HALF-YEAR REPORT TO 30 JUNE 2018

First half of 2018

Board of Directors
Milan, 6 September 2018

DeA Capital S.p.A.

Corporate information

DeA Capital S.p.A. is subject to the management and coordination of De Agostini S.p.A.
Registered office: Via Brera 21, Milan 20121, Italy
Share capital: EUR 306,612,100 (fully paid up), comprising 306,612,100 shares with a nominal value of EUR 1 each (including 52,858,542 treasury shares at 30 June 2018)
Tax code, VAT code and recorded in the Milan Register of Companies under no. 07918170015

Board of Directors (*)

Chairman	Lorenzo Pellicioli
Chief Executive Officer	Paolo Ceretti
Directors	Lino Benassi Marco Boroli Donatella Busso (1/5) Marco Drago Carlo Enrico Ferrari Ardicini Francesca Golfetto (3/5) Severino Salvemini (2/3/5) Daniela Toscani (1/5) Elena Vasco (4/5)

Board of Statutory Auditors (*)

Chairman	Cesare Andrea Grifoni
Permanent Auditors	Annalisa Raffaella Donesana Fabio Facchini
Deputy Auditors	Andrea Augusto Bonafè Michele Maranò Marco Sguazzini Viscontini
Secretary to the Board of Directors	Diana Allegretti
Manager responsible for preparing the Company's accounts	Manolo Santilli
Independent Auditors	PricewaterhouseCoopers S.p.A.

(*) In office until the approval of the Financial Statements for the Year Ending 31 December 2018
(1) Member of the Control and Risks Committee
(2) Member and Chairman of the Control and Risks Committee
(3) Member of the Remuneration and Appointments Committee
(4) Member and Chairman of the Remuneration and Appointments Committee
(5) Independent Director

Contents

Interim Report on Operations

1. Profile of DeA Capital S.p.A.

With assets under management(*) of about EUR 11,200 million and an investment portfolio of approximately EUR 400 million, DeA Capital S.p.A. is one of Italy's largest alternative investment operators.

The Company, which operates in both the Private Equity Investment and Alternative Asset Management businesses, is listed on the FTSE Italia STAR section of the Milan stock exchange and heads the De Agostini Group in the area of financial investments.

In the Private Equity Investment business, DeA Capital S.p.A. has "permanent" capital, and therefore has the advantage – compared with traditional private equity funds, which are normally restricted to a pre-determined duration – of greater flexibility in optimising the timing of entry to and exit from investments. In terms of investment policy, this flexibility allows it to adopt an approach based on value creation, including over the medium to long term.

In the Alternative Asset Management business, DeA Capital S.p.A. – through its subsidiaries DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR – is Italy's leading operator in real estate fund management and private equity funds of funds programmes, respectively. The two asset management companies are active in the promotion, management and value enhancement of investment funds, using approaches based on sector experience and the ability to identify opportunities for achieving the best returns.

The Company's ability to carry out investment initiatives that are structurally very complex, on the one hand, and raise funds through its asset management subsidiaries, on the other, is proof of the effectiveness of its business model, which combines private investment and asset management activities to create value in a unique way in Italy's alternative asset management sector. It does this thanks to:

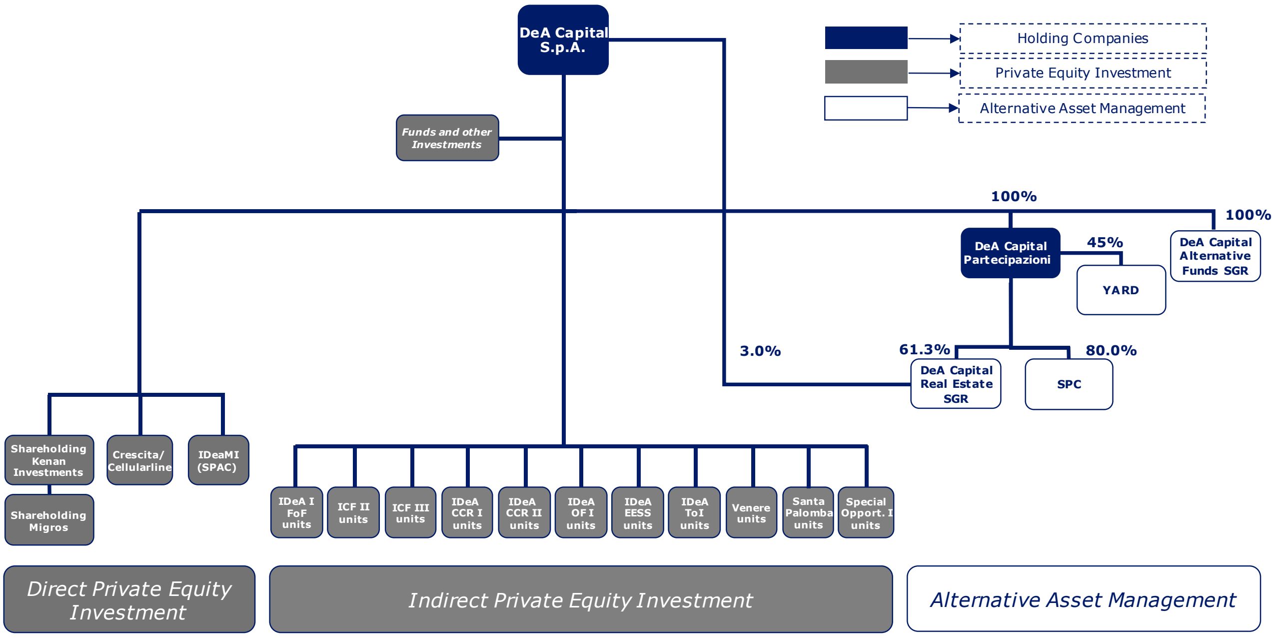
- the quality, built up over time, of the management team, which has almost 200 professionals dedicated to making investments and managing funds in the most attractive alternative investment asset classes (real estate, private equity and NPL)
- its solid financial position, which enables it to support the launch of new initiatives with its own capital, and hence substantially align its interests with those of the investors in the managed funds
- an extensive network of international relationships, which makes the DeA Capital Group the preferred Gate-to-Italy for alternative investment decisions in our country
- its membership of one of Italy's leading business groups, whose structure is built on a long-term approach that best supports the Company's growth path

(*) The term "Assets under management" relates to:
- *the assets of the managed funds of real estate funds*
- *the total commitments of private equity funds*

At 30 June 2018, DeA Capital S.p.A. reported Group consolidated shareholders' equity of EUR 473.4 million, corresponding to a **net asset value (NAV) of EUR 1.87 per share** (compared with EUR 1.80 per share at the end of 2017, adjusted due to both the distribution of an extraordinary dividend of EUR 0.12 per share in May 2018 and to the application of the new IFRS 15 accounting standard, in force from 1 January 2018).

More specifically, the investment portfolio, which totals EUR 387.1 million, consists of Private Equity Investment shareholdings of EUR 62.6 million, Private Equity Investment funds of EUR 180.7 million and net assets relating to the Alternative Asset Management business of EUR 143.8 million.

At 30 June 2018, the corporate structure of the Group headed by DeA Capital S.p.A. (the DeA Capital Group, or the Group) was as summarised below:



- ***PRIVATE EQUITY INVESTMENT***

    - **Main shareholdings**

⇒ a minority shareholding in **Migros**, Turkey's leading food retail chain operator, whose shares are listed on the Istanbul Stock Exchange; the investment is held through the Luxembourg-registered company Kenan Investments S.A. (with a stake of 17.1% in Kenan Investments, equating to a fully diluted stake of about 4.0% in Migros)

⇒ minority shareholding in **Crescita/Cellularline** (3.8% of total shares issued), a combined entity of Crescita SPAC and the Cellular Group, which owns the Cellularline brand and is a leader in smartphone and tablet accessories

⇒ minority shareholding (9.7% of total shares issued) in **IDeaMI** SPAC, which is engaged in researching and selecting medium-sized, unlisted Italian companies with high value-creation potential to carry out a business combination within 24 months of listing (December 2017)

    - **Funds**

⇒ units in eight funds managed by the subsidiary DeA Capital Alternative Funds SGR, i.e. in the three funds of funds **IDeA I Fund of Funds (IDeA I FoF), ICF II** and **ICF III**, the co-investment fund **IDeA Opportunity Fund I (IDeA OF I)**, the theme funds **IDeA Efficienza Energetica e Sviluppo Sostenibile (Energy Efficiency and Sustainable Development – IDeA EESS)** and **IDeA Taste of Italy (IDeA ToI)**, and the credit funds **IDeA Corporate Credit Recovery I** and **II** (**IDeA CCR I** and **II**)

⇒ units in three funds managed by the subsidiary DeA Capital Real Estate SGR, i.e. in the funds **Venere**, **Santa Palomba** and **Special Opportunities I**

⇒ units in six venture capital funds

- ***ALTERNATIVE ASSET MANAGEMENT***

⇒ 100% control of **DeA Capital Alternative Funds SGR**, which manages private equity funds (funds of funds, co-investment funds and theme funds) with about EUR 2.2 billion in assets under management (AUM) and ten managed funds

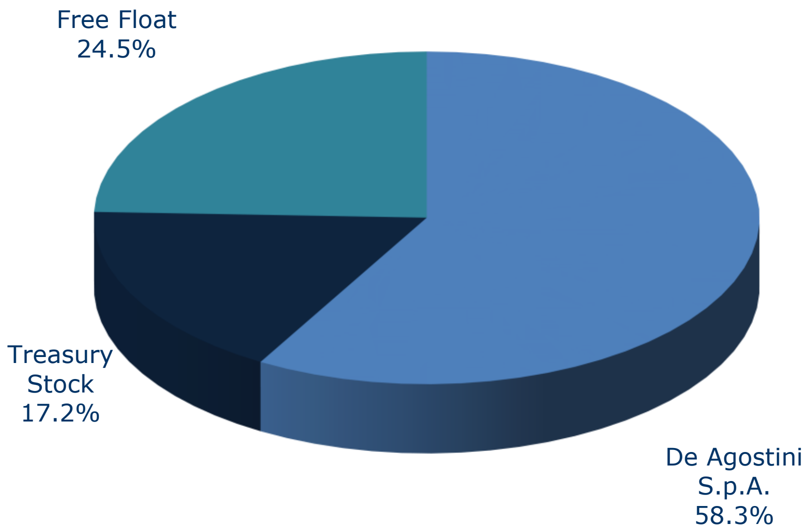
⇒ controlling interest in **DeA Capital Real Estate SGR** (64.3%), Italy's largest independent real estate asset management company, with assets under management of EUR 9.0 billion and 42 managed funds (including three listed funds)

⇒ controlling interest in **SPC** (80.0%), a company that specialises in secured and unsecured debt recovery, with a focus on the banking, leasing, consumer and commercial sectors in Italy

⇒ strategically important stake in **YARD** (45.0%), which operates in project, property and facility management, appraisals and due diligence, as well as in real estate brokerage

2. Information for shareholders

➢ **Shareholder structure – DeA Capital S.p.A. *(#)***

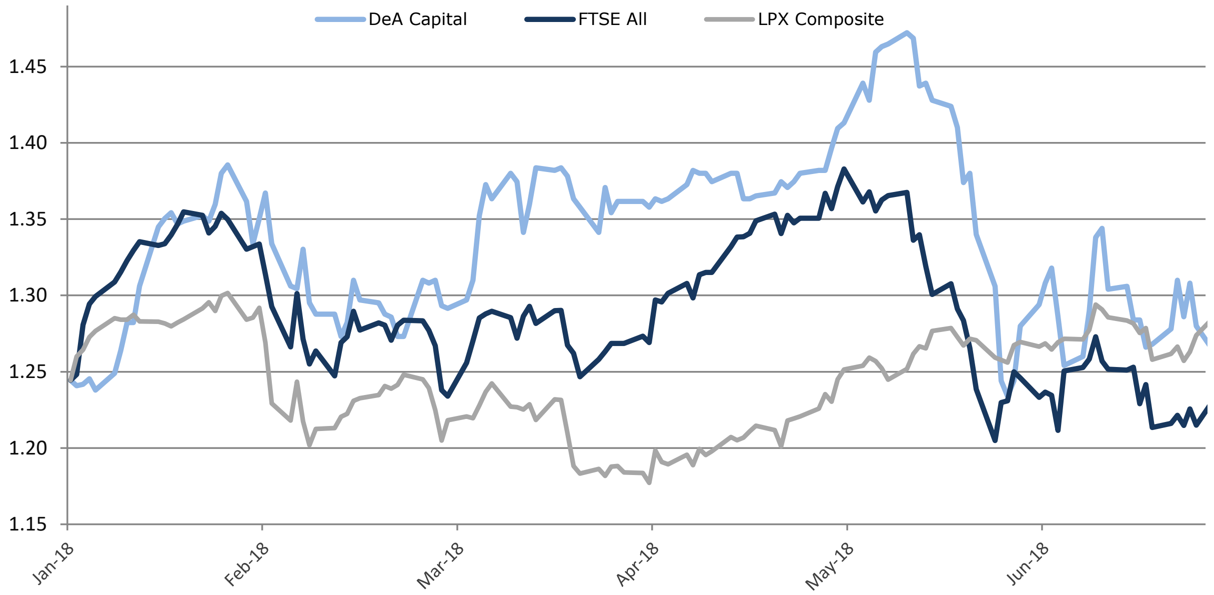


(#) Figures at 30 June 2018

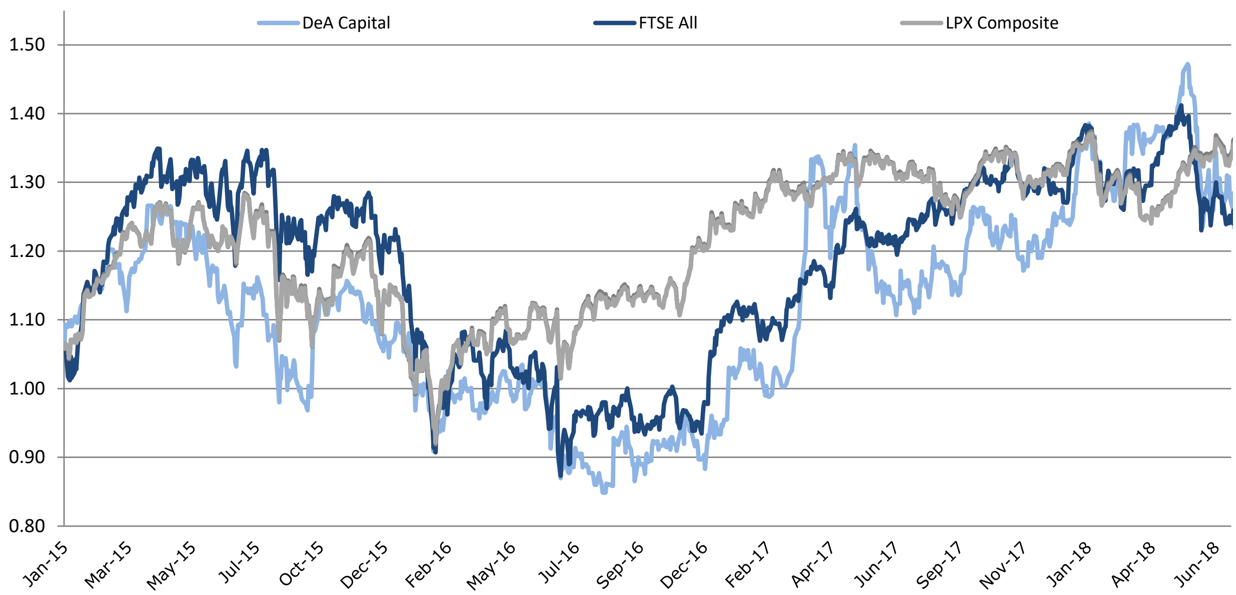
Note: At 6 September 2018, the number of treasury shares remained unchanged from 30 June 2018 (52,858,542)

➢ Share performance (°)

- From 1 January 2018 to 30 June 2018



- From 1 January 2015 to 30 June 2018



(°) Source: Bloomberg

Performance of the DeA Capital share

The DeA Capital share rose by +2.9% in the first half of 2018, while the Italian market index FTSE All-Share® dropped by -1.5% and the LPX Composite® rose by +1.5%. The share's liquidity, as the average daily trading volume of over 433,000 shares demonstrates, was largely unchanged from 2017.

From 1 January 2015 to 30 June 2018, the Company's share price rose by +21.0%. In the same period, the FTSE All-Share® and LPX Composite® gained +18.3% and +25.8% respectively.

The share prices recorded in the first half of 2018 are shown below. The prices and performance have been adjusted by the amount (EUR 0.12 per share) of the extraordinary dividend paid to shareholders in May 2018.

(in EUR)	**1 Jan – 30 Jun 2018**
Maximum price	1.47
Minimum price	1.23
Average price	1.34
Price at 30 June 2018 (EUR per share)	1.28
Market capitalisation at 30 June 2018 *(EUR million)*	**325**

3. The DeA Capital Group's key Statement of Financial Position and Income Statement figures

The DeA Capital Group's key Statement of Financial Position and Income Statement figures at 30June 2018 compared with the corresponding figures at the start of 2018 / end of 2017 and on 30 June 2017.

(EUR million)	30.6.2018	1.1.2018 "adjusted" (*)	31.12.2017 "as reported"
NAV/share (EUR)	**1.87**	**1.80**	**1.91**
Group NAV	**473.4**	**459.4**	**489.4**
Investment portfolio	**387.1**	**397.0**	**396.5**
Net financial position - Holding companies	**86.9**	**61.8**	**92.3**
Consolidated net financial position	**152.2**	**98.4**	**128.9**

(*) The adjusted results at 1 January 2018 reflect the figure at 31 December 2017 updated for (i) the distribution of the extraordinary dividend of € 0.12 per share for a total of € 30.5 million, carried out in May 2018 and (ii) the increase of € 0.5 million in the Investment Portfolio / NAV connected with the application, as from 1 January 2018, of IFRS 15

(EUR million)	**First Half 2018**	**First Half 2017**
Group Net Profit/(Loss)	**17.1**	**6.2**
Comprehensive income (Group share)	**17.0**	**21.9**

The table below shows the change in the Group's NAV during the first half of 2018:

Change in Group NAV	*Total value (EUR m)*	*No. shares (millions)*	*Value per share (EUR)*
Group NAV at 31.12.2017	**489.4**	**255.7**	**1.91**
Changes in shareholders' equity due to application of IFRS 15	0.5	255.7	0.01
Extraordinary dividend distributed	(30.5)		(0.12)
Group NAV at 1.1.2018 "adjusted"	**459.4**		**1.80**
Purchase of treasury shares	(3.2)	(2.2)	(1.44) (*)
Treasury shares delivered under incentive plans	0.0	0.3	1.53 (#)
Comprehensive income - Statement of Performance - IAS 1	17.0		
Other changes in NAV	0.2		
Group NAV at 30 June 2018	**473.4**	**253.8**	**1.87**

(*) Average purchase price 2018
(#) Market price at the date of delivery of the shares

The table below provides details of the Group’s Statement of Financial Position at 30 June 2018:

	30 June 2018		1 January 2018 "adjusted"	
	M€	€/Sh.	M€	€/Sh.
Private Equity Investment				
- Kenan Inv. / Migros	**30.2**	*0.12*	**45.6**	*0.18*
- Funds - Private Equity / Real Estate	**180.7**	*0.71*	**170.9**	*0.67*
- Other (IDeaMI, Crescita,...)	**32.4**	*0.13*	**33.4**	*0.13*
Total PEI (A)	**243.3**	***0.96***	**249.9**	***0.98***
Alternative Asset Management				
- DeA Capital Real Estate SGR	**98.1**	*0.39*	**101.2**	*0.40*
- DeA Capital Alternative Funds SGR	**39.2**	*0.15*	**39.9**	*0.16*
- Other (YARD / SPC)	**6.5**	*0.03*	**6.0**	*0.02*
Total AAM (B)	**143.8**	***0.57***	**147.1**	***0.58***
Investment Portfolio (A+B)	**387.1**	***1.53***	**397.0**	***1.56***
Other net assets (liabilities)	**(0.6)**	*0.00*	**0.6**	*0.00*
Net Financial Position Holdings	**86.9**	*0.34*	**61.8**	*0.24*
NAV	**473.4**	***1.87***	**459.4**	***1.80***

4. Significant events in the first half of 2018

The significant events that occurred in the first half of 2018 are reported below.

➢ Funds – paid calls/distributions

In the first half of 2018, the DeA Capital Group increased its investments in the IDeA I FoF, ICF II, ICF III, IDeA EESS, IDeA ToI and IDeA CCR II funds with payments totalling EUR 4.3 million.

At the same time, the DeA Capital Group received distributions (net of tax withholdings) totalling EUR 27.8 million from the IDeA I FoF, ICF II, IDeA EESS, IDeA ToI, IDeA CCR I and Venere funds.

Thus, in the first half of 2018, the private equity funds in which DeA Capital S.p.A. has invested produced a net positive cash balance totalling EUR 23.5 million for the portion relating to the Group.

➢ Launch of Special Opportunities I fund

In January 2018, DeA Capital Real Estate SGR completed the launch of the Special Opportunities I fund, which has assets of EUR 200 million to be used for the purchase of non-performing secured loans via securitisation vehicles.

DeA Capital has subscribed to a total commitment of EUR 20 million. The remaining part of the commitment, amounting to EUR 180 million, was underwritten by Apollo Global Management, one of the world's leaders in alternative investment.

