HALF-YEAR REPORT TO 30 JUNE 2019

First half of 2019

Board of Directors
Milan, 5 September 2019

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 266,612,100 (fully paid up), comprising 266,612,100 shares with a nominal value of EUR 1 each (including 6,636,485 treasury shares) 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	Marco Boroli Donatella Busso (2/5) Marco Drago Carlo Enrico Ferrari Ardicini Dario Frigerio Francesca Golfetto (3/5) Davide Mereghetti (3/5) Daniela Toscani (1/5) Elena Vasco (1/ 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
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 at 31 December 2021
(1) Member of the Control and Risks Committee
(2) Member and Chairman of the Control and Risks Committee
(3) Member of the Remuneration and Appointments Committee
(4) Member and Chairman of the Remuneration and Appointments Committee
(5) Independent Director

Contents

Interim Report on Operations

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

With assets under management (*) of around EUR 11,700 million and an investment portfolio of more than EUR 350 million, DeA Capital S.p.A. is Italy's main independent operator in the Alternative Asset Management segment.

The Group Platform – currently concentrated on the two subsidiaries, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR - is engaged in the promotion, management and valorisation of real estate investment funds, private equity and credit.

To support the activity of the Platform, as well as exploit the available capital, over time, DeA Capital S.p.A. has also built a Private Equity Investment portfolio consisting mainly of funds managed by the two subsidiary asset management companies; moreover, it has made direct investments with an approach based on the creation of value also in a medium-long term perspective.

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 asset management and private investment 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 over 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;

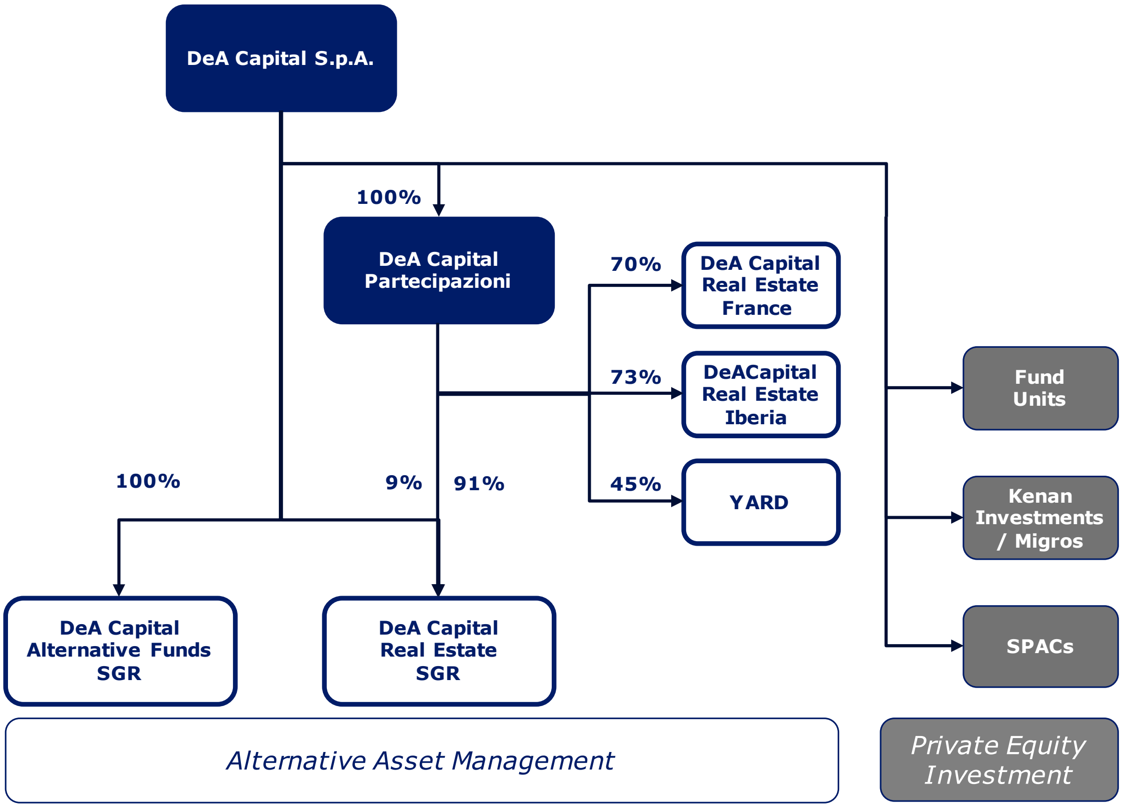
- an extensive network of international relationships, which makes the DeA Capital Group the preferred Gate-to-Italy for alternative investment decisions in our country and that supported the recent launch of the internationalization strategy in the field of the Alternative Asset Management;

- 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.

DeA Capital S.p.A. 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.

(*) Assets Under Management refer to:
- *for Real Estate funds, the assets of the funds under management;*
- *for Private Equity funds, total commitments.*

At 30 June 2019, the corporate structure of the Group headed by DeA Capital S.p.A. (the DeA Capital Group or the Group) was summarised below:



- ***ALTERNATIVE ASSET MANAGEMENT***

⇒ 100% control of **DeA Capital Real Estate SGR**, Italy's largest independent real estate asset management company, with assets under management (AUM) of EUR 9.2 billion and 48 managed funds (including 2 listed funds);

⇒ 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 2.5 billion in assets under management and 12 managed funds;

⇒ controlling interest in **DeA Capital Real Estate France** (70.0%) and **DeA Capital Real Estate Iberia** (73%), newly-established companies with the aim of developing the real estate advisory business for raising funds and real estate advisory and management activities in France and Spain, respectively;

⇒ 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.

- ***PRIVATE EQUITY INVESTMENT***

  - **Funds**

⇒ units in 9 funds managed by the subsidiary DeA Capital Alternative Funds SGR i.e. in the 3 funds of funds **IDeA I Fund of Funds**, **ICF II** and **ICF III**, and the co-investment fund **IDeA Opportunity Fund I**, in the theme funds **IDeA Efficienza Energetica e Sviluppo Sostenibile**, **IDeA Taste of Italy** and **IDeA Agro**, and in the credit funds **IDeA Corporate Credit Recovery I** and **II**;

⇒ units in 3 funds managed by the subsidiary DeA Capital Real Estate SGR, i.e. in the funds **Venere**, **Santa Palomba** and **Special Opportunities I**;

⇒ units in 5 venture capital funds.

  - **Main shareholdings**

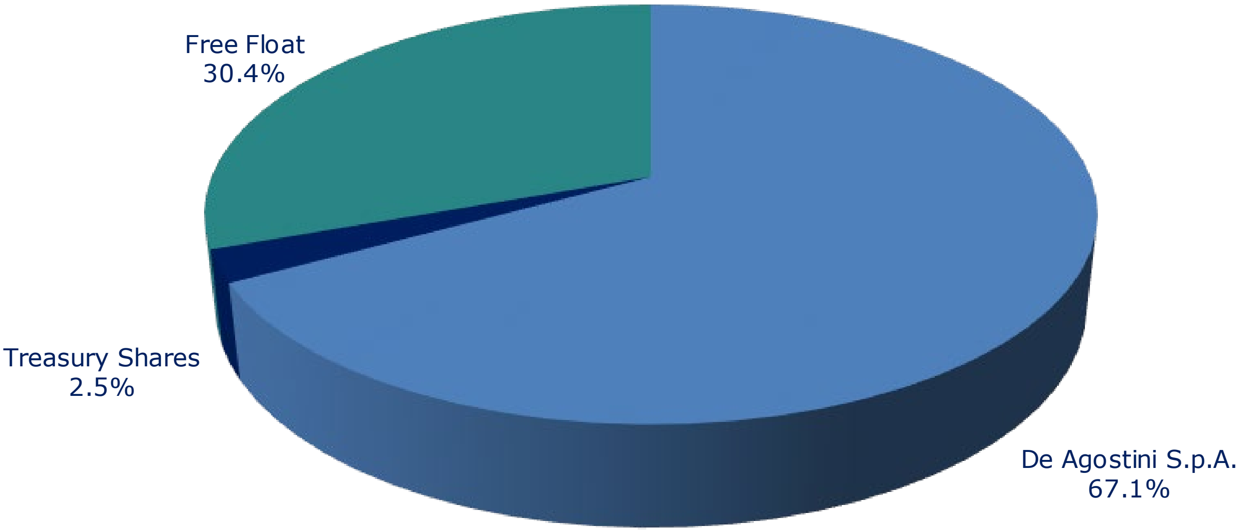
⇒ a minority shareholding in **Migros**, Turkey's leading food retail chain operator, whose shares are listed on the Istanbul Stock Exchange; the investment is held through the Luxembourg-registered company Kenan Investments S.A. (with a stake of 17.1% in Kenan Investments, equating to a fully diluted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

⇒ minority shareholding in **Cellularline** (4.4% of the total shares issued), combined entity between Crescita SPAC and the Cellular Group, owner of the Cellularline brand and leader in accessories for smart-phones and tablets;

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

2. Information for shareholders

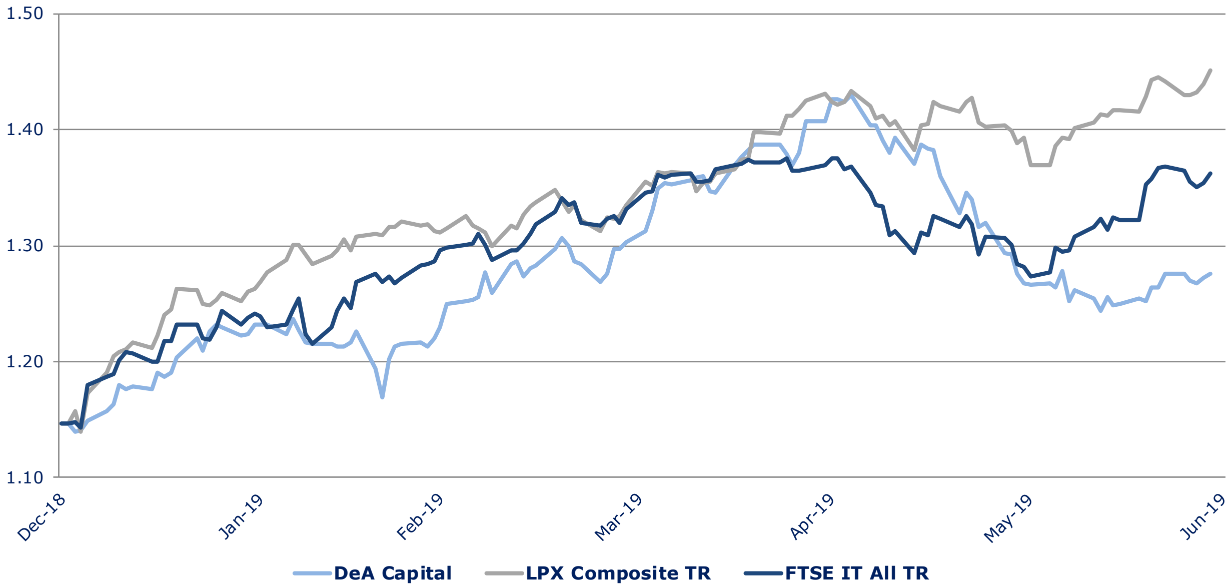
➢ **Shareholder structure of DeA Capital S.p.A. (#)**



(#) Figures at 5 September 2019 on the share capital.
It is noted that on 16 August 2019 was the reduction in the share capital approved by the Shareholders' Meeting of 18 April 2019 (for EUR 40 million, through the cancellation of 40,000,000 treasury shares).

➢ Share performance (°)

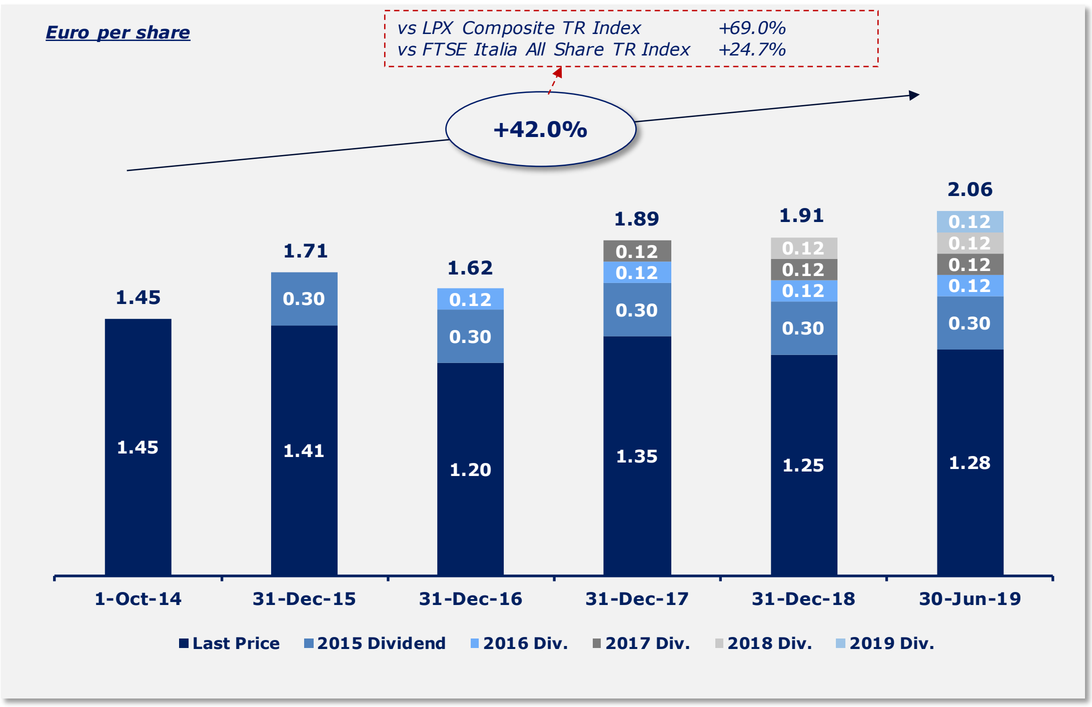
- From 1 January 2019 to 30 June 2019



(°) Source Bloomberg, price adjusted for the extraordinary dividend distributed in May 2019 (EUR 0.12 per share)

➢ Total Shareholder Return – DeA Capital S.p.A.

(Base 1 October 2014, closing date for the sale of Générale de Santé)



Performance of the DeA Capital share

With reference to performance in the first half of 2019, the Company's share price rose by +11.3%. In the same period, the FTSE All-Share® TR and LPX Composite® TR recorded performances of +18.8% and +26.6% respectively.

From 1 October 2014, (the closing date for the sale of the investment in GDS) to 30 June 2019, the performance of DeA Capital shares was up +42.0%, while the Italian FTSE All-Share® TR index +24.7% and the LPX Composite® TR index +69.0% (source Bloomberg).

With regard to the share's liquidity, average daily trading volumes in the first half of 2019 stood at around 200,000 shares.

DeA Capital's share prices recorded in 2019 are listed below:

in EUR	**1 January/30 June 2019**
Maximum price	1.43
Minimum price	1.14
Average price	1.28
Price at 30 June 2019 (EUR per share)	1.28
Market capitalisation at 30 June 2019 (EUR million)	**332**

3. Key Financials

The DeA Capital Group's key Statement of Financial Position and Income Statement figures at 30 June 2019 are shown below, compared with the corresponding figures for the previous period.

