



**INTERIM MANAGEMENT
REPORT
TO 30 SEPTEMBER 2018**

***Third quarter 2018
First nine months of 2018***

*Board of Directors
Milan, 8 November 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 September 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

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Statement of Responsibilities for the Interim Management Report to 30 September 2018

Interim Report on Operations

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

With assets under management^(*) of about EUR 11,400 million and an investment portfolio of more than EUR 300 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

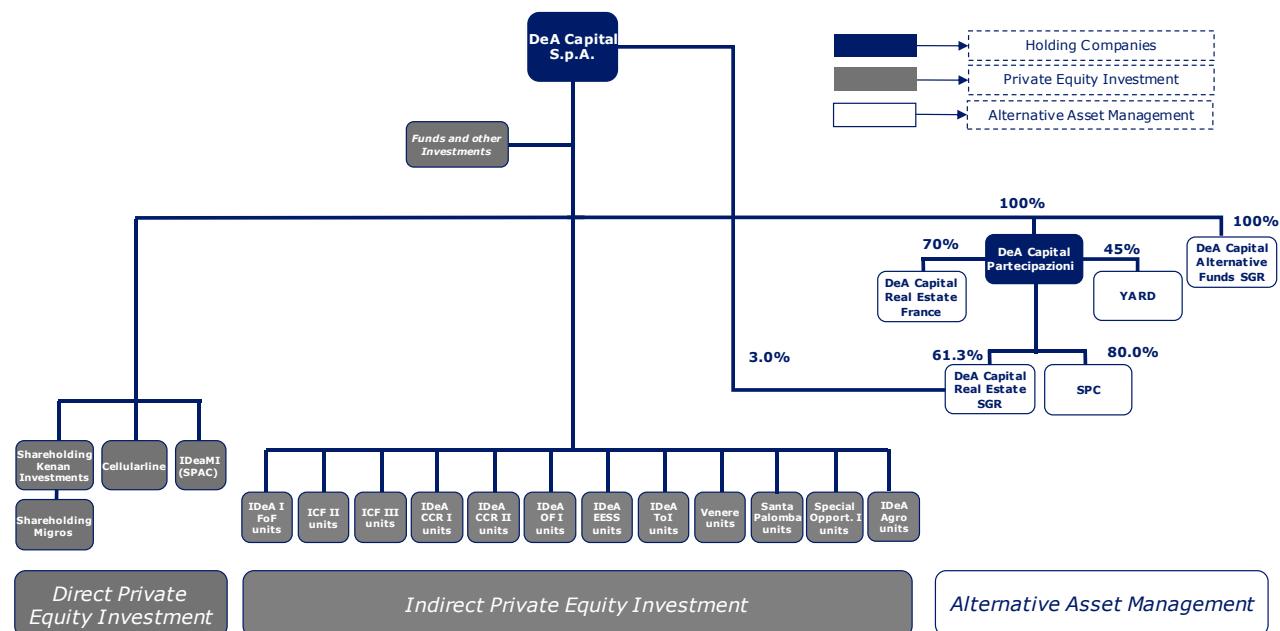
(*) The term "assets under management" relates to:

- the assets of the managed funds of real estate funds
- the total commitments of private equity funds

At 30 September 2018, DeA Capital S.p.A. reported Group shareholders' equity of EUR 463.4 million, corresponding to a **net asset value (NAV) of EUR 1.83 per share** (compared with EUR 1.80 per share at the end of 2017, adjusted for the distribution of the extraordinary dividend of EUR 0.12 per share in May 2018, as well as for the impact of applying the new IFRS 15 accounting standard, in force since 1 January 2018).

More specifically, the investment portfolio, which totals EUR 322.4 million, consists of Private Equity Investment shareholdings of EUR 51.3 million, Private Equity Investment funds of EUR 126.4 million and net assets relating to the Alternative Asset Management business of EUR 144.7 million.

At 30 September 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**

- ⇒ 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 **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 with which to carry out a business combination within 24 months of listing (December 2017)

- **Funds**

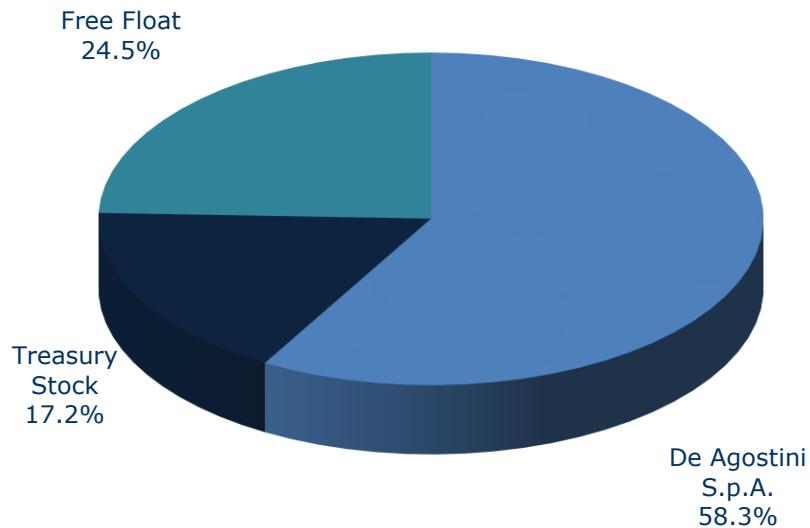
- ⇒ units in nine funds managed by the subsidiary DeA Capital Alternative Funds SGR, i.e. in the three funds of funds **IDeA I Fund of Funds**, **ICF II** and **ICF III**, the co-investment fund **IDeA Opportunity Fund I**, the theme funds **IDeA Efficienza Energetica e Sviluppo Sostenibile (Energy Efficiency and Sustainable Development)**, **IDeA Taste of Italy** and **IDeA Agro**, and in the credit funds **IDeA Corporate Credit Recovery 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 2.3 billion in assets under management (AUM) and 11 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 9.1 billion and 45 managed funds (including three listed funds)
 - ⇒ controlling interest in **DeA Capital Real Estate France** (70.0%), a newly established company whose aim is to develop real estate advisory activities for fundraising, consultancy and the management of real estate assets in the French market
 - ⇒ 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. (#)**

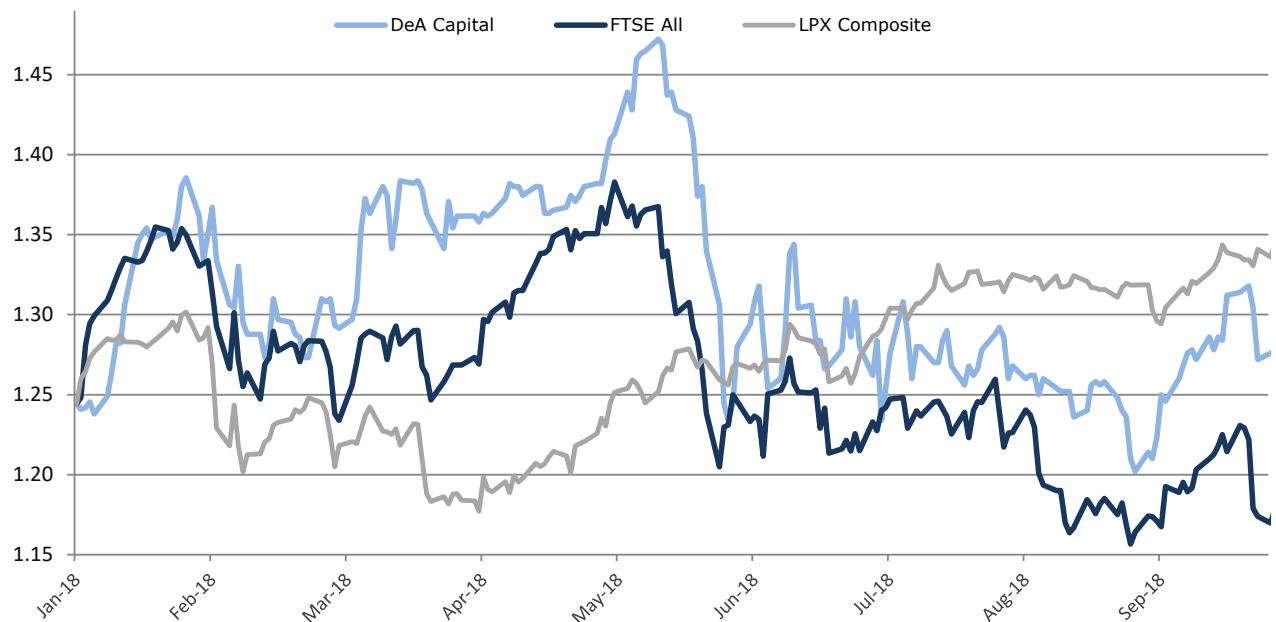


(#) *Figures at 30 September 2018*

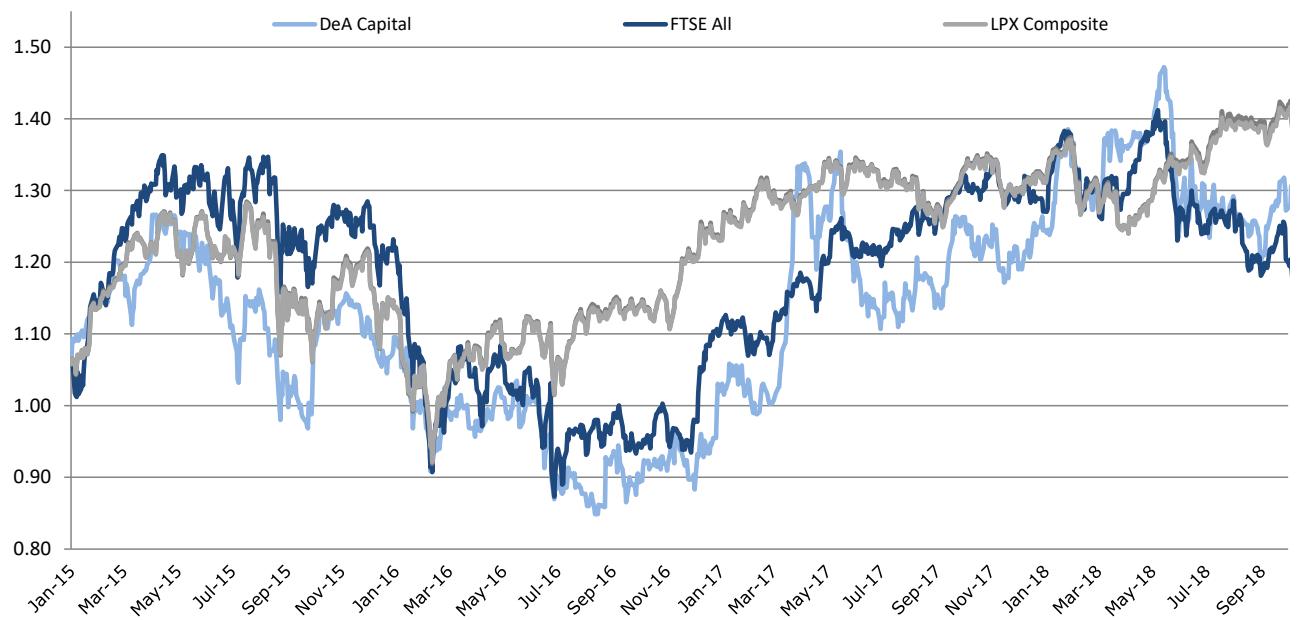
Note: as at 8 November 2018, the number of treasury shares was unchanged compared with 30 September 2018 (52,858,542)

➤ **Share performance (°)**

- From 1 January 2018 to 30 September 2018



- From 1 January 2015 to 30 September 2018



(°) Source: Bloomberg

Performance of the DeA Capital share

The DeA Capital share rose by +2.2% in the first nine months of 2018, while the Italian market index FTSE All-Share® lost -5.3% and the LPX Composite® advanced by +6.9%. The share's liquidity, as demonstrated by an average daily trading volume of over 338,000 shares, decreased slightly compared with 2017.