➢ Share buy-back plan

On 19 April 2018, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Company's Board of Directors to buy and sell, on one or more occasions, and on a revolving basis, a maximum number of treasury shares representing a shareholding of up to 20% of the share capital.

The new plan replaces the previous plan approved by the Shareholders' Meeting on 20 April 2017 (which was scheduled to expire with the approval of the 2017 Annual Financial Statements), and will pursue the same objectives, including purchasing treasury shares to be used for extraordinary transactions and share incentive schemes, offering shareholders a means of monetising their investment, stabilising the share price and regulating trading within the limits of current legislation.

The authorisation specifies that purchases may be made until the date of the Shareholders' Meeting called to approve the Financial Statements for the Year Ending 31 December 2018, and, in any event, not beyond the maximum period of 18 months allowed by law, and that DeA Capital may also sell the shares purchased, including for trading purposes, without time limits. The unit price for the purchase of the shares will be set on a case-by-case basis by the Board of Directors, but must not be more than 20% above or below the share's reference price on the trading day prior to each purchase.

The authorisation to sell treasury shares already held in the Company's portfolio and any shares bought in the future was granted for an unlimited period; sales may be carried out using the methods deemed most appropriate and at a price to be determined on a case-by-case basis by the Board of Directors, which must not, however, be more than 20% below the share's reference price on the trading day prior to the sale (apart from certain exceptions specified in the Plan), although this limit may not apply in certain cases.

On the same date, the Board of Directors of the Company fixed the maximum unit price, above which purchases of treasury shares may not be made, at the NAV per share shown in the most recent, approved Statement of Financial Position, notified to the market. It also defined the maximum number of daily purchases to be 25% of the average daily number of shares traded on the Mercato Telematico Azionario, the Italian screen-based trading system, in the 20 trading days prior to the date of purchase.

At the same meeting, the Company's Board of Directors also voted to adopt market practice regarding the acquisition of treasury shares by setting up a "securities warehouse", as permitted by Consob Resolution 16839 of 19 March 2009.

DeA Capital S.p.A. will advise the market of the date that the share buyback programme is launched in compliance with applicable legislation.

➢ New Performance Share Plan

On 19 April 2018, the DeA Capital S.p.A. Shareholders' Meeting approved the DeA Capital Performance Share Plan 2018-2020, under which a maximum of 1,500,000 units may be granted. On the same date, in implementing the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: *(i)* to launch the Performance Share Plan 2018-2020 approved by the Shareholders' Meeting, vesting the Chairman of the Board of Directors and the Chief Executive Officer with all the necessary powers, to be exercised severally and with full power of delegation; and *(ii)* to grant 1,350,000 units (representing the right to receive ordinary shares in the Company free of charge, under the terms and conditions of the plan) to certain employees and/or directors performing particular roles at the Company, its subsidiaries and the Parent Company De Agostini S.p.A.

The shares granted due to the vesting of units will be drawn from the treasury shares already held by the Company; the grant of such shares will not therefore have a dilutive effect.

➢ Vesting of the Performance Share Plan 2015-2017

In May 2018, 291,937 treasury shares (approx. 0.1% of the share capital) were granted under the DeA Capital S.p.A. Performance Share Plan 2015-2017.

➢ Merger of YARD into IRE

On 7 May 2018, IRE absorbed its wholly owned subsidiary YARD, and at the same time took on its company name. YARD is a full service provider in the real estate sector.

➢ Distribution of the share premium reserve

On 21 May 2018, in accordance with the vote of the Shareholders' Meeting on 19 April 2018, DeA Capital S.p.A. made a partial distribution of the share premium reserve at EUR 0.12 per share, i.e. for an overall amount of around EUR 30.5 million based on the total number of entitled shares.

- **Business combination of Crescita SPAC and the Cellular Group**

On 4 June 2018, the business combination between Crescita SPAC and the Cellular Group, brand owner of Cellularline and Italian leader in the development and sale of accessories for smartphones and tablets, was finalised. Following the transaction, which resulted in converting 35% of special shares held into ordinary shares, DeA Capital holds 3.8% of the combined entity, which has been renamed Cellularline S.p.A.

- **Second closing of IDeA CCR II fund - Crediti sub-fund**

On 27 June 2018, DeA Capital Alternative Funds SGR finalised the second closing of the Crediti sub-fund of the IDeA CCR II fund for a total of EUR 25.3 million. The transaction brought the fund's total commitment to EUR 326.5 million.

- **Dividends from the Alternative Asset Management business**

In the first half of 2018, the Alternative Asset Management business distributed dividends totalling EUR 7.5 million to the DeA Capital Group's holding companies (EUR 5.4 million in 2017), broken down as follows: EUR 4.8 million from DeA Capital Real Estate (pro-rata share of the total EUR 7.4 million), EUR 2.5 million from DeA Capital Alternative Funds (100% of the dividends approved) and EUR 0.2 million from YARD (pro-rata share of the total EUR 0.4 million).

5. Results of the DeA Capital Group

The consolidated results for the period relate to the operations of the DeA Capital Group in the following businesses:

- Private Equity Investment, which includes the reporting units involved in private equity investment activities, broken down into shareholdings (direct investments) and investments in funds (indirect investments)

- Alternative Asset Management, which includes the reporting units dedicated to asset management activities and related services, with a focus on the management of private equity and real estate funds

➢ Private Equity Investment

At 30 June 2018, the DeA Capital Group was a shareholder of:

- Kenan Investments, holder of an investment in Migros (valued at EUR 30.2 million)
- IDeaMI, a special purpose acquisition company (valued at EUR 24.6 million)
- Cellularline, the Italian leader in the development and sale of smartphone and tablet accessories (valued at EUR 7.6 million)
- Harvip, which manages funds and investment vehicles used to purchase distressed assets (valued at EUR 0.2 million)

The DeA Capital Group is also a shareholder in other smaller companies which are not included in the investment portfolio as they are either dormant or in liquidation and have a zero carrying value.

At 30 June 2018, the DeA Capital Group held units in the following funds (net carrying value from the funds' consolidated financial statements shown in brackets):

- IDeA I FoF (valued at EUR 42.3 million)
- ICF II (valued at EUR 37.4 million)
- ICF III (valued at EUR 9.7 million)
- IDeA OF I (valued at EUR 51.9 million)
- IDeA EESS (valued at EUR 15.6 million)
- IDeA ToI (valued at EUR 10.9 million)
- IDeA CCR I (valued at EUR 0.9 million)
- IDeA CCR II (valued at EUR 0.3 million)
- Venere (valued at EUR 2.3 million)
- Santa Palomba (valued at EUR 0.4 million)
- six venture capital funds (with a total value of EUR 9.0 million)

At the same date, the DeA Capital Group also held units in the Special Opportunities I fund, which has still made no investments.

Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this document was prepared.

Shareholdings in other companies

- ***Kenan Investments (holder of an investment in Migros)***

MiGROS

Registered office: Turkey

Sector: Food retail

Website: www.migros.com.tr

Investment details:

In 2008, the DeA Capital Group acquired about 17% of the capital of Kenan Investments, the company heading the structure to acquire a controlling interest in Migros.

In 2017, the interest held by Kenan Investments in Migros fell from 40.25% to 23.2% following the sale of 9.75% of the company under a put option with Turkish conglomerate Anadolu Endustri Holding (which already held 40.25% of the company) and the subsequent sale on the market of 7.3% of the capital via an accelerated bookbuild.

Brief description:

Migros was established in 1954 and is the leading company in the food retail sector in Turkey. The company has 2,011 sales outlets, with a total net area of 1,457 thousand square metres.

Migros is present in all seven regions of Turkey, and has marginal presences in Kazakhstan and Macedonia.

The company operates under the following names: Migros and Macrocenter (supermarkets), 5M (hypermarkets), Ramstore (supermarkets abroad) and Kangurum (online store).

Growth in the retail sector in Turkey is a relatively recent phenomenon, brought about by the transition from traditional systems such as *bakkals* (small stores typically run by families) to an increasingly widespread organised distribution model.

In 2017, Migros completed the acquisition of Tesco-Kipa, a large supermarket chain with a turnover of over TRY 2 billion and 168 sales outlets.

The shareholding in Kenan Investments (indirectly corresponding to approximately 4.0% of Migros' capital, i.e. 23.2% of Migros' capital via the Group's investment in Kenan Investments) is recorded in the Consolidated Financial Statements to 30 June 2018 at EUR 30.2 million (compared with EUR 45.6 million at 31 December 2017).

The change compared with 31 December 2017 (EUR -15.4 million) was due to a decrease in fair value, due to the combined effect of the reduction in the price per share (TRY 20.54 per share at 30 June 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (5.37 EUR/TRY at 30 June 2018, versus 4.55 EUR/TRY at 31 December 2017).

Migros (mln TRY)	First Half 2018	First Half 2017	Change
Revenues	8,463	7,037	20.3%
EBITDA	486	349	39.5%
Net financial debt	(2,718)	(2,283)(*)	-435 mln TRY

(*) As of 31 December 2017

Funds

At 30 June 2018, the Private Equity Investment sector of the DeA Capital Group included investments in funds with a total net value of EUR 180.7 million in the Consolidated Financial Statements to 30 June 2018 (corresponding to the fair value estimate determined on the basis of information available on the date this document was prepared) related to:

- the IDeA OF I fund (fully consolidated in accordance with IFRS 10)
- the Venere real estate fund and the IDeA EESS fund, classified under "Investments in associates", based on the units held
- three funds of funds (IDeA I FoF, ICF II and ICF III), three theme funds (IDeA ToI, IDeA CCR I and IDeA CCR II), six venture capital funds and the Santa Palomba real estate fund

Residual commitments for all the funds in the portfolio were approximately EUR 109.8 million.

- ***IDeA I FoF***

IDeA I Fund of Funds

Registered office: Italy

Sector: Private equity

Website: www.deacapitalaf.com

Investment details:

IDeA I FoF is a closed-end fund under Italian law for qualified investors, which began operating on 30 January 2007 and is managed by DeA Capital Alternative Funds SGR.

The DeA Capital Group has a total commitment of up to EUR 164.6 million in the fund.

Brief description:

IDeA I FoF has invested in units of unlisted closed-end funds that are mainly active in the local private equity sector of various countries. It optimises the risk-return profile through careful diversification of assets among managers with a proven track record of returns and solidity, different investment approaches, geographical areas and maturities.

In March 2018, IDeA I FoF approved a reduction of EUR 35 million in the commitment (from the original EUR 681 million) to EUR 646 million, based on the current liquidity requirements, which had fallen following major distributions of funds in the portfolio. DeA Capital S.p.A.'s commitments therefore decreased from EUR 173.5 million to EUR 164.6 million.

According to the latest report available, the IDeA I FoF portfolio was invested in 41 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in 206 companies active in geographical regions with different growth rates.

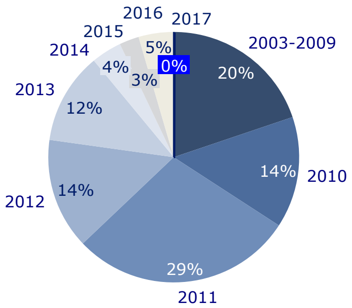
The funds are diversified in the buy-out (control) and expansion (minorities) categories, with overweighting towards medium and small scale transactions and special situations (distressed debt/equity and turnaround).

At 30 June 2018, IDeA I FoF had called up 90.9% of its total commitment and had made reimbursements totalling approximately 95.0% of that commitment.

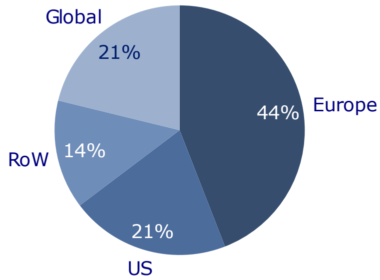
Other important information:

Below is an analysis of the portfolio, at the date of the latest report available, broken down by year of investment, geographical area, sector and type of underlying fund.

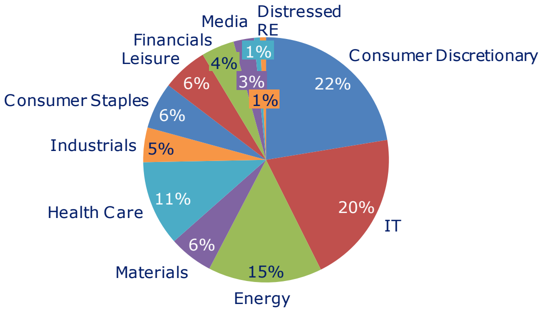
BREAKDOWN BY YEAR OF INVESTMENT[1]



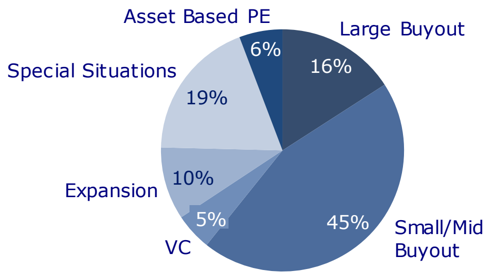
BREAKDOWN BY GEOGRAPHIC AREA[2]



BREAKDOWN BY SECTOR[1]



BREAKDOWN BY STRATEGY [2]



Notes:
1. % of the FMV of the investment
2. % of fund size based on paid-in exposure (capital invested + residual commitments).

The units in IDeA I FoF were valued at EUR 42.3 million in the Consolidated Financial Statements to 30 June 2018 (EUR 49.5 million at 31 December 2017). The change was due to capital calls of EUR +0.2 million, distributions of EUR -9.9 million and an increase in fair value of EUR +2.5 million.

The table below shows the key figures for IDeA I FoF at 30 June 2018.

IDeA I FoF	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
IDeA I Fund of Funds	Italy	2007	646,044,030	164,582,100	25.48
Residual Commitments					
Total residual commitment in:		**Eur**		**14,947,437**	

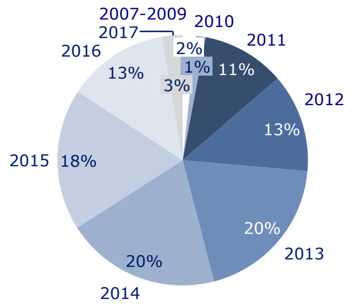
- ***ICF II***

ICF II
Registered office: Italy
Sector: Private equity
Website: www.deacapitalaf.com
Investment details ICF II is a closed-end fund under Italian law for qualified investors, which began operating on 24 February 2009 and is managed by DeA Capital Alternative Funds SGR. The DeA Capital Group has a total commitment of up to EUR 51 million in the fund.
Brief description ICF II, with total assets of EUR 281 million, has invested in units of unlisted closed-end funds that are mainly active in the private equity sector of various countries. It optimises the risk-return profile through careful diversification of assets among managers with a proven track record of returns and solidity, different investment approaches, geographical areas and maturities. The fund started building its portfolio by focusing on funds in the area of mid-market buy-outs, distressed and special situations, loans, turnarounds and funds with a specific sector slant, targeting, in particular, opportunities offered in the secondary market. Based on the latest report available, the ICF II portfolio is invested in 27 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in around 375 companies active in various geographical areas. At 30 June 2018, ICF II had called up around 73.4% of its total commitment and had made distributions totalling 56.5% of that commitment.

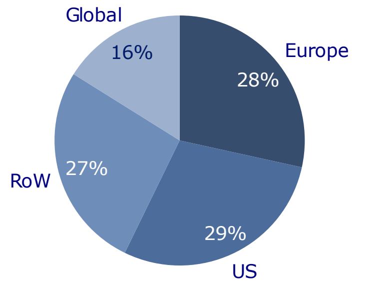
Other important information

Below is an analysis of the portfolio, at the date of the latest report available, broken down by year of investment, geographical area, sector and type of underlying fund.

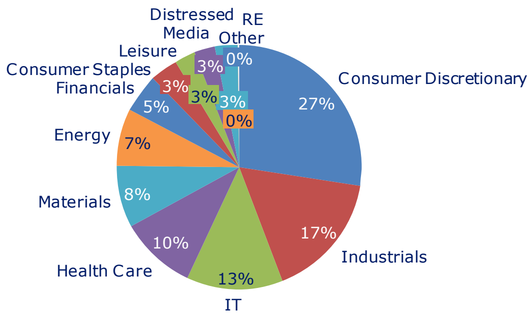
BREAKDOWN BY YEAR OF INVESTMENT[1]



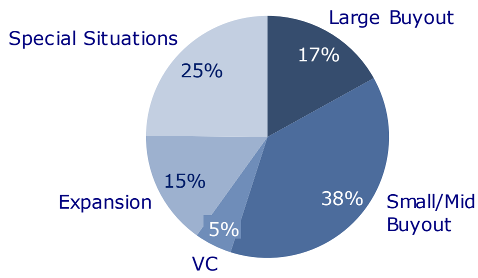
BREAKDOWN BY GEOGRAPHIC AREA[2]



BREAKDOWN BY SECTOR[1]



BREAKDOWN BY STRATEGY [2]



Notes:
1. % of the FMV of the investment
2. % of fund size based on paid-in exposure (capital invested + residual commitments).

The units in ICF II were valued at EUR 37.4 million in the Consolidated Financial Statements to 30 June 2018 (EUR 37.9 million at 31 December 2017). The change was due to capital calls of EUR +0.1 million, capital reimbursements of EUR -3.0 million and an increase in fair value of EUR +2.4 million.

The table below shows the key figures for ICF II at 30 June 2018.

ICF II	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
ICF II	Italy	2009	281,000,000	51,000,000	18.15
Residual Commitments					
Total residual commitment in:		**Eur**		**13,600,442**	

- ***ICF III***

ICF III

Registered office: Italy

Sector: Private equity

Website: www.deacapitalaf.com

Investment details

ICF III is a closed-end fund under Italian law for qualified investors, which began operating on 10 April 2014 and is managed by DeA Capital Alternative Funds SGR.

The DeA Capital Group has a total commitment of up to EUR 12.5 million in the fund.

Brief description

ICF III, with total assets of approximately EUR 67 million, invests its assets in units of closed-end private equity funds or in schemes that replicate that financial model, either as the lead investor or with other co-investors.

The fund is divided into three sub-funds:

- ***Core***, with a focus on buy-outs, expansion capital and special situations
- ***Credit & Distressed***, which invests in special credit operations (preferred equity, mezzanine, senior loans), turnarounds and other credit strategies
- ***Emerging Markets***, which focuses on expansion capital, buy-outs, distressed assets and venture capital operations in emerging markets

At 30 June 2018, ICF III had called up 65.0%, 64.0% and 65.5% in the Core, Credit & Distressed and Emerging Markets sub-funds respectively.

The units in ICF III were valued at EUR 9.7 million in the Consolidated Financial Statements to 30 June 2018 (EUR 7.9 million at 31 December 2017). The increase was due to capital calls of EUR +0.9 million and an increase in fair value of EUR +0.9 million.

The table below shows the key figures for ICF III at 30 June 2018.

ICF III	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
ICF III	Italy	2014	66,950,000	12,500,000	18.67
of which:					
Core Segment			34,600,000	1,000,000	2.89
Credit & Distressed Segment			17,300,000	4,000,000	23.12
Emerging Markets Segment			15,050,000	7,500,000	49.83
Residual Commitments					
Total residual commitment in:		**Eur**		**4,394,042**	

- ***IDeA OF I***

IDeA Opportunity Fund I

Registered office: Italy	
Sector: Private equity	
Website: www.deacapitalaf.com	

Investment details

IDeA OF I is a closed-end fund under Italian law for qualified investors, which began operating on 9 May 2008 and is managed by DeA Capital Alternative Funds SGR.

The DeA Capital Group has a total commitment of up to EUR 101.8 million in the fund.

Brief description

IDeA OF I has total assets of approximately EUR 217 million. Its objective is to invest, independently or via syndicates with a lead investor, by purchasing qualified minority interests.

At 30 June 2018, IDeA OF I had called up 85.8% of the total commitment and distributed 49.4% of that commitment, after making nine investments (of which four were still in the portfolio at that date).

Significant events during the first half of 2018

On 21 March 2018, the sale of the entire stake in **Elemaster** (10.0%) was completed at a price of EUR 8.5 million, in line with the carrying value of the investment.

In May 2018, binding agreements were signed for the sale of the minority shareholding in **Corin** to Permira, a leading global private equity operator (the sale was later finalised in July 2018). The transaction entailed a net payment for the fund of EUR 65.6 million, for a multiple in excess of 4.0 times the investment, and a capital gain of about EUR 51 million (approximately EUR 24 million for the DeA Capital portion, which was already reported in the Income Statement to 30 June 2018 prepared according to the new IFRS 9 accounting standard).

In June 2018, an agreement was reached with **Giochi Preziosi** for the sale of the convertible bond issued by the latter company and the repayment of other receivables, for a total amount of EUR 10.0 million (including EUR 6 million already received at 30 June 2018, and the remainder to be collected between the end of 2018 and 2019), with an impact on the Consolidated Income Statement of EUR 3.1 million (EUR 1.5 million for the DeA Capital portion).

The units held in IDeA OF I were reported in the Consolidated Financial Statements to 30 June 2018 at EUR 51.9 million, an increase on the figure at 31 December 2017 (EUR 25.4 million). This was largely due to the pro-rata net profit of the fund, which in turn was due mainly to the realignment to the sale value of the shareholding held in Corin.

The table below shows a breakdown of the fund’s NAV at 30 June 2018.