(Eur million)	30 June 2019	30 June 2018	*Change*
Assets Under Management "AUM"	**11,729**	**11,157**	***5.1%***
Fee-Paying AUM (*)	**10,372**	**9,902**	***4.7%***
Management fees	**31.3**	**30.6**	***2.3%***
Platform Net Operating Profit (#)	**7.4**	**6.8**	***8.8%***
Group Net Profit/(Loss)	**(3.9)**	**17.1**	***n.a.***

(*) Amount for management fees calculation
(#) Sum of the Net Operating Profit of the two asset management companies, before the impact of purchase Price Allocation ("PPA"), impairment, and other non recurring items

(Eur million)	30 June 2019	31 December 2018(§)	*Change*
Investment portfolio	**353.4**	**366.6**	***(13.2)***
Consolidated Net Financial Position	**108.1**	**101.0**	***7.1***
Net Financial Position - Holding companies	**81.5**	**65.3**	***16.2***
NAV/share (EUR)	**1.69**	**1.72**	***(0.03)***

(§) Data at 31.12.18 "adjusted". Data reflects the extraordinary dividend distribution of 0.12 € / share, namely total 31.2 million €, carried in may 2019 and the IFRS 16 effect from 1.1.2019 on the Consolidated Net Financial Position and on the Net financial Position of Holding companies (respectively for 16.1 million € and 2,9 million €)

The table below shows the change in the Group's NAV in the first six months of 2019:

Change in Group NAV	*Total value (EUR m)*	*No. shares (millions)*	*Value per share (EUR)*
Group NAV at 31.12.2018	**466.5**	**253.8**	**1.84**
Extraordinary dividend distributed	(31.2)		(0.12)
Group NAV at 31.1.2018 "adjusted"	**435.3**		**1.72**
Treasury shares delivered under incentive plans	8.0	5.2	1.56 (*)
Treasury shares delivered under acquisition minorities	0.3	1.0	1.45 (*)
Comprehensive income - Statement of Performance - IAS 1	(3.8)		
Other changes in NAV	(0.5)		
Group NAV at 30.6.2019	**439.3**	**260.0**	**1.69**

(*) Market price at the delivery date of the shares

The table below provides details of the Group's Statement of Financial Position at 30 June 2019:

	30 June 2019		31 December 2018 *"adjusted"*	
	M€	**€/Sh.**	**M€**	**€/Sh.**
Alternative Asset Management				
- DeA Capital Real Estate SGR	**135.0**	*0.52*	**140.4**	*0.56*
- DeA Capital Alternative Funds SGR	**41.6**	*0.16*	**43.4**	*0.17*
- Other (YARD, DeA Capital RE France, Iberia)	**7.1**	*0.03*	**6.8**	*0.03*
Total AAM (A)	**183.7**	***0.71***	**190.6**	***0.76***
Private Equity Investment				
- Funds	**123.0**	*0.47*	**125.0**	*0.49*
- Shareholdings	**46.7**	*0.18*	**51.0**	*0.20*
Total PEI (B)	**169.7**	***0.65***	**176.0**	***0.69***
Investment Portfolio (A+B)	**353.4**	***1.36***	**366.6**	***1.45***
Other net assets (liabilities)	**4.4**	*0.02*	**3.4**	*0.01*
Net Financial Position Holdings	**81.5**	*0.31*	**65.3**	*0.26*
NAV	**439.3**	***1.69***	**435.3**	***1.72***

4. Significant events in the first half of 2019

The significant events that occurred in the first half of 2019 are reported below.

➢ New Funds of DeA Capital Alternative Funds SGR

In the first half of 2019, the subsidiary DeA Capital Alternative Funds SGR completed the launch of the "DeA Endowment Fund", a closed-ended fund of funds for banking foundations and obtained the delegation to manage a portion of the non-reserved closed-ended AIF called "Azimut Private Debt", a fund established by Azimut Capital Management SGR, for new assets under management totalling EUR 114 million.

➢ Funds – Paid Calls / Distributions

In the first half of 2019, the DeA Capital Group increased its investments with paid calls totalling EUR 7.1 million in the IDeA I FoF, ICF II, ICF III, IDeA ToI, IDeA CCR II, IDeA Agro and Santa Palomba funds.

At the same time, in the first half of 2019, the DeA Capital Group received capital reimbursements (excluding withholding tax) totalling EUR 5.2 million (from the IDeA I FoF, ICF II, IDeA OF I, Venere and Venture Capital funds).

Thus, in the first half of 2019, the funds in which DeA Capital S.p.A. has invested resulted in a net negative cash balance of EUR 1.9 million for the portion relating to the Group.

➢ Long-term incentive schemes

On 21 January 2019, 317,229 treasury shares (equal to approximately 0.1% of the share capital) were granted following the exercise of the residual options under the 2014-2016 DeA Capital Stock Option Plan, with the collection of EUR 0.3 million.

On 18 April 2019, 730,656 treasury shares (approx. 0.2% of the share capital) were granted under the 2015-2017 and 2016-2018 Performance Share Plans of DeA Capital S.p.A.

On the same date, the DeA Capital S.p.A. Shareholders' Meeting approved the 2019-2021 Performance Share Plan, under which a maximum of 1,300,000 units may be granted. On the same date, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (i) to launch the 2019-2021 Performance Share Plan approved by the Shareholders' Meeting, vesting the Chairman of the Board of Directors and the Chief Executive Officer with all the necessary powers, to be exercised severally and with full power of delegation; and (ii) to grant 1,050,000 units (representing the right to receive ordinary shares in the Company free of charge, under the terms and conditions of the plan) to certain employees and/or directors performing particular roles at the Company, its subsidiaries and the Parent Company De Agostini S.p.A. Shares allocated due to the vesting of units will be drawn from treasury shares already held by the company.

Also, on 18 April 2019, the DeA Capital S.p.A. Shareholders' Meeting approved the 2019-2021 Share Plan for the CEO of the Company, under which a maximum of 1,750,000 units may be granted for free. The Board of Directors, held on the same date and in implementation of the resolution of the Shareholders' Meeting, resolved to initiate the 2019-2021 Share Plan, conferring to the Chairman of the Board of Directors the necessary powers. Shares allocated will be drawn from treasury shares already held by the company.

- **Internationalisation of the Alternative Asset Management Platform**

DeA Capital Real Estate Iberia was established on 27 February 2019, a company under Spanish law, 73%-owned by the DeA Capital Group with the remaining portion owned by local key managers. The company is designed to develop real estate advisory business for raising funds and real estate advisory and management activities in Spain and Portugal, with a special focus on core plus, value-added and opportunistic investments. Through this initiative, DeA Capital S.p.A. is continuing the project of developing the real estate platform on a pan-European basis, through Group subsidiaries with the involvement of local senior management teams, already launched through the establishment in 2018 of DeA Capital Real Estate France.

- **Acquisition of minority interests in DeA Capital Real Estate SGR**

On 1 March 2019, the acquisition by Fondazione Carispezia of the residual minority interest (5.97%) of DeA Capital Real Estate SGR (now wholly-owned) was completed. The price, of EUR 8 million (in addition to an earn-out of up to a maximum of EUR 0.9 million, to be paid in cash when certain new asset under management targets are reached), was settled in DeA Capital S.p.A. treasury shares (5,174,172 shares corresponding to approximately 1.7% of the share capital, valued at EUR 1.555 per share). The DeA Capital S.p.A. shares used as payment are subject to a six-month lock-up starting from the date of finalization of the transaction.

- **Share buy-back plan**

On 18 April 2019, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, on one or more occasions, and on a revolving basis, a maximum number of treasury shares representing a stake of up to 20% of the share capital in accordance with the completion of the reduction for EUR 40,000,000 approved by the Extraordinary Shareholders' Meeting on that date, and therefore up to a maximum of approximately 53.3 million shares.

The new plan replaces the previous plan approved by the Shareholders' Meeting on 19 April 2018 (which was scheduled to expire with the approval of the 2018 Annual Financial Statements), and will pursue the same objectives, including purchasing treasury shares to be used for extraordinary transactions and share incentive schemes, offering shareholders a means of monetising their investment, stabilising the share price and regulating trading within the limits of current legislation.

The authorisation specifies that purchases may be made until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2019, and, in any event, not beyond the maximum period of 18 months allowed by law, and that DeA Capital S.p.A. may also sell the shares purchased, including for trading purposes, without time limits. The unit price for the purchase of the shares will be set on a case-by-case basis by the Board of Directors, but must not be more than 20% above or below the share's reference price on the trading day prior to each purchase.

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

On the same date the Company's Board of Directors set the maximum unit price, above which no treasury shares will be purchased, up to the NAV per share indicated in the most recent statement of financial position approved and disclosed to the market.

DeA Capital S.p.A. will disclose the launch date for the share buy-back plan to the market in compliance with current legislation.

➢ Distribution of the share premium reserve

On 22 May 2019, in accordance with the vote of the Shareholders' Meeting on 18 April 2019, DeA Capital S.p.A. made a partial distribution of the share premium reserve at EUR 0.12 per share, i.e. for an overall amount of around EUR 31.2 million based on the total number of entitled shares.

➢ Dividends from Alternative Asset Management

During the first months of 2019, the Alternative Asset Management business distributed dividends to the holding companies for EUR 22.9 million (EUR 7.5 million in 2018), broken down as follows: EUR 17.8 million to DeA Capital Real Estate (including the share of dividend resolved for SFP), EUR 5.0 million to DeA Capital Alternative Funds and EUR 0.1 million to YARD (pro-rata share of EUR 0.3 million).

5. Results of the DeA Capital Group

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

- Alternative Asset Management, which includes the asset management activities and related services, focused on the management of real estate, private equity and credit funds.

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

➢ *Alternative Asset Management*

At 30 June 2019, DeA Capital S.p.A. was the owner of:

- 100% of **DeA Capital Real Estate SGR**;
- 100% of **DeA Capital Alternative Funds SGR**;
- 70.0% of **DeA Capital Real Estate France**;
- 73.0% of **DeA Capital Real Estate Iberia**;
- 45.0% of **YARD**.

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

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 9.2 billion in assets under management and 48 managed funds (including 2 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.

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 Fee-Paying AUM and management fees for DeA Capital Real Estate SGR at 30 June 2019:

	at 30 June 2019		
(Eur million)	***Asset Under Management*** (*)	***Fee-Paying AUM*** (**)	**Management fees**
Listed Real Estate funds	589	596	2.5
Real Estate funds	8,608	7,980	16.8
Total DeA Capital Real Estate SGR	**9,197**	**8,576**	**19.3**

(*) the figures refer to Asset Under Management calculated as the sum of funds managed assets.

(**) the amount for management fees calculation.

With regard to the operational performance, at 30 June 2019 Assets Under Management stood at around EUR 9,200 million, with an increase of over EUR 200 million compared to the same period of the previous year due to the launch of 9 new funds (with AUM for around EUR 1,000 million).

In terms of management fees, the company showed a negative change in comparison with the same period of the previous year (EUR -1.5 million) mainly due to the impact of the write-down of the assets of the IDeA FIMIT Sviluppo fund and to the positive effect, on the figures at 30 June 2018, of the one-off fees on the sales of the Omicron Plus fund (EUR 0.5 million).

The Net Result for the first six months of 2019 (EUR +3.9 million) shows a favourable change compared to the figure at 30 June 2018 mainly due to the impact of the evaluation at fair market value of the units held in the managed funds (EUR -1.7 million).

DeA Capital Real Estate SGR (EUR million)	30 June 2019	30 June 2018
AUM	9,197	8,972
Management fees	19.3	20.8
Net Operating Profit (#)	4.3	4.8
Net profit	3.9	2.4
-of which:		
- Shareholders	*3.9*	*2.4*
- Owners of financial equity instruments	*0.0*	*0.0*
Net Financial Position	10.8 (°)	12.4 (*)

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

(°) Net of leasing liability of -8.4 Eur million

(*) Data at 31 december 2018"adjusted". Reflect the application of IFRS 16 from 1.1.19

DeA Capital Alternative Funds SGR

Registered office: Italy
Sector: *Alternative Asset Management – Private Equity*
Website: www.deacapitalaf.com
Investment details The company operates in the management of private equity funds (funds of funds, thematic funds and credit funds); at 30 June 2019, the asset management company manages 12 private equity closed funds, including 5 funds of funds (IDeA I FoF, ICF II, ICF III, IDeA Crescita Globale, DeA Endowment Fund), 1 direct co-investment fund (IDeA OF I), 5 thematic funds (IDeA EESS, IDeA ToI, IDeA Agro, IDeA CCR I and II, the latter being debtor-in-possession financing funds) and the Investitori Associati IV (in liquidation) fund. The asset management company also has management delegations for a portion of the closed-end, non-reserved AIF called "Azimut Private Debt" instituted by Azimut Capital Management SGR.

The table below summarises the value of assets under management and Fee-Paying AUM and management fees for DeA Capital Alternative Funds SGR at 30 June 2019:

	at 30 June 2019		
(Eur million)	***Asset Under Management*** (*)	***Fee-Paying AUM*** (**)	***Management fees***
Funds of funds	1,163	684	2.1
Direct funds	635	378	5.9
Credit recovery funds	734	734	4.0
Total DeA Capital Alternative Funds SGR	**2,532**	**1,796**	**12.0**

(*) the figures refer to Asset Under Management calculated as the sum of total commitments

(**) the amount for management fees calculation.

With regard to the operational performance, in the first six months of 2019, the company recorded an increase in assets under management of EUR 347 million compared to the figure at 30 June 2018, attributable: (i) to the launch of the Shipping Segment (over EUR 170 million) and the expansion of the Loans Segment (EUR 14 million) of the IDeA CCR II fund, (ii) to the start-up of the IDeA Agro fund (EUR 80 million) in the second part of 2018, and (iii) to the start-up, during the first few months of 2019, of the DeA Endowment Fund (EUR 73 million) and Azimut Private Debt (management mandate of EUR 41 million). In terms of management fees, the increase of over EUR 2 million is due to the dynamics of the Assets Under Management described and the additional performance fees for the fund IA IV.

DeA Capital Alternative Funds SGR (Eur million)	30 June 2019	30 June 2018
AUM	2,532	2,185
Management fees	12.0	9.8
Net Operating Profit (#)	3.1	2.0
Net Profit	3.1	2.0
Net Financial Position	13.6 (°)	10.9 (*)

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

(°) Net of leasing liability of -2.7 Eur million

(*) Data at 31 december 2018"adjusted". Reflect the application of IFRS 16 from 1.1.19

➢ *Private Equity Investment*

Funds

At 30 June 2019, DeA Capital S.p.A. Private Equity Investments include investments in funds with a total value in the Consolidated Financial Statements of EUR 123.0 million (corresponding to the fair value estimate calculated based on the information available on the date this document was prepared), which mainly refer 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;
- 3 funds of funds (IDeA I FoF, ICF II and ICF III), 4 theme funds (IDeA ToI, IDeA Agro, IDeA CCR I and IDeA CCR II), 5 venture capital funds and the Santa Palomba real estate fund.

The change in the value of the funds in the portfolio recorded in the first six months of 2019 (EUR 123.0 million at 30 June 2019 compared to EUR 125.0 million at 31 December 2018) is due capital calls for EUR +7.1 million, distributions of EUR -5.2 million (in addition to withholding tax of EUR 1.3 million) and the decrease in fair value of EUR -2.6 million.

Residual commitments for all the funds in the portfolio were EUR 99.4 million.

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

The table below shows the main performance indicators with particular reference to the funds in the portfolio managed by DeA Capital Alternative Funds SGR.

