whether the latter are part of the Group;
- **p)** determines, based on the opinion of the Nominations and Remuneration Committee, who is to be appointed to act as a Company executive, as well as a member of the Board of Directors, Board of Statutory Auditors, Chief Executive Officers and General Manager of the strategically relevant subsidiaries; based on the opinion of the Nominations and Remuneration Committee, determines compensation;
- **q)** promotes initiatives designed to facilitate active and informed shareholder participation, as well as the exercise of shareholder rights, guaranteeing that they are provided with timely and complete information;
- **r)** ensures that the Decree 231/2001 Organizational, Management and Control Model is updated and complied with, while completing a risk map of the potential criminal violations with the support of the Supervisory Board;

3 Corporate Governance Code Art. 3.P.2
4 Corporate Governance Code Art.3.C.4
5 Corporate Governance Code Art. 1.C.3
6 Toward this end the Company has established limits for mutliple assignments approved by the Board of Directors on 13 December 2010

s) appoints, subject to the opinion of the Board of Statutory Auditors, a Financial Reporting Officer in accordance with Law 262/2005;

t) may call upon an independent Director to act as lead independent director, a point of reference and coordinator for all positions and activities of the non executive, and in particular, independent directors[7];

u) in the event the shareholders, in light of organizational needs, authorize that an exception be made to the non compete clauses referred to in Art. 2390 of the Italian Civil Code, evaluates on the merits of each situation and reports its findings to the first Shareholders' Meeting. Toward this end, upon appointment each Director will inform the Board of any activities carried out which compete with those of the Issuer and any relevant changes;

v) in order to ensure the correct handling of corporate information, updates, based on the proposal of the Chief Executive Officer of the Chairman of the Board of Directors, the Procedures for the management, handling and disclosure of confidential information and documents, with regard particularly to price sensitive information[8];

z) evaluates whether a succession plan for the executive directors should be adopted or not, subject to the opinion of the Nominations and Remuneration Committee[9].

As part of the Company's internal control and risk management, the Board of Directors, subject to the opinion of the Control and Risk Committee:

- defines the guidelines for the internal control and risk management system so that the principal risks that the Company and its subsidiaries face are correctly identified, as well adequately assessed, managed and monitored, while also determining the extent to which the risks are compatible with the strategic goals identified;
- evaluates, at least once a year, the adequacy and efficacy of the internal control and risk management system with respect to the business and the inherent risk profile;
- approves, at least once a year, the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- describes the main features of the internal control and risk management system in the report on corporate governance and expresses an opinion as to its adequacy;
- evaluates, after having consulted with the Board of Statutory Auditors, the opinion issued by the external auditors upon completion of the financial audit;
- appoints and replaces, based on the proposal of the Director in charge of the Internal Control and Risk Management System, as well as after having consulted with the Board of Statutory Auditors, the Head of Internal Audit.

The functions of the Board of Directors, as described above, comply with the new version of the Code.

Pursuant to the Corporate Governance Code, the Board of Directors, during the meeting held on 26 February 2015, used the reports provided by the Director in charge of Internal Control System, the Control and Risk Committee (formerly Internal Control Committee), the Supervisory Board, and the Internal Audit, as well as the Report prepared by the Financial Reporting Officer regarding the preparation of the accounting ledgers, to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system and the management of any conflicts of interest[10]. In this regard, it should be noted that the strategically relevant subsidiaries are all the subsidiaries (see 2.1 of Financial Statement at 31 December 2014) in which the management of Group's business sectors is located.

The Board of Directors, in accordance with the bylaws and the current norms and regulations and based on the information provided by the Chief Executive Officer and the Board of Statutory Auditors, evaluated the company's performance, its outlook and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries at least quarterly.

In 2014, the Board of Directors, also met specifically to: (i) examine and grant advance approval of any transactions undertaken by the Company and its subsidiaries of significant strategic, economic, capital or financial transactions. The significant strategic, economic, capital or financial transactions are those falling within the category of operations empowered to the Board under the bylaws, with particular attention for those in which one or more directors held an interest directly or on behalf of third parties; (ii) assess and express an opinion (in this instance positive) about the size, composition and proper functioning of the Board of Directors and its committees.

The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. The outcome is described below. As in the past, for the year ended on 31 December 2014, IGD hired the consulting company Egon Zehnder International to help with this self-assessment process, with specific modalities in reference to the third year of the mandate of the Board.

Please note that the consulting company Egon Zehnder does not carry out any other activities for IGD or its subsidiaries. This year the Board Review, as specifically requested by the Company and in accordance with best practices for the third and final year of the mandate, was focused on follow-up of the critical areas that emerged as a result of last year's review. A questionnaire was, therefore, agreed upon that concentrated on the areas for improvement that emerged during the last review, particularly with regard to the recommendations that the outgoing Board might give to the Board appointed during the next Annual General Meeting. This questionnaire was used to guide the individual discussions held with each Board member.

This survey, relating to the year closed on 31 December 2014, was conducted in the months of January and February 2015 was carried out on the basis of:

- discussions with each Director, after having completed a questionnaire prepared for this purpose;
- analysis of the comments and observations received and the preparation of a summary report which was

7 Corporate Governance Code Art. 2.C.3.
8 Comment on Art. 1 Corporate Governance Code.
9 Corporate Governance Code Art. 5.C.2.
10 Corporate Governance Code Art. 1.C.4.

presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results were presented during the Board of Directors' meeting held on 26 February 2015.

More in detail, the Directors expressed their appreciation for the key-areas of the job and, as a whole, the Board:

- confirms its satisfaction in terms of functioning and efficiency, the presence of the necessary expertise and experience and advised for a possible strengthening of the international dimension of its members;
- confirms its willingness to reduce the number of Directors;
- expresses its satisfaction for the specific training and development programs, as well as with regard to evaluation of skills and results achieved, launched by the management team and asked for appropriate information to be given to the Board;
- continues to be satisfied with the work done by the Chief Executive Officer and the Chairman;
- confirms, by a vast majority, the need to adopt a succession plan for the key executives to be transmitted as a priority to the next Board in order to be implemented over the next term of office;
- confirms great satisfaction with how strategic discussions begun in the past were conducted last year and how it resulted in specific initiatives.

Lastly, please note that at the date of this Report, the Company's shareholders had not authorized general or preventive exceptions to the non-compete clauses provided for in Art. 2390 of the Italian Civil Code[11].

3.4.4 Executive Directors

→ Chief Executive Officer

The bylaws[12] state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to an executive committee comprised of some of its members and/or one or more members given the title of chief executive officer or executive directors.

On 19 April 2012, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers, which were subsequently amended on 8 November 2012:

- to develop and propose - as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the drafting of the business plans, annual budget and the relative reporting;
- to monitor and coordinate any related activities: general services, any legal problems and fiscal implications;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD SIIQ S.p.A. and third parties and the budgets approved by the Board of Directors;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.
- to define, together with the Chairman, the optimal size of the administrative bodies and select the Directors and Statutory Auditors, as well as the Chairman, Vice Chairman and/or Chief Executive Officer of subsidiaries and affiliates so that the Chairman may submit them to the Nominations and Remuneration Committee;
- to oversee the appointment of the main managerial positions within the Group;
- to define, together with the Chairman, the proposals for the compensation of the Company's and Group's top management to be submitted to the Nominations and Remuneration Committee;
- to ensure that the Company's organizational, administrative and accounting functions are adequate in light of the size of the business.

Pursuant to the Corporate Governance Code, the Company's Chief Executive Officer is primarily responsible for the business operations. In this regard, please note that the Chief Executive Officer does not act as a director for another Issuer that is not part of the same Group of which a director of the Company is Chief Executive Officer *(interlocking directorate).*

11 Corporate Governance Code Art. 1.C.4.
12 Art. 23 of the bylaws.

Chairman and Vice Chairman of the Board of Directors

In compliance with the bylaws[13] the Board of Directors appoints from among its members a Chairman, if the shareholders have not done so, and a Vice Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice Chairman and if the Vice Chairman is absent the chairmanship is assumed by the Chief Executive Officer.

The chairman of the Board of Directors has signing authority for the Company and shall represent it as its Legal Representative[14] before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws.

During the meeting held on 19 April 2012, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions, subsequently amended on 8 November 2012:

- to develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by the shareholder cooperatives;
- to interface with the shareholder cooperatives regarding any integration of the respective investment plans.
- to maintain and develop – together with the Chief Executive Officer – relationships with the consumer sector cooperatives in order to explore possible aggregations of the shopping centers included the real estate portfolio.
- to act as the director in charge of Internal Control and Risk Management; in this role, working with, to the extent necessary, the Chief Executive Officer, he: (i) works to identify the main business risks of the Company and its subsidiaries; (ii) executes the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying the overall adequacy, efficacy and efficiency; (iii) reports periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures; (iv) adapts this system to any change in operating conditions, the law or regulations; (v) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results; (vi) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

During the meeting held on 8 November 2012, the Board of Directors, with a view to adopting a system more in line with best practices of listed companies which allow for the management of control functions to be separated from operations, called upon the Chairman, Gilberto Coffari, to act as the Director in Charge of Control and Risk Management who, following this assignment, is considered the executive director. At the same time the relative powers originally granted to the Chief Executive Officer were revoked.

During the meeting held on 19 April 2012, the Board of Directors appointed Sergio Costalli Vice Chairman, granting him the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

Executive Committee (pursuant to Art. 123-*bis*, para. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must report in writing at least once a quarter, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. The report is provided at the time of the Board's approval of the periodic financial reports (Financial Statement, Half-year Financial Report, Interim Management Statements). Each director may request that the deputized parties provide the Board with information regarding the Company's management. For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations. The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.

The guidelines also contain information about the supervisory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).

13 Art. 17 of the bylaws
14 Art. 24.1 of the bylaws

3.4.5 Other executive directors[15]

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director. Furthermore, during the meeting held on 8 November 2012 the Board of Directors appointed the Chairman to act as the Director in Charge of the Internal Control and Risk Management System. While not assigned any other mandates, the latter is now considered an Executive Director in light of the powers granted as a result of this assignment alone as per Art. 7 of the Corporate Governance Code.

3.4.6 Independent directors

The Company's Board of Directors evaluated compliance with the requirements for independent, non-executive directors provided for in the Corporate Governance Code and TUF upon and subsequent on annual basis to appointment of the directors. The outcome of this evaluation was disclosed to the market.

After having examined the information provided by the directors, in the meeting held on 26 February 2015 the Board of Directors confirmed that the independent directors appointed Giorgio Boldreghini, Fabio Carpanelli, Massimo Franzoni, Elisabetta Gualandri, Tamara Magalotti, Andrea Parenti, Riccardo Sabadini, Livia Salvini still qualified as such[16]. In light of the high level of professionalism and the work done over the last few years by the directors Fabio Carpanelli, Massimo Franzoni and Riccardo Sabadini, who have been acting as directors for more than nine years, the Board of Directors – including based on the information provided by the directors themselves – found that their ability to make autonomous decisions had not been compromised and, therefore, found these directors qualified as independent including in accordance with the Corporate Governance Code. In accordance with the Corporate Governance Code, on 23 February 2015 the Statutory Auditors verified that the criteria and procedures for assessing the independence of its directors were correctly applied by the Board[17].

As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 61.5% of the total number of non-executive directors. Please note that the Board of Directors also verified that all the directors who qualify as independent pursuant to the Corporate Governance Code also meet the requirements for independent applied to members of the Board of Statutory Auditors pursuant to TUF.

The Independent Directors met once in 2014 (18 December 2014) as convened by the Lead Independent Director.

3.4.7 Lead Independent Director

In February 2007, in order to further enhance the role of independent directors, the Board decided to introduce the title of **Lead Independent Director.** More in detail, the Board of Directors deemed it opportune to appoint a lead independent director also because, at that time, the Chairman of the Board of Directors was also the Chairman of the Board of Directors of the Company's majority shareholder.

In order to improve the contribution and role of the independent directors will refer to the Lead Independent Director, who will act as the reference person and coordinator for all positions and activities of the independent directors and, will also work with the Chairman of the Board of Directors in order to ensure that the directors receive complete and timely information.

The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only ("independent directors' executive sessions") to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

Following the recent renewal of the Board of Directors during the Board meeting held on 19 April 2012 the Company deemed that the appointment of a Lead Independent Director could help guarantee the above and enhance the role of the independent directors, in line with the Company's practices, and appointed independent director Riccardo Sabadini to act as Lead Independent Director even though none of the circumstances existed which call for the appointment of a Lead Independent Director under the Corporate Governance Code.

15 Corporate Governance Code: Art. 2.C.1

16 Corporate Governance Code: Art 3.C.4

17 Corporate Governance Code: Art. 3.C.5.

3.5 Treatment of Corporate Information

→ Procedure for managing and disclosing price sensitive information

In accordance with Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents, updated on 28 February 2013 in order to comply with changes made in the regulations governing the treatment of corporate information.

The procedure is to be followed by all members of corporate bodies, as well as managers and employees of the Company and its subsidiaries who have access to price sensitive information. They must, therefore, keep confidential the documents and information obtained during the course of their duties and follow the procedure the Company has adopted for the internal management and disclosure to third parties of such data[18].

The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

→ Registry of Insiders

Pursuant to Art. 115-*bis* TUF and in order to foster greater control in the internal management and disclosure of price sensitive information, in June 2006 the Company established a registry of the persons who have access to price sensitive information, the "Registry of Insiders". The Registry of Insiders is kept and updated in accordance with the specific regulations adopted by the Board of Directors on 21 June 2006, as subsequently amended, most recently last 12 November 2014.

The purpose of the above mentioned regulation is twofold; to develop greater awareness as to the importance of price sensitive information and to facilitate Consob's supervisory activities, as well as the judicial authorities' investigations in cases involving potential market abuse.

All the directors, statutory auditors, managers and employees who have access, on a continuous basis to price sensitive information, are listed in the registry.

→ Internal dealing

In accordance with Art. 114, paragraph 7 of TUF and with the implementation provisions found in Arts. 152-sexies et seq. of the "Regulations for Issuers", effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company's shares or on related financial instruments. The procedure adopted was subsequently updated by the Company on 28 February 2013 in order to comply with the latest changes made in this regard to the Regulations for Issuers. The code of conduct is available at http://eng.gruppoigd.it/Governance/Internal-Dealing.

18 Corporate Governance Code: Comment on Art.1.

3.6 Board Committees

(pursuant to Art. 123-*bis,* par. 2, lett. d), TUF)

In 2008 the Board of Directors, in compliance with Code recommendations, formed the Chairman's Committee, the Control and Risk Committee (formerly the Internal Control Committee), the Compensations Committee (now the Nominations and Compensations Committee) and the Committee for Related Party Transactions.

As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 43.99% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 (d) of the Consob Market Regulations, based on which the committees formed pursuant to the Corporate Governance Code must comprise only independent directors as defined in the mentioned provisions.

In 2012, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee" in accordance with the recommendations found in the comments on Article 4 of the Code and having met the organizational requirements referred to. The members of the previously mentioned committees were recently elected when the Board of Directors was renewed in April 2012 (with regard to the Committee for Related Party Transactions, please refer to paragraph 12 "Directors' interests and related party transactions").

3.7 Nominations and Compensation Committee

The Compensation and the Nominations Committees were combined into a single “Nominations and Compensation Committee” for organizational purposes within the Board as well as because of the strong correlation between the competencies of the former Company’s Compesantion Committee and those of the Nominations Committee pursuant to the Corporate Governance Code. The Company considered also that the members of the former Compensation Committee possess the same requirements relative to independence, professionalism and experience as the members of the Nominations Committee.

→ Composition and role of the Nominations and Compensation Committee (pursuant to Art. 123-*bis*, par 2, lett. d) TUF)

NOMINATIONS AND REMUNERATION COMMITTEE

Andrea Parenti	Chairman
Fabio Carpanelli	(Independent)
Tamara Magalotti	(Independent)

The Board of Directors, after having seen the curricula of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with remuneration policies.

The meetings of the Nominations and Compensation Committee may be attended by the Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer.

No director may attend a meeting of the Nominations and Compensation Committee during which his/her compensation is being discussed.

In 2014 the Nominations and Compensation Committee met 5 (five) times and all members attended while the Chairman of the Board of Statury Auditors attended 4 (four) meetings over 5 (five). Each meeting lasted approximately one hour. All meetings were properly minuted.

→ Functions of the Nominations and Compensation Committee

The Nominations and Compensation Committee: (i) submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management; (ii) provides recommendations relating to remuneration in order to ensure that the compensation of the Company’s directors, the Managers with Strategic Responsibilities and directors of subsidiaries are determined in such a way as to retain and motivate the individuals with the professional characteristics needed to successfully manage the Company and it subsidiaries. The Committee also proposes candidates to the Board in the event it’s necessary to substitute the independent directors.

The Nominations and Compensation Committee may also be called upon to provide the Board of Directors with an opinion about the periodic self-assessment, the optimal size and composition of the Board and to express opinions regarding the members of the Board and the characteristics of the professionals that could improve the functioning of the Board, as well as the maximum number of assignments as director and statutory auditor in other companies, as well as any allowable exceptions to the non compete clauses.

The Nominations and Compensation Committee will periodically assess the adequacy, the coherence and the implementation of the compensation policy availing itself, with regard to the Managers with Strategic Responsibilities, of the information provided by the Chief Executive Officer.

The Committee may also be called upon to express an opinion about the type of administrative body to be formed (single party or board), the number of members and the candidates to be presented for director, statutory auditor, chairman, vice chairman and general manager (and/or chief executive officer) of the subsidiaries or affiliates.

The Company will provide the Nominations and Compensation Committee with the financial resources needed to fulfil its duties.

Detailed information about the functions of the “Nominations and Compensation Committee” can be found in the Remuneration Report, published pursuant to Art. 123-ter of TUF, available on the website http://eng.gruppoigd.it/Governance/Compensation.

3.8 Directors' Remuneration

This information can be found in the Remuneration Report, to which you are invited to refer, published in accordance with art. 123-ter of TUF, available on the Company's website http://eng.gruppoigd.it/Governance/Compensation.

3.9 Chairman's Committee

CHAIRMAN'S COMMITTEE

Gilberto Coffari	Chiarman
Sergio Costalli	Vice Chairman
Claudio Albertini	Chief Executive Officer
Roberto Zamboni	Director

The Chairman's Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same. The committee is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter could have a significant impact on the value or composition of the company's equity or stock price.

The Chairman's Committee met 6 (six) times in 2014. Each meeting lasted approximately two hours.

3.10 Control and Risk Committee

The Control and Risk Committee was formed by the Board of Directors in accordance with the Corporate Governance Code[19].

→ Composition and role of the Control and Risk Committee (pursuant to art. 123-*bis*, par. 2, lett. d), TUF)

CONTROL AND RISK COMMITTEE

Elisabetta Gualandri	Chairman (Independent)
Massimo Franzoni	(Independent)
Livia Salvini	(Independent)

As the Company is subject to the management and coordination of Coop Adriatica s.c.a r.l., who holds 43.99% of the Company's share capital, pursuant to Art. 2497 of the Italian Civil Code, it is subject to Art. 37, paragraph 1 d) of the Consob Market Regulations, based on which the Risk and Control Committee must comprise only independent directors as defined in the Corporate Governance Code and in the same art. 37, paragraph 1 d) of the Consob Market Regulations. The Board of Directors, after having seen the curricula of the Committee members verified that director Andrea Parenti possesses adequate knowledge and experience in finance and with compensation policies.

Upon appointment, the Board of Directors examined the curricula of the independent director candidates verifying that they met at least one of the requirements in terms of experience in accounting and finance having worked at least three years as: (i) managers in administration, finance and control departments of joint stock companies, or (ii) professional activities or as confirmed university professors in law, economics or finance, or (iii) managers of public bodies or public administrations active in the banking, financial and insurance sectors.

The Chairman of the Board of Directors attends the meetings of the Control and Risk Committee in his quality as Director in Charge of the Internal Control and Risk Management System, as does the Chairman of the Board of Statutory Auditors or another statutory auditor appointed by him, though the other statutory auditors may attend. The Vice Chairman of the Board of Directors and the Chief Executive Officer are also invited to attend Committee meetings.

In 2014 the Control and Risk Committee met 6 (six) times, on 26 February, 5 May, 22 July, 4 August, 12 November and 18 December.

Each meeting lasted an average of one hour, with effective attendance of each member respectively of 100% for Chairman Elisabetta Gualandri and Massimo Franzoni and of 66% for Livia Salvini (4 appearances out of 6 meetings).

The Chairman of the Board of Statutory Auditors attended 33% of the meetings of the "Control and Risk Committee" (5 appearances out of 6 meetings). Minutes of the meetings were regularly taken.

→ Functions of the Control and Risk Committee

The Control and Risk Committee provides the Board of Directors with a preliminary opinion regarding the execution of the following:

a) definition of the guidelines for the Company's internal control and risk management system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored, while also determining the extent to which these risks are compatible with the correct management of the business and the strategic objectives identified;
b) yearly evaluation as to the adequacy of the internal control and risk management system with respect to the type of business and risk profile, as well its efficacy;
c) approval, at least yearly, of the work plan prepared by the Head of Internal Audit, after having consulted with the Board of Statutory Auditors and the director, Head of the Internal Control and Risk Management System;
d) description of the main characteristics of the internal control and risk management system, providing its own evaluation as to the adequacy of the former ;
e) evaluation, after having consulted with the Board of Statutory Auditors, of the findings of the external auditors in the letter of recommendations and the report on the main issues that emerged during the financial audit;
f) appointment and suspension, as proposed by the Director in Charge of Control and Risk Management System and after having consulted with the Board of Statutory Auditors, of the Head of Internal Audit.

The Control and Risk Committee, in addition to assisting the Board of Directors on the matters above, also:

- assesses, along with the Financial Reporting Officer and after having consulted with the external auditors and the Board of Statutory Auditors, the appropriateness of the accounting standards adopted and, if Groups are involved, their uniformity with a view to the preparation of the consolidated financial statements;
- expresses opinions on specific aspects concerning the identification of business risks;
- examines the periodic reports in which the internal control and risk management system is evaluated, along with any

19 Corporate Governance Code: Art 7.C.2

particularly relevant reports prepared by internal audit.
- monitors the independence, adequacy, efficacy and efficiency of the internal audit function;
- may ask internal audit to carry out controls of specific operating units, while, at the same time, advising the Chairman of the Board of Statutory Auditors;
- reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control and risk management system.

The functions attributed to the Control and Risk Committee are not exhaustive and may be increased.

The Board of Directors ensures that the Control and Risk Committee receives adequate support in carrying out its duties.

During the meetings held in 2014 the Committee was involved primarily in the following activities:

a. assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;
b. examination of the controls conducted by Internal Audit based on the audit plan agreed, as well as on specific areas required by the Committee, such as, for example: asset fair value appraisal (Italy and Romania), suppliers selection, finance and treasury, investments, active and passive cycle, accounts receivable (Italy and Romania), market communication and internal dealing;
c. issue of a positive opinion with regard to the appointment of the Head of Internal Audit;
d. examination of the progress of the Enterprise Risk Management project carried out in 2014;
e. release of favourable opinion to the Board of Directors on the approval of the audit plan for 2015, prepared by the Head of Internal Audit and based on the risk prioritization process that is part of risk management.

The Company guarantees that the Control and Risk Committee will have the financial resources needed to fulfil its duties.

3.11 Internal Control and Risk Management System

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon, through the proper identification, assessment and control of the primary risks facing the company with a view to creating medium/long term value for shareholders. This internal control system helps ensure the safeguarding of the company's assets, the efficiency and efficacy of the company's operations, compliance with laws, regulations, bylaws and internal procedures, as well as the reliability of financial information. As the objective of the internal control system is, therefore, to guarantee the reliability, accuracy, dependability and the timeliness of the financial information, the system is considered an integral part of and not separate from the general risk management system adopted by the Company.

This system is part of the Company's overall organizational and corporate governance structure and reflects the reference models, as well as national and international best practices, also in light of the changing rules.

More in detail, the planning, implementation and monitoring of the internal control and risk management system defined by IGD are modeled after the CoSo Framework; with a view to continuous improvement, the Company develops and updates the system components constantly. These components are summarized below:

a) Control environment

The control environment refers to the organizational context in which the strategies and objectives are defined, the ways in which business activities are structured and the ways in which risks are identified and managed. This includes many elements, including the Company's ethics, expertise and development of personnel, the style with which operations are managed and the methods used to grant special mandates, powers and responsibilities. In line with the framework standards, the control environment includes the following sub-elements:

i) Commitment to integrity and ethical values
The Company has defined and shared its Code of Ethics with employees and staff members. This Code is an official document that contains all the standards underlying the Company's activity. The top management and the supervisory and control bodies which, as described in more detail below, make up the internal control and risk management system, help to ensure compliance with the conduct set out in the Code. The Company is committed to preserving economic, environmental and social sustainability for its stakeholders and has issued a corporate sustainability report every year since 2010.

ii) Exercise of the supervisory responsibilities
The group of individuals which comprise the Company's internal control and risk management system guarantee that the supervisory activities will be carried out in compliance with the law and regulations. More in detail, the different duties (which will be explained more in detail below) are assigned to the Board of Directors, the Director in Charge of the Internal Control and Risk Management System, the Risk and Control Committee, the Board of Statutory Auditors, the Supervisory Board, the Financial Reporting Officer and the Head of Internal Audit.

iii) Definition of the internal control and risk management system's structures, reporting lines and responsibilities
In 2014, as mentioned above, the Company approved the update of its "Corporate Governance Regulations" in order to implement the recent changes to the 2014 Code of Conduct, which strive, among other things, to identify the roles and the responsibilities that should be part of the risk management and internal control system and the main reporting information provided for the coordination of their work.

The internal control and risk management system involves, to the extent of their expertise:

- **i)** the Board of Directors;
- **ii)** the Director charged with creating and managing an effective internal control and risk management system;
- **iii)** the Control and Risk Committee, as the voice of the Board of Directors, formed in accordance with the Corporate Governance Code which must support, after having received adequate information, the evaluations and decisions made by the Board of Directors relating to the internal control and risk management system, as well as the decisions relating to the approval of the periodic financial reports;
- **iv)** the Head of Internal Audit, charged with verifying that the internal control and risk management system is functional and adequate and with coordinating the ERM process;
- **v)** the Financial Reporting Officer who, by law, is charged with establishing adequate administrative and accounting procedures for the preparation of financial documents and reports;
- **vi)** the Board of Statutory Auditors which monitors the efficacy of the internal control and risk management system;
- **vii)** other roles and company divisions assigned specific duties relating to internal control and risk management based on the size, complexity and profile of the business risks (including, for example, the Supervisory Board created pursuant to Legislative Decree 231/2001).

The Board of Directors ensures that the assessments and decisions made relating to the internal control system, the approval of the annual and half-year reports, as well as the relations between the Company and the external auditors are supported by an adequate exchange of information.

The Board of Directors, as part of its strategic supervision, defines the guidelines for the control systems in line with the Company's business risk previously determined by the Board[20].

The Board, by law, must also periodically verify the adequacy of the control systems. Unforeseen events, however, may require further investigation in order to verify the efficacy of the controls in relation to particular situations[21] and the Board, therefore, is also responsible for the adoption of an adequate system in light of the business's characteristics.

Toward this end an efficient organization of the workflow is key to ensuring that any questions relating to internal control, in general, and risk management, in particular, are discussed with the Board after having been adequately briefed by the Control and Risk Committee.

iv) Commitment to attract, develop and retain competent resources

The Company promotes research and development activities in order to enhance the talent and professional expertise of its resources. The human resources management systems adopted foster the enhancement of professional know-how and incentivize the achievement of goals through specific bonus schemes and the development of employee training programs.

v) Promotion of dependability

The Company promotes and enhances dependability on all levels and in the broadest sense of the term which encompasses all aspects of organizational conduct, procedural management, IT, as well as internal and external communications.

b) Risk assessment

Risk assessment is viewed as an integral part of the system. Toward this end, in order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. As per these standards, risk assessment is carried out lin line with a) above and is based on four sub-elements:

vi) Definition of appropriate objectives

The Company verifies that the planning, implementation and monitoring of the internal control and risk management system are in line with the Company's strategic, financial, operational and compliance goals.

vii) Identification and assessment of risks

The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business. The methods used as part of the Group's ERM system call for the following periodic activities:

- analysis of the risks identified, the organization of the risk management personnel and the risk control measures used, assessment of the risk identified by the management of Group companies;
- identification of the "risk indicators", which make it possible to identify and assess the impact that the risks under examination could have on the company's performance;
- assessment of the level of risk coverage based on the control mechanisms used;
- prioritization of the risks and the steps to be taken, as well as risk tolerance analysis in accordance with the instructions received from the Group's top management.

The Enterprise Risk Management procedures are updated based on the findings of specific risk assessments made by other control bodies (internal audit, system used to control accounting-administrative procedures pursuant to Law 262/05).

viii) Identification and assessment of fraud risk

The Company pays particular attention to potential areas of exposure to the risk of fraud when planning, implementing and monitoring the internal control and risk management system. The ERM model identifies and assesses in the Risk Map an area of risk referred to as "Fraud committed by Company personnel or its stakeholders that could impact its assets and its reputation". The controls defined relating, in particular, to administrative and accounting operations, financial and treasury management, as well as property and retail management, also take into account aspects relating to fraud risk.

The assessments of this sort of risk take into account not only the results of the controls made by system personnel, but also the recommendations and action plans emerged as a result of internal audits and any observations made by the external auditors shared with the Company. With a view to continuously improving the system, the Company will continue to work on preventing fraud risk and the instruments used in this regard.

ix) Identification and analysis of significant changes

As part of the internal control and risk management system, the risks analyzed and assessed are periodically verified and updated in light of strategies, the organizational model and the business operations. The Company, therefore, periodically updates the tools used to identify and assess risk (ERM system, Decree 231/01 Model for organization, management and control, system used to control accounting-administrative procedures pursuant to Law 262/05) to ensure that they fit the Company's organizational and business characteristics, as well as the corporate strategy.

c) Control activities

Control activities are defined in accordance with regulations, policies, guidelines and procedures that ensure that the risk management strategies adopted are executed correctly. In line with the framework standards and pursuant to the observations made in b) above, the control activities include the following three sub-elements:

x) Selection and development of control activities

The control activities defined by IGD are based on the definition and deployment of a series of controls designed to mitigate risks of various types, including organizational, procedural, operational or relating to third party interests. The selection of the control activities is rooted in the risk identification and mapping carried out in accordance with the ERM model, the Decree

20. Comment - Art. 7 Corporate Governance Code
21. Comment - Art. 7 Corporate Governance Code

231/01 Model for organization, management and control and the administrative-accounting control system. As part of these assessment activities, the Company assesses the adequacy of the existing controls with respect to the level of risk identified and determines the steps that need to be taken to strengthen controls, in line with the control objectives defined and shared with top management. Implementation is periodically monitored by the system personnel based on his/her duties and responsibilities.

xi) Selection and development of general activities over technology

Based on the Company's organizational model, a few support services are outsourced relating, for example, to the management of IT and infrastructures. More in detail, IGD stipulated a contract for services with Coop Adriatica S.c.a.r.l. based on which the latter manages the IT systems. The Financial Reporting Officer, in particular, outsourced several analyses relating to information systems before certifying the separate and consolidated financial statements for 2014. The purpose of these analyses was to assess "IT General Controls" in order to identify any lack of alignment with respect to the current Internal Control System and the Internal Control objectives outlined in the COSO and CobiT reports and define the steps to be taken in order to improve the situation.

xii) Deployment of controls through policies and procedures

IGD, in line with the control objectives defined, as well as the best market practices and the methods adopted, defined a series of policies and procedures that govern conduct, as well as organizational and management practices (internal regulations and procedures). They form an integral part of internal regulations and procedures, along with the market procedures, administrative-accounting controls, the model for organization, management and control, as well as the procedures called for under the law.

d) Information and communication

Information is needed at all corporate levels in order to identify, assess and carry out the risk management solutions decided upon, as well as the control activities called for with respect to the pre-determined objectives. In line with the framework standards and pursuant to the observations made in c) above, the information and communication activities are defined based on the following three sub-elements:

xiii) Use of relevant information

In order to provide the control activities with concrete support, the Company gathers and assesses relevant information. While the system is being monitored, information is gathered through interviews of management and based on self-assessment initiatives. The Company has also defined a set of Key Risk Indicators that are updated periodically in order to understand elements that could prove useful to understanding potential risks. Similarly, reporting lines and ways to manage information flows are determined by the Legislative Decree 231/01 Supervisory Board, Internal Audit and the Financial Reporting Officer. The management, control bodies and the Board of Directors are provided periodically with reports on the progress of the work being done and updates about any changes relative to the levels of the risks identified.

xiv) External communications

The Company promotes transparent and thorough external communications policies. Toward this end the internal control and risk management system, as well as the corporate events of potential interest to all stakeholders, are made public through the institutional channels adopted by the Company, namely periodic financial reporting, the Report on Corporate Governance and Ownership Structure, the corporate website www.gruppoigd.it and all the disclosures made available to the public by the Investor Relations department.

xv) Internal communications

Internal communications must ensure that all appropriate company staff members are aware of the control and governance rules and that management is updated constantly including with regard to any new provisions relating to the control and risk management system, as well as changes to internal rules. The internal communications system includes the training programs developed in order to provide management with an understanding of the procedures and controls defined by the Company. Information channels are in place through which top management and the control bodies are provided with useful information in order to improve the system or report any lack of compliance with the controls.

e) Monitoring

Information is needed at all corporate levels in order to identify, assess and carry out the decisions made relative to the treatment of risk, as well as deploy the control activities defined in order to reach the goals defined. In line with the framework standards and pursuant to the observations made in d) above, the risk assessment activities include the following two sub-elements:

xvi) Continuous and periodic evaluations

In line with the procedures used to identify, assess, manage and monitor the risks defined by the system adopted, each system player is called upon periodically to report on the functioning of the system and its ability to contain risk within the defined limits as per the guidelines defined by the relative control bodies.

xvii) Evaluations and communication of any deficiencies

The periodic evaluation of the internal control and risk management system makes it possible to single out the areas in need of improvement in order to align the system with the relative control bodies' expectations and the level of risk that the Company can tolerate. The players and the bodies that are part of the internal control and risk management system are involved in the evaluation process and the communication of any deficiencies.

→ Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.

The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting.

The methods used by the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations for the Financial Reporting Officer found in the guidelines issued by ANDAF.

a) Internal Control System implemented in relation to IGD's financial reporting process

As part of the financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks.
The activities listed above are described in greater detail below.

Identification of risks associated with financial reporting

During this phase the scope of the analysis is determined relative to the Group companies, the processes of the single companies, as well as the administrative-accounting risks and controls to be investgated further.

The Company constantly evaluates the scope of the analysis and makes the necessary changes and additions, including with regard to the companies operating in Romania. Risks are, therefore, identified for each individual administrative-accounting process.

Assessment of the risks associated with financial reporting

This activity calls for the assessment of financial reporting risk for both entities and processes, as well as for single transactions. Existing controls and the ability to effectively mitigate the risks inherent to administrative-accounting processes are checked.

Based on the approach used, both the risks relating to non-intentional errors and fraud are taken into account and controls are put into place to ensure that these risks are monitored, including as part of control protocols implemented in the context of other components of the overall internal control system.

The approach used also takes into account the manual and IT systems controls supporting the administrative-accounting procedures, namely the automatic IT controls for applications, general controls covering systems access, control of systems development and changes and, lastly, the adequacy of the IT structures. The control system, both on entity and general IT structural levels, is subject to analysis in order to understand how to deploy initiatives to strengthen it.

The analysis of procedures, risks and controls established based on the Financial Reporting Officer's work plan includes the updating of the model used to control accounting and administrative risk with constant risk assessment review pursuant to Law 262/05 and the introductions of new procedures as a result of the scoping reviews. The Financial Reporting Officer constantly monitors the adequacy of the controls identified, and carrying out, when necessary, corrective measures.

Identification of the controls to be used with respect to the risks found

Based on the work carried out to identify procedures, risks and controls, the Company plans the improvements needed to introduce and/or change controls, both general and for single processes. The administrative-accounting procedures are then updated accordingly. IGD's administrative-accounting procedures are defined and deployed in accordance with the organizational structure and corporate processes in place. Administrative-accounting procedures are also adopted for the companies operating in Romania. The Company evaluates the need for and plans updates in order to ensure that the administrative-accounting procedures are in line with the Group's organization and functioning.

Evaluation of the controls used to monitor the risks found

The administrative-accounting procedures are monitored constantly; toward this end, specific testing activities are planned and carried out in order to ensure that the controls called for in the administrative-accounting procedures, as well as any corrective measures, are carried out correctly by the corporate divisions. These evaluations are carried out with respect to both the Italian and Romanian companies.

Furthermore, in accordance with Consob Recommendation n. DIE/0061944 dated 18/7/2013 relating to the fair value of real estate assets held by listed real estate companies, IGD's Board of Directors approved a specific corporate procedure: "Fair Value Measurement of Real Estate Assets".

b) Roles and corporate bodies involved

The internal control and risk management system is based on the clear definition of the roles involved in the different phases of the planning, deployment, monitoring and updating of the system over time. These include the Board of Directors, the Risk and Control Committee, the Board of Statutory Auditors, Director charged with creating and managing an effective internal control and risk management system, the Supervisory Board, the Financial Reporting Officer, Internal Audit, and Company management.

Based on the current internal control and risk management system, the Financial Reporting Officer must report to the Board Directors and participate in the coordination of the control activities.

* * *

During the year, based on the evaluation of the Control and Risk Committee and the Director in Charge of Internal Control and Risk Management, the work done by the Financial Reporting Officer and the Internal Audit report, the Board evaluated the adequacy, efficacy and functioning of the internal control and risk management system.

3.11.01 Director in charge of the internal control and risk management system

During the meeting held on 8 November 2012 the Board of Directors, in light of the changes linked to the new Corporate Governance Code, called upon the Chairman of the Board of Directors to act as the Director in Charge of the Internal Control and Risk Management System who, following this assignment, is considered an executive director. Previously, the executive director in charge of the internal control system had been the Chief Executive Officer.

In particular the director in charge of internal control and risk management has the following duties:

a) identification – working with the Chief Executive Officer to the extent necessary - of the main business risks of the Company and its subsidiaries, and periodically submiting same to the Board of Directors for examination;
b) execution of the guidelines defined by the Board of Directors, monitoring the planning, implementation and management of the internal control and risk management system, while constantly verifying their overall adequacy, efficacy and efficiency;
c) report periodically to the Board of Directors, as requested by the Board, on the status of risk identification, the overall management of the control system, its functioning and implementation of proposed measures;
d) adapt this system to any change in operating conditions, the law or regulations;
e) may ask internal audit to carry out verifications relating to specific operations and the compliance with rules and internal procedures in the execution of corporate transactions, informing the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors of the results;
f) inform the Board of any problems encountered while carrying out the activities referred to so that the Board of Directors may adopt the necessary measures.

3.11.02 Head of Internal Audit

In 2012 the Board of Directors, based on the proposal of the Director in Charge of the Internal Control and Risk Management System subject to the favourable opinion of the Board of Statutory Auditors, resolved to appoint the company Unilab to act as Head of Internal Audit in outsourcing. The Company confirmed that Unilab will carry out the assignment for both 2014 and 2015 and determined the compensation.

More in detail, the Head of Internal Audit:

a) verifies, continuously, as well as when specific needs arise and in accordance with international standards, the functioning and adequacy of the internal control and risk management system, based on an audit plan, prepared by the Head of Internal Audit and approved by the Board of Directors based on a structured analysis and prioritization of the main risks;
b) is not responsible for any operational areas and reports directly to the Board of Directors;
c) has direct access to all the information needed to carry out the assignment;
d) prepares periodic reports containing adequate information regarding the activities, how risk management is carried out, as well as the status of the plans defined. The periodic reports contain an evaluation as to the adequacy of the internal control and risk management system;
e) prepares reports about important events in a timely manner;
f) provides the above reports to the Chairman of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as the Director in Charge of the Internal Control and Risk Management System (i.e. the Chairman of the Board of Directors);
g) verifies, as part of the audit plan, the reliability of the IT accounting systems.

The Head of Internal Audit coordinates the ERM process, ensuring that the Chief Executive Officer, the Control and Risk Committee and, when requested, the Board of Directors, are provided with progress reports.

3.11.03 Decree 231/2001 Organizational Model

In 2006 the Board of Directors approved adoption of the Organizational Model, as subsequently amended, which further strengthened the internal control system. In 2014 the Company, as new crimes were added to those for which the Company could be found liable, mapped the core business activities at risk and, consequently, updated the Model and provided employees and management with training in this regard, incorporating the changes introduced by the legislation on anti-corruption.

The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates and is based on the standards and procedures described below.

The Organizational Model includes the following:

a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
b. the Ethical Code, which formulates the general principles (diligence, honesty and fairness) inspiring the conduct of business;
c. internal control mechanisms monitoring areas at risk;
d. the disciplinary system which enforces the Model's rules;
e. the Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model.

The Supervisory Board may act independently and must ensure that the Model is constantly updated.

The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.

The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.

Please note that the Company's internal audit, carried out the company Unilab, provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, par. 2, lett. d) of Legislative Decree 231/01, as well as for the execution of specific audits deemed necessary based on the information gathered.

The Supervisory Board, renewed on 19 April 2012, is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Aristide Canosani and Livia Salvini.

In 2014 the Supervisory Board met 4 times on 26 February, 3 June, 24 September and 22 December, with attendance reaching 100% for the Independent Directors Fabio Carpanelli and Aristide Canosani and reaching 75% for the Independent Director Livia Salvini (3 appearances out of 4 meetings). The Model is also available on the company's website http://eng.gruppoigd.it/Governance/The-Organizational-Model.

3.11.04 External auditors

The activities related to financial audit are carried out by a company selected by the shareholders from among those listed in Consob's specific roll.

On 16 September 2004 the shareholders granted the company Reconta Ernst&Young the assignment, which was subsequently renewed on 23 April 2007, for the financial audit of separate and consolidated annual and half-yearly financial statements for the period 2006-2014. The assignment was granted on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors in accordance with current norms and regulations.

During the Annual General Meeting held on 18 April 2013 shareholders resolved to grant the financial audit assignment to the firm PricewaterhouseCoopers S.p.A.. for the period 2013-2021 in accordance with current laws, the motivated opinion submitted by the Board of Statutory Auditors, and a detailed analysis of costs and expertise.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2014 can be found in the notes to the separate and consolidated financial statements.

3.11.05 Financial reporting officer

In compliance with art. 154-*bis* of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

In July 2007, the Board of Directors appointed Grazia Margherita Piolanti as the Financial Reporting Officer for an indefinite period and invested her with responsibilities, powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer, along with the executive officer (s) must provide a report on the separate and consolidated (if prepared) yearly financial statements and on the half year report attesting that the administrative and accounting procedures used to prepare the separate and financial statements are adequate in light of the characteristics of the Company's business.

The Financial Reporting Officer must also attest that the separate and consolidated financial statements:

a) are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the Regulation 1606/2002/EC;
b) correspond to the ledgers and accounting entries;
c) provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

3.11.06 Coordination of the internal control and risk management system personnel

In order to facilitate coordination of the control activities, the Company deemed it useful and opportune to outline the methods of operation as described below.

The Chairman of the Board of Statutory Auditors will call a meeting with the Chairman of the Control and Risk Committee with the frequency agreed upon and at least once a year to discuss the results of their respective control activities, to evaluate planning and the possible coordination of their respective activities. Toward this end, the Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

Other parties may be invited to attend the meetings which, in addition to periodically, may be called anytime there is a specific need and may include, in addition to the respective committees and bodies, including not as a group, the Director in Charge of the Internal Control and Risk Management System, the Head of Internal Audit, the Financial Reporting Officer, and the Chairman of the Supervisory Board.

In 2014 one meeting was held on 26 February 2014 and was attended by the entire Control and Risk Committee, the Chairman of the Board of Statutory Auditors, the Internal Audit, the Lead Independent Director, the entire Supervisory Board, a partner of the external audit firm, the Director in charge of the Internal Control and Risk Management System, the Chief Executive Officer and the Financial Reporting Officer.

The Chairman of the Control and Risk Committee and the Director in Charge of the Internal Control and Risk Management System meet with the Head of Internal Audit:

(i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Committee;
(ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

The Chairman of the Supervisory Board meets periodically, at least once every six months, with the Head of Internal Audit: (i) to examine the yearly work plan in advance and suggest any changes that might need to be made with regard to the control activities scheduled by the Supervisory Board; (ii) to receive and discuss the results of the activities carried out by the Head of Internal Audit, suggesting any other initiatives that might be called for.

Other meetings may be held in addition to the meetings referred to above with the parties listed in this report who are involved in control functions and may be called by the respective Chairmen of the bodies referred to, including together.

3.12 Directors' interests and transactions with related parties

With regard to the transactions with related parties, as of 1 January 2011 the Company applied the "Procedure for Related Party Transactions" approved on 11 November 2010 by the Board of Directors, subject to the favorable opinion of the Committee for Related Party Transactions, pursuant to Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions. The Company's Board of Statutory Auditors also verified that the procedure approved by the Board of Directors complied with the Consob Regulations.

The purpose of the "Procedure for Related Party Transactions" is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.

The term "Related Party" is defined explicitly in the Regulations, as per IAS 24, with marginal adjustments in order to ensure that the perimeter of related parties and related transactions is correctly determined. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, par. 2, of the Regulations.

Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguish between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:

(i) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD SIIQ's capitalization;

(ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD SIIQ's total assets;

(iii) liabilities materiality ratio: the ratio between acquired entity's total liabilities and IGD SIIQ's total assets.

Less material related party transactions, which includes all the other transactions.

The Regulations establish the criteria to be used in approving the material and less material transactions:

- the Committee for Related Party Transactions and the body involved in the approval of the transaction must be provided with complete and adequate information in a timely manner prior to approval;
- the Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;
- a statement attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded.
- the Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedures for Related Party Transactions also includes a list of the transactions which are not governed by the Regulations (with the exception of certain disclosure requirements) and which include:

1. immaterial transactions (below the amount indicated in the Company's Procedure).
2. resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain conditions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee).
3. compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-*bis* of TUF.
4. routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts).
5. transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Company formed the Committee for Related Party Transactions in accordance with Art. 2391-*bis* of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of Consob's Regulations for Related Party Transactions.

→ Composition and functions of the Committee for Related Party Transactions

COMMITTEE FOR RELATED PARTY TRANSACTION

Riccardo Sabadini	Chairman (Independent)
Giorgio Boldreghini	(Independent)
Andrea Parenti	(Independent)

The Committee for Related Party Transactions is comprised of three independent directors appointed by the Board of Directors on 19 April 2012. The Committee's functions are governed by the Procedures for Related Party Transactions approved by the Board of Directors on 11 November 2010 and summarized below.

The Committee for Related Party Transactions met 9 (nine) times in 2014 on 23 January, 27 February, 16 June, 24 June, 2 July, 7 July, 12 November, 1 December and 4 December. All members were in attendance. Furthermore a meeting with the Chairman of the Supervisory Board reserved for the Chairman of the Committee was held on 16 December 2014. Each meeting lasted approximately one hour and fifteen minutes. Minutes of the meetings were regularly taken.

The Committee for Related Party Transactions with regard to:

- less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;
- material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases (by receiving the information distributed) and the negotiations and is entitled to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee for Related Party Transactions must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favour of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights.

In accordance with Consob's recommendation (Bulletin n. DEM/10078683 of 24 September 2010) that the procedure for related party transactions be renewed every three years, during the Board meeting held on 7 November 2013 the Company, taking into account the experience matured by the Company in the three year period 2010 - 2013 in the application of this type of procedure, as well as the opinion of the Committee for Related Party Transactions, resolved in favour of the Procedure for Related Party Transactions adopted by the Company on 11 November 2010 deeming it effective in ensuring the substantive and procedural fairness of the transactions with related parties.