(EUR million)	Industry	% share	Investment date	100%	DeA Capital
Portfolio participations					
Iacobucci HF Electronics	Aircraft furnishing and coffee machines	34.9%	September 11, 2012	6.0	2.8
Pegaso Transportation Investments (Talgo)	Rail market	2.5%	October 8, 2012	16.8	7.9
Corin Orthopaedics Holdings Limited	Orthopedic implants	29.3%	October 31, 2012	66.1	31.1
Total portfolio participations				**88.9**	**41.8**
Other receivables				7.7	3.6
Other assets (liabilities)				(0.6)	(0.3)
Cash and cash equivalents				14.4	6.8
Total Net Equity				**110.4**	**51.9**

The table below shows the key figures for IDeA OF I at 30 June 2018.

IDeA OF I	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
IDeA Opportunity Fund I	Italy	2008	216,550,000	101,750,000	46.99
Residual Commitments					
Total residual commitment in:		**Eur**		**14,463,277**	

- ***IDeA EESS***

IDeA Efficienza Energetica e Sviluppo Sostenibile (IDeA Energy Efficiency and Sustainable Development)

Registered office: Italy

Sector: Private equity

Website: www.deacapitalaf.com

Investment details

IDeA EESS is a closed-end fund under Italian law for qualified investors, which began operating on 1 August 2011 and is managed by DeA Capital Alternative Funds SGR.

The DeA Capital Group has a total commitment of up to EUR 30.4 million in the fund.

Brief description

IDeA EESS, which has total assets of EUR 100 million, is a closed-end mutual fund under Italian law for qualified investors, which seeks to acquire minority and controlling shareholdings in unlisted companies in Italy and abroad.

The fund is dedicated to investing in small and medium-sized manufacturing and service companies operating in the field of energy saving and the efficient use of natural resources. It focuses on the development of solutions that make faster and cheaper use of renewable energy sources without compromising effectiveness in reducing CO_2 emissions.

At 30 June 2018, IDeA EESS had called up 78.9% of the total commitment and distributed 53.1% of that commitment, after making nine investments (of which six were still in the portfolio at that date).

Significant events after 30 June 2018

On 10 July 2018, IDeA EESS finalised the sale of a block of remaining shares of the investee SMRE generating net proceeds of EUR 11 million. Following the latter sale, and bearing in mind what was already sold, the fund collected a total of EUR 25 million for a multiple in excess of 7.0 times the investment.

In July 2018, a leading domestic energy operator made a public purchase offer for the shares of Zephiro at a price of EUR 10.25 per share. Assuming the transaction comes to fruition, the EESS fund may then finalise the sale of the stake held in the same company by the end of the fourth quarter of 2018.

The units held in IDeA EESS were reported in the Consolidated Financial Statements to 30 June 2018 at a value of about EUR 15.6 million, versus EUR 16.5 million at 31 December 2017. The decrease is attributable to a capital call of EUR +0.2 million, capital reimbursements of EUR -1.7 million, and pro rata net income of +EUR 0.6 million.

The table below shows a breakdown of the fund’s NAV at 30 June 2018.

(EUR million)	Industry	% share	Investment date	100%	DeA Capital
Portfolio investments					
Elemaster	Electronic boards	10.0%	February 27, 2013	8.5	2.6
SMRE	Design of industrial machines and electrification kits for the automotive industry	11.0%	April 23, 2013	12.9	3.9
Zephyro	Energy services for complex structures	8.2%	December 11, 2013	8.6	2.6
Baglioni	Design / production of compressed air tanks	41.2%	February 5, 2015	7.5	2.3
Tecnomeccanica	Lighting components for the automotive sector	93.6%	October 27, 2016	4.5	1.4
Stalam	Radiofrequency equipment for textile and food sector	90.4%	November 30, 2016	4.6	1.4
Total portfolio investments				**46.6**	**14.2**
Other assets (liabilities)				(0.1)	0.0
Cash and cash equivalents				4.7	1.4
Total Net Equity				**51.2**	**15.6**

The table below shows the key figures for IDeA EESS at 30 June 2018.

IDeA EESS	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Euro (€)					
IDeA Efficienza Energetica e Sviluppo Sostenibile	Italy	2011	100,000,000	30,400,000	30.40
Residual Commitments					
Total residual commitment in:		**Eur**		**6,428,399**	

- ***IDeA ToI***

IDeA Taste of Italy (ToI)
Registered office: Italy
Sector: Private equity
Website: www.deacapitalaf.com
Investment details IDeA ToI is a closed-end fund under Italian law for qualified investors, which began operating on 30 December 2014 and is managed by DeA Capital Alternative Funds SGR. The DeA Capital Group has a total commitment of EUR 25.2 million in the fund.
Brief description IDeA ToI, which has total assets of EUR 218.1 million, is a closed-end mutual fund under Italian law for qualified investors, which seeks to acquire minority and controlling interests in mainly small and medium-sized enterprises in Italy, either independently or with other co-investors. The fund invests in companies operating in the food sector, especially in areas involved in the production and distribution of foodstuffs and in secondary (processed) products or related services. At 30 June 2018, IDeA ToI had called up 56.8% of the total commitment and distributed 47.8% of that commitment, after making five investments. **Significant events during the first half of 2018** As dictated by contractual agreements signed in December 2017, between January and July 2018, IDeA ToI paid EUR 20 million for the second tranche of the investment in **Botter**, an Italian operator in the wine market, for a total investment of EUR 30 million and a shareholding of 22.5% in the company's capital. On 15 March 2018, IDeA ToI collected proceeds of EUR 104.2 million from the vehicle Toi Uno S.r.l. to complete the sale of 100% of the capital of the **La Piadineria** Group to Permira in February 2018. As provided for in the agreements with Permira, on 19 February 2018, IDeA ToI reinvested EUR 20 million in the La Piadineria Group in exchange for a shareholding of 8.82%. Following this transaction, the fund distributed about EUR 103 million (about EUR 12 million for the DeA Capital portion) to its unit-holders.

The units in IDeA ToI were valued at EUR 10.9 million in the Consolidated Financial Statements to 30 June 2018 (EUR 20.7 million at 31 December 2017). The changes during the period were mainly due to capital calls of EUR +2.5 million, distributions of EUR -12.0 million and a EUR -0.3 million decrease in fair value.

The table below shows the key figures for IDeA ToI at 30 June 2018.

IDeA ToI	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
IDeA Taste of Italy	Italy	2014	218,100,000	25,200,000	11.55

Residual Commitments			
Total residual commitment in:	**Eur**	**10,881,532**	

- ***IDeA CCR I***

IDeA Corporate Credit Recovery I (IDEA CCR I)
Registered office: Italy
Sector: Private equity
Website: www.deacapitalaf.com
Investment details IDeA CCR I is a closed-end fund under Italian law for qualified investors, which began operating on 23 June 2016 and is managed by DeA Capital Alternative Funds SGR. At 30 June 2018, the DeA Capital Group's total commitment in the CCR I fund was EUR 7.7 million.
Brief description IDeA CCR I is a closed-end mutual fund under Italian law for qualified investors, which aims to help relaunch medium-sized Italian companies that are facing financial difficulties but have solid business fundamentals (Target Companies), sharing the profits between creditors and new investors, by the - proactive management of loans to the Target Companies - potential investments to be carried out via debtor-in-possession financing transactions, which means that the new investments have greater seniority than existing financial debt - "equity-style" involvement in the management of debtor companies The fund is divided into two sub-funds: • **Crediti sub-fund**, which has acquired loans and financial equity instruments relating to the Target Companies from eight banks for a consideration of approximately EUR 179.1 million, in exchange for the allocation of units of the Crediti sub-fund • **Nuova Finanza sub-fund**, which has obtained commitments for new finance currently totalling up to around EUR 42.8 million, which could be used for the Target Companies The fund had total assets of EUR 221.8 million at 30 June 2018. By its very nature, as it was created by means of contributions, the Crediti sub-fund is fully invested, while the Nuova Finanza sub-fund had called up 25.9% of the total commitment at 30 June 2018. On the same date, the Crediti and Nuova Finanza sub-funds had distributed 34.1% and 12.4% of their respective commitments.

The units in IDeA CCR I were valued at approximately EUR 0.9 million in the Consolidated Financial Statements to 30 June 2018 (EUR 1.6 million at 31 December 2017). The changes during the period were mainly due to distributions of EUR -0.7 million.

The table below shows the key figures for the IDeA CCR I fund at 30 June 2018.

IDeA CCR I	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Euro (€)					
IDeA CCR I	Italy	2016	221,821,595	7,650,000	3.45
of which:					
New Financing Segment			42,750,000	7,575,000	17.72
Credit Segment			179,071,595	75,000	0.04
Residual Commitments					
Total residual commitment in:		**Eur**		**5,557,254**	

- ***IDeA CCR II***

IDeA Corporate Credit Recovery II (IDeA CCR II)

Registered office: Italy

Sector: Private equity

Website: www.deacapitalaf.com

Investment details

IDeA CCR II is a closed-end fund under Italian law for qualified investors, which began operating on 28 December 2017 and is managed by DeA Capital Alternative Funds SGR. The DeA Capital Group has a total commitment of EUR 15.15 million in the fund.

Brief description

IDeA CCR II, which had total assets of EUR 326.5 million at 30 June 2018, is a closed-end mutual fund under Italian law for qualified investors, which aims to help relaunch medium-sized Italian companies that are facing financial difficulties but have solid business fundamentals (Target Companies), sharing the benefits between the creditors and new investors, following a similar approach to that of the IDeA CCR I described earlier.

The fund is divided into two sub-funds:

- **Crediti sub-fund**, which has acquired loans relating to the Target Companies from several major Italian banks for a consideration of approximately EUR 256.8 million in exchange for the granting of units in the Crediti sub-fund

- **Nuova Finanza sub-fund**, which has obtained commitments for new finance of up to around EUR 69.7 million, which could be used for the Target Companies or companies with similar characteristics

At 30 June 2018, 98.9% of contributions related to the Crediti sub-fund had been completed; meanwhile, the Nuova Finanza sub-fund had called up 2.6% of the commitment.

The units in IDeA CCR II were valued at EUR 0.3 million in the Consolidated Financial Statements to 30 June 2018 (zero at 31 December 2017). The changes during the period were mainly due to capital calls of EUR 0.4 million and a EUR 0.1 million decrease in fair value.

The table below shows the key figures for the IDeA CCR II fund at 30 June 2018.

IDeA CCR II	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Euro (€)					
IDeA CCR II	Italy	2017	326,534,737	15,150,000	4.64
of which:					
New Financing Segment			69,750,000	15,075,000	21.61
Credit Segment			256,784,737	75,000	0.03
Residual Commitments					
Total residual commitment in:		**Eur**		**14,718,833**	

- ***Venture capital funds***

The units in venture capital funds have a total value of approximately EUR 9.0 million in the Financial Statements to 30 June 2018 (EUR 8.6 million at 31 December 2017). The increase was due to distributions of EUR -0.9 million and the increase in fair value of approximately EUR 1.3 million.

The table below shows the key figures for venture capital funds in the portfolio at 30 June 2018.

Venture Capital Funds	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Dollars (USD)					
Doughty Hanson & Co Technology	UK EU	2004	271,534,000	1,925,000	0.71
GIZA GE Venture Fund III	Delaware U.S.A.	2003	211,680,000	10,000,000	4.72
Israel Seed IV	Cayman Islands	2003	200,000,000	5,000,000	2.50
Pitango Venture Capital III	Delaware U.S.A.	2003	417,172,000	5,000,000	1.20
Total Dollars				**21,925,000**	
Eur (€)					
Nexit Infocom 2000	Guernsey	2000	66,325,790	3,819,167	5.76
Pounds sterling (GBP)					
Amadeus Capital II	UK EU	2000	235,000,000	13,500,000	5.74
Residual Commitments					
Total residual commitment in:		**Eur**		**4,205,333**	

➢ Alternative Asset Management

At 30 June 2018, DeA Capital S.p.A. was the owner of:

- 100% of **DeA Capital Alternative Funds SGR**
- 64.3% of **DeA Capital Real Estate SGR**
- 80.0% of **SPC** (which operates in debt recovery)
- 45.0% of **YARD** (which operates in project, property and facility management, and real estate brokerage)

– ***DeA Capital Alternative Funds SGR***

DEA CAPITAL ALTERNATIVE FUNDS SGR
Registered office: Italy
Sector: *Alternative Asset Management – Private Equity*
Website: www.deacapitalaf.com
Investment details

DeA Capital Alternative Funds SGR operates in the management of private equity funds (funds of funds, co-investment funds and theme funds). At 30 June 2018, the asset management company managed ten closed-end private equity funds, including four funds of funds (IDeA I FoF, ICF II, ICF III and IDeA Crescita Globale, which serves the retail segment), a "direct" co-investment fund (IDeA OF I), four theme funds (IDeA EESS, which operates in energy efficiency, IDeA ToI, in the food sector, IDeA CCR I and IDeA CCR II (debtor-in-possession financing funds) and, since April 2015, Investitori Associati IV (in liquidation).

The investment programmes of DeA Capital Alternative Funds SGR, which are regulated by the Bank of Italy and Consob, capitalise on the management teams' wealth of experience.

The investment strategies of the funds of funds focus on building diversified portfolios in private equity funds that are in the top quartile or that are next-generation leaders with balanced asset allocation through diversification by:

- industrial sector
- investment strategy and stage (buy-outs, venture capital, special situations, etc.)
- geographical area (Europe, US and the Rest of the World)
- maturity (commitments with investment periods diluted over time)

The investment strategies of the "direct" co-investment fund focus on minority interests in businesses that primarily concentrate on Europe, and on diversification based on the appeal of individual sectors.

The investment philosophy of the IDeA EESS sector fund focuses on growth capital and buy-out private equity to support the growth of small and medium-sized enterprises with products/services of excellence in energy efficiency and sustainable development.

The investment target of the IDeA ToI fund is small and medium-sized enterprises operating in the agricultural foods industry, through operations in development capital and early-stage buy-outs.

The objective of the IDeA CCR I and IDeA CCR II funds is to relaunch medium-sized Italian companies that are in financial difficulties but have solid business fundamentals.

The table below indicates the value of assets under management and management fees for DeA Capital Alternative Funds SGR at 30 June 2018.

(EUR million)	**Asset Under Management at 30 June 2018**	**Management fees at 30 June 2018**
<u>DeA Capital Alternative Funds SGR</u>		
IDeA I FoF	646	0.9
IDeA OF I	217	0.5
ICF II	281	0.7
IDeA EESS	100	0.5
Idea Crescita Globale	55	0.7
ICF III	67	0.3
IDeA ToI	218	2.2
Investitori Associati IV	53	0.3
IDeA CCR I	222	1.2
IDeA CCR II	326	2.5
Total DeA Capital Alternative Funds SGR	**2,185**	**9.8**

With regard to operating performance, the company posted a year-on-year increase of more than EUR 200 million in assets under management at the end of the first half of 2018. This was broadly due to the launch of the IDeA CCR II fund at the end of 2017, which had a favourable impact on all the financial performance indicators compared with the figures for the first half of 2017.

DeA Capital Alternative Funds SGR (EUR million)	First Half 2018	First Half 2017
AUM	2,185 (*)	1,938
Management fees	9.8	8.5
Net profit	2.0	1.2

(*) The figure refers to Asset Under Management calculated as the sum of total commitments.

The reference amount for the calculation of commissions, on the other hand, is Euro 1,569 million

- ***DeA Capital Real Estate SGR***

Registered office: Italy

Sector: *Alternative Asset Management – Real Estate*

Website: www.deacapitalre.com

Investment details

DeA Capital Real Estate SGR is the largest independent real estate asset management company in Italy, with around EUR 9.0 billion in assets under management and 42 managed funds (including three listed funds). This makes it a benchmark operator for Italian and international institutional investors in the promotion, creation and management of mutual real estate investment funds.

DeA Capital Real Estate SGR undertakes three main lines of business:

- the development of mutual real estate investment funds designed for institutional clients and private investors
- the promotion of innovative real estate financial instruments
- the professional management (technical, administrative and financial) of real estate funds

The company has concentrated investments in transactions with low risk, stable returns, low volatility, simple financial structures and, most importantly, an emphasis on property value. In particular, the asset management company specialises in "core" and "core plus" properties, although its major investments also include "value added" transactions.

Due in part to successful transactions concluded in recent years, the asset management company is able to rely on a panel of prominent unit-holders consisting of Italian and international investors of high standing, such as pension funds, banking and insurance groups, companies and sovereign funds.

The table below summarises the value of assets under management and management fees for DeA Capital Real Estate SGR at 30 June 2018:

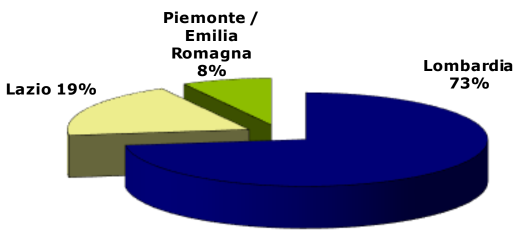
(EUR million)	**Asset Under Management at 30 June 2018**	**Management fees at 30 June 2018**
Breakdown of funds		
Atlantic 1	463	0.9
Atlantic 2 - Berenice	57	0.2
Alpha	296	2.0
Listed funds	**816**	**3.1**
Reserved funds	**8,156**	**17.7**
Total DeA Capital Real Estate SGR	**8,972**	**20.8**

Some of the key financials of the listed funds in the asset management portfolio are provided below, with an analysis of the real estate portfolio at the date of the latest report available, broken down by geographical area and by intended use, i.e. Atlantic 1, Atlantic 2 and Alpha (in EUR).

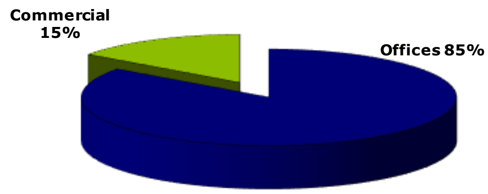
Atlantic 1	**30.6.2018**
Market value of properties	440,300,000
Historical cost and capitalised charges	466,736,196
Financing	189,207,560
Net Asset Value (NAV)	261,640,277
NAV/unit (EUR)	501.7
Market price/unit (EUR)	281.0
*Dividend yield from investment**	4.60%

** Ratio of income per unit to annual average nominal value per unit*

Atlantic 1: Diversification by geographical area



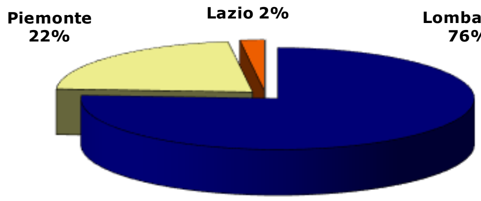
Atlantic 1: Diversification by intended use



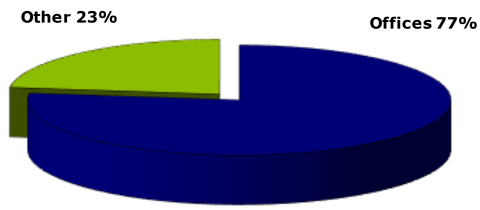
Atlantic 2 – Berenice	**30.6.2018**
Market value of properties	49,150,000
Historical cost and capitalised charges	80,457,836
Financing	5,676,154
Net Asset Value (NAV)	46,101,500
NAV/unit (EUR)	76.8
Market price/unit (EUR)	50.3
*Dividend yield from investment**	8.02%

** Ratio of income per unit to annual average nominal value per unit*

Atlantic 2: Diversification by geographical area



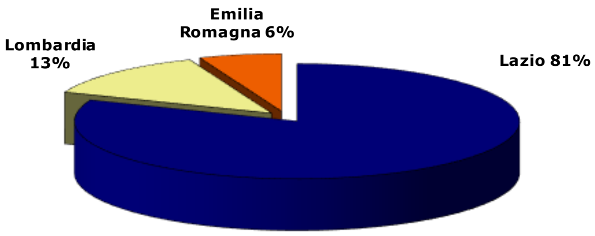
Atlantic 2: Diversification by intended use



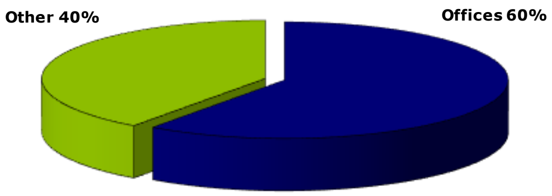
Alpha	30.6.2018
Market value of properties	248,170,000
Historical cost and capitalised charges	295,075,422
Financing	1,081,184
Net Asset Value (NAV)	283,981,395
NAV/unit (EUR)	2,733.9
Market price/unit (EUR)	1,410.0
*Dividend yield from investment**	5.85%

** Ratio of income per unit to annual average nominal value per unit*

Alpha: Diversification by geographical area



Alpha: Diversification by intended use



* * *

With regard to operating performance, in the first half of 2018 assets under management totalled EUR 9.0 billion, a decrease of EUR -0.4 billion from the same period of the previous year due mainly to the liquidation of a few maturing funds.

Despite the aforementioned change in AUM, the company reported an increase in fees compared with the same period of the previous year, mainly due to the contribution of variable fees recorded on sales of assets in the portfolio by a few managed funds.

Net profit was negatively affected by the extraordinary impact from measuring units held in funds at fair market value (totalling EUR -1.9 million, mainly attributable to the Conero and IDeA FIMIT Sviluppo funds).