(Eur million)	***Vintage***	***Capital Call***	**DPI (*)**	**TVPI (°)**	**NAV**
Funds of Funds / Direct Funds managed by DeA Capital AF SGR					
Funds of Funds					
IDeA I FoF	2007	150.2	1.1x	1.3x	28.9
ICF II	2009	37.8	1.1x	1.8x	28.5
ICF III	2014	9.3	0.0x	1.2x	11.5
Funds of Funds - Total		**197.3**	**1.1x**	**1.4x**	**68.9**
Direct Funds					
IDeA OF I	2008	87.9	1.0x	1.2x	14.3
IDeA EESS	2011	24.3	0.9x	1.3x	9.4
IDeA ToI	2014	20.0	0.6x	1.4x	16.2
Direct Funds - Total		**132.2**	**0.9x**	**1.2x**	**39.9**
Funds of Funds / Direct Funds - total		**329.5**	**1.0x**	**1.3x**	**108.8**
Other Funds					14.2
Total Portfolio Funds					**123.0**

(*) "Distributed to paid-in", or the ratio between the distribution received and the capital call paid

(°) "Total value to paid-in", or the ratio between sum of "cash distribution + NAV" and capital call paid

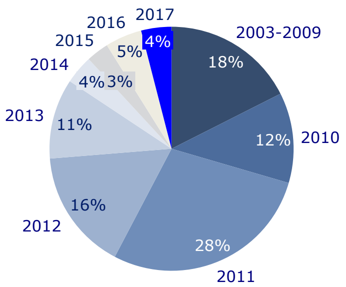
- ***IDeA I FoF***

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 operations on 30 January 2007 and is managed by DeA Capital Alternative Funds SGR. DeA Capital S.p.A. 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. Note that in 2018, taking into consideration the actual liquidity requirements, reduced in the light of the distributions by the funds in the portfolio, the commitment of the fund decreased by EUR 35 million, up to a total of EUR 646 million (compared to the original EUR 681 million). DeA Capital S.p.A.'s commitments therefore reduced from EUR 173.5 million to EUR 164.6 million. According to the latest report available, the IDeA I FoF portfolio was invested in 38 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in 241 companies active in geographical regions with different growth rates. The funds are diversified in the buy-out (control) and expansion (minorities) categories, with overweighting towards medium and small-scale transactions and special situations (distressed debt/equity and turnaround). At 30 June 2019, IDeA I FoF had called up 91.3% of its total commitment and had made reimbursements totalling approximately 102.4% of that commitment.

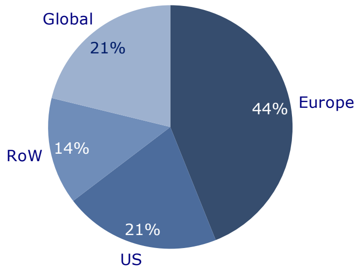
Other important information

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.

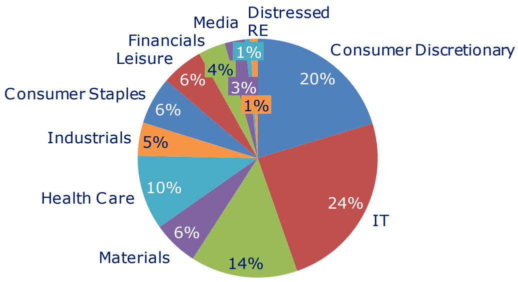
BREAKDOWN BY YEAR OF INVESTMENT(1)



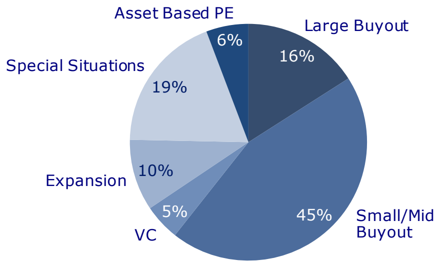
BREAKDOWN BY GEOGRAPHIC AREA(2)



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 approximately EUR 28.9 million in the Consolidated Financial Statements at 30 June 2019, with a change compared to 31 December 2018 (EUR 33.1 million) due to distributions of EUR -2.3 million, capital calls of EUR +0.3 million and the decrease in fair value of EUR -2.2 million.

The table below shows the key figures for IDeA I FoF at 30 June 2019:

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**		**14,388,767**	

- ***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 operations on 24 February 2009 and is managed by DeA Capital Alternative Funds SGR.

DeA Capital S.p.A. 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.

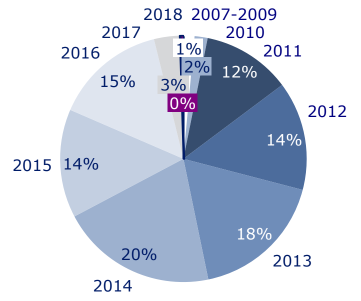
Based on the latest report available, the ICF II portfolio is invested in 26 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in around 350 companies active in various geographical areas.

At 30 June 2019, ICF II had called up around 74.2% of its total commitment and had made distributions totalling 77.9% of that commitment.

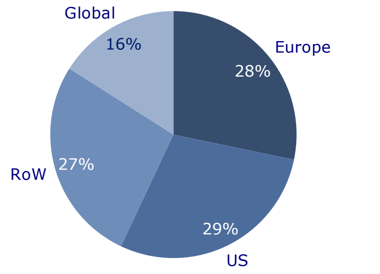
Other important information

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

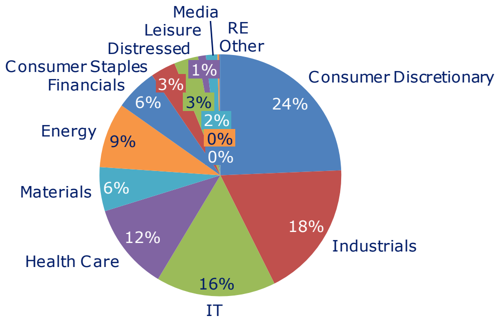
BREAKDOWN BY YEAR OF INVESTMENT(1)



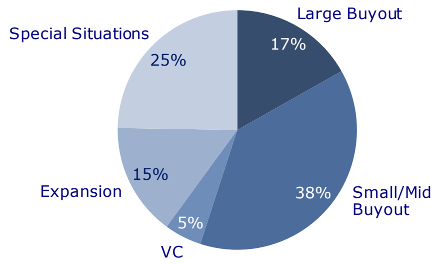
BREAKDOWN BY GEOGRAPHIC AREA(2)



BREAKDOWN BY SECTOR(1)



BREAKDOWN BY STRATEGY(2)



Notes:

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

The units in ICF II were valued at approximately EUR 28.5 million in the Consolidated Financial Statements at 30 June 2019, with a change compared to 31 December 2018 (EUR 31.3 million) due to distributions of EUR -2.3 million, capital calls of EUR +0.2 million and change in fair value of EUR -0.7 million.

The table below shows the key figures for ICF II at 30 June 2019:

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**		**13,212,895**	

- ***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 operations on 10 April 2014 and is managed by DeA Capital Alternative Funds SGR. DeA Capital S.p.A. 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 parts: • ***Core***, with a focus on buy-outs, expansion capital and special situations; • ***Credit & Distressed***, which invests in special credit operations (preferred equity, mezzanine, senior loans), turnarounds and other credit strategies; • ***Emerging Markets***, which focuses on expansion capital, buy-outs, distressed assets and venture capital operations in emerging markets. At 30 June 2019, ICF III had called up 67.0%, 65.0% and 80% in the Core, Credit & Distressed and Emerging Markets segments respectively for the units held by DeA Capital S.p.A..

The units in ICF III were valued at EUR 11.5 million in the Consolidated Financial Statements at 30 June 2019 (EUR 10.4 million at 31 December 2018). The increase was due to capital calls of EUR +0.8 million and an increase in fair value of EUR +0.3 million.

The table below shows the key figures for ICF III at 30 June 2019:

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**		**3,248,465**	

- ***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.

DeA Capital S.p.A. has a total commitment of up to EUR 101.8 million in the fund.

Brief description

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

At 30 June 2019, IDeA OF I had called up 86.4% of the total commitment and distributed 87.4% of that commitment, after making nine investments (of which two were still in the portfolio at that date).

The units in IDeA OF I have a net value in the Consolidated Financial Statements at 30 June 2019 of EUR 14.3 million, with a change compared to 31 December 2018 (EUR 15.2 million) due to distributions of EUR -1.0 million and the pro-rata net profit of the fund of EUR +0.1 million.

The table below shows a breakdown of the fund's NAV at 30 June 2019:

(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	17.9	8.4
Total portfolio participations				**23.9**	**11.2**
Other receivables				4.2	2.0
Cash and cash equivalents				2.4	1.1
Total Net Equity				**30.5**	**14.3**

The table below shows the key figures for IDeA OF I at 30 June 2019:

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.

DeA Capital S.p.A. has a total commitment of up to EUR 30.4 million in the fund.

Brief description

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

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

At 30 June 2019, IDeA EESS had called up 80.0% of the total commitment and distributed 70.0% of that commitment, after making nine investments.

Significant events after the end of the period

After 30 June 2019, on 1 July 2019, the sale of the equity investment held in Elemaster was finalized, for a sum of EUR 9.2 million with a total return equal to 1.1x the capital invested.

The units in IDeA EESS have a value in the Consolidated Financial Statements at 30 June 2019 of EUR 9.4 million, with a change compared to 31 December 2018 (EUR 9.3 million) due to the pro-rata net profit of the fund of EUR +0.1 million.

The table below shows a breakdown of the fund's NAV at 30 June 2019:

(EUR million)	Industry	% share	Investment date	100%	DeA Capital
Portfolio investments					
Elemaster	Electronic boards	10.0%	February 27, 2013	9.2	2.8
Baglioni	Design / production of compressed air tanks	41.2%	February 5, 2015	5.0	1.5
Tecnomeccanica	Lighting components for the automotive sector	93.6%	October 27, 2016	4.5	1.4
Stalam	Radiofrequency equipment for textile and food sector	90.4%	November 30, 2016	4.6	1.4
Total portfolio investments				**23.3**	**7.1**
Other assets (liabilities)				(0.4)	(0.1)
Cash and cash equivalents				8.0	2.4
Total Net Equity				**30.9**	**9.4**

The table below shows the key figures for IDeA EESS at 30 June 2019:

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**		**6,089,958**	

- ***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. DeA Capital S.p.A. has a total commitment of up to 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 products resulting from their processing or related services. At 30 June 2019, IDeA ToI had called up 79.4% of the total commitment and distributed 47.8% of that commitment, after making seven investments. **Significant events during the first half of 2019** In the first half of 2019, IDeA ToI made an investment for a total of EUR 20.6 million, divided into two tranches, for the purchase of 70% of the Alice Pizza group, the first Italian pizza slice chain. On 4 June 2019, IDeA ToI completed a first investment tranche of EUR 14.2 million for the purchase of 70% of Abaco S.p.A., a leading player in Europe in the supply of software solutions for the management and control of territorial resources, oriented towards precision agriculture and environmental sustainability.

The units in IDeA ToI were valued at EUR 16.2 million in the Consolidated Financial Statements at 30 June 2019 (EUR 11.9 million at 31 December 2018). The changes were due to capital calls of EUR +4.4 million and the decrease in fair value for EUR -0.1 million. The table below shows the key figures for IDeA ToI at 30 June 2019:

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**		**5,192,209**	

- ***IDeA CCR I***

IDeA Corporate Credit Recovery I (IDeA CCR I)
Registered office: Italy
Sector: *Private equity*
Website: www.deacapitalaf.com

Investment details

IDeA CCR I is a closed-end fund under Italian law for qualified investors, which began operating on 23 June 2016 and is managed by DeA Capital Alternative Funds SGR.

At 30 June 2019, the total commitment of DeA Capital S.p.A. in the fund was EUR 7.7 million.

Brief description

IDeA CCR I, which has total assets of EUR 221.8 million at 30 June 2019, 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:

- 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 segments:

- **Loans Segment**, 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 Loans segment;
- **New Finance Segment**, which has obtained commitments for new finance currently totalling up to around EUR 42.7 million, which could be used for the Target Companies.

At 30 June 2019, the Loans Segment was fully invested while the New Finance Segment called 26.3% of the total commitment. On the same date, the Loans and New Finance Segments had distributed 48.0% and 12.4% of their respective commitments.

Significant events after the end of the period

After 30 June 2019, on 4 July 2019, the 3rd closing of the Loans Segment of the IDeA CCR I fund was finalized for EUR 23.4 million, which brought the fund's allocation up to EUR 202.5 million.

Units in IDeA CRR I are valued at EUR 0.9 million in the Consolidated Financial Statements at 30 June 2019, in line with the figure at 31 December 2018.

The table below shows the key figures for the IDeA CCR I fund at 30 June 2019:

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**		**5,508,520**	

- ***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.

DeA Capital S.p.A. has a total commitment of EUR 15.15 million in the fund.

Brief description

IDeA CCR II, which has total assets of EUR 512.1 million at 30 June 2019, is a closed-end mutual fund under Italian law, for qualified investors, which aims to help the relaunch of Italian companies that are facing financial difficulties but have solid business fundamentals (Target Companies), sharing the profits between creditors and new investors, with an approach similar to the one of the IDeA CCR I fund as described above. In February 2019, the fund completed the 3rd closing of the Loans Segment, bringing the total assets from EUR 256.8 million to EUR 270.9 million.

The fund is divided into three parts:

- **Loans Segment**, which has acquired loans relating to the Target Companies from several major Italian banks for a consideration of approximately EUR 270.9 million in exchange for the granting of units in the Loans Segment;

- **New Finance Segment**, which has obtained commitments for new finance of up to around EUR 69.8 million, which could be used for the Target Companies or companies with similar characteristics;

- **Shipping Segment,** which has obtained loans from eight fund partner banks relating to eight shipping management target companies, for a consideration of approximately EUR 171.6 million at 30 June 2019, in exchange from the allocation of units in the fund’s Shipping Segment.

At 30 June 2019, the Loans and Shipping Segments are fully invested in, while the New Finance Segment has called up 19.3% of the commitment. At the same date, the Loans Segment distributed 10.0% of its commitment.

Significant events after the end of the period

After 30 June 2019, on 2 July, the 4th closing of the Loans Segment of the IDeA CCR II fund was finalized for EUR 20 million, which brought the fund’s allocation up to EUR 291 million.

The units in IDeA CCR II were valued at EUR 2.7 million in the Consolidated Financial Statements at 30 June 2019 (EUR 1.6 million at 31 December 2018). The changes were due to capital calls of EUR +1.2 million and the decrease in fair value for EUR -0.1 million.

The table below shows the key figures for the IDeA CCR II fund at 30 June 2019:

IDeA CCR II	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Euro (€)					
IDeA CCR II	Italy	2017			
New Financing Segment			69,750,000	15,075,000	21.61
Credit Segment			256,784,737	75,000	0.03
Shipping Segment			195,324,500 (*)	n.a.	n.a.
Residual Commitments					
Total residual commitment in:		**Eur**		**12,241,737**	

(*) Value in US Dollar

- *Venture capital funds*

The units in venture capital funds had a total value of approximately EUR 8.5 million in the Financial Statements at 30 June 2019 (EUR 9.0 million at 31 December 2018). The change in the period was due to distributions of EUR -0.6 million and the increase in fair value of EUR +0.1 million.

Note that, in the first half of 2019, the Israel Seed IV fund was completely liquidated with no material impacts on the DeA Capital S.p.A. equity and financial figures.