From 1 January 2015 to 30 September 2018, the Company's share price rose by +20.3%. In the same period, the FTSE All-Share® and LPX Composite® gained +13.8% and +32.5% respectively.

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

<i>(in EUR)</i>	1 Jan. – 30 Sept. 2018
Maximum price	1.47
Minimum price	1.20
Average price	1.31
Price at 30 September 2018 (EUR per share)	1.27
Market capitalisation at 30 September 2018 (EUR million)	322

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 to 30 September 2018 are shown below, compared with the year-earlier figures.

(EUR million)	30.9.2018	1.1.2018 "adjusted" (*)	31.12.2017 "as reported"
NAV/share (EUR) Group NAV	1.83 463.4	1.80 459.4	1.91 489.4
Investment portfolio	322.4	397.0	396.5
Net financial position - Holding companies	140.3	61.8	92.3
Consolidated net financial position	179.8	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 nine months of 2018	First nine months of 2017
Group Net Profit/(Loss)	6.9	4.9
Comprehensive income (Group share)	6.6	9.7

The table below shows the composition of the Group's NAV during the first nine months 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	6.6		
Other changes in NAV	0.6		
Group NAV as at 30 september 2018	463.4	253.8	1.83

(*) 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 September 2018.

	30 september 2018		1 January 2018 "adjusted"	
	M€	€/Sh.	M€	€/Sh.
Private Equity Investment				
- Kenan Inv. / Migros	19.7	0.08	45.6	0.18
- Funds - Private Equity / Real Estate	126.4	0.50	170.9	0.67
- Other (IDeaMI, Cellularline,...)	31.6	0.12	33.4	0.13
Total PEI (A)	177.7	0.70	249.9	0.98
Alternative Asset Management				
- DeA Capital Real Estate SGR	97.9	0.39	101.2	0.40
- DeA Capital Alternative Funds SGR	40.0	0.16	39.9	0.16
- Other (YARD / SPC,...)	6.8	0.03	6.0	0.02
Total AAM (B)	144.7	0.58	147.1	0.58
Investment Portfolio (A+B)	322.4	1.28	397.0	1.56
Other net assets (liabilities)	0.7	0.00	0.6	0.00
Net Financial Position Holdings	140.3	0.55	61.8	0.24
NAV	463.4	1.83	459.4	1.80

4. Significant events in the third quarter of 2018

The significant events that occurred in the third quarter of 2018 are summarised below. For events that took place during the first half of 2018, please refer to the Half-Year Report to 30 June 2018, which was approved by the Board of Directors on 6 September 2018.

➤ **Launch of IDeA Agro fund**

In July 2018, DeA Capital Alternative Funds SGR completed the launch of the IDeA Agro fund, whose assets of EUR 80 million are to be used to acquire and enhance the value of environmentally sustainable agricultural companies operating in Italy. As a part of the fund's first closing, DeA Capital S.p.A. subscribed to a commitment of EUR 2.3 million.

➤ **Funds – paid calls/distributions**

In the third quarter of 2018, the DeA Capital Group increased its respective investments with net payments totalling EUR 3.6 million. Paid calls in the first nine months of 2018 totalled EUR 7.9 million, and relate to the IDeA I FoF, ICF II, ICF III, IDeA OF I, IDeA EESS, IDeA ToI, IDeA Agro and IDeA CCR I and II funds.

At the same time, the DeA Capital Group received distributions (net of withholding tax) totalling EUR 56.5 million during the third quarter. The cumulative total of distributions received from the funds in the first nine months of 2018 amounted to EUR 84.3 million, and relate to the IDeA I FoF, ICF II, IDeA OF I, IDeA EESS, IDeA ToI and IDeA CCR I funds.

Thus, the private equity funds in which DeA Capital S.p.A. invested produced a net positive cash balance totalling EUR 52.9 million for the portion relating to the Group in the third quarter of 2018 and EUR 76.4 million in the first nine months of 2018.

➤ **DeA Capital Real Estate France created**

On 21 September 2018, as part of the Alternative Asset Management development strategy, the creation of DeA Capital Real Estate France SAS was finalised; a French company, it is 70%-owned by the DeA Capital Group, with the remainder owned by local key managers. The company's objective is to develop real estate advisory activities for fundraising and for consultancy and management of real estate assets in the French market, with a particular focus on the core+, value-added and opportunistic sectors.

With this initiative, DeA Capital S.p.A. has launched a pan-European real estate platform through companies controlled by the Group and, strategically, with the participation of local senior management teams; these can support Italian investors in initiatives beyond national borders and attract international investors with a pan-European focus.

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 September 2018, the DeA Capital Group was a shareholder of:

- Kenan Investments, holder of an investment in Migros (valued at EUR 19.7 million)
- IDeAMI, a special purpose acquisition company (valued at EUR 24.5 million)
- Cellularline, the Italian leader in the development and sale of smartphone and tablet accessories (valued at EUR 6.9 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 September 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 (EUR 33.6 million)
- ICF II (EUR 30.0 million)
- ICF III (EUR 9.8 million)
- IDeA OF I (EUR 14.0 million)
- IDeA I EESS (EUR 12.6 million)
- IDeA I ToI (EUR 12.0 million)
- IDeA CCR I (EUR 0.9 million)
- IDeA CCR II (EUR 1.4 million)
- Venere (EUR 1.9 million)
- Santa Palomba (EUR 0.4 million)
- six venture capital funds (EUR 9.8 million)

On the same date, the DeA Capital Group also held units in the Agro (insignificant value) and Special Opportunities I (has not yet made any investments) funds.

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)**

	
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 Migros.	
Brief description:	
Migros was established in 1954 and is the leading company in the food retail sector in Turkey. The company has 2,090 sales outlets, with a total net area of 1,494 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 <i>bakkals</i> (small stores typically run by families) to an increasingly widespread organised distribution model.	

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 September 2018 at EUR 19.7 million (compared with EUR 45.6 million at 31 December 2017).

The change compared with 31 December 2017 (EUR -25.9 million) was due to a decrease in fair value, due to the combined effect of the reduction in the price per share (TRY 16.18 per share at 30 September 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (7.08 EUR/TRY at 30 September 2018, versus 4.55 EUR/TRY at 31 December 2017).

Migros (mln TRY)	First nine months of 2018	First nine months of 2018	Change
Revenues	13,794	11,322	21.8%
EBITDA	874	646	35.3%
Net financial debt	(3,311)	(2,283) ^(*)	-1.028 mln TRY

(*) As of 31 December 2017

Funds

At 30 September 2018, the Private Equity Investment sector of the DeA Capital Group included investments in funds with a total net value of EUR 126.4 million in the Consolidated Financial Statements (corresponding to the fair value estimated 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), four theme funds (IDeA ToI, IDeA Agro, 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 107.8 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 distributions by the 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 39 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in 237 companies active in geographical regions with different growth rates.

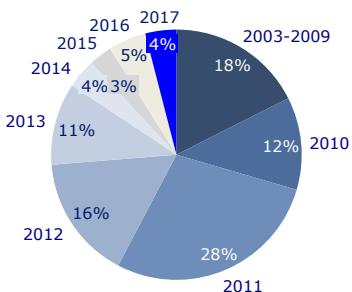
The funds are diversified in the buy-out (control) and expansion (minorities) categories, with overweighting towards medium- and small-scale transactions and special situations (distressed debt/equity and turnaround).

At 30 September 2018, IDeA I FoF had called up 91.1% of its total commitment and had made reimbursements totalling approximately 101.0% of that commitment.

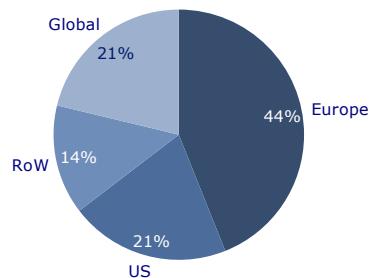
Other important information

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.

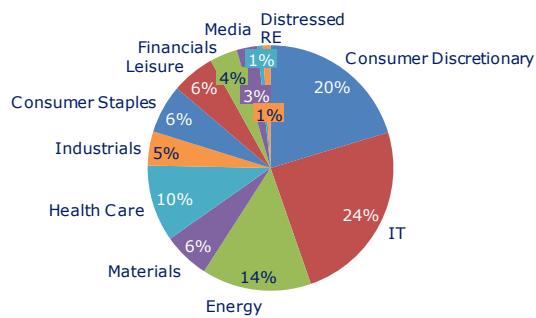
BREAKDOWN BY YEAR OF INVESTMENT⁽¹⁾



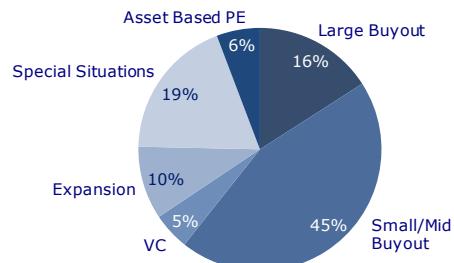
BREAKDOWN BY GEOGRAPHIC AREA⁽²⁾



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 33.6 million in the Consolidated Financial Statements to 30 September 2018 (EUR 49.5 million at 31 December 2017). The change was due to capital calls of EUR +0.5 million, distributions of EUR -19.8 million and an increase in fair value of EUR +3.4 million.