DeA Capital Real Estate SGR (EUR million)	First Half 2018	First Half 2017
AUM	8,972 (*)	9,353
Management fees	20.8	20.0
Ordinary Net Profit (#)	4.8	4.4
Net profit	2.4	(1.0)
-of which:		
- Shareholders	*2.4*	*3.5*
- Owners of financial equity instruments	*0.0*	*(4.5)*

(*) The figure refers to Asset Under Management calculated as the sum of the funds managed assets.
The reference amount for the calculation of commissions, on the other hand, is Eur 8,333 million

(#) Before the impact of Purchase Price Allocation ("PPA"), impairment, other non-recurring items

- *SPC*

Registered office: Italy

Sector: Debt recovery

Website: www.spc-spa.com

Investment details:

SPC Credit Management (SPC) has been operating for over 15 years in restructuring, outsourced management and the enhancement of non-performing loans.

Over the years, the company has developed specific expertise, namely:

- debt recovery actions in and out of court (with a strong performance in out-of-court settlements of non-performing loans)
- advisory services via the valuation and clustering of credit portfolios and the identification of strategic solutions to enhance the value of these
- due diligence and asset quality reviews of NPL portfolio acquisitions.

With specific regard to debt recovery, the company has acquired the expertise to monitor the entire range of non-performing loans, namely:

- banking (current accounts, mortgages and personal loans)
- leasing (terminated or active agreements)
- consumer (consumer credit, salary-backed loans, credit cards)
- commercial (outstanding invoices)

with a focus on secured loans.

In the first half of 2018, the company reported revenues of EUR 0.7 million, which was an increase on the figure for the same period of the previous year due to the positive impact of business development.

SPC (EUR million)	First Half 2018	First Half 2017
AUM	349	343
Revenues	0.7	0.4
Net profit	0.1	(0.4)

- ***YARD***

Y A R D

Registered office: Italy

Sector: Property Services

Website: www.yard.it

Investment details:

YARD (formerly Innovation Real Estate (IRE)) operates in property enhancement and is structured along the following strategic lines:

- project & construction management (property planning, development and refurbishment)
- property management (administrative and legal management of properties)
- facility & building management (services connected with buildings and related maintenance)
- due diligence (technical and environmental due diligence, town-planning regularisation procedures)
- asset management (strategic support for improving the rental condition of buildings and optimising associated management costs, in order to maximise the return on investment property)
- corporate and retail property appraisals, with the latter aimed at providing retail mortgages

On 24 July 2017, IRE completed the acquisition of YARD, a full-service provider operating in the real estate sector, which has a customer/services mix that is complementary to that of IRE. On 7 May 2018, the merger of YARD into IRE was finalised, after which IRE was renamed YARD.

The investment in YARD (45%), which is classified under "Investments in associates", was recorded at EUR 6 million in the Consolidated Financial Statements to 30 June 2018.

With regard to operating performance, in the first half of 2018 the company reported revenues of EUR 8.9 million, mainly from facility and property management services.

YARD (EUR million)	First Half 2018*	First Half 2017*
Revenues from real estate services	8.9	8.8
EBITDA	1.0	0.4
Net profit	1.3	0.9

(*) Accounting effects of the merger of Yard into IRE as from 112018; 2017 pro-forma comparative data

Consolidated Income Statement

In the first half of 2018, a consolidated net profit of EUR 47.9 million was recorded (of which EUR 17.1 million related to the Group), compared with net profit of EUR 5.6 million (of which EUR 6.2 million related to the Group) in the same period in 2017.

Revenues and other income break down as follows:

- fees of EUR 30.0 million for the Alternative Asset Management business (EUR 27.7 million in the same period of 2017)
- income from investments valued at equity of EUR 1.5 million (EUR 5.3 million in the same period of 2017, with the latter due mainly to the performance of the EESS fund)
- other investment income and expenses totalling EUR 46.8 million (EUR 7.2 million in the same period of 2017), due primarily to the performance of investments in the OF I fund (EUR +51.3 million related to adjusting the sale of the investee Corin to sale valuation)
- service revenues of EUR 1.1 million (compared with EUR 0.3 million in the same period of 2017)

Operating costs totalled EUR 28.1 million in the first half of 2018 compared with EUR 35.3 million in the same period of 2017 (the latter included the extraordinary impact from the impairment of assets recorded during the allocation of a portion of the purchase price of the investment in DeA Capital Real Estate SGR totalling EUR 6.1 million).

Costs in the first half of 2018 break down into EUR 23.1 million relating to Alternative Asset Management, EUR 2.3 million to Private Equity Investment and EUR 2.7 million to holding company activities. Alternative Asset Management costs include the effects of the amortisation of assets recorded when a portion of the purchase price of the investment in DeA Capital Real Estate SGR was allocated (EUR 0.6 million).

Net financial income totalled + EUR 0.3 million at 30 June 2018 (compared with expenses of EUR -0.1 million in the year-earlier period).

The total tax impact for the first half of 2018, totalling EUR -3.7 million (EUR +0.4 million in the first half of 2017), is the result of taxes of EUR -2.0 million due in respect of Alternative Asset Management activities (EUR -0.4 million due in the same period of 2017) and EUR -1.7 million relating to holding company activities (EUR +0.8 million in the first half of 2017).

The consolidated net profit of EUR 47.9 million breaks down as follows: EUR 47.3 million attributable to Private Equity Investment, EUR 5.3 million to Alternative Asset Management and EUR -4.7 million to holding company operations/eliminations.

The Group’s net profit of EUR 17.1 million comprises: EUR 17.4 million attributable to Private Equity Investment, EUR +4.4 million to Alternative Asset Management and EUR -4.7 million to holding company operations/eliminations.

Note that, as a result of the application of IFRS 9 from 1 January 2018, changes in the fair value of financial investments are recognised through profit or loss from the first half of 2018, but were partly recognised in shareholders’ equity in the first half of 2017; the comparison at the level of the Consolidated Income Statement between the two periods is therefore not significant with regard to the performance of the Other investments income / expense.

(EUR thousand)	First Half 2018	First Half 2017
Alternative Asset Management fees	29,965	27,674
Income (loss) from equity investments	1,500	5,324
Other investment income/expense	46,818	7,214
Income from services	1,119	213
Other income	33	136
Other expenses (*)	(28,118)	(35,296)
Financial income and expenses	295	(126)
PROFIT/(LOSS) BEFORE TAX	***51,612***	***5,139***
Income tax	(3,741)	440
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***47,871***	***5,579***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0
PROFIT/(LOSS) FOR THE PERIOD	***47,871***	***5,579***
- Group share	17,118	6,235
- Non controlling interests	30,753	(656)
Earnings per share, basic (€)	0.067	0.024
Earnings per share, diluted (€)	0.067	0.024

(*) Includes items "personnel costs", "service costs", "depreciation, amortization and impairment" and "other expenses"

Performance by business in the first half of 2018

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	30.532	(567)	29.965
Income (loss) from equity investments	721	779	0	1.500
Other investment income/expense	48.555	(1.737)	0	46.818
Other Income	0	803	349	1.152
Other expenses	(2.331)	(23.067)	(2.720)	(28.118)
Financial income and expenses	306	(15)	4	295
PROFIT/(LOSS) BEFORE TAXES	***47.251***	***7.295***	***(2.934)***	***51.612***
Income tax	0	(2.020)	(1.721)	(3.741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***47.251***	***5.275***	***(4.655)***	***47.871***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***47.251***	***5.275***	***(4.655)***	***47.871***
- Group share	17.423	4.350	(4.655)	17.118
- Non controlling interests	29.828	925	0	30.753

Performance by business in the first half of 2017

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	28.585	(911)	27.674
Income (loss) from equity investments	4.995	329	0	5.324
Other investment income/expense	7.590	(376)	0	7.214
Other Income	0	108	241	349
Other expenses	(1.154)	(31.252)	(2.890)	(35.296)
Financial income and expenses	(179)	(2)	55	(126)
PROFIT/(LOSS) BEFORE TAXES	***11.252***	***(2.608)***	***(3.505)***	***5.139***
Income tax	0	(419)	859	440
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***11.252***	***(3.027)***	***(2.646)***	***5.579***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***11.252***	***(3.027)***	***(2.646)***	***5.579***
- Group share	10.060	(1.179)	(2.646)	6.235
- Non controlling interests	1.192	(1.848)	0	(656)

➢ Comprehensive Income: – Statement of Performance – IAS1

Comprehensive Income or the Statement of Performance – IAS 1, in which performance for the period attributable to the Group is reported, including results posted directly to shareholders' equity, shows a positive net balance of EUR 17.0 million, relating mainly to the net profit for the period (compared with a balance of EUR +21.9 million for the same period of 2017).

(EUR thousand)	**First Half 2018**	**First Half 2017**
Profit/(loss) for the period (A)	***47,871***	***5,579***
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period (*)	(152)	16,756
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period	122	114
Other comprehensive income, net of tax (B)	***(30)***	***16,870***
Total comprehensive income for the period (A)+(B)	***47,841***	***22,449***
Total comprehensive income attributable to:		
- Group Share	17,040	21,929
- Non Controlling Interests	30,801	520

(*) For 2017 the item mainly refers to available for sale assets, whose change in fair value, in accordance with the IFRS 9 accounting standard, is recognised as from 1 January 2018 directly in the income statement

➢ Consolidated Statement of Financial Position

Below is the Group's Statement of Financial Position at 30 June 2018, compared with 31 December 2017 and also with the data at 1 January 2018, which reflect the changes from the situation at 31 December 2017 resulting from the reclassification / restatement following the application of the new IFRS 9 and IFRS 15 accounting standards.

(EUR thousand)	**30.6.2018**	**1.1.2018 (*)**	**31.12.2017**
ASSETS			
Non-current assets			
Intangible and tangible assets			
Goodwill	93.745	93.745	93.745
Intangible assets	22.660	23.488	23.488
Property, plant and equipment	1.116	1.458	1.458
Total intangible and tangible assets	117.521	118.691	118.691
Investments			
Investments valued at equity	28.512	29.293	29.293
Investments held by Funds	88.936	48.583	48.583
- Investments available for sale			*13.683*
- Related companies and JV recognised in P&L			*34.900*
- Other investments at Fair Value through P&L	*88.936*	*48.583*	
Other Investments available for sale			*78.953*
Other Investments at Fair Value through P&L	*62.647*	*78.953*	
Funds available for sale			*169.776*
Funds at Fair Value through P&L	*150.846*	*169.776*	
Other financial assets available for sale			*13*
Other financial assets at Fair Value through P&L	24	13	
Total financial Investments	330.965	326.618	326.618
Other non-current assets			
Deferred tax assets	1.612	2.173	2.173
Loans and receivables	179	684	684
Receivables for deferment of placement costs	535	587	0
Other non-current assets	4.199	5.403	5.403
Total other non-current assets	6.525	8.847	8.260
Total non-current assets	**455.011**	**454.156**	**453.569**
Current assets			
Trade receivables	12.876	16.069	16.069
Financial assets measured at Fair Value	5.323	4.385	4.385
Financial receivables	0	578	578
Tax receivables from parent companies	1.163	1.055	1.055
Other tax receivables	2.361	11.272	11.272
Other receivables	10.966	16.886	16.886
Cash and cash equivalents	147.370	127.916	127.916
Total current assets	180.059	178.161	178.161
Total current assets	**180.059**	**178.161**	**178.161**
TOTAL ASSETS	**635.070**	**632.317**	**631.730**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Net equity Group	**473.443**	**489.877**	**489.431**
Minority interests	**123.338**	**95.182**	**95.182**
Shareholders' equity	**596.781**	**585.059**	**584.613**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	6.434	8.190	8.049
Provisions for employee termination benefits	4.173	4.204	4.204
Payables to staff	82	81	81
Total non-current liabilities	**10.689**	**12.475**	**12.334**
Current liabilities			
Trade payables	7.034	6.594	6.594
Payables to staff and social security organisations	5.179	8.330	8.330
Current tax	6.992	1.998	1.998
Other tax payables	2.539	5.564	5.564
Other payables	5.656	12.097	12.097
Short term financial loans	200	200	200
Total current liabilities	**27.600**	**34.783**	**34.783**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**635.070**	**632.317**	**631.730**

(*) Data at 31.12.2017 reclassified / restated for the application of IFRS 9 and IFRS 15

At 30 June 2018, Group Consolidated Shareholders' Equity totalled EUR 473.4 million, compared with EUR 489.9 million at 1 Januart 2018 (the latter figure reflecing the increase of EUR 0.5 million resulting from the application of the new IFRS 15 accounting standard, in force from 1 January 2018).

The decrease of EUR -16.5 million in Group shareholders' equity in the first half of 2018 was mainly due to the distribution of the extraordinary dividend (EUR -30.5 million), the effects of changes in treasury shares (totalling EUR -3.2 million), and the results set out in the Statement of Performance – IAS 1 (EUR +17.0 million).

➢ Consolidated Net Financial Position

At 30 June 2018, the consolidated net financial position was positive at EUR 152.7 million, as shown in the table below, which provides a comparison with 31 December 2017:

Net financial position *(EUR million)*	**30.6.2018**	**31.12.2017**	**Change**
Cash and cash equivalents	147.4	127.9	*19.5*
Available-for-sale financial assets	5.3	4.4	*0.9*
Financial receivables	0.2	1.3	*(1.1)*
Current financial liabilities	(0.2)	(0.2)	*0.0*
TOTAL	**152.7**	**133.4**	***19.3***
TOTAL *"adjusted"* (*)	**152.2**	**128.9**	***23.3***
of which:			
- Alternative Asset Management (*)	50.9	36.5	*14.4*
- Private Equity Investment	14.4	0.1	*14.3*
- Holdings	86.9	92.3	*(5.4)*

(*) The amount is net of cash and cash equivalents relating to the collection by DeA Capital Alternative Funds of taxes withheld by the SGR as withholding agent (0,5 million Euro at 30.6.18; 4,5 at 31.12.17)

The consolidated net financial position increased by EUR +23.3 million during the first half of 2018, while the net financial position of the holding companies decreased by EUR -5.4 million; the latter change was mainly due to the net liquidity generated by the investment portfolio (EUR +31.0 million) which was used to fund the distribution of the extraordinary dividend by DeA Capital S.p.A. (EUR -30.5 million) and due to changes in treasury shares (EUR -3.2 million).

The Company believes that the cash and cash equivalents and the other financial resources available are sufficient to meet the requirement relating to payment commitments already subscribed to in funds, also taking into account the amounts expected to be called up/distributed by these funds. With regard to these residual commitments, the Company believes that the resources currently available, as well as those that will be generated by its operating and financing activities, will enable the DeA Capital Group to meet the financing required for its investment activity and to manage working capital.

6. Other information

- **Main risks and uncertainties to which the Parent Company and consolidated Group companies are exposed**

As described in the Report on Operations, the DeA Capital Group operates through, and is structured as, two business areas: Private Equity Investment and Alternative Asset Management.

The risks set out below reflect: the characteristics of the market; the operations of Parent Company DeA Capital S.p.A. and the companies included in the Group's Half-Year Report; the main findings of a risk assessment in 2018; and periodic monitoring conducted partly through the regulatory policies adopted by the Group.

The Group has adopted a modern corporate governance system that provides effective management of the complexities of its operations, and enables both individual companies and the Group to achieve their strategic objectives. Furthermore, the assessments carried out by the organisational units and the directors confirm the non-critical nature of these risks and uncertainties, as well as the DeA Capital Group's financial solidity.

With reference to the specific risks relating to Migros, the main private equity investment, please see the Migros Annual Report (available on the Migros website).

A. <u>Contextual risks</u>

A.1. Risks relating to general economic conditions

The operating performance and financial position of the DeA Capital Group are affected by the various factors that make up the macro-economic environment in the countries in which the Group has invested, including GDP performance, investor and consumer confidence, interest rates, inflation, the costs of raw materials and unemployment. The ability to meet medium- to long-term objectives could be affected by general economic trends, which could slow the development of sectors the Group has invested in and/or the business of the investee companies.

A.2. Socio-political events

In line with its own strategic growth guidelines, one of the DeA Capital Group's activities is private equity investment in companies and funds in different jurisdictions and countries around the world which, in turn, invest in a number of countries and geographical areas. The DeA Capital Group may have invested in foreign countries whose social, political and economic conditions put the achievement of its investment objectives at risk.

A.3. Regulatory changes

Group companies conduct their operations in regulated sectors and markets. Any changes to or developments in the legislative or regulatory framework that affect the costs and revenues structure of investee companies or the tax regime applied could have negative effects on the Group's financial results and necessitate changes to the Group's strategy. To combat this risk, the Group has established procedures to constantly monitor sector regulation and any changes thereto, in order to take advantage of business opportunities and respond promptly to any changes to the prevailing legislation and regulations.

A.4. Performance of the financial markets

The Company's ability to meet its strategic and management objectives could depend on the performance of financial markets. A negative trend in financial markets could have an effect on the performance of the Private Equity Investment sector in general, making investment and divestment transactions more complex, and, in particular, on the Group's capacity to increase the value of its investments. The value of shareholdings held directly or indirectly through funds in which the Company has invested could be affected by factors such as comparable transactions entered into on the market, sector multiples and market volatility. These factors, which cannot be directly controlled by the Group, are constantly monitored in order to identify appropriate response strategies that involve both the provision of guidance for the management of Group companies, and the investment and value enhancement strategy for the assets held.

A.5. Exchange rates

Holding investments in currencies other than the euro exposes the Group to changes in exchange rates between currencies. The investment in Kenan Investments is managed as a special case, since although it was made in euros, the underlying asset is expressed in Turkish lira.

A.6. Interest rates

Financing operations that are subject to variable interest rates could expose the Group to a decrease in the value of direct and indirect investments if base interest rates rise significantly. Here too, the Group has adopted procedures to constantly monitor the risk concerned.

B. Strategic risks

B.1. Concentration of the Private Equity investment portfolio

The Private Equity Investment strategy adopted by the Group includes:

- Direct investments
- Indirect investments (via funds)

Within this strategy, the Group's overall profitability could be adversely affected by an unfavourable trend in one or a few investments, if there were insufficient risk diversification, resulting from the excessive concentration of investment in a small number of assets, sectors, countries, currencies, or of indirect investments in funds with limited investment targets/types of investment.

To address these risk scenarios, the Group pursues an asset allocation strategy aimed at defining a balanced portfolio with a moderate risk profile. Furthermore, the combination of direct and indirect investments, which, by their nature, provide a high level of diversification, helps reduce the level of asset concentration.

B.2. Concentration of Alternative Asset Management assets

In the Alternative Asset Management business, events could lead to excessive concentration of assets and therefore hinder achievement of the level of expected returns. These events could be due to:

- Private equity funds
  - concentration of the assets managed by asset management companies across a limited number of funds, if it were decided to terminate the asset management mandate for one or more funds
  - concentration of the financial resources of the funds managed across a limited number of sectors and/or geographical areas, in the event of a currency, systemic or sector crisis
  - for closed-end funds, the concentration of the commitment across just a few subscribers

- Real estate funds
  - concentration of real estate present in the portfolio of managed funds in a few cities and/or in limited types of property (management/commercial), in the event of a slump in the property market concerned
  - concentration vis-a-vis certain major tenants, if they were to be obliged to withdraw from the rental contracts, which could lead to a vacancy rate that would have a negative impact on the funds' financial results and the valuation of the properties managed

- concentration in the maturities of numerous real estate funds within a narrow timeframe, with related high availability of property on the market, leading to a decrease in property values and an increase in selling times

For each of the risk scenarios outlined above, the Group has defined and implemented appropriate strategies that include strategic, operational and management aspects, as well as a system monitoring the level of asset diversification in the Alternative Asset Management business.

B.3. Key resources (governance/organisation)

The success of the DeA Capital Group depends to a large extent on its executive directors and certain key management figures, their ability to efficiently manage the business and the ordinary operations of the Group and their knowledge of the market and the professional relationships established. The departure of one or more of these key resources, without a suitable replacement being found, as well as an inability to attract and retain new and qualified resources, could impact growth targets and have a negative effect on the Group's operating performance and financial results. To mitigate this risk, the Group has put in place HR management policies that correspond closely to the needs of the business, and incentive policies that are periodically reviewed, in light of, among other things, the general macroeconomic climate and the results achieved by the Group.

C. Operating risks

C.1. Investment operations

Investment operations conducted by the Group are subject to the risks typical of private equity activities, such as the accurate valuation of the target company and the nature of the transactions carried out. The Group has implemented a structured process of due diligence on the target companies and a careful definition of shareholders' agreements in order to conclude agreements in line with the investment strategy and the risk profile defined by the Group.

C.2. Compliance with covenants

Some investment operations were concluded using financial leverage to invest in the target companies. For loan agreements signed by investee companies, specific covenants generally backed by collateral are in place; failure to comply with these could necessitate recapitalisation operations for investee companies and/or lead to an increase in financial expenses relating to debt refinancing. Failure to comply with covenants attached to loans could have negative effects on both the financial position and operations of investee companies, and the value of the investment.

C.3. Divestment operations

In its Private Equity Investment business, the Group generally invests over a medium-/long-term time horizon. Over the investment management period, external situations could arise that might have a significant impact on the operating results of the investee companies and, consequently, on the value of the investment itself. Furthermore, in the case of co-investment, guiding the management of an investee company could prove problematic or infeasible, and it may ultimately prove impossible to dispose of the stakes held due to lock-up clauses. The divestment strategy could therefore be negatively affected by various factors, some of which cannot be foreseen at the time the investments are made.