The procedure described above can be found on the Company's website http://eng.gruppoigd.it/Governance/Committees/Committee-for-related-party-transactions.

3.13 Appointment of the Statutory Auditors

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose. The lists may be submitted by the shareholders or groups of shareholders holding the interest specified in Consob regulations (for 2015 equal to 2.5% of the Company's share capital).

The composition of the current Board of Statutory Auditors has been aligned in advance and voluntary with the current law relating to gender equality pursuant to Law 120/2011.

The Company already complied with the bylaws provisions in accordance with Law 120/2011 during the Annual General Meeting held on 19 April 2012, and as resolved during the Annual General Meeting held on 18 April 2013. More in detail, during the AGM held on 18 April 2013 shareholders approved the introduction of a runoff voting mechanism which guarantees compliance with the laws governing gender equality in the appointment of the Board of Statutory Auditors based on vote listing.

In light of the bylaw amendments above, the appointment and substitution of the standing and alternate auditors pursuant to Art. 26.9 must be done in such a way as to guarantee that the composition of the Board of Statutory Auditors complies with the current law relating to gender equality.

Toward this end, please note that the provisions relating to the composition of the administrative and control bodies, contained in the above mentioned Law 120/2011, include a specific temporary norm calling for the gradual application of the law and that for the first mandate after one year from the date of entry in force of the said Law (i.e. after 12 August 2012) at least one fifth of the directors and statutory auditors should be of the least represented gender.

According to Art. 26 of the bylaws, the following procedure applies to the appointment of the Board of Statutory Auditors:

- from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;
- the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.
- In the event the composition of the Board of Statutory Auditors fails to comply with the law relating to gender equality as a result of the votes cast, the candidates belonging to the more represented gender with the least amount of votes on the list that receives the most votes will be replaced by the number of candidates on the same list needed to ensure compliance with the laws governing gender equality. In the event that not enough candidates of the least represented gender appear on the list that receives the greatest number of votes, the shareholders will appoint the missing standing and alternate statutory auditors of the least represented gender with the majority of votes required by law.

In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected in such a way, however, as to ensure that the composition of the Board of Statutory Auditors complies with the current law relating to equal gender opportunities.

The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

(a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;

(b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:

- all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
- sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office. Positions held at parent companies, subsidiaries, or affiliates do not apply.

With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, par. 2 *bis*, TUF, as amended by the Uniform Savings Act, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Please note that the ordinary Annual General Meeting called to approve the financial statements for 2014 will have as item on the agenda, among others, the appointment of the Statutory Auditors for the three years from 2015 to 2017.

3.14 Composition and role of the Board of Statutory Auditors (pursuant to Art. 123-*bis,* par. 2, lett. d) TUF)

The current Board of Statutory Auditors appointed during the Annual General Meeting held on 19 April 2012, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), Roberto Chiusoli (standing auditor), Corsi Pasquina (standing auditor), Isabella Landi (alternate auditor) and Monica Manzini (alternate auditor), all majority list candidates, as no minority lists were presented.

The above mentioned list received 67.885% of the votes cast.

The personal characteristics and professional experience of the single members of the Board of Statutory Auditors are provided below.

ROMANO CONTI

Born in Bologna in 1948, Mr. Conti received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant and partner of Associazione Professionale Studio Gnudi, with which he has worked since the firm's inception. He is a financial auditor and provides tax planning advisory services relating to national accounting standards and tax related litigation. He is an associate of the firm ACB Group S.p.A., a consultancy based in Milan. He is a Director of Bologna's Order of Chartered Public Accountants and Accounting Experts. He also holds the assignments listed in Table 5.

ROBERTO CHIUSOLI

Born in Bologna, in 1964, Mr. Chiusoli received a degree in business economics from the University of Bologna. He is a Chartered Public Accountant, registered with Bologna's Role of Chartered Public Accountants and Accounting Experts since 1992, and a Certified Auditor. From 1989 through 1991, he worked in the tax division of a firm that provided legal and tax advisory services. From 1991 to 1996, he worked with Uniaudit S.p.a. auditing and certifying financial statements and ultimately was the head of tax audit. In the same sector, he worked with the financial audit firm Reconta Ernst & Young on the audit and certification of financial statements. As of 16 September 1996 Mr. Chiusoli is part of Legacoop Bologna where he is head of the tax assistance bureau. He is the coordinator of the fiscal services for Legacoop Emilia - Romagna. He is a member of the control bodies of several joint stock companies. He also holds the assignments listed in Table 5.

PASQUINA CORSI

Born in Piombino (LI) in 1957. Ms. Corsi received a diploma from the Piombino Commercial Technical Institute in 1976. She then worked to become an accredited bookkeeper and accountant in 1995. She is registered with the Role of Chartered Public Accountants and Accounting Experts in the province of Livorno and is active professionally in Campiglia Marittima (LI). She is also a registered financial auditor. Ms. Corsi has been a member of the Audit Board of some municipalities. Ms. Corsi is Chairman of the Board of Statutory Auditors of Ipercoop Tirreno Spa and a standing auditor of I.S.C. S.p.A. She also holds the assignments listed in Table 5.

The statutory auditors were appointed on the basis of a list system for three years, through the date on which the Annual General Meeting is called to approve the financial statements for the year ending on 31 December 2014.

In 2014 the Board of Statutory Auditors met 7 (seven) times on 20 February, 21 March, 16 June, 4 August, 25 September, 12 November and 1 December with attendance reaching 100% for all members. Each meeting lasted an average of 2 hours.

A few meetings were also held with, in particular, Company management, representatives of the external audit company, as well as the Control and Risk Committee (formerly the Internal Control Committee).

The Board of Statutory Auditors verified that its members qualify as independent under the Corporate Governance Code and TUF. This verification was made after the appointment and will be carried out each year.

The Board of Statutory Auditors supervises the work of the external auditors.

Furthermore, shareholders grant the assignment to the external auditors on the basis of the motivated opinion submitted by the Board of Statutory Auditors.

Pursuant to Art. 19 of Legislative Decree n. 39/2010, the Board of Statutory Auditors also acts as the Committee for Internal Control and Financial Audit.

The statutory auditors, including individually, may carry out inspections and controls, as well as request that the Directors provide them with information about subsidiaries, about the status of corporate transactions or specific issues, or refer these requests directly to the subsidiaries' administrative and control bodies. The statutory auditors may ask the Head of Internal Audit to carry out audits of specific operating divisions or corporate transactions.

The Board of Statutory Auditors reports on its supervisory activities and any findings to the Annual General Meeting called to approved the full year financial statements in accordance with Art. 2364, paragraph 2, of the Italian Civil Code.

The statutory auditors may also submit proposals to the Annual General Meeting relating to the full year financial statements and their approval, as well as to other matters that they are responsible for.

The Board of Statutory Auditors(at least two statutory auditors), after having notified the Chairman of the Board of Directors, can call the Shareholders' Meetings, meetings of the Board of Directors and, if instituted, the Executive Committee.

The Board of Statutory Auditors, the external auditors, the Control and Risk Committee, as well as all the other entities involved in the supervision of the control systems, will exchange information about the execution of their assignments in a timely manner.

The Board of Statutory Auditors is, at any rate, invited to be proactive and not only reactive in its supervision. The Statutory Auditors should advise the Board of Directors as to the results of its controls so that the latter might implement any corrective measures needed.

The Chairman of the Board of Statutory Auditors will not only coordinate the work of the statutory auditors, but will also act as the link with the other corporate entities involved in the supervision of the control systems.

The names of the statutory auditors in office are shown in Tables 3.

3.15 Relations with Shareholders

The Board of Directors appointed an Investor Relations Manager, Claudia Contarini, and set up a dedicated corporate unit: the IR Manager is part of the Planning, Control and IR Division (of which Raffaele Nardi is in charge), which reports directly to the Chief Executive Officer. There is a specific section on the Company's website (http://eng.gruppoigd.it/Investor-Relations) which contains updated information about the Company's stock (performance, dividend, ownership structure, etc.), annual and periodic financial reports, press releases, presentations made by management to the financial community, the financial calendar and the corporate events calendar. Other information of potential interest to shareholders, including information relating to Shareholders' Meetings and the Company's governance system, can be found in the Governance section of the Company's website (http://www.gruppoigd.it/Governance).

All the relevant information is published and updated in real time in two languages (Italian and English) on the Company's website. The Company also uses other means to provide timely and easy access to information. Thanks to the use of a mailing list system, interested parties may register on the website http://www.gruppoigd.it/Iscrizione-Email-Alert, and receive press releases, newsletters and financial reports immediately after they have been released to the market. In collaboration with the brokers that cover the Company's stock, road shows, meetings and conference calls (scheduled just after the annual and periodic financial results are published or with the business plan is presented) are organized which provide an opportunity for institutional investors to meet with top management. The presentations made to the financial community are published on the Company's website.

In order to guarantee that the Shareholders' Meetings are conducted in an orderly fashion, during the Shareholders' Meeting held on 26 March 2003, shareholders approved the current Regulations for Shareholder Meetings, subsequently updated, which are available on the corporate website at http://eng.gruppoigd.it/Governance/Shareholders-Meetings.

3.16 Shareholders' Meetings
(pursuant to Art. 123-*bis,* par. 2, lett. c) TUF)

Pursuant to Art. 10.3 of the bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.

Regulations governing the attendance and the exercise of voting rights at Shareholders' Meetings have at first been changed pursuant to Legislative Decree n. 27 of 27 January 2010, (the "D. Lgs. 27/2010"), in implementation of EC directive 2007/36/EC relating to shareholders' rights, and recently updated with Legislative Decree n. 91 of 18 June 2012, n. 91. Total integration of D. Lgs. 27/2010 in the Company's bylaws was approved by the Board of Directors on 13 December 2010, pursuant to Art. 2365, para. 2, of the Italian Civil Code and Art. 22.1(ii) of the bylaws, as well as by subsequent resolution of the Extraordinary Shareholders' Meeting held on 20 April 2011.

In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper.

Under Art. 125-*bis* TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on reducing share capital and appoint a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).

Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-sexies TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.

Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be made by submitting a request with an electronic signature as per art. 21, paragraph 2, of Legislative Decree n. 82 dated 7 March 2005, n. 82, as well as by accessing a specific section on the Company's website and via certified e-mail submitted in accordance with the procedures indicated in the notice of call.

Shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. The questions received prior to the Shareholders' Meeting will be answered, at the latest, during the meeting itself. The deadline for submitting questions to the Company prior to the Shareholders' Meeting is indicated in the notice of call. This deadline cannot be less than three days prior to the date of the Shareholders' Meeting or five days if it is indicated in the notice of call that the Company will answer the questions received prior to the Shareholders' Meeting. In this case the answer will be provided at least two days prior to the Shareholders' Meeting including via a specific section of the Company's website. No answer is required when the information requested is available in a specific Q&A section of the Company's website.

The current Regulations for Shareholder Meetings are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.

3.17 Additional Corporate Governance practices

(pursuant to Art. 123-*bis,* par. 2, lett. a) TUF)

The Company adopted the Decree 231 Organizational Model as described in more detail in paragraph 3.11.03, to which you should refer.

3.18 Subsequent changes

No changes took place in the corporate governance structure following the end of the year.

Attachments

Table 1: **Information on the ownership structure**

SHARE CAPITAL STRUCTURE	N. OF SHARES	% OF SHARE CAPITAL	LISTED (INDICATE WHICH MARKETS)/ NOT LISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	756,356,289	100%	Listed on the electronic stock market (MTA) organized and managed by Borsa Italiana S.p.A. – STAR segment	-

SIGNIFICANT INTEREST IN SHARE CAPITAL BASED ON COMMUNICATIONS EX ART. 120 E 122 T.U.F.

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Coop Adriatica	Coop Adriatica	43.99	43.99
Unicoop Tirreno	Unicoop Tirreno	12.93	12.93
Soros Fund Management LLC	Quantum Stratgic Partners LTD	5.00	5.00

Table 2: Structure of the Board of Directors and Committees as at 31 December 2014

BOARD OF DIRECTORS													CONTROL AND RISK COMMITTEE		NOMINATIONS AND COMPENSATION COMMITTEE		POSSIBLE EXECUTIVE COMMITTEE	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Exec.	Non exec.	Indep. as per the code	Indep. under TUF	N. of other appointments ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman ●	Coffari Gilberto	1946	6/11/2000	19/4/2012	Approval of financial statements at 31/12/2014	M	x					9/9						
Vice-Chairman	Costalli Sergio	1952	26/3/2003	19/4/2012	Approval of financial statements at 31/12/2014	M		x			3	9/9						
Chief Executive Officer ◊	Albertini Claudio	1958	28/4/2006	19/4/2012	Approval of financial statements at 31/12/2014	M	x					9/9						
Director	Zamboni Roberto	1950	20/9/1999	19/4/2012	Approval of financial statements at 31/12/2014	M		x				4/9						
Director	Caporioni Leonardo	1964	28/4/2006	19/4/2012	Approval of financial statements at 31/12/2014	M		x				7/9						
Director	Pellegrini Fernando	1964	26/3/2003	19/4/2012	Approval of financial statements at 31/12/2014	M		x			1	5/9						
Director	Canosani Aristide	1935	26/3/2003	19/4/2012	Approval of financial statements at 31/12/2014	M		x			1	9/9						
Director	Carpanelli Fabio	1938	16/9/2004	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	1	9/9			5/5	M		
Director	Franzoni Massimo	1956	26/3/2003	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x		6/9	6/6	M				
Director	Gualandri Elisabetta	1955	19/4/2012	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	1	8/9	6/6	C				
Director	Parenti Andrea	1957	23/4/2009	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x	1	9/9			5/5	C		
Director ○	Sabadini Riccardo	1957	16/9/2004	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x		9/9						
Director	Boldreghini Giorgio	1944	23/4/2009	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x		9/9						
Director	Magalotti Tamara	1948	19/4/2012	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x		8/9			5/5	M		
Director	Salvini Livia	1957	19/4/2012	19/4/2012	Approval of financial statements at 31/12/2014	M			x	x		6/9	4/6	M				

OUTGOING DIRECTORS DURING THE YEAR UNDER REVIEW

	Surname Name		
N. of meetings held during the year under review (2014): 9	Control and Risk Committee: 6	Nominations and Comensation Committee: 5	Executive Committee:

Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 147-ter TUF): 2.5% of the share capital

NOTES:
Symbols listed below must be entered in the "Office" column:
- ● This symbol indicates the administrator in charge of the internal control and risk management system.
- ◊ This symbol indicates the main responsible of the Issuer management (Chief Executive Officer or CEO).
- ○ This symbol indicates the Lead Indipendent Director (LID).

* By date of first appointment of each director we refer to the date in which the director has been appointed for the first time (ever) on the Issuer' BoD.
** This column indicates whether the director was elected from a Majority list "M"; a minority list "m"; and list presented by the BoD "BoD".
*** This column reports the number of appointments held by the person concerned as director or statutory auditor in other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies.
In the corporate governance report the offices are extensively indicated.
(*) This column reports the % of meetings of the BoD and its committees attended by the directors (no. Attendances/no. meetings in which he could attend; i.e. 6/8; 8/8 etc.).
(**) This column reports the office of the Director within the Committee: "C": Chairman; "M": Member.

Table 3: **Structure of the Board of Statutory Auditors as at 31 December 2014**

BOARD OF STATUTORY AUDITORS

OFFICE	MEMBER	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT *	IN OFFICE SINCE	IN OFFICE UNTIL	LIST **	INDEPENDENT AS PER THE CODE	ATTENDANCE TO THE BOARD FO STATUTORY AUDITORS' MEETINGS ***	N. OF OTHER APPOINTMENTS ****
Chairman	Conti Romano	1948	26 March 2003		Approval of financial statements at 31/12/2014	M	X	7/7	16
Standing Auditor	Chiusoli Roberto	1964	28 April 2006		Approval of financial statements at 31/12/2014	M	X	7/7	12
Standing Auditor	Corsi Pasquina	1657	19 April 2012		Approval of financial statements at 31/12/2014	M	X	7/7	2
Alternate Auditor	Landi Isabella	1964	28 April 2006		Approval of financial statements at 31/12/2014	M			
Alternate Auditor	Manzini Monica	1964	23 April 2009		Approval of financial statements at 31/12/2014	M			

OUTGOING AUDITORS DURING THE YEAR UNDER REVIEW

	Surname Name								

N. of meetings held during the year under review (2014): 7

Quorum required for submitting lists by minorities for the appointment of one or more members (ex art. 147-ter TUF): 2.5% of the share capital

NOTES:

* By date of first appointment of each auditor we refer to the date in which the auditor has been appointed for the first time (ever) on the Issuer' Board of Statutory Auditors.

** This column indicates whether the auditor was elected from a Majority list "M"; a minority list "m".

*** This column reports the % of meetings of the BoD and its committees attended by the directors (no. Attendances/no. meetings in which he could attend; i.e. 6/8; 8/8 etc.)

**** This column reports the number of appointments held by the person concerned as director or statutory auditor pursuant to art. 148 *bis* of TUF and its implementing provisions contained in the Consob Issuer Regulations. The full list of offices is published by CONSOB on its website pursuant to Art. 144-quinquiesdecies of the Consob Issuer Regulations.

Table 4: Offices held by the directors as at 31 December 2014

NAME	OFFICES HELD IN OTHER COMPANIES	"IGD" GROUP COMPANIES	"IGD" SISTER COMPANIES
COFFARI GILBERTO Chairman	Chairman of the BoD IGD PROPERTY SIINQ S.P.A.	X	
	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA S.C.P.A.		
ALBERTINI CLAUDIO Chief Executive Officer	Vice Chairman of the BoD and Chief Executive Officer IGD PROPERTY S.I.I.N.Q. SPA	X	
	Vice Chairman of the BoD VIRTUS PALLACANESTO BOLOGNA S.P.A.		
ZAMBONI ROBERTO Director	Director SEDICOOP S.R.L. with sole shareholders		
	Director C.E.E. S.C.R.L.		
	Vice Chairman of the BoD EMILIANA S.R.L. with sole shareholder		X
	Director ENERCOOP ADRIATICA S.P.A.		X
	Sole Administrator ERRICHTEN S.R.L.		
	Director FORUM S.R.L.		
	Chairman of the BoD HOPE S.R.L.		
	Vice Chairman of the BoD INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA S.C.		
	Consigliere REAL STATION S.R.L.		
	Director UNAGRO S.P.A.		
COSTALLI SERGIO Vice Chairman	Director FINSOE S.P.A.		
	Vice Chairman of the BoD UNIPOL BANCA S.P.A.		
	Chairman FONDAZIONE "MEMORIE COOPERATIVE"		
	Chairman FONDAZIONE CAMERALE PER L'IMPRESA, LA RICERCA E L'INNOVAZIONE DI LIVORNO		
	Sole Administrator CENTRO STUDI E RICERCHE AZIENDA SPECIALE DELLA CAMERA DI COMMERCIO DI LIVORNO		
	Director and Member of the Chairman's Committee UNIPOL GRUPPO FINANZIARIO S.P.A.		
CAPORIONI LEONARDO Director	Vice Chairman of the BoD IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.P.A.		X
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI SOC. COOP.		
	Director AXIS S.R.L.		
	Chairman of the Board of Statutory Auditors COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA S.P.A. IN LIQUIDAZIONE		
	Auditor COOPERSALUTE- Fondo assistenza sanitaria integrativa dipendenti Coop di Consumo		
	Director FONDO PENSIONI DIRIGENTI COOPERATIVE DI CONSUMATORI		
	Director CASSA DI ASSISTENZA DIRIGENTI COOPERATIVE DI CONSUMATORI		
	Director IL PADULETTO SRL		X
	Chairman of the Board of Statutory Auditors L'AVVENIRE 1921 SOC. COOP.		
	Standing Auditor DISTRIBUZIONE ROMA S.R.L.		
PELLEGRINI FERNANDO Director	Vice Chairman of the BoD IPERCOOP TIRRENO S.P.A.		X
	Vice Chairman of the BoD and Chairman of the Executive Committee SIMGEST S.P.A.		
CANOSANI ARISTIDE Director	Director COOP. ADRIATICA S.C. A R.L.		X
CARPANELLI FABIO Director	Chairman of the Supervisory Committee MANUTENCOOP FACILITY MANAGEMENT S.P.A.		
	Sole Administrator VEICOLO 5 S.R.L.		
	Director VETIMEC SOC. COOP.		
	Director PORTA MEDICEA S.R.L.	X	
FRANZONI MASSIMO Director	Preference shareholders' representative UNIPOL GRUPPO FINANZIARIO S.P.A.		
	Vice Chairman of the BoD F&R 2010 SRL		
GUALANDRI ELISABETTA Director	Director BANCA POPOLARE DELL'EMILIA ROMAGNA SOC. COOP.		
	Director DATARIVER S.R.L.		

continue

continue Table 4: **Offices held by the directors as at 31 December 2014**

NAME	OFFICES HELD IN OTHER COMPANIES	"IGD" GROUP COMPANIES	"IGD" SISTER COMPANIES
PARENTI ANDREA **Director**	Standing Auditor COMMERCIALE ORTOINVEST S.R.L.		
	Statutory Auditor CONSORZIO MACROLOTTO IND. N. 2 DI PRATO		
	Chairman of the Board of Statutory Auditors F.LLI CIAMPOLINI & C. S.P.A.		
	Chairman of the Board of Statutory Auditors FRAMAFRUIT S.P.A.		
	Chairman of the Board of Statutory Auditors FRUTTITAL FIRENZE S.P.A.		
	Chairman of the Board of Statutory Auditors GALANDI & C. S.P.A.		
	Sole Auditor GIOTTO FANTI FRESH S.R.L.		
	Chairman of the Board of Statutory Auditors IMMOBILIARE SUD-EST S.P.A.		
	Chairman of the Board of Statutory Auditors Fondazione MAXXI		
	Auditor FONDAZIONE OSPEDALE PEDIATRICO MEYER		
	Chairman of the Board of Statutory Auditors SOC. IMMOBILIARE MINERVA S.P.A.		
	Chairman of the Board of Statutory Auditors PENTAFIN S.P.A.		
	Chairman of the Board of Statutory Auditors PI.DA S.P.A.		
	Chairman of the Board of Statutory Auditors SDI - SOCIETA' DISTRIBUZIONE IMBALLAGGI S.R.L.		
	Chairman of the Board of Statutory Auditors TIRRENO IMMOBILIARE S.R.L.		
	Sole Auditor EGAN IMMOBILIARE S.R.L.		
	Auditor BINFI S.P.A.		
	Chairman of the Board of Statutory Auditors ALDO GALANDI S.P.A.		
SABADINI RICCARDO **Director**			
BOLDREGHINI GIORGIO **Director**	Chairman of the BoD TECNOPOLIS SOC. COOP.		
TAMARA MALAGOTTI **Director**			
SALVINI LIVIA **Director**	Chairman of the Board of Statutory Auditors COOPFOND - S.P.A.		

Table 5: **Offices held by the statutory auditors as at 31 December 2014**

STATUTORY AUDITOR	OFFICES HELD IN OTHER COMPANIES	COMPANY
ROMANO CONTI Chairman of the Board of Statutory Auditors	SOLE DIRECTOR	FINMECO S.R.L.
	SOLE DIRECTOR	FIN.GI - S.R.L.
	CHAIRMAN OF THE AUDIT COMMITTEE ON OPERATIONS	MAJANI 1796 S.P.A.
	DIRECTOR	ACB GROUP S.P.A.
	DIRECTOR	SOCIETA' INVESTIMENTO ROMANDIOLA S.R.L.
	DIRECTOR	G.M.G. GROUP S.R.L.
	DIRECTOR	SIMBULEIA - S.P.A.
	DIRECTOR	VIS MOBILITIY S.R.L.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	A.M. GENERAL CONTRACTOR S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	BANCA POPOLARE DELL'EMILIA ROMAGNA SOC. COOP
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	COMET S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	SECONDA S.P.A. IN LIQUIDAZIONE
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	FERRARIO S.P.A.
	STANDING AUDITOR	COMET HOLDING S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	PENTA S.P.A.
	SOLE DIRECTOR	ZEROQUATTRO S.R.L.
ROBERTO CHIUSOLI Standing Auditor	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	ATAHOTELS S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	CASA DI CURA VILLA DONATELLO - S.P.A.
	STANDING AUDITOR	COMPAGNIA ASSICURATRICE LINEAR S.P.A.
	STANDING AUDITOR	DE' TOSCHI S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	GRANAROLO S.P.A.
	STANDING AUDITOR	LINEAR LIFE S.P.A.
	STATUTORY AUDITOR	MANUTENCOOP FACILITY MANAGEMENT S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	SACMI SERVICE S.P.A.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	UNIPOL BANCA S.P.A.
	STANDING AUDITOR	UNIPOL FINANCE S.R.L.
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	UNIPOL GRUPPO FINANZIARIO S.P.A.
	MEMBER OF THE SUPERVISORY BOARD	CONSORZIO COOPERATIVE COSTRUZIONI - CCC SOC. COOP.
	MEMBER OF THE BOARD OF STATUTORY AUDITORS	SACMI IMOLA S.C.
	STANDING AUDITOR	CONSORZIO PER L'ATTUAZIONE DEL PIANO URBANISTICO ESECUTIVO DI CASTELLO
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	CEFLA SOCIETA' COOPERATIVA
	CHAIRMAN OF THE BOARD OF STATUTORY AUDITOR	CAMST S.C.A R.L.
PASQUINA CORSI Standing Auditor	MEMBER OF THE CONTROL COMMITEE	IPERCOOP TIRRENO S.P.A.
	AUDITOR WITH LEGAL ASSIGNMENT CONTROL	IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.P.A.

MONDOVICINO SHOPPING CENTER AND RETAIL PARK

Mondovì - Cuneo

Opening 2007

Mall GLA sq.m 7,318

Food anchor GLA sq.m 9,660

2,255,593 visitors in 2014

UNI EN ISO 14001 environmental certification

IGD Group
Consolidated Financial Statements
at 31/12/2014

04

4.1 Consolidated income statement

CONSOLIDATED INCOME STATEMENT (in €/000)	Note	31/12/2014 (A)	31/12/2013 (B)	CHANGE (A-B)
Revenue	1	**115,506**	**115,529**	**(23)**
- from third parties		77,225	78,400	(1,175)
- from related parties		38,281	37,129	1,152
Other income	2.1	**5,362**	**5,303**	**59**
- from third parties		3,856	3,816	40
- from related parties		1,506	1,487	19
Revenue from property sales	2.2	**1,538**	**6,163**	**(4,625)**
Total revenue and operating income		**122,406**	**126,995**	**(4,589)**
Change in work in progress inventory	6	(1,143)	754	(1,897)
Total revenue and change in inventory		**121,263**	**127,749**	**(6,486)**
Cost of construction in progress	6	160	5,743	(5,583)
Service costs	3	23,180	19,611	3,569
- third parties		19,960	16,262	3,698
- related parties		3,220	3,349	(129)
Cost of labor	4	8,665	8,432	233
Other operating costs	5	9,073	9,199	(126)
Total operating costs		**41,078**	**42,985**	**(1,907)**
(Depreciation, amortization and provisions)	7	(3,102)	(3,531)	429
(Impairment losses)/reversals on work in progress and inventory	17.22	(2,406)	1,015	(3,421)
Fair value changes	15.17	(20,695)	(34,502)	13,807
Total depreciation, amoritzation, provisions, impairment and fair value changes		**(26,203)**	**(37,018)**	**10,815**
EBIT		**53,982**	**47,746**	**6,236**
Income/(loss) from equity investments	8	**124**	**(498)**	**622**
Income/(loss) from equity investments		124	(498)	622
Financial income	9	**164**	**338**	**(174)**
- third parties		158	337	(179)
- related parties		6	1	5
Financial charges	9	**44,904**	**46,666**	**(1,762)**
- tihrd parties		44,188	45,232	(1,044)
- related parties		716	1,434	(718)
Net financial income		**(44,740)**	**(46,328)**	**1,588**
PRE-TAX INCOME		**9,366**	**920**	**8,446**
Income taxes	10	2,317	(3,244)	5,561
NET PROFIT		**7,049**	**4,164**	**2,885**
Non-controlling interests in net profit		253	834	(581)
IGD SIIQ S.p.A. share of net profit		**7,302**	**4,998**	**2,304**
- basic earnings per share	11	0.017	0.015	
- diluted earnings per share	11	0.017	0.015	

4.2 Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in €/000)	31/12/2014	31/12/2013
NET PROFIT	**7,049**	**4,164**
Other comprehensive income that will not be reclassified to profit or loss:		
Transaction costs for capital increase	(4,496)	(407)
Recalculation of defined benefit plan	(282)	41
Total other comprehensive income that will not be reclassified to profit or loss, net of tax effects	**(4,778)**	**(366)**
Other comprehensive income that will be reclassified to profit or loss:		
Impact of hedge derivatives on equity	(11,532)	21,014
Tax effect on hedge derivatives on equity	3,171	(5,779)
Other effects on income statement components	30	(56)
Total other comprehensive income that will be reclassified to profit or loss, net of tax effects	**(8,331)**	**15,179**
Total comprehensive income	**(6,060)**	**18,977**
Non-controlling interests in net profit	253	834
IGD SIIQ S.p.A. share of net profit	**(5,807)**	**19,811**

4.3 Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in €/000)	Note	31/12/2014 (A)	31/12/2013 (B)	CHANGE (A-B)
NON-CURRENT ASSESTS:				
Intangible assest				
Intangible assets with finite useful lives	12	82	92	(10)
Goodwill	13	12,662	11,427	1,235
		12,744	**11,519**	**1,225**
Property, plant, and equipment				
Investment property	15	1,782,283	1,723,693	58,590
Buildings	14	8,861	9,105	(244)
Plant and machinery	16	473	1,200	(727)
Equipment and other assets	16	2,098	1,785	313
Leasehold improvements	16	1,514	1,503	11
Assets under construction	17	82,179	100,249	(18,070)
		1,877,408	**1,837,535**	**39,873**
Other non-current assets				
Deferred tax assets	18	9,722	6,444	3,278
Sundry receivables and other	19	75	1,992	(1,917)
Equity investments	20	408	309	99
Non-current financial assets	21	1,128	850	278
Derivatives assets	42	49	382	(333)
		11,382	**9,977**	**1,405**
TOTAL NON-CURRENT ASSETS (A)		**1,901,534**	**1,859,031**	**42,503**
CURRENT ASSETS				
Work in progress inventory and advances	22	69,355	73,009	(3,654)
Trade and other receivables	23	14,036	14,643	(607)
Related parties trade and other receivables	24	1,530	887	643
Other current assets	25	3,623	3,669	(46)
Related party financial receivables and other current assets	26	151	353	(202)
Financial receivables and other current financial asset-	26	-	20	(20)
Cash and cash equivalents	27	15,242	8,446	6,796
TOTAL CURRENT ASSETS (B)		**103,937**	**101,027**	**2,910**
Non-current assets held for sale (C)	15	**28,600**	**-**	**28,600**
TOTAL ASSETS (A+B+C)		**2,034,071**	**1,960,058**	**74,013**
Net equity				
Share capital		549,760	325,052	224,708
Share premium reserve		147,730	147,730	0
Other reserve		231,818	246,916	(15,098)
Group profit		20,921	33,152	(12,231)
Total net equity pertaining to the Group		**950,229**	**752,850**	**197,379**
Non-controlling interests		10,589	10,842	(253)
TOTAL NET EQUITY (D)	28	**960,818**	**763,692**	**197,126**
NON-CURRENT LIABILITIES				
Derivative liabilities	42	43,961	33,684	10,277
Non-current financial liabilities	29	850,466	802,406	48,060
Related party non-current financial liabilities	29	-	15,000	(15,000)
Provisions for employees severance indemnites	30	1,910	1,403	507
Deferred tax liabilities	18	24,730	23,502	1,228
General provisions	31	1,827	1,809	18
Sundry payable and other non-current liabilities	32	6,810	7,563	(753)
Related party sundry payables and other non-current liabilities	32	13,492	12,912	580
TOTAL NON-CURRENT LIABILITIES (E)		**943,196**	**898,279**	**44,917**
CURRENT LIABILITIES				
Current financial liabilities	33	107,962	263,294	(155,332)
Related party current financial liabilities	33	188	13,856	(13,668)
Trade and other payables	35	14,512	12,083	2,429
Related party trade and other payables	36	522	2,475	(1,953)
Current tax liabilities	37	954	1,301	(347)
Other current liabilities	38	5,905	5,064	841
Related party other current liabilities	38	14	14	0
TOTAL CURRENT LIABILITIES (F)		**130,057**	**298,087**	**(168,030)**
TOTAL LIABILITIES (G = F+E)		**1,073,253**	**1,196,366**	**(123,113)**
TOTAL NET EQUITY AND LIABILITIES (D + G)		**2,034,071**	**1,960,058**	**74,013**

4.4 Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	GROUP PROFIT	GROUP NET EQUITY	NON-CONTROLLING INTERESTS IN CAPITAL AND RESERVES	TOTAL NET EQUITY
Balance at 1 January 2013	**311,569**	**147,730**	**240,938**	**41,653**	**741,890**	**11,676**	**753,566**
Profit for the year	0	0	0	4,998	4,998	(834)	4,164
Cash flow hedge	0	0	15,235	0	15,235	0	15,235
Other comprehensive income (losses)	0	0	(422)	0	(422)	0	(422)
Total comprehensive income(losses)	**0**	**0**	**14,813**	**4,998**	**19,811**	**(834)**	**18,977**
Share capital increase (DRO 2013)	13,483				13,483		13,483
Allocation of 2012 profit							
dividends paid	0	0	0	(22,333)	(22,333)	0	(22,333)
to legal reserve	0	0	1,019	(1,019)	0	0	0
to other reserve	0	0	(9,854)	9,854	0	0	0
Balance at 31 December 2013	**325,052**	**147,730**	**246,916**	**33,152**	**752,850**	**10,842**	**763,692**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	GROUP PROFIT	GROUP NET EQUITY	NON-CONTROLLING INTERESTS IN CAPITAL AND RESERVES	TOTAL NET EQUITY
Balance at 1 January 2014	**325,052**	**147,730**	**246,916**	**33,152**	**752,850**	**10,842**	**763,692**
Profit for the year	0	0		7,302	7,302	(253)	7,049
Cash flow hedge			(8,361)	0	(8,361)	0	(8,361)
Other comprehensive income (losses)	0	0	(4,748)	0	(4,748)	0	(4,748)
Total comprehensive income(losses)	**0**	**0**	**(13,109)**	**7,302**	**(5,807)**	**(253)**	**(6,060)**
Sales of treasury shares	10,976	0	1,098	0	12,074	0	12,074
Share capital increase (DRO 2014)	14,054				14,054		14,054
Share capital increase	199,678				199,678		199,678
Allocation of 2013 profit							
dividends paid	0	0	0	(22,620)	(22,620)	0	(22,620)
to legal reserve	0	0	889	(889)	0	0	0
to other reserve	0	0	(3,976)	3,976	0	0	0
Balance at 31 December 2014	**549,760**	**147,730**	**231,818**	**20,921**	**950,229**	**10,589**	**960,818**

4.5 Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOW (in €/000)	31/12/2014	31/12/2013
CASH FLOW FROM OPERATING ACTIVITIES		
Pre-tax profit	**9,366**	**920**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities		
Non-cash items	4,810	9,582
Depreciation, amoritization and provisions	3,102	3,531
(Impairment losses)/reversals on work in progress and inventory	2,406	(1,015)
Fair Value changes	20,695	34,502
Income (loss) from equity investments	(124)	0
CASH FLOW FROM OPERATING ACTIVITIES	**40,255**	**47,520**
Current taxes	(1,075)	(1,588)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**39,180**	**45,932**
Change in inventories	1,157	(322)
Net change in current assets and liabilities with third parties	2,063	(1,642)
Net change in current assets and liabilities with related parties	(2,596)	(2,240)
Net change in non-current assets with third parties	1,282	2,285
Net change in non-current assets with related parties	580	70
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**41,666**	**44,083**
(Investments) in fixed assets	(137,720)	(25,866)
Disposal of fixed assets	46,962	57
Disposal of equity investments	0	55
(Investments) in equity investments	(100)	(60)
CASH FLOW FROM INVESTING ACTIVITIES	**(90,858)**	**(25,814)**
Change in non-current financial assets	(278)	(826)
Change in financial receivables ond other current financial assets with third parties	20	21
Change in related party financial receivables and other current financial assets	202	381
Dividend reinvestment option	13,672	13,070
Sale of treasury share	12,050	0
Share capital increase	195,430	0
Distribution of dividends	(22,620)	(22,333)
Change in current debt with third parties	(159,965)	(127,206)
Change in current debt with related parties	(13,668)	(7,927)
Change in non-current debt with third parties	46,144	127,477
Change in non-current debt with related parties	(15,000)	0
CASH FLOW FROM FINANCING ACTIVITIES	**55,987**	**(17,343)**
Exchage gain/(losses) on cash and cash equivalents	1	(25)
NET INCREASE (DECREASE) IN CASH BALANCE	**6,796**	**901**
CASH BALANCE AT THE BEGINNING OF THE YEAR	**8,446**	**7,545**
CASH BALANCE AT THE END OF THE YEAR	**15,242**	**8,446**

4.6 Notes to the financial statements

Form and content of the consolidated financial statements of IGD SIIQ S.p.A.

→ Introduction

The consolidated financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A.) at 31 December 2014 were approved and authorized for publication by the Board of Directors on 26 February 2015.

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica Società Cooperativa a.r.l. and is under the management and coordination of that company.

→ Preparation criteria

The 2014 consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union, and with instructions issued in compliance with Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

→ Reporting formats

The items in the statement of financial position have been classified as current, non-current, or (for 2014) non-current held for sale. Items in the income statement have been classified 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.

→ Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed in the Group's annual financial statements for the year ended 31 December 2013, with the exception of the following new standards and interpretations applicable from 1 January 2014.

- IFRS 10 - Consolidated Financial Statements. On 12 May 2011 the IASB issued this standard which provides guidance for assessing the presence of control, a determining factor for the consolidation of an entity, in those cases where it is not immediately evident. Adoption of the standard has not affected the Group's scope of consolidation.
- IFRS 11 - Joint Arrangements. The IASB issued this standard on 12 May 2011. In addition to governing joint arrangements, the new standard sets out criteria for identifying such arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. IFRS 11 does not permit use of the proportionate method of consolidation for joint arrangements. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.
- IFRS 12 - Disclosure of Interests in Other Entities. The IASB issued this standard on 12 May 2011. The new standard sets out the disclosure requirements for interests in other entities, including associates, special purpose vehicles and other off balance sheet vehicles. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.
- IAS 27 - Separate Financial Statements. This standard, issued by the IASB on 12 May 2011, addresses the accounting treatment of investments in separate financial statements. The new IAS 27 confirms that investments in subsidiaries, associates and joint ventures are accounted for either at cost or in accordance with IFRS 9; the entity shall apply the same accounting for each category of investments. Also, if an entity elects to measure its investments in associates or joint ventures at fair value (in accordance with IFRS 9) in its consolidated financial statements, it shall account for those investments in the same way in its separate financial statements. This standard is applicable retrospectively. It is not believed to have had a significant impact on the separate financial statements.
- IAS 28 - Investments in Associates and Joint Ventures. With the publication of IFRS 11, on 12 May 2011 the IASB amended IAS 28 to include within its scope investments in joint ventures, as from the effective date of the new standard. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities. In October 2012 the IASB issued a series of amendments introducing the concept of "investment entity." The IASB uses this term to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. IAS 10 has been amended to require investment entities to measure subsidiaries at fair value through profit or loss, rather than consolidate them, to better reflect their business model. IFRS 12 has been amended to include specific disclosure requirements for investment entities. The amendments also remove the option in IAS 27 for investment entities to meas-

ure investments in certain subsidiaries either at cost or at fair value in their separate financial statements. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 32 - Financial Instruments: Presentation. On 16 December 2011 the IASB clarified the criteria for offsetting financial assets and liabilities by publishing an amendment to IAS 32, "Offsetting Financial Assets and Financial Liabilities." The changes are applied retrospectively. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.
- Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets. In October 2012 the IASB issued this amendment to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.
- Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting. The objective of the amendments is to govern situations in which a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Hedge accounting can continue irrespective of the novation which, without the amendment, would not have been permitted. Adoption of the new standard is not believed to have had a significant impact on the Group's consolidated financial statements.

→ Accounting standards, amendments, and interpretations not yet effective and not applied in advance by the Group

The table below reports the new international accounting standards or the amendments already in effect whose adoption is mandatory for financial periods beginning on 1 January 2015 (or after, if the financial statements do not coincide with the calendar year). The Group has not opted for early adoption.

COMMISSION REGULATION (EU)	TITLE	MANDATORY FROM FINANCIAL YEARS BEGINNING ON OR AFTER
2015/29	**Commission Regulation (EU) 2015/29 of 17 December 2014, published in the Official Journal of the European Union L 5 on 9 January, adopting *Amendments to IAS 19 - Defined benefit plans: employee contributions.*** The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans.	1 February 2015
2015/28	**Commission Regulation (EU) 2015/28 of 17 December 2014, published in the Official Journal of the European Union L 5 on 9 January, adopting the *Annual Improvements to IFRS 2010-2012 Cycle.*** The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards or where clarification of wording is required. Amendments to IFRS 8 and to IAS 16, 24 and 38 are clarifications or corrections to the respective standards. Amendments to IFRS 2 and IFRS 3 involve changes to the existing requirements or additional guidance on the implementation of those requirements.	1 February 2015
1361/2014	**Commission Regulation (EU) 1361/28 of 18 December 2014, published in the Official Journal of the European Union L 365 on 19 December, adopting the *Annual Improvements to IFRS 2011-2013 Cycle.*** The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards or where clarification of wording is required. Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards. Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.	First of the month following the effective date of this regulation
634/2014	**Commission Regulation (EU) 634/2014 of 13 June 2014, published in the Official Journal of the European Union L 175 on 14 June, adopting IFRIC 21 *Levies.*** This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount are certain.	17 June 2014

During the year, the IASB made changes to some previously issued IAS/IFRS and published new international accounting standards. None of these changes were used to prepare the consolidated financial statements as they have not yet been approved by the European Commission.

→ Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ. Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

→ Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2014, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies. 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. Associates are valued at cost as their value is immaterial. The resulting amount does not differ from that obtained with the equity method.

NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	PERCENT CONSOLIDATED	HELD BY	PERCENT OF SHARE CAPITAL HELD	OPERATIONS
PARENT COMPANY								
IGD SIIQ S.p.A.	Ravenna via Agro Pontino 13	Italy	549,760,278.52	EUR				Facility management
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS								
IGD Management s.r.l.	Ravenna via Villa Glori 4	Italy	75,071,221.00	EUR	100%	IGD SIIQ S.p.A.	100.00%	Facility management and services
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	100,000.00	EUR	100%	IGD SIIQ S.p.A.	100.00%	Facility management
Porta Medicea s.r.l.	Bologna via Trattati Comunitari Europei 1957-2007	Italy	60,000,000.00	EUR	80%	IGD Management s.r.l.	80.00%	Construction and marketing
IGD Property SIINQ S.p.A.	Ravenna via Villa Glori 4	Italy	50,000,000.00	EUR	100%	IGD SIIQ S.p.A.	100.00%	Facility management
Win Magazin S.A.	Bucharest	Romania	113,715.30	ROL	100%	IGD Management s.r.l. 99,9%	100.00%	Facility management
						IGD SIIQ S.p.A. 0,1%		
Winmarkt Management s.r.l.	Bucharest	Romania	1,001,000	ROL	100%	Win Magazin S.A.	100.00%	Agency and facility management services
SUBSIDIARIES VALUED AT COST								
Consorzio I Bricchi	Isola d'Asti / loc. Molini via Prato Boschiero	Italy	6,000.00	EUR		IGD SIIQ S.p.A.	72.25%	Shopping center promotion and management of common areas
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) / Via Amendola 129	Italy	100,000.00	EUR		IGD SIIQ S.p.A.	52.00%	Shopping center promotion and management of common areas
Consorzio Proprietari Fonti del Corallo	Livorno Via Gino Graziani 6	Italy	10,000.00	EUR		IGD SIIQ S.p.A.	68.00%	Shopping center promotion and management of common areas
ASSOCIATES VALUED AT COST								
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda 175	Italy	10,000.00	EUR		Millennium Gallery s.r.l	35.40%	Shopping center promotion and management of common areas

continue

continue

NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CUR-RENCY	PERCENT CONSOLI-DATED	HELD BY	PERCENT OF SHARE CAPITAL HELD	OPERATIONS
Virtus College s.r.l.	Bologna via dell'Arcoveggio 49/2	Italy	10,000.00	EUR		IGD SIIQ S.p.A.	48.75%	Management of real estate and sports facilities/ equipment; construction, trading and rental of properties used for commercial sports
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	Italy	100,000.00	EUR		IGD SIIQ S.p.A.	50%	Management of Darsena City shopping center
OTHERS VALUED AT COST								
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo 67	Italy	60,000.00	EUR		IGD Management s.r.l.	15.00%	Real estate development
Fondazione Virtus Pallacanestro Bologna	Bologna via dell'Arcoveggio 49/2	Italy	1,200,000.00	EUR		IGD SIIQ S.p.A.	n.a.	Sports team promotion

→ Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its subsidiaries at 31 December 2014. The financial statements of subsidiaries 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 balance sheet 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.

→ Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

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

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.

If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.

Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

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

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.

After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.

Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.

Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.

Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits are obtained and/or the urban planning agreements signed, and once the procedure for obtaining administrative permits is completed and construction is underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.

As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

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

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

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

The specific valuation policies used, as certified in the appraisal report, were as follows:

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

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

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and recent experience with similar types of properties. To that end, IGD SIIQ S.p.A. has hired CBRE Valuation S.p.A., REAG S.p.A., and Cushman & Wakefield, specialized in the appraisal of investment property, to prepare a report from which the company can determine the fair value of the currently rented portions of shopping centers, malls, hypermarkets, supermarkets, wholesale and fitness zones, stores, offices, and land.

The periodic appraisals are conducted according to an internal procedure that governs the entire process of valuing investment property at fair value: criteria for the selection and appointment of independent appraisers, protocol for extending assignments, protocol for sharing information and documents between the company and the independent appraisers, and overall monitoring and responsibility.

The appraisers' contracts define valuation criteria and methods, the means and timing of physical inspections and any other checks of the appraised properties, and the specific reasoning for the method(s) used to appraise the individual asset.

The main information required by the appraisers includes, for rented properties, the rental status of each unit in each shopping center; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs. For construction in progress, the information concerns 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.

The independent appraisers formulate their own assumptions, such as inflation rates, discount rates and capitalization rates, on the basis of their professional judgment.

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 given to the appraisers, their assumptions, and the models they use are approved by the Director of Property Development and Management, who is responsible for organizing and coordinating the appraisals and for monitoring and checking them before their results are published in the financial statements.

IAS 23 - Borrowing costs (revised)

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

Plant, machinery and equipment

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

Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

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

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

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

Inventory, work in progress and advances

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial receivables and other current financial assets

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

Non-current assets held for sale

Investment property is reclassified to "non-current asset held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset is reclassified only if it is available for immediate sale in its current condition and if the sale is highly probable (i.e. a purchase commitment exists).

Assets previously classified as investment property and measured at fair value, in accordance with section 5d of IFRS 5, continue to be measured at fair value.

For properties due for sale under a purchase commitment without suspensive conditions, or with suspensive conditions that have been met, fair value is taken as the sale price net of costs to sell. Otherwise, properties continue to be recognized at their standard fair value.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.