The table below shows the key figures for IDeA I FoF at 30 September 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		14,687,187	

- **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.

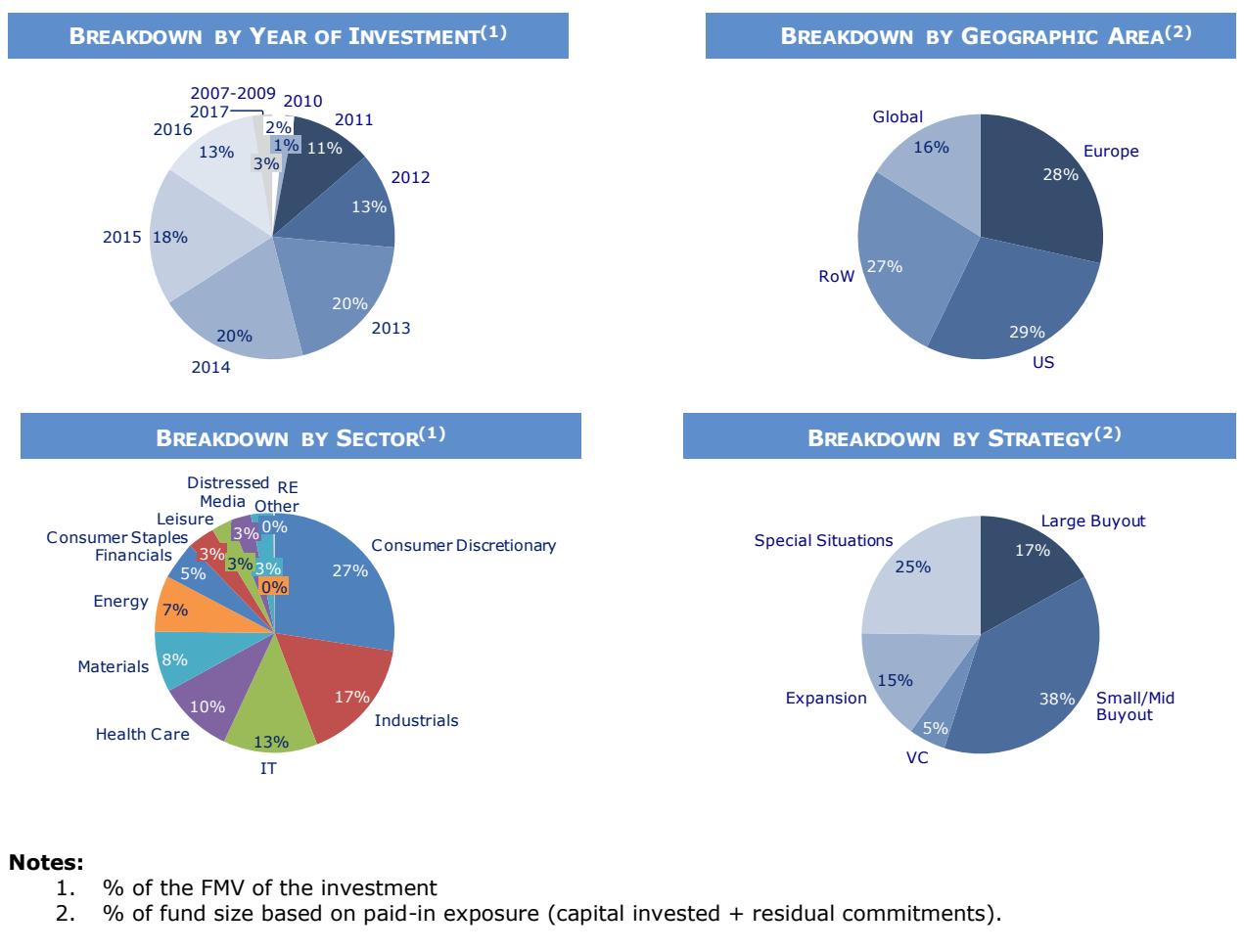
The fund started building its portfolio by focusing on funds in the area of mid-market buy-outs, distressed and special situations, loans, turnarounds and funds with a specific sector slant, targeting, in particular, opportunities offered in the secondary market.

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 regions.

At 30 September 2018, ICF II had called up around 73.8% of its total commitment and had made distributions totalling 73.4% 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.



The units in ICF II were valued at EUR 30.0 million in the Consolidated Financial Statements to 30 September 2018 (EUR 37.9 million at 31 December 2017). The change was due to capital calls of EUR +0.3 million, capital reimbursements of EUR -11.6 million and an increase in fair value of EUR +3.4 million.

The table below shows the key figures for ICF II at 30 September 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		13,397,585	

- **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 September 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 9.8 million in the Consolidated Financial Statements to 30 September 2018 (EUR 7.9 million at 31 December 2017). The increase was due to capital calls of EUR +1.0 million and an increase in fair value of EUR +0.9 million.

The table below shows the key figures for ICF III at 30 September 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, which has total assets of approximately EUR 217 million, has invested both independently or via syndicates with a lead investor and purchased qualified minority interests.

At 30 September 2018, IDeA OF I had called up 86.4% of the total commitment and distributed 86.4% of that commitment, after making nine investments (of which three were still in the portfolio at that date).

Significant events in the third quarter of 2018

In July 2018, the sale of the equity investment held in **Corin**, a company specialising in the production and marketing of orthopaedic hip and knee prostheses, to Permira, a leading global private equity operator, was finalised. The transaction entailed a net payment for the fund of EUR 65.6 million, at a multiple of more than 4.0 times the investment and a capital gain of about EUR 51 million (approximately EUR 24 million for the DeA Capital Group portion).

The units held in IDeA OF I were reported in the Consolidated Financial Statements for the Year Ending 30 September 2018 at a net value of EUR 14.0 million, versus EUR 25.4 million at 31 December 2017. The change is attributable to capital calls of EUR +0.6 million, capital reimbursements of EUR -37.6 million and the fund's pro rata net profit of EUR +25.6 million; the latter is mainly attributable to the capital gain recorded on the sale of the equity investment held in Corin.

The table below shows a breakdown of the fund's NAV at 30 September 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	15.0	7.1
Total portfolio participations				21.0	9.9
Other receivables				7.8	3.7
Other assets (liabilities)				(0.6)	(0.3)
Cash and cash equivalents				1.6	0.7
Total Net Equity				29.8	14.0

The table below shows the key figures for IDeA OF I at 30 September 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				
	13,873,127				

- ***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, with 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 CO₂ emissions.

At 30 September 2018, IDeA EESS had called up 79.1% of the total commitment and distributed 61.1% of that commitment, after making nine investments (of which five were still in the portfolio at that date).

Significant events in the third quarter of 2018

On 10 July 2018, IDeA EESS finalised the sale of a block of remaining shares of the investee **SMRE**, a company specialising in the design and development of industrial machinery with a strong technological component, generating net proceeds of EUR 11 million. Following the latter sale, and taking into account previous sales, the fund received a total of EUR 25 million on the investment at a multiple of more than 7.0 times.

In July 2018 Edison, a leading national energy operator, launched a bid for the shares of **Zephyro**, a company specialising in the supply of integrated energy management solutions, at a price of EUR 10.25 per share. The transaction was completed in October 2018 with net proceeds for the fund of EUR 8.8 million, for a total return of 1.4 times the invested capital.

The units held in IDeA EESS were reported in the Consolidated Financial Statements to 30 September 2018 at EUR 12.6 million, a decrease on the figure at 31 December 2017 (EUR 16.5 million). This was primarily due to capital calls of EUR +0.3 million and capital reimbursements of EUR -4.2 million.

The table below shows a breakdown of the fund's NAV at 30 September 2018.

(EUR million)	Industry	% share	Investment date	100%	DeA Capital
Portfolio investments					
Elemaster	Electronic boards	10.0%	February 27, 2013	8.5	2.6
Zephyro	Energy services for complex structures	8.4%	December 11, 2013	8.7	2.6
Baglioni	Design / production of compressed air tanks	41.2%	February 5, 2015	7.5	2.3
Tecnomecanica	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				33.8	10.3
Other assets (liabilities)				0.5	0.1
Cash and cash equivalents				7.1	2.2
Total Net Equity				41.4	12.6

The table below shows the key figures for IDeA EESS at 30 September 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			6,349,943	

- **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 agricultural foods sector, especially in areas involved in the production and distribution of foodstuffs and in secondary (processed) products or related services.

At 30 September 2018, IDeA ToI had called up 61.2% of the total commitment and distributed 47.8% of that commitment, after making five investments.

Significant events in the third quarter of 2018

As provided for in the contractual agreements signed in December 2017, in July 2018 IDeA ToI paid EUR 8 million for the last tranche of the investment in Italian wine market operator **Botter** (in addition to the EUR 12 million paid in the first six months of 2018). After the last tranche, the total investment in the company amounted to EUR 30 million, with a resulting holding of 22.5% of the share capital.

The units in IDeA ToI were valued at EUR 12.0 million in the Consolidated Financial Statements to 30 September 2018 (EUR 20.7 million at 31 December 2017). The changes during the period were mainly due to capital calls of EUR +3.7 million, capital reimbursements of EUR -12.0 million and a EUR -0.4 million decrease in fair value. The table below shows the key figures for IDeA ToI at 30 September 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				
	9,780,240				

- ***IDeA Agro***



IDeA Agro

Registered office: Italy

Sector: Private equity

Website: www.deacapitalaf.com

Investment details

IDeA Agro is a closed-end fund under Italian law for qualified investors, which began operating on 10 July 2018 and is managed by DeA Capital Alternative Funds SGR.

The DeA Capital Group has a total commitment of EUR 2.3 million in the fund.

Brief description

IDeA Agro, which has initial assets of EUR 80.0 million, is a closed-end mutual fund under Italian law, for qualified investors, which seeks to acquire minority and controlling interests in medium and large Italian enterprises operating in the agricultural sector and in an eco-sustainable manner. The fund's aim is to improve the efficiency of the agricultural management of the supply chain, to market processed agricultural products and to increase the land value of the agricultural companies acquired.

At 30 September 2018, IDeA Agro had called up 1.6% of the commitment from subscribers.

The value of the units in IDeA Agro in the Consolidated Financial Statements to 30 September 2018 is not yet significant.

The table below shows the key figures for IDeA Agro at 30 September 2018.