To combat these risk situations, the Group has defined a process to monitor the performance of its investee companies, facilitated by its representation on the management bodies of significant investee companies, with a view to identifying any critical situations in good time.

C.4. *Fund-raising Risk*

The income flows expected from the Alternative Asset Management business depend on the capacity of the Group’s asset management companies to stabilise/grow their assets under management. In this environment, fundraising activities could be harmed by both external and internal factors, such as bad timing in respect of fundraising activities by the asset management companies, or the departure of key managers from the companies. The Group has established appropriate risk management strategies in relation to fundraising, with a view to both involving new investors and retaining current investors.

➢ Transactions with parent companies, subsidiaries and related parties

Transactions with related parties, including intercompany transactions, are typical, usual transactions that are part of the normal business activities of Group companies. Such transactions are concluded under standard market terms for the types of goods and/or services offered.

➢ Other information

At 30 June 2018, the Group had 197 employees (185 at the end of 2017), including 32 senior managers, 64 middle managers and 101 clerical staff. Of these, 178 worked in Alternative Asset Management and 19 in Private Equity Investment/the Holding Company. These staff levels do not include personnel on secondment from the Parent Company De Agostini S.p.A.

With regard to the regulatory requirements set out in art. 36 of the Market Regulation on conditions for the listing of parent companies of companies formed or regulated by laws of non-EU countries and of material importance in the consolidated financial statements, it should be noted that no Group company falls within the scope of the above-mentioned provision.

Furthermore, conditions prohibiting listing pursuant to art. 37 of the Market Regulation relating to companies subject to the management and coordination of other parties do not apply.

Summary Consolidated Half-Year Report for the period 1 January to 30 June 2018

• Consolidated Statement of Financial Position

(EUR thousand)	**Note**	**30.6.2018**	**1.1.2018 (*)**	**31.12.2017**
ASSETS				
Non-current assets				
Intangible and tangible assets				
Goodwill	1a	93.745	93.745	93.745
Intangible assets	1b	22.660	23.488	23.488
Property, plant and equipment	1c	1.116	1.458	1.458
Total intangible and tangible assets		117.521	118.691	118.691
Investments				
Investments valued at equity	2a	28.512	29.293	29.293
Investments held by Funds	2b	88.936	48.583	48.583
- Investments available for sale				*13.683*
- Related companies and JV recognised in P&L				*34.900*
- Other investments at Fair Value through P&L		*88.936*	*48.583*	
Other Investments available for sale	2c			*78.953*
Other Investments at Fair Value through P&L	2c	*62.647*	*78.953*	
Funds available for sale	2d			*169.776*
Funds at Fair Value through P&L	2d	*150.846*	*169.776*	
Other financial assets available for sale				*13*
Other financial assets at Fair Value through P&L		24	13	
Total financial Investments		330.965	326.618	326.618
Other non-current assets				
Deferred tax assets	3a	1.612	2.173	2.173
Loans and receivables	3b	179	684	684
Receivables for deferment of placement costs	3c	535	587	0
Other non-current assets		4.199	5.403	5.403
Total other non-current assets		6.525	8.847	8.260
Total non-current assets		**455.011**	**454.156**	**453.569**
Current assets				
Trade receivables	4a	12.876	16.069	16.069
Financial assets measured at Fair Value	4b	5.323	4.385	4.385
Financial receivables	4c	0	578	578
Tax receivables from parent companies	4d	1.163	1.055	1.055
Other tax receivables	4e	2.361	11.272	11.272
Other receivables	4f	10.966	16.886	16.886
Cash and cash equivalents	4g	147.370	127.916	127.916
Total current assets		180.059	178.161	178.161
Total current assets		**180.059**	**178.161**	**178.161**
TOTAL ASSETS		**635.070**	**632.317**	**631.730**
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Net equity Group		**473.443**	**489.877**	**489.431**
Minority interests		**123.338**	**95.182**	**95.182**
Shareholders' equity	5	**596.781**	**585.059**	**584.613**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	6a	6.434	8.190	8.049
Provisions for employee termination benefits	6b	4.173	4.204	4.204
Payables to staff		82	81	81
Total non-current liabilities		**10.689**	**12.475**	**12.334**
Current liabilities				
Trade payables	7a	7.034	6.594	6.594
Payables to staff and social security organisations	7b	5.179	8.330	8.330
Current tax	7c	6.992	1.998	1.998
Other tax payables	7d	2.539	5.564	5.564
Other payables	7e	5.656	12.097	12.097
Short term financial loans	7f	200	200	200
Total current liabilities		**27.600**	**34.783**	**34.783**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**635.070**	**632.317**	**631.730**

(*) *Data at 31.12.2017 reclassified / restated for the application of IFRS 9 and IFRS 15*

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of transactions with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Explanatory Notes.

- **Consolidated Income Statement**

Note that, as a result of the application of IFRS 9 from 1 January 2018, changes in the fair value of financial investments are recognised through profit or loss from the first half of 2018, but were partly recognised in shareholders' equity in the first half of 2017; the comparison at the level of the Consolidated Income Statement between the two periods is therefore not significant with regard to the performance of the Other investment income / expenses.

(EUR thousand)	**Notes**	**First Half 2018**	**First Half 2017**
Alternative Asset Management fees	8	29,965	27,674
Income from equity investments	9	1,500	5,324
Other investment income/expense	10	46,818	7,214
Income from services	11	1,119	213
Other income		33	136
Personnel costs	12a	(14,119)	(14,752)
Service costs	12b	(9,562)	(9,007)
Depreciation, amortization and impairment	12c	(1,219)	(6,027)
Other expenses	12d	(3,218)	(5,510)
Financial income	13a	480	324
Financial expenses	13b	(185)	(450)
PROFIT/(LOSS) BEFORE TAX		***51,612***	***5,139***
Income tax	14	(3,741)	440
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		***47,871***	***5,579***
Profit (Loss) from discontinued operations/held-for-sale assets		0	0
PROFIT/(LOSS) FOR THE PERIOD		***47,871***	***5,579***
- Group share		17,118	6,235
- Non controlling interests		30,753	(656)
Earnings per share, basic (€)	15	0.067	0.024
Earnings per share, diluted (€)	15	0.067	0.024

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of transactions with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Explanatory Notes.

Performance by business in the first half of 2018

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	30.532	(567)	29.965
Income (loss) from equity investments	721	779	0	1.500
Other investment income/expense	48.555	(1.737)	0	46.818
Other Income	0	803	349	1.152
Other expenses	(2.331)	(23.067)	(2.720)	(28.118)
Financial income and expenses	306	(15)	4	295
PROFIT/(LOSS) BEFORE TAXES	***47.251***	***7.295***	***(2.934)***	***51.612***
Income tax	0	(2.020)	(1.721)	(3.741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***47.251***	***5.275***	***(4.655)***	***47.871***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***47.251***	***5.275***	***(4.655)***	***47.871***
- Group share	17.423	4.350	(4.655)	17.118
- Non controlling interests	29.828	925	0	30.753

Performance by business in the first half of 2017

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	28.585	(911)	27.674
Income (loss) from equity investments	4.995	329	0	5.324
Other investment income/expense	7.590	(376)	0	7.214
Other Income	0	108	241	349
Other expenses	(1.154)	(31.252)	(2.890)	(35.296)
Financial income and expenses	(179)	(2)	55	(126)
PROFIT/(LOSS) BEFORE TAXES	***11.252***	***(2.608)***	***(3.505)***	***5.139***
Income tax	0	(419)	859	440
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***11.252***	***(3.027)***	***(2.646)***	***5.579***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***11.252***	***(3.027)***	***(2.646)***	***5.579***
- Group share	10.060	(1.179)	(2.646)	6.235
- Non controlling interests	1.192	(1.848)	0	(656)

- **Consolidated Statement of Comprehensive Income (Statement of Performance – IAS 1)**

(Euro thousands)	**First Half 2018**	**First Half 2017**
Profit/(loss) for the period (A)	***47,871***	***5,579***
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period (*)	(152)	16,756
Gains/(Losses) on fair value of available-for-sale financial assets	*(152)*	*16,756*
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period	122	114
Gains/(losses) on remeasurement of defined benefit plans	*122*	*114*
Other comprehensive income, net of tax (B)	***(30)***	***16,870***
Total comprehensive income for the period (A)+(B)	***47,841***	***22,449***
Total comprehensive income attributable to:		
- Group Share	17,040	21,929
- Non Controlling Interests	30,801	520

- **Consolidated Cash Flow Statement – Direct Method**

(EUR thousand)	**First Half 2018**	**First Half 2017**
CASH FLOW from operating activities		
Investments in funds and shareholdings	(4.553)	(12.617)
Capital reimbursements from funds	30.269	10.056
Proceeds from the sale of investments	15.078	18.479
Interest received	325	83
Interest paid	(19)	(13)
Cash distribution from investments	203	1.328
Realized gains (losses) on exchange rate derivatives	1	(2)
Taxes paid	(4.686)	(416)
Dividends received	183	607
Management and performance fees received	44.956	22.818
Revenues for services	1.148	671
Operating expenses	(26.368)	(24.635)
Net cash flow from operating activities	**56.537**	**16.359**
CASH FLOW from investment activities		
Acquisition of property, plant and equipment	(74)	(15)
Sale of property, plant and equipment	34	1
Purchase of licenses	(9)	(338)
Net cash flow from investing activities	**(49)**	**(352)**
CASH FLOW from investing activities		
Acquisition of financial assets	(1.458)	0
Sale of financial assets	200	0
Share capital issued	0	276
Own shares acquired	(3.186)	(5.142)
Dividends paid	(33.098)	(32.962)
Loan received/reimbursed	508	2.590
Net cash flow from financing activities	**(37.034)**	**(35.239)**
CHANGE IN CASH AND CASH EQUIVALENTS	**19.454**	**(19.232)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**127.916**	**96.438**
Effect of change in basis of consolidation: cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**147.370**	**77.206**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of transactions with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Explanatory Notes.

• Consolidated Statement of Changes in Shareholders’ Equity

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders’ equity
Total at 31 december 2016	**261.207**	**267.640**	**61.322**	**67.842**	**(11.661)**	**(129.574)**	**12.427**	**529.203**	**131.844**	**661.047**
Allocation of 2016 net profit	0	0	0	0	0	12.427	(12.427)	**0**	0	**0**
Cost of stock options and performance shares	0	0	0	0	635	0	0	**635**	0	**635**
Purchase of own shares	(3.779)	(1.146)	0	0	(217)	0	0	**(5.142)**	0	**(5.142)**
Treasury shares given for incentive plans	481	0	0	0	(257)	52	0	**276**	0	**276**
Dividend distribution	0	(31.157)	0	0	0	0	0	**(31.157)**	(1.808)	**(32.965)**
Other changes	0	0	0	0	(304)	0	0	**(304)**	71	**(233)**
Total comprehensive income	0	0	0	15.694	0	0	6.235	**21.929**	520	**22.449**
Total at 30 june 2017	**257.909**	**235.337**	**61.322**	**83.536**	**(11.804)**	**(117.095)**	**6.235**	**515.440**	**130.627**	**646.067**

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders’ equity
Total at 31 december 2017	**255.670**	**234.713**	**61.322**	**77.009**	**(10.536)**	**(117.095)**	**(11.652)**	**489.431**	**95.182**	**584.613**
Restatement for IFRS 9 application	0	0	0	(77.015)	0	77.015	0	**0**	0	**0**
Restatement for IFRS 15 application	0	0	0	0	0	446	0	**446**	0	**446**
Total at 1 january 2018	**255.670**	**234.713**	**61.322**	**(6)**	**(10.536)**	**(39.634)**	**(11.652)**	**489.877**	**95.182**	**585.059**
Allocation of 2017 net profit	0	0	0	0	0	(11.652)	11.652	**0**	0	**0**
Cost of performance shares	0	0	0	0	144	0	0	**144**	0	**144**
Purchase of own shares	(2.208)	(978)	0	0	0	0	0	**(3.186)**	0	**(3.186)**
Treasury shares given for incentive plans	291	154	0	0	(295)	(150)	0	**0**	0	**0**
Dividend distribution	0	(30.450)	0	0	0	0	0	**(30.450)**	(2.648)	**(33.098)**
Other changes	0	0	0	0	18	0	0	**18**	3	**21**
Total comprehensive income	0	0	0	(152)	74	0	17.118	**17.040**	30.801	**47.841**
Total at 30 june 2018	**253.753**	**203.439**	**61.322**	**(158)**	**(10.595)**	**(51.436)**	**17.118**	**473.443**	**123.338**	**596.781**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of transactions with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Explanatory Notes.

Explanatory Notes

Structure and content of the Summary Consolidated Half-Year Report to 30 June 2018

The Summary Consolidated Half-Year Report to 30 June 2018 comprises the Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income (Statement of Performance), Consolidated Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity and these Explanatory Notes. They are also accompanied by the Interim Report on Operations and the Statement of Responsibilities for the Summary Consolidated Half-Year Report pursuant to art. 154-*bis* of Legislative Decree 58/98.

Information of a financial nature related to the Cash Flow Statement is provided with reference to the first half of 2018 and the same period of 2017, while information on the Statement of Financial Position relates to 30 June 2018 and 31 December 2017; figures for the latter have been restated to reflect the adoption of the accounting standards (IFRS 9 and IFRS 15) that entered into force on 1 January 2018. For additional details, see the Reclassification / Restatement section below.

The Consolidated Statement of Financial Position provides a breakdown of current and non-current assets and liabilities with separate reporting for those resulting from discontinued or held-for-sale operations. The Consolidated Income Statement breaks down costs and revenues based on their nature. The Consolidated Cash Flow Statement is prepared using the "direct method".

Unless otherwise indicated, all tables and figures included in these Explanatory Notes are reported in EUR thousand.

Statement of compliance with accounting standards

The Summary Consolidated Half-Year Report to 30 June 2018 was prepared in accordance with the going concern principle and with the International Accounting Standards adopted by the European Union and approved by the date this document was prepared (the International Accounting Standards, or individually, IAS/IFRS, or collectively IFRS - International Financial Reporting Standards), and in accordance with art. 154-*ter* of Legislative Decree 58/1998 that implements the "Transparency Directive".
IFRS also includes all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), and approved by the European Union.

This Summary Consolidated Half-Year Report to 30 June 2018 was prepared pursuant to IAS 34 (Interim financial reporting) in summary form, and thus does not include all the information required for the year-end Consolidated Financial Statements. It must therefore be read in conjunction with the Consolidated Financial Statements prepared for the year ending 31 December 2017.

In accordance with the provisions of IAS/IFRS and current laws, the Company authorised the publication of the Half-Year Report to 30 June 2018 by the legal deadline.

The valuation criteria adopted on the basis of the International Accounting Standards are consistent with the going concern principle and were the same as those used to prepare the Consolidated Financial Statements for the Year Ending 31 December 2017, to which reference should be made for additional details, apart from those already mentioned that were in force as of 1 January 2018.

The accounting standards and criteria used in the Summary Consolidated Half-Year Report to 30 June 2018 may not coincide with IFRS provisions that will come into effect on 31 December 2018 as a result of the future position of the European Commission regarding the approval of International Accounting Standards or the issue of new standards, interpretations or implementation guides by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

The Group did not apply any IFRS in advance. The Group will adopt these new standards, amendments and interpretations based on the effective date stipulated, and will assess their potential impact when they have been approved by the European Union.

The accounting standards that entered into force on 1 January 2018 and had an impact on the Group are reported below.

- ***IFRS 9 (Financial instruments)***

On July 24, 2014, the IASB published IFRS 9 (Financial instruments). The standard, which introduces changes to both the recognition and measurement of financial assets and liabilities, and hedge accounting, fully replaces IAS 39 (Financial instruments: recognition and measurement).

Specifically, the standard contains a framework for classifying and valuing financial assets based on three business models:

- Hold to collect (HTC), or financial assets held with the aim of collecting contractual cash flows. In this case, the valuation criterion that can be adopted is amortised cost (if they pass the SPPI (solely payment of principal and interest) Test) or fair value through profit and loss (FVTPL);
- Hold to collect and sell (HTC&S), i.e. financial assets held with the aim of either collecting contractual cash flows or to be sold. In this case, the valuation criterion that can be adopted is fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL);
- Other business models: in this case the valuation criterion that can be adopted is fair value through profit and loss (FVTPL);

The classification of financial assets is also guided by the contractual characteristics of their cash flows, to the extent that, if certain characteristics are absent, classification in some of the above-defined categories is precluded.

The standard also stipulates a new impairment model, which differs from that currently set out in IAS 39, and is mainly based on the concept of expected losses.

The standard applies from 1 January 2018, except for hedge accounting, for which companies can provisionally opt to keep the IAS 39 framework.

Classification and valuation of financial assets

The DeA Capital Group applied this standard to the following categories of financial assets:

1) Investment funds

Investment funds (listed and unlisted), measured until 31 December 2017 at fair value and classified **as available for sale (AFS)**, where gains and losses are recognised in other comprehensive income, and effects accrued at the date of any sale of the instrument, or any impairment, are reversed to the Income Statement, from 1 January 2018 continue to be measured at fair value with changes in value recognised directly in the Income Statement.

The "AFS Reserve" item accrued in shareholders' equity as at 31 December 2017, net of the related tax effects recognised as tax assets and/or tax liabilities, was reclassified under "Retained earnings (losses)" in shareholders' equity. This left the opening balance of shareholders' equity at 1 January 2018 unchanged.

The choice of the above-mentioned approach (fair value with changes in value recognised directly in the Income Statement) depends on the classification of the investment funds, which, according to IAS 32, must have the necessary features to be classified as a debt instrument, as also clarified by IFRIC in May 2017. If they do not pass the SPPI Test required by IFRS 9 for such instruments (due to the fact that cash flows generated by them are not solely due to the payment of principal and interest), they may not be recorded at amortised cost or among HTC&S instruments measured at fair value with a balancing entry in a shareholders' equity reserve, and thus must be accounted for using the "fair value through profit and loss" approach.

2) Shares

Shares (listed and unlisted) which were measured, up to 31 December 2017, at fair value and classified as **available for sale (AFS)**, where gains and losses are recognised in other comprehensive income and effects accrued at the date of any sale of the instrument, or any impairment, are reversed to the Income Statement, continue to be measured at fair value as of 1 January 2018. IFRS 9 stipulates that fair value is the only valuation criterion for investments in equity instruments.

Shares in the portfolio at both 31 December 2017 and 30 June 2018 were not held for trading purposes (there are no differences in treatment between IAS 39 and IFRS 9 in this case), and thus, according to IFRS 9, the Group may decide, in relation to each shareholding (i.e. instrument-by-instrument) whether to recognise changes in the value of the stock directly in the Income Statement (similar to the mandatory treatment for held-for-trading positions), or, alternatively, in shareholders' equity on a definitive basis (with no reversal to the Income Statement, even in the case of realised capital gains/losses).

The Group has decided to recognise changes in the value of this asset class directly in the Income Statement.

The "AFS Reserve" item accrued in shareholders' equity as at 31 December 2017, net of the related tax effects recognised as tax assets and/or tax liabilities, was reclassified under "Retained earnings (losses)" in shareholders' equity. This left the opening balance of shareholders' equity at 1 January 2018 unchanged.

3) Bonds

Listed bonds, which were measured at fair value and classified as **available for sale (AFS)** up to 31 December 2017, where gains and losses are recognised in other comprehensive income and effects accrued at the date of any sale of the instruments are reversed to the Income Statement, continue to be measured at fair value as of 1 January 2018.

In accordance with IFRS 9, this type of asset must be measured at fair value; changes in the value of these securities can be recognised directly in the Income Statement or, alternatively, in shareholders' equity (OCI) with a subsequent reversal to the Income Statement when the security is sold (except for interest accrued at the actual interest rate, which is booked to the Income Statement for the relevant period, and any expected impairment losses), according to the underlying business model.

All the Group's listed bonds in the portfolio at 30 June 2018 and 31 December 2017 are plain vanilla bonds, which pass the SPPI Test; however, as the underlying business model cannot be classified as "hold to collect" (i.e. securities purchased to be held in the portfolio until maturity), the bonds cannot be measured at amortised cost under IFRS 9.

The business model underlying the holding of such securities is "mixed", i.e. they can be held either to collect the contractual cash flows they generate or they can be sold. These securities must therefore be measured at fair value with changes in value booked to the statement of comprehensive income (OCI) consistent with the accounting treatment adopted up to 31 December 2017, which was previously required by IAS 39 for financial instruments classified as available-for-sale.

- ***IFRS 15 (Revenue from contracts with customers)***

On 28 May 2014, the IASB issued IFRS 15 (Revenue from contracts with customers), which was subsequently amended on 11 September 2015.
The standard replaces IAS 18 (Revenue), IAS 11 (Construction contracts), and the interpretations SIC 31, IFRIC 13 and IFRIC 15. It requires revenues to be recognised at the time the goods or services are transferred to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services.
The new model for recognising revenues defines a five-step model for recognising revenues from contracts with customers:

- identifying contracts with the customer;
- identifying performance obligations, i.e. contractual commitments to transfer goods or services to a customer. In particular, IFRS 15 requires companies to identify the existence of distinct performance obligations within the same contract, which must therefore be treated separately;
- determining the transaction price;
- allocating transaction prices to performance obligations;
- recognising revenues when the relevant performance obligation has been fulfilled; Specifically, this occurs when an obligation to be met is fulfilled by transferring the goods or services to the customer, or when the customer obtains control of the goods or receives the service. Control can be assumed progressively over time or at a specific point in time.