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

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Treasury shares

Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

Employee benefits

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

Revenue

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

Rental income

Rental income from the Group's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

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

Revenue from property sales

Revenue from property sales is recognized in profit or loss upon transfer of ownership.

Interest

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

Income taxes

Current taxes

Current tax liabilities for the present and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

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

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Derecognition of financial assets and financial liabilities

Financial assets

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

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

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

Financial liabilities

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

Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

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

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

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

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

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

SIIQ status - accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata, similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status.

At the close of 2014, as at the end of previous years since 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and statement of financial position, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.

Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

Under the new rules introduced by Law 164 of 11 November 2014 ("Conversion into law, with amendments, of Decree 133 of 12 September 2014"), **capital gains and losses** on **rental properties** (whether realized or implicit in fair value measurements) are now included in exempt operations. Therefore, deferred taxes have not been recognized on the fair value changes of investment property owned by Group companies working under this system, and the deferred tax assets and liabilities reported in the 2013 financial statements have been released to the income statement.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The Company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

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

INCOME STATEMENT €/000	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
	PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
Revenue	**115,347**	**115,739**	**5,140**	**4,996**	**1,919**	**6,260**			**122,406**	**126,995**
Change in inventory					(1,143)	754			(1,143)	754
Direct costs	(26,379)	(23,569)	(4,748)	(4,463)	(551)	(6,313)			(31,678)	(34,345)
Gross margin	**88,968**	**92,170**	**392**	**533**	**226**	**701**	**0**	**0**	**89,585**	**93,404**
G&A expenses							(10,963)	(10,723)	(10,963)	(10,723)
Ebitda	**88,968**	**92,170**	**392**	**533**	**226**	**701**	**(10,963)**	**(10,723)**	**78,622**	**82,681**
Depreciation/writedowns/ other provisions	(21,728)	(32,206)	(1)	(1)	(2,499)	(2,316)	(413)	(413)	(24,640)	(34,935)
Ebit	**67,240**	**59,964**	**391**	**532**	**(2,273)**	**(1,615)**	**(11,375)**	**(11,136)**	**53,982**	**47,746**
Financial income margin							**(44,740)**	**(46,328)**	**(44,740)**	**(46,328)**
Extraordinary income margin							**124**	**(498)**	**124**	**(498)**
Taxes							**(2,317)**	**3,244**	**(2,317)**	**3,244**
Net profit									**7,049**	**4,164**
Non-controlling interests in (profit)/loss					**253**	**834**			253	834
Group net profit									**7,302**	**4,998**

STATEMENT OF FINANCIAL POSITION €/000	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
	PROPERTIES		SERVICES		"PORTA A MARE" PROJECT		SHARED		TOTAL	
Tangible assets	1,814,963	1,728,173	0	0	6	7	8,861	9,105	1,823,830	1,737,285
Intangible assets and other non-current assets	0	0	0	0	2,368	1,585	28,007	40,010	30,375	41,595
Current investments	82,179	100,249	0	0	0	0	0	0	82,179	100,249
Net working capital	(30,096)	(196)	50	(72)	114,672	109,686	(17,990)	(38,147)	66,637	71,271
Other non-current liabilities	(40,821)	(34,288)	(1,032)	(2,654)	(14,343)	(31,577)	0	0	(56,196)	(68,519)
Total use of funds	**1,826,225**	**1,793,938**	**(982)**	**(2,725)**	**102,703**	**79,701**	**18,878**	**10,967**	**1,946,825**	**1,881,881**
Net debt	902,577	1,049,977	(533)	(1,550)	21,173	25,493	18,878	10,967	942,095	1,084,887
Net (assets) and liabilities for derivative instruments	43,912	33,302							43,912	33,302
Equity	879,736	710,660	(449)	(1,175)	81,530	54,208	0	0	960,818	763,692
Total sources	**1,826,225**	**1,793,938**	**(982)**	**(2,725)**	**102,703**	**79,701**	**18,878**	**10,967**	**1,946,825**	**1,881,881**

REVENUE FROM FREEHOLD PROPERTIES €/000	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
	NORTHERN ITALY		CENTRAL/SOUTHERN ITALY AND ISLANDS		ABROAD		TOTAL	
Lease & rental income	48,335	47,926	43,829	44,937	8,247	9,824	100,411	102,687
One-off revenue	25	57	42	39	0	0	66	96
Temporary location rentals	1,277	1,339	644	825	0	0	1,921	2,164
Other rental income	269	224	207	307	34	175	509	706
Total	**49,904**	**49,547**	**44,721**	**46,108**	**8,281**	**9,999**	**102,907**	**105,653**

Notes to the consolidated financial statements

REVENUE AND OPERATING INCOME	Note	31/12/14	31/12/2013	CHANGE
Revenue:	1	**115,506**	**115,529**	**(23)**
- from third parties		77,225	78,400	(1,175)
- from related parties		38,281	37,129	1,152
Other income:	2.1	**5,362**	**5,303**	**59**
- from third parties		3,856	3,816	40
- from related parties		1,506	1,487	19
Revenue from property sales	2.2	**1,538**	**6,163**	**(4,625)**
Total revenue and operating income		**122,406**	**126,995**	**(4,589)**

In 2014 the IGD Group earned revenue and other income of €122,406K, including €1,538K from property sales (residential units in the Mazzini section of the Porta a Mare project).

Note 1) Revenue

REVENUE		31/12/2014	31/12/2013	CHANGE
Freehold hypermarkets - Rents and business lease from related parties	a.1	**35,454**	**34,895**	**559**
Leasehold hypermarkets - Business lease from related parties	a.2	**117**	**116**	**1**
Freehold supermarkets - Rents and business lease from related parties	a.3	**699**	**387**	**312**
TOTAL HYPERMARKETS/SUPERMARKETS	a	**36,270**	**35,398**	**872**
Freehold malls, malls under beneficial interest, offices and city center properties	b.1	**65,766**	**69,320**	**(3,554)**
Rent		**17,534**	**19,029**	**(1,495)**
Related parties		804	512	292
Third parties		16,730	18,517	(1,787)
Business lease		**48,232**	**50,291**	**(2,059)**
Related parties		485	472	13
Third parties		47,747	49,819	(2,072)
Leasehold malls	b.2	**10,656**	**7,842**	**2,814**
Rent		**518**	**334**	**184**
Related parties		111	84	27
Third parties		407	250	157
Business lease		**10,138**	**7,508**	**2,630**
Related parties		122	117	5
Third parties		10,016	7,391	2,625
Other contract and temporary rents	b.3	**2,814**	**2,969**	**(155)**
Other contract and temporary rents		2,325	2,423	(98)
Other contract and temporary rents - related parties		489	546	(57)
TOTAL MALLS	b	**79,236**	**80,131**	**(895)**
GRAND TOTAL	a+b	**115,506**	**115,529**	**(23)**
of which related parties		38,281	37,129	1,152
of which third parties		77,225	78,400	(1,175)

Rent and business lease revenue was in line with the previous year (-€23K). The most significant change was a decrease of €1,719K in revenue from Romanian malls, caused by the drag effect of the downside on contract renewals at the end of 2013 and beginning of 2014 and to an increase in unlet space and strategic vacancies. This was partially offset by rent from hypermarkets and freehold supermarkets, which increased by €872K due mainly to the hypermarkets (Città delle Stelle, Schio, and Lungosavio) and supermarkets (Civita Castellana and Cecina) recently acquired in the context of the capital increase finalized in October 2014.
There was also an increase of €292K for the rental of malls to related parties, referring mainly to the Darsena City shopping center of Ferrara, operated by RGD Ferrara 2013 S.r.l. which was formed for that purpose in September 2013.
The rise in business lease income from leasehold malls (and the decrease in the corresponding item for freehold malls) results from the sale of the Fonti del Corallo mall on 26 February 2014. The decrease for freehold malls was partially offset by revenue growth from new openings in 2014 (Abruzzo expansion and Piazza Mazzini).
For further information, see the income statement review (section 2.2.1) in the Directors' Report.

Note 2.1) Other income

OTHER INCOME	31/12/2014	31/12/2013	CHANGE
Insurance funds	0	270	(270)
Facility management revenues	3,166	3,346	(180)
Pilotage and construction revenues	438	106	332
Marketing revenues	0	42	(42)
Other	252	52	200
Total other income from third parties	**3,856**	**3,816**	**40**
Facility management revenues - related parties	1,447	1,403	44
Pilotage and construction revenues	2	0	2
Portfolio management and rent management revenues - related parties	26	57	(31)
Marketing revenues	31	27	4
Total other income from third parties	**1,506**	**1,487**	**19**
TOTAL	**5,362**	**5,303**	**59**

Other income from third parties increased by €40K with respect to the previous year. The growth of €332K in "Pilotage and construction revenue" mostly relates to the expansion of Centro d'Abruzzo, inaugurated on 10 April 2014. Facility management revenue was down by €180K due to the termination of a management contract.
Also, there were no insurance refunds in 2014, compared with €270K the previous year.
Facility management revenue from related parties increased by €44K as a result of a management contract for the newly opened Piazza Mazzini in Livorno.

Note 2.2) Property sales

Revenue from property sales in 2014 came to €1,538K and stems from the sale of five residential units, three enclosed garage units and one parking space in the Mazzini section of the Porta a Mare project.

Note 3) Service costs

SERVICE COSTS	31/12/2014	31/12/2013	CHANGE
Service costs	**19,960**	**16,262**	**3,698**
Rent paid	9,733	6,912	2,821
Rented vehicles	239	228	11
Utilities	149	172	(23)
Advertisements, listings, advertising & promotions	568	515	53
Service	37	35	2
Facility management costs	2,947	2,281	666
Facillity management administration costs	612	621	(9)
Insurance	593	556	37
Professional fees	342	311	31
Directors' and statutory auditors' fees	881	794	87
External auditing fees	186	181	5
Investor relations, Consob, Monte Titoli costs	306	305	1
Recruitment, training and other personnel costs	464	511	(47)
Travel and accomodation	155	137	18
Shopping center pilotage and construction cost	251	21	230
Consulting	1,145	1,197	(52)
Maintenance and repairs	471	476	(5)
Transaction costs for sale of residential properties	51	201	(150)
Bank fees and commissions	186	222	(36)
Cleaning, porterage and security	217	210	7
other	427	376	51
Related party service costs	**3,220**	**3,349**	**(129)**
Rent paid	1,516	1,819	(303)
Shopping center promotional costs	25	50	(25)
Service	315	264	51
Facility management costs	1,232	1,033	199
Insurance	69	60	9
Directors' and statutory auditors' fees	51	118	(67)
Maintenance and repairs	12	4	8
Other	0	1	(1)
TOTAL	**23,180**	**19,611**	**3,569**

Service costs increased by €3,570K on the previous year and mostly include rent and usage fees for properties managed by IGD, facility management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms.
The most significant change concerned rent (including with related parties), which rose by €2,518K due mainly to the sale of Le Fonti del Corallo mall in Livorno, now operated by the buyer under a long-term lease agreement. There was also an increase in facility management costs with third parties and with related parties (Porta a Mare project), by a total of €865K, as a result of greater average vacancy during the period and the consequent rise in the Group's expenses for unlet premises. Pilotage costs, correlating with the increase in revenue from services, rose by €230K due to expenses incurred for the expansion of Centro d'Abruzzo.

The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. and its subsidiaries. The fees indicated make up the compensation for 2014 approved by the shareholders and the Board of Directors when these officers were appointed.

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/14-31/12/14	2014 FY appr.	91,500
Sergio Costalli	Vice Chairman	01/01/14-31/12/14	2014 FY appr.	66,500
Claudio Albertini	Director	01/01/14-31/12/14	2014 FY appr.	16,500
	Chief Executive Officer	01/01/14-31/12/14	2014 FY appr.	250.000 plus bonus max 30%
Roberto Zamboni	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Leonardo Caporioni	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Fernando Pellegrini	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Aristide Canosani	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Massimo Franzoni	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Riccardo Sabadini	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Fabio Carpanelli	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Andrea Parenti	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Giorgio Boldreghini	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Elisabetta Gualandri	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Tamara Magalotti	Director	01/01/14-31/12/14	2014 FY appr.	16,500
Livia Salvini	Director	01/01/14-31/12/14	2014 FY appr.	16,500
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/14-31/12/14	2014 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/14-31/12/14	2014 FY appr.	16,500
Pasquina Corsi	Standing Auditor	01/01/14-31/12/14	2014 FY appr.	16,500
CONTROL AND RISK COMMITTEE				
Elisabetta Gualandri	Director (Chairman)	01/01/14-31/12/14	when no longer director	12,000
Massimo Franzoni	Director	01/01/14-31/12/14	when no longer director	8,000
Livia Salvini	Director	01/01/14-31/12/14	when no longer director	8,000
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/14-31/12/14	when no longer director	12,000
Aristide Canosani	Director	01/01/14-31/12/14	when no longer director	8,000
Livia Salvini	Director	01/01/14-31/12/14	when no longer director	8,000
NOMINATIONS AND COMPESATIONS COMMITTEE				
Andrea Parenti	Director (Chairman)	01/01/14-31/12/14	when no longer director	3,750
Fabio Carpanelli	Director	01/01/14-31/12/14	when no longer director	3,750
Tamara Magalotti	Director	01/01/14-31/12/14	when no longer director	3,750
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/14-31/12/14	when no longer director	0
Sergio Costalli	Vice Chairman	01/01/14-31/12/14	when no longer director	0
Claudio Albertini	Chief Executve Officer	01/01/14-31/12/14	when no longer director	0
Roberto Zamboni	Director	01/01/14-31/12/14	when no longer director	0
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Chairman)	01/01/14-31/12/14	when no longer director	7,500
Andrea Parenti	Director	01/01/14-31/12/14	when no longer director	6,750
Giorgio Boldreghini	Director	01/01/14-31/12/14	when no longer director	6,750
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/14-31/12/14	when no longer director	750
Compliance committee				
Subsidiaries: Igd Management srl				
Fabio Carpanelli	Chairman	01/01/14-31/12/14	2014 FY appr.	3,000
Board of directors				
Subsidiaries: Igd Property SIINQ S.p.A.				
Gilberto Coffari	Chairman	01/01/14-31/12/14	2015 FY appr.	non previsto
Claudio Albertini	Vice Chairman/Chief Executive Officer	01/01/14-31/12/14	2015 FY appr.	non previsto
COMPLIANCE COMMITTEE				
Subsidiaries: Igd Property SIINQ S.p.A.				
Fabio Carpanelli	Chairman	01/01/14-31/12/14	when no longer director of the parent company	3,000
Board of directors				
Subsidiaries: Porta Medicea srl				
Fabio Carpanelli	Director	01/01/14-31/12/14	2016 FY appr.	1,500
COMPLIANCE COMMITTEE				
Subsidiaries: Porta Medicea srl				
Fabio Carpanelli	Director	01/01/14-31/12/14	18/06/15	3,000

For further information, see the company's Remuneration Report prepared in accordance with the law.

Note 4) Cost of labor

COST OF LABOR	31/12/2014	31/12/2013	CHANGE
Wages and salaries	6,294	6,162	132
Social security	1,788	1,753	35
Severance pay	328	351	(23)
Other costs	255	166	89
TOTAL	**8,665**	**8,432**	**233**

The cost of labor was higher than in 2013 due mainly to new hires and to the full-period impact of certain contractual adjustments.
Severance pay includes contributions to supplementary funds in the amount of €89K.

The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2014	31/12/2013
Executives	5	6
Middle managers	25	25
White collar	138	131
TOTAL	**168**	**162**

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2014	31/12/2013	CHANGE
IMU/TASI/Property tax	7,996	7,932	64
Other taxes	68	50	18
Contract registration	384	387	(3)
Capital losses	0	49	(49)
Out-of-period (income)/charges	31	58	(27)
Membership fees	123	126	(3)
Losses on receivables	43	67	(24)
Sundry penalties	7	77	(70)
Fuel and tolls	176	174	2
Magazine subscriptions, office supplies, forms	94	100	(6)
Other Operating costs	151	179	(28)
TOTAL	**9,073**	**9,199**	**(126)**

The change in other operating costs relates chiefly to the municipal property tax (IMU), which increased as a result of higher rates now applicable in various cities, and to the new municipal services tax (TASI).

Note 6) Change in work in progress inventory

CHANGE IN WORK IN PROGRESS INVENTORY	31/12/2014	31/12/2013	CHANGE
Construction costs for the year	160	5,743	(5,583)
Disposal of inventory	(1,303)	(4,989)	3,686
Change in work in progress inventory	**(1,143)**	**754**	**(1,897)**

Work in progress inventory relating to the land, buildings, and urban infrastructure works of the multifunctional complex in Livorno decreased by €1,143K in 2014 due to the sale of residential units (see Note 2.2), net of the advancement of works for the period. In 2014 no financial expenses were capitalized, so as not to give the project a higher value than its appraised fair value.

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

DEPRECIATION, AMORTIZATION, PROVISIONS AND FAIR VALUE CHANGES	31/12/2014	31/12/2013	CHANGE
Amortization	(34)	(27)	(7)
Depreciation	(1,380)	(1,296)	(84)
Allocation to provision for doubtful accounts	(1,563)	(2,083)	520
Other provisions	(125)	(125)	0
Total depreciation, amortization and provisions	**(3,102)**	**(3,531)**	**429**
(Impairment losses)/reversals on work in progress and inventory	**(2,406)**	**1,015**	**(3,421)**
Fair Value changes	**(20,695)**	**(34,502)**	**13,807**
Total depreciation, amortization, impairment and fair value changes	**(26,203)**	**(37,018)**	**10,815**

Depreciation and amortization increased by €91K, mostly in relation to equipment and leasehold improvements, as discussed in notes 12 and following.
The allocation to the provision for doubtful accounts, €1,563K, was lower than the previous year's by €520K. The amount is determined by evaluating the individual positions of clients in order to adjust them to estimated realizable value, and decreased to reflect the reduction in impaired receivables. See Note 23 for changes in this provision.
Other provisions refer to the estimated outcome of two IMU (municipal property tax) disputes regarding Le Maioliche (Faenza) and La Torre (Palermo) shopping centers.
Net impairment losses for the adjustment of investment property to fair value amounted to €22,880K for the year (see note 15), while adjustments to the value of construction in progress came to €2,185K (Esp expansion for €1,628K, Chioggia Retail Park for €521K, and Officine section €36K, as discussed in note 17).
"(Impairment losses)/reversals on work in progress and inventory" (-€2,406K) cover the following:

- the reversal of impairment charged in previous years concerning the direct development project at Chioggia Retail Park, in the amount of €398K;
- an impairment loss of €122K for the expansion of Porto Grande (listed as assets under construction), to bring cost into line with fair value;
- an impairment loss of €185K regarding the Lips and Arsenale sections of the Porta a Mare project, to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 31 December 2014;
- an impairment loss of €2,497K regarding work in progress inventory for the Porta a Mare project, to bring carrying value into line with the lower of cost and fair value as stated in the appraisal of 31 December 2014.

Note 8) Income/loss from equity investments

CAPITAL INCOME/(LOSS) FROM SALE OF EQUITY INVESTMENTS	31/12/2014	31/12/2013	CHANGE
Capital income from sale of "Fonti del Corallo" mall	124	0	124
Price adjustment on sale of equity investments	0	(498)	498
Total capital income/(loss) from sale of equity investments	**124**	**(498)**	**622**

Net income of €124K relates to the sale of the mall at Fonti del Corallo shopping center in Livorno, on 26 February 2014, for a price of €47 million.

Note 9) Financial income and charges

FINANCIAL INCOME	31/12/2014	31/12/2013	CHANGE
Bank interest income	70	74	(4)
Other interest income and equivalent	86	59	27
Exchange gains	2	204	(202)
Total third parties	**158**	**337**	**(179)**
Interest income from related parties	6	1	5
Total related parties	**6**	**1**	**5**
Total financial income	**164**	**338**	**(174)**

Financial income decreased due mainly to exchange gains on the Romanian leu, which fell from €204K in 2013 to €2K this year.
Interest income from related parties is described in Note 40.

FINANCIAL CHARGES	31/12/2014	31/12/2013	CHANGE
Interest expense on security deposits	120	304	(184)
Interest expense on Coop Adriatica account	596	1,130	(534)
Total related parties	**716**	**1,434**	**(718)**
Interest expense to banks	1,879	4,628	(2,749)
Other interest and charges	578	452	126
Exchange losses/(gains)	5	320	(315)
Mortgage loan interest	19,403	12,749	6,654
Financial charges on leasing	97	101	(4)
Bond interest and charges	11,157	13,326	(2,169)
IRS spread	11,909	14,005	(2,096)
Capitalized interest	(840)	(349)	(491)
Total third parties	**44,188**	**45,232**	**(1,044)**
Total financial charges	**44,904**	**46,666**	**(1,762)**

Not counting interest capitalized in the amount of €840K, financial charges decreased by €1,271K.
The average cost of debt rose from 4.22% in 2013 to 4.27%, or from 3.94% to 4.23% net of figurative interest on the bond loan.
Most of the changes are due to: (i) a decrease in interest expense due to the closure of mortgage current accounts (Intesa San Paolo and Monte dei Paschi) and credit facilities (Mediocredito Italiano, Credito Valtellinese and Coop Adriatica) and the reduced use of short-term credit lines, in connection with transactions during the year (sale of a mall, sale of treasury shares, and successful capital increase); (ii) the reduced spread on short-term borrowings, while the average Euribor (3m/360) was essentially stable, shifting from 0.22 in 2013 to 0.21 this year; (iii) a decrease in IRS expense; (iv) higher interest on mortgage loans as a result of new loans taken out last year from Iccrea Banca, for a total of €6 million, and from BNP Paribas, in the amount of €135 million, partially offset by a decrease in interest paid on the convertible bond loan that matured at the end of 2013; (v) expenses for the €150 million bond loan issued on 7 May 2014; (vi) the recognition of €782K in unamortized transaction costs further to the full repayment of the above loans.

Note 10) Income taxes

INCOME TAX	31/12/2014	31/12/2013	CHANGE
Current taxes	1,145	1,232	(87)
Substitute tax	0	383	(383)
Deferred tax liabilities	(12,565)	(744)	(11,821)
Deferred tax assets	13,757	(4,088)	17,845
Out-out-of-period income/charges	(20)	(27)	7
TOTAL	**2,317**	**(3,244)**	**5,561**

Current and deferred tax came to a negative €2,317K, compared with a positive €3,244K in 2013.
The difference relates chiefly to the enactment of Decree 133 of 12 September 2014 (published in the Gazzetta Ufficiale on 12 September and converted on 11 November into Law 164/2014), which in Article 20 states that capital gains and losses on rental properties are now included in exempt operations.
As a result, IGD SIIQ S.p.A. and IGD Property SIINQ S.p.A. reversed the deferred tax assets (€16,024K) and deferred tax liabilities (€14,136K) that had been recognized up to 31 December 2013, producing a net impact of -€1,888K on the income statement. The difference for IGD SIIQ S.p.A. and IGD Property SIINQ S.p.A. also reflects the lack of deferred tax assets and liabilities on the fair value changes recorded at 31 December 2014.
The tax rate was further affected by property sales during the year, of which there were none in 2013.
Below is a reconciliation between theoretical income tax and actual income tax for the year ended 31 December 2014.

RECONCILIATION OF INCOME TAX APPLICABLE TO PROFIT BEFORE TAX	31/12/14	31/12/13
Income before taxes	**9,366**	**920**
Theoretical tax charge (tax rate 27.5%)	2,576	253
Profit resulting in the income statement	9,366	920
Increases:		
IMU property tax	6,837	6,924
Negative fair value	20,695	34,502
Devaluation ongoing projects	2,681	5,020
Other increases	8,695	11,930
Decreases:		
Change in tax-exempt income	(29,199)	(33,007)
Deductible depreciation	(6,304)	(5,673)
Impairment reversals of work in progress	(275)	(6,035)
Other changes	(7,382)	(7,295)
Taxable income	**5,114**	**7,286**
Use of ACE benefit	**127**	**999**
Taxable income net of losses	**4,987**	**6,287**
Lower current taxes recognized directly in equity	***(30)***	***(2)***
Current taxes	***888***	***1,103***
Income from tax consolidation	***(144)***	***(226)***
Substitute tax on capital gains	***0***	***383***
Current Ires for the year (a)	***744***	***1,260***
Difference between value and cost of production	**78,589**	**80,167**
Theoretical IRAP (3.9%)	3,065	3,127
Difference between value and cost of production	**78,589**	**80,167**
Changes:		
Increases	12,273	14,344
Decreases	(15,688)	(7,739)
Change in exempt income	(64,456)	(76,059)
Other deductions	(2,142)	(2,167)
Taxable income for IRAP purposes	**8,576**	**8,548**
Lower IRAP charged directly to equity	**(16)**	**(1)**
Current IRAP for the year (b)	***401***	***355***
Total current taxes (a + b)	***1,145***	***1,615***

Note 11) Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of IGD SIIQ S.p.A. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

EARNINGS PER SHARE	31/12/14	31/12/2013
Net profit attributable to IGD SIIQ S.p.A. shareholders	7,302	4,998
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	7,302	4,998
Weighted average number of ordinary shares for purposes of basic earnings per share	426,638,223	328,997,292
Weighted average number of ordinary shares for purposes of diluted earnings per share	426,638,223	328,997,292
Basic earnings per share	**0.017**	**0.015**
Diluted earings per share	**0.017**	**0.015**

Note 12) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Intangible assets with finite usefil lives	63	19	0	(27)	33	88
Intangible assets with finite usefil lives under development	35	2	0	0	(33)	4
Total intangible assets with finite useful lives	**98**	**21**	**0**	**(27)**	**0**	**92**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICATIONS	BALANCE AT 31/12/2014
Intangible assets with finite usefil lives	88	24		(34)	4	82
Intangible assets with finite usefil lives under development	4				(4)	0
Total intangible assets with finite useful lives	**92**	**24**	**0**	**(34)**	**0**	**82**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years, and of business software, amortized over 3 years. During the period, no intangible asset impairment was charged to or reversed from either the income statement or net equity. In 2014 the digital storage project was completed, resulting in the restatement of €4K from assets under development to intangible assets. The increase of €24K concerns the development of applications for the informational and promotional activities of various shopping centers.

Note 13) Goodwill

GOODWILL 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2013
Goodwill	**11,427**					**11,427**

GOODWILL 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	RECLASSIFICATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	BALANCE AT 31/12/2014
Goodwill	**11,427**			**1,235**		**12,662**

Goodwill has been allocated to the individual cash generating units (CGUs).
The increase with respect to December 2013 reflects the reclassification of the value attributed to the Fonti del Corallo mall (€1,300K), which has been sold to the real estate investment fund managed by BNP Paribas REIM Sgr, without however disposing of the business division that manages the shopping center. It was partially offset by the transfer to "Investment property" of the goodwill on Città delle Stelle shopping center, previously operated through a usufruct agreement concerning the beneficial interest in the mall, and acquired in October 2014 in the context of the capital increase.
Below is the breakdown of goodwill by CGU at 31 December 2014:

GOODWILL	31/12/13	31/12/14
Millennium s.r.l.	3,952	3,952
Winmagazine S.A.	5,409	5,409
Winmarkt management s.r.l.	1	1
Fonti del Corallo	-	1,300
Centro Nova	546	546
Città delle Stelle	65	-
San Donà	448	448
Service	1,006	1,006
TOTAL	**11,427**	**12,662**

Goodwill for Millennium and Winmagazin refers to consolidation differences arising upon acquisition and first-time consolidation of the corresponding legal entities. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisals by CBRE Valuation S.p.A., REAG S.p.A., and Cushman & Wakefield in accordance with the criteria described above for the Group's investment properties (see also Note 15). Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability derives from the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount. Goodwill for the CGUs Fonti del Corallo, Centro Nova, San Donà, 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. The figures were retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the 2015 budget and, for 2016, in the 2014-2016 business plan approved by the Board of Directors on 19 December 2013. The discount rate (WACC) was 5.15%; the risk premium contained in the cost of equity is 4.63%, while the borrowing rate used is the average rate paid by the company to obtain funding. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 14) - Buildings

BUILDINGS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	BALANCE AT 31/12/2013
Historical cost	10,114				10,114
Accumulated depreciation	(765)			(244)	(1,009)
Net carrying value	**9,349**	**0**	**0**	**(244)**	**9,105**

FABBRICATO 2014	SALDO AL 01/01/2014	INCREMENTI	DECREMENTI	AMMORTAMENTI	SALDO AL 31/12/2014
Historical cost	10,114				10,114
Accumulated depreciation	(1,009)			(244)	(1,253)
Net carrying value	**9,105**	**0**	**0**	**(244)**	**8,861**

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

Note 15) Investment property

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

INVESTMENT PROPERTY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Investment Property	**1,754,550**	**6,992**	**(3,886)**	**13,873**	**(48,375)**	**539**	**1,723,693**

INVESTMENT PROPERTY 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	REVALUATIONS	IMPAIRMENT	RECLASSIFICATIONS	BALANCE AT 31/12/2013	TRANSFER TO CURRENT NON-ASSETS HELD FOR SALE	BALANCE AT 21/12/2014
Investment Property	**1,723,693**	**19,611**	**94,744**	**(46,801)**	**19,950**	**(42,830)**	**42,516**	**(28,600)**	**1,782,283**

The change in investment property refers to:

- the acquisition of a core portfolio comprised of a shopping center (Città delle Stelle) and two hypermarkets (Lungo Savio and Schio) sold by Coop Adriatica S.c.a r.l. and two supermarkets (Civita Castellana and Cecina) sold by Unicoop Tirreno S.C., for a total of €92,665K plus transaction costs and transfer taxes of €2,079K;
- value increases of €19,611K, in particular for the following construction work: (i) completion of the Centro d'Abruzzo mall expansion for €5,476K; (ii) the new layout of La Torre shopping center (Palermo) for €383K; (iii) the reduction of the hypermarket (€716K) and renovation of the mall (€2,944K) at Le Porte di Napoli shopping center; (iv) the modernization of the Lugo shopping center for €1,158K; (v) lot 1 of the Centro Sarca mall restyling plus fit-out work, for €615K. In Romania, the Group carried out extraordinary maintenance including a new façade at Piatra Neamt, as well as layout changes, the creation of new GLA and fit-out work for the addition of new anchors, for a total of €4,934K;
- decreases of €46.801K, due mainly to the sale of the mall at Fonti del Corallo shopping center in Livorno to the real estate fund managed by BNP Paribas REIM SGR (-€46,700K), and the consequent reclassification of the business division to goodwill in the amount of €1,300K;
- the reclassification from assets under construction of (i) €14,445K for the expansion of the Centro d'Abruzzo mall in April 2014; (ii) €348K for completed work at La Torre shopping center; (iii) €1,302K for lot 1 of the Centro Sarca restyling; (iv) €10K for completed work at Esp shopping center; and (v) €1,957K for completed work at some Romanian shopping

centers; in addition to €25,300K for the reclassification of Piastra Mazzini in Livorno;
- the reclassification of the business division (€65K) and plant (€389K) of the Città delle Stelle mall in Ascoli Piceno, further to acquisition of the shopping center;
- fair value accounting at 31 December 2014, leading to writedowns in excess of revaluations, for net impairment losses of €22,880K.

Non-current assets held for sale

In light of a preliminary agreement with suspensive condition for the sale of the property complex on Via Rizzoli in downtown Bologna, signed on 15 January 2015, the property has been reclassified from "Investment property" to "Non-current assets held for sale" at its fair value of €28,600K.
See the section "Real estate holdings" in the directors' report for an analysis of investment properties.
For the calculation of fair value, see the appraisals by CBRE Valuation S.p.A., REAG S.p.A., and Cushman & Wakefield in this Annual Report.

Fair value hierarchy

One of the changes introduced by IFRS 13 is the need to provide disclosures on the fair value hierarchy for non-financial assets and liabilities, 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.
IGD Group investment property measured at fair value is shown in the table below.

FAIR VALUE MEASUREMENTS 31 DECEMBER 2014	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property in Italy			
Malls and retail parks			970,444
City Center (1)			56,500
Hypermarkets and supermarkets			602,184
Residual portions of property			6,455
TOTAL INVESTMENT PROPERTY IN ITALY			**1,635,583**
Investment property in Romania			
Shopping malls			171,900
Plojesti - Junior Office Building			3,400
TOTAL ROMANIA			**175,300**
IGD Group: Investment property			**1,810,883**
TOTAL DEVELOPMENT INITIATIVES			**50,700**
Porta a Mare project			
Porta a Mare project (2)			14,630
TOTAL TRADING PROPERTIES			**14,630**
TOTAL IGD GROUP INVESTMENT PROPERTY MEASURED AT FAIR VALUE			**1,876,213**

Notes
(1) Including non-current assets held for sale.
(2) Retail portion of the Porta a Mare project, listed with assets under construction and measured at fair value.

The specific valuation policies used, as certified in the independent appraisal certificate, were as follows:

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

The above methods were applied individually to each property, according to their specific features.
Properties were appraised assuming their highest and best use, i.e. by considering among all physically possible, legally permissible and financially feasible uses only those likely to give the properties their greatest value.
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.

Sensitivity analysis at 31 December 2014

For properties carried at fair value, measurements are considered to be at Level 3 of the fair value hierarchy, as mentioned above. Quantitative information on the impact of the most significant unobservable inputs (discount rate and gross cap out) is provided below: Amounts reflect the increase or decrease in the value of the real estate portfolio, distinguished by asset class.

ASSET CLASS €K	HYPERMARKETS AND SUPERMARKETS	MALLS AND RETAIL PARKS	CITY CENTER	INVESTMENT PROPERTY ROMANIA
Market value at 31/12/2014 +0.5 discount rate	-23,231	-41,990	-2,100	-6,100
Market value at 31/12/2014 -0.5 discount rate	24,211	44,471	2,200	6,400
Market value at 31/12/2014 +0.5 gross cap out	-23,731	-36,537	-2,800	-6,000
Market value at 31/12/2014 -0.5 gross cap out	27,900	43,009	3,500	6,100
Market value at 31/12/2014 +0.5 discount rate +0.5 gross cap out	-45,335	-76,249	-4,800	-11,700
Market value at 31/12/2014 -0.5 discount rate -0.5 gross cap out	53,918	90,291	5,800	13,400
Market value at 31/12/2014 +0.5 discount rate -0.5 gross cap out	3,281	-1,653	1,200	300
Market value at 31/12/2014 -0.5 discount rate +0.5 gross cap out	-766	5,703	-800	200

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

PLANT AND MACHINERY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Historical cost	3,189	268					3,457
Accumulated depreciation	(1,918)			(339)			(2,257)
Net carrying value	**1,271**	**268**	**0**	**(339)**	**0**	**0**	**1,200**

PLANT AND MACHINERY 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2014
Historical cost	3,457				(556)		2,901
Accumulated depreciation	(2,257)			(338)	167		(2,428)
Net carrying value	**1,200**	**0**	**0**	**(338)**	**(389)**	**0**	**473**

EQUIPMENT 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Historical cost	4,269	134	(59)		3	(2)	4,345
Accumulated depreciation	(2,090)		36	(508)		2	(2,560)
Net carrying value	**2,179**	**134**	**(23)**	**(508)**	**3**	**0**	**1,785**

EQUIPMENT 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2014
Historical cost	4,345	877					5,222
Accumulated depreciation	(2,560)	(22)		(542)			(3,124)
Net carrying value	**1,785**	**855**	**0**	**(542)**	**0**	**0**	**2,098**

LEASEHOLD IMPROVEMENTS 2013	SALDO AL 01/01/2013	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Net carrying value	**1,317**	**391**		**(205)**			**1,503**

LEASEHOLD IMPROVEMENTS 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATIONS	RECLASSIFICA-TIONS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2014
Net carrying value	**1,503**	**171**		**(256)**	**96**		**1,514**

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of equipment worth €877K. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease. The change, net of depreciation, refers mainly to the upgrading of premises at the leasehold property Centro Nova in order to improve the occupancy rate, as well as the purchase of equipment in Romania.

Note 17) Assets under construction

ASSETS UNDER CONSTRUCTION 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFI-CATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	CAPITALIZED INTERESTS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2013
Assets under construction 2013	**76,376**	**18,288**	**(578)**	**(210)**	**6,035**	**350**	**(12)**	**100,249**

ASSETS UNDER CONSTRUCTION 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	RECLASSIFI-CATIONS	(IMPAIRMENT LOSSES)/ REVERSALS	FAIR VALUE CHANGES	CAPITALIZED INTERESTS	CURRENCY TRANSLATION GAIN/LOSS	BALANCE AT 31/12/2014
Assets under construction 2013	**100,249**	**22,291**	**(37)**	**(43,458)**	**91**	**2,185**	**840**	**18**	**82,179**

Increases in assets under construction are primarily due to:

- progress on the retail portion of the Porta a Mare project in Livorno for €929K. The fair value adjustment at 31 December was +36K for the "Officine" section, while the sections recognized using the adjusted cost method were written down by €185K to bring their carrying amounts into line with the lower of cost and appraised fair value;
- progress on the buildings of the future retail park in Chioggia for €11,881K. The fair value adjustment at 31 December came to +€919K (€398K relating to impairment reversals and €521K in fair value adjustment);
- urban infrastructure expenses resulting from the Zoning Agreement and transaction costs for the Esp expansion, for a total of €455K, plus €840K in capitalized interest. Interest was capitalized without this resulting in an amount exceeding fair value and the fair value adjustment at 31 December was +€1,628K;
- interior restyling of the Centro Sarca mall (lot 2) in the amount of €3,410K;
- restyling and fit-out work at Borgo shopping center for €1,109K;
- unfinished extraordinary maintenance work at some Romanian centers, for €226K;
- progress on the Portogrande expansion amounting to €118K. This project, recognized using the adjusted cost method, was written down by €122K to bring the carrying amount into line with the lower of cost and appraised fair value.

Reclassifications refer to completed works, which have therefore been transferred to investment property, as follows: (i) €14,445K for the expansion of the Centro d'Abruzzo mall in April 2014; (ii) €348K for completed work at La Torre shopping center; (iii) €1,302K for lot 1 of the Centro Sarca restyling; (iv) €10K for completed work at Esp shopping center; and (v) €1,957K for completed work at some Romanian shopping centers; in addition to €25,300K for the reclassification of Piastra Mazzini in Livorno; (vi) €96 thousand for leasehold improvements at Centro Nova.

See section 2.5 on the real estate portfolio for further details.

Note 18) Deferred tax assets and deferred tax liabilities

For 2014, and therefore for 2013 as well for the sake of comparison, deferred tax assets and liabilities have been offset in accordance with paragraph 74 of IAS 12, given that: (i) Group companies are entitled to offset current tax assets and liabilities and (ii) the deferred tax assets and liabilities are associated with income taxes charged by the same tax jurisdiction. Therefore, net deferred tax assets reflect the deferred tax assets and liabilities of the Italian companies, while the deferred tax liabilities shown in the statement of financial position concern the Romanian subsidiary.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Deferred tax assets	17,148	27,774	(10,626)
Deferred tax liabilitites	(7,426)	(21,330)	13,904
Total deferred tax assets and deferred tax liabilities	**9,722**	**6,444**	**3,278**

DEFERRED TAX ASSETS (IN DETAIL)	31/12/2014	31/12/2013	CHANGE
Capital operations	118	6	112
Taxed provisions	178	179	(1)
Bonus provision	89	81	8
IAS 40	0	15,054	(15,054)
Higher land value for tax purpose	0	753	(753)
Interest rate swaps	11,467	8,396	3,071
Impairment losses on land and construction in progress	2,360	1,792	568
Impairment losses on equity investments and financial receivables	231	193	38
Loss from tax consolidation	1,785	1,299	486
Other effects	22	21	1
ACE reportable effect	898	0	898
Total deferred tax assets	**17,148**	**27,774**	**(10,626)**

Deferred tax assets relate to:
- taxed provisions, such as the provision for doubtful accounts and the bonus provision;
- the effect of writing down inventories to fair value;
- the recognition of deferred tax assets on mortgage hedging instruments (IRS);
- the tax losses and ACE benefit carried forward.

Most of the change for the year stems from:
- the recognition of deferred tax assets on mortgage hedging instruments (IRS) in the amount of €3,071K, due to the increase in their negative fair value;
- the recognition of deferred tax assets on the writedown of Porta a Mare inventory (€784K);
- the release to the income statement, pursuant to Decree Law 133 of 12 September 2014, of deferred taxes on the fair value adjustment of investment property and construction in progress (€16,024K).

There was also an increase in deferred tax assets because taxable income for IRES purposes proved to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous years.

DEFERRED TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Tax effect on fair value of properties	7,190	20,295	(13,105)
Interest rate swaps	0	102	(102)
Revaluations on land and construction in progress	0	632	(632)
Tax effect on convertible bond	28	12	16
Other effects	208	289	(81)
Total deferred tax liabilities	**7,426**	**21,330**	**(13,904)**

The decrease in deferred tax liabilities is mostly due to the release to the income statement, pursuant to Decree Law 133 of 12 September 2014, of deferred taxes on the fair value adjustment of investment property in the amount of €14,136K.
The deferred tax liabilities remaining in the statement of financial position pertain to the fair value adjustment of the Romanian properties owned by WinMagazin.

DEFERRED TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Tax effect on fair value of Romania properties	24,730	23,502	1,228
Total deferred tax liabilities	**24,730**	**23,502**	**1,228**

Note 19) Sundry receivables and other non-current assets

SUNDRY RECEIVABLES AND OTHER NON-CURRENT ASSETS	31/12/2014	31/12/2013	CHANGES
Tac credit	4	4	0
Beneficial interest	0	1,908	(1,908)
Due from others	23	24	(1)
Security deposits	48	55	(7)
Total	**75**	**1,992**	**(1,917)**

Most of the change in this item reflects the decrease in the beneficial interest (real right of enjoyment of the mall at Città delle Stelle shopping center) for the amount recognized in the income statement up to 24 October 2014 and for termination of that right, due to the Group's purchase of the mall.

Note 20) Equity investments

EQUITY INVESTMENTS	31/12/2013	INCREASES	DECREASES	WRITEDOWNS	31/12/2014
Equity investments in subsidiaries					
Consorzio Proprietari C.C.Leonardo	52				52
Consorzio Proprietari Fonti del Corallo	0	7			7
Consorzio C.C. i Bricchi	4				4
Equity investments in associates					
Rgd Ferrara 2013 Srl	50				50
Consorzio Millennium Center	4				4
Virtus College Srl	5	5			10
Equity investments in other companies					
Iniziative Bologna Nord	72				72
Consorzio business park	15				15
Fondazione Virtus Pallacanestro Bologna	100	87			187
Other minor investments	7				7
Total	**309**	**99**	**0**	**0**	**408**

The increase in equity investments in subsidiaries reflects a 68% interest in the newly formed Consorzio Proprietari Fonti del Corallo. During the year the Group acquired additional shares of the associate Virtus College S.r.l., bringing its interest to 48.75%. It also made capital contributions to Fondazione Virtus Pallacanestro Bologna in the amount of €87K.

Note 21) Non-current financial assets

NON-CURRENT FINANCIAL ASSETS	31/12/14	31/12/2013	CHANGE
Non-current financial assets	**1,128**	**850**	**278**

This item contains the non-current portion of interest-free loans granted to IBN (€533K, net of a €140K writedown during the year) and to Virtus College S.r.l. (€495K). In 2014, a five-year loan of €100K was granted to Fondazione Virtus Pallacanestro Bologna, charging interest of 2.5% p.a. See Note 42 for further information.

Note 22) Work in progress inventory and advances

WORK IN PROGRESS INVENTORY AND ADVANCES	31/12/13	INCREASES	DECREASES	WIRTEDOWNS	31/12/14
Porta a Mare project	72,881	160	(1,303)	(2,497)	69,241
Advances	128	3	(17)		114
Total	**73,009**	**163**	**(1,320)**	**(2,497)**	**69,355**

Work in progress inventory relating to the land, buildings, and urban infrastructures of the multifunctional complex in Livorno increased by €160K due to the advancement of works; the decrease of €1,303K refers to the final sale in 2014 of five apartments, three enclosed garage units and one parking space.
The writedown of €2,497K was charged to adjust the carrying amount to the lower of cost and fair value, as expressed in the appraisal of 31 December 2014.

Note 23) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2014	31/12/2013	Change
Trade and other receivables - third parties	29,709	29,688	21
Provision for doubtful accounts	(15,673)	(15,045)	(628)
Total	**14,036**	**14,643**	**(607)**

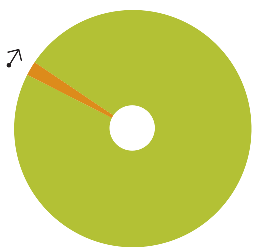
Trade receivables gross of the provision for doubtful accounts are in line with the balance at 31 December 2013. The provision for doubtful accounts, which reflects recovery estimates on problem credits, increased by €629K for the reasons mentioned in note 7) of the income statement.
Movements in the provision for doubtful accounts are shown below:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2013	TRANSLATION EFFECT	UTILIZATIONS	WRITEDOWN (UTILIZATION) OF DELINQUENT INTEREST	ALLOCATIONS	31/12/2014
Provisions for doubtful accounts	**15,045**	**0**	**(918)**	**13**	**1,533**	**15,673**

The following table shows receivables by geographical area:

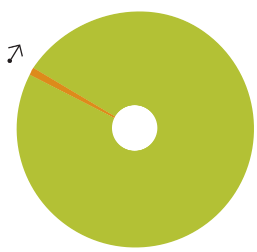
RECEIVABLES BY GEOGRAPHICAL AREA	2013	2014
Receivables Italy	27,429	27,732
Provision for doubtful accounts	(13,132)	(13,787)
Net receivables - Italy	**14,297**	**13,945**
Receivables Romania	2,259	1,977
Provision for doubtful accounts	(1,913)	(1,886)
Net receivables - Romania	**346**	**91**

2013



2% Net receivables - Romania
98% Net receivables - Italy

2014



1% Net receivables - Romania
99% Net receivables - Italy

Note 24) Related party trade and other receivables

RELATED PARTY TRADE AND OTHER RECEIVABLES	31/12/2014	31/12/2013	CHANGE
Parent	34	48	(14)
Total Parent	**34**	**48**	**(14)**
Associates	397	148	249
Total associates	**397**	**148**	**249**
Consorzio dei proprietari Centro Leonardo	1	1	0
Consorzio C.C. i Bricchi	0	1	(1)
Adriatica Luce e Gas	26	0	26
Vignale Comunicazioni srl	112	145	(33)
Unicoop Tirreno scarl	327	41	286
Librerie Coop spa	27	34	(7)
Robintur spa	1	1	0
Consorzio La Torre	172	196	(24)
Consorzio Crema	53	31	22
Consorzio Porta a Mare	72	0	72
Consorzio Katanè	237	238	(1)
Consorzio Lame	1	1	0
Consorzio Coné	0	1	(1)
Consorzio Sarca	70	1	69
Other related parties	**1,099**	**691**	**408**
Total related parties	**1,530**	**887**	**643**

See Note 40 for comments.

Note 25) Other current assets

OTHER CURRENT ASSETS	31/12/2014	31/12/2013	CHANGE
Tax credits			
VAT credits	1,954	2,147	(193)
IRES credits	342	368	(26)
IRAP credits	85	103	(18)
Due from others			
Advanced paid to suppliers	6	6	0
Accrued income and prepayments	474	443	31
Deferred costs	199	87	112
Other	563	515	48
Total other current assets	**3,623**	**3,669**	**(46)**

Other current assets decreased with respect to the previous year, due mainly to the VAT credit accrued at 31 December 2014, partially offset by the increase in costs incurred for new projects scheduled to be completed in coming years. The change in IRES and IRAP credits relate to the tax charge for the year, net of advances paid.