IDeA Agro	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (€)					
IDeA Agro	Italy	2018	80,000,000	2,300,000	2.88
Residual Commitments					
Total residual commitment in:	Eur				
	2,263,596				

- **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 September 2018, the DeA Capital Group's total commitment in the fund was EUR 7.7 million.

Brief description

IDeA CCR I, which had total assets of EUR 221.9 million at 30 September 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 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 commitments for new finance currently totalling up to around EUR 42.8 million, which could be used for the Target Companies

As at 30 September 2018, the Crediti sub-fund was fully invested, while the Nuova Finanza sub-fund had called in 25.9% of its total commitment. On the same date, the Crediti and Nuova Finanza sub-funds had distributed 34.1% and 12.4% of their respective commitment.

The units in IDeA CCR I were valued at approximately EUR 0.9 million in the Consolidated Financial Statements to 30 September 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 September 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 September 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

As at 30 September 2018, the Crediti sub-fund was fully invested, while the Nuova Finanza sub-fund had called in 9.8% of its commitment.

The units in IDeA CCR II were valued at EUR 1.4 million in the Consolidated Financial Statements to 30 September 2018 (zero at 31 December 2017). The changes during the period were mainly due to capital calls of EUR 1.5 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 September 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:				13,634,378	

- **Venture capital funds**

The units in venture capital funds have a total value of approximately EUR 9.8 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 2.1 million.

The table below shows the key figures for venture capital funds in the portfolio at 30 September 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		3,286,544

➤ Alternative Asset Management

At 30 September 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**
- 70% of **DeA Capital Real Estate France**
- 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	
<p>The asset management company operates in the management of private equity funds (funds of funds, co-investment funds and theme funds). At 30 September 2018, it managed 11 closed-end private equity funds, including four funds of funds (IDeA I FoF, ICF II, ICF III and IDeA Crescita Globale), a "direct" co-investment fund (IDeA OF I), five theme funds (IDeA EESS, IDeA ToI, IDeA Agro, IDeA CCR I and IDeA CCR II, the latter two debtor-in-possession financing funds) and Investitori Associati IV (in liquidation).</p> <p>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.</p>	

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

(EUR million)	Asset Under Management at 30 september 2018	Management fees at 30 september
<u>DeA Capital Alternative Funds SGR</u>		
IDeA I FoF	646	1.3
IDeA OF I	217	0.7
ICF II	281	1.1
IDeA EESS	100	0.8
IDeA Crescita Globale	55	1.0
ICF III	67	0.4
IDeA Taste of Italy	218	3.3
Investitori Associati IV	51	0.5
IDeA CCR I	222	1.8
IDeA CCR II	326	3.4
IDeA Agro	80	0.4
Total DeA Capital Alternative Funds SGR	2,263	14.7

With regard to operating performance, the company posted a year-on-year increase of almost EUR 400 million in assets under management for the first nine months of 2018. This was broadly due to the launches of IDeA CCR II at the end of 2017 and IDeA Agro in 2018, which had a favourable impact on all the financial performance indicators compared with the figures for the year-earlier period.

DeA Capital Alternative Funds SGR (EUR million)	First nine months of 2018	First nine months of 2017
AUM	2,263 ^(*)	1,894
Management fees	14.7	12.9
EBITDA	4.2	3.1
Net profit	2.8	2.0

(*) 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 Eur 1,589 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 9.1 billion in assets under management and 45 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 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 September 2018:

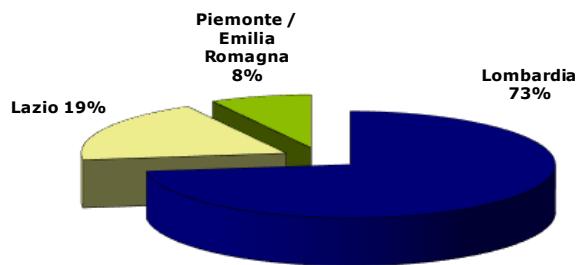
(EUR million)	Asset Under Management at 30 september 2018	Management fees at 30 september
<u>Breakdown of funds</u>		
Atlantic 1	470	1.2
Atlantic 2 - Berenice	13	0.2
Alpha	284	3.0
<u>Listed funds</u>	767	4.4
<u>Reserved funds</u>	8,374	26.0
Total DeA Capital Real Estate SGR	9,141	30.4

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).

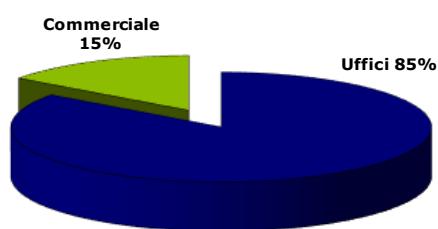
Atlantic 1	30.6.2018
Market value of properties	440,300,000
Historical cost and capitalised charges	466,736,196
Financing	189,207,560
<i>Net Asset Value (NAV)</i>	261,640,277
<i>NAV/unit (EUR)</i>	501.7
Market price/unit (EUR)	281.0
<i>Dividend yield from investment*</i>	4.60%

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

Atlantic 1: Diversification by geographical area



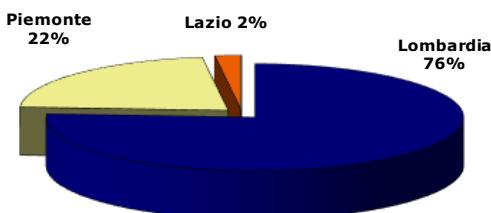
Atlantic 1: Diversification by intended use



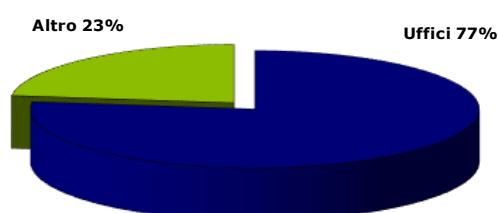
Atlantic 2 – Berenice	30.6.2018
Market value of properties	49,150,000
Historical cost and capitalised charges	80,457,836
Financing	5,676,154
<i>Net Asset Value (NAV)</i>	46,101,500
<i>NAV/unit (EUR)</i>	76.8
Market price/unit (EUR)	50.3
<i>Dividend yield from investment*</i>	8.02%

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

Atlantic 2: Diversification by geographical area



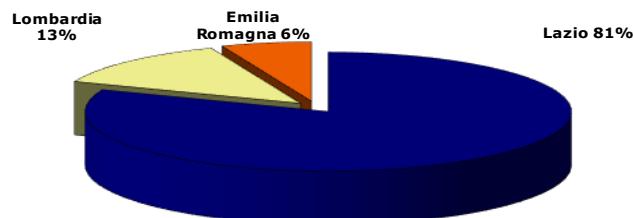
Atlantic 2: Diversification by intended use



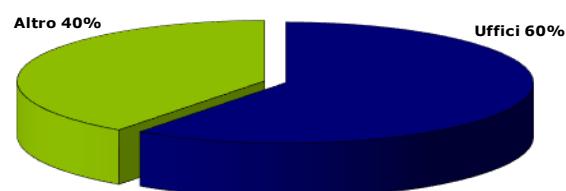
Alpha	30.6.2018
Market value of properties	248,170,000
Historical cost and capitalised charges	295,075,422
Financing	1,081,184
<i>Net Asset Value (NAV)</i>	283,981,395
<i>NAV/unit (EUR)</i>	2,733.9
Market price/unit (EUR)	1,410.0
<i>Dividend yield from investment*</i>	5.85%

* 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 nine months of 2018, assets under management totalled EUR 9.1 billion, a decrease of EUR -0.5 billion from the year-earlier period due mainly to the liquidation of a number of maturing funds.

In terms of management fees, the company posted a slight year-on-year contraction due to the change in assets under management described above, which was largely offset by the contribution of variable fees recorded on sales of portfolio assets by a number of the funds managed.

Net profit was negatively affected by the extraordinary impact from measuring units held in the funds at fair market value (totalling EUR -4.4 million, mainly attributable to the Conero and IDEA FIMIT Sviluppo I funds).

DeA Capital Real Estate SGR (EUR million)	First nine months of 2018	First nine months of 2017
AUM	9,141 ^(*)	9,652
Management fees	30.4	30.7
Ordinary Net Profit ^(#)	7.4	7.7
Net profit	2.3	0.2
<i>-of which:</i>		
<i> - Shareholders</i>	2.3	6.3
<i> - Owners of financial equity instruments</i>	0.0	(6.1)

(*) 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 8,328 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 nine months of 2018, the company reported revenues of EUR 1.3 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 nine months of 2018	First nine months of 2017
AUM	358	352
Revenues	1.3	0.6
Net profit	0.2	(0.3)

➤ **Consolidated Income Statement**

In the first nine months of 2018, consolidated net profit amounted to EUR 36.6 million (of which EUR 6.9 million related to the Group), compared with EUR 3.0 million (of which EUR 4.9 million related to the Group) in the same period in 2017.

Revenues and other income break down as follows:

- fees of EUR 44.4 million for the Alternative Asset Management business (EUR 42.2 million in the same period of 2017)
- income from shareholdings valued at equity of EUR 0.9 million (EUR 5.5 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 36.8 million (EUR 5.6 million in the same period of 2017), due primarily to the performance of investments in the OF I fund (EUR +51.4 million related to the capital gain on the sale of Corin) and the reduction in the fair market value of Kenan Inv./Migros (EUR -25.9 million)
- service revenues of EUR 1.8 million (compared with EUR 0.5 million in the same period of 2017)

Operating costs totalled EUR 43.5 million in the first nine months of 2018 compared with EUR 49.6 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 nine months of 2018 break down into EUR 36.8 million relating to Alternative Asset Management, EUR 2.5 million to Private Equity Investment and EUR 4.2 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 0.9 million).

Net financial income totalled EUR +0.4 million at 30 September 2018 (compared with expenses of EUR -0.1 million in the year-earlier period).

The total tax impact for the first nine months of 2018, totalling EUR -4.2 million (EUR -1.3 million in the first nine months of 2017), is the sum of taxes due in respect of Alternative Asset Management activities (EUR -3.0 million, versus EUR -1.2 million in the same period of 2017) and holding company activities (EUR -1.2 million, versus tax credits of EUR -0.1 million in the first nine months of 2017).

The consolidated net profit of EUR 36.6 million breaks down as follows: EUR 36.1 million attributable to Private Equity Investment, EUR 6.1 million to Alternative Asset Management and EUR -5.6 million to holding company operations/eliminations.

The Group's net loss of EUR 6.9 million comprises: EUR 7.2 million attributable to Private Equity Investment, EUR 5.2 million to Alternative Asset Management and EUR -5.5 million to holding company operations/eliminations.