The table below shows the key figures for venture capital funds in the portfolio at 30 June 2019:

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
Pitango Venture Capital III	Delaware U.S.A.	2003	417,172,000	5,000,000	1.20
Total Dollars				**16,925,000**	
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**		**3,252,761**	

- *Shareholdings*

At 30 June 2019, the DeA Capital Group was a shareholder of:

- Kenan Investments, holder of a shareholding in Migros (valued at EUR 16.7 million);
- Cellularline, the Italian leader in the development and sale of smartphone and tablet accessories (valued at EUR 7.5 million);
- IDeaMI, a special purpose acquisition company (valued at EUR 22.3 million).

The companies above mentioned are listed on regulated stock exchanges (Migros in Turkey and Cellularline and IDeaMI in Italy) and all companies' financial information is provided on their website - investor relations section.

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.

➢ Consolidated Income Statement

In the first half of 2019, a consolidated net profit of EUR -4.1 million was recorded (of which EUR -3.9 million related to the Group), compared with net profit of EUR +47.9 million (of which EUR +17.1 million related to the Group) in the same period in 2018.

Revenues and other income break down as follows:

- fees of EUR 31.5 million for the Alternative Asset Management business (EUR 30.0 million in the same period of 2018);
- income from investments valued at equity, negative for EUR -0.1 million (EUR +1.5 million for the corresponding period in 2018);
- other income and expenses from investments totalling EUR -5.8 million (mainly due to the reduction in the fair value of Kenan Inv. / Migros for EUR -2.7 million and the performance of private equity funds in the portfolio for EUR -2.2 million), compared to EUR +46.8 million in the corresponding period of 2018 (mainly related to the adjustment to the fair market value of the investee company Corin of the IDeA OF I fund, for EUR +51.3 million);
- service revenues of EUR 0.2 million (EUR 1.1 million in the corresponding period in 2018).

In the first six months of 2019, operating costs totalled EUR 26.7 million, compared to EUR 28.1 million in 2018.

Costs in the first six months of 2019 break down into EUR 22.7 million relating to Alternative Asset Management, EUR 0.3 million to Private Equity Investment and EUR 3.7 million to holding company activities. Note that Alternative Asset Management costs include the effects of the amortisation of assets recorded when a portion of the purchase price of the investments in DeA Capital Real Estate SGR was allocated (EUR 0.3 million).

Financial income and expense stood at a total of EUR -0.3 million at 30 June 2019 (EUR +0.3 million in 2018).

The total tax impact for the first six months of 2019, totalling EUR -2.9 million (EUR -3.7 million in the corresponding period of 2018), is the result of taxes of EUR -3.5 million due in respect of Alternative Asset Management activities (EUR -2.0 million due in the same period of 2018) and EUR +0.6 million relating to holding company activities (EUR -1.7 million in the corresponding period of 2018).

The consolidated net result of EUR -4.1 million breaks down as follows: EUR +5.9 million attributable to Alternative Asset Management, EUR -6.6 million to Private Equity Investment and EUR -3.4 million to holding companies/eliminations.

The Group’s net result of EUR -3.9 million breaks down as follows: EUR +6.3 million attributable to Alternative Asset Management, EUR -6.8 million to Private Equity Investment and EUR -3.4 million to holding companies/eliminations.

Summary Consolidated Income Statement

(EUR thousand)	First Half 2019	First Half 2018
Alternative Asset Management fees	31,523	29,965
Income (loss) from investments valued at equity	(133)	1,500
Other investment income/expense	(5,841)	46,818
Income from services	197	1,119
Other revenues and income	30	33
Other expenses and charges (*)	(26,689)	(28,118)
Financial income and expenses	(318)	295
PROFIT/(LOSS) BEFORE TAX	***(1,231)***	***51,612***
Income tax	(2,884)	(3,741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***(4,115)***	***47,871***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0
PROFIT/(LOSS) FOR THE PERIOD	***(4,115)***	***47,871***
- Group share	(3,904)	17,118
- Non controlling interests	(211)	30,753
Earnings per share, basic (€)	(0.015)	0.067
Earnings per share, diluted (€)	(0.015)	0.067

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

Performance by business in the first half of 2019

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	31,734	(211)	31,523
Income (loss) from investments valued at equity	(47)	(86)	0	(133)
Other investment income/expense	(6,423)	582	0	(5,841)
Other revenues and income	0	33	194	227
Other expenses and charges	(253)	(22,692)	(3,744)	(26,689)
Financial income and expenses	89	(117)	(290)	(318)
PROFIT/(LOSS) BEFORE TAXES	***(6,634)***	***9,454***	***(4,051)***	***(1,231)***
Income tax	0	(3,488)	604	(2,884)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***(6,634)***	***5,966***	***(3,447)***	***(4,115)***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***(6,634)***	***5,966***	***(3,447)***	***(4,115)***
- Group share	(6,800)	6,343	(3,447)	(3,904)
- Non controlling interests	166	(377)	0	(211)

Performance by business in the first half of 2018

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	30,532	(567)	29,965
Income (loss) from investments valued at equity	721	779	0	1,500
Other investment income/expense	48,555	(1,737)	0	46,818
Other Income	0	803	349	1,152
Other expenses	(2,331)	(23,067)	(2,720)	(28,118)
Financial income and expenses	306	(15)	4	295
PROFIT/(LOSS) BEFORE TAXES	**47,251**	**7,295**	**(2,934)**	**51,612**
Income tax	0	(2,020)	(1,721)	(3,741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**47,251**	**5,275**	**(4,655)**	**47,871**
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	**47,251**	**5,275**	**(4,655)**	**47,871**
- Group share	17,423	4,350	(4,655)	17,118
- Non controlling interests	29,828	925	0	30,753

➢ 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, reflects a net negative balance of approximately EUR -3.8 million, which refers essentially to the net loss for the period.

(EUR thousand)	**First Half 2019**	**First Half 2018**
Profit/(loss) for the period (A)	***(4,115)***	***47,871***
Comprehensive incomes/expenses which might be subsequently reclassified to the profit (loss) for the period	205	(152)
Comprehensive incomes/expenses which will not be subsequently reclassified to the profit (loss) for the period	(60)	122
Other comprehensive incomes /(losses), net of tax (B)	***145***	***(30)***
Total comprehensive incomes / (losses) for the period (A)+(B)	***(3,970)***	***47,841***
Total comprehensive incomes (losses) attributable to:		
- Group Share	(3,759)	17,040
- Non Controlling Interests	(211)	30,801

➢ Consolidated Statement of Financial Position

Below is the Group's statement of financial position at 30 June 2019, compared with 31 December 2018.

(EUR thousand)	30.6.2019	1.1.2019 restated for IFRS 16 (*)	31.12.2018 "as reported"
ASSETS			
Non-current assets			
Intangible and tangible assets			
Goodwill	93,745	93,745	93,745
Intangible assets	20,539	21,023	21,023
Property, plant and equipment	15,835	16,924	854
- Building in Leasing	*14,753*	*15,681*	*0*
- Other leased assets	*367*	*389*	*0*
- Other property, plant and equipment	*715*	*854*	*854*
Total intangible and tangible assets	130,119	131,692	115,622
Investments			
Investments at equity	19,637	20,892	20,892
Investments held by Funds at fair value through P&L	23,883	23,511	23,511
Other Investments at Fair Value through P&L	*46,700*	*50,953*	*50,953*
Funds at Fair Value through P&L	*149,129*	*153,551*	*153,551*
Other financial assets at Fair Value	47	36	36
Total financial Investments	239,396	248,943	248,943
Other non-current assets			
Deferred tax assets	1,276	2,183	2,183
Loans and receivables	1,009	752	752
Receivables for deferment of placement costs	430	482	482
Financial receivables for leasing - non current position	1,436	1,558	0
Other non-current assets	4,635	4,668	4,668
Total other non-current assets	8,786	9,643	8,085
Total non-current assets	**378,301**	**390,278**	**372,650**
Trade receivables	8,929	14,678	14,678
Financial assets at Fair Value	13,682	6,316	6,316
Financial receivables	0	500	500
Financial receivables for leasing - current position	242	240	0
Tax receivables from parent companies	1,349	374	374
Other tax receivables	8,777	15,760	15,760
Other receivables	3,520	4,051	4,051
Cash and cash equivalents	112,466	143,767	143,767
Total current assets	148,965	185,686	185,446
Total current assets	**148,965**	**185,686**	**185,446**
TOTAL ASSETS	**527,266**	**575,964**	**558,096**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Net equity Group	**439,255**	**466,481**	**466,481**
Minority interests	**24,854**	**39,299**	**39,299**
Shareholders' equity	**464,109**	**505,780**	**505,780**
LIABILITIES			
Non-current liabilities			
Trade payables	900	900	900
Deferred tax liabilities	5,989	6,018	6,018
End-of-service payment fund	4,830	4,637	4,637
Financial liabilities	16,182	17,909	2,859
- Financial liabilities for building in Leasing	*13,729*	*14,820*	*0*
- Financial liabilities for other leased assets	*190*	*230*	*0*
- Other financial liabilities	*2,263*	*2,859*	*2,859*
Total non-current liabilities	**27,901**	**29,464**	**14,414**
Current liabilities			
Trade payables	5,942	5,535	5,535
Payables to staff and social security organisations	5,860	9,122	9,122
Current tax	7,900	5,846	5,846
Other tax payables	786	1,256	1,256
Other payables	10,252	15,939	15,939
Short term financial payables	4,516	3,022	204
- Short term financial payables for building in Leasing	*2,845*	*2,660*	*0*
- Short term financial payables for other leased assets	*178*	*158*	*0*
- Other Short term financial payables	*1,493*	*204*	*204*
Total current liabilities	**35,256**	**40,720**	**37,902**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**527,266**	**575,964**	**558,096**

(*) Figures at 31.12.2018 adjusted for the effects of the application of the new accounting standard IFRS 16 starting from 1.1.2019

At 30 June 2019, DeA Capital S.p.A. reported Group consolidated shareholders' equity of EUR 439.3 million, corresponding to a **net asset value (NAV) of EUR 1.69 per share** (compared with EUR 1.72 per share at the end of 2018, adjusted due to the distribution of an extraordinary dividend of EUR 0.12 per share in May 2019).

➢ Consolidated net financial position

At 30 June 2019, the consolidated net financial position was EUR 108.1 million, as shown in the table below, which provides a comparison with 01 January 2019 (EUR 132.2 million).

Net financial position *(EUR million)*	**30.6.2019**	**1.1.2019 (*)**	***Change***
Cash and cash equivalents	112.5	143.8	*(31.3)*
Financial assets at Fair Value through OCI	13.7	6.3	*7.4*
Financial receivables	2.6	3.1	*(0.5)*
Non-current financial liabilities	(16.2)	(18.0)	*1.8*
Current financial liabilities	(4.5)	(3.0)	*(1.5)*
TOTAL	**108.1**	**132.2**	***(24.1)***

(*) Data at 31.12.2018 restated for the application of IFRS 16 from 1.1.2019

The change recorded in the first half of 2019 by the consolidated net financial position is mainly due to the distribution of the extraordinary dividend by DeA Capital S.p.A. (EUR -31.2 million).

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

6. Other information

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

The risks set out below take into account the features of the market and the operations of the Parent Company DeA Capital S.p.A. and the consolidated Group companies, the main findings of a risk assessment carried out in 2019, as well as the periodic monitoring conducted partly through the regulatory policies adopted by the Group.

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

With reference to the specific risks associated with investments in Migros and Cellularline, please refer to as described respectively in the Migros Annual Report and the consolidated financial report of Cellularline (available on the websites of the two companies).

A. Contextual risks

A.1. Risks relating to general economic conditions

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

A.2. Socio-political events

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

A.3. Regulatory changes

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

A.4. Performance of the financial markets

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

A.5. Exchange rates

Holding investments in currencies other than the euro exposes the Group to changes in exchange rates between currencies. The investment in Kenan Investments is managed as a special case, since although it was made in euros, the underlying asset (shareholding in Migros) is expressed in Turkish lira. Taking into account the time horizon of the investment, it is believed that the expected return on the investment could absorb any devaluation of the underlying currency, if this is in line with the outlook.

A.6. Interest rates

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

B. Strategic risks

B.1. Concentration of the Private Equity investment portfolio

The Private Equity Investment strategy adopted by the Group includes:

- Direct investments;
- Indirect investments (via funds).

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

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

B.2. Concentration of Alternative Asset Management activities

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

- concentration of the assets managed by asset management companies across a limited number of funds, if it were decided to terminate the asset management mandate for one or more funds;
- concentration of the financial resources of the funds managed across a limited number of sectors and/or geographical areas, in the event of a currency, systemic or sector crisis;
- for closed-end funds, the concentration of the commitment across just a few subscribers.
- concentration of real estate present in the portfolio of managed funds in a few cities and/or in limited types of property (management/commercial), in the event of a slump in the property market concerned;
- concentration in respect of certain major tenants, if they were to withdraw from the rental contracts, which could lead to a vacancy rate that would have a negative impact on the funds’ financial results and the valuation of the properties managed;
- concentration of the maturities of real estate funds within a narrow timeframe, with related high availability of property on the market, leading to a decrease in property values and an increase in selling times.

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

B.3. Key resources (governance/organisation)

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

C. Operating risks

C.1. Investment operations

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

C.2. Compliance with covenants

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

C.3. Divestment operations

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

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

C.4. Funding risk

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

➢ Transactions with parent companies, subsidiaries and related parties

As regards transactions with related parties, these are reported in the section "Other Information" of the Notes to the Summary Half-Year Consolidated Financial Statements at 30 June 2019.

➢ Other information

At 30 June 2019, the Group had 204 employees (193 at the end of 2018), including 37 senior managers, 69 middle managers and 98 clerical staff. Of these, 186 worked in Alternative Asset Management and 18 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, companies formed or regulated by laws of non-EU countries and of major importance in the consolidated financial statements, it is hereby noted that no Group company falls within the scope of the above-mentioned provision.