Note 26) Financial receivables and other current financial assets

CURRENT FINANCIAL ASSETS	31/12/2014	31/12/2013	CHANGE
Other financial assets	0	20	(20)
Total third parties	**0**	**20**	**(20)**
Other related parties	151	353	(202)
Total related parties	**151**	**353**	**(202)**

Financial receivables from related parties refer to the €150 loan granted to RGD Ferrara 2013 S.r.l. and maturing on 31 December 2014, plus interest calculated at the 3-month Euribor plus 350 basis points, which is capitalized annually and settled on maturity.

Note 27) Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2014	31/12/2013	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	15,152	8,330	6,822
Cash on hand	90	116	(26)
Total cash and cash equivalents	**15,242**	**8,446**	**6,796**

Cash and cash equivalents at 31 December 2014 consisted mainly of current account balances at banks. In the context of the guarantees required for the BNP Paribas loan (Italian branch), there are escrow accounts amounting to €6,022K.

Note 28) Net equity

NET EQUITY	31/12/2014	31/12/2013	CHANGE
Share capital	549,760	325,052	224,708
Share premium reserve	147,730	147,730	(0)
Total other reserves	**231,818**	**246,916**	**(15,098)**
Legal reserve	12,348	11,459	889
Euro conversion reserve	23	23	(0)
Goodwill reserve	13,736	13,736	0
Reserve for the purchase pf treasury share	(10,178)	(11,276)	1,098
Cash flow hedge reserve	(25,035)	(15,793)	(9,242)
Cash flow hedge reserve - subsidiaries	(5,193)	(6,074)	881
Bond issue reserve	29,806	29,806	(0)
Capital increase reserve	(5,484)	(988)	(4,496)
Recalculation of defined benefit plans	(153)	29	(182)
Recalculation of defined benefit plans - subsidiaries	(88)	12	(100)
Fair value reserve	226,297	230,273	(3,976)
Translation reserve	(4,261)	(4,291)	30
Total Group profit	**20,921**	**33,152**	**(12,231)**
Group profit (losses) carried forward	13,619	28,154	(14,535)
Group profit (loss) for the period	7,302	4,998	2,304
Group net equity	**950,229**	**752,850**	**197,379**
Non-controlling interests in capital and reserves	10,842	11,676	(834)
Non-controlling interests in profit (loss)	(253)	(834)	581
Non-controlling interests	**10,589**	**10,842**	**(253)**
Group net equity	**960,818**	**763,692**	**197,126**

Movements in net equity are detailed in section 4.4.
Most of the movements in share capital and reserves were a result of:

- two capital increases for IGD SIIQ S.p.A.: €14,054K approved by the extraordinary shareholders' meeting of 15 April 2014 and €199,678K concluded in October 2014;
- the closure of the negative reserve of €10,976K corresponding to the par value of treasury shares sold and the allocation to the reserve for treasury shares of the difference between the proceeds of the sale and the shares' par value (€1,098K);
- the adjustment of CFH reserves pertaining to derivatives accounted for using the cash flow hedge method (-€9,242K for the parent company and +€881K for subsidiaries);
- a decrease for transaction costs relating to the capital increases, net of tax effects, and to the sale of treasury shares in the amount of €4,496K;
- movements in the translation reserve for the translation of foreign currency financial statements, in the amount of +€30K;
- the recognition of actuarial gains from the application of IAS 19 to the provision for employee severance indemnities (-€282K);
- the distribution of the 2013 profit of €22,620K;
- the profit for the year allocable to owners of IGD SIIQ S.p.A. (€7,302K) and the result allocable to non-controlling interests (-253K).

Note 29) Non-current financial liabilities

This item mostly includes the non-current portion of bank loans, of the bond loans, and of the amount due for the purchase of a business division.

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2014	31/12/2013	CHANGE
Mortgage lonas		**553,293**	**653,368**	**(100,075)**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	11,371	13,208	(1,837)
09 Interbanca IGD	25/09/2006 - 05/10/2021	82,507	94,546	(12,039)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	8,478	9,358	(880)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	55,454	60,120	(4,666)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	8,811	9,343	(532)
01 Unipol SARCA	10/04/2007 - 06/04/2027	74,320	77,324	(3,004)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	22,888	24,121	(1,233)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	22,249	0	22,249
11 MedioCreval Catania IGD		0	13,026	(13,026)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	12,539	40,699	(28,160)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	27,161	28,977	(1,816)
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	19,878	21,382	(1,504)
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	36,083	38,703	(2,620)
16 CentroBanca Cone (Iper)	30/06/2011 - 30/06/2016	12,369	13,149	(780)
21 Mediocredito Italiano Via Rizzoli (Bo)		0	10,628	(10,628)
02 CentroBanca Porta Medicea	24/06/2013 - 15/06/2015	0	10,959	(10,959)
03 BPV Porta Medicea	02/08/2011-25/07/2026	8,285	9,914	(1,629)
18 Cassa risp Firenze ipotecario	20/12/2011 - 19/12/2016	19,957	39,936	(19,979)
20 Intesa ipotecario		0	1,011	(1,011)
22 Emilbanca		0	5,989	(5,989)
23 BNP	03/12/2013 - 26/11/2018	130,943	130,975	(32)
Bond 122,90ML	**07/05/2013- 07/05/2017**	**120,961**	**120,199**	**762**
Bond 22 ML	**07/05/2013- 07/05/2017**	**21,860**	**21,804**	**56**
Bond 150 ML	**07/05/2014 - 07/01/2019**	**148,360**	**0**	**148,360**
Due to other sources of finance		**5,992**	**7,035**	**(1,043)**
Contingent liability for mall and business division		1,125	1,875	(750)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	4,867	5,160	(293)
Total financial liabilities with third parties		**850,466**	**802,406**	**48,060**
Coop loan Le Maioliche		0	15,000	(15,000)
Total financial liabilities with related parties		**0**	**15,000**	**(15,000)**

Mortgage loans are secured by properties.
After the successful capital increases, the company decided to use part of the new funds to restructure its debt. This led to:

- the prepayment of the Mediocredito Rizzoli and Mediocreval Catania loans in November 2014;
- the prepayment of the Emilbanca loan in August 2014;
- the partial repayment of the Mediocredito Faenza loan in November 2014;
- the closure of the credit line opened with Intesa San Paolo in 2012;
- the full repayment of the loan from Coop Adriatica.

Mortgage loans also changed due to the reclassification to current financial liabilities of the principal falling due in the next 12 months, including €10,959K for the Centrobanca loan due on 15 June 2015.
On 28 March 2014 the mortgage loan with Cassa di Risparmio del Veneto was extended until 1 November 2024, and the principal maturing after 2015 was therefore reclassified to non-current financial liabilities. Regarding the bond loans, on 10 April the Board of Directors approved the issue of senior unsecured bonds in the amount of €150,000,000, which were issued on 7 May 2014. The bonds pay fixed interest of 3.875%, on 7 January following the end of each calendar year. They are listed on the Irish Stock Exchange, a regulated market.
The average interest rate on adjustable-rate mortgage loans at 31 December 2014 was 1.39%.

Covenants

The following table presents covenants on outstanding loans. All of the covenants were satisfied at 31 December 2014.

NAME / PROPERTY	OWNER	TYPE OF PRODUCT / COUNTERPARTY	START DATE / END DATE	REPAYMENT / COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)	INDICATOR IV)
04 BNL Rimini IGD		Loan	06/09/06	Straght-line amortization of principale €1.9mn; balloon payment: €10mn	0.71			
MALATESTA - Rimini	IGD SIIQ S.p.A.	BNL Banca Nazionale del Lavoro	06/10/16	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity				
05 BreBanca IGD		Mortgage	23/11/06	Amortization with increasing capital				
MONDOVICINO (Mall)	IGD SIIQ S.p.A.	Banca Regionale Europea	10/01/23					
01 Unipol Larice		Mortgage	10/04/07	'Straght-line amortization of principale €3mn; balloon payment: €40.7mn				
SARCA (Mall + Hyper)	IGD Management s.r.l.	Unipol Merchant	06/04/27	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2.3	1.03			
06 Unipol Lungosavio IGD		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €3.6mn				
LUNGO SAVIO - Cesena	IGD SIIQ S.p.A.	Unipol Merchant	31/12/23					
07 Carige Nikefin Asti		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €9.5mn				
I BRICCHI - Isola D'Asti (Mall)	IGD SIIQ S.p.A.	Banca Carige	31/03/24					
08 Carisbo Guidonia IGD		Mortgage	27/03/09	Straght-line amortization of principale €4.1mn; balloon payment: €24mn				
TIBURTINO - Guidonia (Mall + Hyper)	IGD SIIQ S.p.A.	Cassa di Risparmio di Bologna	27/03/24	IGD Group.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.03			
09 Interbanca IGD		Loan	25/09/06	Amortization with increasing capital				
Iper LUGO - Ravenna, Hyper MAESTRALE - Senigallia, Hyper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (Hyper), LE PORTE DI NAPOLI - Afragola (Mall + Hyper) - PORTOGRANDE (mall + hyper), office building PORTOGRANDE, Hyper LEONARDO	IGD SIIQ S.p.A.	GE Capital	05/10/21	BCertified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.03			
10 Mediocredito Faenza IGD		Loan	05/10/09	Straght-line amortization of principale €0.94mn.				
LE MAIOLICHE - Faenza (Hyper)	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/06/29	IGD SIIQ S.p.A. financial statements: ratio of external debt to equity + intercompany loans must not exceed 2.7	0.74			
02 CentroBanca Porta Medicea		Loan	01/02/10	No amortization of principal; single balloon payment of €11 mn				
Immobile Palazzo Orlando e Piazza Mazzini	Porta Medicea	CentroBanca	15/06/15					

continue

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NAME / PROPERTY	OWNER	TYPE OF PRODUCT / COUNTERPARTY	START DATE / END DATE	REPAYMENT / COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)	INDICATOR IV)
14 MPS Palermo		Mortgage	21/12/10	Amortization with increasing capital and balloon payment of €6.6 mn				
Palermo (Mall)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/25	Consolidated financial statement: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) Loan to Value ratio for the individual property must not exceed 70%	1.03	49.92%		
15 CentroBanca Coné mall		Loan	22/12/10	Straght-line amortization of principale €2.64mn; balloon payment: €10.56mn				
CONÈ (Mall)	IGD SIIQ S.p.A.	CentroBanca	31/12/25	Consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2	1.03			
13 CR Veneto Mondovì		Mortgage	08/10/09	Straght-line amortization of principale €1.65mn; balloon payment: €8.55mn				
MONDOVICINO (Retail Park)	IGD SIIQ S.p.A.	Cassa di Risparmio del Veneto	01/11/24	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.03			
16 CentroBanca Conè Hyper		Loan	30/06/11	Straght-line amortization of principale €0.8mn; balloon payment: €12.4mn				
CONÈ (Hyper)	IGD SIIQ S.p.A.	CentroBanca	30/06/16	Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.03	56.44%		
17 Carige Palermo IGD		Mortgage	12/07/11	Amortization with increasing capital				
PALERMO (Hyper)	IGD SIIQ S.p.A.	Banca Carige	30/06/27					
03 BPV Porta Medicea		Mortgage	02/08/11	Straight-line amortization of principal: €0,8mn				
PORTA MEDICEA	Porta Medicea	Banca Popolare di Verona	25/07/26	Porta Medicea srl financial statements: i) ratio of net debt to equity ≤ 1,0 ii) equity ≥ €55 mn	0.40	€55,953,136		
18 CC Ipotecario - Tiraggi		Credit facility secured by mortgage	20/12/11	Gradual reduction of available credit by €20 mn p.a., from 2015 to maturity				
‘1st mortgag CREMA, ‘1st mortgag LE FONTI DEL CORALLO	IGD SIIQ S.p.A.	Cassa di Risparmio di Firenze	19/12/16	IGD Group: ratio of net debt (including derivative assets and liabilities) to equity must be less than or equal to 1.6 through to maturity; ii) ratio of EBITDA to financial charges must be greater than 1.5; iii) ratio of net debt to market value must be less than or equal to 0.65	1.03	1.76	50.53%	50.53%
23 Bnp Paribas		Loan	03/12/13	Bullet				
SC CASILINO - HYPER LAME - MALL CATANIA - SC ESP - SC BORGO	IGD Property SIINQ S.p.A.	Bnp Paribas	26/11/18	Beginning with 2014 aqnnual report: i) LTV ratio not to excced 45%; ii) Interest Cover Ratio above 190%;	40.02%	279%		

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NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)	INDICATOR IV)
24 Notes 3,875% - Due 07/01/2019	IGD SIIQ SpA	Bond loan	07/05/14	Bullet				
		Payng Agent - Bnp paribas	07/01/19	i) LTV ratio (excluding derivative liabilities) less than 60%; ii) Interest Cover Ratio (poste ricorrenti secondo principio di cassa) > 1,55; iii) ratio of secured debt to Market Value less than 45%; iv) ratio of property free from liens to unsecured debt > 0,90.	48.28%	2.05	32.31%	1.89
25 Notes 4,335% - Due 07/05/2017	IGD SIIQ SpA	Bond loan	07/05/13	Bullet				
		Payng Agent - Bnp paribas	07/05/17					

The table below shows the amount of loans directly allocable to investment property at 31 December 2014 and their average maturity:

PROJECT/REAL ESTATE ASSET	ASSET BOOK VALUE	FINANCIAL DIRECT DEBT	TECHNICAL FORM	AVERAGE MATURITY
Property investments	1,782,283	505,107	Mortgage and bullet financial	7.85

Note 30) Provision for employee severance indemnities

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

PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/12	ACTUARIAL (GAIN)/LOSSES	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2012
Provisions for employee severance indemnities	1,191	(41)	(48)	263	38	1,403

PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 31/12/13	ACTUARIAL (GAIN)/LOSSES	UTILIZATION	ALLOCATION	FINANCIAL CHARGES - IAS 19	BALANCE AT 31/12/2013
Provisions for employee severance indemnities	1,403	283	(58)	236	46	1,910

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	2014
Cost of living increase	0.60% 2015
	1.20% 2016
	1.50% 2017 and 2018
	2.0% from 2019 onward
Discount rate	1.86%
Increase in total compensation	Executives 2.5%
	White collar/Middle managers 1.0%
	Blue collar 1.0%
	1.95% 2015
	2.40% 2016
	2.625% 2017 and 2018
	3.0% from 2019 onward

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.

Additional information

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

SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2014

CHANGE IN ASSUMPTION	AMOUNT OF TFR PROVISION €/K
Inflation +0.25%	1,962.09
Inflation -0.25%	1,848.39
Discount rate +0.25%	1,833.75
Discount rate -0.25%	1,978.41
Turnover rate +1%	1,873.62
Turnover rate -1%	1,939.58

	€/K
Service cost 2015	314.31

	years
Plan duration	21.00

	€/K
Estimated payouts, year 1	79.75
Estimated payouts, year 2	63.11
Estimated payouts, year 3	144.05
Estimated payouts, year 4	75.88
Estimated payouts, year 5	83.83

Note 31) General provisions

GENERAL PROVISIONS	31/12/2013	UTILIZATIONS	ALLOCATIONS	31/12/2014
Provision for taxation	594	-81	125	638
Bonus provision	745	-745	719	719
Other general provision	386		84	470
Provision for Guidonia penalties	84	-84		0
Total	**1,809**	**-910**	**928**	**1,827**

Provision for taxation

This provision covers probable liabilities stemming from (i) tax audits that IGD SIIQ S.p.A. appealed to the Court of Cassation, leading to the use of €81K to settle the remaining third of the taxes and penalties charged, paid on 24 October 2014 (see note 46 Tax litigation for further details); (ii) IMU/ICI (property tax) disputes. Increases consist of an allocation against the potential outcome of the IMU/ICI disputes, arising from assessments served by the Agenzia del Territorio on 22 March 2012, 27 October 2011, 3 November 2011 and 18 April 2013, which mainly concern new classifications and cadastral rent calculations for two shopping centers. IGD SIIQ S.p.A. appealed to the relevant Provincial Tax Commissions, but the appeals were rejected; it then appealed to the Regional Tax Commissions and is awaiting hearing dates.
If it loses these appeals, IGD might have to pay an additional €1,000,000 in property tax (net of penalties and interest not listed in the assessments), so it has provided for approximately 50% of that amount.

Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2015 on the basis of the Group's 2014 estimated results. The utilization refers to the payment made in 2014.

Other general provisions
This amount covers liabilities deemed likely to arise from disputes with third parties, including but not limited to contractual liability under contracts with individual tenants and appeals against injunctions.

Provision for Guidonia penalties
This contained the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. The postponement (the shopping center was originally set to open in December 2008), caused by several factors including the natural disaster declared by the city of Guidonia and delays in obtaining fit-for-use certificates, had exposed IGD SIIQ S.p.A. to claims for damages by the tenants to whom mall space had been let. The risk that these disputes would give rise to a liability was later reduced when settlements were reached with most of the tenants.
At 31 December 2014 the risk was considered nonexistent, and the entire provision of €84K was therefore utilized.

Note 32) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIIES	31/12/2014	31/12/2013	CHANGE
Deferred income	6,233	7,266	(1,033)
Payables for substitute tax	230	0	230
Other liabilities	347	297	50
Total	**6,810**	**7,563**	**(753)**

This item mostly concerns the City of Livorno for additional secondary urban infrastructure works as provided for by contract (€3,816K) and works to be delivered to Porta a Mare S.p.A. (€3,450K). As of this writing, work on the canalside walk and on Piazza Orlando (falling under the Mazzini section of the project) have been completed and will be officially transferred to the city within the first few months of 2015.
The decrease of €1,033K is due to the release to the income statement of construction costs incurred for these works.
The non-current portion of the substitute tax liability on the capital gain arising from the transfer of the Centro Lame hypermarket has also been reclassified to this item.
Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Parent	**11,074**	**9,322**	**1,752**
Security deposits from Coop Adriatica	11,074	9,322	1,752
Related parties	**2,418**	**3,590**	**(1,172)**
Security deposits from Ipercoop Tirreno spa	0	1,152	(1,152)
Security deposits from Unicoop Tirreno	1,939	2,413	(474)
Security deposits from Vignale Comunicazione	25	25	0
Security deposits Campania Distribuzione Moderna	454	0	454
Total	**13,492**	**12,912**	**580**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law.
The increase in security deposits from Coop Adriatica reflects the purchase of the hypermarkets Città delle Stelle, Lungosavio, and Schio, whose rental contracts are backed by additional deposits from the parent totalling €1,751K.
The decrease in security deposits from Unicoop Tirreno and Ipercoop Tirreno concerns the payment of interest accrued through 2013, as well as a reimbursement due to the reduced floor space of the hypermarket at Le Porte di Napoli shopping center and Ipercoop Tirreno's subsequent sale of the supermarket business to Campania Distribuzione Moderna on 1 August 2014.

Note 33) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2014	31/12/2013	CHANGE
Banca Pop. Emilia Romagna - ultra-short-term	24/12/2014 - 13/01/2015	8,500	0	8,500
Banca Pop. Emilia Romagna - ultra-short-term	30/12/2014 - 20/01/2015	1,000	3,500	(2,500)
Banca Pop. Emilia Romagna - ultra-short-term	07/12/2013 - 07/01/2014	0	20,000	(20,000)
Unicredit - ultra-short-term	23/12/2013 - 21/02/2014	0	10,006	(10,006)
Carisbo - ultra-short-term	15/12/2014 - 15/01/2015	7,004	10,007	(3,003)
Cassa di Risparmio del Veneto	23/12/2013 - 24/01/2014	0	20,013	(20,013)
Cassa Risparmio PD RO	11/12/2013 - 11/01/2014	0	10,016	(10,016)
Unipol Banca - ultra-short-term	18/12/2013 - 20/01/2014	0	12,013	(12,013)
Banca popolare di Verona - ultra-short-term	23/12/2013 - 24/02/2014	0	12,000	(12,000)
Bnl - Bologna	15/12/2014 - 15/01/2015	5,000	5,000	0
Cassa risp. Firenze - ultra-short-term	27/06/2014 - 28/07/2014	0	15,010	(15,010)
Cassa risp. Ferrara	23/12/2013 - 23/01/2014	0	5,003	(5,003)
Bnl - Bologna	a revoca	1,500	4,600	(3,100)
Cassa di Risparmio di Cesena c/c	a vista	0	5,006	(5,006)
Banca Regionale Europea c/c	a vista	0	6,287	(6,287)
Mps c/c 195923	a vista	5,716	5,209	507
Emilbanca c/c 170056	a vista	1,398	0	1,398
Loan USD 27,3 ML	23/12/2013-24/02/2014	0	19,852	(19,852)
Loan USD 13,7 ML	27/12/2013-26/02/2014	0	9,928	(9,928)
Outright on loan usd 27,3 ML	23/12/2013-24/02/2014	0	189	(189)
Outright on loan usd 13,7 ML	27/12/2013-26/02/2014	0	90	(90)
Total due to banks		**30,118**	**173,729**	**(143,611)**
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,861	1,869	(8)
05 BreBanca IGD MONDOVICINO (Galleria)	23/11/2006 - 10/01/2023	927	892	35
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	534	503	31
09 Interbanca IGD	25/09/2006 - 05/10/2021	12,305	11,912	393
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,142	4,149	(7)
01 Unipol SARCA	10/04/2007 - 06/04/2027	3,127	3,141	(14)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,243	1,165	78
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,763	25,915	(24,152)
11 MedioCreval Catania IGD		0	1,429	(1,429)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933	2,821	(1,888)
14 MPS Palermo (Galleria)	21/12/2010 - 30/11/2025	1,874	1,831	43
17 Carige Palermo IGD (Iper)	12/07/2011 - 30/06/2027	1,504	1,471	33
15 CentroBanca Cone (Galleria)	22/12/2010 - 31/12/2025	2,640	2,640	0
16 CentroBanca Cone (Iper)	30/06/2011 - 30/06/2016	800	800	0
21 Mediocredito Italiano Via Rizzoli (Bo)		0	3,747	(3,747)
02 CentroBanca Porta Medicea	24/06/2013 - 15/06/2015	11,002	15	10,987
03 BPV Porta Medicea	02/08/2011 - 25/07/2026	795	868	(73)
18 Cassa risp Firenze ipotecario	20/12/2011 - 19/12/2016	20,000	0	20,000
19 Mps ipotecario		0	16,614	(16,614)
22 Emilbanca		0	33	(33)
23 Finanziamento BNP	03/12/2013 - 26/11/2018	1,258	466	792
Total mortgage loans with banks		**66,708**	**82,281**	**(15,573)**
Lease for IGD HQ	30/04/2009 - 30/04/2027	293	284	9
Other financial payables		750	750	0
Continget liability for mall		2,154	2,154	0
Bond 122,9 ML	07/05/2013 - 07/05/2017	3,474	3,474	0
Bond 22 ML	07/05/2013 - 07/05/2017	622	622	0
Bond 150 ML	07/05/2014 - 07/01/2019	3,843	0	3,843
Total due to other sources of finance		**11,136**	**7,284**	**3,852**
Total current financial liabilities with third parties		**107,962**	**263,294**	**(155,332)**
Coop pooled account for credti line		0	13,606	(13,606)
Coop loan Le Maioliche		188	250	(62)
Total related parties		**188**	**13,856**	**(13,668)**
Total current financial liabilities with related parties		**188**	**13,856**	**(13,668)**

Current financial liabilities with third parties include the current portion of lease payments on the new head office, the current portion of the liability assumed for the acquisition of a business at Centro Sarca, the contingent consideration for the price adjustment on the sale of a mall, and the current portion of outstanding mortgage loans, including interest accrued.

The principal changes in **current financial liabilities** relate to:

- the repayment of most ultra-short-term loans thanks to the extraordinary financial transactions carried out during the period;
- the repayment at maturity of short-term loans in US dollars;
- the repayment of principal falling due during the year on existing mortgage loans;
- the restatement between current and non-current financial liabilities of the Cassa di Risparmio del Veneto loan, due to the renegotiation of terms and conditions (see Note 29);
- the restatement between non-current and current financial liabilities of the Centrobanca loan maturing by June 2015 and of the principal due by next December on the credit line from Cassa di Risparmio di Firenze;
- the closure of the mortgage loan with MPS for the Darsena shopping center;
- the prepayment of the Mediocredito Rizzoli and Mediocreval Catania loans in November 2014;
- the prepayment of the Emilbanca loan in August 2014; the interest accrued on the bond loans;
- the closure of the credit line from Coop Adriatica.

Note 34) Net financial position

The table below presents the net financial position at 31 December 2014 and 31 December 2013. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.
Credit lines with banks amount to €267.5 million, of which €234.02 million was unutilized at the close of the year.
See the section "Statement of financial position and financial review" of the Directors' Report for comments.

NET FINANCIAL POSITIONS	31/12/2014	31/12/2013
Cash and cash equivalents	(15,242)	(8,446)
Related party financial receivables and other current financial assets	(151)	(353)
Financial receivables aqnd other current financial assets	0	(20)
LIQUIDITY	**(15,393)**	**(8,819)**
Related party current financial liabilities	188	13,856
Current financial liabilities	33,022	176,633
Mortgage loans - current portion	66,708	82,281
Leasing - current portion	293	284
Convertible bond loan - current portion	7,939	4,096
CURRENT DETB	**108,150**	**277,150**
CURRENT NET DEBT	**92,757**	**268,331**
Non-current financial assets	(1,128)	(850)
Non-current financial liabilities due to other source of finance	1,125	1,875
Leasing - non-current portion	4,867	5,160
Non-current financial liabilities	553,293	653,368
Related party non-current financial liabilities	0	15,000
Convertible bond loan	291,181	142,003
NON-CURRENT NET DEBT	**849,338**	**816,556**
NET FINANCIAL POSITION	**942,095**	**1,084,887**

Note 35) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2014	31/12/2013	CHANGE
Trade payables	14,512	12,083	2,429

The increase in trade payables reflects construction and contract work carried out during the fourth quarter, particularly for the investments at Centro Borgo, Chioggia, Centrosarca and Porta a Mare.

Note 36) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2014	31/12/2013	CHANGE
Parent	263	2,262	(1,999)
Other related parties:	*259*	*213*	*46*
Consorzio Lame	56	12	44
Consorzio La Torre - PA	71	89	(18)
Consorzio Porta a Mare	55	0	55
Consorzio Katanè	15	82	(67)
Consorzio Proprietari Leonardo	10	24	(14)
Consorzio I Bricchi	32	0	32
Unicoop Tirreno	10	2	8
Consorzio Crema	4	4	0
Consorzio Fonti del Corallo	2	0	2
Librerie Coop	4	0	4
Total related parties	**522**	**2,475**	**(1,953)**

The decrease in related party payables is due primarily to the payment of the beneficial interest on the mall at Città delle Stelle shopping center. See Note 40 for additional information.

Note 37) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Irpef included regional and municipal surtax	579	597	(18)
Irap	88	12	76
Ires	138	181	(43)
VAT	39	70	(31)
Drainage consortium	11	0	11
Other taxes	22	58	(36)
Substitute tax	77	383	(306)
Total current tax liabilities	**954**	**1,301**	**(347)**

Most of the change concerns the reclassification of the non-current portion of the substitute tax liability on the capital gain from the transfer of the Centro Lame hypermarket. This item also includes employee withholding tax, current taxes due by companies not participating in the tax consolidation, and liabilities for IRAP (regional business tax).

Note 38) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Social security	361	344	17
Accrued liabilities and deferred income	640	650	(10)
Insurance	8	9	(1)
Due to employees	769	681	88
Security deposits	3,285	2,901	384
Unclaimed dividends	1	1	0
Advances received, due within one year	231	289	(58)
Other liabilities	610	189	421
Total other liabilities	**5,905**	**5,064**	**841**

Most of the increase in this item is due to security deposits received on new contracts signed when the expanded Centro d'Abruzzo shopping center was opened in April 2014. Related party payables are shown below:

RELATED PARTY OTHER CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Other payables	14	14	0
Total other liabilities with related parties	**14**	**14**	**0**

See note 40.

Note 39) Dividends

During the period, as determined by the Annual General Meeting held to approve the 2013 financial statements on 15 April 2014, a dividend of €0.065 was paid for each of the 348,001,715 shares outstanding, for a total of €22,620,112.

Note 40) Related party disclosures

Below is the information required by paragraph 18 of IAS 24.

RELATED PARTY DISCLOSURES	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITITES	FINANCIAL PAYABLES	NON-CURRENT RECEIVABLES AND OTHER ASSETS	FIXED ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica scarl	34	0	263	11,074	188	0	76,655	10
Robintur spa	1	0	0	0	0	0	0	0
Viaggia con noi srl	0	0	0	0	0	0	0	0
Librerie.Coop spa	27	0	4	0	0	0	0	0
Adriatica Luce e Gas	26	0	0	0	0	0	0	0
Campania Distribuzione Moderna	0	0	0	454	0	0	0	0
Unicoop Tirreno Scarl	327	0	24	1,939	0	0	16,025	0
Ipercoop Tirreno Spa	0	0	0	0	0	0	722	0
Vignale Comunicazioni Srl	112	0	0	25	0	0	0	0
Consorzio prop. Fonti del Corallo	0	0	2	0	0	0	131	0
Consorzio Cone'	0	0	0	0	0	0	17	0
Consorzio Crema	53	0	4	0	0	0	0	0
Consorzio I Bricchi	0	0	32	0	0	0	0	0
Consorzio Katané	237	0	15	0	0	0	20	0
Consorzio Lame	1	0	56	0	0	0	64	0
Consorzio Leonardo	1	0	10	0	0	0	18	3
Consorzio La Torre	172	0	71	0	0	0	0	0
Consorzio Porta a Mare	72	0	55	0	0	0	0	0
Consorzio Sarca	70	0	0	0	0	0	0	0
Iniziative Bo Nord	0	533	0	0	0	0	0	0
Coop Sicilia	0	0	0	0	0	0	0	0
Rgd ferrara 2013	397	151	0	0	0	0	0	0
Virtus college	0	495	0	0	0	0	0	0
Total	**1,530**	**1,179**	**536**	**13,492**	**188**	**0**	**93,652**	**13**
Amount reported	**88,544**	**1,279**	**20,953**	**20,302**	**958,616**	**75**	**0**	**0**
Total increase / (decrease) for the year							**137,720**	**46,962**
% of total	**1.73%**	**92.19%**	**2.56%**	**66.46%**	**0.02%**	**0.00%**	**68.00%**	**0.03%**

RELATED PARTY DISCLOSURES	REVENUES - OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica scarl	23,990	0	1,848	691
Robintur spa	237	0	0	0
Viaggia con noi srl	13	0	0	0
Librerie.Coop spa	669	0	1	0
Adriatica Luce e Gas	17	0	0	0
Campania Distribuzione Moderna	375	0	0	4
Unicoop Tirreno Scarl	5,665	0	35	19
Ipercoop Tirreno Spa	1,416	0	0	2
Vignale Comunicazioni Srl	433	0	0	0
Consorzio prop. Fonti del Corallo	0	0	0	0
Consorzio Cone'	163	0	162	0
Consorzio Crema	101	0	42	0
Consorzio I Bricchi	112	0	520	0
Consorzio Katané	207	0	166	0
Consorzio Lame	178	0	0	0
Consorzio Leonardo	229	0	0	0
Consorzio La Torre	195	0	281	0
Consorzio Porta a Mare	36	0	155	0
Consorzio Sarca	232	0	11	0
Iniziative Bo Nord	0	0	0	0
Coop Sicilia	4,985	0	0	0
Rgd ferrara 2013	534	6	0	0
Virtus college	0	0	0	0
Total	**39,787**	**6**	**3,220**	**716**
Amount reported	**122,406**	**164**	**41,078**	**44,904**
% of total	**32.50%**	**3.47%**	**7.84%**	**1.59%**

The Group has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Librerie Coop S.p.A., Viaggia Con Noi S.r.l. and Adriatica Luce e Gas S.r.l.), with various companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), with Coop Sicilia, and with Campania Distribuzione Moderna (owned 50% by Coop Adriatica and Unicoop Tirreno). Related party transactions are conducted at arm's length and are recognized at face value.

Transactions with Coop Adriatica and its subsidiaries

Transactions with the controlling company Coop Adriatica refer to:

- the rental of investment property to Coop Adriatica for use as hypermarkets and supermarkets; rental income in 2014, including for retail premises, amounted to €24 million;
- payables and costs for the rental/use of malls owned by Coop Adriatica, amounting to €1.5 million for the year;
- purchase of a real estate portfolio comprised of Città delle Stelle shopping center and the hypermarkets Schio and Lungosavio, for approximately €76.7 million;
- provision of electronic data processing services by Coop Adriatica;
- cost of on-site assistance during expansion and new construction;
- payables in the form of security deposits received on leases;
- current account loans with a balance of zero at 31 December 2014;
- a €15 million loan granted for Le Maioliche shopping center in Faenza, which was repaid early during the course of 2014.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. concern the leasing of store space at malls and the supply of services. For the year ended 31 December 2014, €237K in rent was received from Robintur S.p.A. and €13K from Viaggia con Noi S.r.l.
Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the leasing of the third floor of the building that houses IGD's head office. For the year, the Group received €669K under this arrangement.
Transactions with Adriatica Luce e Gas S.r.l. refer to the rental of part of the second floor of the building where IGD has its head office. For the year, the Group received €17K under this arrangement.

Transactions with Coop Sicilia

Transactions with Coop Sicilia, owned 50% by Coop Adriatica, concern receivables and income from the leasing of properties used as hypermarkets. In the year ended 31 December 2014 such income amounted to €4.98 million.

Transactions with Unicoop Tirreno and its subsidiaries

Transactions with Unicoop Tirreno and Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets. For the year, the Group received €7.1 million under these arrangements;
- extraordinary maintenance work, mostly for the reduction of Le Porte di Napoli hypermarket, for €722K;
- purchase of a real estate portfolio comprised of the Cecina and Civita Castellana supermarkets for €16 million.

Transactions with Vignale Comunicazione, a subsidiary of Unicoop Tirreno, concern receivables and income for the rental of premises at shopping centers. In 2013 IGD signed six rental agreements with Vignale Comunicazione, for the malls at Le Porte di Napoli, Casilino, Katanè, Fonti del Corallo, Tiburtino and La Torre, effective from 1 January 2013 to 31

December 2014; in 2012 IGD signed two rental contracts with Vignale Comunicazione for the Mondovì and Asti malls, effective from 1 January 2012 to 31 December 2014. For the year, the rent received under these contracts totalled €0.43 million.

Transactions with other Group companies

Transactions with Consorzio Proprietari Leonardo, Consorzio Lame, Consorzio Conè, Consorzio La Torre, Consorzio Crema, Consorzio Sarca, Consorzio Katanè, Consorzio Porta a Mare and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred with Consorzio Bricchi, Consorzio Conè, Consorzio Crema, Consorzio La Torre, Consorzio Porta a Mare and Consorzio Katanè refer to service charges for vacant units. Transactions with Consorzio Proprietari Fonti del Corallo, Consorzio Katanè, Consorzio Lame, Consorzio Conè and Consorzio Proprietari Leonardo concern extraordinary maintenance work on the buildings.
Transactions with Campania Distribuzione Moderna (owned 50% by Coop Adriatica and Unicoop Tirreno) refer to rental income on the Afragola hypermarket for €375K.
Transactions with Iniziative Immobiliari Bologna Nord, held 15%, refer to an interest-free loan with a balance of €533K at 31 December 2014.
In 2014 an interest-free loan was granted to Virtus College S.r.l. (held 48.75% by IGD) in the amount of €495K. An additional €116K was lent interest-free during the course of the year.
Transactions with RGD Ferrara 2013 S.r.l., formed on 30 September 2013 to manage the Darsena City shopping center in Ferrara (a joint venture between IGD and Beni Stabili), consist of: (i) rental of the Darsena property by IGD (rent for 2014 amounted to €534K) and (ii) an interest-bearing loan in the amount of €150K, with interest charged at the 3-month Euribor plus a spread of 350 basis points.

Note 41) Management of financial risk

Management of financial risk

In the course of business, the Group is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate derivatives. The Board of Directors reviews and agrees on policies to manage these risks.

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 Group borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.
To hedge interest rate risk, the Group has entered into interest rate swaps covering about 86% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model. See Note 42 for quantitative information on derivatives.

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.
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. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.
As for long-term loans, each facility finances a specific project, which minimizes the risk of needing to refinance. Some long-term 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.

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.
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 credit situation is also constantly monitored by way of the customer payment calendar, which is formalized every quarter but checked on a daily basis to stay abreast of the measures taken/required to collect receivables.

Foreign exchange risk

The Group is exposed to foreign exchange risk for its operations in Romania. Fluctuations in the value of the Romanian lei could lead to the writedown of properties held or to the unsustainability of contractual obligations for tenants in Romania, where rent is denominated in lei but anchored to the performance of the euro.
At the moment, IGD mitigates this risk through constant efforts to optimize the merchandising mix and tenant mix and to support the value of the real estate portfolio, in part by making improvements.
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.

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 1.5x or below (the ratio was 1.38x at 31 December 2013 and 0.95x at 31 December 2014);
2. keeping the loan-to-value ratio under 60% (it was 48.28% at the close of the year, down from 57.36% at the end of 2013).

Note 42) Derivative instruments

The IGD Group has engaged in derivative contracts for the use of financial instruments called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. 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	31/12/14	31/12/13	CHANGE	LEVEL
Derivative assets	49	382	(333)	2
Derivative liabilities	(43,961)	(33,684)	(10,276)	2
Interest rate swaps - net effect	**(43,912)**	**(33,303)**	**(10,609)**	

IN DETAIL CONTRACTS	IRS 04 - EX MPS 3.84%	IRS 07 - BANCA ALETTI 3.420%	IRS 09 - BNP PARIBAS 3.439%	IRS 10 - EX MPS 3.439%	IRS 08 - EX MPS 3.420%	IRS 06 - CARISBO 3.3495%	IRS 12 - CARISBO 3.177%	IRS 05 - BNP PARIBAS
Nominal amount	13,230,769	15,920,888	15,920,888	15,920,888	15,920,888	9,358,197	15,920,888	77,500,000
Inception date	06/10/06	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09	06/10/07
Maturity	06/10/16	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	06/10/17
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	4.38%

IN DETAIL CONTRACTS	IRS 11 - EX MPS 3.175%	IRS 16 - ALETTI 3.285%	IRS 17 - ALETTI 2.30%	IRS 14 - CARISBO 3.272%	IRS 13 - CARISBO 3.412%	IRS 15 - EX MPS 3.25%	IRS 18 - MPS 2.30%	IRS 19 - CARISBO 2.30%
Nominal amount	15,920,888	7,265,818	15,118,250	9,687,758	9,363,404	7,265,818	15,118,250	15,118,250
Inception date	28/10/09	28/04/10	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10	27/08/10
Maturity	05/10/21	31/03/24	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24	27/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%

IN DETAIL CONTRACTS	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 26 - CRF 40 MLN 4.427%
Nominal amount	15,118,250	13,214,285	24,225,000	19,470,000	7,788,000	11,682,000	40,000,000
Inception date	27/08/10	12/07/11	12/07/11	12/09/11	12/09/11	12/09/11	22/12/11
Maturity	27/03/24	31/03/24	01/11/24	31/12/25	31/12/25	31/12/25	30/09/16
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 43) Subsequent events

At the date of approval, no events following the reporting date had occurred that would require the Group to adjust the figures in the financial statements or report elements not previously disclosed.

Note 44) Commitments

At 31 December 2014 the Group had the following major commitments:

- contract for civil and structural works and plant for the construction of a retail park in Chioggia, to contain a hypermarket, seven midsize stores and eight points of sale (including two food & beverage outlets), with a remaining amount of €5.62 million.
- contract for the interior restyling of the mall and of the façade of Centro Sarca, with a remaining amount of €2.77 million;
- contract for the restyling of the mall and exterior features of Centro Borgo shopping center, with a remaining amount of €2.69 million.

Note 45) Disputes

Information is provided below on the main disputes involving Group companies.

Darsena

Due to the dissolution of the joint venture with Beni Stabili S.p.A. SIIQ on 15 December 2010, resulting in the sale of 50% of RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) by Immobiliare Larice (now IGD Management S.r.l.) and the joint purchase of the Darsena City shopping center, the IGD Group has a commitment with RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) to assume its share of all income and costs associated with the contracts signed on 15 March 2006 and transferred to RGD S.r.l. (now Beni Stabili) on 29 March 2007.

Action taken by Rgd s.r.l. in agreement with igd Siiq S.p.A.

Given the receivables accrued to RGD S.r.l. (now Beni Stabili S.p.A. SIIQ), in agreement with IGD SIIQ S.p.A. it has taken several legal actions against Magazzini Darsena S.p.A. and Darsena FM S.r.l. (both of them now bankrupt), as follows:

- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) filed for an injunction against Magazzini Darsena S.p.A. for nonpayment of rent on the Ferrara building forming part of the Darsena City shopping center, owned by Riqualificazione Grande Distribuzione S.p.A. SIINQ (now merged into Beni Stabili S.p.A. SIIQ). The injunction of €6,984K was confirmed by the court after the plaintiff's counterarguments and then appealed by Magazzini Darsena S.p.A., which at the conclusion of the appeal was ordered to pay the above amount net of the sum collected in the meantime through enforcement of the rent guarantee in the amount of €3,640K.
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) requested and obtained a preventive attachment of €35 million against Magazzini Darsena S.p.A. and of €38 million against Darsena FM S.r.l. (owner of the business operated inside the shopping center and promised for sale).
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) filed two suits pursuant to Art. 447 bis of the Code of Civil Procedure to force Magazzini Darsena and Darsena FM S.r.l. to pay the rent falling due subsequent to the missed payments covered by the injunction. Magazzini Darsena was ordered to pay €5.2 million (the amount of rent accrued as of 4 April 2012) plus VAT, interest and legal expenses, while the case against Darsena FM S.r.l. was suspended when the company was declared bankrupt.
- RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) had asked the Arbitration Board of Milan to determine the legitimacy of the price adjustment clause in the contract for the purchase of the Darsena City shopping center and calculate the amount of said adjustment, and to confirm the obligation of Magazzini Darsena S.p.A. and the joint obligation of Darsena FM S.r.l. and the parent company Partxco S.p.A. to pay future rent and the penalty that had accrued for the late delivery of "portion B" of the shopping center.

On 8 July 2013, the Arbitration Board issued its decision, ordering: (i) Partxco to pay a penalty of €12.5 million for Magazzini Darsena's failure to pay rent; (ii) Magazzini Darsena and Partxco to pay a penalty of €16 million for the delay in completing building "B"; and (iii) Magazzini Darsena, Darsena FM and Partxco to accept the price adjustment of €2.5 million (which Beni Stabili S.p.A. SIIQ had already received through enforcement of the guarantee, as mentioned above). The adversaries were also ordered to reimburse the Company for some legal expenses and for three quarters of the arbitration costs. The above receivables were officially claimed and included on the creditors' list of Magazzini Darsena and Darsena FM. In June 2014 Partxco challenged the decision with the Appeals Court of Milan. Subsequently, with a ruling of 24 June 2014, Partxco was declared bankrupt and the challenge was therefore interrupted in accordance with the law. Beni Stabili S.p.A. SIIQ filed a response to the challenge, in case Partxco's receiver decided to pursue it. The first hearing was held on 2 December 2014, at which time the case was declared suspended due to Partxco's bankruptcy. The receiver has three months from that hearing (i.e. by 2 March 2015) to resume the case.

- In the meantime, during the course of the above lawsuits, the Company enforced the bank guarantee of €2.5 million that Magazzini Darsena had posted to secure payment of the price adjustment. This took place further to the decision in favor of Beni Stabili S.p.A. SIIQ after Magazzini Darsena S.p.A. filed for an injunction against enforcement of the guarantee, a decision that was affirmed on appeal.

Given repeated news of the increasingly dire situation of its counterparties and in the absence of any proposals from them that might allow the disputes to be resolved, IGD SIIQ S.p.A., together with the shopping center's co-owner Beni Stabili S.p.A. SIIQ, had also filed to have the companies declared bankrupt while awaiting the court decisions, in order to obtain access as quickly as possible to the businesses operating inside the shopping center so as to turn the center around financially. This action led to the declaration of bankruptcy of Magazzini Darsena S.p.A. and Darsena FM S.r.l. on 26 and 29 July 2013. The provisional liabilities assessment includes the receivables claimed from both of the companies now undergoing bankruptcy procedures.

Action taken directly by Igd Siiq S.p.A.
In November 2011 IGD filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding that Magazzini Darsena S.p.A. settle unpaid rent accrued since 1 January 2011. After a series of postponements, both procedural and as a result of Decree Law 74/2012, the case was suspended at the hearing of 27 November 2013 due to Magazzini Darsena's declaration of bankruptcy.

In July 2013 IGD also filed a complaint per Art. 447 bis of the Code of Civil Procedure against Darsena FM S.r.l., in subrogation, for the rent due from Magazzini Darsena S.p.A. Because Darsena FM was declared bankrupt, the case was suspended at the hearing of 22 January 2014.

Bankruptcy of Magazzini Darsena S.p.A. and darsena FM s.r.l.
With decisions dated 26 and 29 July 2013, the Court of Ferrara declared both companies bankrupt.
Further to those rulings, IGD SIIQ S.p.A. and Beni Stabili S.p.A. SIIQ managed to reach a partial settlement with the official receiver, signed on 29 October 2013.
Under the partial settlement, the companies were awarded the building by the receivership of Magazzini Darsena and through a 50-50 joint venture between IGD SIIQ S.p.A. and Beni Stabili S.p.A. they acquired the business (with its commercial permits) from the receivership of Darsena FM for the price of €255K plus taxes, terminated the preliminary contract to purchase the adjacent property ("Building B") and the associated agreements, and obtained Magazzini Darsena's definitive acceptance of the price reduction of €2,500K for the purchase of "Building A" (the amount Beni Stabili S.p.A. SIIQ had already collected through enforcement of the guarantee).
Under the settlement, the companies did not waive their right to the receivables accrued up to the date of bankruptcy and resulting from court decisions against the bankrupt firms, nearly all of which were therefore registered as claims.
In 2012 IGD SIIQ S.p.A. was summoned to court by Magazzini Darsena, Darsena FM and Partxco regarding the management agreement of Darsena City shopping center. IGD SIIQ S.p.A. appeared in court and filed a statement and related pleadings. Because IGD SIIQ S.p.A.'s legal advisors believe that the plaintiff's claims are not supported by sufficient evidence or legal grounds, the Company has recognized no liability in this regard. On 17 July 2013, the Court of Ferrara filed its decision rejecting the plaintiff's demands and ordering Magazzini Darsena, Darsena FM and Partxco to reimburse IGD SIIQ S.p.A.'s legal expenses in the amount of €20,000.00.
Further to that decision, on 8 October 2013 IGD SIIQ S.p.A. was summoned to the Court of Bologna for an appeal filed by Partxco against the ruling to indemnify IGD. At the initial hearing on 4 March 2014, a court date of 18 December 2018 was set for the announcement of conclusions. Because Partxco was then declared bankrupt on 24 June 2014, this proceeding will also be suspended at the next scheduled hearing, subject to resumption by the receiver. IGD SIIQ S.p.A.'s lawyers are confident that the appeal will be rejected and the initial decision confirmed, given the logical arguments on which that decision was based and the documentation submitted as proof of IGD's proper and complete fulfillment of all obligations.