Following the introduction of IFRS 9 as at 1 January 2018, all changes in the fair value of financial investments are recorded in the Income Statement, whereas some of them were recorded in equity in 2017; as such, a comparison of the performance of other investment income/expenses at Consolidated Income Statement level between the first nine months of 2018 and the corresponding period of 2017 is not meaningful.

Summary Consolidated Income Statement

(EUR thousand)	Third Quarter 2018	First nine months of 2018	Third Quarter 2017	First nine months of 2017
Alternative Asset Management fees	14,405	44,370	14,501	42,175
Income (loss) from equity investments	(573)	927	134	5,458
Other investment income/expense	(10,062)	36,756	(1,574)	5,640
Income from services	675	1,794	330	543
Other income	29	62	33	169
Other expenses (*)	(15,412)	(43,530)	(14,290)	(49,586)
Financial income and expenses	124	419	56	(70)
PROFIT/(LOSS) BEFORE TAX	(10,814)	40,798	(810)	4,329
Income tax	(434)	(4,175)	(1,741)	(1,301)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(11,248)	36,623	(2,552)	3,028
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	(11,248)	36,623	(2,552)	3,028
- Group share	(10,255)	6,863	(1,289)	4,947
- Non controlling interests	(993)	29,760	(1,263)	(1,919)
Earnings per share, basic (€)		0.027	0.000	0.019
Earnings per share, diluted (€)		0.027	0.000	0.019

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

Performance by business in the first nine months of 2018

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	45,103	(733)	44,370
Income (loss) from equity investments	108	819	0	927
Other investment income/expense	38,031	(1,275)	0	36,756
Other Income	0	1,328	528	1,856
Other expenses	(2,516)	(36,813)	(4,201)	(43,530)
Financial income and expenses	430	(16)	5	419
PROFIT/(LOSS) BEFORE TAXES	36,053	9,146	(4,401)	40,798
Income tax	0	(3,020)	(1,155)	(4,175)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	36,053	6,126	(5,556)	36,623
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	36,053	6,126	(5,556)	36,623
- Group share	7,201	5,218	(5,556)	6,863
- Non controlling interests	28,852	908	0	29,760

Performance by business in the first nine months of 2017

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	43,586	(1,411)	42,175
Income (loss) from equity investments	4,998	460	0	5,458
Other investment income/expense	5,758	(118)	0	5,640
Other Income	0	374	338	712
Other expenses	(1,700)	(43,789)	(4,097)	(49,586)
Financial income and expenses	(156)	21	65	(70)
PROFIT/(LOSS) BEFORE TAXES	8,900	534	(5,105)	4,329
Income tax	0	(1,157)	(144)	(1,301)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	8,900	(623)	(5,249)	3,028
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	8,900	(623)	(5,249)	3,028
- Group share	8,944	1,252	(5,249)	4,947
- Non controlling interests	(44)	(1,875)	0	(1,919)

➤ **Comprehensive Income: – Statement of Performance – IAS 1**

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 6.6 million, relating mainly to the net profit for the period.

(EUR thousand)	First nine months of 2018	First nine months of 2017
Profit/(loss) for the period (A)	36,623	3,028
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period (*)	(213)	4,812
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period	(8)	128
Other comprehensive income, net of tax (B)	(221)	4,940
Total comprehensive income for the period (A)+(B)	36,402	7,967
Total comprehensive income attributable to:		
- Group Share	6,645	9,737
- Non Controlling Interests	29,757	(1,770)

(*) 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 September 2018, compared with 31 December 2017 and also with the data at 1 January 2018, which reflect the changes compared with 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)	30.9.2018	1.1.2018 (*)	31.12.2017
ASSETS			
Non-current assets			
Intangible and tangible assets			
Goodwill	93,745	93,745	93,745
Intangible assets	22,275	23,488	23,488
Property, plant and equipment	932	1,458	1,458
Total intangible and tangible assets	116,952	118,691	118,691
Financial Investments			
Investments valued at equity	24,475	29,293	29,293
Investments held by Funds	21,017	48,583	48,583
- <i>Investments available for sale</i>			13,683
- <i>Related companies and JV recognised in P&L</i>			34,900
- <i>Other investments at Fair Value through P&L</i>	21,017	48,583	
Other Investments available for sale			78,953
Other Investments at Fair Value through P&L	51,263	78,953	
Funds available for sale			169,776
Funds at Fair Value through P&L	155,678	169,776	
Other financial assets available for sale			13
Other financial assets at Fair Value through P&L	7	13	
Total Financial Investments	252,440	326,618	326,618
Other non-current assets			
Deferred tax assets	2,380	2,173	2,173
Loans and receivables	242	684	684
Receivables for deferment of placement costs	509	587	0
Other non-current assets	4,302	5,403	5,403
Total other non-current assets	7,433	8,847	8,260
Total non-current assets	376,825	454,156	453,569
Current assets			
Trade receivables	11,670	16,069	16,069
Financial assets measured at Fair Value	6,252	4,385	4,385
Financial receivables	0	578	578
Tax receivables from parent companies	213	1,055	1,055
Other tax receivables	5,077	11,272	11,272
Other receivables	8,313	16,886	16,886
Cash and cash equivalents	180,993	127,916	127,916
Total current assets	212,518	178,161	178,161
Total current assets	212,518	178,161	178,161
TOTAL ASSETS	589,343	632,317	631,730
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Net equity Group	463,353	489,877	489,431
Minority interests	80,580	95,182	95,182
Shareholders' equity	543,933	585,059	584,613
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	6,451	8,190	8,049
Provisions for employee termination benefits	4,517	4,204	4,204
Payables to staff	82	81	81
Total non-current liabilities	11,050	12,475	12,334
Current liabilities			
Trade payables	5,767	6,594	6,594
Payables to staff and social security organisations	6,306	8,330	8,330
Current tax	6,059	1,998	1,998
Other tax payables	7,922	5,564	5,564
Other payables	8,106	12,097	12,097
Short term financial loans	200	200	200
Total current liabilities	34,360	34,783	34,783
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	589,343	632,317	631,730

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

At 30 September 2018, Group consolidated shareholders' equity totalled EUR 463.4 million, compared with EUR 489.9 million at 1 January 2018 (the latter figure was increased by EUR 0.5 million to incorporate the effects of applying the new accounting standard IFRS 15, in force from 1 January 2018).

The total decrease of EUR -26.5 million in Group shareholders' equity in the first nine months of 2018 was mainly due to the distribution of the extraordinary dividend (EUR -30.5 million), the effects of changes in treasury shares (EUR -3.2 million), and the results set out in the Statement of Performance – IAS 1 (EUR +6.6 million).

➤ **Consolidated Net Financial Position**

At 30 September 2018, the consolidated net financial position was positive at EUR 179.8 million, as shown in the table below, which provides a comparison with 31 December 2017:

Net financial position (EUR million)	30.9.2018	31.12.2017	Change
Cash and cash equivalents	181.0	127.9	53.1
Available-for-sale financial assets	6.3	4.4	1.9
Financial receivables	0.2	1.3	(1.1)
Current financial liabilities	(0.2)	(0.2)	0.0
TOTAL	187.3	133.4	53.9
TOTAL "adjusted" (*)	179.8	128.9	50.9
<i>of which:</i>			
- Alternative Asset Management (*)	37.9	36.5	1.4
- Private Equity Investment	1.6	0.1	1.5
- Holdings	140.3	92.3	48.0

(*) 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 (Eur 7.4 million at 30.9.18; 4.5 at 31.12.17)

The net financial position increased during the first nine months of 2018 by EUR +50.9 million at consolidated level and by EUR +48.0 million at holding company level; the latter change was mainly due to the net liquidity generated by the investment portfolio (EUR +83.8 million), the distribution of the extraordinary dividend by DeA Capital S.p.A. (EUR -30.5 million) and 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

➤ **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 September 2018, the Group had 198 employees (185 at the end of 2017), including 33 senior managers, 64 middle managers and 101 clerical staff. Of these, 178 worked in Alternative Asset Management and 19 in Private Equity Investment/Holding Companies. 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.

**Consolidated Financial Statements and Notes to the
Accounts for the period 1 January – 30 September 2018**

• Consolidated Statement of Financial Position

(EUR thousand)	Note	30.9.2018	1.1.2018 (*)	31.12.2017
ASSETS				
Non-current assets				
<i>Intangible and tangible assets</i>				
Goodwill	1a	93,745	93,745	93,745
Intangible assets	1b	22,275	23,488	23,488
Property, plant and equipment	1c	932	1,458	1,458
Total intangible and tangible assets		116,952	118,691	118,691
<i>Financial Investments</i>				
Investments valued at equity	2a	24,475	29,293	29,293
Investments held by Funds	2b	21,017	48,583	48,583
- <i>Investments available for sale</i>				13,683
- <i>Related companies and JV recognised in P&L</i>				34,900
- <i>Other investments at Fair Value through P&L</i>				
Other Investments available for sale	2c	21,017	48,583	78,953
Other Investments at Fair Value through P&L	2c	51,263	78,953	
Funds available for sale	2d	155,678	169,776	169,776
Funds at Fair Value through P&L				13
Other financial assets available for sale				
Other financial assets at Fair Value through P&L				
Total Financial Investments		252,440	326,618	326,618
<i>Other non-current assets</i>				
Deferred tax assets	3a	2,380	2,173	2,173
Loans and receivables	3b	242	684	684
Receivables for deferment of placement costs	3c	509	587	0
Other non-current assets		4,302	5,403	5,403
Total other non-current assets		7,433	8,847	8,260
Total non-current assets		376,825	454,156	453,569
Current assets				
Trade receivables	4a	11,670	16,069	16,069
Financial assets measured at Fair Value	4b	6,252	4,385	4,385
Financial receivables	4c	0	578	578
Tax receivables from parent companies	4d	213	1,055	1,055
Other tax receivables	4e	5,077	11,272	11,272
Other receivables	4f	8,313	16,886	16,886
Cash and cash equivalents	4g	180,993	127,916	127,916
Total current assets		212,518	178,161	178,161
Total current assets		212,518	178,161	178,161
TOTAL ASSETS		589,343	632,317	631,730
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Net equity Group		463,353	489,877	489,431
Minority interests		80,580	95,182	95,182
Shareholders' equity	5	543,933	585,059	584,613
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	6a	6,451	8,190	8,049
Provisions for employee termination benefits	6b	4,517	4,204	4,204
Payables to staff		82	81	81
Total non-current liabilities		11,050	12,475	12,334
Current liabilities				
Trade payables	7a	5,767	6,594	6,594
Payables to staff and social security organisations	7b	6,306	8,330	8,330
Current tax	7c	6,059	1,998	1,998
Other tax payables	7d	7,922	5,564	5,564
Other payables	7e	8,106	12,097	12,097
Short term financial loans		200	200	200
Total current liabilities		34,360	34,783	34,783
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		589,343	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

Following the introduction of IFRS 9 as at 1 January 2018, all changes in the fair value of financial investments in 2018 are recorded in the Income Statement, whereas they were recorded directly in equity in 2017; as such, a comparison of the performance of other investment income/expenses at Consolidated Income Statement level between 2018 and 2017, both for the first nine months and on a quarterly basis, is not meaningful.