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

Summary Consolidated Half-Year Report for the period 1 January to 30 June 2019

- **Consolidated Statement of Financial Position**

(EUR thousand)	Note	30.6.2019	1.1.2019 restated for IFRS 16	31.12.2018 "as reported"
ASSETS				
Non-current assets				
Intangible and tangible assets				
Goodwill	1a	93,745	93,745	93,745
Intangible assets	1b	20,539	21,023	21,023
Property, plant and equipment	1c	15,835	16,924	854
- Building in Leasing		*14,753*	*15,681*	*0*
- Other leased assets		*367*	*389*	*0*
- Other property, plant and equipment		*715*	*854*	*854*
Total intangible and tangible assets		130,119	131,692	115,622
Investments				
Investments at equity	2a	19,637	20,892	20,892
Investments held by Funds at Fair Value through P&L	2b	23,883	23,511	23,511
Other Investments at Fair Value through P&L	2c	*46,700*	*50,953*	*50,953*
Funds at Fair Value through P&L	2d	*149,129*	*153,551*	*153,551*
Other financial assets at Fair Value through P&L	2e	47	36	36
Total financial Investments		239,396	248,943	248,943
Other non-current assets				
Deferred tax assets	3a	1,276	2,183	2,183
Loans and receivables	3b	1,009	752	752
Receivables for deferment of placement costs	3c	430	482	482
Financial receivables for leasing - non current position	3d	1,436	1,558	0
Other non-current assets	3e	4,635	4,668	4,668
Total other non-current assets		8,786	9,643	8,085
Total non-current assets		**378,301**	**390,278**	**372,650**
Current assets				
Trade receivables	4a	8,929	14,678	14,678
Financial assets at Fair Value	4b	13,682	6,316	6,316
Financial receivables	4c	0	500	500
Financial receivables for leasing - current position	4d	242	240	0
Tax receivables from parent companies	4e	1,349	374	374
Other tax receivables	4f	8,777	15,760	15,760
Other receivables	4g	3,520	4,051	4,051
Cash and cash equivalents	4h	112,466	143,767	143,767
Total current assets		148,965	185,686	185,446
Total current assets		**148,965**	**185,686**	**185,446**
TOTAL ASSETS		**527,266**	**575,964**	**558,096**
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		306,612	306,612	306,612
Share premium reserve		209,662	240,859	240,859
Legal reserve		61,322	61,322	61,322
Own share reserve		(73,195)	(82,766)	(82,766)
Fair value reserve		26	(179)	(179)
Other reserves		(19,712)	(18,555)	(18,555)
Retained earnings (losses)		(41,556)	(51,882)	(51,882)
Profit (loss) for the year		(3,904)	11,070	11,070
Net equity Group		**439,255**	**466,481**	**466,481**
Minority interests		**24,854**	**39,299**	**39,299**
Shareholders' equity	5	**464,109**	**505,780**	**505,780**
LIABILITIES				
Non-current liabilities				
Trade payables	6a	900	900	900
Deferred tax liabilities	3a/6b	5,989	6,018	6,018
End-of-service payment fund	6c	4,830	4,637	4,637
Financial liabilities	6d	16,182	17,909	2,859
- Financial liabilities for building in Leasing		*13,729*	*14,820*	*0*
- Financial liabilities for other leased assets		*190*	*230*	*0*
- Other financial liabilities		*2,263*	*2,859*	*2,859*
Total non-current liabilities		**27,901**	**29,464**	**14,414**
Current liabilities				
Trade payables	7a	5,942	5,535	5,535
Payables to staff and social security organisations	7b	5,860	9,122	9,122
Current tax	7c	7,900	5,846	5,846
Other tax payables	7d	786	1,256	1,256
Other payables	7e	10,252	15,939	15,939
Short term financial payables	7f	4,516	3,022	204
- Short term financial payables for building in Leasing		*2,845*	*2,660*	*0*
- Short term financial payables for other leased assets		*178*	*158*	*0*
- Other Short term financial payables		*1,493*	*204*	*204*
Total current liabilities		**35,256**	**40,720**	**37,902**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**527,266**	**575,964**	**558,096**

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

• Consolidated Income Statement

(EUR thousand)	**Notes**	**First Half 2019**	**First Half 2018**
Alternative Asset Management fees	8	31,523	29,965
Income from equity investments	9	(133)	1,500
Other investment income/expense	10	(5,841)	46,818
Income from services	11	197	1,119
Other income		30	33
Personnel costs	12a	(15,565)	(14,119)
Service costs	12b	(7,087)	(9,562)
Depreciation, amortization and impairment	12c	(2,392)	(1,219)
Other expenses	12d	(1,645)	(3,218)
Financial income	13a	515	480
Financial expenses	13b	(833)	(185)
PROFIT/(LOSS) BEFORE TAX		**(1,231)**	**51,612**
Income tax	14	(2,884)	(3,741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(4,115)**	**47,871**
Profit (Loss) from discontinued operations/held-for-sale assets		0	0
PROFIT/(LOSS) FOR THE PERIOD		**(4,115)**	**47,871**
- Group share		(3,904)	17,118
- Non controlling interests		(211)	30,753
Earnings per share, basic (€)	15	(0.015)	0.067
Earnings per share, diluted (€)	15	(0.015)	0.067

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

- **Performance by business in the first half of 2019**

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	31,734	(211)	31,523
Income (loss) from investments valued at equity	(47)	(86)	0	(133)
Other investment income/expense	(6,423)	582	0	(5,841)
Other revenues and income	0	33	194	227
Other expenses and charges	(253)	(22,692)	(3,744)	(26,689)
Financial income and expenses	89	(117)	(290)	(318)
PROFIT/(LOSS) BEFORE TAXES	***(6,634)***	***9,454***	***(4,051)***	***(1,231)***
Income tax	0	(3,488)	604	(2,884)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	***(6,634)***	***5,966***	***(3,447)***	***(4,115)***
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	***(6,634)***	***5,966***	***(3,447)***	***(4,115)***
- Group share	(6,800)	6,343	(3,447)	(3,904)
- Non controlling interests	166	(377)	0	(211)

- **Performance by business in the first half of 2018**

(EUR thousand)	Private Equity Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	30,532	(567)	29,965
Income (loss) from investments valued at equity	721	779	0	1,500
Other investment income/expense	48,555	(1,737)	0	46,818
Other Income	0	803	349	1,152
Other expenses	(2,331)	(23,067)	(2,720)	(28,118)
Financial income and expenses	306	(15)	4	295
PROFIT/(LOSS) BEFORE TAXES	**47,251**	**7,295**	**(2,934)**	**51,612**
Income tax	0	(2,020)	(1,721)	(3,741)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**47,251**	**5,275**	**(4,655)**	**47,871**
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	**47,251**	**5,275**	**(4,655)**	**47,871**
- Group share	17,423	4,350	(4,655)	17,118
- Non controlling interests	29,828	925	0	30,753

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

(Euro thousands)	**First Half 2019**	**First Half 2018**
Profit/(loss) for the period (A)	***(4,115)***	***47,871***
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period	205	(152)
Incomes (Losses) on financial assets at fair value	*205*	*(152)*
Other changes in valuation reservers of associated companies	*0*	*0*
Comprehensive income/expense which will not be subsequently reclassified to the profit (loss) for the period	(60)	122
Gains/(losses) on remeasurement of defined benefit plans	*(60)*	*122*
Other comprehensive income, net of tax (B)	***145***	***(30)***
Total comprehensive income for the period (A)+(B)	***(3,970)***	***47,841***
Total comprehensive income attributable to:		
- Group Share	(3,759)	17,040
- Non Controlling Interests	*(211)*	*30,801*

Consolidated Cash Flow Statement – Direct Method

(EUR thousand)	**First Half 2019**	**First Half 2018**
CASH FLOW from operating activities		
Investments in funds and shareholdings	(7,593)	(4,553)
Capital reimbursements from funds	10,021	30,269
Sale of investments	500	15,078
Interest received	68	325
Interest paid	0	(19)
Cash distribution from investments	859	203
Realized gains (losses) on exchange rate and derivatives	0	1
Taxes paid / reimbursed	(1,448)	(4,686)
Dividends received	135	183
Management and performance fees received	36,278	44,956
Revenues for services	705	1,148
Operating expenses	(24,602)	(26,368)
Net cash flow from operating activities	**14,923**	**56,537**
CASH FLOW from investment activities		
Acquisition of property, plant and equipment	(246)	(74)
Sale of property, plant and equipment	0	34
Purchase of licenses and intangible assets	(206)	(9)
Net cash flow from investing activities	**(452)**	**(49)**
CASH FLOW from investing activities		
Acquisition of financial assets	(7,656)	(1,458)
Sale of financial assets	510	200
Cash flow from leasing contract	(1,461)	0
Share capital issued	97	0
Own shares acquired	0	(3,186)
Share capital issued for Stock Option Plan	324	0
Dividends paid	(37,531)	(33,098)
Loans and bank loans	(54)	508
Net cash flow from financing activities	**(45,771)**	**(37,034)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(31,300)**	**19,454**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**143,766**	**127,916**
Effect of change in basis of consolidation: cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**112,466**	**147,370**

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

- **Consolidated Statement of Changes in Shareholders’ Equity**

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders’ equity
Total at 31 december 2017 "as reported"	**255,670**	**234,713**	**61,322**	**0**	**77,009**	**(10,536)**	**(117,095)**	**(11,652)**	**489,431**	**95,182**	**584,613**
Reclassification of reserve of own shares	50,942	29,084	0	(80,026)	0	0	0	0	**0**	0	**0**
Reclassification of reserve relating to shares issued costs and other reserves	0	7,512	0	0	0	(7,512)	0	0	**0**	0	**0**
Total at 31 december 2017 "after reclassification"	**306,612**	**271,309**	**61,322**	**(80,026)**	**77,009**	**(18,048)**	**(117,095)**	**(11,652)**	**489,431**	**95,182**	**584,613**
Restatement for IFRS 9 application	0	0	0	0	(77,015)	0	77,015	0	**0**	0	**0**
Restatement for IFRS 15 application	0	0	0	0	0	446	0	0	**446**	0	**446**
Total at 1° January 2018	**306,612**	**271,309**	**61,322**	**(80,026)**	**(6)**	**(17,602)**	**(40,080)**	**(11,652)**	**489,877**	**95,182**	**585,059**
Allocation of 2017 net profit	0	0	0	0	0	0	(11,652)	11,652	**0**	0	**0**
Cost of stock options	0	0	0	0	0	144	0	0	**144**	0	**144**
Purchase of own shares	0	0	0	(3,186)	0	0	0	0	**(3,186)**	0	**(3,186)**
Treasury shares given for incentive plans	0	154	0	291	0	(295)	(150)	0	**0**	0	**0**
Dividend distribution	0	(30,450)	0	0	0	0	0	0	**(30,450)**	(2,648)	**(33,098)**
Other changes	0	0	0	0	0	18	0	0	**18**	3	**21**
Total comprehensive income	0	0	0	0	(152)	74	0	17,118	**17,040**	30,801	**47,841**
Total at 30 June 2018	**306,612**	**241,013**	**61,322**	**(82,921)**	**(158)**	**(17,661)**	**(51,882)**	**17,118**	**473,443**	**123,338**	**596,781**

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders’ equity
Total at 31 december 2018	**306,612**	**240,859**	**61,322**	**(82,766)**	**(179)**	**(18,555)**	**(51,882)**	**11,070**	**466,481**	**39,299**	**505,780**
Allocation of 2018 net profit	0	0	0	0	0	0	11,070	(11,070)	**0**	0	**0**
Stock option cost	0	0	0	0	0	60	0	0	**60**	0	**60**
Purchase of own shares	0	0	0	0	0	0	0	0	**0**	0	**0**
Treasury shares given for incentive plans	0	0	0	1,525	0	(968)	(234)	0	**323**	0	**323**
Dividend distribution	0	(31,197)	0	0	0	0	0	0	**(31,197)**	(5,188)	**(36,385)**
Other changes	0	0	0	8,046	0	(189)	(510)	0	**7,347**	(9,046)	**(1,699)**
Total comprehensive income (loss)	0	0	0	0	205	(60)	0	(3,904)	**(3,759)**	(211)	**(3,970)**
Total at 30 June 2019	**306,612**	**209,662**	**61,322**	**(73,195)**	**26**	**(19,712)**	**(41,556)**	**(3,904)**	**439,255**	**24,854**	**464,109**

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

Notes to the Financial Statements

Structure and content of the Summary Half-Year Consolidated Financial Statements at 30 June 2019

The Summary Half-Year Consolidated Financial Statements at 30 June 2019 comprises the Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income (Statement of Performance), Consolidated Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity and these Notes to the Financial Statements. They are also accompanied by the Interim Report on Operations and the Statement of Responsibilities for the Summary Half-Year Consolidated Financial Statements pursuant to art. 154-bis of Legislative Decree 58/98.

Information of a financial nature and that related to the Cash Flow Statement is provided with reference to the first half of 2019 and the same period of 2018, while information on the Statement of Financial Position relates to 30 June 2019 and 31 December 2018; figures for the latter have been restated to reflect the adoption of the accounting standards (IFRS 16) that entered into force on 1 January 2019. For additional details, see the 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 provides a breakdown whereby costs and revenues are classified according to type. The Consolidated Cash Flow Statement is prepared using the "direct method".

Unless otherwise indicated, all tables and figures included in these notes to the Financial Statements are reported in EUR thousand.

Statement of compliance with accounting standards

The Summary Half-Year Consolidated Financial Statements at 30 June 2019 was prepared in accordance with the going concern principle and with the International Accounting Standards adopted by the European Union and approved by the date this document was prepared (the International Accounting Standards, or individually, IAS/IFRS, or collectively IFRS – International Financial Reporting Standards), and in accordance with art. 154-*ter* of Legislative Decree 58/1998 that implements the "Transparency Directive".
When preparing the Summary Half-Year Consolidated Financial Statements, all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) were applied, including those previously issued by the Standing Interpretations Committee (SIC), approved by the European Union.

The Summary Half-Year Consolidated Financial Statements at 30 June 2019 were prepared pursuant to IAS 34 (*Interim financial reporting*) in Summary form, and thus do not include all the information required for the year-end Consolidated Financial Statements. They must therefore be read in conjunction with the Consolidated Financial Statements prepared at 31 December 2018.

In accordance with the provisions of IAS/IFRS and current laws, the Company authorised the publication of the Half-Year Report at 30 June 2019 by the legal deadline.

The valuation criteria adopted on the basis of the International Accounting Standards are consistent with the going concern principle and were the same as those used to prepare the Consolidated Financial Statements at 31 December 2018, to which reference should be made for additional details, apart from those already mentioned that were in force as of 1 January 2019 (IFRS 16).

The accounting standards and criteria used in the Summary Half-Year Consolidated Financial Statements at 30 June 2019 may not coincide with IFRS provisions that will come into effect on 31 December 2019 as a result of the future position of the European Commission regarding the approval of International Accounting Standards or the issue of new standards, interpretations or implementation guides by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

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

The accounting standards that entered into force on 1 January 2019 and had an impact on the Group are reported below.

IFRS 16 – Leases

On 13 January 2016, the IASB issued the standard IFRS 16 – Leases, which establishes the principles regarding recognition, measurement, disclosure in the financial statements and additional information on leases and fully replaces the previous IAS 17 – Leases and related interpretations (IFRIC 4 – Determining whether a contract contains a lease; SIC 15 – Operating lease – incentives; SIC 27 – Evaluating the substance of transactions in the legal form of a lease). The standard has date of first application from 1 January 2019.

IFRS 16 provides a new definition of lease and introduces a criterion based on the right of use of an asset. With the lease contract, one party (grantor or lessor) grants another party (user or lessee) the right to use an asset (Right of use) for an amount and for a specific period.
Therefore, the definition of lease contracts includes, according to the new standard IFRS 16, in addition to lease contracts, also hire, rental, lease and free loan contracts.

IFRS 16 contains a single model for accounting recognition of leases that eliminates the distinction between operating leases and finance leases from the perspective of the lessee.
All contracts that fall within the definition of lease (with the exception of short-term leases and low-value item leases for which the lessor has the option of not recognising them based on IFRS 16, par. 5-6) **must be recognised in the balance sheet of lessees as right of use asset and corresponding liability**.

More precisely, at the time of initial recognition the lessee will record the asset consisting of the right of use at **cost** (including the amount of the initial valuation of the liability for the lease, the payments of advance fees net of any incentives received, the direct initial costs incurred by the lessee and the costs of restoration, removal or demolition – Dismantling cost) and the liability of the lease at the present value of lease payments not paid at that date using the implicit interest rate of the lease, or, if difficult to determine, its marginal financing rate. Lessees will have to separately account for the interest expenses on the lease liability and amortization of the right to use the asset.
Lessees will also have to remeasure the lease liability upon the occurrence of certain events (for example: a change in the conditions of the lease contract, a change in future lease payments resulting from the change of an index or rate used to determine said payments). The lessee will generally recognize the amount of the new measurement of the lease liability as a correction of the right to use the asset.