Vibo Valentia
In May 2013, GAM S.p.A. took IGD SIIQ S.p.A. to court in Milan concerning the framework agreement signed by those parties in May 2007, whereby IGD was to purchase a 50% share of a new company owning a shopping center in Vibo Valentia to be built by the prospective seller GAM, subject to a positive due diligence report.
Back in June 2012, as the deadline had elapsed and the due diligence outcome was negative, IGD SIIQ S.p.A. had notified GAM that the framework agreement was no longer valid for a number of reasons, and that in any case it wished to withdraw from the agreement; GAM denied that the due diligence outcome was negative and refused to allow the withdrawal.
The present lawsuit therefore alleged that the framework agreement was terminated for breach of obligation by IGD and asked for compensation of the damages allegedly suffered by GAM. IGD contested that claim and asked the court to rule that the framework agreement had lapsed for a number of reasons (including the negative due diligence and resulting withdrawal), filing a counterclaim against the plaintiff.
Given the groundlessness of GAM's claims, as confirmed by IGD's legal advisors, IGD had recognized no liability in this regard. The Court of Milan settled the dispute with decision 628 of December 2014, published on 19 January 2015, which logically and coherently rejects all of GAM's claims against IGD by agreeing with the basis of the negative due diligence report and therefore with IGD's legitimate withdrawal from the (no longer valid) framework agreement, ordering the plaintiff not only to reimburse IGD's legal expenses but also to pay it damages in accordance with Art. 96 of the Code of Civil Procedure (frivolous action). The deadline is currently pending for any challenge to the court's decision.
The sums awarded to IGD are in the process of being recovered.

Note 46) Tax litigation

Following the tax audit concluded on 11 September 2008, IGD received an audit report without significant findings, but with a recommendation to revalue closing inventories for about €645K; this generated an IRES (corporate tax) charge of €213.1K and an IRAP (regional business tax) charge of €27.4K plus penalties of €240.5K, all of which has been paid.
IGD then received an assessment claiming that it had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified inventories, subjecting them to the wrong set of tax rules. The Company's appeal to the Provincial Tax Commission of Ravenna was rejected with a ruling of January 2011.
In September 2011 IGD appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.
In May 2014 the Regional Commission rejected the appeal and on 28 August IGD was ordered to settle the remaining third of the taxes and penalties charged, which it paid on 24 October 2014.
In December 2014 IGD appealed to the Court of Cassation; after that final ruling, it plans to request that the tax be refunded because any error caused a simple carry-over effect from one year to the next.

Note 47) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2014 the Group had no financial instruments in this category.
- Held to maturity investments: the Group has no financial instruments belonging to this category.
- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

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

The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2014 and 31 December 2013:

	CARRYING VALUE										
CLASSIFICATION 31/12/2014	Financial assets/ liabilities designated at fair value	Held for trading financial assets / liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			408					408		408	408
- due from others			23					23		23	23
- security deposits			47					47		47	47
- beneficial interest			0					0		0	0
Financial assets											
Trade and other receivables											
- trade receivables			14,036					14,036	14,036		14,036
Related party trade and other receivables											
- parent			34					34	34		34
- affiliates			397					397	397		397
- related parties			1,099					1,099	1,099		1,099
Other assets											
- monthly advances			6					6	6		6
- due from insurers			0					0	0		0
- accrued income and prepaymeny			474					474	474		474
- deferred costs			199					199	199		199
- other assets			563					563	563		563
Financial assets for Interest rate swaps							49	49		49	49
Financial receivables and other financial assets											
- other financial assets			0					0	0		0
- parent			0					0	0		0
-related parties			1,279					1,279	151	1,128	1,279
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			15,152					15,152	15,152		15,152
- cash on hand			90					90	90		90
Total financial assets	-	-	**33,807**	-	-	-	**49**	**33,856**	**32,201**	**1,655**	**33,856**
LIABILITIES											
Financial liabilities											
- Financial liabilities for interest rate swaps							43,961	43,961		43,961	43,961
- due to banks						30,118		30,118	30,118		30,118
- Leasing						5,160		5,160	293	4,867	4,900
- Bond						299,120		299,120	7,939	291,181	318,469
- due to other source of finance						4,029		4,029	2,904	1,125	4,029
- valuation equity investments											0
- mortgage loans with banks						620,001		620,001	66,708	553,293	617,609
Related party financial liabilities											
- parent						188		188	188	0	188
Sundry payables and other liabilities											
- accrued revenue						6,233		6,233		6,233	6,233
- deposit								0			0
- other liabilities						347		347		347	347
Related party sundry payables and other liabilities											
- parent						11,074		11,074		11,074	11,074
- related parties						2,418		2,418		2,418	2,418
Trade and other payables						**14,512**		14,512	**14,512**		14,512
Related party trade and other payables											
- parent						263		263	263		263
- related party						259		259	259		259
Other liabilities											
- accrued liabilities and deferred income						640		640	640		640
- insurance						8		8	8		8
- security deposits received						3,285		3,285	3,285		3,285
- dividends payable to shareholders						1		1	1		1
- payments due within the year						231		231	231		231
- other liabilities						610		610	610		610
Related party other liabilities						**14**		14	**14**		14
Total financial liabilities	-	-	-	-	-	**998,511**	**43,961**	**1,042,472**	**127,973**	**914,499**	**1,059,169**

CLASSIFICATION 31/12/2013	CARRYING VALUE										
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			309					**309**		309	**309**
- due from others			24					**24**		24	**24**
- security deposits			55					**55**		55	**55**
- beneficial interest			1,908					**1,908**		1,908	**1,908**
Financial assets											
Trade and other receivables											
- trade receivables			14,643					**14,643**	14,643		**14,643**
Related party tradeand other receivables											
- parent			48					**48**	48		**48**
- affiliates			148					**148**	148		**148**
- related party			691					**691**	691		**691**
Other assets											
- monthly advances			6					**6**	6		**6**
- due from insurers			443					**443**	443		**443**
- accrued income and prepayments			87					**87**	87		**87**
- deferred cost			515					**515**	515		**515**
Financial assets for Interest rate swaps							382	**382**		382	**382**
Financial receivable and other financial assets											
- other financial assets			20					**20**	20		**20**
. Related party			1,203					**1,203**	353	850	**1,203**
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutiions and post offices			8,330					**8,330**	8,330		**8,330**
- cash on hand			116					**116**	116		**116**
Total financial assets	**-**	**-**	**28,547**	**-**	**-**	**-**	**382**	**28,928**	**25,400**	**3,528**	**28,928**
LIABILITIES											
Financial liabilities											
- financial liabilities for Interest rate swaps							33,684	**33,684**		33,684	**33,684**
- due to banks						173,729		**173,729**	173,729		**173,729**
- Leasing						5,444		**5,444**	284	5,160	**4,732**
- Bond						146,099		**146,099**	4,096	142,003	**147,791**
- due to other sources of finance						4,779		**4,779**	2,904	1,875	**4,779**
- valuation equity investments											**0**
- mortgage loans with banks						735,649		**735,649**	82,281	653,368	**721,222**
Related party financial liabilities											
- parent						28,856		**28,856**	13,856	15,000	**28,856**
Sundry payables and other liabilities											
- accrued revenue						7,266		**7,266**		7,266	**7,266**
- other liabilities						297		**297**		297	**297**
Related party sundry payables and other liabilities											
- parent						9,322		**9,322**		9,322	**9,322**
- related parties						3,590		**3,590**		3,590	**3,590**
Trade and other payables						12,083		**12,083**	12,083		**12,083**
Related party trade and other payables											
- parent						2,262		**2,262**	2,262		**2,262**
- related parties						213		**213**	213		**213**
Other liabilties											
- accrued liabilities and deferred income						650		**650**	650		**650**
- insurance						9		**9**	9		**9**
- security deposits received						2,901		**2,901**	2,901		**2,901**
- dividends payable to shareholders						1		**1**	1		**1**
- payments due within a year						289		**289**	289		**289**
- other liabilities						189		**189**	189		**189**
Related party other liabilities						14		**14**	14		**14**
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**1,133,642**	**33,684**	**1,167,326**	**295,761**	**871,565**	**1,153,879**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and bonds.
To calculate the fair value of liabilities measured at amortized cost, the Group has discounted future cash flows to present value using a risk-free (zero coupon) curve estimated at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.
The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 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. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2014 a credit spread of 2.25% was applied (3.75% the previous year).

Collateral

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

COLLATERAL GIVEN	CARRYING VALUE	
	31/12/2014	31/12/2013
Security deposits		
- Sundry receivables and other assets	70	79

The following table shows the impairment of trade receivables:

IMPAIRMENT	IMPAIRMENT OF TRADE RECEIVABLES	
	31/12/2014	31/12/2013
Opening balance	**15,045**	**12,643**
Allocations		
- for individual writedowns	1,546	3,233
Utilizations	-918	-803
Impairment reversals		
Other movements	0	-28
Total	**15,673**	**15,045**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from the impairment of trade receivables and hedge derivatives. For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€9,242K in 2014 and to +€11,978K in 2013. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to a separate CFH reserve under equity (net of the tax effects), amounted to +€881K in 2014 and +€3,257K the previous year.

INCOME STATEMENT 31/12/2014 NET GAIN (LOSS)	CARRYING VALUE						
	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-11,909
Trade and other receivables			-1,546				
Total			**-1,546**				**-11,909**

INCOME STATEMENT 31/12/2013 NET GAIN (LOSS)	CARRYING VALUE						
	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-14,005
Trade and other receivables			-3,233				
Total			**-3,233**				**-14,005**

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

INTEREST INCOME	31/12/2014	31/12/2013
Interest income on financial assets not measured at fair value		
- Deposits	156	133
- From affiliates	6	1

INTEREST EXPENSE	31/12/2014	31/12/2013
Interest expense on financial assets not measured at fair value		
- Security deposits	120	304
- Sundry payables and other liabilities	578	452
- To parent	596	1,130
- Financial liabilities		
- Mortgage loans	19,403	12,749
- Leasing	97	101
- Convertible bond/bond	11,157	13,326
- Interest capitalized	-840	-349
- Short-term borrowings	1,879	4,628

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.
The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives", although in the statement of financial position they are included under "financial assets".
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

MAXIMUM EXPOSURE TO CREDIT RISK	31/12/2014	31/12/2013
Loans and receivables		
Sundry receivables and other assets	479	2,297
Trade and other receivables	14,036	14,643
Related party trade and other receivables	1,530	887
Other assets	1,236	1,045
Cash and cash equivalents	15,152	8,330
Financial receivables and other financial assets	1,279	1,223
Hedging instruments	49	382
Total	**33,760**	**28,806**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

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

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

MATURITY ANALYSIS AT 31 DECEMBER 2014 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	6,897	3,432	34,619	33,671	88,549	266,147	274,709	708,025
Leasing	31	63	95	190	384	1,211	4,068	6,041
Bonds	5,813	0	6,281	0	12,094	318,619	0	342,807
Short-term credit lines	30,118	0	0	0	0	0	0	30,118
TOTAL	**42,859**	**3,495**	**40,995**	**33,861**	**101,027**	**585,977**	**278,777**	**1,086,991**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,915	1,074	3,288	5,957	10,846	16,390	7,517	46,987
TOTAL	**1,915**	**1,074**	**3,288**	**5,957**	**10,846**	**16,390**	**7,517**	**46,987**
EXPOSURE AT 31 DECEMBER 2014	**44,774**	**4,569**	**44,283**	**39,818**	**111,873**	**602,366**	**286,294**	**1,133,978**

MATURITY ANALYSIS AT 31 DECEMBER 2013 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	6,078	7,638	16,358	47,539	98,493	378,678	392,132	946,917
Leasing	32	64	96	194	402	1,355	4,888	7,031
Bonds	0	0	6,281	0	6,281	157,463	0	170,026
Short-term credit lines	173,729	0	0	0	0	0	0	173,729
Related party payables	13,606	0	0	0	0	0	0	13,606
TOTAL	**193,445**	**7,702**	**22,735**	**47,733**	**105,177**	**537,496**	**397,020**	**1,311,309**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	2,148	1,042	3,595	6,612	11,305	11,599	-853	35,448
TOTAL	**2,148**	**1,042**	**3,595**	**6,612**	**11,305**	**11,599**	**-853**	**35,448**
EXPOSURE AT 31 DECEMBER 2013	**195,593**	**8,744**	**26,330**	**54,345**	**116,482**	**549,096**	**396,167**	**1,346,757**

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.
Floating-rate instruments expose the Group to interest rate risks on cash flows, while fixed-rate instruments expose the Group to interest rate risk on fair value.
The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the financial statement items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

INTEREST RATE RISK - EXPOSURE AND SENSITIVITY ANALYSIS	BENCHMARK	INCOME STATEMENT				NET EQUITY			
		SHOCK UP		SHOCK DOWN		SHOCK UP		SHOCK DOWN	
		31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
Interest-bearing assets	Euribor	117	79	-12	-8				
Ultra-short-term borrowings	Euribor	-301	-1,737	30	174				
Financial liabilities	Euribor	-4,954	-9,335	495	933				
Derivatives	Euribor								
- cash flow		4,060	5,700	-406	-570				
- fair value						16,815	23,484	-1,754	-2,443
TOTAL		**-1,077**	**-5,293**	**108**	**529**	**16,815**	**23,484**	**-1,754**	**-2,443**

The assumptions underlying the sensitivity analysis are as follows:

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

For the sake of comparison, the same measurement was conducted on 2014 and 2013.
The method used to analyze and determine significant variables did not change since the previous year.

4.7 Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

FINANCIAL STATEMENTS: COOP ADRIATICA	2013	2012
BALANCE SHEET (per Civil Code art. 2424)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,442,000,305	1,335,832,734
C) - CURRENT ASSETS	2,315,513,938	2,065,036,246
D) - ACCRUED INCOME AND PREPAYMENTS	19,651,850	9,782,748
TOTAL ASSET	**3,777,166,093**	**3,410,651,728**
EQUITY AND LIABILITIES		
A) - NET EQUITY	942,885,241	909,288,781
B) - GENERAL PROVISIONS	23,745,271	17,917,289
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	69,498,177	71,041,540
D) - PAYABLES	2,737,127,603	2,407,864,814
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	3,909,801	4,539,303
TOTAL EQUITY AND LIABILITIES	**3,777,166,094**	**3,410,651,727**
MEMORANDUM ACCOUNTS	**366,280,775**	**290,766,877**
INCOME STATEMENTS (per Civil Code art. 2425)		
A) - PRODUCTION VALUE	2,106,220,170	2,123,466,963
B) - PRODUCTION COST	-2,105,328,475	-2,119,789,713
C) - FINANCIAL INCOME AND CHARGES	65,079,974	79,590,738
D) - ADJUSMENT TO THE VALUE OF FINANCIAL ASSETS	-26,520,701	-40,402,083
E) - EXTRAORDINARY INCOME AND CHARGES	9,310,429	159,787
Income taxes	-15,935,685	-16,435,022
NET PROFIT	**32,825,711**	**26,590,670**

4.8 List of significant equity investments

Below is a list of significant equity investments held by IGD SIIQ S.p.A. at 31 December 2014.

NAME	REGISTERED OFFICE	COUNTRY	HELD BY	% HELD DIRECLTY	% HELD INDIRECTLY	TOTAL % HELD
IGD Management s.r.l.	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
IGD Property SIINQ S.p.A.	Ravenna via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Porta Medicea s.r.l.	Bologna - Via Trattati Comunitari Europei 1957-2007, 13	Italy	IGD Management s.r.l.		80.00%	80.00%
Win Magazin S.A.	Bucharest	Romania	IGD Management s.r.l. 99,9% IGD SIIQ S.p.A. 0,1%	0.10%	99.90%	100.00%
Winmarkt Management s.r.l.	Bucharest	Romania	Win Magazin S.A.		100.00%	100.00%
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda n.175	Italy	Millennium Gallery s.r.l		35.40%	35.40%
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	Italy	IGD SIIQ S.p.A.	50%		50.00%
Iniziative Bologna Nord	Casalecchio di Reno (Bologna) via Isonzo n. 67	Italy	IGD Management s.r.l.		15.00%	15.00%
Virtus College S.r.l.	Bologna via dell'Arcoveggio n.49/2	Italy	IGD SIIQ S.p.A.	48.75%		48.75%

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

The following chart, prepared in accordance with Art. 149 *duodecies* of Consob's regulations for issuers, shows the fees pertaining to 2014 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Amounts in €/000	SERVICE PROVIDER	RECIPIENT	FEES IN 2014
Auditing	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	104
	PricewaterhouseCoopers S.p.A.	Subsidiaries IGD Property siinq spa, IGD Management s.r.l., Millennium Gallery s.r.l., Portamedicea s.r.l.	49
	PricewaterhouseCoopers Audit S.r.l.	Subsidiaries Romania	33
Other services	PricewaterhouseCoopers S.p.A.	IGD SIIQ S.p.A.	523
TOTAL			**709**

4.10 Certification of the consolidation financial statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:
   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2014.

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

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of the issuer and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 26 February 2015

Claudio Albertini	*Grazia Margherita Piolanti*
Chief Executive Officer	Financial Reporting Officer

4.11 External Auditors' Report

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the consolidated financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "IGD Group") as of 31 December 2014 which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 20 March 2014.

3 In our opinion, the consolidated financial statements of the IGD Group as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of IGD Group for the period then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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

5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b) of article 123-bis of Legislative Decree n° 58/98, presented in the Report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of the IGD Group as of 31 December 2014.

Bologna, 20 March 2015

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

CONÉ

Conegliano - Treviso

Opening 2010

Mall GLA sq.m 12,146

Food anchor GLA sq.m 9,498

3,086,574 visitors in 2014

UNI EN ISO 14001

environmental certification

IGD SIIQ S.p.A.

Separate Financial Statements at 31/12/2014

05

5.1 Income statement

INCOME STATEMENT (in Eur)	Note	31/12/2014 (A)	31/12/2013 (B)	CHANGE (A-B)
Revenues:	1	**68,321,826**	**86,776,249**	**(18,454,423)**
- from third parties		37,799,364	47,552,437	(9,753,073)
- from related parties		30,522,462	39,223,812	(8,701,350)
Other income:	2	**1,931,838**	**996,640**	**935,198**
- from third parties		448,730	421,282	27,448
- from related parties		1,483,108	575,358	907,750
Total revenues and operating income		**70,253,664**	**87,772,889**	**(17,519,225)**
Service costs	3	12,593,261	9,653,283	2,939,978
- third parties		9,591,912	6,352,048	3,239,864
- related parties		3,001,349	3,301,235	(299,886)
Cost of labor	4	4,619,268	4,545,899	73,369
Other operating costs	5	5,468,309	7,176,988	(1,708,679)
Total operating costs		**22,680,838**	**21,376,170**	**1,304,668**
(Amortization and provisions)	6	(1,624,808)	(2,139,217)	514,409
(Impairment losses)/reversals on work in progress	15	275,744	3,328,421	(3,052,677)
Fair value changes - increases / (decreases)	13.15	(14,272,860)	(20,726,014)	6,453,154
Total amortization, provisions, depreciation and fair value changes		**(15,621,924)**	**(19,536,810)**	**3,914,886**
EBIT		**31,950,902**	**46,859,909**	**(14,909,007)**
Capital gain/(losses) from disposal-Investment management result	7	**123,717**	**5,000**	**118,717**
Capital gain/(losses) from disposal-I nvestment management result		123,717	5,000	118,717
Financial income	8	**1,881,863**	**596,938**	**1,284,925**
- to third parties		120,891	72,027	48,864
- to related parties		1,760,972	524,911	1,236,061
Financial charges	8	**31,327,141**	**38,970,615**	**(7,643,474)**
- to third parties		30,790,567	37,980,076	(7,189,509)
- to related parties		536,574	990,539	(453,965)
Net financial income (charges)		**(29,445,278)**	**(38,373,677)**	**8,928,399**
PRE-TAX PROFIT		**2,629,341**	**8,491,232**	**(5,861,891)**
Income taxes for the period	9	(1,052,048)	(5,317,681)	4,265,633
NET PROFIT FOR THE PERIOD		**3,681,389**	**13,808,913**	**(10,127,524)**

5.2 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (in Eur)	31/12/2014	31/12/2013
Net profit for the period	**3,681,389**	**13,808,913**
Other comprehensive income that will not be reclassified to profit or loss:		
Transaction costs for capital increase	(4,496,126)	(407,056)
Recalculation of defined benefit plans	(182,683)	29,189
Total other comprehensive income that will not be reclassified to profit or (loss) for the period, net of tax effect	**(4,678,809)**	**(377,867)**
Other comprehensive income that will be reclassified to profit or loss:		
Effect of hedge derivatives on net equity	(12,747,408)	16,520,445
Tax effect of hedge derivatives on net equity	3,505,537	(4,543,122)
Other effects on income statement components	0	(960)
Total other comprehensive income that will be reclassified to profit or loss, net of tax effects	**(9,241,871)**	**11,976,363**
Total comprehensive for the period	**(10,239,291)**	**25,407,409**

5.3 Statement of financial position

STATEMENT OF FINANCIAL POSITION (in Eur)	Note	31/12/2014 (A)	31/12/2013 (B)	CHANGE (A-B)
NON-CURRENT ASSETS:				
Intangible assets				
Intangible assets with finite useful lives	10	50,655	56,810	(6,155)
Goodwill	11	1,300,000	64,828	1,235,172
		1,350,655	**121,638**	**1,229,017**
Tangible assets				
Investment property	13	1,127,201,271	1,070,095,000	57,106,271
Building	12	8,861,496	9,105,002	(243,506)
Plant and machinery	14	11,606	469,546	(457,940)
Equipment and other assets	14	768,792	954,565	(185,773)
Assets under construction	15	63,457,121	78,057,953	(14,600,832)
		1,200,300,286	**1,158,682,066**	**41,618,220**
Other non-current assets				
Deferred tax assets	16	12,318,843	8,099,096	4,219,747
Sundry receivables and other non-current assets	17	23,402	1,935,042	(1,911,640)
Equity investments	18.1	387,331,227	387,231,782	99,445
Non-current financial assets	18.2	594,500	378,000	216,500
Derivatives assets	40	48,922	99,072	(50,150)
		400,316,894	**397,742,992**	**2,573,902**
TOTAL NON-CURRENT ASSETS (A)		**1,601,967,835**	**1,556,546,696**	**45,421,139**
CURRENT ASSETS:				
Trade and other receivables	19	8,400,836	9,442,153	(1,041,317)
Related party trade and other receivables	20	1,047,611	793,429	254,182
Other current assets	21	1,954,748	1,520,856	433,892
Related party other current assets	22	631,328	59,160	572,168
Related party financial receivables and other current financial assets	23	89,097,541	24,716,051	64,381,490
Cash and cash equivalents	24	2,124,553	4,122,522	(1,997,969)
TOTAL CURRENT ASSETS (B)		**103,256,617**	**40,654,171**	**62,602,446**
Non-current assets held for sale (C)	13	**28,600,000**	**-**	**28,600,000**
TOTAL ASSETS (A + B + C)		**1,733,824,452**	**1,597,200,867**	**136,623,585**
Share capital		549,760,279	325,051,647	224,708,632
Share premium reserve		147,730,288	147,730,288	0
Other reserves		241,359,144	257,268,899	(15,909,755)
Profits		8,153,415	24,005,330	(15,851,915)
TOTAL NET EQUITY (D)	25	**947,003,126**	**754,056,164**	**192,946,962**
NON-CURRENT LIABILITIES:				
Derivative liabilities	40	36,002,145	24,147,237	11,854,908
Non-current financial liabilities	26	635,792,413	571,359,513	64,432,900
Related party non-current financial liabilities	26	200	15,000,200	(15,000,000)
Provision for employee severance indemnities	27	1,188,237	886,285	301,952
General provisions	28	1,511,162	1,489,669	21,493
Sundry payables and other non-current liabilities	29	235,794	5,713	230,081
Related party sundry payables and other non-current liabilities	29	9,366,474	8,786,396	580,078
TOTAL NON-CURRENT LIABILITIES (E)		**684,096,425**	**621,675,013**	**62,421,412**
CURRENT LIABILITIES:				
Current financial liabilities	30	88,529,691	207,923,867	(119,394,176)
Related party current financial liabilities	30	188,215	364,639	(176,424)
Trade and other payables	32	9,610,168	7,151,318	2,458,850
Related party trade and other payables	33	421,268	2,477,013	(2,055,745)
Current tax liabilities	34	571,678	768,822	(197,144)
Other current liabilities	35	3,191,553	2,483,260	708,293
Related party other current liabilities	36	212,328	300,771	(88,443)
TOTAL CURRENT LIABILITIES (F)		**102,724,901**	**221,469,690**	**(118,744,789)**
TOTAL LIABILITIES (G=E + F)		**786,821,326**	**843,144,703**	**(56,323,377)**
TOTAL NET EQUITY AND LIABILITIES (D + G)		**1,733,824,452**	**1,597,200,867**	**136,623,585**

5.4 Statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFITS	NET EQUITY
Balance at 01/01/2013	**311,569,323**	**147,730,288**	**254,505,055**	**23,695,055**	**737,499,721**
Net profit for the period				13,808,913	13,808,913
Cash flow hedge derivative evaluation			11,977,323		11,977,323
Other comprehensive income (losses)			(378,827)	0	(378,827)
Total comprehensive income (losses)	**0**	**0**	**11,598,496**	**13,808,913**	**25,407,409**
Share capital increase (DRO 2013)	13,482,324				13,482,324
Other effects	0	0		118	118
Allocation of 2012 profit					
- dividends	0	0		(22,333,408)	(22,333,408)
- to legal reserve	0	0	1,018,999	(1,018,999)	0
- to other reserves	0	0	(9,853,651)	9,853,651	0
Balance at 31 December 2013	**325,051,647**	**147,730,288**	**257,268,899**	**24,005,330**	**754,056,164**

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER RESERVES	PROFITS	NET EQUITY
Balance at 01/01/2014	**325,051,647**	**147,730,288**	**257,268,899**	**24,005,330**	**754,056,164**
Net profit for the period	0	0		3,681,389	3,681,389
Cash flow hedge derivative evaluation			(9,241,871)		(9,241,871)
Other comprehensive income (losses)	0	0	(4,678,809)	0	(4,678,809)
Total comprehensive income (losses)	**0**	**0**	**(13,920,680)**	**3,681,389**	**(10,239,291)**
Other effects	0	0		74	74
Sell of treasury shares	10,976,592		1,097,659		12,074,251
Share capital increase (DRO 2014)	14,053,980				14,053,980
Share capital increase	199,678,060				199,678,060
Allocation of 2013 profit					
- dividends	0	0	0	(22,620,112)	(22,620,112)
- to legal reserve	0	0	889,245	(889,245)	0
- to other reserves	0	0	(3,975,979)	3,975,979	0
Balance at 31 December 2014	**549,760,279**	**147,730,288**	**241,359,144**	**8,153,415**	**947,003,126**

5.5 Statement of cash flows

STATEMENT OF CASH FLOWS (In Eur)	31/12/2014	31/12/2013
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	**2,629,341**	**8,491,232**
Adjustments to reconcile net profit for the period with cash flow generated (absorbed) by operating activities:		
Non-cash items	3,193,434	9,467,395
(Amortization and provisions)	1,624,808	2,139,217
(Impairment losses)/reversals on work in progress	(275,744)	(3,328,421)
Fair value changes - increases / (decreases)	14,272,860	20,726,014
Capital gain/Losses from disposal	(123,717)	0
CASH FLOW FROM OPERATING ACTIVITIES	**21,320,982**	**37,495,437**
Current taxes	444,340	(572,282)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAXES	**21,765,322**	**36,923,155**
Net change in current assets and liabilities with third parties	2,737,379	1,307,582
Net change in current assets and liabilities with related parties	(2,970,538)	(2,103,679)
Net change in non-current assets and liabilities with third parties	2,157,482	2,039,911
Net change in non-current assets and liabilities with related parties	580,078	69,869
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	**24,269,723**	**38,236,838**
(Investments) in fixed assets	(132,005,200)	(21,142,591)
Disposals of fixed assets	46,916,019	41,123
Disposals of equity investments	0	55,319
(Investments) in equity investments	(99,445)	(2,878,244)
CASH FLOW FROM INVESTING ACTIVITIES	**(85,188,626)**	**(23,924,393)**
Change in non-current financial assets	(216,500)	(378,000)
Change in financial receivables and other current financial assets with third parties	0	21,425
Change in related party financial receivables and other current financial assets	(64,381,490)	(8,276,541)
Dividend reinvestment option	13,672,414	13,069,815
Treasury shares disposal	12,050,220	0
Share capital increase	195,429,759	0
Distribution of dividends	(22,620,112)	(22,333,408)
Change in current debt with third parties	(123,236,884)	16,196,625
Change in current debt with related parties	(176,424)	156,820
Change in non-current debt eith third parties	63,399,951	(11,925,581)
Change in non-current debt with related parties	(15,000,000)	0
CASH FLOW FROM FINANCING ACTIVITIES	**58,920,934**	**(13,468,845)**
NET INCREASE (DECREASE) IN CASH BALANCE	**(1,997,969)**	**843,600**
CASH BALANCE AT THE BEGINNNG OF THE YEAR	**4,122,522**	**3,278,922**
CASH BALANCE AT THE END OF THE YEAR	**2,124,553**	**4,122,522**

5.6 Notes to the financial statements

Form and content of the separate financial statements of IGD SIIQ S.p.A.

Introduction

The draft financial statements of Immobiliare Grande Distribuzione SIIQ S.p.A. at 31 December 2014 were approved and authorized for publication by the Board of Directors on 26 February 2015.
IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica Società Cooperativa a.r.l. and is under the management and coordination of that company.

Preparation criteria

The separate financial statements for 2014 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).

Reporting formats

The items in the statement of financial position have been classified as current, non-current, or (for 2014) non-current held for sale. Items in the income statement have been classified by type.
The statement of comprehensive income shows the net profit or loss along with income and charges that by express requirement of IFRS are recognized directly in equity.
The statement of changes in equity presents comprehensive income and charges, transactions with shareholders and other changes in shareholders' equity.
The statement of cash flows is prepared using the indirect method, adjusting the profit for non-cash items.
The financial statements, tables and explanatory notes are expressed in euro (EUR), unless specified otherwise.

Significant accounting standards

The accounting standards used to prepare the separate financial statements are the same as those employed in the annual financial statements for the year ended 31 December 2013, with the exception of the following new standards and interpretations applicable from 1 January 2014.

- IFRS 12 - Disclosure of Interests in Other Entities. The IASB issued this standard on 12 May 2011. The new standard sets out the disclosure requirements for interests in other entities, including associates, special purpose vehicles and other off balance sheet vehicles. Its adoption has had no material effect on the separate financial statements.
- IAS 27 – Separate Financial Statements. This standard, issued by the IASB on 12 May 2011, addresses the accounting treatment of investments in separate financial statements. The new IAS 27 confirms that investments in subsidiaries, associates and joint ventures are accounted for either at cost or in accordance with IFRS 9; the entity shall apply the same accounting for each category of investments. Also, if an entity elects to measure its investments in associates or joint ventures at fair value (in accordance with IFRS 9) in its consolidated financial statements, it shall account for those investments in the same way in its separate financial statements. This standard is applicable retrospectively. Its adoption has had no material effect on the separate financial statements.
- IAS 28 – Investments in Associates and Joint Ventures. With the publication of IFRS 11, on 12 May 2011 the IASB amended IAS 28 to include within its scope investments in joint ventures, as from the effective date of the new standard. Its adoption has had no material effect on the separate financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities. In October 2012 the IASB issued a series of amendments introducing the concept of "investment entity." The IASB uses this term to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. IAS 10 has been amended to require investment entities to measure subsidiaries at fair value through profit or loss, rather than consolidate them, to better reflect their business model. IFRS 12 has been amended to include specific disclosure requirements for investment entities. The amendments also remove the option in IAS 27 for investment entities to measure investments in certain subsidiaries either at cost or at fair value in their separate financial statements. Its adoption has had no material effect on the separate financial statements.
- Amendments to IAS 32 – Financial Instruments: Presentation. On 16 December 2011 the IASB clarified the criteria for offsetting financial assets and liabilities by publishing an amendment to IAS 32, "Offsetting Financial Assets and Financial Liabilities." The changes are applied retrospectively. Its adoption has had no material effect on the separate financial statements.
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets. In October 2012 the IASB issued this amendment to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. Its adoption has had no material effect on the separate financial statements.
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting. The objective of the

amendments is to govern situations in which a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Hedge accounting can continue irrespective of the novation which, without the amendment, would not have been permitted. Its adoption has had no material effect on the separate financial statements.

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

The table below reports the new international accounting standards or the amendments already in effect whose adoption is mandatory for financial periods beginning on 1 January 2015 (or after, if the financial statements do not coincide with the calendar year). The Company has not opted for early adoption.

COMMISSION REGULATION (EU)	TITLE	MANDATORY FROM FINANCIAL YEARS BEGINNING ON OR AFTER
2015/29	**Commission Regulation (EU) 2015/29 of 17 December 2014, published in the Official Journal of the European Union L 5 on 9 January, adopting Amendments to IAS 19 - *Defined benefit plans: employee contributions.*** The amendments aim to simplify and clarify the accounting for employee or third party contributions linked to defined benefit plans. èé	1 February 2015
2015/28	**Commission Regulation (EU) 2015/28 of 17 December 2014, published in the Official Journal of the European Union L 5 on 9 January, adopting the *Annual Improvements to IFRS 2010-2012 Cycle.*** The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards or where clarification of wording is required. Amendments to IFRS 8 and to IAS 16, 24 and 38 are clarifications or corrections to the respective standards. Amendments to IFRS 2 and IFRS 3 involve changes to the existing requirements or additional guidance on the implementation of those requirements.	1 February 2015
1361/2014	**Commission Regulation (EU) 1361/28 of 18 December 2014, published in the Official Journal of the European Union L 365 on 19 December, adopting the *Annual Improvements to IFRS 2011-2013 Cycle.*** The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards or where clarification of wording is required. Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards. Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.	First of the month following the effective date of this regulation
634/2014	**Commission Regulation (EU) 634/2014 of 13 June 2014, published in the Official Journal of the European Union L 175 on 14 June, adopting IFRIC 21 *Levies.*** This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount are certain.	First of the month following the effective date of this regulation

During the year, the IASB made changes to some previously issued IAS/IFRS and published new international accounting standards. None of these changes were used to prepare the financial statements as they have not yet been approved by the European Commission.

→ Use of estimates

In preparing the separate financial statements, management has made estimates and assumptions that affect the carrying values of revenue, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.

Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

→ Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

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

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year from the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.

If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.

Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

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

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and goodwill is recognized in profit or loss.

After first-time recognition, goodwill is decreased by accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property and assets under construction

Investment property is real estate held in order to earn rent while appreciating in value over time.

Investment property is initially recognized at cost, including transaction expenses (as well as borrowing costs, where applicable), and is subsequently measured at fair value with changes reported in the income statement.

Any work on the properties is added to their carrying value only if it is likely to produce future economic benefits and if the cost can be reliably determined. Other maintenance and repair costs are recognized in the income statement when incurred.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The market value of properties includes the value of their plant and machinery, as well as goodwill acquired.

Investment property is derecognized on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction, consisting of deposits and advance payments, are valued at cost. For land and accessory works on which investment property will be developed, once the building permits are obtained and/or the urban planning agreements signed, and once the procedure for obtaining administrative permits is completed and construction is underway, fair value can be reliably determined and the fair value method is therefore used. Until that time, the asset is recognized at cost, which is compared with recoverable amount at each reporting date in order to determine any loss in value. When construction or development of an investment property is completed, it is restated to "investment property".

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value of investment property in accordance with IFRS 13 must reflect, among other things, rental income from current leases and other reasonable and supportable assumptions that market participants would use when pricing the asset under current market conditions.

As stated in paragraph 27 of IFRS 13, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

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

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

According to IFRS 13, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is measured on the basis of observable transactions in an active market, and is adjusted, if necessary, to take account of the specific characteristics of the individual real estate investment. If that information is not available, to determine the fair value of an investment property, the company uses the discounted cash flow method (over a variable period of time depending on the duration of outstanding leases) relating to the future net rental income from the property. At the end of that period it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

The specific valuation policies used, as certified in the appraisal report, were as follows:

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

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

The real estate portfolio is appraised twice a year, at 30 June and 31 December, by independent external firms with acknowledged professional qualifications and recent experience with similar types of properties. To that end, IGD SIIQ S.p.A. has hired CBRE Valuation S.p.A., REAG S.p.A., and Cushman & Wakefield, specialized in the appraisal of investment property, to prepare a report from which the company can determine the fair value of the currently rented portions of shopping centers, malls, hypermarkets, supermarkets, wholesale and fitness zones, stores, offices, and land.

The periodic appraisals are conducted according to an internal procedure that governs the entire process of valuing investment property at fair value: criteria for the selection and appointment of independent appraisers, protocol for extending assignments, protocol for sharing information and documents between the company and the independent appraisers, and overall monitoring and responsibility.

The appraisers' contracts define valuation criteria and methods, the means and timing of physical inspections and any other checks of the appraised properties, and the specific reasoning for the method(s) used to appraise the individual asset.

The main information required by the appraisers includes, for rented properties, the rental status of each unit in each shopping center; property taxes; insurance and operating costs for the shopping centers; and any likely incremental costs. For construction in progress, the information concerns 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.

The independent appraisers formulate their own assumptions, such as inflation rates, discount rates and capitalization rates, on the basis of their professional judgment.

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 given to the appraisers, their assumptions, and the models they use are approved by the Director of Property Development and Management, who is responsible for organizing and coordinating the appraisals and for monitoring and checking them before their results are published in the financial statements.

→ IAS 23 - Borrowing costs (revised)

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

Plant, machinery and equipment

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

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

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is derecognized and any loss or gain (calculated as the difference between the sale value and carrying value) is taken to profit or loss the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment.

Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

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

Non-current assets held for sale

Investment property is reclassified to "non-current asset held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An asset is reclassified only if it is available for immediate sale in its current condition and if the sale is highly probable (i.e. a purchase commitment exists).

Assets previously classified as investment property and measured at fair value, in accordance with section 5d of IFRS 5, continue to be measured at fair value.

For properties due for sale under a purchase commitment without suspensive conditions, or with suspensive conditions that have been met, fair value is taken as the sale price net of costs to sell. Otherwise, properties continue to be recognized at their standard fair value.

Treasury shares

Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.

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

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

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

Revenue

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

Rental income

Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

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

Interest

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

Dividends

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

Income taxes

Current taxes

Current tax liabilities for the present and previous years are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

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

Deferred tax liabilities are recognized on all taxable temporary differences, except when they derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss;

The carrying value of a deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on current tax rates and those in effect or substantively in effect by the balance sheet date, and considering the manner in which the temporary differences are expected to reverse.

Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets

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

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

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

Financial liabilities

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

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

Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

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

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

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

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

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

SIIQ status – accounting standards

A company defined as an SIIQ (Società di Investimento Immobiliare Quotata, similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status.

At the close of 2014, as at the end of previous years since 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and statement of financial position, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations").

Income from taxable operations has been subject to the standard rules of computation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenue and costs typical of the property rental business, as well as those typical of operations considered to be equivalent.

Likewise, revenue and costs stemming from the company's remaining activities have been allocated to taxable operations.

Under the new rules introduced by Law 164 of 11 November 2014 ("Conversion into law, with amendments, of Decree 133 of 12 September 2014"), **capital gains and losses** on **rental properties** (whether realized or implicit in fair value measurements) are now included in exempt operations. Therefore, deferred taxes have not been recognized on the fair value changes of investment property owned by Group companies working under this system, and the deferred tax assets and liabilities reported in the 2013 financial statements have been released to the income statement.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenue to total revenue.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenue. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The Company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The income statement and statement of financial position are broken down below by business segment, in accordance with IFRS 8.

INCOME STATEMENT	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
	PROPERTIES		SERVICES		SHARED		TOTAL	
REVENUES	**68,399,614**	**87,082,310**	**1,823,787**	**656,708**			**70,223,402**	**87,739,018**
CHANGE IN INVENTORY								
DIRECT COSTS	-14,236,703	-13,704,352	-240,040	-6,616			-14,476,743	-13,710,968
GROSS MARGIN	**54,162,911**	**73,377,959**	**1,583,747**	**650,091**			**55,746,658**	**74,028,050**
G&A EXPENSES					-8,761,281	-9,007,677	-8,761,281	-9,007,677
EBITDA	**54,162,911**	**73,377,959**	**1,583,747**	**650,091**	**-8,761,281**	**-9,007,677**	**46,985,378**	**65,020,373**
DEPRECIATION/WRITE-DOWNS/OTHER PROVISIONS	-14,320,238	-17,749,772	-24	-24	-410,270	-410,667	-14,730,532	-18,160,463
EBIT	**39,842,673**	**55,628,186**	**1,583,723**	**650,068**	**-9,171,551**	**-9,418,344**	**32,254,846**	**46,859,910**
FINANCIAL INCOME MARGIN					**-29,749,221**	**-38,373,677**	**-29,749,221**	**-38,373,677**
EQUITY INVESTMENT MARGIN					**123,717**	**5,000**	**123,717**	**5,000**
TAXES					**1,052,048**	**5,317,681**	**1,052,048**	**5,317,681**
NET PROFIT							**3,681,389**	**13,808,913**

STATEMENT OF FINANCIAL POSITION	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
	PROPERTIES		SERVICES		SHARED		TOTAL	
TANGIBLE ASSETS	1,156,095,595	1,070,894,682	0	0	9,347,570	9,729,431	1,165,443,165	1,080,624,113
INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS	0	0	0	0	401,052,510	408,531,199	401,052,510	408,531,199
CURRENT INVESTMENTS	63,457,121	78,057,953	0	0	0	0	63,457,121	78,057,953
NET WORKING CAPITAL	(1,257,943)	(742,438)	(7,635)	(4,203)	(706,894)	(618,945)	(1,972,472)	(1,365,586)
OTHER NON-CURRENT LIABILITIES	(9,602,268)	(8,792,109)	0	0	(2,727,782)	(13,519,595)	(12,330,050)	(22,311,704)
TOTAL USE OF FUNDS	**1,208,692,505**	**1,139,418,088**	**(7,635)**	**(4,203)**	**406,965,404**	**404,122,090**	**1,615,650,274**	**1,543,535,975**
NET DEBT	225,741,337	361,332,762	(12,816)	(23,206)	406,965,404	404,122,090	632,693,925	765,431,646
NET (ASSETS) AND LIABILITIES FOR DERIVATIVE INSTRUMENTS	35,953,223	24,048,165	0	0	0	0	35,953,223	24,048,165
EQUITY	946,997,944	754,037,161	5,182	19,003	0	0	947,003,126	754,056,164
TOTAL SOURCES	**1,208,692,505**	**1,139,418,088**	**(7,635)**	**(4,203)**	**406,965,404**	**404,122,090**	**1,615,650,274**	**1,543,535,975**

Notes to the financial statements

→ Introduction

As readers are aware, on 5 December 2013, IGD SIIQ S.p.A. transferred to its wholly-owned subsidiary IGD Property SIINQ S.p.A.:

a) businesses and properties comprised of:
   a. Centro Lame hypermarket;
   b. Borgo shopping center;
   c. ESP shopping center;
   d. Casilino shopping center;
   e. Katanè shopping center

   for a total value on the transfer date of €198,772,074, including a five-year, €135,000,000 mortgage loan secured by the above properties;

b) a cash infusion of 3,000,000;

for a total sum of €201,772,074.

The effects of that operation extend to all of 2014 and include significant changes in various income statement items, such as rent and business lease revenue, IMU (municipal property tax) costs, and financial income and charges.

Note 1) Revenue

REVENUES		31/12/2014	31/12/2013	Change
Freehold hypermarkets - Lease and business rents to related parties	**a.1**	**25,253,230**	**34,148,969**	**(8,895,739)**
Freehold supermarkets - Lease and business rents to related parties	**a.2**	**698,824**	**386,965**	**311,859**
TOTAL HYPERMARKETS/SUPERMARKETS	**a**	**25,952,054**	**34,535,934**	**(8,583,880)**
Freehold malls, offices and city center properties	**b.1**	**38,412,785**	**50,647,565**	**(12,234,780)**
Rents		**7,176,038**	**7,738,482**	**(562,444)**
To related parties		3,973,708	3,746,721	226,987
To third parties		3,202,330	3,991,761	(789,431)
Business lease		**31,236,747**	**42,909,083**	**(11,672,336)**
To related parties		269,835	457,264	(187,429)
To third parties		30,966,912	42,451,819	(11,484,907)
Leasehold malls	**b.2**	**2,769,714**	**0**	**2,769,714**
Rents		**166,721**	**0**	**166,721**
To related parties		26,463	0	26,463
To third parties		140,258	0	140,258
Business lease		**2,602,993**	**0**	**2,602,993**
To third parties		2,602,993	0	2,602,993
Other contracts and temporary rents	**b.3**	**1,187,273**	**1,592,750**	**(405,477)**
Other contracts and temporary rents		886,871	1,108,857	(221,986)
Other contracts and temporary rents to third parties		300,402	483,893	(183,491)
TOTAL MALLS	**b**	**42,369,772**	**52,240,315**	**(9,870,543)**
GRAND TOTAL	**a+b**	**68,321,826**	**86,776,249**	**(18,454,423)**
of which related parties		30,522,462	39,223,812	(8,701,350)
of which third parties		37,799,364	47,552,437	(9,753,073)

Revenue from the company's core business decreased with respect to 2013, due mainly to the transfer of real estate to the subsidiary IGD Property SIINQ S.p.A. toward the end of that year.
Amounting to €20.6 million, the decrease was partially offset by a rise in rent from hypermarkets and freehold supermarkets, thanks mainly to the hypermarkets (Città delle Stelle, Schio, and Lungosavio) and supermarkets (Civita Castellana and Cecina) recently acquired in the context of the capital increase finalized in October 2014, and the revenue growth from new openings in 2014 (Abruzzo expansion and Piazza Mazzini).
Mall rental income from related parties increased due mainly to the full-year impact of the contract with RGD Ferrara 2013 S.r.l., which has rented Darsena City shopping center since the end of 2013.
The rise in business lease income from leasehold malls (and the decrease in the corresponding item for freehold malls) results from the sale of the Fonti del Corallo mall on 26 February 2014.

Note 2) Other income

OTHER INCOME	31/12/2014	31/12/2013	CHANGE
Various refunds	450	0	450
Pilotage and construction revenues	340,692	101,677	239,015
Insurance claims	0	270,000	(270,000)
Other	107,588	49,605	57,983
Total other income from third parties	**448,730**	**421,282**	**27,448**
Refund of other charges - related parties	29,500	33,870	(4,370)
Portfolio management and rent management revenues - related parties	26,115	57,218	(31,103)
Pilotage and construction revenues - related parties	2,013	170	1,843
Administrative services - related parties	1,425,480	484,100	941,380
Total other income from related parties	**1,483,108**	**575,358**	**907,750**
TOTAL	**1,931,838**	**996,640**	**935,198**

The rise in other income during the year is essentially the result of two factors: (i) Pilotage revenue, or the charging to tenants of work performed during the expansion and upgrading of Centro Abruzzo in order to meet their custom specifications; (ii) Revenue for administrative services to related parties, due to the full-year impact of the administrative and technical service contracts with the subsidiary IGD Property SIINQ S.p.A.