The standard provides the option of choosing between a "full retrospective method" or a limited "cumulative catch-up method".

The Group adopted the cumulative catch-up method from 1 January 2018, which entails recognising the cumulative effect of the standard as an adjustment to the opening balance of profits carried forward from the previous year, but only for contracts that have not been completed at 1 January 2018.

The DeA Capital Group applied this standard to the following categories of revenues/costs:

a) **set-up/subscription fees of a fund:** the fees received as remuneration for work done in creating a fund.
Under the accounting standards in force up to 31 December 2017, these fees are recognised as revenues at the time of subscription to the fund. On the other hand, the costs incurred by the asset management company to set up the fund are recognised in the year when incurred in the same way as the recognition of set-up or subscription fees.
Effective 1 January 2018, the accounting for these fees must be assessed in view of the provisions of IFRS 15.
From paragraph B48 onward, IFRS specifies that in certain agreements, at or near the beginning of the agreement, an entity must be able to invoice initial non-reimbursable expenses to a customer.
In these cases, the entity must assess whether the payment received from the customer must be considered an advance for a service and transfer of a good to occur subsequently, or if it may be considered payment for a service actually performed at the very time of

payment. In the former case, revenues must be recognised subsequently when the service is delivered or good is transferred; otherwise, the revenue must be recognised immediately at the point in time when the payment is made.
In addition, IFRS 15 clarifies that the entity may invoice non-reimbursable expenses partially as consideration for costs incurred to prepare an agreement (or for the administrative tasks described in paragraph 25).

Based on the above, the initial set-up/subscription fee is used to cover the initial fund structuring costs, thereby creating the "vehicle" that is therefore made available to the end customer and ready for operation. Thus, a performance obligation is deemed to be completed at a point in time, i.e., when such expenses are incurred, with the related recording of revenue when they are directly charged to the fund in a precise and analytical manner at the time they are incurred or when they are reimbursed with a one-off fee.
To support this conclusion, it should be noted that it would not make sense to arrive at a different result based on the contractual provisions in the fund's regulations that may call for the asset management company to directly charge expenses to the fund in a precise and analytical manner or to charge these expenses to the fund with a one-time fee, since the economic nature of both options is the same.
If the recording of revenue from the one-time fee is not immediate, there would in fact be an inevitable mismatch between costs incurred and revenues recorded. In fact, based on paragraphs 95 to 98 of IFRS 15, since set-up costs, which are mainly external legal and consulting costs, are incurred by the company regardless of whether the fund will be set up, they cannot be considered incremental costs eligible for capitalisation, and must therefore be expensed when incurred.

<u>To conclude, the accounting treatment adopted until 31 December 2017 for both up-front fees and expenses incurred is consistent with the provisions of IFRS 15.</u>

b) **set-up fees**: the costs incurred by the company in carrying out the necessary work to create a fund, in order to ensure that the fund is operational at the time of closing. These costs are considered to be one-off costs for the launch of the fund and are, therefore, currently expensed in the year in which they are incurred, in line with the recognition of set-up/subscription fees. **<u>The Group considers this accounting treatment to be in line with the provisions of IFRS 15</u>**;

c) ***management fees***: the fees that the company receives as remuneration for the management of a fund. Based on accounting standards in effect until 31 December 2017, the company recognises management fees as revenue over the fund management period (over time on a straight-line basis over the life of the fund), or gradually as the customer acquires control and benefits from the management of investments made by the fund, but above all benefits from the capital gains from the sale of investments.
Management fees may have a fixed and variable component; at present, the company only receives fees with a fixed component, but it is believed that even if there were a variable component, the revenue would have to be recorded at a point in time when it is deemed to be highly likely that such management fees cannot be reversed in the future.
<u>Starting 1 January 2018, the accounting for these fees must be assessed in view of the provisions of IFRS 15: the accounting treatment adopted until 31 December 2017 for management fees is consistent with the provisions of IFRS 15.</u>

d) **placement and referral fees**: incremental costs that the company incurs in adding an investor to a fund's subscribers.

- **Placement fees**: if the company pays a fee to a third party because it successfully introduced an investor (to be added to the list of subscribers to a new fund), and, at the same time, the cost is to be borne by the asset management company (the fund is not required to reimburse the asset management company for these costs), from the

standpoint of IFRS 15, the asset management company must recognise the incremental costs to acquire the subscriber of the new fund as assets (prepaid expenses) if it is anticipated this cost will be recovered. Incremental costs to acquire a subscriber of a fund are those costs that the asset management company would not incur if it did not add the subscriber to the list of the fund's subscribers.
Pursuant to accounting standards in effect until 31 December 2017:

- the placement costs for the **ICG fund** were recorded quarterly, starting at the end of 2013, on the basis of invoices received (over time)
- by contrast, the **ToI** placement costs were recorded as a one-off in 2014, 2015 and especially in 2016

<u>Starting 1 January 2018, the accounting for these fees must be assessed in view of the provisions of IFRS 15, and specifically, by relating this cost to the related management fees, and thus, both must be recognised over time over the life of the fund. To conclude, at the time of the first adoption of IFRS 15, the company has adopted the new standard with limited retroactive application, i.e., by recognising the impact from the transition (EUR 446 thousand) as an adjustment to shareholders' equity at 1 January 2018.</u>

- **Referral fees**: the Group has signed two "referral" agreements whereby the referring party is appointed, on a non-exclusive basis, to simply indicate to its contacts or potential customers (parties that, of their own accord, indicate that they are interested in examining the possibility of investing in the products and services offered by the asset management company) the name of the asset management company and a general statement of its merits and expertise with the aim of introducing these contacts directly to the asset management company. Once the introduction has been made, the referring party will not perform any other activity, and it will also not be required by the asset management company to do anything else for these contacts. The referring party must provide a written list to the asset management company indicating the names of potential customers to which a referral was made. The referral will have an impact over the entire life of the fund that the "referred" subscriber has purchased.
Thus, pursuant to these agreements, the asset management company is making an advance payment for future services.
Pursuant to accounting standards in effect until 31 December 2017, the company had suspended such advance payments by recording a prepaid expense and recognising cost at the time of the recording of the management fees earned that were generated from the subscription of funds by the potential customers indicated by the referring party resulting in the matching of the recording of the above costs with the related revenues.

<u>Starting 1 January 2018, the accounting for these fees must be assessed in view of the provisions of IFRS 15: the accounting treatment adopted until 31 December 2017 is consistent with the provisions of IFRS 15.</u>

Reclassification / Restatement

As a result of applying IFRS 9 and IFRS 15 from 1 January 2018, the Financial Statements for the Year Ending 31 December 2017 had to be reclassified/restated in order to reflect the impacts thereof. The table below shows a reconciliation between the Statement of Financial Position approved ("as reported") at 31 December 2017 and the same revised in light of the application of the new IFRS 9 and IFRS 15 accounting standards with effect from 1 January 2018 (in EUR thousand).

(EUR thousand)	31.12.2017 "as reported"	(EUR thousand)	1.1.2018 reclassified for IFRS 9 application	Retatement for IFRS 15 application	1.1.2018 with implementation of IFRS 9 and IFRS 15
ASSETS		**ASSETS**			
Non-current assets		**Non-current assets**			
Intangible and tangible assets		***Intangible and tangible assets***			
Goodwill	93.745	Goodwill	93.745		93.745
Intangible assets	23.488	Intangible assets	23.488		23.488
Property, plant and equipment	1.458	Property, plant and equipment	1.458		1.458
Total intangible and tangible assets	118.691	Total intangible and tangible assets	118.691	0	118.691
Investments		***Investments***			
Investments valued at equity	29.293	Investments valued at equity	29.293		29.293
Investments held by Funds	48.583	Investments held by Funds	48.583	0	48.583
- Investments available for sale	*13.683*	*- Investments available for sale*			
- Related companies and JV recognised in P&L	*34.900*	*- Related companies and JV recognised in P&L*			
- Other investments at Fair Value through P&L		*- Other investments at Fair Value through P&L*	*48.583*		*48.583*
Other Investments available for sale	78.953	Other Investments available for sale			
Other Investments valued at Fair Value through P&L		Other Investments valued at Fair Value through P&L	78.953		78.953
Funds available for sale	169.776	Funds available for sale			
Funds misured at Fair Value through P&L		Funds misured at Fair Value through P&L	169.776		169.776
Other financial assets available for sale	13	Other financial assets available for sale			
Other financial assets at Fair Value through P&L		Other financial assets at Fair Value through P&L	13		13
Total Investments	326.618	Total Investments	326.618	0	326.618
Other non-current assets		***Other non-current assets***			
Deferred tax assets	2.173	Deferred tax assets	2.173		2.173
Loans and receivables	684	Loans and receivables	684		684
		Receivables for deferment of placement costs		587	587
Other non-current assets	5.403	Other non-current assets	5.403		5.403
Totale Altre attività non correnti	8.260		8.260	587	8.847
Total non-current assets	**453.569**	**Totale Attivo non corrente**	**453.569**	**587**	**454.156**
Current assets		**Current assets**			
Trade receivables	16.069	Trade receivables	16.069		16.069
Financial assets measured at Fair Value	4.385	Financial assets measured at Fair Value through OCI	4.385		4.385
Financial receivables	578	Financial receivables	578		578
Tax receivables from parent companies	1.055	Tax receivables from Parent companies	1.055		1.055
Other tax receivables	11.272	Other tax receivables	11.272		11.272
Other receivables	16.886	Other receivables	16.886		16.886
Cash and cash equivalents	127.916	Cash and cash equivalents	127.916		127.916
Total current asset	178.161	Total current assets	178.161	0	178.161
Total current asset	**178.161**	**Total current assets**	**178.161**	**0**	**178.161**
Available for sale	**0**	**Held-for-sale assets**	**0**		**0**
TOTAL ASSETS	**631.730**	**TOTAL ASSETS**	**631.730**	**587**	**632.317**
SHAREHOLDERS' EQUITY AND LIABILITIES		**SHAREHOLDERS' EQUITY AND LIABILITIES**			
SHAREHOLDERS' EQUITY		**SHAREHOLDERS' EQUITY**			
Share capital	255.670	Share capital	255.670		255.670
Share premium reserve	234.713	Share premium reserve	234.713		234.713
Legal reserve	61.322	Legal reserve	61.322		61.322
Fair Value reserve	77.009	Fair value reserve	(6)		(6)
Other reserves	(10.536)	Other reserves	(10.536)	446	(10.090)
Retained earnings (losses)	(117.095)	Retained earnings (losses)	(40.080)		(40.080)
Profit(loss) for the year	(11.652)	Profit (loss) for the year	(11.652)		(11.652)
Net equity Group	**489.431**	**Net equity Group**	**489.431**	**446**	**489.877**
Minority interests	**95.182**	**Minority interests**	**95.182**	**0**	**95.182**
Shareholders' equity	**584.613**	**Shareholders' equity**	**584.613**	**446**	**585.059**
LIABILITIES		**LIABILITIES**			
Non-current liabilities		**Non-current liabilities**			
Deferred tax liabilities	8.049	Deferred tax liabilities	8.049	141	8.190
Provisions for employee termination benefits	4.204	Provisions for employee termination benefits	4.204		4.204
Long term financial loans	0	Long term financial loans	0		0
Payables to staff	81	Payables to staff	81		81
Total non-current liabilities	**12.334**	**Total non-current liabilities**	**12.334**	**141**	**12.475**
Current liabilities		**Current liabilities**			
Trade payables	6.594	Trade payables	6.594		6.594
Payables to staff and social security organisations	8.330	Payables to staff and social security organisations	8.330		8.330
Current tax	1.998	Current tax	1.998		1.998
Other tax payables	5.564	Other tax payables	5.564		5.564
Other payables	12.097	Other payables	12.097		12.097
Short term financial loans	200	Short term financial loans	200		200
Total current liabilities	**34.783**	**Total current liabilities**	**34.783**	**0**	**34.783**
Held-for-sale liabilities	**0**	**Held-for-sale liabilities**	**0**		**0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**631.730**	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**	**631.730**	**587**	**632.317**

However, no restatement/reclassification of the Income Statement is necessary since it is not required by IFRS 9 and was not applied for IFRS 15 in view of the adoption of the cumulative catch-up method.

Use of estimates and assumptions in the preparation of the Summary Consolidated Half-Year Report to 30 June 2018

The Company must make assessments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues recorded in the financial statements. Estimates and related assumptions are based on past experience and other factors deemed reasonable in the case concerned; these are used to estimate the carrying value of assets and liabilities that cannot be easily obtained from other sources. Since these are estimates, the results obtained should not necessarily be considered definitive.

These estimates and assumptions are reviewed regularly. Any changes resulting from revisions to accounting estimates are recorded in the period when the revision is made if such revision only affects that period; if the revision affects current and future periods, the change is recorded in the period in which the revision is made and in related future periods.

With the understanding that the use of reasonable estimates is an essential part of preparing the Summary Consolidated Half-Year Report to 30 June 2018, note that the use of estimates is particularly significant with regard to valuations of assets and shareholdings that make up the investment portfolio.

An estimate may be adjusted as a result of changes in the circumstances on which it was based, or as a result of new information. Any change in the estimate is applied prospectively and has an impact on the Income Statement in the period in which the change occurred and potentially on Income Statements in future periods.

As permitted by IAS/IFRS, the preparation of the Summary Consolidated Half-Year Report to 30 June 2018 required the use of significant estimates by the Company's management, especially with regard to fair value measurements of the investment portfolio (shareholdings and funds).

These fair value measurements were determined by the directors based on their best estimates and judgement, using their knowledge and the evidence available at the time the Summary Consolidated Half-Year Report to 30 June 2018 was prepared. However, due to objective difficulties in making assessments and the absence of a liquid market, the values assigned to such assets could differ, in some cases significantly, from those that could be obtained when the assets are sold.

For a more complete description of the most significant assessment processes for the Group, see the Consolidated Financial Statements for the Year Ending 31 December 2017.

Basis of consolidation

At 30 June 2018, the following companies formed part of the DeA Capital Group's basis of consolidation (unchanged in relation to 31 December 2017 and 30 June 2017):

Company	Registered office	Currency	Share capital	% holding	Consolidation method
DeA Capital S.p.A.	**Milan, Italy**	**Eur**	**306,612,100**	**Holding**	
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	Eur	1,200,000	100.00%	Full consolidation
IDeA OF I	Milan, Italy	Eur	-	46.99%	Full consolidation
DeA Capital Partecipazioni S.p.A.	Milan, Italy	Eur	600,000	100.00%	Full consolidation
DeA Capital Real Estate SGR S.p.A.	Rome, Italy	Eur	16,757,557	64.30%	Full consolidation
SPC S.p.A.	Milan, Italy	Eur	208,950	80.00%	Full consolidation
YARD Group	Milan, Italy	Eur	597,725	45.00%	Equity accounted
IDeA Efficienza Energetica e Sviluppo Sostenibile	Milan, Italy	Eur	-	30.40%	Equity accounted
Venere	Rome, Italy	Eur	-	27.27%	Equity accounted

Information on the fair value hierarchy

IFRS 13 stipulates that financial instruments reported at fair value should be classified based on a hierarchy that reflects the importance and quality of the inputs used in calculating the fair value. Three levels have been determined:

- **level 1**: where the fair value of the financial instrument is calculated based on the quoted prices recorded on an active market for assets or liabilities identical to those being valued;

- **level 2**: where the fair value of the financial instrument is calculated using observable inputs other than those included in level 1, such as:
  - prices quoted on active markets for similar assets and liabilities
  - prices quoted on inactive markets for identical assets and liabilities
  - interest rate curves, implied volatility, credit spreads;

- **level 3**: where the fair value of the financial instrument is measured on the basis of non-observable data. These input data may be used if no observable input data are available. IFRS 13 specifies that unobservable input data used to measure fair value must reflect the assumptions used by market participants when fixing the price for the assets or liabilities being valued.

The table below shows assets measured at fair value by hierarchical level at 30 June 2018:

(EUR million)	Note	Level 1	Level 2	Level 3	Total
Investments held by funds at fair value through P&L	2b	0.0	16.8	72.1	88.9
Investments in other companies - misured at fair value through P&L	2c	32.2	30.2	0.2	62.6
Funds measured at fair value through P&L	2d	5.0	145.8	0.0	150.8
Financial assets measured at Fair Value through OCI	4b	5.3	0.0	0.0	5.3
Total assets		**42.5**	**192.8**	**72.3**	**307.6**

For **level 3**, the following table provides a reconciliation between opening and closing balances and separately indicates changes occurring in the first half of 2018.

(EUR thousand)	Balance at 1.1.2018	Increases	Decreases	Fair value on income statement	Balance at 30.6.2018
Investments held by funds at fair value through P&L	34.5	0.0	(13.7)	51.3	72.1
Other entities	0.2	0.0	0.0	0.0	0.2
Investments at fair value through P&L	**34.7**	**0.0**	**(13.7)**	**51.3**	**72.3**

Valuation techniques and main unobservable input data

<u>Investments held by funds - Investments in other companies measured at fair value through P&L</u>

At 30 June 2018, the DeA Capital Group was a minority shareholder, through the IDeA OF I fund, in Iacobucci HF Electronics, Pegaso Transportation Investments (Talgo) and 2IL Orthopaedics Ltd (Corin).

<u>Investments held by funds - Investments in other companies measured at fair value through P&L</u> are measured as indicated in the fund's half-year management report to 30 June 2018.
Note that the valuation of the IDeA OF I fund's assets, as reflected in the fund's net asset value reported in the above-mentioned half-year management report, and expressed according to Bank of Italy criteria, considers, for all securities not listed in a regulated market, the lower of the investment value ("cost") and the fair value. This approach, although potentially conservative if assets are valued individually, gives a correct representation of the fair value from the point of view of the holder of the fund units. Any trading of said units is, in practice, based on the NAV of the fund to which they relate, adjusted if necessary by a "discount" (much more rarely by a "premium") and not on the sum of the estimate of the fair values of the individual assets comprised within it.
This is the main reason it is considered appropriate, from the perspective of DeA Capital, which holds an interest in the assets in the portfolio of IDeA OF I via the units it holds in the fund, to show the values of said individual assets held by IDeA OF I as reported in the relevant half-year management report.

<u>Investments in other companies measured at fair value through P&L</u>

This item comprises:

- the shareholding in Kenan Investments (the holder of a shareholding in Migros), which was recorded in the Consolidated Financial Statements to 30 June 2018 at a value of EUR 30.2 million (compared with EUR 45.6 million at 31 December 2017). This valuation is based on (i) the equity value of Migros, measured at market price on 30 June 2018, (ii) updated details of net debt at the various levels of the company's control structure (Kenan Investments and Moonlight Capital) and (iii) the EUR/TRY exchange rate;
- the stake in **Crescita/Cellularline**, which was recorded in the Consolidated Financial Statements to 30 June 2018 at EUR 7.6 million (EUR 8.2 million at 31 December 2017). This valuation is based on the market price at 30 June 2018, as the company's shares started trading on the Italian stock exchange on 15 March 2017;
- the stake in **IDeaMI**, which is recorded in the Consolidated Financial Statements to 30 June 2018 at EUR 24.6 million (EUR 25 million at 31 December 2017). This valuation is based on the market price at 30 June 2018, as the company's shares started trading on AIM Italia on 11 December 2017.

<u>Funds measured at fair value through P&L (venture capital funds, funds of funds, co-investment funds, theme funds and real estate funds)</u>

Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this document was prepared.

At 30 June 2018, the DeA Capital Group held units in the following funds:

- IDeA I FoF (valued at EUR 42.3 million at 30 June 2018 compared with EUR 49.5 million at 31 December 2017)
- ICF II (valued at EUR 37.4 million at 30 June 2018 compared with EUR 37.9 million at 31 December 2017)

- ICF III (valued at EUR 9.7 million at 30 June 2018 compared with EUR 7.9 million at 31 December 2017)
- IDeA I ToI (valued at EUR 10.9 million at 30 June 2018 compared with EUR 20.7 million at 31 December 2017)
- IDeA CCR (valued at EUR 1.2 million at 30 June 2018 compared with EUR 1.6 million at 31 December 2017)
- Santa Palomba (valued at EUR 0.4 million at 30 June 2018, broadly unchanged on the figure at 31 December 2017)
- six venture capital funds (with a total value of EUR 9.0 million at 30 June 2018 compared with EUR 8.6 million at 31 December 2017)
- ten real estate funds held through DeA Capital Real Estate SGR (valued at EUR 39.8 million at 30 June 2018 compared with EUR 43.2 million at 31 December 2017)

For venture capital funds, the fair value of each fund is based on the fund's stated NAV, calculated according to international valuation standards and adjusted if necessary to reflect capital reimbursements/calls that occurred between the reference date for the last available NAV and the balance sheet date.

For the other funds, the fair value of each fund is represented by the NAV advised by the management company in the half-year fund management report at 30 June 2018, drafted in accordance with the Bank of Italy's regulation of 19 January 2015, as subsequently amended, on collective asset management.

Notes to the Consolidated Statement of Financial Position

NON-CURRENT ASSETS

Non-current assets totalled EUR 455.0 million at 30 June 2018, compared with EUR 454.2 million at the end of the preceding period.

1a – Goodwill

This item, which amounted to EUR 93.7 million at 30 June 2018 (unchanged compared with 31 December 2017), relates to the goodwill recorded in relation to the acquisitions of DeA Capital Alternative Funds SGR (EUR 31.3 million) and IFIM/FIMIT SGR, now called DeA Capital Real Estate SGR (EUR 62.4 million).