The accounting treatment envisaged by IFRS 16 for lessees is substantially unchanged with respect to IAS 17; in fact, they will continue to classify all leases distinguishing between financial leases and operating leases depending on whether they have transferred all the risks and benefits associated with ownership of an underlying asset.

IFRS 16 requires more extensive disclosures from lessees and lessors compared to IAS 17.

In the transition phase, the lessee could choose between two different approaches, namely:

- full retrospective approach: applying IAS 8 Accounting standards, changes in accounting estimates and errors, restating the comparison values for each previous year presented as if the new accounting standard had always been applied;
- modified retrospective approach: accounting for the cumulative effect of the initial application of the standard on the date of initial application as an adjustment to the opening balance of profits carried forward. In particular, this approach envisages, for leases previously recognized as operating leases, the possibility to:
    - record in the financial statements the liability for the lease, calculated on the date of initial application as the current value of the residual payments relating to the contract, using the marginal financing rate of the lessee at the date as the discount rate;
    - record in the financial statements the asset consisting of the right of use of the asset underlying the contract alternatively:
        a) at the carrying amount determined as if the standard had been applied from the date of the lease commencement but discounted using the marginal interest rate of the lessee at the date of first application (Option 1);
        b) at an amount equal to the amount of the liability for the lease (adjusted for any accruals and deferrals recognized before the date of first application) – (Option 2).

The lessee must apply this choice uniformly to all leases in which it is a lessee.

The DeA Capital Group has chosen to adopt the modified retrospective approach using option 2, described above, permitted by the Standard, having only leases previously recognized as operating leases.

The transition to the new IFRS 16 for the DeA Capital Group did not therefore entail the recognition of impacts on the opening shareholders' equity but it involved:

- the recognition in Tangible Assets for the portion pertaining to the companies of the DeA Capital Group of the right of use for a total of EUR 16.1 million;
- the recognition in financial receivables for non-current and current leases for the portion pertaining to the companies of the De Agostini Group of the right of use, for the spaces used for the offices sub-leased to them, for a total of EUR 1.8 million;
- the recognition of financial liabilities for a total of EUR 17.9 million.

The DeA Capital Group also made use of the following practical expedients during the transition to the new "on a lease-by-lease basis" principle, based on the rights granted by IFRS 16:

- choice not to use the right to apply Grand-fathering, with consequent re-determination of the perimeter of the lease transactions to be subjected to the new Standard;
- choice not to recognize, on the basis of IFRS 16, short-term leases and leases of low value items (EUR 5,000);
- exclusion of initial direct costs from the valuation of the asset consisting of the right of use;
- estimate of the duration of the lease on the basis of the experience acquired and the information available at the date of the first application of the Standard in relation to the exercise of the extension options or early termination.

The weighted average based on the residual duration on the date of First-Time Adoption of the marginal financing rate used for the measurement of the liability for leasing amounts to 1.1%.

It is also noted that future lease commitments pursuant to IAS 17 at 31 December 2018 amounted to EUR 17.2 million (the latter do not include those relating to short-term contracts and those for assets of non-material value), while liabilities (current and non-current portion) for leases recognized in the financial statements at the date of First-Time Adoption amounted to EUR 16.1 million. The difference, amounting to EUR 1.1 million, is attributable exclusively to the discounting effect.

Restatement

As a result of applying accounting standard IFRS 16 from 1 January 2019, the Financial Statements at 31 December 2018 had to be restated in order to reflect the impacts thereof. Below is a reconciliation statement between the approved Statement of Financial Position at 31 December 2018 (as reported) and the same statement revised in the light of the application of new accounting standard IFRS 16 with effect from 1 January 2019 (in EUR thousand):

(EUR thousand)	**Note**	**31.12.2018 "as reported"**	**Restatement for the application of IFRS 16**	**1.1.2019 con applicazione IFRS 16**
ASSETS				
Non-current assets				
Intangible and tangible assets				
Goodwill	1a	93,745		93,745
Intangible assets	1b	21,023		21,023
Property, plant and equipment	1c	**854**	**16,070**	**16,924**
- Building in Leasing			*15,681*	*15,681*
- Other leased assets			*389*	*389*
- Other property, plant and equipment		*854*		*854*
Total intangible and tangible assets		**115,622**	**16,070**	**131,692**
Investments				
Investments at equity	2a	20,892		20,892
Investments held by Funds	2b	**23,511**		**23,511**
Other Investments at Fair Value through P&L	2c	50,953		50,953
Funds at Fair Value through P&L	2d	153,551		153,551
Other financial assets at Fair Value through P&L		36		36
Total financial Investments		**248,943**	**0**	**248,943**
Other non-current assets				
Deferred tax assets	3a	2,183		2,183
Loans and receivables	3b	752		752
Receivables for deferment of placement costs	3c	482		482
Financial receivables for leasing - non current position	3d		1,558	1,558
Other non-current assets	3e	4,668		4,668
Total other non-current assets		**8,085**	**1,558**	**9,643**
Total non-current assets		**372,650**	**17,628**	**390,278**
Current assets				
Trade receivables	4a	14,678		14,678
Financial assets at Fair Value	4b	6,316		6,316
Financial receivables	4c	500		500
Financial receivables for leasing - current position	4d		240	240
Tax receivables from parent companies	4e	374		374
Other tax receivables	4f	15,760		15,760
Other receivables	4g	4,051		4,051
Cash and cash equivalents	4h	143,767		143,767
Total current assets		**185,446**	**240**	**185,686**
Total current assets		**185,446**	**240**	**185,686**
TOTAL ASSETS		**558,096**	**17,868**	**575,964**
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		306,612		306,612
Share premium reserve		240,859		240,859
Legal reserve		61,322		61,322
Own share reserve		(82,766)		(82,766)
Fair value reserve		(179)		(179)
Other reserves		(18,555)		(18,555)
Retained earnings (losses)		(51,882)		(51,882)
Profit (loss) for the year		11,070		11,070
Net equity Group		**466,481**	**0**	**466,481**
Minority interests		**39,299**		**39,299**
Shareholders' equity	5	**505,780**	**0**	**505,780**
LIABILITIES				
Non-current liabilities				
Trade payables	6a	900		900
Deferred tax liabilities	3a/6b	6,018		6,018
End-of-service payment fund	6c	4,637		4,637
Financial liabilities	6d	**2,859**	**15,050**	**17,909**
- Financial liabilities for building in Leasing			*14,820*	*14,820*
- Financial liabilities for other property, plant and equipment in Leasing			*230*	*230*
- Other financial liabilities		*2,859*	*0*	*2,859*
Total non-current liabilities		**14,414**	**15,050**	**29,464**
Current liabilities				
Trade payables	7a	5,535		5,535
Payables to staff and social security organisations	7b	9,122		9,122
Current tax	7c	5,846		5,846
Other tax payables	7d	1,256		1,256
Other payables	7e	15,939		15,939
Short term financial payables	7f	**204**	**2,818**	**3,022**
- Short term financial payables for building in Leasing			*2,660*	*2,660*
- Short term financial payables for other leased assets			*158*	*158*
- Other Short term financial payables		*204*		*204*
Total current liabilities		**37,902**	**2,818**	**40,720**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**558,096**	**17,868**	**575,964**

Use of estimates and assumptions in the preparation of the Summary Half-Year Consolidated Financial Statements at 30 June 2019

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 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 of accounting estimates are reported in the period in which the revision takes place if they involve that period only; if the revision involves current and future period, the change is reported in the period in which the revision takes place and in future periods.

With the understanding that the use of reasonable estimates is an essential part of preparing the Summary Half-Year Consolidated Financial Statements at 30 June 2019, 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 results for the period in which the change occurred and potentially on those in future periods.

As permitted by IAS/IFRS, the preparation of the Summary Half-Year Consolidated Financial Statements at 30 June 2019 required the use of significant estimates by the Company's management, especially with regard to fair value measurements of the investment portfolio (shareholdings and funds).

These fair value measurements were determined by the directors based on their best estimates and judgement, using their knowledge and the evidence available at the time the Summary Half-Year Consolidated Financial Statements at 30 June 2019 was prepared. However, due to objective difficulties in making assessments and the absence of a liquid market, the values assigned to such assets could differ, and in some cases significantly, from those that could actually be obtained when the assets are sold.

For a more detailed description of the most important valuation processes for the Group, refer to the Consolidated Financial Statements at 31 December 2018.

Scope of consolidation

At 30 June 2019 the following companies came under the scope of consolidation of the DeA Capital Group (changed compared to December 2018 for the inclusion of DeA Capital Real Estate Iberia):

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	100.00%	Full consolidation
DeA Capital Real Estate France S.A.S.	Paris, France	Eur	100,000	70.00%	Full consolidation
DeACapital Real Estate Iberia S.L.	Madrid, Spain	Eur	100,000	73.00%	Full consolidation
YARD Group	Milan, Italy	Eur	597,725	45.00%	Equity accounted (Associate)
IDeA Efficienza Energetica e Sviluppo Sostenibile	Milan, Italy	Eur	-	30.40%	Equity accounted (Associate)
Venere	Rome, Italy	Eur	-	27.27%	Equity accounted (Associate)

(#) EUR 266,612,000 on date of approval of the current document, considering the share capital reduction of EUR 40,000,000 following the completion of no. 40,000,000 treasury shares in August, 2019

Information on the fair value hierarchy

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

Three levels have been determined:

- **level 1**: where the fair value of the financial instrument is calculated based on the quoted prices recorded on an active market for assets or liabilities identical to those being valued;
- **level 2**: where the fair value of the financial instrument is calculated using observable inputs other than those included in level 1, such as:
  - prices quoted on active markets for similar assets and liabilities;
  - prices quoted on inactive markets for identical assets and liabilities;
  - interest rate curves, implied volatility, credit spreads;
- **level 3**: where the fair value of the financial instrument is measured on the basis of non-observable data. These input data may be used if no observable input data are available. IFRS 13 specifies that unobservable input data used to measure fair value must reflect the assumptions used by market participants when fixing the price for the assets or liabilities being valued.

The table below shows assets measured at fair value by hierarchical level at 30 June 2019:

(EUR million)	Note	Level 1	Level 2	Level 3	Total
Investments held by Funds at Fair Value through P&L	2b	0.0	17.9	6.0	23.9
Other Investments at Fair Value through P&L	2c	27.6	18.8	0.3	46.7
Funds at Fair Value through P&L	2d	4.1	145.0	0.0	149.1
Financial assets at fair value through OCI	4b	13.7	0.0	0.0	13.7
Total assets		**45.4**	**181.7**	**6.3**	**233.4**

With regard to **level 3**, in the first half of 2019, there were no changes with respect to the balances reported at 31 December 2018.

Valuation techniques and main input data

<u>Investments held by Funds – measured at Fair Value through P&L</u>

At 30 June 2019, the DeA Capital Group holds, through the IDeA OF I fund, minority interests in Iacobucci HF Electronics and Pegaso Transportation Investments (Talgo).

<u>Investments held by funds – measured at fair value through P&L</u> are measured as indicated in the fund's half-year management report at 30 June 2019. Note that the valuation of the IDeA OF I fund's assets, as reflected in the fund's net asset value reported in the above-mentioned half-year management report, and expressed according to Bank of Italy criteria, considers, for all securities not listed in a regulated market, the lower of the investment value ("cost") and the fair value. This approach, although potentially conservative if assets are valued individually, gives a correct representation of the fair value from the point of view of the holder of the fund units. Any trading of said units is, in practice, mainly based on the NAV of the fund to which they relate, adjusted if necessary by a "discount" (much more rarely by a "premium"). This is the main reason it is considered appropriate, from the perspective of DeA Capital, which holds an interest in the assets in the portfolio of IDeA OF I via the units it holds in the fund, to show the values of said individual assets held by IDeA OF I as reported in the relevant half-year management report.

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

This item comprises:

- the shareholding in Kenan Investments (the holder of a shareholding in Migros), which was recorded in the Consolidated Financial Statements at 30 June 2019 at a value of EUR 16.7 million (compared with EUR 19.4 million at 31 December 2018). This valuation is based on (*i*) the equity value of Migros, measured at market price on 30 June 2019, (*ii*) updated details of net debt at the various levels of the company's control structure (Kenan Investments and Moonlight Capital) and (*iii*) the EUR/TRY exchange rate;
- the stake in Cellularline, which was recorded in the Consolidated Financial Statements at 30 June 2019 at EUR 7.4 million (EUR 7.5 million at 31 December 2018). This valuation is based on the market price at 30 June 2019, as the company's shares started trading on the Italian stock exchange on 15 March 2017;
- the stake in IDeaMI, which is recorded in the Consolidated Financial Statements at 30 June 2019 at EUR 22.3 million (EUR 23.8 million at 31 December 2018). This valuation is essentially based on the market price at 30 June 2019, as the company's shares started trading on AIM Italia on 11 December 2017.

<u>Funds measured at fair value through P&L</u>
<u>(Venture Capital, Funds of funds, Theme funds and real estate funds)</u>

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

At 30 June 2019, the DeA Capital Group held units in the following funds:

- IDeA I FoF (valued at EUR 28.9 million at 30 June 2019 compared with EUR 33.1 million at 31 December 2018);
- ICF II (valued at EUR 28.5 million at 30 June 2019 compared with EUR 31.3 million at 31 December 2018);
- ICF III (valued at EUR 11.5 million at 30 June 2019 compared with EUR 10.4 million at 31 December 2018);
- IDeA I ToI (valued at EUR 16.2 million at 30 June 2019 compared with EUR 11.9 million at 31 December 2018);

- IDeA CCR I (EUR 0.9 million at 30 June 2019, compared to EUR 0.9 million at 31 December 2018);
- IDeA CCR II (EUR 2.7 million at 30 June 2019, compared to EUR 1.6 million at 31 December 2018);
- IDeA Agro (EUR 0.1 million at 30 June 2019, value substantially nil at 31 December 2018);
- Santa Palomba (EUR 0.5 million at 30 June 2019, value substantially unchanged with respect to 31 December 2018);
- 5 venture capital funds (EUR 8.5 million at 30 June 2019, compared to EUR 9.0 million at 31 December 2018);
- 10 real estate funds held through DeA Capital Real Estate SGR (EUR 51.0 million at 30 June 2019, compared to EUR 54.7 million at 31 December 2018);
- funds held through DeA Capital Alternative Funds SGR (EUR 0.2 million at 30 June 2019, value substantially unchanged with respect to 31 December 2018).

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

For the other funds, the fair value of each fund is represented by the NAV advised by the management company in the half-year fund management report at 30 June 2019 (where available), drafted in accordance with the Bank of Italy's regulation of 19 January 2015, as subsequently amended, on collective asset management.

Notes on the Consolidated Statement of Financial Position

NON-CURRENT ASSETS

Non-Current Assets stood at EUR 378.3 million at 30 June 2019 (compared with EUR 372.7 million at 31 December 2018, or EUR 390.3 million taking into account the increase of EUR 17.6 million associated with the application, from 1 January 2019, of IFRS 16).

1a – Goodwill

This item, which amounted to EUR 93.7 million at 30 June 2019 (unchanged compared with 31 December 2018), relates to the goodwill recorded in relation to the acquisitions of DeA Capital Alternative Funds SGR (EUR 31.3 million) and IFIM/FIMIT SGR, now called DeA Capital Real Estate SGR (EUR 62.4 million).