Note 3) Service costs

SERVICE COSTS	31/12/2014	31/12/2013	CHANGE
Third parties service costs	**9,591,912**	**6,352,048**	**3,239,864**
Rent paid	2,949,643	136,710	2,812,933
Rented vehicles	130,979	123,790	7,189
Utilities	140,429	163,677	(23,248)
Advertisements, listings, advertising & promotions	361,302	307,405	53,896
Service	35,687	22,542	13,145
Facility management costs	2,014,317	1,679,228	335,089
Insurances	383,962	435,882	(51,920)
Professional fees	124,734	125,215	(481)
Directors' and statutory auditors' fees	793,684	707,207	86,477
External auditing fees	104,081	112,909	(8,828)
Investor relations, Consob and Monte Titoli costs	305,846	304,917	929
Recruitment, training and other personnel costs	277,268	335,352	(58,084)
Travel and accomodation costs	128,163	100,233	27,930
Pilotage and construction costs	234,015	6,516	227,499
Consulting	826,135	898,321	(72,186)
Maintenance and repairs	294,821	414,492	(119,671)
Bank fees and commissions	146,410	184,041	(37,631)
Cleaning, porterage and security costs	192,906	192,570	336
Other	147,530	101,041	46,490
Related parties service costs	**3,001,349**	**3,301,235**	**(299,886)**
Rent paid	1,518,325	1,821,700	(303,375)
Advertisements, listings, advertising & promotions	25,000	50,000	(25,000)
Service	313,882	262,868	51,014
Shopping centers management costs	1,058,640	984,792	73,848
Insurances	33,465	60,338	(26,873)
Directors' and statutory auditors' fees	49,500	116,439	(66,939)
Maintenance and repairs	749	3,920	(3,171)
Other	1,788	1,178	610
TOTAL	**12,593,261**	**9,653,283**	**2,939,978**

The principal components of this item are rent and usage fees for properties managed by IGD, facility management and maintenance costs, and other expenses such as fees paid to the directors, statutory auditors, external auditors and consulting firms. The increase is essentially due to: (i) a rise in rent paid as a result of selling the Fonti del Corallo shopping center, now operated under a long-term lease agreement valid until 25 February 2038 and charging fixed annual rent of €3,125,000 for the first six years, payable in quarterly installments; (ii) a decrease in costs for the beneficial interest, which was terminated upon acquisition of the Città delle Stelle mall; (iii) higher facility management costs due to the rise in average vacancy during the year; (iv) an increase in pilotage costs, due almost entirely to the expansion of Centro d'Abruzzo and correlating with the increase in other income (see Note 2).

The following table provides details of directors' and statutory auditors' fees for their work at the company. The fees indicated make up the compensation for 2014 approved by the shareholders and the Board of Directors when these officers were appointed.

DIRECTORS AND STATUTORY AUDITORS	TITLE	DATES IN OFFICE	END OF TERM	EMOLUMENTS APPROVED FOR OFFICE HELD AT THE REPORTING COMPANY
BOARD OF DIRECTORS				
Gilberto Coffari	Chairman	01/01/14-31/12/14	2014 FY approval	91,500
Sergio Costalli	Vice Chairman	01/01/14-31/12/14	2014 FY approval	66,500
Claudio Albertini	Director	01/01/14-31/12/14	2014 FY approval	16,500
	Chief Executive Officer	01/01/14-31/12/14	2014 FY approval	250.000 plus bonus max 30%
Roberto Zamboni	Director	01/01/14-31/12/14	2014 FY approval	16,500
Leonardo Caporioni	Director	01/01/14-31/12/14	2014 FY approval	16,500
Fernando Pellegrini	Director	01/01/14-31/12/14	2014 FY approval	16,500
Aristide Canosani	Director	01/01/14-31/12/14	2014 FY approval	16,500
Massimo Franzoni	Director	01/01/14-31/12/14	2014 FY approval	16,500
Riccardo Sabadini	Director	01/01/14-31/12/14	2014 FY approval	16,500
Fabio Carpanelli	Director	01/01/14-31/12/14	2014 FY approval	16,500
Andrea Parenti	Director	01/01/14-31/12/14	2014 FY approval	16,500
Giorgio Boldreghini	Director	01/01/14-31/12/14	2014 FY approval	16,500
Elisabetta Gualandri	Director	01/01/14-31/12/14	2014 FY approval	16,500
Tamara Magalotti	Director	01/01/14-31/12/14	2014 FY approval	16,500
Livia Salvini	Director	01/01/14-31/12/14	2014 FY approval	16,500
BOARD OF STATUTORY AUDITORS				
Romano Conti	Chairman	01/01/14-31/12/14	2014 FY approval	24,750
Roberto Chiusoli	Standing Auditor	01/01/14-31/12/14	2014 FY approval	16,500
Pasquina Corsi	Standing Auditor	01/01/14-31/12/14	2014 FY approval	16,500
CONTROL AND RISK COMMITTEE				
Elisabetta Gualandri	Director (Chairman)	01/01/14-31/12/14	when no longer Director	12,000
Massimo Franzoni	Director	01/01/14-31/12/14	when no longer Director	8,000
Livia Salvini	Director	01/01/14-31/12/14	when no longer Director	8,000
COMPLIANCE COMMITTEE				
Fabio Carpanelli	Director (Chairman)	01/01/14-31/12/14	when no longer Director	12,000
Aristide Canosani	Director	01/01/14-31/12/14	when no longer Director	8,000
Livia Salvini	Director	01/01/14-31/12/14	when no longer Director	8,000
NOMINATIONS AND COMPENSATION COMMITTEE				
Andrea Parenti	Director (Chairman)	01/01/14-31/12/14	when no longer Director	3,750
Fabio Carpanelli	Director	01/01/14-31/12/14	when no longer Director	3,750
Tamara Magalotti	Director	01/01/14-31/12/14	when no longer Director	3,750
CHAIRMAN'S COMMITTEE				
Gilberto Coffari	Chairman	01/01/14-31/12/14	when no longer Director	0
Sergio Costalli	Vice Chairman	01/01/14-31/12/14	when no longer Director	0
Claudio Albertini	Chief Executive Officer	01/01/14-31/12/14	when no longer Director	0
Roberto Zamboni	Director	01/01/14-31/12/14	when no longer Director	0
RELATED PARTIES COMMITTEE				
Riccardo Sabadini	Director (Chairman)	01/01/14-31/12/14	when no longer Director	7,500
Andrea Parenti	Director	01/01/14-31/12/14	when no longer Director	6,750
Giorgio Boldreghini	Director	01/01/14-31/12/14	when no longer Director	6,750
LEAD INDEPENDENT DIRECTOR				
Riccardo Sabadini	Director	01/01/14-31/12/14	when no longer Director	750

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

Note 4) Cost of labor

The cost of labor is detailed below:

COST OF LABOR	31/12/2014	31/12/2013	CHANGE
Wages and salaries	3,267,663	3,257,726	9,937
Social security	964,357	964,769	(412)
Severance pay	200,612	217,315	(16,703)
Other costs	186,636	106,089	80,547
TOTAL	**4,619,268**	**4,545,899**	**73,369**

The cost of labor was in line with the previous year considering the departure of one executive, the hiring of new personnel, and the full-period impact of certain contractual adjustments. Severance pay includes contributions to supplementary funds in the amount of €50,896.

The workforce is broken down by category below:

DIVISION OF WORKFORCE BY CATEGORY	31/12/2014	31/12/2013
Executives	4	5
Middle managers	13	13
White collar	51	47
TOTAL	**68**	**65**

Note 5) Other operating costs

OTHER OPERATING COSTS	31/12/2014	31/12/2013	CHANGE
IMU-TASI (municipal property tax)	4,700,195	6,221,195	(1,521,000)
Other taxes	49,725	46,562	3,163
Contract registration	241,501	293,520	(52,019)
Ordinary out-of-period (income)/charges	22,569	57,701	(35,132)
Membership fees	127,507	126,250	1,257
Losses on receivables	19,659	64,703	(45,044)
Penalties	6,500	36,000	(29,500)
Fuel and tolls	121,743	119,226	2,517
Magazine subscriptions, office supplies, forms	90,987	92,504	(1,517)
Other operating costs	87,923	119,327	(31,404)
TOTAL	**5,468,309**	**7,176,988**	**(1,708,679)**

As in 2013, municipal property tax (IMU) had the highest impact on this item. The decrease for the year reflects the sale of the Fonti del Corallo mall in February 2014, and more importantly, the significant reduction in taxable income due to the transfer of businesses and properties to the subsidiary IGD Property SIINQ S.p.A. toward the close of 2013.

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

AMORTIZATION, PROVISIONS, DEPRECIATION AND FAIR VALUE CHANGES	31/12/2014	31/12/2013	CHANGE
Intangible asset amortization	(26,355)	(19,645)	(6,710)
Tangible asset amortization	(582,062)	(618,226)	36,164
Doubtful accounts	(891,391)	(1,376,346)	484,955
Risks and other charges provisions	(125,000)	(125,000)	0
Total of amortization and provisions	**(1,624,808)**	**(2,139,217)**	**514,409**
(impairment losses)/reversals on work in progress	**275,744**	**3,328,421**	**(3,052,677)**
Fair value changes	**(14,272,860)**	**(20,726,014)**	**6,453,154**
Total of amortization, depreciation and fair value changes	**(15,621,924)**	**(19,536,810)**	**3,914,886**

Depreciation and amortization, in line with the previous year, are discussed in Notes 10 and following.
The accrual to the provision for doubtful accounts, €891,391, decreased on the previous year. Given the problematic economy, the allocation was made by evaluating the individual positions of clients in order to adjust them to estimated realizable value. See Note 19 for changes in this provision.
Other provisions refer to the estimated outcome of two IMU (municipal property tax) disputes regarding Le Maioliche (Faenza) and La Torre (Palermo) shopping centers.
Net impairment losses for the adjustment of investment property to fair value amounted to €16,421,966 for the year (see Note 13), while fair value adjustments on construction in progress came to +€2,149,106 (Esp expansion for 1,627,948 and Chioggia Retail Park for €521,158, as discussed in Note 15).
"(Impairment losses)/reversals on work in progress" (€275,744) cover the following:

- the reversal of impairment charged in previous years concerning the direct development project at Chioggia Retail Park, in the amount of €397,822K;
- an impairment loss of €122,078K for the expansion of Porto Grande, to bring cost into line with fair value.

Note 7) Income/loss from equity investments

INCOME/(LOSS) FROM DISPOSAL - RESULT OF EQUITY INVESTMENTS	31/12/2014	31/12/2013	CHANGE
Dividend	0	5.000	(5.000)
Income from "Fonti del Corallo" mall disposal	123.717	0	123.717
Total result of equity investments-Income (loss) from disposal	**123.717**	**5.000**	**118.717**

Net income of €123,717 consists of a capital gain (net of transaction costs) on the sale of the Fonti del Corallo mall in Livorno on 26 February 2014 for €47,000,000.

Note 8) Financial income and charges

FINANCIAL INCOME AND CHARGES	31/12/2014	31/12/2013	CHANGE
Bank interest income	42,221	35,433	6,788
Other interest income	78,670	36,594	42,076
Total third parties	**120,891**	**72,027**	**48,864**
Interest income from related parties	1,760,972	524,911	1,236,061
Total related parties	**1,760,972**	**524,911**	**1,236,061**
Total financial income	**1,881,863**	**596,938**	**1,284,925**

Interest income from related parties refers to the financial receivables mentioned in Notes 23 and 28. Bank interest income increased due to the higher balances.

FINANCIAL CHARGES	31/12/2014	31/12/2013	CHANGE
Interest expense to subsidiaries	789	198	591
Interest expense on security deposits	78,733	297,057	(218,324)
Interest expenses to Coop Adriatica	457,052	693,284	(236,232)
Total related parties	**536,574**	**990,539**	**(453,965)**
Interest expense to banks	1,345,616	2,802,360	(1,456,744)
Other interest and charges	271,388	365,092	(93,704)
Mortgage loan interest	10,250,643	10,922,971	(672,328)
Financial charges on leasing	96,501	100,690	(4,189)
Bond interest and charges	11,157,072	13,325,625	(2,168,553)
IRS spread	8,509,219	10,463,338	(1,954,119)
Capitalized interests	(839,872)	0	(839,872)
Total third parties	**30,790,567**	**37,980,076**	**(7,189,509)**
Total financial charges	**31,327,141**	**38,970,615**	**(7,643,474)**

Not counting interest capitalized (€839,872), financial charges decreased by €8,483,346. The main reasons for the change, in addition to the debt transferred in 2013 to the subsidiary IGD Property SIINQ. S.p.A., are as follows: (i) a decrease in interest expense due to the closure of mortgage current accounts (Intesa San Paolo and Monte dei Paschi) and credit facilities (Mediocredito Italiano, Credito Valtellinese and Coop Adriatica) and the reduced use of short-term credit lines, in connection with transactions during the year (sale of a mall, sale of treasury shares, and successful capital increase); (ii) the reduced spread on short-term borrowings, while the average Euribor (3m/360) was essentially stable, shifting from 0.22 in 2013 to 0.21 this year; (iii) a decrease in IRS expense; (iv) higher interest on mortgage loans as a result of a new loan taken out last year from Iccrea Banca, for a total of €6 million, partially offset by a decrease in interest paid on the convertible bond loan that matured at the end of 2013; (v) expenses for the €150 million bond loan issued on 7 May 2014; (vi) the recognition of €782K in unamortized transaction costs further to the full repayment of the above loans; (vii) a decrease in interest paid on security deposits due to the reduction in the legally mandated interest rate.

Note 9) Income taxes

INCOME TAXES	31/12/2014	31/12/2013	CHANGE
Current taxes	(326,740)	585,803	(912,543)
in detail:			
Ires	*30,148*	*315,499*	*(285,351)*
Irap	*185,222*	*95,734*	*89,488*
Income from tax consolidation	*(542,110)*	*(208,899)*	*(333,211)*
Substitute tax on capital gains	*0*	*383,469*	*(383,469)*
Deferred tax liabilities	(11,115,259)	(3,179,958)	(7,935,301)
Deferred tax assets	10,461,235	(2,710,005)	13,171,240
Out-of-period income/charges	(71,284)	(13,521)	(57,763)
TOTAL	**(1,052,048)**	**(5,317,681)**	**4,265,633**

Current and deferred tax came to €1,052,048, compared with €5,317,681 in 2013. The difference relates chiefly to the enactment of Decree 133 of 12 September 2014 (published in the Gazzetta Ufficiale on 12 September and converted on 11 November into Law 164/2014), which in Article 20 states that capital gains and losses on rental properties are now included in exempt operations. As a result, IGD SIIQ S.p.A. reversed the deferred tax assets (€11,862,268) and deferred tax liabilities (€11,130,236) that had been recognized up to 31 December 2013, producing a net impact of -€732,032 on the income statement. The difference also reflects the lack of deferred tax assets and liabilities on the fair value changes recorded at 31 December 2014. The tax rate was further affected by property sales during the year, of which there were none in 2013.

The following tables show the results of applying SIIQ tax rules and the calculations used to confirm the economic and financial conditions for maintaining SIIQ status:

INCOME STATEMENT EXEMPT OPERATIONS AND TAXABLE OPERATIONS (in Eur)	31/12/14 TOTAL	31/12/14 EXEMPT OPERATIONS	31/12/14 TAXABLE OPERATIONS
Total revenues and operating income	**70,253,664**	**64,200,155**	**6,053,509**
Total operating costs	**22,680,838**	**18,561,870**	**4,118,968**
(Amortization and provisions)	(1,624,808)	(1,599,555)	(25,253)
(Impairment losses)/reversals on work in progress	275,744	0	275,744
Fair value changes - increases / (decreases)	(14,272,860)	0	(14,272,860)
EBIT	**31,950,902**	**44,038,730**	**(12,087,828)**
Investment management result	**123,717**	**0**	**123,717**
Investment management result	123,717	0	123,717
Financial income	1,881,863	18,976	1,862,887
Financial charges	(31,327,141)	(29,506,215)	(1,820,926)
Net financial income (charges)	**(29,445,278)**	**(29,487,239)**	**41,961**
PRE-TAX PROFIT	**2,629,341**	**14,551,492**	**(11,922,151)**
Income taxes for the period	(1,052,048)	0	(1,052,048)
NET PROFIT FOR THE PERIOD	**3,681,389**	**14,551,492**	**(10,870,103)**

CONFIRMATION OF ECONOMIC CONDITION	31/12/14
Rental and equivalent income (exempt income) (A)	64,149,501
Total positive components (B)	72,134,230
Income ratio (A/B)	**88.93%**

CONFIRMATION OF FINANCIAL CONDITION		31/12/14
Rental properties		1,127,201,271
Non-current assets held for sale		28,600,000
Properties under construction		63,457,121
Investments in SIINQ		202,167,074
Total rental properties, properties under construction and investments in SIINQ	A	**1,421,425,466**
TOTAL ASSETS	B	**1,733,824,452**
Elements excluded from ratio:	C	**(123,288,716)**
Cash and cash equivalents		(2,124,553)
Loans/Group companies		(89,097,541)
Trade receivables		(9,448,447)
IGD SIIQ headquarters		(8,861,496)
Derivative assets		(48,922)
Deferred tax assets		(12,318,843)
Tax credit		(1,388,914)
Total adjusted assets B-C=D	D	**1,610,535,736**
FINANCIAL RATIO A/D		**88.26%**

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2014 and 31 December 2013.

INCOME TAX RECONCILIATION APPLICABLE TO THE PRE-TAX PROFIT	31/12/14	31/12/13
Pre-tax profit	**2,629,341**	**8,491,232**
Theoretical tax charge (rate 27.5%)	*723,069*	*2,335,089*
Profit shown in income statement	2,629,341	8,491,232
Increases:		
IMU/ICI property tax	4,452,541	6,221,195
Negative fair value	14,272,860	20,726,014
Other increases	2,196,064	6,390,033
Decreases:		
Change in exempt income	(17,615,031)	(32,229,319)
Amortization	(1,132,820)	(204,231)
Other changes	(6,446,590)	(7,468,322)
Taxable income	**(1,643,634)**	**1,926,603**
Use of ACE benefit	**0**	**785,927**
Taxable income net of losses	**(1,643,634)**	**1,140,675**
Lower current taxes charged directly to equity	***(30,148)***	(1,812)
Current taxes	***30,148***	***315,499***
Income from tax consolidation	***(542,110)***	***(208,899)***
Substitute tax on capital gains	***0***	***383,469***
Current Ires for the year	***(511,962)***	***490,069***
Difference between value and cost of production	**52,968,121**	**72,160,918**
Theoretical IRAP (3,9%)	2,065,757	2,814,276
Difference between value and cost of production	**52,968,121**	**72,160,918**
Changes:		
Increases	*6,095,806*	*7,175,741*
Decreases	*(9,143,729)*	*(1,091,705)*
Change in exempt income	*(44,361,797)*	*(74,570,837)*
Other deductions	(1,256,533)	(1,269,603)
Taxable income for IRAP	**4,301,868**	**2,404,514**
Lower IRAP charged directly to equity	**(16,168)**	**(511)**
Current IRAP for the year	***185,222***	***95,734***

Note 10) Intangible assets with finite useful lives

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICA-TIONS	BALANCE AT 31/12/2013
Intangible assets with finite useful lives	26,543	12,950	0	(19,645)	32,894	52,742
Intangible assets with finite useful lives under development	35,102	1860	0	0	(32,894)	4,068
Total intangible assets with finite useful lives	**61,645**	**14,810**	**0**	**(19,645)**	**0**	**56,810**

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	AMORTIZATION	RECLASSIFICA-TIONS	BALANCE AT 31/12/2014
Intangible assets with finite useful lives	52,742	20,200	0	(26,355)	4,068	50,655
Intangible assets with finite useful lives under development	4,068	0	0	0	(4,068)	0
Total intangible assets with finite useful lives	**56,810**	**20,200**	**0**	**(26,355)**	**0**	**50,655**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of company trademarks and for business software. Trademarks are amortized over ten years and software over three years. In 2014 there were no impairment losses or reversals on intangible assets. The increases shown in the table include €2,700 for production of the Centro d'Abruzzo trademark and €17,500 for the software designed to advertise the retail and promotional activities held at Centro d'Abruzzo and at Conegliano shopping center. In 2014 the digital storage project was completed, resulting in the restatement of €4,068 from assets under development to intangible assets.

Note 11) Goodwill

GOODWILL 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Goodwill	**64,828**	**0**	**0**	**0**	**64,828**

GOODWILL 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	RECLASSIFICATIONS	BALANCE AT 31/12/2014
Goodwill	**64,828**	**0**	**0**	**1,235,172**	**1,300,000**

Goodwill has been allocated to the individual cash generating units (CGUs).
The increase with respect to December 2013 reflects the reclassification from investment property of the value attributed to the Fonti del Corallo mall in Livorno (€1,300,000), which has been sold to the real estate investment fund managed by BNP Paribas REIM Sgr, without however disposing of the business division that manages the shopping center. It was partially offset (-€64,828) by the transfer to investment property of the goodwill on Città delle Stelle shopping center, previously operated through a usufruct agreement concerning the beneficial interest in the mall, and acquired in October 2014 in the context of the capital increase.
Below is the breakdown of goodwill by CGU at 31 December 2014.

GOODWILL	31/12/13	31/12/14
Città delle Stelle	64,828	-
Fonti del Corallo		1,300,000
Total	**64,828**	**1,300,000**

The figure was retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the 2015 budget and, for 2016, in the 2014-2016 business plan approved by the Board of Directors on 19 December 2013. The discount rate (WACC) was 5.15%; the risk premium contained in the cost of equity is 4.63%, while the borrowing rate used is the average rate paid by the company to obtain funding. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 12) Buildings

BUILDING 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATION	BALANCE AT 31/12/2013
Historical cost	10,114,243	0	0	0	0	10,114,243
Accumulated depreciation	(765,735)	0	0	(243,506)	0	(1,009,241)
Net carrying value	**9,348,508**	**0**	**0**	**(243,506)**	**0**	**9,105,002**

BUILDING 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATION	BALANCE AT 31/12/2014
Historical cost	10,114,243	0	0	0	0	10,114,243
Accumulated depreciation	(1,009,241)	0	0	(243,506)	0	(1,252,747)
Net carrying value	**9,105,002**	**0**	**0**	**(243,506)**	**0**	**8,861,496**

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

Note 13) Investment property

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

INVESTMENT PROPERTY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	REVALUATIONS	DEPRECIATION	TRANSFERS FROM ASSETS UNDER CONSTRUCTION	IGD PROPERTY SIINQ TRANSFER	BALANCE AT 31/12/2013
Investment property	**1,426,655,000**	**4,559,476**	**(3,843,254)**	**9,316,075**	**(30,042,089)**	**49,792**	**(336,600,000)**	**1,070,095,000**

INVESTMENT PROPERTY 2014	BALANCE AT 01/01/2014	INCREASES	ASSET PURCHASE FROM CAPITAL INCREASE	DECREASES	REVALUATIONS	DEPRECIATION	TRANSFERS FROM ASSETS UNDER CONSTRUCTION	TRANSFER TO NON-CURRENT ASSETS HELD FOR SALE	BALANCE AT 31/12/2014
Investment property	**1,070,095,000**	**20,725,400**	**94,744,081**	**(46,792,302)**	**13,237,368**	**(29,659,334)**	**33,451,058**	**(28,600,000)**	**1,127,201,271**

The change in investment property refers to:

- the acquisition of a core portfolio comprised of a shopping center (Città delle Stelle) and two hypermarkets (Lungo Savio and Schio) sold by Coop Adriatica S.c.a r.l. and two supermarkets (Civita Castellana and Cecina) sold by Unicoop Tirreno S.C., for a total of €92,665,000 plus transaction costs and transfer taxes of €2,079,081;
- increases of €20,725,400, for: (a) the acquisition from Porta Medicea of the retail and services complex (Mazzini section of the Porta a Mare project) for €7,025,952 (balance due) plus ancillary expenses, and (b) extraordinary maintenance work including: (i) completion of the Centro d'Abruzzo mall expansion for €5,475,768; (ii) revised layout of La Torre shopping center in Palermo (€383,231); (iii) reduction of the hypermarket (€716,297) and renovation of the mall (€2,944,857) at Le Porte di Napoli shopping center; (iv)

modernization of the Lugo shopping center for €1,158,470;
- decreases of €46,792,302, referring chiefly to the sale of the mall at the Fonti del Corallo shopping center in Livorno to the real estate fund managed by BNP Paribas REIM Sgr (€46,700,000) and the consequent reclassification of the business division to goodwill in the amount of €1,300,000;
- the reclassification of assets under construction: (i) €14,445,017 for the opening of the newly expanded Centro D'Abruzzo mall in April 2014 and (ii) €347,516 for the completion of work at La Torre shopping center; plus the reclassification of €19,504,800 in advances paid in previous years on Piastra Commerciale Mazzini;
- the reclassification of the business division (€64,828) and plant (€388,898) pertaining to the Città delle Stelle mall in Ascoli Piceno, further to acquisition of the shopping center;
- fair value accounting at 31 December 2014, leading to writedowns in excess of revaluations, for net impairment losses of €16,421,966.

For the calculation of fair value, see the appraisals by CBRE Valuation S.p.A., REAG S.p.A., and Cushman & Wakefield in this Annual Report.

Non-current assets held for sale

In light of a preliminary agreement with suspensive condition for the sale of the property complex on Via Rizzoli in downtown Bologna, signed on 15 January 2015, the property has been reclassified from "Investment property" to "Non-current assets held for sale" at its fair value of €28,600,000.

Fair value hierarchy

One of the changes introduced by IFRS 13 is the fair value hierarchy for non-financial assets and liabilities, The fair value hierarchy classifies into three levels the inputs to valuation techniques used to measure fair value. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). More specifically:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:
  - (a) quoted prices for similar assets or liabilities in active markets;
  - (b) quoted prices for identical or similar assets or liabilities in markets that are not active;
  - (c) inputs other than quoted prices that are observable for the asset or liability, for example:
    - (i) interest rates and yield curves observable at commonly quoted intervals;
    - (ii) implied volatilities; and
    - (iii) credit spreads;
  - (d) market-corroborated inputs.
- level 3 inputs are unobservable inputs for the asset or liability.

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

FAIR VALUE MEASUREMENTS 31 DICEMBRE 2014	QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS FOR IDENTICAL ASSETS OR LIABILITIES (LEVEL 1)	SIGNIFICANT INPUTS OBSERVABLE IN THE MARKET (LEVEL 2)	SIGNIFICANT INPUTS NOT OBSERVABLE IN THE MARKET (LEVEL 3)
Investment property in Italy:			
Shopping malls in Italy			647,174,532
City Center (1)			56,500,000
Hypermarkets and supermarkets			446,084,048
Residual portions of property			6,042,691
Total investment property in Italy			**1,155,801,271**
Total investment property in Italy			**50,700,000**
Total IGD investment property measured at fair value			**1,206,501,271**

(1) Including non-current assets held for sale

The specific valuation policies used, as certified in the appraisal report, were as follows:

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

The above methods were applied individually to each property, according to their specific features. Properties were appraised assuming their highest and best use, i.e. by considering among all physically possible, legally permissible and financially feasible uses only those likely to give the properties their greatest value.
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.

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

Changes in plant and equipment are due essentially to the depreciation process. When IGD acquired ownership of Città delle Stelle shopping center in Ascoli Piceno, the value of its plant was reclassified to investment property. Movements in plant and machinery in 2014 and 2013 are shown below:

PLANT AND MACHINERY 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2013
Historical cost	422,902	268,196	0	0	0	691,098
Accumulated depreciation	(156,591)	0	0	(64,961)	0	(221,552)
Net carrying value	**266,311**	**268,196**	**0**	**(64,961)**	**0**	**469,546**

PLANT AND MACHINERY 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	BALANCE AT 31/12/2014
Historical cost	691,098	0	0	0	(585,239)	105,859
Accumulated depreciation	(221,552)	0	0	(69,042)	196,341	(94,253)
Net carrying value	**469,546**	**0**	**0**	**(69,042)**	**(388,898)**	**11,606**

The following tables show movements in equipment in this and the previous year:

EQUIPMENT AND OTHER ASSETS 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	IGD PROPERTY SIINQ TRANSFER	BALANCE AT 31/12/2013
Historical cost	2,542,797	6,153	0	0	0	(365,524)	2,183,426
Accumulated depreciation	(1,213,647)	0	0	(305,982)	0	290,768	(1,228,861)
Net carrying value	**1,329,150**	**6,153**	**0**	**(305,982)**	**0**	**(74,756)**	**954,565**

EQUIPMENT AND OTHER ASSETS 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	DEPRECIATION	RECLASSIFICATIONS	IGD PROPERTY SIINQ TRANSFER	BALANCE AT 31/12/2014
Historical cost	2,183,426	83,740	0	0	0	0	2,267,166
Accumulated depreciation	(1,228,861)	0	0	(269,513)	0	0	(1,498,374)
Net carrying value	**954,565**	**83,740**	**0**	**(269,513)**	**0**	**0**	**768,792**

Note 15) Assets under construction

ASSETS UNDER CONSTRUCTION 2013	BALANCE AT 01/01/2013	INCREASES	DECREASES	RECLASSIFICA-TIONS	IGD PROPERTY SIINQ TRANSFER	(IMPAIRMENT)/ REVERSALS	BALANCE AT 31/12/2013
Assets under construction	**58,628,646**	**16,293,956**	**0**	**(49,792)**	**(143,278)**	**3,328,421**	**78,057,953**

ASSETS UNDER CONSTRUCTION 2014	BALANCE AT 01/01/2014	INCREASES	DECREASES	RECLASSIFICA-TIONS	(IMPAIRMENT)/ REVERSALS	*FAIR VALUE CHANGES*	BALANCE AT 31/12/2014
Assets under construction	**78,057,953**	**17,271,650**		**(34,297,332)**	**275,744**	**2,149,106**	**63,457,121**

Increases in assets under construction are primarily due to:

- progress on the buildings of the future retail park in Chioggia for €11,881,019. the fair value adjustment at 31 December 2014 was +€918,981 (including €397,823 in impairment reversals);
- urban infrastructure expenses resulting from the Zoning Agreement and transaction costs for the Esp expansion, for a total of €455,237, plus €839,872 in capitalized interest. Interest was capitalized without this resulting in an amount exceeding fair value and the fair value adjustment at 31 December was +€1,627,948;
- progress on the Portogrande expansion for €117,999. This project, recognized using the adjusted cost method, was written down by €122,078 to bring the carrying amount into line with the lower of cost and appraised fair value;
- the payment of an advance to Porta Medicea in the amount of €3,300,000 for the "Officine" retail section.

Reclassifications refer to completed works, which have therefore been transferred to investment property, as follows: (i) €14,445,017 for the opening of the newly expanded Centro D'Abruzzo mall in April 2014 and (ii) €347,516 for the completion of work at La Torre shopping center; plus the reclassification of €19,504,800 in advances paid in previous years on Piastra Commerciale Mazzini.

See section 2.5 on the real estate portfolio for further details.

Note 16) Net deferred tax assets

For 2014, and therefore for 2013 as well for the sake of comparison, deferred tax assets and liabilities have been offset in accordance with paragraph 74 of IAS 12, given that: (i) the company is entitled to offset current tax assets and liabilities and (ii) the deferred tax assets and liabilities are associated with income taxes charged by the same tax jurisdiction.
Therefore, "net deferred tax assets" reflect deferred tax assets and liabilities.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Deferred tax assets	12,347,226	19,242,737	(6,895,511)
Deferred tax liabilities	(28,383)	(11,143,641)	11,115,258
Deferred tax assets and liabilities	**12,318,843**	**8,099,096**	**4,219,747**

Deferred tax assets are shown in detail below:

DEFERRED TAX ASSETS	31/12/2014	31/12/2013	CHANGE
Effect on capital operations	117,726	6,196	111,530
Taxed provisions	35,956	79,422	(43,466)
Effect on bonus provisions	13,474	4,292	9,182
IAS 40 effect	0	10,893,341	(10,893,341)
Impairment losses onland and construction in progress	0	216,332	(216,332)
Effect on higher land value for tax purposes	0	752,594	(752,594)
IAS 19 effect	789	789	(0)
Effect IRS operations	9,496,112	5,990,573	3,505,539
Effect loss from tax consolidation	1,785,351	1,299,197	486,154
Effect reportable ACE	897,818	0	897,818
TOTAL DEFERRED TAX ASSETS	**12,347,226**	**19,242,737**	**(7,793,328)**

In accordance with SIIQ regulations, deferred tax assets arising from expenses incurred before the Company became an SIIQ are calculated as provided for in Law 296 of 27 December 2006 (paragraph 132) and in Circular 8/E of 31 January 2008, and refer to:

- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion recognized in prior years in a specific equity reserve (capital increase expenses) or expensed in full as they can no longer be capitalized.

The process of absorbing the discrepancies between statutory regulations and tax laws with regard to expenses incurred before the company became an SIIQ was completed in 2013.
For differences arising after SIIQ status was achieved, deferred tax assets are calculated for the portion pertaining to taxable operations only.
Most of the change for the year stems from:

- the recognition of deferred tax assets on mortgage hedging instruments (IRS) in the amount of €3,505,539, due to the increase in their negative fair value;
- the release to the income statement, pursuant to Decree Law 133 of 12 September 2014, of deferred taxes on the fair value adjustment of investment property and construction in progress (€11,862,268).

There was also an increase in deferred tax assets because taxable income for IRES purposes proved to be negative in the context of the Group-wide tax consolidation. The receivable was adjusted to reflect the likelihood of future positive taxable income that will allow the use of the losses reported for this and the previous years.

DEFERRED TAX ASSETS	BALANCE AT 31/12/13		TEMPORARY DIFFERENCE		DEFERRED TAX ASSETS		BALANCE AT 31/12/14	
	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS	INCREASES	DECREASES	INCREASES	REVERSAL	TEMPORARY DIFFERENCE	DEFERRED TAX ASSETS
ias 19, 2008 tax effect	22,411	789					22,411	789
TOTAL IAS 40 EFFECT	**39,454,361**	**10,893,341**	**0**	**39,454,361**	**0**	**10,893,341**	**0**	**0**
Land at fair value for SIIQ	2,725,801	752,594		2,725,801		752,594	0	0
Impairment of land and construction in progress	783,533	216,332		783,533	0	216,332	0	0
Doubtful accounts	999,586	79,422	37,824	195,884	10,402	53,868	841,526	35,956
2013 bonus provision	15,609	4,292		15,609	0	4,292	0	0
2014 bonus provision	0	0	48,999	0	13,475	0	48,999	13,474
Deferred tax assets - loss for tax consolidation	4,437,429	1,299,197	1,954,539	186,705	537,498	51,344	6,205,263	1,785,351
Effect irs operations*	**21,783,906**	**5,990,573**	**12,853,256**	**105,843**	**3,534,645**	**29,107**	**34,531,319**	**9,496,112**
Deferred tax assets - costs for capital increase 2012	351,885	3,164		117,295	0	1,055	234,590	2,109
Deferred tax assets - costs for capital increase 2013	329,087	3,032		82,271		758	246,816	2,274
Deferred tax assets - tresury shares sell			19,225		585		19,225	585
Deferred tax assets - 2014 DRO costs			305,312		9,294		305,312	9,294
Deferred tax assets - costs of capital increase 2014			3,398,640		103,463		3,398,640	103,463
Effect of capital operation costs	**680,972**	**6,196**	**3,723,177**	**199,566**	**113,343**	**1,813**	**4,204,583**	**117,726**
Deferred tax surplus ACE reportable			3,264,795		897,818		3,264,795	897,818
TOTAL	**70,903,606**	**19,242,737**	**21,882,590**	**43,667,302**	**5,107,181**	**12,002,691**	**49,118,896**	**12,347,226**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities:

DEFERRED TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
Realized capital gains	0	1,422	(1,422)
Tax effect on fair value of properties	0	10,498,314	(10,498,314)
Tax effect on impairment reversal of work in progress	0	631,921	(631,921)
Tax effect on convertible bond	28,383	11,984	16,399
TOTAL DEFERRED TAX LIABILITIES	**28,383**	**11,143,641**	**(11,115,258)**

The decrease in deferred tax liabilities is mostly due to the release to the income statement, pursuant to Decree Law 133 of 12 September 2014, of deferred taxes on the fair value adjustment of investment property in the amount of €11,130,236.

DEFFERED TAX LIABILITIES	BALANCE AT 31/12/13		INCREASES	DECREASES	INCREASES	REVERSAL	BALANCE AT 31/12/14	
	TEMPORARY DIFFERENCE	DEFERRED	TEMPORARY DIFFERENCE		DEFERRED		TEMPORARY DIFFERENCE	DEFERRED
Capital gains from disposals	5,171	1,422	0	5,171	0	1,422	0	0
Bond	43,576	11,984	100,425	40,793	27,617	11,218	103,208	28,383
Deferred tax reversal assets under construction	2,288,740	631,921		2,288,740	0	631,921	0	0
Effect of deferred tax IAS 40	36,292,036	10,498,314	0	36,292,036	0	10,498,314	0	0
TOTAL	**38,629,523**	**11,143,641**	**100,425**	**38,626,740**	**27,617**	**11,142,875**	**103,208**	**28,383**

Note 17) Sundry receivables and other non-current assets

OTHER NON-CURRENT ASSETS	31/12/2014	31/12/2013	CHANGE
Tax credit	4,489	4,489	0
Beneficial interest	0	1,908,427	(1,908,427)
Due from others	3	3	0
Security deposit	18,910	22,123	(3,213)
Total	**23,402**	**1,935,042**	**(1,911,640)**

Most of the change in this item reflects the decrease in the beneficial interest (real right of enjoyment of the mall at Città delle Stelle shopping center) for the amount recognized in the income statement up to 24 October 2014 and for termination of that right, due to the Group's purchase of the mall.

Note 18.1) Equity investments

Equity investments are detailed in the table below:

EQUITY INVESTMENTS	31/12/2013	INCREASES	DECREASES	IMPAIRMENT	31/12/2014
Equity investments in subsidiaries					
IGD Management srl	170,183,477				170,183,477
Millennium Gallery srl	14,463,025				14,463,025
Consorzio Proprietari Fonti del Corallo	0	6,800			6,800
Consorzio Proprietari C.C.Leonardo	52,000				52,000
Winmagazin S.A.	185,618				185,618
Consorzio I Bricchi	4,335				4,335
IGD Property SIINQ	202,167,074				202,167,074
Equity investments in associates					
Rgd Ferrara 2013 srl	50,000				50,000
Virtus college srl	4,779	5,145			9,924
Equity investments in other companies					
Inres	310				310
Consorzio Centro commerciale Portogrande	275				275
Consorzio business park	15,165				15,165
Fondazione Virtus Pallacanestro Bologna	100,000	87,500			187,500
Consorzio Centro commerciale Città delle Stelle	210				210
C.B.E.G. SCARL	350				350
Emilbanca	5,164				5,164
Total	**387,231,782**	**99,445**	**0**	**0**	**387,331,227**

During the year, the owners of Le Fonti del Corallo shopping center formed a consortium of which IGD has a share worth €6,800. IGD also acquired additional shares of Virtus College S.r.l., bringing its interest from 45% to 48.75%, and made a capital contributions to Fondazione Virtus

Pallacanestro.
The recoverability of the value of equity investments was tested using the discounted cash flow method.
For investments deemed to be significant, the equity value (enterprise value + NFP) was determined and compared with the carrying value. Enterprise value was calculated using the cash flow projections for each company, derived from estimates in the 2015 budget and, for 2016, in the 2014-2016 business plan approved on 19 December 2013. The discount rate (WACC) was 5.15%; the risk premium contained in the cost of equity is 4.63%, while the borrowing rate used is the average rate paid by the company to obtain funding. A perpetual growth rate (g) of 1% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 18.2) Non-current financial assets

NON-CURRENT FINANCIAL ASSETS	31/12/2014	31/12/2013	CHANGE
Non-current financial assets	594,500	378,000	216,500

These increased as a result of additional interest-free loans of €116,500 for the company Virtus College and a new five-year loan of €100,000 granted to Fondazione Virtus Pallacanestro, which earns annual interest of 2.5%.

Note 19) Trade and other receivables

TRADE AND OTHER RECEIVABLES	31/12/2014	31/12/2013	CHANGE
Trade and other receivables - third parties	19,974,420	20,740,421	(766,001)
Provision for doubtful accounts	(11,573,584)	(11,298,268)	(275,316)
Total	**8,400,836**	**9,442,153**	**(1,041,317)**

Net trade receivables decreased with respect to 31 December 2013. They are shown net of the provision for doubtful accounts, which reflects recovery estimates on problem credits. Movements in the provision for doubtful accounts are shown below:

MOVEMENTS IN PROVISION FOR DOUBTFUL ACCOUNTS	31/12/2013	USES	DEVALUATION / (USES) DEFAULT INTEREST	PROVISIONS	31/12/2014
Bad debt provision	11,298,268	(624,087)	8,012	891,391	11,573,584
Total provision for doubtful accounts	**11,298,268**	**(624,087)**	**8,012**	**891,391**	**11,573,584**

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

Note 20) Related party trade and other receivables

RELATED PARTY TRADE AND OTHER RECEIVABLES	31/12/2014	31/12/2013	CHANGE
Parent	-3,444	10,731	(14,175)
Total parent	**-3,444**	**10,731**	**(14,175)**
Igd management srl	123,982	114,579	9,403
Porta Medicea srl	77,649	78,640	(991)
Igd Property siinq	1,919	216,222	(214,303)
Millennium gallery srl	48,000	48,079	(79)
Consorzio Cone'	0	267	(267)
Rgd Ferrara 2013 srl	397,119	147,778	249,341
Winmagazine sa	8,788	0	8,788
Consorzio la Torre Palermo	3,825	0	3,825
Vignale Comunicazioni srl	82,150	138,129	(55,979)
Unicoop Tirreno scarl	254,059	3,828	250,231
Librerie Coop spa	27,228	34,492	(7,264)
Coop sicilia	427	0	427
Robintur spa	147	587	(440)
Adriatica luce e gas	25,695	0	25,695
Viaggia con noi Srl	66	97	(32)
Other related parties	**1,051,055**	**782,698**	**268,357**
Total related parties	**1,047,611**	**793,429**	**254,182**

See Note 38 for comments.

Note 21) Other current assets

OTHER CURRENT ASSETS	31/12/2014	31/12/2013	CHANGE
Tax credits			
VAT credits	1,019,781	698,087	321,694
IRES credits	341,686	368,252	(26,566)
IRAP credits	27,447	18,298	9,149
Due from others			
Accrued income and prepayments	297,153	309,157	(12,004)
Defferred costs	185,218	38,000	147,218
Other	83,463	89,062	(5,599)
Total other current assets	**1,954,748**	**1,520,856**	**433,892**

Other current assets increased with respect to the previous year, due mainly to the higher VAT credit accrued at 31 December 2014 and the greater costs incurred for new projects scheduled to be completed in coming years.

Note 22) Related party other current assets

RELATED PARTY OTHER CURRENT ASSETS	31/12/2014	31/12/2013	CHANGE
Receivables from tax consolidation	**631,328**	**59,160**	**572,168**
In detail:			
Millennium gallery Srl	112,638	7,440	105,198
Porta Medicea Srl	469,243	47,325	421,918
Igd property siinq Spa	49,447	4,395	45,052

This item consists of the amount due from Millennium Gallery S.r.l., Porta Medicea S.r.l. and IGD Property SIINQ S.p.A. as a result of transferring the subsidiaries' 2014 taxable income and IRES credits to the tax consolidation. The net increase reflects the higher taxable income earned by the participating subsidiaries.

Note 23) Financial receivables and other current financial assets

CURRENT FINANCIAL ASSETS	31/12/2014	31/12/2013	CHANGE
Associates	151,373	151,056	317
Other related parties	88,946,168	24,564,995	64,381,173
Total related parties	**89,097,541**	**24,716,051**	**64,381,490**

The amount due from associates refers to the €150,000 loan granted last year to RGD Ferrara 2013 S.r.l., plus interest calculated at the 3-month Euribor plus 350 basis points.
The amount due from other related parties concerns loans granted to the subsidiaries Millennium Gallery S.r.l. and IGD Management S.r.l. by way of a pooled account, charging interest at going market rates. In 2014 IGD granted a new credit line to the subsidiary IGD Management S.r.l., entailing the disbursement in various installments of €64,750,000. Interest is charged at the 3-month Euribor plus 250 basis points.

Note 24) Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2014	31/12/2013	CHANGE
Cash and cash equivalents at banks, financial institutions and post offices	2,085,662	4,082,021	(1,996,359)
Cash on hand	38,891	40,501	(1,610)
Total cash and cash equivalents	**2,124,553**	**4,122,522**	**(1,997,969)**

Cash and cash equivalents at 31 December 2014 consisted mainly of current account balances at banks.

Note 25) Net equity

NET EQUITY	31/12/2014	31/12/2013	CHANGE
Share capital	549,760,279	325,051,647	224,708,632
Share premium reserve	147,730,288	147,730,288	0
Total other reserves	**241,359,144**	**257,268,899**	**(15,909,755)**
Legal reserve	12,348,038	11,458,793	889,245
Euro conversion reserve	23,113	23,113	0
Merger surplus reserve	13,735,610	13,735,610	0
Treasury shares reserve	(10,178,232)	(11,275,891)	1,097,659
Cash flow hedge reserve	(25,035,203)	(15,793,332)	(9,241,871)
Bond issue reserve	29,806,440	29,806,440	0
Share capital increase costs reserve	(5,483,723)	(987,598)	(4,496,125)
Recalculation of defined benefit plans reserve	(153,494)	29,190	(182,684)
Fair value reserve	226,296,595	230,272,574	(3,975,979)
Total profits	**8,153,415**	**24,005,330**	**(15,851,915)**
New net profit (loss)	4,472,026	10,196,417	(5,724,391)
Net profit (loss) for the period	3,681,389	13,808,913	(10,127,524)
Net equity	**947,003,126**	**754,056,164**	**192,946,962**

Movements in net equity are detailed in section 5.4.
The overall increase in share capital of €224,708,632 results from three separate operations:
- the sale, on 28 February 2014, of all 10,976,592 treasury shares to the investment fund Quantum Strategic Partners Ltd. for €12,074,251;
- a capital increase of €14,053,980 pursuant to Art. 2441(4)(2) of the Italian Civil Code, as approved by the extraordinary general meeting of 15 April 2014;
- a capital increase of €199,678,060 pursuant to Art. 2441(1) of the Italian Civil Code, as approved by the extraordinary general meeting of 8 August 2014.

Most of the movements in reserves were a result of:
- the allocation to the reserve for treasury shares of the difference between the proceeds of the sale and the shares' par value (€1,097,659), following the sale of treasury shares mentioned above;
- the increase in derivatives accounted for using the cash flow hedge method (€9,241,871);
- an increase in the legal reserve by €889,245, pursuant to the AGM resolution of 15 April 2014;
- a decrease for transaction costs relating to the capital increase, net of tax effects, in the amount of €4,496,125;
- the recognition of actuarial losses from the application of IAS 19 to the provision for employee severance indemnities (€182,684);
- the distribution of the 2013 profit of €22,620,112;
- the profit for the year of €3,681,389.

Pursuant to Civil Code Article 2427, paragraph 7 bis , the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.

ITEM €/000	AMOUNT	ELIGIBILITY FOR USE	AMOUNT AVAILABLE	SUMMARY OF UTILIZATIONS IN THE PAST THREE YEARS for loss coverage	for other reasons
Share capital	**549,760,279**				
Capital reserve:					
Share premium reserve	147,730,288	A, B	147,730,288		
Euro conversion reserve	23,113	A, B	23,113		
Merger surplus reserve	13,735,610	A, B	13,735,610		
Treasury shares reserve	(10,178,232)	---			
Bond issue reserve	29,806,440	A, B	29,806,440		
Total capital reserve	**181,117,219**		**191,295,451**		
Profit reserves:					
Legal reserve	12,348,038	B	12,348,038		
Fair value reserve	226,296,595	B	226,296,595		
Cash Flow Hedge reserve	(25,035,203)	---			
Share capital increase costs reserve	(5,483,723)	---			
Recalculation of defined benefit plans reserve	(153,494)	---			
New net profit (loss)	4,472,026	A, B, C	4,472,026		
Total profit reserve	**212,444,239**		**243,116,659**	**0**	
Total reserves	**393,561,458**		**434,412,110**		
Non-distributable portion			429,940,084		
Remaining amount distributable			**4,472,026**	**0**	

Key: A: for capital increase; B: for loss coverage; C: for distribution to shareholders

The share premium reserve and similar capital reserves can only be distributed once the balance of the legal reserve has reached 20% of the share capital (€109,952,056), as established by Art. 2430 of the Italian Civil Code.