(EUR thousand)	Notes	Third Quarter 2018	First nine months of 2018	Third Quarter 2017	First nine months of 2017
Alternative Asset Management fees	8	14,405	44,370	14,501	42,175
Income from equity investments	9	(573)	927	134	5,458
Other investment income/expense	10	(10,062)	36,756	(1,574)	5,640
Income from services	11	675	1,794	330	543
Other income		29	62	33	169
Personnel costs	12a	(6,938)	(21,057)	(7,250)	(22,002)
Service costs	12b	(3,891)	(13,453)	(3,631)	(12,638)
Depreciation, amortization and impairment	12c	(578)	(1,797)	(664)	(6,691)
Other expenses	12d	(4,005)	(7,223)	(2,745)	(8,255)
Financial income	13a	153	633	110	434
Financial expenses	13b	(29)	(214)	(54)	(504)
PROFIT/(LOSS) BEFORE TAX		(10,814)	40,798	(810)	4,329
Income tax	14	(434)	(4,175)	(1,741)	(1,301)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(11,248)	36,623	(2,552)	3,028
Profit (Loss) from discontinued operations/held-for-sale assets		0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD		(11,248)	36,623	(2,552)	3,028
- Group share		(10,255)	6,863	(1,289)	4,947
- Non controlling interests		(993)	29,760	(1,263)	(1,919)
Earnings per share, basic (€)	15		0.027		0.019
Earnings per share, diluted (€)	15		0.027		0.019

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 nine months of 2018

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	45,103	(733)	44,370
Income (loss) from equity investments	108	819	0	927
Other investment income/expense	38,031	(1,275)	0	36,756
Other Income	0	1,328	528	1,856
Other expenses	(2,516)	(36,813)	(4,201)	(43,530)
Financial income and expenses	430	(16)	5	419
PROFIT/(LOSS) BEFORE TAXES	36,053	9,146	(4,401)	40,798
Income tax	0	(3,020)	(1,155)	(4,175)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	36,053	6,126	(5,556)	36,623
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	36,053	6,126	(5,556)	36,623
- Group share	7,201	5,218	(5,556)	6,863
- Non controlling interests	28,852	908	0	29,760

Performance by business in the first nine months of 2017

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	43,586	(1,411)	42,175
Income (loss) from equity investments	4,998	460	0	5,458
Other investment income/expense	5,758	(118)	0	5,640
Other Income	0	374	338	712
Other expenses	(1,700)	(43,789)	(4,097)	(49,586)
Financial income and expenses	(156)	21	65	(70)
PROFIT/(LOSS) BEFORE TAXES	8,900	534	(5,105)	4,329
Income tax	0	(1,157)	(144)	(1,301)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	8,900	(623)	(5,249)	3,028
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	8,900	(623)	(5,249)	3,028
- Group share	8,944	1,252	(5,249)	4,947
- Non controlling interests	(44)	(1,875)	0	(1,919)

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

(Euro thousands)	First nine months of 2018	First nine months of 2017
Profit/(loss) for the period (A)	36,623	3,028
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period (*)	(213)	4,812
<i>Gains/(Losses) on fair value of available-for-sale financial assets</i>	(213)	4,812
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period	(8)	128
<i>Gains/(losses) on remeasurement of defined benefit plans</i>	(8)	128
Other comprehensive income, net of tax (B)	(221)	4,940
Total comprehensive income for the period (A)+(B)	36,402	7,967
Total comprehensive income attributable to:		
- Group Share	6,645	9,737
- Non Controlling Interests	29,757	(1,770)

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

(EUR thousand)	First nine months of 2018	First nine months of 2017
CASH FLOW from operating activities		
Investments in funds and companies	(25,887)	(14,641)
Capital reimbursements from funds	53,061	23,031
Proceeds from the sale of investments	81,261	18,533
Interest received	335	93
Interest paid	(28)	(19)
Cash distribution from investments	428	1,580
Realized gains (losses) on derivatives and foreign exchange rate	1	(3)
Taxes paid	(1,451)	589
Dividends received	183	607
Management and performance fees received	59,837	36,532
Revenues for services	1,486	976
Operating expenses	(36,342)	(33,984)
Net cash flow from operating activities	132,884	33,294
CASH FLOW from investment activities		
Acquisition of property, plant and equipment	(79)	(19)
Sale of property, plant and equipment	34	1
Purchase of licenses and intangible assets	(11)	(459)
Net cash flow from investing activities	(56)	(477)
CASH FLOW from financing activities		
Acquisition of financial assets	(2,465)	(6)
Sale of financial assets	200	0
Share capital issued	766	776
Own shares acquired	(3,186)	(6,971)
Dividends paid	(75,508)	(32,963)
Loan received/reimbursed	442	2,096
Net cash flow from financing activities	(79,751)	(37,068)
CHANGE IN CASH AND CASH EQUIVALENTS	53,077	(4,251)
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	180,993	92,187

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	Treasury share reserve, capital reserve, retained earnings	Fair value Reserve	Profit (loss) for the Group	Total Group	Non controlling interests	Consolidated net equity
Total at 31 December 2016	261,207	187,727	67,842	12,427	529,203	131,844	661,047
Allocation of 2016 net profit	0	12,427	0	(12,427)	0	0	0
Cost of stock options and performance shares	0	911	0	0	911	0	911
Purchase of own shares	(5,210)	(1,761)	0	0	(6,971)	0	(6,971)
Treasury shares delivered to the incentive plans	481	(205)	0	0	276	0	276
Dividends distributed	0	(31,157)	0	0	(31,157)	(1,808)	(32,965)
Other changes	0	284	0	0	284	(37)	247
Total comprehensive income	0	0	4,791	4,947	9,738	(1,770)	7,968
Total at 30 September 2017	256,478	168,226	72,633	4,947	502,284	128,229	630,513

(EUR thousand)	Share Capital	Treasury share reserve, capital reserve, retained earnings	Fair value Reserve	Profit (loss) for the Group	Total Group	Non controlling interests	Consolidated net equity
Total at 31 december 2017	255,670	168,404	77,009	(11,652)	489,431	95,182	584,613
Restatement for IFRS 9 application	0	77,015	(77,015)	0	0	0	0
Restatement for IFRS 15 application	0	446	0	0	446	0	446
Total at 1 january 2018	255,670	245,865	(6)	(11,652)	489,877	95,182	585,059
Allocation of 2017 net profit	0	(11,652)	0	11,652	0	0	0
Cost of performance shares	0	485	0	0	485	0	485
Purchase of own shares	(2,208)	(978)	0	0	(3,186)	0	(3,186)
Treasury shares given for incentive plans	292	(292)	0	0	0	0	0
Dividend distribution	0	(30,450)	0	0	(30,450)	(2,648)	(33,098)
Other changes	0	(18)	0	0	(18)	(41,711)	(41,729)
Total comprehensive income	0	(5)	(213)	6,863	6,645	29,757	36,402
Total at 30 september 2018	253,754	202,955	(219)	6,863	463,353	80,580	543,933

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 Consolidated Interim Financial Statements to 30 September 2018

The Consolidated Interim Financial Statements to 30 September 2018 (hereinafter the "Consolidated Financial Statements") comprise the document stipulated by art. 2.2.3 of the Stock Market Regulations (FTSE Italia STAR Segment).

Information regarding the Company's operating performance and financial position is prepared in accordance with the valuation and measurement criteria set out by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set out in art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Consolidated Financial Statements to 30 September 2018 comprise 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 a Statement of responsibilities for accounts 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 nine months of 2018 and 2017, while information on the Statement of Financial Position relates to 30 September 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.

The consolidated schedules in the Consolidated Financial Statements have not been audited by the Independent Auditors.

Statement of compliance with accounting standards

The Consolidated Financial Statements to 30 September 2018 were 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, which 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.

In accordance with the provisions of IAS/IFRS and current laws, the Company authorised the publication of the Consolidated Interim Financial Statements to 30 September 2018 by the legal deadline.

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 were reclassified/restated in order to reflect the impacts thereof. The following table shows a reconciliation between the approved Statement of Financial Position at 31 December 2017 ("as reported") and the same table revised in light of the application of the new accounting standards IFRS 9 and IFRS 15 as 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					
Non-current assets					
Intangible and tangible assets					
Goodwill	93,745	93,745			93,745
Intangible assets	23,488	23,488			23,488
Property, plant and equipment	1,458	1,458			1,458
Total intangible and tangible assets	118,691	118,691	0		118,691
Financial Investments					
Investments valued at equity	29,293	29,293			29,293
Investments held by Funds	48,583	48,583	0		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					
Other Investments available for sale	78,953	78,953			78,953
Other Investments valued at Fair Value through P&L					
Funds available for sale	169,776	169,776			169,776
Funds at Fair Value through P&L					
Other financial assets available for sale	13	13			13
Other financial assets at Fair Value through P&L					
Total Financial Investments	326,618	326,618	0		326,618
Other non-current assets					
Deferred tax assets	2,173	2,173			2,173
Loans and receivables	684	684			684
Other non-current assets	5,403	5,403			5,403
Total Altre attività non correnti	8,260	8,260	587	587	8,847
Total non-current assets	453,569	453,569	587	587	454,156
Current assets					
Trade receivables	16,069	16,069			16,069
Financial assets measured at Fair Value	4,385	4,385			4,385
Financial receivables	578	578			578
Tax receivables from parent companies	1,055	1,055			1,055
Other tax receivables	11,272	11,272			11,272
Other receivables	16,886	16,886			16,886
Cash and cash equivalents	127,916	127,916			127,916
Total current asset	178,161	178,161	0		178,161
Total current asset	178,161	178,161	0	0	178,161
TOTAL ASSETS	631,730	631,730	587	587	632,317
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital	255,670	255,670			255,670
Share premium reserve	234,713	234,713			234,713
Legal reserve	61,322	61,322			61,322
Fair Value reserve	77,009	77,009			
Other reserves	(10,536)	(10,536)			
Retained earnings (losses)	(117,095)	(117,095)			
Profit (loss) for the year	(11,652)	(11,652)			
Net equity Group	489,431	489,431	446	446	489,877
Minority interests	95,182	95,182	0	0	95,182
Shareholders' equity	584,613	584,613	446	446	585,059
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	8,049	8,049			8,190
Provisions for employee termination benefits	4,204	4,204			4,204
Long term financial loans	0	0			0
Payables to staff	81	81			81
Total non-current liabilities	12,334	12,334	141	141	12,475
Current liabilities					
Trade payables	6,594	6,594			6,594
Payables to staff and social security organisations	8,330	8,330			8,330
Current tax	1,998	1,998			1,998
Other tax payables	5,564	5,564			5,564
Other payables	12,097	12,097			12,097
Short term financial loans	200	200			200
Total current liabilities	34,783	34,783	0	0	34,783
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	631,730	631,730	587	587	632,317