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

With regard to the position at 30 June 2019, the qualitative and quantitative analysis conducted did not reveal any issues that would require impairment tests to be instigated for the two amounts of goodwill. Therefore, that above-mentioned process will be applied on an annual basis for the preparation of the Financial Statements at 31 December 2019.

1b – Intangible assets

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

(EUR thousand)	Historical cost at 1.1.2019	Cum. amort. & write-downs at 1.1.2019	Net carrying value at 1.1.2019	Historical cost at 30.6.2019	Cum. amort. & write-downs at 30.6.2019	Net carrying value at 30.6.2019
Concessions, licences and trademarks	7,580	(6,294)	**1,286**	7,679	(6,564)	**1,115**
Software expenses	154	(152)	**2**	161	(154)	**7**
Development expenses	229	(229)	**0**	229	(229)	**0**
Other intangible assets	108,894	(89,159)	**19,735**	107,262	(87,845)	**19,417**
Total	**116,857**	**(95,834)**	**21,023**	**115,331**	**(94,792)**	**20,539**

(EUR thousand)	Balance at 1.1.2019	Acquisitions	Amort.	Balance at 30.6.2019
Concessions, licences and trademarks	1,286	100	(271)	1,115
Software expenses	2	6	(1)	7
Development expenses	0	0	0	0
Other intangible assets	19,735	0	(318)	19,417
Total	**21,023**	**106**	**(590)**	**20,539**

The other intangible assets mainly relate to customer relationships and intangible assets associated with variable fees arising from the allocation of the residual value of FIMIT SGR on the date of the (reverse) merger into FARE SGR (now DeA Capital Real Estate SGR). At 30 June 2019, the intangible assets identified as customer relationships were valued at EUR 317 thousand (EUR 634 thousand at 31 December 2018), while those associated with variable fees were EUR 19,100 thousand (unchanged on 31 December 2018).

1c – Tangible assets

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

(EUR thousand)	**Historical cost at 1.1.2019**	**Cum. amort. & write-downs at 1.1.2019**	**Net carrying value at 1.1.2019**	**Historical cost at 30.6.2018**	**Cum. amort. & write-downs at 30.6.2019**	**Net carrying value at 30.6.2019**
Buildings in Leasing	15,681	0	**15,681**	16,110	(1,357)	**14,753**
Other leased assets	389	0	**389**	451	(84)	**367**
Leasehold improvements	3,540	(3,090)	**450**	3,579	(3,340)	**239**
Furniture and fixtures	1,712	(1,522)	**190**	1,752	(1,585)	**167**
Computer and office equipment	1,169	(976)	**193**	1,246	(1,019)	**227**
Plant	10	(10)	**0**	10	(10)	**0**
Other assets	313	(292)	**21**	376	(294)	**82**
Total	**22,814**	**(5,890)**	**16,924**	**23,524**	**(7,689)**	**15,835**

(EUR thousand)	**Balance at 1.1.2019**	**Acquisitions**	**Depr.**	**Decreases**	**Balance at 30.6.2019**
Building in Leasing	15,681	429	(1,357)	0	14,753
Other leased assets	389	62	(84)	0	367
Leasehold improvements	450	39	(250)	0	239
Furniture and fixtures	190	41	(64)	0	167
Computer and office equipment	193	78	(44)	0	227
Plant	0	0	0	0	0
Other assets	21	70	(2)	(7)	82
Total	**16,924**	**719**	**(1,801)**	**(7)**	**15,835**

Tangible assets stood at EUR 15.8 million at 30 June 2019 (compared with EUR 0.9 million at 31 December 2018, or EUR 16.9 million taking into account the increase of EUR 16.1 million associated with the application, from 1 January 2019, of IFRS 16), after deducting amortisation and depreciation for the period of EUR -1.8 million.

Specifically, following the application of IFRS 16 from 1 January 2019 the following rights of use were recorded under tangible assets:

- to lease vehicles;
- to properties, the Group companies registered offices, specifically the property at Via Brera 21 in Milan, which, since 2013, has been leased to the DeA Capital Group, and the office in Rome of DeA Capital Real Estate SGR.

The rights of use of the property at Via Brera 21 in Milan for the portion pertaining to the Group companies are recorded under the item Tangible assets, while the share pertaining to De Agostini Group companies are recorded under the item “Non-current lease financial receivables” and “Current lease financial receivables”.

Depreciation of property, plant and equipment is calculated on a straight-line basis, according to the estimated useful life of the asset. The depreciation rates used in the first half of 2019 (expressed on an annual basis) were 20% for specific plant assets, 12% for furniture and furnishings, 20% for electronic office machines, 20% for company vehicles and 15% for leasehold improvements.

2 – Financial Investments and Other Non-Current Assets

2a – Investments in associates

This item, which totalled EUR 19.6 million at 30 June 2019 (EUR 20.9 million at 31 December 2018), relates to the following assets:

- units held in the IDeA EESS fund are valued at approximately EUR 9.4 million (compared with EUR 9.3 million at 31 December 2018);

- units held in the Venere fund are valued at approximately EUR 4.2 million (compared with EUR 5.7 million at 31 December 2018). The change for the period is attributable to the distribution of capital for EUR -1.0 million and the result for the period for EUR -0.5 million;
- the investment in YARD valued at EUR 6.0 million (compared with EUR 5.9 million at 31 December 2018).

The table below provides details of the investments held in associates at 30 June 2019 by sector of activity:

(EUR million)	**Private Equity Investment**	**Alternative Asset Management**	**Total**
IDeA EESS fund	9.4	0.0	9.4
Venere fund	1.4	2.8	4.2
YARD group	0.0	6.0	6.0
Total	**10.8**	**8.8**	**19.6**

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

	YARD Group	**IDeA EESS**	**Venere**
(EUR thousand)	**First Quarter 2019**	**First Half 2019**	**First Half 2019**
Revenues	13,351	0	455
Net profit/(loss) for the period	418	293	(1,505)
Other profit/(loss), net of tax effect	0	0	0
Total comprehensive profit/(loss) for the period	418	293	(1,505)
Total comprehensive profit/(loss) for the period attributable to minorities	*230*	*204*	*(1,095)*
Total comprehensive profit/(loss) for the period attributable to Group	*188*	*89*	*(410)*
(EUR thousand)	**31.3.2019**	**30.6.2019**	**30.6.2019**
Current assets	26,912	7,950	4,824
Non-current assets	9,469	23,286	11,352
Current liabilities	(17,683)	(338)	(578)
Non-current liabilities	(8,115)	0	0
Net assets	**10,583**	**30,898**	**15,598**
Net assets attributable to minorities	*5,821*	*21,505*	*11,344*
Net assets attributable to the Group	*4,762*	*9,393*	*4,254*
(EUR thousand)	**31.3.2019**	**30.6.2019**	**30.6.2019**
Net initial assets attributable to the Group	4,709	9,304	5,651
Total comprehensive profit/(loss) for the period attributable to the Group	188	89	(410)
Capital calls / (*Distributions*)	0	0	(987)
Dividends received during the period	(135)	0	0
Other	0	0	0
Net final assets attributable to minorities	*4,762*	*9,393*	*4,254*
Goodwill	1,384	0	0
Reversal of 45% of the capital gain realized by DeA Capital Partecipazioni for the sale of SPC to Yard (unrealized gain for the Group)	(156)	0	0
Book value of associate company	***5,990***	***9,393***	***4,254***
Dividends paid to minorities during the period	***(165)***	***0***	***0***

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

At 30 June 2019, the DeA Capital Group holds, through the IDeA OF I fund, minority interests in Iacobucci HF Electronics and Pegaso Transportation Investments (Talgo).

This item, totalling EUR 23.9 million at 30 June 2019 (compared with EUR 23.5 million at 31 December 2018) breaks down as follows:

(EUR million)	30.6.2019	31.12.2018
Participations in Portfolio		
Iacobucci HF Electronics	6.0	6.0
Pegaso Transportation Investments (Talgo)	17.9	17.5
Investments at Fair Value through P&L	**23.9**	**23.5**
Total Participations in Portfolio	**23.9**	**23.5**

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

At 30 June 2019, the DeA Capital Group was a minority shareholder in Kenan Investments (the holder of an investment in Migros), Cellularline, the special purpose acquisition company (SPAC) IDeaMI, and other minor equity investments.

At 30 June 2019, this item was EUR 46.7 million, compared with EUR 51.0 million at 31 December 2018.

The table below provides a breakdown of shareholdings in other companies at 30 June 2019 by area of activity:

(EUR million)	Private Equity Investment	Alternative Asset Management	Total
Kenan Investments	16.7	0.0	16.7
Cellularline	7.4	0.0	7.4
IDeaMI	22.3	0.0	22.3
Minority interests	0.3	0.0	0.3
Total	**46.7**	**0.0**	**46.7**

The stake 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 at 30 June 2019 at EUR 16.7 million (compared with EUR 19.4 million at 31 December 2018). The decrease compared with 31 December 2018 (EUR -2.7 million) is due to the decrease in fair value, due to the combined effect of the fall in the price per share (TRY 13.53 per share at 30 June 2019, versus TRY 14.90 per share at 31 December 2018) and the devaluation of the Turkish lira against the euro (6.58 TRY/EUR at 30 June 2019, versus 6.06 TRY/EUR at 31 December 2018).

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

The item Funds measured at fair value through P&L relates to investments in units of three funds of funds (IDeA I FoF, ICF II and ICF III with 3 sub-funds), 4 thematic funds (IDeA ToI, IDeA Agro, IDeA CCR I and IDeA CCR II, the latter with two sub-funds), 5 venture capital funds and 10 real estate funds, totalling EUR 149.1 million in the Consolidated Financial Statements at 30

June 2019 (compared with EUR 153.6 million at 31 December 2018). The following table indicates changes in funds measured at fair value through P&L in the first half of 2019:

(EUR thousand)	Balance at 1.1.2019	Increases (Capital call/Purchase)	Decreases (Capital distribution/ Disposals)	Fair value adjustment	Translation effect	Balance at 30.6.2019
Venture capital funds	8,970	0	(513)	182	(105)	8,534
IDeA I FoF	33,129	298	(2,290)	(2,208)	0	28,929
ICF II	31,305	185	(2,297)	(735)	0	28,458
ICF III	10,393	750	0	387	0	11,530
IDeA ToI	11,878	4,440	0	(164)	0	16,154
IDeA CCR I	925	0	(8)	4	0	921
IDeA CCR II	1,611	1,178	(8)	(65)	0	2,716
IDeA Agro	16	139	(0)	(10)	0	144
Santa Palomba	441	83	0	(12)	0	512
DeA Capital Real Estate SGR funds	54,654	248	(4,497)	598	0	51,003
DeA Capital Alternative Funds SGR funds	229	14	(16)	0	0	228
Total funds	**153,551**	**7,335**	**(9,629)**	**(2,023)**	**(105)**	**149,129**

The table below provides a breakdown of the funds in the portfolio at 30 June 2019 by area of activity:

(EUR million)	Private Equity Investment	Alternative Asset Management	Total
Venture capital funds	8.5	0.0	8.5
IDeA I FoF	28.9	0.0	28.9
ICF II	28.5	0.0	28.5
ICF III	11.5	0.0	11.5
IDeA ToI	16.2	0.0	16.2
IDeA CCR I	0.9	0.0	0.9
IDeA CCR II	2.8	0.0	2.8
IDeA Agro	0.1	0.0	0.1
Santa Palomba	0.5	0.0	0.5
DeA Capital Real Estate SGR funds	0.0	51.0	51.0
DeA Capital Alternative Funds SGR funds	0.0	0.2	0.2
Total funds	**97.9**	**51.2**	**149.1**

3a – Deferred tax assets

The balance of the item "Deferred tax assets" comprises the value of deferred tax assets minus deferred tax liabilities, where they may be offset. At 30 June 2019, deferred tax assets totalled EUR 1.3 million, compared with EUR 2.2 million at 31 December 2018.

3b – Loans and receivables

This item totalled EUR 1.0 million at 30 June 2019, compared with EUR 0.8 million at 31 December 2018. The item refers for an amount equal to EUR 0.5 million to the receivable from the associate YARD following the sale to it of the 100% stake of SPC by DeA Capital Partecipazioni and to financial receivables from employees for an amount equal to EUR 0.5 million.

3c – Receivables relating to deferred placement costs

This item amounted to EUR 0.4 million at 30 June 2019 (EUR 0.5 million at 31 December 2018) and refers to the placement costs of the IDeA Taste of Italy fund, recorded because they are pertinent to the duration of the residual life of the actual fund; these costs will be gradually "released" in the income statement over the years until the anticipated maturity date of the IDeA Taste of Italy fund.

3d – Financial receivables for non-current leases

This item, which stood at EUR 1.4 million at 30 June 2019, is entirely attributable to the restatement carried out in the light of the application of the new accounting standard IFRS 16 from 1 January 2019 and refers to the receivable due to DeA Capital S.p.A. at 30 June 2019 from De Agostini Group companies for the use of spaces in the property at Via Brera 21 in Milan.

3e – Other non-current assets

This item, which totalled EUR 4.6 million at 30 June 2019 (compared with EUR 4.7 million at 31 December 2018), included EUR 3.7 million relating to the receivable from the IDeA OF I fund for the sale of 1% of Manutencoop (unchanged compared to 31 December 2018).

CURRENT ASSETS

Current Assets stood at EUR 149.0 million at 30 June 2019 compared with EUR 185.4 million at 31 December 2018, or EUR 185.7 million taking into account the increase associated with the application, from 1 January 2019, of IFRS 16. This item mainly consists of:

4a – Trade receivables

This item amounted to EUR 8.9 million at 30 June 2019, compared with EUR 14.7 million at 31 December 2018. The change in the period is mainly attributable to the collection of fees from the managed funds.
The balance refers mainly to the receivables of DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR for EUR 8.8 million in total at 30 June 2019 (EUR 14.6 million at 31 December 2018), relating essentially to the receivables due from the funds managed for fees accrued, but not yet collected.

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

4b – Financial assets measured at fair value

At 30 June 2019, the item Financial assets measured at fair value stood at EUR 13.7 million compared with EUR 6.3 million at 31 December 2018 and refers to:

- the portfolio of government bonds and corporate bonds, held by DeA Capital Alternative Funds SGR for EUR 5.9 million (EUR 6.3 million at 31 December 2018);
- the portfolio of CCT, held by DeA Capital Real Estate SGR, as an investment on behalf of the regulatory capital for EUR 7.7 million (zero at 31 December 2018 as the investment was made in 2019).

4c – Financial receivables

The balance of this item at 30 June 2019 is zero.

The balance at 31 December 2018 of EUR 0.5 million refers to the short-term portion of the receivable from the associate YARD following the sale to the latter of the stake of 100% in SPC by DeA Capital Partecipazioni. It is noted that the receivable was fully collected in January 2019.

4d – Financial receivables for current leases

This item, which stood at EUR 0.2 million at 30 June 2019, is entirely attributable to the restatement carried out in the light of the application of the new accounting standard IFRS 16 from 1 January 2019 and refers to the receivable due to DeA Capital S.p.A. from De Agostini Group companies for the use of spaces in the property at Via Brera 21 in Milan.

4e – Tax receivables relating to the tax consolidation scheme due from Parent Companies

This item totalled EUR 1.3 million at 30 June 2019 (EUR 0.4 million at 31 December 2018) and relates to the receivable from the Parent Company De Agostini S.p.A. in the tax consolidation scheme.