IAS 36 requires that goodwill, and hence the cash-generating unit (CGU), or groups of CGUs to which it has been allocated, is subject to impairment tests at least annually and that certain qualitative and quantitative indicators of impairment are monitored continuously to check for the existence of conditions that would require impairment testing to be carried out more frequently.

With regard to the position at 30 June 2018, the qualitative and quantitative analysis conducted did not reveal any issues that would require impairment tests to be instigated for the two amounts of goodwill. Consequently, impairment testing will be applied annually for the preparation of the Financial Statements for the Year Ending 31 December 2018.

1b – Intangible assets

Intangible assets, and changes in their balances, are indicated in the table below.

(EUR thousand)	Historical cost at 1.1.2018	Cum. amort. & write-downs at 1.1.2018	Net carrying value at 1.1.2018	Historical cost at 30.6.2018	Cum. amort. & write-downs at 30.6.2018	Net carrying value at 30.6.2018
Concessions, licences and trademarks	6,941	(5,861)	**1,080**	6,953	(6,094)	**859**
Software expenses	154	(151)	**3**	154	(152)	**2**
Development expenses	229	(228)	**1**	229	(228)	**1**
Other intangible assets	108,920	(86,516)	**22,404**	107,288	(85,490)	**21,798**
Total	**116,244**	**(92,756)**	**23,488**	**114,624**	**(91,964)**	**22,660**

(EUR thousand)	Balance at 1.1.2018	Acquisitions	Amort.	Write-downs	Decreases	Changes in consolidation area	Balance at 30.6.2018
Concessions, licences and trademarks	1,080	12	(233)	0	0	0	859
Software expenses	3	0	(1)	0	0	0	2
Development expenses	1	0	0	0	0	0	1
Other intangible assets	22,404	0	(606)	0	0	0	21,798
Total	**23,488**	**12**	**(840)**	**0**	**0**	**0**	**22,660**

The other intangible assets mainly relate to customer relationships and intangible assets associated with variable fees arising from the allocation of the residual value of FIMIT SGR on the date of the (reverse) merger into FARE SGR (now DeA Capital Real Estate SGR). At 30 June 2018, the intangible assets identified as customer relationships were valued at EUR 1,194 thousand (EUR 1,798 thousand at 31 December 2017), while those associated with variable fees were EUR 20,600 thousand (unchanged on 31 December 2017).

1c – Property, plant and equipment

Property, plant and equipment, and changes in their balances, are indicated in the table below.

(EUR thousand)	Historical cost at 1.1.2018	Cum. amort. & write-downs at 1.1.2018	Net carrying value at 1.1.2018	Historical cost at 30.6.2018	Cum. amort. & write-downs at 30.6.2018	Net carrying value at 30.6.2018
Leasehold improvements	3,563	(2,589)	**974**	3,575	(2,858)	**717**
Furniture and fixtures	1,748	(1,428)	**320**	1,755	(1,504)	**251**
Computer and office equipment	1,110	(951)	**159**	1,129	(981)	**148**
Company vehicles	193	(193)	**0**	193	(193)	**0**
Plant	17	(12)	**5**	12	(12)	**0**
Other assets	303	(303)	**0**	303	(303)	**0**
Total	**6,934**	**(5,476)**	**1,458**	**6,967**	**(5,851)**	**1,116**

(EUR thousand)	Balance at 1.1.2018	Acquisitions	Depr.	Reclassif.	Decreases	Change in consolidation area	Balance at 30.6.2018
Leasehold improvements	974	12	(269)	0	0	0	717
Furniture and fixtures	320	7	(76)	0	0	0	251
Computer and office equipment	159	23	(34)	5	(5)	0	148
Company vehicles	0	0	0	0	0	0	0
Plant	5	0	0	(5)	0	0	0
Other assets	0	0	0	0	0	0	0
Total	**1.458**	**42**	**(379)**	**0**	**(5)**	**0**	**1.116**

Depreciation of property, plant and equipment is calculated on a straight-line basis, according to the estimated useful life of the asset.

The depreciation rates used in the first half of 2018 were 20% for specific plant assets, 12% for furniture and furnishings, 20% for electronic office machines, 20% for company vehicles and 15% for leasehold improvements.

2 – Financial investments and other non-current assets

2a – Investments in associates

This item, which totalled EUR 28.5 million at 30 June 2018 (EUR 29.3 million at 31 December 2017), relates to the following assets:

- units held in the IDeA EESS fund are valued at approximately EUR 15.6 million (compared with EUR 16.5 million at 31 December 2017)
- units held in the Venere fund are valued at approximately EUR 6.9 million (compared with EUR 7.2 million at 31 December 2017)
- the shareholding in YARD is valued at EUR 6.0 million compared with EUR 5.6 million at 31 December 2017)

The table below provides details of investments in associates at 30 June 2018 by area of activity.

(EUR million)	**Private Equity Investment**	**Alternative Asset Management**	**Total**
IDeA EESS fund	15.6	0.0	15.6
Venere fund	2.3	4.6	6.9
YARD group	0.0	6.0	6.0
Total	**17.9**	**10.6**	**28.5**

The table below summarises details of financial information for YARD and the IDeA EESS and Venere funds based on the reporting package prepared in accordance with the accounting standards used by the DeA Capital Group at 30 June 2018:

	YARD Group	**IDeA EESS**	**Venere**
(EUR thousand)	**First Half 2018**	**First Half 2018**	**First Half 2018**
Revenues	11.771	0	1.374
Net profit/(loss) for the period	1.362	2.102	910
Other profit/(loss), net of tax effect	0	0	0
Total comprehensive profit/(loss) for the period	1.362	2.102	910
Total comprehensive profit/(loss) for the period attributable to minorities	*749*	*1.463*	*662*
Total comprehensive profit/(loss) for the period attributable to Group	*613*	*639*	*248*
(EUR thousand)	**30.6.2018**	**30.6.2018**	**30.6.2018**
Current assets	27.412	4.711	8.157
Non-current assets	9.723	48.169	18.342
Current liabilities	(18.469)	(1.685)	(1.217)
Non-current liabilities	(8.289)	0	0
Net assets	**10.377**	**51.195**	**25.282**
Net assets attributable to minorities	*5.707*	*35.632*	*18.388*
Net assets attributable to the Group	*4.670*	*15.563*	*6.894*
(EUR thousand)	**30.6.2018**	**30.6.2018**	**30.6.2018**
Net initial assets attributable to the Group	4.241	16.484	7.184
Total comprehensive profit/(loss) for the period attributable to the Group	613	639	248
Capital calls / (*Distributions*)	0	(1.560)	(546)
Dividends received during the period	(183)	0	0
Other	(1)	0	8
Net final assets attributable to minorities	*4.670*	*15.563*	*6.894*
Goodwill	1.384	0	0
Book value of associate company	***6.054***	***15.563***	***6.894***
Dividends paid to minorities during the period	***(224)***	***0***	***0***

2b - Investments held by funds at fair value through P&L

This item, totalling EUR 88.9 million at 30 June 2018 (compared with EUR 48.6 million at 31 December 2017) breaks down as follows:

(EUR million)	30.6.2018	31.12.2017
Participations in Portfolio		
Giochi Preziosi	0.0	5.2
Elemaster	0.0	8.5
Iacobucci HF Electronics	6.0	6.0
Pegaso Transportation Investments (Talgo)	16.8	14.1
Corin Orthopaedics Holdings Limited	66.1	14.8
Investments at Fair Value through P&L	**88.9**	**48.6**
Total Participations in Portfolio	**88.9**	**48.6**

At 30 June 2018, the DeA Capital Group was a minority shareholder, through the IDeA OF I fund, in Iacobucci HF Electronics, Pegaso Transportation Investments (Talgo) and Corin Orthopaedics Holding Ltd.

The change compared with the balance at 31 December 2017 mainly reflects:

- the revaluation of the investment in Corin Orthopaedics Holding Limited totalling EUR 51.3 million in order to bring the investment in line with the price of the sale completed in July 2018;
- the sale, on 21 March, of Elemaster (recorded at EUR 8.5 million in the statements at 31 December 2017);
- the agreement finalised in June 2018 regarding the exit of IDeA Opportunity Fund I from Giochi Preziosi. This settlement entailed the following:
-
    - the same fund's sale of the outstanding convertible bond for consideration of EUR 9.5 million (compared with a carrying value of EUR 5.2 million in the item "Investments held by funds" at 31 December 2017), of which EUR 6.0 million was received in cash and EUR 3.5 million is to be received by December 2018 (the latter amount was recorded at 30 June 2018 under "Other receivables - Current assets");
    - the revision of entries for other receivables from Giochi Preziosi (up to EUR 0.5 million compared with EUR 1.7 million at 31 December 2017).

2c - Investments in other companies measured at fair value through P&L

At 30 June 2018, the DeA Capital Group was a minority shareholder in Kenan Investments (the holder of an investment in Migros), Crescita/Cellularline, the special purpose acquisition company (SPAC) IDeaMI; and other minor equity intevestments.

At 30 June 2018, this item was EUR 62.6 million, compared with EUR 79.0 million at 31 December 2017.

The table below provides a breakdown of shareholdings in other companies at 30 June 2018 by area of activity.

(EUR million)	Private Equity Investment	Alternative Asset Management	Total
Kenan Investments	30.2	0.0	30.2
Crescita / Cellularline	7.6	0.0	7.6
IDeaMI	24.6	0.0	24.6
Minority interests	0.2	0.0	0.2
Total	**62.6**	**0.0**	**62.6**

The shareholding in Kenan Investments (indirectly corresponding to approximately 4.0% of Migros' capital, i.e. 23.2% of Migros' capital via the Group's investment in Kenan Investments) is recorded in the Consolidated Financial Statements to 30 June 2018 at EUR 30.2 million (compared with EUR 45.6 million at 31 December 2017).
The change compared with 31 December 2017 (EUR -15.4 million) was due to a decrease in fair value, due to the combined effect of the reduction in the price per share (TRY 20.54 per share at 30 June 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (5.37 EUR/TRY at 30 June 2018, versus 4.55 EUR/TRY at 31 December 2017).

2d - Funds measured at fair value through P&L

This item relates to investments in units of three funds of funds (IDeA I FoF, ICF II and ICF III with three sub-funds), three theme funds (IDeA ToI and the IDeA CCR I and IDeA CCR II funds, the latter two both with two sub-funds), six venture capital funds and ten real estate funds, totalling EUR 150.8 million in the Consolidated Financial Statements to 30 June 2018 (compared with EUR 169.8 million at 31 December 2017).

The following table indicates changes in funds measured at fair value through P&L in the first half of 2018.

(EUR thousand)	Balance at 1.1.2018	Increases (Capital call)	Decreases (Capital distribution)	Fair value adjustment	Translation effect	Balance at 30.6.2018
Venture capital funds	8,599	0	(933)	1,259	95	9,020
IDeA I FoF	49,462	248	(9,865)	2,486	0	42,331
ICF II	37,946	134	(3,037)	2,389	0	37,432
ICF III Core	7,942	946	0	777	0	9,665
IDeA ToI	20,658	2,572	(12,036)	(284)	0	10,910
IDeA CCR I	1,582	465	(703)	(97)	0	1,247
Santa Palomba	426	0	0	7	0	433
DeA Capital Real Estate SGR funds	43,161	0	(1,402)	(1,951)	0	39,808
Total funds	**169,776**	**4,365**	**(27,976)**	**4,586**	**95**	**150,846**

The table below provides a breakdown of the funds in the portfolio at 30 June 2018 by area of activity.

(EUR million)	**Private Equity Investment**	**Alternative Asset Management**	**Total**
Venture capital funds	9.1	0.0	9.1
IDeA I FoF	42.3	0.0	42.3
ICF II	37.4	0.0	37.4
ICF III	9.7	0.0	9.7
IDeA ToI	10.9	0.0	10.9
IDeA CCR I	1.2	0.0	1.2
Santa Palomba	0.4	0.0	0.4
DeA Capital Real Estate SGR funds	0.0	39.8	39.8
Total funds	**111.0**	**39.8**	**150.8**

3a – Deferred tax assets

The balance of the item "Deferred tax assets" comprises the value of deferred tax assets minus deferred tax liabilities, where they may be offset.
At 30 June 2018, deferred tax assets totalled EUR 1.6 million, compared with EUR 2.2 million at 31 December 2017.

3b – Loans and receivables

This item totalled EUR 0.2 million at 30 June 2018, compared with EUR 0.7 million at 31 December 2017.

3c - Receivables relating to deferred placement costs

This item totalled EUR 0.5 million at 30 June 2018. The amounts was entirely due to the restatement made to comply with the new IFRS 15 accounting standard, effective 1 January 2018. This involved changing the approach for accounting for the placement costs of the fund IDeA Taste of Italy by the subsidiary DeA Capital Alternative Funds SGR. On the other hand, the outlay occurring at the time of the various fund closings, which was immediately fully allocated to the Income Statement using the previous accounting approach, must instead be distributed on a straight-line basis over the life of the ToI fund in accordance with IFRS 15. Thus, the change in approach involved deferring the portion of cost pertaining to the remaining life of the fund, creating the receivable concerned, which will be gradually "released" to the Income Statement over the years until the expected maturity date for Taste of Italy.

3d – Other non-current assets

This item, which totalled EUR 4.2 million at 30 June 2018 (compared with EUR 5.4 million at 31 December 2017), included EUR 3.7 million relating to the receivable from the IDeA OF I fund for the sale of 1% of Manutencoop (EUR 3.8 million at 31 December 2017).

CURRENT ASSETS

At 30 June 2018, current assets totalled EUR 180.1 million, versus EUR 178.2 million at 31 December 2017. The item mainly comprised:

4a – Trade receivables

This item amounted to EUR 12.9 million at 30 June 2018, compared with EUR 16.1 million at 31 December 2017.
The balance mainly comprises receivables, belonging to DeA Capital Real Estate SGR, of EUR 10.7 million at 30 June 2018 (EUR 12.2 million at 31 December 2017); these are essentially receivables from managed funds for fees accrued but not yet received.

For details of transactions with related parties, see the appropriate section of the report (Transactions with parent companies, subsidiaries and related parties).

4b - Financial assets measured at fair value

At 30 June 2018, financial assets measured at fair value totalled EUR 5.3 million, compared with EUR 4.4 million at 31 December 2017, and relates to the portfolio of government securities and corporate bonds held by DeA Capital Alternative Funds SGR.

4c – Financial receivables

This item totalled EUR 0.6 million at 31 December 2017 and related to the receivable due from the purchasers of the majority stake in IRE for the long-term portion of the deferred purchase price maturing in April 2018. Thus, this item had a zero balance at 30 June 2018.

4d – Tax receivables relating to the tax consolidation scheme entered into by the parent companies

This item totalled EUR 1.2 million at 30 June 2018 (EUR 1.1 million at 31 December 2017) and relates to the receivable from the Parent Company De Agostini S.p.A. for the participation of DeA Capital S.p.A., DeA Capital Alternative Funds SGR and DeA Capital Partecipazioni S.p.A. in the tax consolidation scheme.

4e – Other tax receivables

At 30 June 2018, other receivables totalled EUR 2.4 million, compared with EUR 11.3 million at 31 December 2017. The item chiefly includes advance payments on IRAP and IRES, tax deductions in the form of advance payments on interest, IRES tax credits to be carried forward and VAT receivables.

4f – Other receivables

This item, which totalled EUR 11.0 million at 30 June 2018 compared with EUR 16.9 million at 31 December 2017, mainly included receivables for the management of VAT positions related to funds managed by DeA Capital Real Estate SGR in addition to receivables for security deposits, advances to suppliers, prepaid expenses and other receivables. The change compared with the figure at 31 December 2017 mainly reflects:

- the collection of the receivable from the Beta Immobiliare fund concerning the final variable fee of EUR 13.4 million
- the receivable of IDeA Opportunity Fund I from Giochi Preziosi totalling EUR 3.5 million (zero at 31 December 2017) related to the agreement finalised in June 2018 regarding

- the exit of IDeA Opportunity Fund I from Giochi Preziosi as described in paragraph 2b above

4g - Cash and cash equivalents (bank deposits and cash)

This item comprises bank deposits and cash, including interest accrued to 30 June 2018. At 30 June 2018, the item totalled EUR 147.4 million compared with EUR 127.9 million at 31 December 2017.

Cash and cash equivalents at 31 December 2017 included an amount of EUR 4.5 million of "restricted cash" (EUR 0.5 million at 30 June 2018) relating to withholdings for substitute tax made by DeA Capital Alternative Funds SGR in respect of holders of units in the IDeA I FoF fund.

Please see the Consolidated Cash Flow Statement for further information on changes in this item.

Cash deposited at banks accrues interest at variable rates, based on the prevailing overnight, 1-2-week and 1-3-month interest rates.

SHAREHOLDERS' EQUITY

5 – Shareholders' equity

Group shareholders' equity

At 30 June 2018, Group shareholders' equity was EUR 473.4 million, compared with EUR 489.4 million at 31 December 2017, or EUR 489.9 million taking into account the increase of EUR 0.5 million resulting from the adoption of the IFRS 15 accounting standard with effect from 1 January 2018.

The decrease in Group shareholders' equity in the first half of 2018 (EUR 16.5 million) was mainly due to the extraordinary dividend paid (EUR -30.5 million), the result shown in the Statement of Performance – IAS 1 (EUR +17.0 million) and the effects of the share buy-back plan (EUR -3.2 million).

Shareholders' equity attributable to minorities

At 30 June 2018, shareholders' equity attributable to minorities was EUR 123.3 million, compared with EUR 95.2 million at 31 December 2017. This item relates to the shareholders' equity attributable to minorities resulting from the line-by-line consolidation of DeA Capital Real Estate SGR, the IDeA OF I fund and the company SPC.

The increase of EUR +28.1 million compared with the balance at 31 December 2017 mainly relates to:

- the events recorded in the Statement of Performance, totalling EUR +30.8 million
- dividends paid out by DeA Capital Real Estate SGR, totalling EUR -2.6 million

The table below provides details of the financial information of DeA Capital Real Estate SGR and IDeA OF I, before elimination of the intercompany relationships with the Group's other companies, at 30 June 2018.

(EUR thousand)	DeA Capital Real Estate SGR First Half 2018	DeA Capital Real Estate SGR First Half 2017	IDeA OF I Fund First Half 2018	IDeA OF I Fund First Half 2017
Management fees form Alternative Asset Managements	20.759	20.039	0	0
Net profit/(loss) for the period	2.397	(1.004)	56.269	2.248
Total comprehensive profit/(loss) for the period	**856**	**(1.670)**	**29.828**	**1.192**
Other profit/(loss), net of tax effect	136	2.014	0	686
Total comprehensive profit/(loss) for the period	**2.533**	**1.011**	**56.269**	**2.934**
Total comprehensive profit/(loss) for the period attributable to minorities	**905**	**(951)**	**29.828**	**1.555**

(EUR thousand)	30.6.2018	31.12.2017	30.6.2018	31.12.2017
Current assets	56.454	48.417	17.873	178
Non-current assets	131.755	150.562	93.135	54.050
Current liabilities	(16.376)	(20.499)	(582)	(71)
Non-current liabilities	(8.442)	(10.204)	0	0
Net assets	**163.391**	**168.275**	**110.426**	**54.157**
Net assets attributable to minorities	**64.897**	**66.640**	**58.537**	**28.709**

(EUR thousand)	First Half 2018	1° Semestre 2017	1° Semestre 2018	1° Semestre 2017
Cash flow from operation actitivies	17.860	13.400	14.226	1.182
Cash flow from investment activities	(47)	(585)	0	0
Cash flow from financial activities	(2.648)	(1.808)	0	978
NET INCREASES IN CASH AND CASH EQUIVALENTS	**15.165**	**11.007**	**14.226**	**2.160**
Dividends paid to minorities during the period	***(2.648)***	***(1.808)***	***0***	***0***

NON-CURRENT LIABILITIES

At 30 June 2018, non-current liabilities totalled EUR 10.7 million (EUR 12.3 million at 31 December 2017, or EUR 12.5 million taking into account the effects of the IFRS 15 accounting standard from 1 January 2018 onwards.

6a – Deferred tax liabilities

At 30 June 2018 this item totalled EUR 6.4 million (EUR 8.0 million at 31 December 2017 or EUR 8.2 million taking into account the effects of the IFRS 15 accounting standard from 1 January 2018 onwards), and primarily included the deferred tax liabilities of DeA Capital Real Estate SGR (EUR -6.1 million, compared with EUR -7.8 million at 31 December 2017) consisting mainly of the balancing entry relating to deferred tax on intangible assets from variable fees recorded under assets.

6b – End-of-service payment fund

At 30 June 2018, this item totalled EUR 4.2 million (broadly unchanged compared with 31 December 2017). End-of-service payments are part of defined benefit plans, and are therefore valued using actuarial assessments.

CURRENT LIABILITIES

At 30 June 2018, current liabilities totalled EUR 27.6 million, compared with EUR 34.8 million at 31 December 2017.

7a – Trade payables

Trade payables totalled EUR 7.0 million at 30 June 2018, compared with EUR 6.6 million at 31 December 2017.

For details of transactions with related parties, see the appropriate section of the report (Transactions with parent companies, subsidiaries and related parties).

Trade payables do not accrue interest and are settled, on average, within 30 to 60 days.