However, a restatement/reclassification of the Income Statement is not 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 Interim Consolidated Financial Statements to 30 September 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 Interim Financial Statements to 30 September 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 Consolidated Financial Statements to 30 September 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 Consolidated Financial Statements to 30 September 2018 were 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 September 2018, the following companies formed part of the DeA Capital Group's basis of consolidation (changed in relation to June 2018 due to DeA Capital Real Estate France S.A.S.):

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
DeA Capital Real Estate France S.A.S.	Paris, France	Eur	100,000	70.00%	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

Notes to the Consolidated Statement of Financial Position

NON-CURRENT ASSETS

Non-current assets totalled EUR 376.8 million at 30 September 2018, compared with EUR 454.2 million.

1a – Goodwill

This item, which amounted to EUR 93.7 million at 30 September 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).

1b – Intangible assets

Intangible assets amounted to EUR 22.3 million as at 30 September 2018 (EUR 23.5 million as at 31 December 2017), after amortisation and depreciation for the period of EUR -1.2 million. This item mainly includes customer relationships and intangible assets associated with variable fees, which result from the allocation of the residual value of FIMIT SGR on the date of its merger (reverse) into FARE SGR (now DeA Capital Real Estate SGR).

1c – Property, plant and equipment

Tangible assets amounted to EUR 0.9 million as at 30 September 2018 (EUR 1.5 million as at 31 December 2017), after amortisation and depreciation for the period of EUR -0.5 million.

2 – Financial investments

2a – Investments in associates

This item, which totalled EUR 24.5 million at 30 September 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 12.6 million (compared with EUR 16.5 million at 31 December 2017)
- units held in the Venere fund are valued at approximately EUR 5.8 million (compared with EUR 7.2 million at 31 December 2017)
- the shareholding in YARD is valued at EUR 6.1 million compared with EUR 5.6 million at 31 December 2017)

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

<i>(EUR million)</i>	Private Equity Investment	Alternative Asset Management	Total
IDeA EESS fund	12.6	0.0	12.6
Venere fund	1.9	3.9	5.8
YARD group	0.0	6.1	6.1
Total	14.5	10.0	24.5

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

This item, totalling EUR 21.0 million at 30 September 2018 (compared with EUR 48.6 million at 31 December 2017) breaks down as follows:

(EUR million)	30.9.2018	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)	15.0	14.1
Corin Orthopaedics Holdings Limited	0.0	14.8
Investments at Fair Value through P&L	21.0	48.6
Total Participations in Portfolio	21.0	48.6

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

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

- the sale, in July 2018, of the investment in Corin Orthopaedics Holding Limited, for a total consideration of EUR 66.2 million (compared with a carrying value in Equity investments held by funds at 31 December 2017 of EUR 14.8 million), with a capital gain totalling EUR 51.4 million recognised in the Income Statement for the period
- the sale, on 21 March, of Elemaster (recorded at EUR 8.5 million 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:
 - o 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 September 2018 under "Other receivables – Current assets")
 - o 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 September 2018, the DeA Capital Group was a shareholder with minority interests in Kenan Investments (holder of a stake in Migros), Cellularline, IDeaMI and other minority interests. At 30 September 2018, this item was EUR 51.3 million, compared with EUR 79.0 million at 31 December 2017.

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

(EUR million)	Private Equity Investment	Alternative Asset Management	Total
Kenan Investments	19.7	0.0	19.7
Cellularline	6.9	0.0	6.9
IDeAMI	24.5	0.0	24.5
Minority interests	0.2	0.0	0.2
Total	51.3	0.0	51.3

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 September 2018 at EUR 19.7 million (compared with EUR 45.6 million at 31 December 2017). The change compared with 31 December 2017 (EUR -25.9 million) was due to a decrease in fair value, due to the combined effect of the reduction in the price per share (TRY 16.18 per share at 30 September 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (7.08 EUR/TRY at 30 September 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), four theme funds (IDeA ToI, IDeA Agro, IDeA CCR I and IDeA CCR II funds), six venture capital funds and 11 real estate funds, totalling EUR 155.7 million in the Consolidated Financial Statements to 30 September 2018 (compared with EUR 169.8 million at 31 December 2017). The following table shows the changes in funds measured at fair value through P&L in the first nine months of 2018.

(EUR thousand)	Balance at 1.1.2018	Increases (Capital calls)	Decreases (Distributions)	Fair value adjustment	Translation effect	Balance at 30.9.2018
Venture capital funds	8,599	0	(933)	1,923	139	9,728
IDeA I FoF	49,462	508	(19,776)	3,423	0	33,617
ICF II	37,946	337	(11,640)	3,427	0	30,070
ICF III Core	7,942	946	0	889	0	9,777
IDeA ToI	20,658	3,674	(12,036)	(423)	0	11,873
IDeA CCR I	1,582	1,549	(703)	(110)	0	2,318
IDeA Agro	0	36	0	0	0	36
Santa Palomba	426	0	0	7	0	433
DeA Capital Real Estate SGR funds	43,161	18,500	(2,122)	(1,713)	0	57,826
Total funds	169,776	25,550	(47,210)	7,423	139	155,678

Of particular note are the following features:

- an EUR 18.5 million subscription in July 2018 of units in the closed-end real estate fund Tessalo (with a portfolio comprising six healthcare facilities, including clinics, nursing homes, hospitals, research centres and analysis laboratories)
- distributions made in the first nine months of 2018 by the IDeA I FoF and ICF II funds, which are currently being divested, of EUR 19.8 million and EUR 11.6 million respectively

The IDeA Agro fund, subscribed in July 2018 by DeA Capital S.p.A. and with total assets of EUR 80 million, aims to acquire and develop environmentally sustainable farms operating in Italy. As a part of the above closing, DeA Capital S.p.A. subscribed to a commitment of EUR 2.3 million. The table below provides a breakdown of the funds in the portfolio at 30 September 2018 by area of activity.

(EUR million)	Private Equity Investment	Alternative Asset Management	Total
Venture capital funds	9.8	0.0	9.8
IDeA I FoF	33.6	0.0	33.6
ICF II	30.1	0.0	30.1
ICF III	9.8	0.0	9.8
IDeA ToI	11.9	0.0	11.9
IDeA CCR I	2.3	0.0	2.3
Santa Palomba	0.4	0.0	0.4
DeA Capital Real Estate SGR funds	0.0	57.8	57.8
Total funds	97.9	57.8	155.7

3 – Other non-current assets

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 September 2018, deferred tax assets totalled EUR 2.4 million, compared with EUR 2.2 million at 31 December 2017.

3b – Loans and receivables

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

3c – Receivables relating to deferred placement costs

As at 30 September 2018, this item amounted to EUR 0.5 million. This amount is 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 IDeA Taste of Italy fund by the subsidiary DeA Capital Alternative Funds SGR. The outlay incurred 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 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 the IDeA Taste of Italy fund.

3d – Other non-current assets

This item, which totalled EUR 4.3 million at 30 September 2018 (compared with EUR 5.4 million at 31 December 2017), included EUR 3.8 million for the receivable from the IDeA OF I fund for the sale of 1% of Manutengo (EUR 3.8 million at 31 December 2017) and EUR 0.5 million for receivables from Giochi Preziosi (for further details see note 2(b)).

CURRENT ASSETS

At 30 September 2018, current assets totalled EUR 212.5 million, versus EUR 178.2 million at 31 December 2017. The item mainly comprised:

4a – Trade receivables

This item amounted to EUR 11.7 million at 30 September 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 8.9 million at 30 September 2018 (EUR 12.2 million at 31 December 2017); these are essentially receivables from managed funds for fees accrued but not yet received.

4b – Financial assets measured at fair value

At 30 September 2018, financial assets measured at fair value totalled EUR 6.3 million, compared with EUR 4.4 million at 31 December 2017, and relate to the portfolio of government securities and corporate bonds held by DeA Capital Alternative Funds SGR.

4c – Financial receivables

At 31 December 2017, this item totalled EUR 0.6 million 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 received in April 2018. Thus, this item had a zero balance at 30 September 2018.

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

This item totalled EUR 0.2 million at 30 September 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 Alternative Funds SGR and DeA Capital Partecipazioni S.p.A. in the tax consolidation scheme.

4e – Other tax receivables

At 30 September 2018, other receivables totalled EUR 5.1 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 8.3 million at 30 September 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 September 2018. At 30 September 2018, the item totalled EUR 181.0 million compared with EUR 127.9 million at 31 December 2017.

Cash and cash equivalents at 30 September 2018 include an amount of EUR 7.4 million of "restricted cash" (EUR 4.5 million at 31 December 2017) 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.

SHAREHOLDERS' EQUITY

5 – Shareholders' equity

Group shareholders' equity

At 30 September 2018, Group shareholders' equity was EUR 463.4 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 nine months of 2018 (EUR -26.5 million) compared with 1 January 2018 was mainly due to the extraordinary dividend paid (EUR -30.5 million), the result shown in the Statement of Performance – IAS 1 (EUR +6.6 million) and the effects of the share buy-back plan (EUR -3.2 million).

Shareholders' equity attributable to minorities

At 30 September 2018, shareholders' equity attributable to minorities was EUR 80.6 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, SPC and the newly created DeA Capital Real Estate France S.A.S.

The decrease of EUR -14.6 million compared with the balance at 31 December 2017 mainly relates to:

- the items recorded in the Statement of Performance, totalling EUR +29.8 million
- the distribution (net of capital calls) of the IDeA OF I fund of EUR -41.7 million and the dividends distributed by DeA Capital Real Estate SGR of EUR -2.6 million

NON-CURRENT LIABILITIES

At 30 September 2018, non-current liabilities totalled EUR 11.1 million (EUR 12.3 million at 31 December 2017, or EUR 12.5 million taking into account the effects of applying IFRS 15 from 1 January 2018).