Note 26) Non-current financial liabilities

This item includes the non-current portion of floating-rate loans from banks, bonds, amounts due to other sources of finance, and financial liabilities with related parties, as detailed below:

NON-CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2014	31/12/2013	CHANGE
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	11,370,181	13,208,167	(1,837,986)
09 Interbanca IGD	25/09/2006 - 05/10/2021	82,506,493	94,545,873	(12,039,380)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	8,478,259	9,358,196	(879,937)
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	55,454,334	60,119,874	(4,665,540)
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	8,811,016	9,343,451	(532,435)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	22,887,748	24,120,956	(1,233,208)
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	22,248,709	0	22,248,709
11 MedioCreval Catania IGD		0	13,025,578	(13,025,578)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	12,538,619	40,698,963	(28,160,344)
14 MPS Palermo (Mall)	21/12/2010 - 30/11/2025	27,161,495	28,977,051	(1,815,556)
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	19,878,028	21,381,688	(1,503,660)
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	36,083,105	38,703,402	(2,620,297)
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	12,369,257	13,148,743	(779,486)
18 Cassa risp Firenze ipotecario	20/12/2011 - 19/12/2016	19,957,385	39,935,751	(19,978,366)
20 Intesa ipotecario		0	1,011,046	(1,011,046)
21 Mediocredito Italiano Via Rizzoli (Bo)		0	10,628,464	(10,628,464)
22 Emilbanca		0	5,988,862	(5,988,862)
Total mortgage loans		**339,744,629**	**424,196,065**	**(84,451,436)**
Bond 122,9 ML	07/05/2013 - 07/05/2017	120,961,204	120,199,457	761,747
Bond 22 ML	07/05/2013 - 07/05/2017	21,859,658	21,804,140	55,518
Bond 150 ML	07/05/2014 - 07/01/2019	148,360,325	0	148,360,325
Total payables for bonds		**291,181,187**	**142,003,597**	**149,177,590**
Due to other sources of finance		**4,866,597**	**5,159,851**	**(293,254)**
Sardaleasing for Bologna headquarters	30/04/2009 - 30/04/2027	4,866,597	5,159,851	(293,254)
Non-current financial liabilities		**635,792,413**	**571,359,513**	**64,432,900**
Due to parent				
Coop loan Le Maioliche		200	15,000,200	(15,000,000)
Related party non-current financial liabilities		**200**	**15,000,200**	**(15,000,000)**

After the successful capital increases, the company decided to use part of the new funds to restructure its debt. This led to:

- the prepayment of the mortgage loan with Mediocreval Catania;
- the prepayment of the Mediocredito Italiano loan for the Via Rizzoli building in Bologna;
- the prepayment of the Emilbanca loan;
- the early termination of the credit line with Intesa SanPaolo;
- an extraordinary payment of €28,307,692 against the Mediocredito Faenza loan.

Other changes in mortgage loans consist of the reclassification to current financial liabilities of the principal maturing next year.

The loan listed as "CR Veneto Mondovì" was renegotiated in November. Among other changes, it was extended until 1 November 2024 upon payment of a fee in the amount of 0.95% of the remaining balance at 6 November 2014, which came to €230,137.

As for the bond loans, in April the company announced a private placement of senior unsecured bonds in the amount of €150,000,000. The bonds were issued on 7 May 2014, will mature in January 2019 and pay fixed interest annually of 3.875%.

The average interest rate on adjustable-rate mortgage loans at 31 December 2014 was 1.47%.

The nearly complete repayment of the loan from the parent company Coop Adriatica, concerning the Faenza shopping center, is a further step toward IGD's goal of reducing debt.

Covenants

NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)	INDICATOR IV)
04 **BNL Rimini IGD**		Loan	06/09/06	Straght-line amortization of principale €1.9mn; balloon payment: €10mn	0.71			
MALATESTA - Rimini	IGD SIIQ S.p.A.	BNL Banca Nazionale del Lavoro	06/10/16	IGD SIIQ S.p.A.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity				
05 **BreBanca IGD**		Mortgage	23/11/06	Amortization with increasing capital				
MONDOVICINO (Mall)	IGD SIIQ S.p.A.	Banca Regionale Europea	10/01/23					
06 **Unipol Lungosavio IGD**		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €3.6mn				
LUNGO SAVIO - Cesena	IGD SIIQ S.p.A.	Unipol Merchant	31/12/23					
07 **Carige Nikefin Asti**		Mortgage	31/12/08	Amortization with increasing principal and balloon payment of €9.5mn				
I BRICCHI - Isola D'Asti (Mall)	IGD SIIQ S.p.A.	Banca Carige	31/03/24					
08 **Carisbo Guidonia IGD**		Mortgage	27/03/09	Straght-line amortization of principale €4.1mn; balloon payment: €24mn				
TIBURTINO - Guidonia (Mall + Hyper)	IGD SIIQ S.p.A.	Cassa di Risparmio di Bologna	27/03/24	IGD Group.: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6 through to maturity	1.03			
09 **Interbanca IGD**		Loan	25/09/06	Amortization with increasing capital				
Iper LUGO - Ravenna, Hyper MAESTRALE - Senigallia, Hyper MIRALFIORE - Pesaro, CENTRO D'ABRUZZO - Pescara (Hyper), LE PORTE DI NAPOLI - Afragola (Mall + Hyper) - PORTOGRANDE (mall + hyper), office building PORTOGRANDE, Hyper LEONARDO	IGD SIIQ S.p.A.	GE Capital	05/10/21	BCertified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2, from 31/12/2006 to maturity	1.03			
10 **Mediocredito Faenza IGD**		Loan	05/10/09	Straght-line amortization of principale €0.94mn.				
LE MAIOLICHE - Faenza (Hyper)	IGD SIIQ S.p.A.	Mediocredito banca SPA	30/06/29	IGD SIIQ S.p.A. financial statements: ratio of external debt to equity + intercompany loans must not exceed 2.7	0.74			
14 **MPS Palermo**		Mortgage	21/12/10	Amortization with increasing capital and balloon payment of €6.6 mn				
Palermo (Mall)	IGD SIIQ S.p.A.	Monte dei Paschi di Siena	30/11/25	Consolidated financial statement: i) ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.7; ii) Loan to Value ratio for the individual property must not exceed 70%	1.03	49.92%		
15 **CentroBanca Coné mall**		Loan	22/12/10	Straght-line amortization of principale €2.64mn; balloon payment: €10.56mn				
CONÈ (Mall)	IGD SIIQ S.p.A.	CentroBanca	31/12/25	Consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 2	1.03			

continue

continue

NAME PROPERTY	OWNER	TYPE OF PRODUCT COUNTERPARTY	START DATE END DATE	REPAYMENT COVENANT	INDICATOR I)	INDICATOR II)	INDICATOR III)	INDICATOR IV)
13 **CR Veneto Mondovì**		Mortgage	08/10/09	Straght-line amortization of principale €1.65mn; balloon payment: €8.55mn				
MONDOVICINO (Retail Park)	IGD SIIQ S.p.A.	Cassa di Risparmio del Veneto	01/11/24	Certified consolidated financial statement: ratio of net debt (including derivative assets and liabilities) to equity must not exceed 1.6	1.03			
16 **CentroBanca Conè Hyper**		Loan	30/06/11	Straght-line amortization of principale €0.8mn; balloon payment: €12.4mn				
CONÈ (Hyper)	IGD SIIQ S.p.A.	CentroBanca	30/06/16	Consolidated financial statements: i) net debt (including derivative assets and liabilities) to equity no higher than 2; ii) loan to value ratio no higher than 66.40%	1.03	56.44%		
17 **Carige Palermo IGD**		Mortgage	12/07/11	Amortization with increasing capital				
PALERMO (Hyper)	IGD SIIQ S.p.A.	Banca Carige	30/06/27					
18 **CC Ipotecario - Tiraggi**		Contratto di apertura di credito con garanzia ipotecaria	20/12/11	Riduzione progressiva fido disponibile di 20mln€ ,annuali dall'esercizio 2015 fino a scadenza				
I° GRADO CREMA, I° GRADO LE FONTI DEL CORALLO (HYPER)	IGD SIIQ S.p.A.	Cassa di Risparmio di Firenze	19/12/16	Situazione finanziaria Gruppo IGD: i) il rapporto fra PFN (comprensivo di attività e passività per strumenti derivati) e PN dovrà essere inferiore o uguale a 1,6 fino alla scadenza; ii) rapporto EBITDA/oneri finanziari superiore ad 1,5; iii) rapporto Pfn/mkt Value inferiore o uguale a 0,65.	1,03	1,76	50,53%	50,53%
24 **Notes 3,875% - Due 07/01/2019**	IGD SIIQ SpA	Bond loan	07/05/14	Bullet				
		Payng Agent - Bnp paribas	07/01/19	i) LTV ratio (excluding derivative liabilities) less than 60%; ii) Interest Cover Ratio (poste ricorrenti secondo principio di cassa) > 1,55; iii) ratio of secured debt to Market Value less than 45%; iv) ratio of property free from liens to unsecured debt > 0,90.	48.28%	2.05	32.31%	1.89
25 **Notes 4,335% - Due 07/05/2017**	IGD SIIQ SpA	Bond loan	07/05/13	Bullet				
		Payng Agent - Bnp paribas	07/05/17					

Note 27) Provision for employee severance indemnities

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

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 01/01/13	USEFUL LOSSE/ (PROFIT)	UTILIZATION	PROVISION	FINANCIAL CHARGES IAS 19	BALANCE AT 31/12/2013
Provision for employee severance indemnities	756,511	(29,190)	(31,000)	165,992	23,972	886,285

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	BALANCE AT 01/01/2014	USEFUL LOSSE/ (PROFIT)	UTILIZATION	PROVISION	FINANCIAL CHARGES IAS 19	BALANCE AT 31/12/2014
Provision for employee severance indemnities	886,285	182,683	(58,170)	148,380	29,059	1,188,237

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	2014
Cost of living increase	0.60% 2015
	1.20% 2016
	1.50% 2017 and 2018
	2.0% from 2019 onward
Discount rate	1.86%
Increase in total compensation	Executives 2.5%
	White collar/Middle managers 1.0%
	Blue collar 1.0%
Increase in severance indemnity provision	1.95% 2015
	2.40% 2016
	2.625% 2017 and 2018
	3.0% from 2019 onward

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.

Additional information

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

SENSITIVITY ANALYSIS OF MAIN VARIABLES ON TFR AT 31 DECEMBER 2014

CHANGE IN ASSUMPTION	AMOUNT OF TFR PROVISION €
Inflation +0.25%	1,224,359.95
Inflation -0.25%	1,153,548.96
Discount rate +0.25%	1,144,633.62
Discount rate -0.25%	1,234,283.87
Turnover rate +1%	1,168,486.98
Turnover rate -1%	1,211,123.06

	€
Service cost 2015	212,288.51

	years
Plan duration	20.50

	€
Estimated payouts, year 1	58,223.00
Estimated payouts, year 2	38,793.00
Estimated payouts, year 3	43,876.00
Estimated payouts, year 4	48,883.00
Estimated payouts, year 5	54,103.00

Note 28 - General provisions

GENERAL PROVISIONS	31/12/2013	UTILIZATIONS	ALLOCATIONS	31/12/2014
Provision for taxation	593,564	(80,185)	125,000	638,379
Bonus provision	465,954	(465,954)	442,632	442,632
Other general provisions	346,102	0	84,049	430,151
Provision for Guidonia penalties	84,049	(84,049)	0	0
TOTAL	**1,489,669**	**(630,188)**	**651,681**	**1,511,162**

Provision for taxation

This provision covers probable liabilities stemming from (i) tax audits that IGD SIIQ S.p.A. appealed to the Court of Cassation, leading to the use of €80,185 to settle the remaining third of the taxes and penalties charged, paid on 24 October 2014 (see note 44 Tax litigation for further details); (ii) IMU/ICI (property tax) disputes. Increases consist of an allocation against the potential outcome of the IMU/ICI disputes, arising from assessments served by the Agenzia del Territorio on 22 March 2012, 27 October 2011, 3 November 2011 and 18 April 2013, which mainly concern new classifications and cadastral rent calculations for two shopping centers. IGD SIIQ S.p.A. appealed to the relevant Provincial Tax Commissions, but the appeals were rejected; it then appealed to the Regional Tax Commissions and is awaiting hearing dates.

If it loses these appeals, IGD might have to pay an additional €1,000,000 in property tax (net of penalties and interest not listed in the assessments), so it has provided for approximately 50% of that amount.

Bonus provision

The bonus provision covers the variable compensation that will be paid to employees in 2015 on the basis of the Group's 2014 estimated results. The utilization refers to the payment made in 2014.

Other general provisions

This amount covers liabilities deemed likely to arise from disputes with third parties, including but not limited to contractual liability under contracts with individual tenants and appeals against injunctions.

Provision for Guidonia penalties

This contained the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. The postponement (the shopping center was originally set to open in December 2008), caused by several factors including the natural disaster declared by the city of Guidonia and delays in obtaining fit-for-use certificates, had exposed IGD SIIQ S.p.A. to claims for damages by the tenants to whom mall space had been let. The risk that these disputes would give rise to a liability was later reduced when settlements were reached with most of the tenants. At 31 December 2014 the risk was considered nonexistent, and the entire provision of €84,049 was therefore utilized.

Note 29) Sundry payables and other non-current liabilities

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Other liabilities	5,713	5,713	0
Substitute tax liabilities	230,081	0	230,081
TOTAL	**235,794**	**5,713**	**230,081**

Related party payables are shown below:

SUNDRY PAYABLES AND OTHER NON-CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Parent	**7,900,465**	**6,148,990**	**1,751,475**
Security deposits from Coop Adriatica	7,900,465	6,148,990	1,751,475
Related parties	**1,466,009**	**2,637,406**	**(1,171,397)**
Security deposits Ipercoop Tirreno spa	0	1,151,771	(1,151,771)
Security deposits Unicoop Tirreno	997,375	1,470,635	(473,260)
Security deposits Vignale Comunicazione	15,000	15,000	0
Security deposits Campania Distribuzione Moderna	453,634	0	453,634
TOTAL	**9,366,474**	**8,786,396**	**580,078**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. Security deposits pay interest at the rates provided for by law. The increase in security deposits from Coop Adriatica reflects the purchase of the hypermarkets Città delle Stelle, Lungosavio, and Schio, whose rental contracts are backed by additional deposits from the parent totalling €1,751,475.

The decrease in security deposits from Unicoop Tirreno and Ipercoop Tirreno concerns the payment of interest accrued through 2013, as well as a reimbursement due to the reduced floor space of the hypermarket at Le Porte di Napoli shopping center and Ipercoop Tirreno's subsequent sale of the supermarket business to Campania Distribuzione Moderna on 1 August 2014.

Note 30) Current financial liabilities

CURRENT FINANCIAL LIABILITIES	DURATION	31/12/2014	31/12/2013	CHANGE
Due to banks				
Mps c/c 195923	at sight	5,716,361	5,209,159	507,202
Emilbanca c/c 170056	at sight	1,397,716	0	1,397,716
Banca Pop. Emilia Romagna - ultra short term	24/12/2014 - 13/01/2015	8,500,000	0	8,500,000
Unicredit - ultra short term	23/12/2013 - 21/02/2014	0	10,006,223	(10,006,223)
Banca Regionale Europea	at sight	0	6,287,140	(6,287,140)
Carisbo - ultra short term	15/12/2014 - 15/01/2015	7,003,836	10,006,576	(3,002,740)
Cassa di risparmio del Veneto	23/12/2013 - 24/01/2014	0	20,013,151	(20,013,151)
Bnl - Bologna	15/12/2014 - 15/01/2015	5,000,000	5,000,000	0
Cassa risp. Firenze ultra short term	23/12/2013 - 23/01/2014	0	15,009,863	(15,009,863)
Cassa di risparmio di ferrara ultra short term	23/12/2013 - 23/01/2014	0	5,003,069	(5,003,069)
Banca popolare di Verona ultra short term	23/12/2013 - 24/02/2014	0	12,000,000	(12,000,000)
Cassa di risparmio di cesena current account	at sight	0	5,005,940	(5,005,940)
Loan usd 27,30 ML	23/12/2013 - 24/02/2014	0	19,852,014	(19,852,014)
Loan usd 13,7 ML	27/12/2013 - 26/02/2014	0	9,927,770	(9,927,770)
outright on loan usd 27,30ML	23/12/2013 - 24/02/2014	0	189,465	(189,465)
outright on loan usd 13,7ML	27/12/2013 - 26/02/2014	0	89,618	(89,618)
Total		**27,617,913**	**123,599,988**	**(95,982,075)**
Mortgage loans with banks				
04 BNL Rimini IGD MALATESTA - Rimini	06/09/2006 - 06/10/2016	1,861,357	1,868,629	(7,272)
05 BreBanca IGD MONDOVICINO (Mall)	23/11/2006 - 10/01/2023	926,877	891,755	35,123
06 Unipol Lungosavio IGD	31/12/2008 - 31/12/2023	534,428	503,018	31,410
09 Interbanca IGD	25/09/2006 -05/10/2021	12,304,847	11,912,356	392,491
08 Carisbo Guidonia IGD TIBURTINO	27/03/2009 - 27/03/2024	4,142,020	4,148,648	(6,627)
07 Carige Nikefin Asti I BRICCHI	31/12/2008 - 31/03/2024	1,242,807	1,165,203	77,604
13 CR Veneto Mondovi (Retail Park)	08/10/2009 - 01/11/2024	1,762,566	25,915,165	(24,152,600)
11 MedioCreval Catania IGD		0	1,428,571	(1,428,571)
10 Mediocredito Faenza IGD	05/10/2009 - 30/06/2029	933,333	2,820,513	(1,887,179)
14 MPS Palermo (Mall)	21/12/2010 - 30/11/2025	1,873,902	1,831,358	42,544
17 Carige Palermo IGD (Hypermarket)	12/07/2011 - 30/06/2027	1,503,660	1,471,117	32,543
15 CentroBanca Cone (Mall)	22/12/2010 - 31/12/2025	2,640,000	2,640,000	0
16 CentroBanca Cone (Hypermarket)	30/06/2011 - 30/06/2016	800,000	800,000	0
21 Mediocredito Italiano Via Rizzoli (Bo)		0	3,747,200	(3,747,200)
19 Mps ipotecario		0	16,613,772	(16,613,772)
22 Emilbanca		0	32,655	(32,655)
18 Cassa risp Firenze ipotecario	20/12/2011 - 19/12/2016	20,000,000	0	20,000,000
Total mortgage loans with banks		**50,525,797**	**77,789,958**	**(27,264,161)**
Lease Igd headquarters	30/04/2009 - 30/04/2027	293,254	283,902	9,352
Contingent liability for mall		2,154,192	2,154,192	0
Bond 122,9 ML	07/05/2013 - 07/05/2017	3,473,962	3,473,962	0
Bond 22 ML	07/05/2013 - 07/05/2017	621,865	621,865	0
Bond 150 ML	07/05/2014 - 07/01/2019	3,842,708	0	3,842,708
Due to other sources of finance		**10,385,981**	**6,533,921**	**3,852,060**
TOTAL CURRENT FINANCIAL LIABILITIES WITH THIRD PARTIES		**88,529,691**	**207,923,867**	**(119,394,175)**
Due to subsidiaries				
IGD Management srl c/c improprio		702	0	702
Total due to subsidiaries		**702**	**0**	**702**
Due to parent				
Coop pooled account		0	114,265	(114,265)
Coop loan le Maioliche		187,513	250,374	(62,861)
Total due to parent		**187,513**	**364,639**	**(177,126)**
TOTAL CURRENT FINANCIAL LIABILITIES WITH RELATED PARTIES		**188,215**	**364,639**	**(176,424)**

The substantial reduction in current liabilities to banks marks IGD's progress in its overall strategy of redefining its financial position, which has led to the repayment of most of its short-term debt.
The early repayment of loans mentioned in the note on non-current financial liabilities is largely responsible for the decrease in current liabilities associated with those mortgages, which were also reduced by payments falling due during the year and by the recalculation of the non-current and current portions of the Cassa Risparmio del Veneto Mondovì loan as a result of its extension (see Note 26).

The increase in payables to other sources of finance essentially reflects the interest accrued between 7 May 2014 and 31 December 2014 on the €150,000,000 bond loan, also mentioned in Note 26.

Current financial liabilities with related parties showed a similar reduction, due to the closure of the credit line from the parent company Coop Adriatica and the repayment in November of the loan for Le Maioliche, which reduced interest accrued on that loan for the second half of 2014.

Note 31) Net financial position

The table below presents the net financial position at 31 December 2014 and 31 December 2013. At neither date does it include derivatives held for hedging purposes, which by nature do not constitute monetary assets or liabilities.

NET FINANCIAL POSITION	31/12/2014	31/12/2013
Cash and cash equivalents	(2,124,553)	(4,122,522)
financial receivables and other current financial assets to related parties	(89,097,541)	(24,716,051)
LIQUIDITY	**(91,222,094)**	**(28,838,573)**
Related party current financial liabilities	188,215	364,639
Current financial liabilities	29,772,105	125,754,180
Mortgage loans current portion	50,525,797	77,789,958
Leasing current portion	293,254	283,902
Convertible bond loan current position	7,938,535	4,095,827
CURRENT DEBT	**88,717,906**	**208,288,506**
CURRENT NET DEBT	**(2,504,188)**	**179,449,933**
Non-current financial liabilities	(594,500)	(378,000)
Leasing non-current portion	4,866,597	5,159,851
Non-current financial liabilities	339,744,629	424,196,065
Related party non-current financial liabilities	200	15,000,200
Convertible bond loan	291,181,187	142,003,597
NON-CURRENT NET DEBT	**635,198,113**	**585,981,713**
TOTAL NET DEBT	**632,693,925**	**765,431,646**

Note 32) Trade and other payables

TRADE AND OTHER PAYABLES	31/12/2014	31/12/2013	CHANGE
To suppliers	9,610,168	7,151,318	2,458,850

The increase in trade payables is explained by the construction and contract work carried out during the fourth quarter, in particular for the investment in Chioggia.

Note 33) Related party trade and other payables

RELATED PARTY TRADE AND OTHER PAYABLES	31/12/2014	31/12/2013	CHANGE
Parent	230,673	2,260,678	(2,030,005)
Other related parties:	190,595	216,335	(25,740)
Consorzio Lame	8,075	8,075	0
Consorzio La Torre - PA	71,394	89,210	(17,816)
Consorzio Katanè	6,307	82,104	(75,797)
Igd management srl	10,088	7,785	2,303
Igd property siinq spa	0	1,037	(1,037)
Consorzio I Bricchi	31,543	0	31,543
Consorzio Proprietari Leonardo	10,065	24,560	(14,495)
Consorzio Proprietari Fonti del Corallo	2,226	0	2,226
Consorzio Porta a Mare Mazzini	46,894	0	46,894
Consorzio Proprietari gran rondo'	4,003	3,564	439
Total related parties	**421,268**	**2,477,013**	**(2,055,745)**

The decrease in related party payables is due primarily to the payment of the beneficial interest on the mall at Città delle Stelle shopping center. See Note 38 for comments.

Note 34) Current tax liabilities

CURRENT TAX LIABILITIES	31/12/2014	31/12/2013	CHANGE
IRPEF incl. Regional and municipal surtax	411,225	380,528	30,697
IRAP	72,405	4,825	67,580
Consorzio di bonifica	10,900	0	10,900
For substitute tax on capital gains	77,148	383,469	(306,321)
Total current tax liabilities	**571,678**	**768,822**	**(197,144)**

The decrease in current tax liabilities is essentially due to the reclassification to other non-current liabilities of the substitute tax on capital gains that will be paid from 2016 to 2018. This item also includes IRPEF withheld from employees and the IRAP liability.

Note 35) Other current liabilities

OTHER CURRENT LIABILITIES	31/12/2014	31/12/2013	CHANGE
Social security	194,878	196,641	(1,763)
Insurance	8,000	9,000	(1,000)
Due to employees	368,677	338,246	30,431
Security deposits received	2,060,636	1,768,385	292,251
Unclaimed dividends	794	677	117
Other liabilities	558,568	170,311	388,257
Total other liabilities	**3,191,553**	**2,483,260**	**708,293**

These consist mainly of security deposits received from tenants.

Note 36) Related party other current liabilities

OTHER CURRENT LIABILITIES TO RELATED PARTIES	31/12/2014	31/12/2013	CHANGE
Due to tax consolidation	197,844	286,287	(88,443)
Other payables	14,484	14,484	0
Total other liabilities to related parties	**212,328**	**300,771**	**(88,443)**

The amount due for the tax consolidation concerns the option renewed in June 2014 by IGD SIIQ S.p.A. and subsidiaries. The payable of €197,844 at 31 December 2014 was made up as follows:

- €95,398 due to IGD Management S.r.l. for the transfer to the 2014 tax consolidation of taxable income and IRES credits;
- €29,490 due to IGD Management S.r.l. for taxable income and IRES credits transferred to the tax consolidation for 2008, further to the filing of an amended return in the company's favor;
- €72,956 due to IGD Management S.r.l. for taxable income and IRES credits transferred to the tax consolidation scheme for the years 2008 to 2011, as a result of the refund requested for those years for the deduction of a portion of IRAP from taxable income for IRES purposes.

Note 37) Dividends

During the year, as determined by the Annual General Meeting held to approve the 2013 financial statements on 15 April 2014, IGD paid a dividend of €0.065 for each of the 348,001,715 shares outstanding, for a total of €22,620,112.

Note 38) Related party disclosures

Below is the information required by paragraph 18 of IAS 24.

RELATED PARTY DISCLOSURES	RECEIVABLES AND OTHER CURRENT ASSETS	FINANCIAL RECEIVABLES	CURRENT PAYABLES AND OTHER LIABILITIES	NON-CURRENT PAYABLES AND OTHER LIABILITITES	FINANCIAL PAYABLES	NON-CURRENT RECEIVABLES AND OTHER ASSETS	FIXED ASSETS - INCREASES	FIXED ASSETS - DECREASES
Coop Adriatica scarl	(3,444)	0	230,673	7,900,465	187,713	3	76,655,000	10,000
Robintur spa	147	0	0	0	0	0		
Viaggia con noi srl	66	0	0	0	0	0		
Librerie.Coop spa	27,228	0	0	0	0	0		
Adriatica Luce e Gas	25,695	0	0	0	0	0		
Campania Distribuzione Moderna	0	0	0	453,634	0	0		
Unicoop Tirreno Scarl	254,059	0	14,484	997,375	0	0	16,025,000	
Ipercoop Tirreno Spa	0	0	0	0	0	0	722,147	
Vignale Comunicazioni Srl	82,150	0	0	15,000	0	0		
Consorzio prop. Fonti del Corallo	0	0	2,226	0	0	0	130,997	
Consorzio Cone'	0	0	0	0	0	0	16,550	
Consorzio Crema	0	0	4,003	0	0	0		
Consorzio I Bricchi	0	0	31,543	0	0	0		
Consorzio Katané	0	0	6,307	0	0	0	9,362	
Consorzio Lame	0	0	8,075	0	0	0		
Consorzio Leonardo	0	0	10,065	0	0	0	18,000	2,756
Consorzio La Torre	3,825	0	71,394	0	0	0		
Consorzio Porta a Mare	0	0	46,894	0	0	0		
Consorzio Sarca	0	0	0	0	0	0		
Iniziative Bo Nord	0	0	0	0	0	0		
Coop Sicilia	427	0	0	0	0	0		
Rgd ferrara 2013	397,119	151,373	0	0	0	0		
Virtus college	0	494,500	0	0	0	0		
IGD Management srl	123,982	80,522,122	207,932	0	702	0		
IGD Property SIINQ spa	51,366	9,776	0	0	0	0		
Millennium Gallery srl	160,638	8,414,270	0	0	0	0		
Porta Medicea srl	546,892	0	0	0	0	0	10,325,952	
Win Magazin S.A.	8,788	0	0	0	0	0		
Total	**1,678,939**	**89,592,041**	**633,596**	**9,366,474**	**188,415**	**3**	**103,903,008**	**12,756**
Amount reported	**12,034,523**	**89,692,041**	**13,435,317**	**9,602,268**	**724,510,519**	**23,402**		
Total increase/ (decrease) for the period							**132,005,200**	**46,916,019**
% of total	**13.95%**	**99.89%**	**4.72%**	**97.54%**	**0.03%**	**0.01%**	**78.71%**	**0.03%**

RELATED PARTY DISCLOSURES	REVENUES - OTHER INCOME	FINANCIAL INCOME	COSTS	FINANCIAL CHARGES
Coop Adriatica scarl	15,825,882	0	1,847,087	520,510
Robintur spa	50,739	0	0	0
Viaggia con noi srl	13,090	0	0	0
Librerie.Coop spa	330,981	0	1,008	0
Adriatica Luce e Gas	17,111	0	0	0
Campania Distribuzione Moderna	375,000	0	0	3,634
Unicoop Tirreno Scarl	3,430,565	0	33,000	9,875
Ipercoop Tirreno Spa	1,416,238	0	0	1,767
Vignale Comunicazioni Srl	300,403	0	0	0
Consorzio prop. Fonti del Corallo	0	0	0	0
Consorzio Cone'	0	0	162,262	0
Consorzio Crema	0	0	0	0
Consorzio I Bricchi	0	0	520,057	0
Consorzio Katané	0	0	0	0
Consorzio Lame	0	0	0	0
Consorzio Leonardo	0	0	0	0
Consorzio La Torre	0	0	280,501	0
Consorzio Porta a Mare	0	0	155,034	0
Consorzio Sarca	0	0	0	0
Iniziative Bo Nord	0	0	0	0
Coop Sicilia	4,984,705	0	0	0
Rgd ferrara 2013	533,619	5,683	0	0
Virtus college	0	0	0	0
IGD Management srl	121,000	1,514,832	2,400	789
IGD Property SIINQ spa	1,014,000	274	0	0
Millennium Gallery srl	3,325,260	240,183	0	0
Porta Medicea srl	260,980	0	0	0
Win Magazin S.A.	6,000	0	0	0
Total	**32,005,570**	**1,760,972**	**3,001,349**	**536,574**
Amount reported	**70,253,664**	**1,881,863**	**22,680,838**	**31,327,141**
% of total	**45.56%**	**93.58%**	**13.23%**	**1.71%**

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A., Librerie Coop S.p.A., Viaggia Con Noi S.r.l. and Adriatica Luce e Gas S.r.l.), with various companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), with Coop Sicilia, and with Campania Distribuzione Moderna (owned 50% by Coop Adriatica and Unicoop Tirreno). Related party transactions are conducted at arm's length and are recognized at face value.

Transactions with Coop Adriatica and its subsidiaries

Transactions with the controlling company Coop Adriatica refer to:

- the rental of investment property to Coop Adriatica for use as hypermarkets and supermarkets; rental income in 2014, including for retail premises, amounted to €15.8 million;
- payables and costs for the rental/use of malls owned by Coop Adriatica, amounting to €1.5 million for the year;
- purchase of a real estate portfolio comprised of Città delle Stelle shopping center and the hypermarkets Schio and Lungosavio, for approximately €76.7 million;
- provision of electronic data processing services by Coop Adriatica;
- cost of on-site assistance during expansion and new construction;
- payables in the form of security deposits received on leases;
- current account loans with a balance of zero at 31 December 2014;
- a €15 million loan granted for Le Maioliche shopping center in Faenza, which was repaid early during the course of 2014.

Transactions with Robintur S.p.A. and Viaggia con Noi S.r.l. concern the leasing of store space at malls and the supply of services. For the year ended 31 December 2014, €51K in rent was received from Robintur S.p.A. and €13K from Viaggia con Noi S.r.l.

Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers, and the leasing of the third floor of the building that houses IGD's head office. For the year, IGD received €331K under this arrangement.

Transactions with Adriatica 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. The Company received €17K under this arrangement in 2014.

Transactions with Coop Sicilia

Transactions with Coop Sicilia, owned 50% by Coop Adriatica, concern receivables and income from the leasing of properties used as hypermarkets. In the year ended 31 December 2014 such income amounted to €4.98 million.

Transactions with Unicoop Tirreno and its subsidiaries

Transactions with Unicoop Tirreno and Ipercoop Tirreno consist of:

- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets. For the year, the Group received €4.85 million under these arrangements;
- extraordinary maintenance work, mostly for the reduction of Le Porte di Napoli hypermarket, for €722K;
- purchase of a real estate portfolio comprised of the Cecina and Civita Castellana supermarkets for €16 million.

Transactions with Vignale Comunicazione, a subsidiary of Unicoop Tirreno, concern receivables and income for the rental of premises at shopping centers. In 2013 IGD signed six rental agreements with Vignale Comunicazione, for the malls at Le Porte di Napoli, Casilino, Katanè, Fonti del Corallo, Tiburtino and La Torre, effective from 1 January 2013 to 31 December 2014; in 2012 IGD signed two rental contracts with Vignale Comunicazione for the Mondovì and Asti malls, effective from 1 January 2012 to 31 December 2014. For the year, the rent received under these contracts totalled €0.3 million.

Transactions with other Group companies

Transactions with the direct and indirect subsidiaries IGD Management S.r.l., Millennium Gallery S.r.l., IGD Property SIINQ S.p.A., Porta Medicea S.r.l. and Winmagazin S.A. concern the following: (i) administrative, technical and financial services provided by IGD; (ii) loans granted to IGD Management S.r.l. and Millennium Gallery S.r.l.; (iii) the tax consolidation agreement with IGD Management S.r.l., Millennium Gallery S.r.l., IGD Property SIINQ S.p.A. and Porta Medicea S.r.l.; (iv) the preliminary agreement for the purchase from Porta Medicea of the retail portion ("Officine," "Lips" and "Arsenale") of the Porta a Mare project in Livorno for €48 million, for which advances have been paid in the amount of €8.1 million (€3.3 million this year), and the purchase during the year of the Mazzini retail and services complex for €26.5 million, of which €7.03 paid as the balance due in 2014.
Transactions with Consorzio Bricchi, Consorzio Conè, Consorzio Crema, Consorzio La Torre and Consortium Porta a Mare refer to service charges for vacant units. Transactions with Consorzio Proprietari Fonti del Corallo, Consorzio Katanè, Consorzio Conè and Consorzio Proprietari Leonardo concern extraordinary maintenance work on the buildings.
Transactions with Campania Distribuzione Moderna (owned 50% by Coop Adriatica and Unicoop Tirreno) refer to rental income on the Afragola hypermarket for €375K.
Transactions with Iniziative Immobiliari Bologna Nord, held 15%, refer to an interest-free loan with a balance of €533K at 31 December 2014.

In 2014 an interest-free loan was granted to Virtus College S.r.l. (held 48.75% by IGD) in the amount of €495K. An additional €116K was lent interest-free during the course of the year.
Transactions with RGD Ferrara 2013 S.r.l., formed on 30 September 2013 to manage the Darsena City shopping center in Ferrara (a joint venture between IGD and Beni Stabili), consist of: (i) rental of the Darsena property by IGD (rent for 2014 amounted to €534K) and (ii) an interest-bearing loan in the amount of €150K, with interest charged at the 3-month Euribor plus a spread of 350 basis points.

Note 39) Management of financial risk

Management of financial risk

In the course of business, the Group is exposed to various financial risks: interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group has operational and financial policies aimed at reducing the impact of such risks on performance, in part through the use of interest rate derivatives. The Board of Directors reviews and agrees on policies to manage these risks.

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 Group borrows mainly through short-term facilities and long-term mortgage loans charging adjustable interest, so it risks an increase in financial charges if interest rates go up. The Finance department monitors interest rate risk constantly, in coordination with top management.
To hedge interest rate risk, IGD has entered into interest rate swaps covering 86.53% of its exposure to rate fluctuations on long-term loans, which allow it to collect the adjustable interest rate in exchange for payment of a fixed rate. The Finance department analyzes and measures interest rate and liquidity risk while constantly evaluating the best means of implementation of the risk management model. See Note 44 for quantitative information on derivatives.

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.
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. Cash flow sensitivity, stress testing and VAR estimation are all used with respect to financial risk.
As for long-term loans, each facility finances a specific project, which minimizes the risk of needing to refinance. Some long-term 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.

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 special-

ists and aim to identify any risk factors for the company.
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 credit situation is also constantly monitored by way of the customer payment calendar, which is formalized every quarter but checked on a daily basis to stay abreast of the measures taken/required to collect receivables.

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

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 1.5x or below (the ratio was 1.38x at 31 December 2013 and 0.95x at 31 December 2014);
2. keeping the loan-to-value ratio under 60% (it was 48.28% at the close of the year, down from 57.36% at the end of 2013).

Note 40) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps; These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads. 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	31/12/2014	31/12/2013	CHANGE	LEVEL
Derivative assets	48,922	99,072	(50,150)	2
Derivative liabilities	(36,002,145)	(24,147,237)	(11,854,908)	2
IRS net effect	**(35,953,223)**	**(24,048,165)**	**(11,905,058)**	

CONTRACT DETAILS	CONTRACT MONTE PASCHI FINANCE 4	ALETTI INTERBANCA	BNP INTERBANCA	MPS 10198433 NOW BANCA CRF	MPS 10201705 NOW BANCA CRF	CARISBO 902160165	CARISBO 910270202
Nominal amount	13,230,769	15,920,888	15,920,888	15,920,888	15,920,888	9,358,197	15,920,888
Inception date	06/10/06	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09
Maturity	06/10/16	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly
Bank rate	3-months Euribor	3-months Euribor	3-months Euribor	3-months Euribor	3-months Euribor	6-months Euribor	3-months Euribor
Customer rate	3.84%	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%

CONTRACT DETAILS	MPS 87065 NOW BANCA CRF	ALETTI ASTI	ALETTI GUIDONIA	CARISBO 100540011	CARISBO 1004290251	MPS 92285	MPS GUIDONIA
Nominal amount	15,920,888	7,265,818	15,118,250	9,687,758	9,363,404	7,265,818	15,118,250
Inception date	28/10/09	28/04/10	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10
Maturity	05/10/21	31/03/24	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-months Euribor	3-months Euribor	3-months Euribor	3-months Euribor	6-months Euribor	3-months Euribor	3-months Euribor
Customer rate	3.18%	3.29%	2.30%	3.27%	3.41%	3.25%	2.30%

CONTRACT DETAILS	CARISBO GUIDONIA 1008270304	CARISBO GUIDONIA 1008300079	MPS 2011 ON MORTGAGE MEDIOCREVAL N. 2711	CARISBO 2011 ON MORTGAGE CRVENETO MONDOVI N. 28559790	CARISBO 2011 ON MORTGAGE CONE' MALL N. 29024749	CARISBO 2011 ON MORTGAGE CONE' MALL N. 29024753	ALETTI ON MORTGAGE CONE' MALL 2011	CASSA RISP FIRENZE OPENING CREDIT MORTGAGE
Nominal amount	15,118,250	15,118,250	13,214,285	24,225,000	19,470,000	7,788,000	11,682,000	40,000,000
Inception date	27/08/10	27/08/10	12/07/11	12/07/11	12/09/11	12/09/11	12/09/11	22/12/11
Maturity	27/03/24	27/03/24	31/03/24	01/11/24	31/12/25	31/12/25	31/12/25	30/09/16
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-months Euribor	3-months Euribor	3-months Euribor	6-months Euribor	3-months Euribor	3-months Euribor	3-months Euribor	3-months Euribor
Customer rate	2.30%	2.29%	2.80%	3.25%	2.43%	2.43%	2.43%	2.45%

Note 41) Subsequent events

At the date of approval, no events following the balance sheet date had occurred that would require the company to adjust the figures in the financial statements or report elements not previously disclosed.

Note 42) Commitments

At 31 December 2014 the Company had the following significant commitments:

- preliminary agreement for the purchase from a related party (Porta Medicea) of the retail portion ("Officine", "Lips" and "Arsenale") of the Porta a Mare project in Livorno, for an original amount of €48 million, of which advances have been paid in the amount of €8.1 million;
- contract for civil and structural works and plant for the construction of a retail park in Chioggia, to contain a hypermarket, seven midsize stores and eight points of sale (including two food & beverage outlets), with a remaining amount of €5.62 million.

Note 43) Disputes

Darsena

Due to the dissolution of the joint venture with Beni Stabili S.p.A. SIIQ on 15 December 2010, resulting in the sale of 50% of RGD S.r.l. (now Beni Stabili S.p.A. SIIQ) by Immobiliare Larice (now IGD Management S.r.l.) and the joint purchase of the Darsena City shopping center, IGD SIIQ S.p.A., as part of the litigation strategy agreed with Beni Stabili, has taken the following action:

- In November 2011 IGD filed a complaint per Art. 447 bis of the Code of Civil Procedure with the Court of Ferrara, demanding that Magazzini Darsena S.p.A. settle unpaid rent accrued since 1 January 2011. After a series of postponements, both procedural and as a result of Decree Law 74/2012, the case was suspended at the hearing of 27 November 2013 due to Magazzini Darsena's declaration of bankruptcy.
- In July 2013 IGD also filed a complaint per Art. 447 bis of the Code of Civil Procedure against Darsena FM S.r.l., in subrogation, for the rent due from Magazzini Darsena S.p.A. Because Darsena FM was declared bankrupt, the case was suspended at the hearing of 22 January 2014.

Bankruptcy of Magazzini Darsena S.p.A. and Darsena FM s.r.l.
With decisions dated 26 and 29 July 2013, the Court of Ferrara declared both companies bankrupt.
Further to those rulings, IGD SIIQ S.p.A. and Beni Stabili S.p.A. SIIQ managed to reach a partial settlement with the official receiver, signed on 29 October 2013.
Under the partial settlement, the companies were awarded the building by the receivership of Magazzini Darsena and through a 50-50 joint venture between IGD SIIQ S.p.A. and Beni Stabili S.p.A. they acquired the business (with its commercial permits) from the receivership of Darsena FM for the price of €255K plus taxes, terminated the preliminary contract to purchase the adjacent property ("Building B") and the associated agreements, and obtained Magazzini Darsena's definitive acceptance of the price reduction of €2,500K for the purchase of "Building A" (the amount Beni Stabili S.p.A. SIIQ had already collected through enforcement of the guarantee).
Under the settlement, the companies did not waive their right to the receivables accrued up to the date of bankruptcy and resulting from court decisions against the bankrupt firms, nearly all of which were therefore registered as claims.
In 2012 IGD SIIQ S.p.A. was summoned to court by Magazzini Darsena, Darsena FM and Partxco regarding the management agreement of Darsena City shopping center. IGD SIIQ S.p.A. appeared in court and filed a statement and related pleadings. Because IGD SIIQ S.p.A.'s legal advisors believe that the plaintiff's claims are not supported by sufficient evidence or legal grounds, the Company has recognized no liability in this regard. On 17 July 2013, the Court of Ferrara filed its decision rejecting the plaintiff's demands and ordering Magazzini Darsena, Darsena FM and Partxco to reimburse IGD SIIQ S.p.A.'s legal expenses in the amount of €20,000.00.

Further to that decision, on 8 October 2013 IGD SIIQ S.p.A. was summoned to the Court of Bologna for an appeal filed by Partxco against the ruling to indemnify IGD. At the initial hearing on 4 March 2014, a court date of 18 December 2018 was set for the announcement of conclusions. Because Partxco was then declared bankrupt on 24 June 2014, this proceeding will also be suspended at the next scheduled hearing, subject to resumption by the receiver. IGD SIIQ S.p.A.'s lawyers are confident that the appeal will be rejected and the initial decision confirmed, given the logical arguments on which that decision was based and the documentation submitted as proof of IGD's proper and complete fulfillment of all obligations.

Vibo Valentia

In May 2013, GAM S.p.A. took IGD SIIQ S.p.A. to court in Milan concerning the framework agreement signed by those parties in May 2007, whereby IGD was to purchase a 50% share of a new company owning a shopping center in Vibo Valentia to be built by the prospective seller GAM, subject to a positive due diligence report.

Back in June 2012, as the deadline had elapsed and the due diligence outcome was negative, IGD SIIQ S.p.A. had notified GAM that the framework agreement was no longer valid for a number of reasons, and that in any case it wished to withdraw from the agreement; GAM denied that the due diligence outcome was negative and refused to allow the withdrawal.

The present lawsuit therefore alleged that the framework agreement was terminated for breach of obligation by IGD and asked for compensation of the damages allegedly suffered by GAM. IGD contested that claim and asked the court to rule that the framework agreement had lapsed for a number of reasons (including the negative due diligence and resulting withdrawal), filing a counterclaim against the plaintiff. Given the groundlessness of GAM's claims, as confirmed by its legal advisors, IGD had recognized no liability in this regard. The Court of Milan settled the dispute with decision 628 of December 2014, published on 19 January 2015, which logically and coherently rejects all of GAM's claims against IGD by agreeing with the basis of the negative due diligence report and therefore with IGD's legitimate withdrawal from the (no longer valid) framework agreement, ordering the plaintiff not only to reimburse IGD's legal expenses but also to pay it damages in accordance with Art. 96 of the Code of Civil Procedure (frivolous action). The deadline is currently pending for any challenge to the court's decision.

The sums awarded to IGD are in the process of being recovered.

Note 44) Tax litigation

Following the tax audit concluded on 11 September 2008, IGD received an audit report without significant findings, but with a recommendation to revalue closing inventories for about €645K; this generated an IRES (corporate tax) charge of €213.1K and an IRAP (regional business tax) charge of €27.4K plus penalties of €240.5K, all of which has been paid.
IGD then received an assessment claiming that it had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified inventories, subjecting them to the wrong set of tax rules. The Company's appeal to the Provincial Tax Commission of Ravenna was rejected with a ruling of January 2011.
In September 2011 IGD appealed the lower commission's decision and requested a public hearing with the Regional Tax Commission, asking it to declare the assessment null and void.
In May 2014 the Regional Commission rejected the appeal and on 28 August IGD was ordered to settle the remaining third of the taxes and penalties charged, which it paid on 24 October 2014.
In December 2014 IGD appealed to the Court of Cassation; after that final ruling, it plans to request that the tax be refunded because any error caused a simple carry-over effect from one year to the next.