7b – Payables in respect of staff and social security organisations

At 30 June 2018, this item was EUR 5.2 million, compared with EUR 8.3 million at 31 December 2017, and primarily comprised the liability to staff for unused leave, bonuses, and payables to social security organisations.

7c – Current tax payables

This item totalled EUR 7.0 million at 30 June 2018 (EUR 2.0 million at 31 December 2017) and relates to the payable to the Parent Company De Agostini S.p.A. for the participation of DeA Capital S.p.A., DeA Capital Alternative Funds SGR and DeA Capital Partecipazioni S.p.A. in the tax consolidation scheme. This item also includes payables to tax authorities for the current taxes of DeA Capital Real Estate SGR not included in the tax consolidation scheme.

7d – Other tax payables

At 30 June 2018, other tax payables totalled EUR 2.5 million, compared with EUR 5.6 million at 31 December 2017. Specifically, at 30 June 2018 this balance included:.

- the VAT payable of DeA Capital Real Estate SGR totalling EUR 1.2 million (the amount recorded under "Other tax payables" was EUR 9.3 million at 31 December 2017)
- tax payables for withholdings on employee and independent contractor income paid by the due date after the end of the first half of 2018, equal to EUR 0.8 million (EUR 0.9 million at 31 December 2017)

At 31 December 2017, other tax payables included EUR 4.5 million for the payable to the Investitori Associati IV fund for taxes withheld by DeA Capital Alternative Funds SGR as substitute tax (EUR 0.5 million at 30 June 2018).

7e – Other payables

At 30 June 2018 this item totalled EUR 5.7 million (EUR 12.1 million at 31 December 2017), and included an amount of EUR 5.5 million (EUR 11.7 million at 31 December 2017) due to DeA Capital Real Estate SGR, and in particular payables relating to the management of VAT positions totalling EUR 1.8 million (EUR 10.7 million at 31 December 2017) due to the funds managed by DeA Capital Real Estate SGR.

Notes to the Consolidated Income Statement

8 – Alternative Asset Management fees

In the first half of 2018, Alternative Asset Management fees totalled around EUR 30.0 million, compared with EUR 27.7 million in the same period in 2017.

These fees mainly relate to management fees paid to DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR (see the table below) for the funds they manage.

(EUR million)	**First Half 2018**	**First Half 2017**
DeA Capital Alternative Funds SGR (*)	9.2	7.7
DeA Capital Real Estate SGR	20.8	20.0
Total management fees from Alternative Asset Management	**30.0**	**27.7**

(*) Net of intercompany management fees to IDeA OF I, which is consolidated on a line-by-line basis

9 – Income from investments valued at equity

This item includes income from associates valued at equity for the period.

The item, which was EUR +1.5 million in the first half of 2018, compared with EUR +5.3 million in the first half of 2017, is attributable to the pro-rata portion of the profits/losses relating to the shareholdings in:

- IDeA EESS (EUR +0.6 million in the first half of 2018 compared with EUR +4.9 million in the first half of 2017; the latter was affected by the revaluation of the listed SMRE security)
- YARD Group (EUR +0.6 million in the first half of 2018, compared with EUR +0.2 million in the first half of 2017)
- Venere (EUR +0.3 million in the first half of 2018, broadly in line with the first half of 2017)

10 – Other investment income/expenses

Other net income from investments in shareholdings and funds totalled EUR +46.8 million in the first half of 2018, compared with net income of EUR +7.2 million in the same period of 2017.
In the first half of 2018, this item mainly related to:

- the revaluation of the investment in Corin Orthopaedics Holding Limited in the amount of EUR 51.3 million in order to bring the investment into line with the price of the sale completed in July 2018
- the impairment of the investment in Kenan/Migros totalling EUR -15.4 million, which was attributable to the decrease in fair value due to the combined effect of the reduction in the price per share (TRY 20.54 per share at 30 June 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (5.37 EUR/TRY at 30 June 2018, versus 4.55 EUR/TRY at 31 December 2017)
- the gain of EUR +4.3 million from the settlement related to the bond of IDeA Opportunity Fund I relating to Giochi Preziosi (as described in the section "Other receivables" under current assets)
- the fair value adjustment of private equity funds for a total of EUR +5.3 million

In the first half of 2017, this item mainly related to:

- the impact of exercising the put option on 9.75% of Migros for a total of EUR +3.8 million

- the profit reported on investments held by IDeA Opportunity Fund I totalling EUR +3.6 million

Note that the item "Other investment income/expenses" for 2018 reflects the accounting treatment laid down by IFRS 9, which states that changes in the fair value of financial investments, which in 2017 were partly recognised directly in shareholders' equity in comprehensive income, are now recognised in profit and loss. A comparison of the 2018 and 2017 figures for this item is therefore not significant.

11 – Service revenues

In the first half of 2018, this item totalled EUR 1.1 million (EUR 0.2 million in the same period of 2017); the increase in the first half of 2018 compared with the first half of 2017 was mainly due to the activity of SPC.

12 a – Personnel costs

In the first half of 2018, personnel costs totalled EUR 14.1 million, compared with EUR 14.8 million in the same period of 2017.

At 30 June 2018, the average number of employees was 191. The table below shows changes in the average number of Group employees in the first half of 2018.

Position	1.1.2018	Recruits	Departures	Other changes	30.6.2018	Average
Senior Managers	32	1	(2)	1	32	32
Junior Managers	60	8	(4)	0	64	62
Staff	93	19	(10)	(1)	101	97
Total	**185**	**28**	**(16)**	**0**	**197**	**191**

12 b - Service costs

In the first half of 2018, service costs totalled EUR 9.6 million, compared with EUR 9.0 million in the same period of 2017.

Details of service costs in the first half of 2018, compared with the first half of 2017, are reported below.

(EUR thousand)	First Half 2018	First Half 2017
Admin. Consulting, Tax and Legal and other costs	4,217	3,374
Remuneration of internal committees	290	286
Maintenance	96	99
Travel expenses	450	406
Utilities and general expenses	539	647
Third-party rental, royalties and leasing	1,879	1,964
Bank charges	29	56
Books, stationery and conventions	166	216
Commission expense	544	490
Other expenses	1,352	1,469
Total	**9,562**	**9,007**

12 c – Amortisation/depreciation and write-downs

Amortisation/depreciation and write-downs totalled EUR 1.2 million in the first half of 2018, compared with EUR 6.0 million in the same period of 2017.

In the first half of 2017, this item included the impairment of goodwill for SPC totalling EUR -2.4 million, and the impairment of intangible assets from variable fees of DeA Capital Real Estate SGR totalling EUR -2.3 million.

Please see the table of changes in intangible and tangible assets for a breakdown into sub-items.

12 d – Other costs

Other costs totalled EUR 3.2 million in the first half of 2018, compared with EUR 5.5 million in the same period of 2017. This item mainly consists of:

- non-deductible, pro rata VAT on costs of DeA Capital Real Estate SGR in the first half of 2018 totalling EUR -0.8 million (EUR -0.7 million in the first half of 2017)
- the impairment of receivables of DeA Capital Real Estate SGR totalling EUR -0.9 million (EUR -4.1 million in the first half of 2017, including EUR -3.8 million for final variable fees of the Beta fund)
- the impairment of a receivable from the holding company Preziosi Investments totalling EUR -1.2 million (zero balance in the first half of 2017)

13 – Financial income (expenses)

Financial income totalled EUR 0.5 million in the first half of 2018 (EUR 0.3 million in the same period of 2017), and financial expenses were EUR 0.2 million (EUR 0.5 million in the year-earlier period).

13 a - Financial income

Details of the financial income relating to the first half of 2018, and a comparison with the first half of 2017, are shown below.

(EUR thousand)	**First Half 2018**	**First Half 2017**
Interest income	234	322
Foreign exchange gains	246	2
Total	**480**	**324**

13 b - Financial expenses

Details of financial expenses relating to the first half of 2018, and a comparison with the first half of 2017, are shown below.

(EUR thousand)	**First Half 2018**	**First Half 2017**
Interest expense	33	18
Exchange losses	132	407
Financial charge IAS 19	20	25
Total	**185**	**450**

14 – Income tax

Income tax came to EUR -3.7 million in the first half of 2018, compared with EUR +0.4 million in the first half of 2017.

(EUR thousand)	First Half 2018	First Half 2017
Current taxes:		
Income from tax consolidation scheme	101	735
- IRES	(4.337)	(432)
- IRAP	(672)	(538)
- Other tax	(4)	0
Total Current taxes	**(4.912)**	**(235)**
Deferred taxes for the period:		
- Charges for deferred/prepaid taxes	0	(187)
- Income from deferred/prepaid taxes	1.171	862
Total deferred taxes	**1.171**	**675**
Total income tax	**(3.741)**	**440**

15 – Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Group's shareholders by the weighted average number of shares outstanding in the period.

Diluted earnings per share are calculated by dividing net profit attributable to the Group's shareholders by the weighted average number of shares outstanding in the period including any diluting effects of existing stock option plans, in the event the allocated options are "in the money".

(EUR thousand)	First Half 2018	First Half 2017
Consolidated net profit/(loss) - Group share (A)	**17,118**	**6,235**
Weighted average number of ordinary shares outstanding (B)	254,035,752	259,890,427
Basic earnings/(loss) per share (€ per share) (C=A/B)	0.067	0.024
Restatement for dilutive effect	0	0
Consolidated net profit/(loss) restated for dilutive effect (D)	**17,118**	**6,235**
Weighted average number of shares to be issued for the exercise of stock options (E)	75,532	162,211
Total number of shares outstanding and to be issued (F)	254,111,284	260,052,638
Diluted earnings/(loss) per share (€ per share) (G=D/F)	0.067	0.024

Other information

➢ Transactions with parent companies, subsidiaries and related parties

Transactions with related parties

Transactions with related parties, including those with other Group companies, were carried out in accordance with the Procedure for Related Party Transactions adopted by the Company with effect from 1 January 2011, in accordance with the provisions of the Regulation implemented pursuant to art. 2391-*bis* of the Italian Civil Code with Consob Resolution 17221 of 12 March 2010, as subsequently amended. During the first half of 2018, the Company did not carry out any atypical or unusual transactions with related parties, apart from those that are part of the normal business activities of group companies. It also did not carry out any "material transactions" as defined in the above-mentioned procedure. Transactions with related parties during the first half of 2018 were carried out under standard market conditions for the nature of the goods and/or services offered.

With regard to transactions with parent companies, note the following:

1) DeA Capital S.p.A. has signed a service agreement with the controlling shareholder, De Agostini S.p.A., for the latter to provide operating services in administration, finance, control, legal, corporate, tax, investor relations, and institutional and press services.

   This agreement, which is automatically renewed each year, is priced at market rates, and is intended to allow the Company to maintain a streamlined organisational structure in keeping with its development policy, while obtaining sufficient operational support.

   At the same time, on 1 January 2013, DeA Capital S.p.A. signed an "Agreement to sub-let property for intended use other than residential use" with the controlling shareholder, De Agostini S.p.A. The agreement relates to parts of a building located at Via Brera, 21, Milan, comprising space for office use, warehousing and car parking.

   This agreement, which is renewable every six years after an initial term of seven years, is priced at market rates.

2) DeA Capital S.p.A., DeA Capital Alternative Funds SGR S.p.A. and DeA Capital Partecipazioni S.p.A. have adopted the national tax consolidation scheme of the De Agostini Group (the Group headed by De Agostini S.p.A., formerly B&D Holding di Marco Drago e C. S.a.p.A.). This option was exercised jointly by each company and De Agostini S.p.A. through the signing of the "Regulation for participation in the national tax consolidation scheme for companies in the De Agostini Group" and notifying the tax authorities of this option pursuant to the procedures and terms and conditions laid down by law. The option is irrevocable unless the requirements for applying the scheme are not met.

   The option for DeA Capital S.p.A. is irrevocable for the three-year period 2017-2019.

3) In order to allow more efficient use of liquidity and the activation of credit lines with potentially better terms and conditions than those that may be obtained from banks, DeA Capital S.p.A. has signed a framework agreement (Framework Agreement) with the Parent Company De Agostini S.p.A. for the provision of short-term intercompany loans/deposits.

   Deposit/financing operations falling within this Framework Agreement can only be carried out subject to verification that the terms and conditions, as determined from time to time, are advantageous, and will be provided on a revolving basis, and with maturities of not more than three months. The Framework Agreement has a duration of one year and will automatically renew each year.

The amounts involved in the deposit/financing operations will, however, always be below the thresholds for transactions defined as "non-material" pursuant to Consob Regulation 17221/2010 (Transactions with Related Parties) and the internal Procedure for Related Party Transactions adopted by DeA Capital S.p.A.

Lastly, the Company did not hold, purchase or dispose of shares of related-party companies in the first half of 2018 .

The table below summarises the amounts of trade-related transactions with related parties.

	30.6.2018				**First Half 2018**			
(EUR thousand)	*Trade receivables*	*Tax receivables*	*Tax payables*	*Trade payables*	*Income from services*	*Income from tax*	*Personnel costs*	*Service costs*
YARD S.p.A.	5	0	55	0	0	0	5	0
De Agostini S.p.A.	52	1.163	3.009	30	180	0	(32)	(310)
De Agostini Publishing Italia S.p.A.	0	0	0	0	0	0	0	0
Lottomatica S.p.A.	1	0	0	0	13	0	0	0
De Agostini Editore S.p.A.	0	0	0	145	0	0	0	(205)
De Agostini Scuola S.p.A.	0	0	0	0	0	0	(1)	20
Dea Planeta Libri S.r.l.	0	0	0	0	0	0	0	0
Total related parties	**58**	**1.163**	**3.064**	**175**	**193**	**0**	**(28)**	**(495)**
Total financial statement line item	**12.876**	**1.163**	**6.992**	**7.034**	**1.119**	**101**	**(14.119)**	**(9.562)**
As % of financial statement line item	**0,5%**	**100,0%**	**43,8%**	**2,5%**	**17,2%**	**0,0%**	**0,2%**	**5,2%**

➢ Directors' and auditors' remuneration

In the first half of 2018, remuneration payable to the Parent Company's directors and auditors for the performance of their duties totalled EUR 135 thousand and EUR 54.6 thousand respectively.

Stock options and performance shares

The Company has in place stock option plans for shares and performance share plans for the Boards of Directors and managers with strategic responsibilities.

- *Stock options*

Stock options		**Options outstanding at 1 January 2018**			**Options granted during 2018**			**Options exercised during 2018**	**Options expired/ cancelled during 2018**	**Options outstanding at 30 June 2018**		
Beneficiary	**Position**	**Number of options**	**Average exercise price**	**Average expiry date**	**Number of options**	**Average exercise price**	**Average expiry date**	**Number of options**	**Number of options**	**Number of options**	**Average exercise price**	**Average expiry date**
Paolo Ceretti	CEO	317,229	1.02	5	0	0	0	0	0	317,229	1.02	5
Key Management		0	0	0	0	0	0	0	0	0	0	5

- *Performance shares*

Performance shares		**Units outstanding at 1 January 2018**			**Units granted during 2018**			**Units exercised during 2018**	**Units expired/ cancelled during 2018**	**Units outstanding at 30 June 2018**		
Beneficiary	**Position**	**Number of Units**	**Units Price**	**Average expiry date**	**Number of Units**	**Units Price**	**Average expiry date**	**Number of Units**	**Number of Units**	**Number of Units**	**Units Price**	**Average expiry date**
Paolo Ceretti	CEO	250,000	1.46	4	0	0	0	123,057	0	126,943	1.46	4
Paolo Ceretti	CEO	350,000	1.19	4	0	0	0	0	0	350,000	1.19	4
Paolo Ceretti	CEO	350,000	1.36	4	0	0	0	0	0	350,000	1.36	4
Paolo Ceretti	CEO	0	0	0	500,000	1.56	4	0	0	500,000	1.56	4
Key Managers		125,000	1.46	4	0	0	0	61,529	0	63,471	1.46	4
Key Managers		150,000	1.34	4	0	0	0	60,590	0	89,410	1.34	4
Key Managers		450,000	1.19	4	0	0	0	0	0	450,000	1.19	4
Key Managers		475,000	1.36	4	0	0	4	0	0	475,000	1.36	4
Key Managers		100,000	1.27	4	0	0	4	0	0	100,000	1.27	4
Key Managers		0	0	0	625,000	1.56	4	0	0	625,000	1.56	4

➢ Atypical or unusual transactions

In the first half of 2018, there were no atypical or unusual transactions as defined by Consob Communication 6064293 of 28 July 2006.

➢ Significant non-recurring events and transactions

In the first half of 2018, the DeA Group did not undertake any significant non-recurring transactions as defined by the above-mentioned Consob Communication.

➢ Net financial position

Please see the Report on Operations, as mentioned above, for the net financial position of the DeA Capital Group.

Significant events after the end of the period and outlook

❖ SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

➢ Launch of IDeA Agro fund

In July 2018, DeA Capital Alternative Funds SGR completed the launch of the IDeA Agro Fund, which is to be used to acquire and enhance the value of environmentally sustainable agricultural companies operating in Italy, with assets of EUR 80 million. As a part of the above closing, DeA Capital S.p.A. has subscribed to a commitment of EUR 2.3 million.

➢ Funds – payments /distributions

After the end of the first half of 2018, the DeA Capital Group increased its investments in the IDeA EESS, IDeA ToI, IDeA CCR II and IDeA Agro funds with payments totalling EUR 2.9 million.

At the same time, the DeA Capital Group received distributions from the IDeA OF I, IDeA EESS and Venere funds totalling EUR 40.4 million.

❖ OUTLOOK

With regard to the **Private Equity Investment** area, the Group will continue its efforts to increase the value of the investments in its portfolio, and at the same time evaluate opportunities for new co-investment/club deal initiatives – including with funds managed by the Alternative Asset Management platform – that are smaller in size than in the past. The Group will also continue to sponsor new initiatives promoted by the platform and invest in funds it has launched, using the capital already available, as well as capital from the sale of portfolio assets and the reimbursements of funds in which DeA Capital S.p.A. has invested.

With regard to **Alternative Asset Management**, the Group will continue to develop its activities, aimed at consolidating its leadership in Italy and selectively exploring the opportunities for expansion in Europe. Development will be pursued by broadening the investor base and a more extensive product range, with a stronger presence in the NPL segment. Within this framework, in order to best capitalise on its internal know-how, the Group will strengthen and integrate its investor development/coverage functions, with the aim of raising awareness of DeA Capital S.p.A. as an integrated platform comprising private equity, real estate and NPL.

In terms of its capital position, DeA Capital S.p.A. will continue to maintain a solid financial structure, ensuring that shareholders receive attractive cash returns, primarily dividends, based on the available liquidity.

Statement of Responsibilities for the Summary Consolidated Half-Year Report to 30 June 2018 (pursuant to art. 154-*bBis* of Legislative Decree 58/98)

The undersigned, Paolo Ceretti, as Chief Executive Officer, and Manolo Santilli, as the manager responsible for preparing the accounting statements of DeA Capital S.p.A., hereby certify, pursuant to art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, that based on the characteristics of the Company,
the administrative and accounting procedures for preparing the Summary Consolidated Half-Year Report to 30 June 2018 were suitable and were effectively applied.

The assessment as to the suitability of the administrative and accounting procedures for preparing the Summary Consolidated Half-Year Report to 30 June 2018 was based on a process established by DeA Capital S.p.A. in keeping with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is the generally accepted reference framework at the international level.

It should be noted in this regard that, as described in the Explanatory Notes to the Summary Consolidated Half-Year Report to 30 June 2018, a significant portion of the assets are investments stated at fair value. Such fair value was determined by the Directors based on their best judgement and estimation using the knowledge and evidence available at the time the Summary Consolidated Half-Year Report was prepared. However, due to objective difficulties in making assessments and the absence of a liquid market, the values assigned to such assets could differ, and in some cases significantly, from those that could be obtained when the assets are sold.

The undersigned further certify that the Summary Consolidated Half-Year Report to 30 June 2018:

- corresponds to the Companies' accounting records
- has been prepared in compliance with the International Financial Reporting Standards adopted by the European Union, and especially IAS 34 (Interim Financial Reporting), and the measures issued to implement art. 9 of Legislative Decree 38/2005
- to the best of their knowledge, provides a true and fair view of the operating performance and financial position of the issuer and the group of companies included in the scope of consolidation.

The Interim Report on Operations contains a reliable analysis of operating performance and results and of the situation of the issuer and all companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

6 September 2018

Paolo Ceretti
Chief Executive Officer

Manolo Santilli
Manager responsible for preparing the Company's accounting statements

REVIEW REPORT ON SUMMARY CONSOLIDATED HALF-YEAR REPORT AS OF 30 JUNE 2018

DEA CAPITAL SPA

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REVIEW REPORT ON SUMMARY CONSOLIDATED HALF-YEAR REPORT

To the shareholders of
DeA Capital SpA

Foreword

We have reviewed the accompanying summary consolidated half-year report of DeA Capital SpA and its subsidiaries (the DeA Capital Group) as of 30 June 2018, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cashflow statement and the related notes. The directors of DeA Capital SpA are responsible for the preparation of the summary consolidated half-year report in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this summary consolidated half-year report based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of summary consolidated half-year report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the summary consolidated half-year report.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying summary consolidated half-year report of DeA Capital Group as of 30 June 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 7 September 2018

PricewaterhouseCoopers SpA

Signed by

Giovanni Ferraioli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PricewaterhouseCoopers SpA

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