6a – Deferred tax liabilities

At 30 September 2018, this item totalled EUR 6.5 million (EUR 8.0 million at 31 December 2017 or EUR 8.2 million taking into account the effects of applying IFRS 15 from 1 January 2018). It includes the deferred tax liabilities of DeA Capital Real Estate SGR (EUR -6.1 million, compared with EUR -7.8 million at 31 December 2017), mainly consisting of the balancing entry relating to deferred tax on intangible assets from variable fees recognised as assets.

6b – End-of-service payment fund

At 30 September 2018, this item totalled EUR 4.5 million, compared with EUR 4.2 million at 31 December 2017; end-of-service payments are part of the defined benefit plans and were therefore valued using actuarial assessments.

CURRENT LIABILITIES

At 30 September 2018, current liabilities totalled EUR 34.4 million, compared with EUR 34.8 million at 31 December 2017.

7a – Trade payables

Trade payables totalled EUR 5.8 million at 30 September 2018, compared with EUR 6.6 million at 31 December 2017. 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 September 2018, this item was EUR 6.3 million, compared with EUR 8.3 million at 31 December 2017, and primarily comprised liabilities to staff for unused leave, the estimated provision for bonuses, and payables to social security organisations.

7c – Current tax payables

This item totalled EUR 6.1 million at 30 September 2018 (EUR 2.0 million at 31 December 2017) and mainly relates to the payable to the Parent Company De Agostini S.p.A. for the participation of DeA Capital S.p.A. and DeA Capital Alternative Funds SGR 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 September 2018, other tax payables totalled EUR 7.9 million, compared with EUR 5.6 million at 31 December 2017. Specifically, at 30 September 2018 this balance included:

- a payable of EUR 7.4 million (EUR 4.5 million at 31 December 2017) to Fondo Investitori Associati IV for taxes withheld by DeA Capital Alternative Funds SGR as withholding agent
- tax payables for withholdings on employee and independent contractor income paid by the due date after the end of the third quarter of 2018, equal to EUR 0.4 million (EUR 0.9 million at 31 December 2017)

7e – Other payables

At 30 September 2018, this item totalled EUR 8.1 million (EUR 12.1 million at 31 December 2017), and included an amount of EUR 5.0 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 2.4 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 nine months of 2018, Alternative Asset Management fees totalled EUR 44.4 million, compared with EUR 42.2 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 nine months of 2018	First nine months of 2017
DeA Capital Alternative Funds SGR (*)	14.0	11.5
DeA Capital Real Estate SGR	30.4	30.7
Total management fees from Alternative Asset Management	44.4	42.2

(*) 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 +0.9 million in the first nine months of 2018, compared with EUR +5.5 million in the first nine months of 2017, is attributable to the pro-rata portion of the profits/losses relating to the shareholdings in:

- YARD Group (EUR +0.7 million in the first nine months of 2018, compared with EUR +0.4 million in the first nine months of 2017)
- Venere (EUR +0.2 million in the first nine months of 2018, compared with EUR +0.1 million in the first nine months of 2017)

In the first nine months of 2017, the item also included the pro-rata share of the result of IDeA EESS of EUR +5.0 million (essentially zero in the first nine months of 2018), which was affected by the revaluation of the listed SMRE stock.

10 – Other investment income/expenses

Other net income from investments in shareholdings and funds totalled EUR +36.8 million in the first nine months of 2018, compared with net income of EUR +5.6 million in the same period of 2017. The item in the first nine months of 2018 mainly refers to:

- the capital gain from the sale, completed in July 2018, of the investment in Corin Orthopaedics Holding Limited for a total of EUR 51.4 million
- the devaluation of the investment in Kenan Inv./Migros totalling EUR -25.9 million, which was attributable to the decrease in fair value due to the combined effect of the reduction in the price per share (TRY 16.18 per share at 30 September 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (7.08 EUR/TRY at 30 September 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 +9.1 million

The item in the first nine months of 2017 mainly refers 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 +1.8 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 recognised directly in shareholders' equity in comprehensive income, are now recognised in profit and loss.

11 – Service revenues

In the first nine months of 2018, this item totalled EUR 1.8 million (EUR 0.5 million in the same period of 2017); the increase between the two nine-month periods was mainly due to the activity of SPC.

12 a – Personnel costs

In the first nine months of 2018, personnel costs totalled EUR 21.1 million, compared with EUR 22.0 million in the same period of 2017.

12 b – Service costs

In the first nine months of 2018, service costs totalled EUR 13.5 million, compared with EUR 12.6 million in the same period of 2017. Details of service costs, together with a comparison with the corresponding period in 2017, are reported below.

(EUR thousand)	First nine months of 2018	First nine months of 2017
Admin. Consulting, Tax and Legal and other costs	5,536	4,671
Remuneration of internal committees	440	429
Maintenance	153	140
Travel expenses	607	572
Utilities and general expenses	834	953
Third-party rental, royalties and leasing	2,781	2,922
Bank charges	43	82
Books, stationery and conventions	189	307
Commission expense	820	737
Other expenses	2,050	1,825
Total	13,453	12,638

12 c – Amortisation/depreciation and write-downs

Amortisation/depreciation and write-downs totalled EUR 1.8 million in the first nine months of 2018, compared with EUR 6.7 million in the same period of 2017.

In the first nine months 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.

12 d – Other costs

Other costs totalled EUR 7.2 million in the first nine months of 2018, compared with EUR 8.3 million in the same period of 2017.

The item in the first nine months of 2018 mainly refers to:

- non-deductible, pro rata VAT on the costs of DeA Capital Real Estate SGR totalling EUR -1.1 million (EUR -1.0 million in the first nine months of 2017)

- the impairment of receivables of DeA Capital Real Estate SGR totalling EUR -1.9 million (EUR -6.5 million in the first nine months of 2017, including EUR -5.9 million for final variable fees of the Beta fund)
- a provision of EUR -2.7 million for a portfolio fund of DeA Capital Real Estate SGR (zero in the first nine months of 2017)

13 – Financial income (expenses)

In the first nine months of 2018, financial income totalled EUR +0.6 million (EUR +0.4 million in the same period of 2017), and financial expenses came in at EUR -0.2 million (EUR -0.5 million in the same period of 2017).

13 a – Financial income

Details of the financial income relating to the first nine months of 2018, and a comparison with the corresponding period in 2017, are shown below.

(EUR thousand)	First nine months of 2018	First nine months of 2017
Interest income	352	431
Foreign exchange gains	281	3
Total	633	434

13 b – Financial expenses

Details of financial expenses relating to the first nine months of 2018, and a comparison with the corresponding period of 2017, are shown below.

(EUR thousand)	First nine months of 2018	First nine months of 2017
Interest expense	61	30
Exchange losses	124	449
Financial charge IAS 19	29	25
Total	214	504

14 – Income tax

In the first nine months of 2018, income tax totalled EUR -4.2 million, compared with EUR -1.3 million in the same period of 2017.

(EUR thousand)	First nine months of 2018	First nine months of 2017
<u>Current taxes:</u>		
Income from tax consolidation scheme	218	722
- IRES	(5,471)	(827)
- IRAP	(1,104)	(914)
- Other tax	(3)	(2)
Total Current taxes	(6,360)	(1,021)
<u>Deferred taxes for the period:</u>		
- Charges for deferred/prepaid taxes	2,162	(22)
- Income from deferred/prepaid taxes	23	(258)
Total deferred taxes	2,185	(280)
Total income tax	(4,175)	(1,301)

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".

<i>(EUR thousand)</i>	First nine months of 2018	First nine months of 2017
Consolidated net profit/(loss) – Group share (A)	6,863	4,947
Weighted average number of ordinary shares outstanding (B)	253,940,653	259,890,427
Basic earnings/(loss) per share (€ per share) (C=A/B)	0.027	0.019
Restatement for dilutive effect	0	0
Consolidated net profit/(loss) restated for dilutive effect (D)	6,863	4,947
Weighted average number of shares to be issued for the exercise of stock options (E)	70,946	162,211
Total number of outstanding shares and to be issued (F)	254,011,599	260,052,638
Diluted earnings/(loss) per share (€ per share) (G=D/F)	0.027	0.019

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 nine months 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 nine months 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.

In the first nine months of 2018, the Company did not hold, purchase or dispose of shares of related-party companies.

Significant events after the end of the period and outlook

❖ SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

➤ Funds – paid calls/distributions

After 30 September 2018, the DeA Capital Group increased its investments in the ICF III and IDeA CCR II funds with paid calls totalling EUR 0.5 million. At the same time, the DeA Capital Group received distributions from the venture capital funds totalling EUR 1.2 million.

➤ Business combination between IDeaMI SPAC and Agrati S.p.A.

On 28 October 2018, the Boards of Directors of IDeaMI and A. Agrati S.p.A. ("Agrati") approved the business combination. Agrati is one of the leading global producers of fastening systems for the automotive component sector. It has impressive engineering experience, an extensive, diversified and innovative product portfolio and is present in Europe, North America and Asia.

If the business combination is approved by the Shareholders' Meetings of the two companies, which is expected by 3 December 2018 at the latest, Agrati will be incorporated into IDeaMI, which in turn will change its corporate name to Agrati.

It is expected that the combined entity will remain listed on AIM Italia of Borsa Italiana – with the objective of moving to the Mercato Telematico Azionario of Borsa Italiana, preferably the STAR segment – and that Agrati will benefit from up to EUR 175 million in new funding for its development plans, from the merger but also from external lines.

➤ Purchase of Cellularline shares

After 30 September 2018, the DeA Capital Group purchased 54,100 Cellularline shares (equal to 0.25% of the share capital) on the stock market for EUR 0.4 million, bringing its stake in the company to 4.02%.

❖ 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 by 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 through a more extensive product range, with a stronger presence in the NPL area. 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 Interim Management Report
to 30 September 2018**

➤ **STATEMENT OF RESPONSIBILITIES FOR THE INTERIM MANAGEMENT REPORT
TO 30 SEPTEMBER 2018 (PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE
58/98)**

Manolo Santilli, Chief Financial Officer of DeA Capital S.p.A., the manager responsible for preparing the Company's accounting statements, hereby declares, pursuant to art. 154-bis, para. 2 of the *Testo Unico della Finanza* law, that the information contained in this document accurately represents the figures in the Company's accounting records.

Milan, 8 November 2018

Manolo Santilli

Manager responsible for preparing the
Company's accounting statements