Note 45) IFRS 7 - Financial Instruments: Disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2014 the Company had no financial instruments in this category.
- Held to maturity investments: the Company has no financial instruments belonging to this category.
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment).
- Available for sale financial assets: the Company has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Classification in the statement of financial position

The Company's financial instruments are included in the statement of financial position as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, derivatives, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The items in the statement of financial position are classified below according to the categories required by IAS 39 at 31 December 2014 and 31 December 2013:

CLASSIFICATION 31/12/2014	CARRYING VALUE										FAIR VALUE
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non-current	
ASSETS											
Sundry receivables and other assets											
- equity investments			387,331,227					**387,331,227**		387,331,227	**387,331,227**
- deposit to purchase shares			0					**0**		0	**0**
- due to others			3					**3**		3	**3**
- security deposit			18,910					**18,910**		18,910	**18,910**
- Beneficial interest			0					**0**		0	**0**
Financial assets											
Trade and other receivables											
- to customers			8,400,836					**8,400,836**	8,400,836		**8,400,836**
Related party trade and other receivables											
- parent			-3,444					**-3,444**	-3,444		**-3,444**
- associates			0					**0**	0		**0**
- related parties			1,051,055					**1,051,055**	1,051,055		**1,051,055**
Other assets											
- suppliers advance payment			0					**0**	0		**0**
- insurances			0					**0**	0		**0**
- accrued income and prepayments			297,153					**297,153**	297,153		**297,153**
- deferred costs			185,218					**185,218**	185,218		**185,218**
- others			83,463					**83,463**	83,463		**83,463**
Financial assets for IRS							**48,922**	**48,922**		**48,922**	**48,922**
Financial receivables and other financial assets											
- other financial assets			0					**0**	0		**0**
- parent			0					**0**	0		**0**
- other related parties			89,692,041					**89,692,041**	89,097,541	594,500	**89,692,041**
Cash and cash equivalents											**0**
- cash and cash equivalents at banks, financial institutions and post offices			2,085,662					**2,085,662**	2,085,662		**2,085,662**
- cash on hand			38,891					**38,891**	38,891		**38,891**
Total financial assets	**-**	**-**	**489,181,015**	**-**	**-**	**-**	**48,922**	**489,229,937**	**101,236,375**	**387,993,562**	**489,229,937**
LIABILITIES											
Financial liabilities											
- financial liabilities for IRS							36,002,145	**36,002,145**		36,002,145	**36,002,145**
- due to banks						27,617,913		**27,617,913**	27,617,913		**27,617,913**
- Leasing						5,159,851		**5,159,851**	293,254	4,866,597	**4,899,816**
- Bond						299,119,722		**299,119,722**	7,938,535	291,181,187	**318,469,149**
- due to other sources of finance						2,154,192		**2,154,192**	2,154,192	0	**2,154,192**
- value investments											**0**
- mortgage loans with banks						390,270,426		**390,270,426**	50,525,797	339,744,629	**380,582,111**
Related party financial liabilities											**0**
- parent						187,713		**187,713**	187,513	200	**187,713**
Sundry payables and other liabilities											**0**
- suspended revenues						0		**0**		0	**0**
- deposit								**0**			**0**
- other liabilities						5,713		**5,713**		5,713	**5,713**
Related party sundry payable and other liabilities											**0**
- parent						7,900,465		**7,900,465**		7,900,465	**7,900,465**
- related parties						1,466,009		**1,466,009**		1,466,009	**1,466,009**
Trade and other payables						**9,610,168**		**9,610,168**	**9,610,168**		**9,610,168**
Related party trade and other payables											**0**
- parent						230,673		**230,673**	230,673		**230,673**
- related parties						190,595		**190,595**	190,595		**190,595**
Other liabilities											**0**
- accrued income and prepayments						0		**0**	0		**0**
- insurances						8,000		**8,000**	8,000		**8,000**
- guarantee deposit						2,060,636		**2,060,636**	2,060,636		**2,060,636**
- dividends payable to shareholders						794		**794**	794		**794**
- payments due within es.						0		**0**	0		**0**
- other liabilities						558,568		**558,568**	558,568		**558,568**
Related party other liabilities						**212,328**		**212,328**	**212,328**		**212,328**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**746,753,767**	**36,002,145**	**782,755,912**	**101,588,967**	**681,166,945**	**792,156,989**

CLASSIFICATION 31/12/2013	CARRYING VALUE										
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	FAIR VALUE
ASSETS											
Sundry receivables and other assets											
- equity investments			387,231,782					**387,231,782**		387,231,782	**387,231,782**
- due from others			3					**3**		3	**3**
- security deposits			22,123					**22,123**		22,123	**22,123**
- beneficial interest			1,908,427					**1,908,427**		1,908,427	**1,908,427**
Financial assets								**-**			**-**
Trade and other receivables								**-**			**-**
- trade receivables			9,442,153					**9,442,153**	9,442,153		**9,442,153**
Related party trade and other receivables								**-**			**-**
- parent			10,731					**10,731**	10,731		**10,731**
- related parties			782,698					**782,698**	782,698		**782,698**
Other assets								**-**	-		**-**
- accrued income and prepayments			309,157					**309,157**	309,157		**309,157**
- other			127,062					**127,062**	127,062		**127,062**
Financial assets for interest rate swaps							99,072	**99,072**		99,072	**99,072**
Financial receivables and other financial assets								**-**	-		**-**
- related parties			25,094,051					**25,094,051**	24,716,051	378,000	**25,094,051**
Cash and cash equivalents								**-**	-		**-**
- cash and cash equivalents at banks, financial institutions and post offices			4,082,021					**4,082,021**	4,082,021		**4,082,021**
- cash on hand			40,501					**40,501**	40,501		**40,501**
Total financial assets	**-**	**-**	**429,050,709**	**-**	**-**	**-**	**99,072**	**429,149,781**	**39,510,374**	**389,639,407**	**429,149,781**
LIABILITIES											
Financial liabilities											
- financial liabilities for interest rate swaps							24,147,237	**24,147,237**		24,147,237	**24,147,237**
- due to banks						123,599,988		**123,599,988**	123,599,988		**123,599,988**
- due to other sources of finance						2,154,192		**2,154,192**	2,154,192		**2,154,192**
- leasing						5,443,753		**5,443,753**	283,902	5,159,851	**4,731,869**
- bond						146,099,424		**146,099,424**	4,095,827	142,003,597	**147,790,937**
- mortgage loans with banks						501,986,023		**501,986,023**	77,789,958	424,196,065	**500,391,570**
Related party financial liabilities											
- parent						15,364,839		**15,364,839**	364,639	15,000,200	**15,364,839**
Sundry payables and other liabilities											
- other liabilities						5,713		**5,713**		5,713	**5,713**
Related party sundry payables and other liabilities											
- parent						6,148,990		**6,148,990**		6,148,990	**6,148,990**
- related parties						2,637,406		**2,637,406**		2,637,406	**2,637,406**
Trade and other payables						**7,151,318**		**7,151,318**	**7,151,318**		**7,151,318**
Related party trade and other payables											
- parent						2,260,678		**2,260,678**	2,260,678		**2,260,678**
- related parties						216,335		**216,335**	216,335		**216,335**
Other liabilities											
- insurance						9,000		**9,000**	9,000		**9,000**
- security deposits received						1,768,385		**1,768,385**	1,768,385		**1,768,385**
- other liabilities						170,988		**170,988**	170,988		**170,988**
Related party other liabilities						**14,484**		**14,484**	**14,484**		**14,484**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**815,031,516**	**24,147,237**	**839,178,753**	**219,879,694**	**619,299,059**	**838,563,929**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.

To calculate the fair value of liabilities measured at amortized cost, the Company has discounted future cash flows to present value using a risk-free (zero coupon) curve estimated at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.

The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 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. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD SIIQ S.p.A. as of the measurement date. At 31 December 2014 a credit spread of 2.25% was applied (3.75% the previous year).

Collateral

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

COLLATERAL GIVEN	CARRYING VALUE	
	31/12/2014	31/12/2013
Security deposits		
- Sundry receivables and other assets	18,913	22,123

The following table shows the impairment of trade receivables:

IMPAIRMENT	IMPAIRMENT OF TRADE RECEIVABLES	
	31/12/2014	31/12/2013
Opening balance	**11,298,268**	**9,342,065**
Transfers		
Allocations		
- for individual writedowns	899,403	2,518,686
Utilizations	**-624,087**	**-482,483**
Impairment reversals		
Other movements	**0**	**-80,000**
Total	**11,573,584**	**11,298,268**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives. For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€9,241,871 in 2014 and to +€11,977,322 in 2013.

INCOME STATEMENT 31/12/2014 NET GAIN (LOSS)	CARRYING VALUE						
	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-8,509,219
Trade and other receivables			- 899,403				
Total	-	-	**- 899,403**	-	-	-	**-8,509,219**

INCOME STATEMENT 31/12/2013 NET GAIN (LOSS)	CARRYING VALUE						
	FINANCIAL ASSETS/ LIABILITIES MEASURED AT FAIR VALUE	HELD FOR TRADING FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	RECEIVABLES AND LOANS	HELD TO MATURITY FINANCIAL ASSETS	AVAILABLE FOR SALE FINANCIAL ASSETS	FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST	HEDGING INSTRUMENTS
Financial assets/liabilities							-10,463,338
Trade and other receivables			- 2,518,686				
Totale	-	-	**- 2,518,686**	-	-	-	**-10,463,338**

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

INTEREST INCOME	31/12/2014	31/12/2013
Interest income on financial assets not measured at fair value		
- Deposits	120,891	72,027
- From affiliates	1,760,972	524,911

INTEREST EXPENSE	31/12/2014	31/12/2013
Interest expense on financial assets not measured at fair value		
- Security deposits	78,733	297,057
- Sundry payables and other liabilities	271,388	365,092
- To parent	457,052	693,284
- Due to subsidiaries	789	198
- Financial liabilities		
- Convertible bond/bond	10,250,643	13,325,625
- Leasing	96,501	100,690
- Mortgage loans	11,157,072	10,922,971
- interest capitalized	-839,872	0
- Short-term borrowings	1,345,616	2,802,360

Credit risk

The maximum credit risk on the Company's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.
The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although in the statement of financial position they are included under "financial assets."
Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

MAXIMUM EXPOSURE TO CREDIT RISK	31/12/2014	31/12/2013
Loans and receivables		
Sundry receivables and other assets	18,913	22,126
Trade ando therr eceivables	8 ,400,836	9,442,153
Related party trade and other receivables	1,047,611	793,429
Other assets	565,834	436,219
Cash and cash equivalents	2,085,662	4,082,021
Financial receivables and other financial assets	89,692,041	25,094,051
Hedging instruments	48,922	99,072
Total	**101,859,819**	**39,969,071**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

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

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

MATURITY ANALYSIS AT 31 DECEMBER 2014 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	4,114,899	3,346,742	20,409,315	27,914,463	77,018,414	102,760,171	199,136,016	434,700,020
Leasing	31,459	63,002	94,634	189,747	383,781	1,210,761	4,067,512	6,040,898
Bonds	5,812,500	0	6,281,415	0	12,093,915	318,618,915	0	342,806,745
Short-term credit lines	27,617,913	0	0	0	0	0	0	27,617,913
Related party payables	702	0	0	0	0	0	0	702
Total	**37,577,473**	**3,409,744**	**26,785,364**	**28,104,210**	**89,496,110**	**422,589,848**	**203,203,528**	**811,166,277**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,062,547	1,073,885	2,453,178	4,305,644	7,624,876	14,855,505	7,517,388	38,893,023
Total	**1,062,547**	**1,073,885**	**2,453,178**	**4,305,644**	**7,624,876**	**14,855,505**	**7,517,388**	**38,893,023**
EXPOSURE AT 31 DECEMBER 2014	**38,640,021**	**4,483,629**	**29,238,543**	**32,409,854**	**97,120,987**	**437,445,352**	**210,720,916**	**850,059,301**

MATURITY ANALYSIS AT 31 DECEMBER 2013 LIABILITIES	ON SIGHT	< 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	> 5 YEARS	TOTAL
NON-DERIVATIVE FINANCIAL INSTRUMENTS								
Mortgage loans	4,054,673	7,547,253	13,039,076	41,395,564	75,276,278	205,011,668	301,494,618	647,819,130
Leasing	31,742	64,006	96,281	193,981	401,885	1,355,415	4,888,087	7,031,398
Bonds	0	0	6,281,415	0	6,281,415	157,462,830	0	170,025,660
Short-term credit lines	123,599,988	0	0	0	0	0	0	123,599,988
Related party payables	114,265	0	0	0	0	0	0	114,265
Total	**127,800,668**	**7,611,260**	**19,416,772**	**41,589,545**	**81,959,578**	**363,829,912**	**306,382,704**	**948,590,441**
DERIVATIVE FINANCIAL INSTRUMENTS								
Interest rate swaps	1,141,263	1,041,924	2,516,254	4,491,745	7,523,509	9,927,593	-852,853	25,789,435
Total	**1,141,263**	**1,041,924**	**2,516,254**	**4,491,745**	**7,523,509**	**9,927,593**	**-852,853**	**25,789,435**
EXPOSURE AT 31 DECEMBER 2013	**128,941,931**	**8,653,183**	**21,933,026**	**46,081,290**	**89,483,087**	**373,757,506**	**305,529,852**	**974,379,875**

Interest rate risk

The basic objective of managing interest rate risk is to immunize net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Company's financial liabilities.
Floating-rate instruments expose the Company to interest rate risks on cash flows, while fixed-rate instruments expose it to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.
The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

INTEREST RATE RISK - EXPOSURE AND SENSITIVITY ANALYSIS	BENCHMARK	INCOME STATEMENT				NET EQUITY			
		SHOCK UP		SHOCK DOWN		SHOCK UP		SHOCK DOWN	
		31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
Interest-bearing ssets a	Euribor	30,838	36,582	-3,084	-3,658				
Ultra-short-term orrowings b	Euribor	-291,141	-1,235,611	29,114	123,561				
Floating rate financial liabilities	Euribor	-4,179,080	-5,456,586	417,908	545,658				
Derivatives	Euribor								
- cash flow		3,285,494	3,544,598	-328,549	-354,460				
- fair value						15,089,899	14,856,582	-1,578,395	-1,554,840
Total		**-1,153,888**	**-3,111,017**	**115,389**	**311,102**	**15,089,899**	**14,856,582**	**-1,578,395**	**-1,554,840**

The assumptions underlying the sensitivity analysis are as follows:

- medium and long-term mortgage loans were analyzed according to exposure at the reporting date;
- ultra-short-term borrowings and deposits were analyzed according to exposure at the end of the year;
- the initial shift in the interest rate curve was assumed to be +100/-10 basis points (unchanged since the previous year);
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date.
- The analysis assumes that all other risk variables remain constant.
- For the sake of comparison, the same measurement was conducted on 2012 and 2011.

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

5.7 Management and coordination

IGD SIIQ S.p.A. is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.

Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

FINANCIAL STATEMENTS: COOP ADRIATICA	2013	2012
BALANCE SHEET (ex art. 2424 C.C.)		
ASSETS		
A) - SUBSCRIBED CAPITAL UNPAID		
B) - NON-CURRENT ASSETS	1,442,000,305	1,335,832,734
C) - CURRENT ASSETS	2,315,513,938	2,065,036,246
D) - ACCRUED INCOME AND PREPAYMENTS	19,651,850	9,782,748
TOTAL ASSETS	**3,777,166,093**	**3,410,651,728**
EQUITY AND LIABILITIES		
A) - NET EQUITY	942,885,241	909,288,781
B) - GENERAL PROVISIONS	23,745,271	17,917,289
C) - PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES	69,498,177	71,041,540
D) - PAYABLES	2,737,127,603	2,407,864,814
E) - ACCRUED LIABILITIES AND DEFERRED INCOME	3,909,801	4,539,303
TOTAL EQUITY AND LIABILITIES	**3,777,166,094**	**3,410,651,727**
MEMORANDUM ACCOUNTS	**366,280,775**	**290,766,877**
INCOME STATEMENT (ex art. 2425 C.C.)		
A) - PRODUCTION VALUE	2,106,220,170	2,123,466,963
B) - PRODUCTION COSTS	-2,105,328,475	-2,119,789,713
C) - FINANCIAL INCOME AND CHARGES	65,079,974	79,590,738
D) - ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-26,520,701	-40,402,083
E) - EXTRAORDINARY INCOME AND CHARGES	9,310,429	159,787
Income taxes	-15,935,685	-16,435,022
PROFIT (LOSS) FOR THE YEAR	**32,825,711**	**26,590,670**

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

The following chart, prepared in accordance with Art. 149 duodecies of Consob's regulations for issuers, shows the fees pertaining to 2014 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

in €/000	SERVICE PROVIDER	RECIPIENT	2014 FEES
Auditing	Pricewaterhousecoopers spa	IGD SIIQ S.p.A.	104,081
Other services	Pricewaterhousecoopers spa	IGD SIIQ S.p.A.	523,280
Total			**627,361**

5.9 Certification of the separate financial statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:
   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with the administrative and accounting procedures for the preparation of the separate financial statements during the year 2014.

2. We also confirm that:

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

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

Bologna, 26 February 2015

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

5.10 Attachments

CERTIFICATION PURSUANT TO ART. 37
CONSOB RESOLUTION 16191/2007

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

*Resolved by the shareholders of Borsa Italiana on 10 September 2009
and approved by Consob with Resolution 17467 of 7 October 2009*

Pursuant to Article 2.6.2 of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., it is hereby declared that Immobiliare Grande Distribuzione SIIQ S.p.A., under the management and control of Coop Adriatica S.c.a.r.l., meets the listing conditions stated in Art. 37 of Consob Resolution 16191/2007 (as amended).

26 February 2015

Gilberto Coffari
Chairman of the Board of Directors

List of equity investments

NAME	REGISTERED OFFICE	SHARE CAPITAL	NET PROFIT (IN EUR) (*)	NET EQUITY (IN EUR) (*)	% HELD	CONTROL	NUMBER OF SHARES /QUOTAS	CARRYING VALUE (IN EUR)
IGD Management s.r.l.	Ravenna Via Villa Glori 4	€75,071,221	-8,055,524	170,149,006	100%	IGD SIIQ S.p.A.	75,071,221	€170,183,477
Millennium Gallery s.r.l	Ravenna Via Villa Glori 4	€100,000	35,814	337,024	100%	IGD SIIQ S.p.A.	100,000	€14,463,025
Porta Medicea s.r.l.	Bologna Via Trattati Comunitari Europei 1957-2007, 13	€60,000,000	-1,698,327	55,953,136	80%	IGD Management srl	48,000,000	€49,600,078
WinMagazin S.A.	Bucharest Romania	113.715,3 Lei	1,217,406	60,072,853	0.10%	IGD SIIQ S.p.A.	114	€185,618
					99.90%	IGD Management srl	113,602	€169,314,548
Winmarkt management s.r.l.	Bucharest Romania	1.001.000 Lei	5,729	468,061	100.00%	Win Magazin S.A.	1,001,000	783.481,1 Lei
IGD Property SIINQ S.p.A.	Ravenna Via Villa Glori 4	€50,000,000	10,170,199	212,114,244	100%	IGD SIIQ S.p.A.	50,000,000	€202,167,074
Consorzio I Bricchi	Isola d'Asti loc. Molini Via Prato Boschiero	€6,000	0	6,000	72.25%	IGD SIIQ S.p.A.	4,335	€4,335
RGD Ferrara 2013 s.r.l.	Roma, via Piemonte 38	€100,000	-90,933	94,267	50.00%	IGD SIIQ S.p.A.	50,000	€50,000
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	€100,000	0	100,000	52%	IGD SIIQ S.p.A.	52,000	€52,000
Consorzio Proprietari Fonti del Corallo	Livorno Via Gino Graziani 6	€10,000	1429	11,429	68%	IGD SIIQ S.p.A.	6,800	€6,800
Virtus College S.r.l.**	Bologna via dell'Arcoveggio n.49/2	€10,000	-6726	3274	48.75%	IGD SIIQ S.p.A.	10,000	€9,924

(*) dati desunti dai bilanci d'esercizio delle società controllate
** dati desunti dal bilancio d'esercizio chiuso al 31.12.2013

5.11 External Auditors' Report

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Immobiliare Grande Distribuzione SIIQ SpA

1 We have audited the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA (hereinafter also the "Company") as of 31 December 2014 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Immobiliare Grande Distribuzione SIIQ SpA are responsible for the preparation of these separate financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 20 March 2014.

3 In our opinion, the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, the result of operations and the cash flows of Immobiliare Grande Distribuzione SIIQ SpA for the period then ended.

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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5 The directors of the Company are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), and m) and paragraph 2, letter b) of article 123-bis of Legislative Decree n° 58/98, presented in the Report on corporate governance and ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l) and m) and paragraph 2, letter b) of article 123-bis of Legislative Decree n° 58/98 presented in the Report on corporate governance and ownership structure are consistent with the separate financial statements of Immobiliare Grande Distribuzione SIIQ SpA as of 31 December 2014.

Bologna, 20 March 2015

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

5.12 Report of the Board of Statutory Auditors

IMMOBILIARE GRANDE DISTRIBUZIONE

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

Registered Office Via Agro Pontino 13, 48100 Ravenna, Italy

REA 88573 Company Register no. 00397420399

Share capital subscribed and paid-in €. 549,760,278.52

Company under the management and control of Coop Adriatica S.c.a.r.l.

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

* * * * *

Dear Shareholders,

The Board of Statutory Auditors, pursuant to Art. 153 of Legislative Decree 58 of 24 February 1998 and Art. 2429 of the Italian Civil Code, requires the Board of Statutory Auditors to report to the shareholders during the general meeting on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct.

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

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

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

During the year the Board of Statutory Auditors received the information necessary to fulfil its duties through meetings with corporate bodies; at meetings of the Board of Directors which the statutory auditors always attended; through the exchange of information with the external auditor PriceWaterhouseCoopers S.p.A., the Internal Audit division and the Financial Reporting Officer; and by attending the meetings of the Control and Risk Committee and the Nominations and Compensation Committee.

Firstly, the Board of Statutory Auditors notes that the separate and consolidated financial statements for the year closed 31 December 2014, were prepared in accordance with the international accounting standards IAS – IFRS (International Accounting Standards and International Financial Reporting Standard) issued by the International Accounting Standards Board – IASB (International Accounting Standards Board), ratified by the European Commission and currently in effect. When necessary, reference was made to the guidelines issued by the IASB (International Accounting Standards Board) or the IFRIC (International Financial Reporting Interpretations Committee), or the documents prepared by the Italian Accounting Profession (*OIC* or *Organismo Italiano di Contabilità*) .

Without prejudice to the above, the information called for in Consob Bulletin n.1025664 of 6 April 2001, as subsequently amended, is provided below.

As was the case in last year's report (201£), we have essentially followed the format and numbering specified in the above mentioned Consob bulletin.

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

The most relevant corporate events in 2014 can be summarized as follows:

- On 26 February 2014 the sale of part of the “Fonti del Corallo” Shopping Center in Livorno to a real estate fund managed by BNP Paris Bas Reim SGR was completed for € 47,000,000. The Company will lease the property based on the management agreement finalized;
- on 27 February 2014 the Board of Directors presented the draft separate and consolidated financial statements, proposing that shareholders approve a dividend of € 0.065 per share, as well as, with a view to strengthening the capital structure, a capital increase against cash pursuant to Art. 2441, paragraph 4.2 of the Italian Civil Code reserved exclusively for

shareholders entitled to receive the 2014 dividend, similar to the transaction that was carried out last year (DRO – Dividend Reinvestment Option);

- on 5 March 2014 the investment fund Quantum Strategic Partners Ltd, managed by Soros Fund Management LLC, purchased a total of 17,400,086 shares, equal to 5% of the capital. The acquisition was made through the sale of IGD's treasury shares and, for the remainder, 6,423,494 of Unicoop Tirreno's shares);
- on 10 April 2014, the BoD approved the issue of €150,000,000 (one hundred fifty million/00) unsecured senior notes maturing January 2019 with a fixed coupon of 3.875% per annum payable in arrears on 7 January of each year. The notes were issued on 7 May 2014 and are listed on the Irish Stock Exchange;
- on 15 April 2014, during the ordinary Annual General Meeting, shareholders approved the FY 2013 financial statements and resolved to pay a dividend equal to € 0.065 per share, and also renewed the Board of Directors' authorization to buy and sell treasury shares up to the maximum permitted by law.

  The extraordinary AGM also approved the capital increase reserved exclusively for dividend recipients (DRO). This transaction ended with 12,167,948 shares subscribed or 77.798% of the shares offered for a total of €14,053,979.94.

  - on 7 July 2014 the Board of Directors resolved to approve the acquisition of a core portfolio from Coop Adriatica s.c.a.r.l. (shopping center and two hypermarkets) and from Unicoop Tirreno s.c. (two supermarkets) for €92,665,000. As the properties purchased were owned by the Company's controlling shareholders and was considered a material transaction, it was first submitted to the Committee for Related Party Transactions for approval. The acquisition was also subject to the successful conclusion of a € 200,000,000 capital increase;
- on 7 August 2014 the shareholders, meeting in extraordinary session, approved the proposed €200,000,000 capital increase to be carried out by 31 March 2015;
  - On 25 September 2014, the Board of Directors determined the final conditions of the share capital increase at an issue rate of 11 new shares for every 10 ordinary shares held, at an issue price €0.504 per share to be recognized entirely as share capital. The capital increase was subject Consob's authorization which was granted on 26

September 2014. On 24 October the offer of 396,186,626 newly issued ordinary shares of IGD was completed and fully subscribed for a total of €199,678,059.50. After this capital increease the Company's share capital amounts to €549,760,278.52, broken down into 756,356,289 ordinary shares without a stated par value;

- On 16 December 2014 the Bank of Italy gave the greenlight pursuant to and in accordance with Art. 15 of Legislative Decree 58/98 for the purchase of 20% of Unipol SAI Investimenti SGR S.p.A.'s share capital. The acquisition was finalized on 28 January 2015 for €4,200,000.

* * * * *

In 2014 the Board of Statutory Auditors received information about the transactions with a major impact on the company's balance sheet, income statement and financial position, carried out either directly or through direct/indirect affiliates by attending Board of Director meetings and meeting with top management, as well as with Internal Audit and with the financial audit companies, typically on a quarterly basis.

The Board of Statutory Auditors, to the extent of its knowledge, has verified that these transactions were not manifestly imprudent or hazardous, or presented a potential conflict of interest, or in violation of shareholder or Board of Director resolutions, or liable to compromise the company's financial soundness.

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

The Board of Statutory Auditors also acknowledges that at 31 December 2014 the Company IGD SIIQ SpA still complied with the subjective, statutory, and objective requirements called for under the special SIIQ or società di investimento immobiliare quotate (REIT or real estate investment trust) regime introduced in Art. 1 of Law n. 296 of 27 December 2006 – the 2008 budget law – as well as Art. 3 of Ministerial Decree n.174 of 7 September 2007.

During the year that just ended (2014), on 15 April 2014 the Company's shareholders approved payment of a dividend of € 0.065 per each of the 348,001,715 shares at the time outstanding, totalling € 22,620,112, an amount which is not less than 85% of the rental income, in accordance with the laws regulating REITs.

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

Based on the Directors' report and the information provided by the Board of Directors, or received from the Chief Executive Officers, or the Company's management, as well as by the statutory auditors of the subsidiaries – and, at any rate, gathered during the Statutory Auditors' supervisory activities - the Board of Statutory Auditors found that no unusual or atypical transactions were carried out with third or related parties (including group companies).

Pursuant to art. 2391 *bis* of the Italian Civil Code and art. 4 of the Consob's Regulations, and in accordance with the provisions introduced by Consob in Resolution n.17221 of 12 March 2010, as subsequently amended by Resolution 17389 of 23 June 2011, the company adopted specific internal regulations, specific procedures and management systems to monitor and supervise transactions concluded with related parties and/or affiliates.

The procedure for transactions with related parties was approved by the Board of Directors on 11 November 2010 and was revised by the Board of Directors on 7 November 2013, taking into account the triennial revision required by the provisions of law.

The information relating to the transactions with related parties and/or affiliates, found adequate, was provided to the Board of Statutory Auditors by the Directors in the Report on Operations; information was also received as a result of the quarterly exchanges of information referred to above.

Ordinary intercompany and related party transactions were conducted under normal market conditions, and are described in the Directors' Report in terms of both type and financial and economic impact.

When considered necessary the Board of Directors passed specific resolutions in relation to intercompany and/or related party transactions which, if deemed opportune, were subject to approval by the Committee for Related Party Transactions. During 2014 the Committee for Related Party Transactions met 9 (nine) times. As part of its controls, the Board of Statutory Auditors valued the above-mentioned transactions based on the amounts and business practices held to be in the company's best interest.

We view the methodology used as reliable and believe it provides timely and complete information.

While reference should be made to the explanatory notes attached to the financial statements and the Corporate Governance Report, the Board of Statutory Auditors found the transactions with related parties concluded during 2014 were in the best interest of the company and has not particular comments to make in this regard.

With regard to transactions entered into by relevant parties and persons closely connected to the latter pursuant to art. 114, paragraph 7, of Legislative Decree 58 of 24 February 1998 and articles 152 *sexies, septies* and *octies* of Consob's Regulations for Issuers (provisions relating to Internal Dealing), the Board of Statutory Auditors verified that the Company has adopted specific regulations for Internal Dealing.

IV. THE EXTERNAL AUDITORS' REPORT

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

The consolidated and separate financial statements were audited by PricewaterhouseCoopers S.p.A. and the report, prepared pursuant to articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010 n. 39, was issued on 20 March 2015 after having been filed with the company. The report provides a positive opinion of the separate and consolidated financial statements, confirming that these documents were prepared in compliance with the law and generally accepted accounting standards, that they correctly and truthfully represent the company's financial position, performance and cash flows for the period. The accounting system was found to be reliable.

The report contains no observations and/or complaints about the quality and accuracy of the information which was found to be in line with the Report on Operations.

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

In 2014 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

VI. COMPLAINTS RECEIVED AND ACTIONS TAKEN

In 2014 and up to this writing, the Board of Statutory Auditors did not receive any reports or complaints from shareholders; nor is it aware that the company received any reports or complaints from shareholders and/or third parties, hence no actions were taken in this regard.

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

PriceWaterhouseCoopers Spa was granted the financial audit assignment relative to the separate and consolidated financial statements effective as of the approval of the 2014 annual report along with the opinion about the accuracy of the Report on Operations pursuant to paragraph 1 letters c, d, f, l, m and paragraph 2 letter b of art. 123 *bis* of Legislative Decree 58/1998 included in the Report on Corporate Governance and Ownership Structure. The Board of Statutory Auditors obtained from PriceWaterhouseCoopers spa the report on independent status prepared pursuant to art. 17 of Legislative Decree 39/2012 and found no situation compromising independence or sources of incompatibility pursuant to art. 10 and 17 of Legislative Decree 39/2010 and the relative implementation measures. The fees matured for these activities over the relative period in 2014 amounted to €104 thousand. PriceWaterHouseCoopers S.p.A. also received: (i) €45 thousand for the fairness opinion issued relative to the capital increase transaction pursuant to Art. 2441, paragraph 4.2 of the Italian Civil Code; (ii) €62 thousand for the report issued regarding the forecasts found in the information circular; (iii) €283 thousand for the report issued regarding the forecasts and the audit of the pro-form figures for the €200 million capital increase; (iv) €133 thousand for the bond loan exchange offer, for a total of €523 thousand.

The Board of Statutory Auditors acknowledges that the directors, in compliance with Art. 149 *duodecies* of the Regulations for Issuers, disclosed the entire amount paid in 2014 to

PriceWaterHouseCoopers S.p.A. and/or other entities belonging to the same Group for both audit and other services which amounted to €627 thousand.

The financial audit of the Romanian subsidiaries (Win Magazin S.A. e Winmarkt Management S.A.) was performed by PriceWaterhouseCoopers Audit Srl which received fees of €33 thousand for completing the assignment.

PriceWaterHouseCoopers S.p.A. also carried out the financial audit activities of the following subsidiaries: (i) IGD Management srl; (ii) Millennium Gallery Srl; (iii) Porta Medicea Srl, (iv) IGD Property SIINQ S.p.A. through the date of the respective AGMs.

A total of €47 thosuand was paid for these services, in addition to €2 thousand for the certification of the VAT declaration filed by Porta Medicea S.r.l..

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

The Board of Statutory Auditors is not aware of any assignments made in 2014 to companies connected to the financial audit company PriceWaterhouseCoopers Spa on a continuous basis.

IX. OPINIONS ISSUED AS PROVIDED FOR BY LAW IN 2014

In 2014 the Board of Statutory Auditors issued opinions when required by law, the bylaws or Consob regulations; the opinions issued and main observations made, include:

- the opinion expressed relative to the approval of the Compensation Report, the remuneration paid Directors holding special offices, as well as the Company's Top Management ;
- the opinion issued relating to the variable compensation paid in 2013 to the Chief Executive Officer;
- the preliminay opinions issued relating to the full subscription and payment of the capital increases;
- the opinion about the renewal of the internal audit assignment granted to Società Unilab S.r.l..

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

Typically the Board of Directors meets in accordance with the financial calendar disclosed to the market in accordance with stock exchange regulations. The Board also meets as needed and when deemed opportune to examine specific topics which could impact the company's operations. In 2014 9 (nine) meetings were held.

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

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

When the Board was renewed On 26 February 2015, the Board of Directors resolved, following the favorable opinion of the Nominations and Compensation Committee and in accordance with Applicative Criterion 1.C.3 of the Corporate Governance Code, to change the regulation relating to "Limits to the maximum number of appointments allowed in other companies" in order to adjust the weight of the assignments held to reflect the positions held in Board committees.

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

The positive results of the review were presented during the Board of Directors meeting held on 26 February 2015.

The Board of Statutory Auditors also met more frequently than required by law. The statutory auditors met 7 (seven) times in 2014. These meetings include those held under Art. 2429 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Art. 2429 of the Italian Civil Code. The Board of Statutory Auditors also attended the meetings of the Board of Directors, the annual general meeting, and at least one member also attended the meetings of the: (i) Control and Risk Committee; (ii) Nominations and Compensation Committee; (iii) Committee for Related Party Transactions (the Chairman attended one meeting). The Statutory Auditors also attended meetings with company management, the external auditors and Internal Audit.

The Board of Statutory Auditors also coordinates and guides the Internal Control Committee and internal audit pursuant to art.19 of Legislative Decree 39/2010.

XI – OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's bylaws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the directors' report. Regarding the directors' activities and actions, we have nothing to report, nor does any other corporate body invested with specific duties of control. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections, information received from department heads, and meetings with the Financial Reporting Officer, Internal Audit, the Internal Control Committee (now the Control and Risk Committee), the Committee for Related Party Transactions, as well as through information exchanged with the external auditors. More in detail, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's bylaws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

We remind that the Chief Operating Officer and the Financial Reporting Officer were entitled to or invited to attend the Board meeting in order to describe and analysis the items on the agenda. Other managers also attended the meetings based on the specific topics included in the agenda.

XII - COMMENTS ON THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors also verified and monitored, to the extent of its responsibility, the adequacy and proper functioning of the company's organizational structure. The Company's organizational structure appears to be adequate and to meet the company's needs.

We have no comments nor anything to report regarding the company's organizational structure.

We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and business processes, having acknowledged the constant improvements sought in connection with the company's growth and business needs, and its ongoing efforts to strengthen and refine procedures.

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

The Statutory Auditors found no problem areas and/or significant development to report on relative the Company's organizational structure. No deficiencies were found, namely situations to report relating to the effective functioning of corporate bodies, divisions, systems and procedures.

XIII. COMMENTS ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM.

The Board of Statutory Auditors evaluated and verified the adequacy of the internal control system including through periodic meetings with (i) the financial reporting officer, (ii) Internal Audit, (iii) the Risk and Control Committee, (iv) the Supervisory Board; v) the head external auditor (vi) Director in charge of the internal control and risk management system, as well as through documentation provided by the company and discussions with top management, and has nothing to report in this regard.

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

The Internal Audit activities were focused primarily on traditional forms of audit involving the updating of internal procedures, including implementation of the Organizational Model pursuant to Legislative Decree 231/01 and the procedures adopted by the financial reporting officer .

Internal Audit reported periodically to the Control and Risk Committee, the Board of Statutory Auditors and the Supervisory Board on its activities, on recommendations made, and on plans for the new year, already submitted to the designated officers. The Head of Internal Audit also coordinates the ERM process, ensuring that reports are provided to the Director in charge of the internal control and risk management system, the Risk and Control Committee and, if necessary, the Board of Directors.

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

Based on the controls performed and the information obtained during periodic meetings with the Control and Risk Committee, Internal Audit, the external auditors, the financial reporting officer, the director in charge of risk and control, and on comments received from the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system adequately meets the company's needs and is reliable, timely, and able to manage information correctly, enabling an accurate and timely analysis of business trends and performance.

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

Based on the evaluations made during its supervisory activities, as well as after having examined the work done by the Control and Risk Committee, at the end of 2014 the Board of Statutory Auditors had nothing of concern to report and found the overall internal control system to be adequate. In the Board of Statutory Auditors opinion the internal control system does not present significant deficiencies, while controls and revisions of the methods used and organizational structures should continue, and it was found to be reliable, effective and efficient.

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

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of the most significant company documentation, examination of the reports provided by the external auditor

PriceWaterhouseCoopers Spa, as well as internal audit.

The administrative-accounting system was found to be adequate and to have met the Company's needs in 2014, in terms of both resources dedicated and the level of professionalism.

The external auditors above tested the accounting and administrative procedures and found these to be reliable. They also noted that the accounting records of operations were correct and that the information and accounting standards used to prepare the parent company and consolidated financial statements were complete, and had no complaints or observations in this regard. PriceWaterhouseCoopers Spa also validated the completeness of the financial information provided, as well as the accounting standards used to prepare the consolidated and separate financial statements, and had no particular comments to make in this regard. The firm also validated the completeness and accuracy of the Directors' Report on Operations.

Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 *bis* of the Italian Civil Code, which are assigned to the external auditors, we found on the basis of information received and inspections made pursuant to Civil Code Articles 2403 *et seq.* that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.

The Chief Executive Officer and Financial Reporting Officer certified the accounting information contained in the separate and consolidated financial statements at 31 December 2014, without reservation and the information found in the Directors' report relating to performance and the operating results, as well as the description of the risks and uncertainties to which the Company is exposed and provided the certification called for in Art. 81-ter of Consob Regulation 11971 of 14 May 1999, as amended.

XV. COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998.

The Board of Statutory Auditors verified the adequacy of the information provided by the company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.

With regard to close functional and operational ties and the presence of key IGD SIIQ SPA at the subsidiaries, the Company guarantees a correct and adequate flow of information supported by suitable documentation and accounting records.

The Company is, therefore, able to fulfil all reporting requirements related to significant events and consolidation provided for under the law.

The Company is fully able to exercise management and coordination of its subsidiaries as specified under the law.

The Board of Statutory Auditors also acknowledges that IGD SIIQ S.p.A. is subject to the management and coordination of shareholder Coop Adriatica s.c.ar.l..

XVI. COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditor PriceWaterhouseCoopers Spa, verified compliance with all current laws and regulations regarding the preparation and drawing up of the separate and consolidated financial statements as well as the accompanying Directors' Report.

The statutory auditors met with the external auditors responsible for both the accounting controls under Art. 2409 *bis* of the Italian Civil Code and the audit of the consolidated and separate financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.

With the auditors attention was paid, in particular, to the application of the accounting standards, to the most effective way to recognize the significant economic and financial items in the financial statements. Nothing that needed to be reported pursuant to art. 155, paragraph 2, of Legislative Decree n. 58 of 24 February1998 emerged during these periodic meetings.

During these meetings the external auditors reported no irregularities, problem areas or omissions in the company's accounts. On these occasions we informed the external auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

XVII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE CORPORATE GOVERNANCE COMMITTEE.

The Company, since its IPO (11 February 2005), has complied with the standards and recommendations included in the Corporate Governance Code published by the Borsa Italiana's Committee for the Corporate Governance of Listed Companies through the adoption of its own Corporate Governance rules, in order to regulate, in accordance with laws and regulations, the composition, responsibilities and role of the corporate bodies in charge of the company's management.

During the meeting held on 18 December 2014, the Board of Directors updated its Corporate Governance Regulations in order to comply with the amendments introduced in the new Corporate Governance Code.

The Board of Directors has appointed the following committees from among its members:

- the Chairman's Committee: comprised of four directors: the chairman, the vice chairman and the chief executive officer, in addition to one non-executive director. In 2014 it held 6 (six) meetings;
- the Nominations and Compensation Committee: this committee was formed in 2012; in order to comply with the Corporate Governance Code, the Board of Directors resolved to combine the Compensation and the Nominations Committees into a single "Nominations and Compensation Committee". The Committee consists of three non-executive independent directors. The Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer are entitled to attend committee meetings and the Chairman of the Board of Statutory Auditors may be invited to attend. The Committee met 5 (five) times in 2014;
- the Control and Risk Committee, which is comprised of non-executive and independent directors. In 2014 the committee held meetings with continuity and in keeping with the Company's needs. It met 6 (six) times during the year.). The Chairman of the Board of Statutory Auditors, or another statutory auditor appointed by him, attends the meetings of the Control and Risk Committee as does the Chairman of the Board of Directors as Director in Charge of the Internal Control and Risk Management System. The Vice Chairman of the Board of Directors and the Chief Executive Officer may also be invited to attend Committee meetings;
- the Committee for Related Party Transactions was formed in order to comply with art. 2391 *bis* of the Italian Civil Code and art. 4 of Consob's Regulations for Related Party Transactions and is comprised of three independent directors. It held 9 (nine) meetings in 2014.

With regard to control figures, please note that in 2007 the company introduced the title of "Lead Independent Director" to act as the reference person and coordinator for all positions and activities involving the independent directors, with a view to fostering their greater autonomy from management.

The Lead Independent Director may also call meetings of the independent directors only to discuss topics related to the company's operations or the functioning of the Board of Directors.

In order to facilitate coordination of the control and risk management activities, the Company deemed it useful and opportune to institute an Internal Control and Audit Committee with the Chairman of the Board of Statutory Auditors acting as coordinator.

The company also instituted a Supervisory Board comprised of three independent directors. In 2013 it met as deemed appropriate based on the company's needs, for a total of four meetings, attended by the chairman of the Board of Statutory Auditors or another designated statutory auditor. The committee works with Internal Audit on monitoring and limiting risk exposure

The Board of Directors also hired, as it has done since 2007, Egon Zehnder International S.p.A., headquartered in Milan, to perform a "board review". The purpose of this review is the yearly assessment of the size, composition and functioning of the Board of Directors and its committees. The results were contained in a report that was presented to and discussed by the Board on 26 February 2015. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its committees.

At the end of the above discussion, and after having verified operations during the year, the Board of Statutory Auditors expressed a positive opinion of the Company's corporate governance

XVIII. CLOSING REMARKS.

Dear Shareholders,

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, Internal Audit, and the external auditor PriceWaterHouseCoopers S.p.A. cooperated with us fully during our supervisory activities.

We have found no omissions, inappropriate conduct, imprudent transactions, or irregularities worthy of mention, thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.

We have no comments to make in this regard.

The Directors' Report also contains information about the compensation policy and the remuneration paid to the Board of Directors, Board of Statutory Auditors, the Chief Operating Officer and the Managers with Strategic Responsibilities, as well as information about the shares held by the latter in the company. Again, we have no comments to make in this regard.

XIX. PROPOSALS SUBMITTED DURING THE SHAREHOLDERS' MEETING:

Dear Shareholders,

Having seen and acknowledged the financial statements for the year ended 31 December 2014, the Board of Statutory Auditors has no objections to the Board of Directors' proposal for allocation of the net profit and the reserves, including in light of the rule (Law 296/07) as amended by Law 164/2014 by which companies with SIIQ status must pay a dividend of at least 70% of the profit from "tax-exempt" income.

More in detail, we refer to the following items of the agenda discussed at the annual general meeting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

I) Separate financial statements at 31.12.2014; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2015; allocation of the profit for the year and the distribution of dividends to shareholders; related and consequent resolutions;

II) Report on compensation in accordance with Art. 123-*ter,* paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;

III) Authorization to buy and sell treasury shares; related and consequent resolutions;

IV) Appointment of the Board of Directors

IV.1 Determination of the number of directors;

IV.2 Determination of the Board of Directors' term of office;

IV.3 Appointment of the Board of Directors;

IV.4 Determination of the Board of Directors' remuneration;

V) Appointment of the Board of Statutory Auditors

V.1 Appointment of three standing and two alternate auditors;

V.2 Appointment of the Chairman of the Board of Statutory Auditors;

V.3 Determination of the Board of Statutory Auditors' remuneration.

* * * * *

Comments of the Board of Statutory Auditors regarding the items included in the Agenda:

First item – Separate financial statements at 31.12.2014; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; presentation of the consolidated financial statements at 31.12.2014; payment of dividends to the shareholders;

♦ we have a favorable opinion of the motion to approve the financial statements at 31 December 2014.

♦ We also have a favorable opinion of the proposal to approve a dividend of €0.0375 for each of the 756,356,289 outstanding share on the ex-div date, for a total of € 28,363,360.84, as well as the proposals relating to the utilization and reclassification of the Company's other reserves.

Second item - Report on compensation in accordance with Art. 123-*ter,* paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;

♦ We found the information provided by the Board of Directors in the report drawn up in accordance with art. 123 *ter*, paragraph 6, of Legislative Decree 58/98, in which the company's remuneration policy relating to the Chief Operating Office, Managers with strategic responsibilities, as well as the procedures adopted to implement this policy are described, to be adequate and complete.

Third item – Authorization to buy and sell treasury shares; related and consequent resolutions.

♦ We found the information provided by the Board of Directors in its report in this regard to be adequate and complete. At the close of the year ending on 31 December 2014, as well as the date on which this proposal is being presented, the Company has no treasury shares. The Board of Statutory Auditors believes that the conditions referred to in the law (Art. 2357 of the Italian Civil Code and Art. 132 of Legislative Decree 58/98) and the corporate by-laws relative to the purchase and disposal of treasury shares when deemed appropriate and opportune have been satisfied.

Fourth item – Appointment of the Board of Directors

- We found the information provided by the Board of Directors in its report in this regard to be adequate and complete.

Fifth item – Appointment of the Board Statutory Auditors

- We found the information provided by the Board of Directors in its report in this regard to be adequate and complete.

* * * * *

Dear Shareholders,

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

Bologna, 23 March 2015

The Board of Statutory Auditors

signed

(Romano Conti)

(Pasquina Corsi)

(Roberto Chiusoli)

Glossary

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

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, on a company stock is the company's 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, and changes in the fair value of properties held. In the case of IGD, which follows International Accounting Standards (IAS), amortization and depreciation are not overly significant as the value of the freehold properties is updated every six months, based on an independent appraisal; properties are recognized at market value in the balance sheet, while the difference in fair value is shown in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings regardless of the company's means of financing, taxes or investment cycle. EBITDA is a proxy for the operating cash flow that the company is capable of generating.

EPRA
European Public Real Estate Association.

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, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
FFO is calculated by adding non-cash items (writedowns, fair value adjustments, depreciation & amortization and other items), as well as gains/(losses) from assets management and property sales, net of current taxes. This is the indicator most commonly used to evaluate a REIT's performance.

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.

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 expressed as a percentage of the property's fair value.

GROSS LEASABLE AREA (GLA)
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 m2, used for the retail sale of food and non-food products.

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. Used to convert floating rate debt into fixed rate debt.

IPD
Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

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

LTV / LOAN TO VALUE
Real estate assets held in the portfolio for the entire year and the entire prior year.

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

MIDSIZE STORE
A property with a sales floor of 250 to 2,500 m2 used for the retail sale of non-food consumer goods.

NET ASSET VALUE (NAV) E 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.

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 m2 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.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by average capital employed in the year.

ROE
Net profit divided by net equity after dividends.

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 companies whose prevalent activity is the rental of properties and the equivalent, provided they meet a series of earnings and balance sheet requirements.

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

SUPERMARKET
A property with a sales floor of 250 to 2,500 m2 used for the retail sale of food and non-food products.

TENANT MIX
Set of store operators and brands found within a mall.

UNDER-RENTED
Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL
The weighted average cost of debt and all other sources of capital, used to calculate the expected return on investments.

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REGISTERED OFFICE
via Agro Pontino, 13
48100 Ravenna
(Italy)

HEADQUARTERS
via Trattati Comunitari
Europei 1957-2007, 13
40127 Bologna
Italy

t. +39 051 509111
f. +39 051 509247
www.gruppoigd.it
info@gruppoigd.it

igd SIIQ
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