4f – Other tax receivables

Receivables stood at EUR 8.8 million at 30 June 2019 (EUR 15.8 million at 31 December 2018). 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.

4g – Other receivables

This item, EUR 3.5 million at 30 June 2019 compared with EUR 4.1 million at 31 December 2018, mainly includes receivables relating to the management of VAT positions with regard to the funds managed by DeA Capital Real Estate SGR, as well as credits for guarantee deposits, advances to suppliers, accrued income and other receivables.

4h – Cash and cash equivalents (bank deposits and cash)

This item comprises bank deposits and cash including interest accrued at 30 June 2019. The item totalled EUR 112.5 million compared with EUR 143.8 million at 31 December 2018.

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

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

SHAREHOLDERS' EQUITY

5 – Shareholders' equity

Group Shareholders' equity

At 30 June 2019, Group Shareholders' equity was EUR 439.3 million, compared with EUR 466.5 million at 31 December 2018.
The negative change in Group Shareholders' equity in the first half of 2019, amounting to EUR -27.2 million, is mainly attributable to:

- the extraordinary dividend distributed by DeA Capital S.p.A. (EUR -31.2 million);
- the effect of the use of treasury shares as amount of the acquisition till 100% of DeA Capital Real Estate SGR (EUR +8.0 million);
- the result of the Statement of Performance – IAS 1 (EUR -3.8 million).

Minority Interest Shareholders' equity

At 30 June 2019, Minority Interest Shareholders' equity was EUR 24.9 million, compared with EUR 39.3 million at 31 December 2018.

At 30 June 2019, this item relates mainly to the Shareholders' equity attributable to minorities resulting from the line-by-line consolidation of the IDeA OF I fund.

The decrease, totalling EUR -14.4 million compared with the balance at 31 December 2018, includes the acquisition effect of the purchase by the DeA Capital Group of the stakes previously held by minorities in DeA Capital Real Estate SGR.

The table below provides details of the financial information of IDeA OF I, before elimination of the intercompany relationships with the Group's other companies, at 30 June 2019:

	IDeA OF I Fund
(EUR thousand)	**First Half 2019**
Management fees form Alternative Asset Managements	0
Net profit/(loss) for the period	314
Total comprehensive profit/(loss) for the period	**166**
Other profit/(loss), net of tax effect	0
Total comprehensive profit/(loss) for the period	**314**
Total comprehensive profit/(loss) for the period attributable to minorities	**166**
(EUR thousand)	**30.6.2019**
Current assets	2,896
Non-current assets	27,582
Current liabilities	(13)
Non-current liabilities	0
Net assets	**30,465**
Net assets attributable to minorities	**16,149**
(EUR thousand)	**30.6.2019**
Cash flow from operation actitivies	(1,310)
Cash flow from investment activities	0
Cash flow from financial activities	(946)
NET INCREASES IN CASH AND CASH EQUIVALENTS	**(2,256)**
Dividends paid to minorities during the period	***(1,148)***

NON-CURRENT LIABILITIES

Non-Current Liabilities stood at EUR 27.9 million at 30 June 2019 (compared with EUR 14.4 million at 31 December 2018, or EUR 29.5 million taking into account the increase of EUR 15.1 million associated with the application, from 1 January 2019, of IFRS 16).

6a – Payables to suppliers

At 30 June 2019 this item amounted to EUR 0.9 million (unchanged compared with 31 December 2018) and refers to payables associated with the launch of the Agro Fund.

6b – Deferred tax liabilities

At 30 June 2019, this item totalled EUR 6.0 million (essentially unchanged compared to 31 December 2018) and includes, specifically the liabilities for deferred taxes for DeA Capital Real Estate SGR (EUR 5.6 million, unchanged compared to the balance at 31 December 2018) composed in full of the offsetting item relating to the deferred tax of intangible assets from variable fees recorded in the assets.

6c – End-of-service payment fund

At 30 June 2019 this item totalled EUR 4.8 million (compared with EUR 4.6 million at 31 December 2018); the end-of-service payment comes under defined-benefit plans and was therefore valued by applying the actuarial methodology.

6d – Financial liabilities

This item stood at EUR 16.2 million at 30 June 2019 (compared with EUR 2.9 million at 31 December 2018, or EUR 17.9 million taking into account the increase of EUR 15.1 million associated with the application, from 1 January 2019, of IFRS 16).

The item at 30 June 2019 refers mainly (for EUR 13.9 million) to the financial debt, recorded following the application of IFRS 16 from 1 January 2019, related to the lease agreements for vehicles in use, as well as the leasing of properties, the Group company offices, specifically the property at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR.

CURRENT LIABILITIES

Current Liabilities stood at EUR 35.3 million at 30 June 2019 (compared with EUR 37.9 million at 31 December 2018, or EUR 40.7 million taking into account the increase of EUR 2.8 million associated with the application, from 1 January 2019, of IFRS 16).

7a – Payables to suppliers

Payables to suppliers stood at EUR 5.9 million at 30 June 2019 compared with EUR 5.5 million at 31 December 2018. Trade payables do not accrue interest and are settled, on average, within 30 to 60 days.

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

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

At 30 June 2019, this item was EUR 5.9 million, compared with EUR 9.1 million at 31 December 2018, and primarily comprised the liability to staff for unused leave, bonuses, and payables to social security organisations.

7c – Current tax payables

This item totalled EUR 7.9 thousand at 30 June 2019 compared to EUR 5.8 thousand at 31 December 2018 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. The item also includes payables to the tax authorities for current taxes of DeA Capital Real Estate SGR.

7d – Other tax payables

Other tax payables to the tax authorities stood at EUR 0.8 million at 30 June 2019 (EUR 1.3 million at 31 December 2018) and relate mainly to payables to the tax authorities for withholdings on income from employees and self-employed workers paid on time after the end of the half-year.

7e – Other payables

Other payables stood at EUR 10.3 million at 30 June 2019, compared with EUR 15.9 million at 31 December 2018, and relate for EUR 10.0 million (EUR 15.9 million at 31 December 2018) to DeA Capital Real Estate SGR and specifically to the payables relating to the management VAT positions with regard to the funds managed by said asset management company.

7f – Short-term financial payables

This item stood at EUR 4.5 million at 30 June 2019 (compared with EUR 0.2 million at 31 December 2018, or EUR 3.0 million taking into account the increase of EUR 2.8 million associated with the application, from 1 January 2019, of IFRS 16).

This item refers mainly (for EUR 3.0 million) to the financial debt, recorded following the application of IFRS 16 from 1 January 2019, related to the lease agreements for vehicles in use, as well as the leasing of properties, the Group company offices, specifically the property at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR.

Notes on the Consolidated Income Statement

8 – Alternative asset management fees

In the first half of 2019, Alternative Asset Management fees totalled around EUR 31.5 million, compared with EUR 30.0 million in the same period in 2018.

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

(EUR million)	**First Half 2019**	**First Half 2018**
DeA Capital Real Estate SGR	19.3	20.8
DeA Capital Alternative Funds SGR *	11.8	9.2
DeA Capital Real Estate France S.A.S.	0.4	0.0
Total management fees from Alternative Asset Management	**31.5**	**30.0**

(*) 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 the associates valued at equity for the period.

The item, which was EUR -0.1 million in the first half of 2019, compared with EUR +1.5 million in the first half of 2018, is attributable to the pro-rata portion of the profits/losses relating to the shareholdings in:

- IDeA EESS (EUR +0.1 million in the first half of 2019, compared with EUR +0.6 million in the first half of 2018);
- YARD Group (EUR +0.2 million in the first half of 2019, compared with EUR +0.6 million in the first half of 2018);
- Venere (EUR -0.4 million in the first half of 2019, compared with EUR +0.3 million in the first half of 2018).

10 – Other investment income / expenses

Other net income realized on investments in equity investments and funds amounted to EUR -5.8 million in the first half of 2019, compared to EUR +46.8 million in the first half of 2018 (it is recalled that in the first half of 2018, the item included the revaluation of the investment in Corin Orthopaedics Holding Limited for a total of EUR 51.3 million, in order to realign the investment to the sale price, subsequently finalized in July 2018).

In the first half of 2019, this item mainly related to:

- the decrease of the investment in Kenan / Migros totalling EUR -2.7 million, mainly attributable to the decrease in fair value, due to the combined effect of the fall in the price per share (TRY 13.53 per share at 30 June 2019, versus TRY 14.90 per share at 31 December 2018) and the devaluation of the Turkish lira against the euro (6.58 TRY/EUR at 30 June 2019, versus 6.06 TRY/EUR at 31 December 2018);
- the fair value adjustment of Private Equity funds for EUR -2.8 million.

11 – Service revenues

The item amounted to EUR 0.2 million in the first half of 2019 (EUR 1.1 million in the corresponding period of 2018, which included EUR 0.8 million in revenues attributable to the SPC business sold at the end of 2018).

12a – Personnel costs

In the first half of 2019, personnel costs totalled EUR 15.6 million, compared with EUR 14.1 million in the same period of 2018.

Details of personnel costs and the comparison with the corresponding period of 2018 are given below:

(EUR thousand)	**First Half 2019**	**First Half 2018**
Salaries and wages	9,300	8,646
Social security charges	2,868	2,627
Board of directors' fees	2,028	1,488
Performance shares cost	60	144
End-of-service payment fund	588	534
Other personnel costs	721	680
Total	**15,565**	**14,119**

At 30 June 2019, the average number of employees was 199. The table below shows changes in the average number of Group employees in the first half of 2019:

Position	**1.1.2019**	**Recruits**	**Departures**	**Other changes**	**30.06.2019**	**Average**
Senior Managers	36	1	(1)	1	37	37
Junior Managers	63	7	(3)	2	69	66
Staff	94	15	(8)	(3)	98	96
Total	**193**	**23**	**(12)**	**0**	**204**	**199**

12b – Service costs

In the first half of 2019, service costs totalled EUR 7.1 million, compared with EUR 9.6 million in the same period of 2018.

Details of service costs in the first half of 2019, compared with the first half of 2018, are reported below:

(EUR thousand)	**First Half 2019**	**First Half 2018**
Administrative, Tax Legal consultancy and other costs	3,354	4,217
Fees to corportae bodies	254	290
Ordinary maintenance	91	96
Travel expenses	385	450
Utilities and general expenses	525	539
Third-party rental, royalties and leasing	413	1,879
Bank charges	37	29
Books, stationery and conferences	165	166
Commission expenses	441	544
Other expenses	1,422	1,352
Total	**7,087**	**9,562**

12c – Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses stood at EUR 2.4 million in the first half of 2019 (EUR 1.2 million in the corresponding period of 2018). Note that in 2019, this item includes depreciation, amortisation and impairment losses totalling EUR 1.4 million relating to items recorded as assets in the balance sheet following the application of IFRS 16.

Specifically, following the application of IFRS 16 from 1 January 2019 the following rights of use were recorded under tangible assets:

- to lease vehicles;
- to properties, the Group companies registered offices, specifically the property at Via Brera 21 in Milan, which, since 2013, has been leased to the DeA Capital Group, and the office in Rome of DeA Capital Real Estate SGR.

12d – Other costs

Other costs totalled EUR -1.6 million in the first half of 2019, compared with EUR -3.2 million in the same period of 2018.

This item mainly consists of:

- non-deductible, pro rata VAT on costs of DeA Capital Real Estate SGR in the first half of 2019 totalling EUR -0.7 million;
- the write-downs of receivables for management fees of DeA Capital Real Estate SGR for EUR -0.6 million.

13 – Financial income (expenses)

Financial income totalled EUR +0.5 million in the first half of 2019 (essentially unchanged compared to the corresponding period of 2018), and financial expenses were EUR -0.8 million (EUR 0.2 million in the corresponding period of 2018).

13a – Financial income

Details of the financial income relating to the first half of 2019, and a comparison with the first half of 2018, are shown below:

(EUR thousand)	First Half 2019	First Half 2018
Interest incomes	270	234
Exchange gains	245	246
Total	**515**	**480**

13b – Financial expenses

Details of financial expenses relating to the first half of 2019, and a comparison with the first half of 2018, are shown below:

(EUR thousand)	First Half 2019	First Half 2018
Interest expenses	239	33
Exchange losses	337	132
Financial charges IAS 19	0	0
Other	257	20
Total	**833**	**185**

Note that the item Interest expenses includes interest expenses for leases totalling EUR -0.2 million relating to the financial debt recorded as liability in the balance sheet following the application of IFRS 16.

14 – Income tax

Income tax came to EUR -2.9 million in the first half of 2019, compared with EUR -3.7 million in the first half of 2018.

(EUR thousand)	First Half 2019	First Half 2018
Current taxes:		
- Income from tax consolidation scheme	1,135	101
- IRES	(1,940)	(4,337)
- IRAP	(1,256)	(672)
- Other tax	0	(4)
Total current taxes	**(2,061)**	**(4,912)**
Deferred taxes for the period:		
- Charges for deferred/prepaid taxes	(543)	0
- Income from deferred/prepaid taxes	13	1,171
- Use of deferred tax assets	(293)	0
Total deferred taxes	**(823)**	**1,171**
Total income tax	**(2,884)**	**(3,741)**

15 – Earnings per share

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

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

(EUR thousand)	First Half 2019	First Half 2018
Consolidated net profit/(loss) - Group share (A)	**(3,904)**	**17,118**
Weighted average number of ordinary shares outstanding (B)	257,787,643	254,035,752
Basic earnings/(loss) per share (€ per share) (C=A/B)	(0.015)	0.067
Restatement for dilutive effect	0	0
Consolidated net profit/(loss) restated for dilutive effect (D)	**(3,904)**	**17,118**
Weighted average number of shares to be issued for the exercise of stock options (E)	0	75,532
Total number of outstanding shares and to be issued (F)	257,787,643	254,111,284
Diluted earnings/(loss) per share (€ per share) (G=D/F)	(0.015)	0.067

Other information

➢ Transactions with parent companies, subsidiaries and related parties

Transactions with related parties

Transactions with related parties, including those with other Group companies, were carried out in accordance with the Procedure for Related Party Transactions adopted by the Company with effect from 1 January 2011, in accordance with the provisions of the Regulation implemented pursuant to art. 2391-*bis* of the Italian Civil Code with Consob Resolution 17221 of 12 March 2010, as subsequently amended.

During the first half of 2019, the Company did not carry out any atypical or unusual transactions with related parties, apart from those that are part of the normal business activities of group companies. It also did not carry out any "material transactions" as defined in the above-mentioned procedure.

Transactions with related parties during the first half of 2019 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, investor relations, legal, corporate, tax, 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 organizational 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 Partecipazioni and DeA Capital Alternative Funds SGR 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 is irrevocable for DeA Capital S.p.A. for the three-year period 2017-2019, for DeA Capital Partecipazioni for the three-year period 2019-2021, for DeA Capital Alternative Funds SGR S.p.A. for the three-year period 2018-2020.

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 is automatically renewed each year.

The amounts involved in the deposit/financing operations will, however, be below the thresholds defined for "transactions of lesser importance" pursuant to Consob Regulation 17221/2010 (Transactions with Related Parties) and the internal procedure on Transactions with Related Parties adopted by DeA Capital S.p.A.

Lastly, the Company did not hold, purchase or dispose of shares of related-party companies in the first half of 2019.

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

	30.06.2019						First Half 2019				
(EUR thousand)	*Trade receivables*	*Financial receivables for leasings*	*Loans and receivables*	*Tax receovables*	*Tax payables*	*Trade payables*	*Income from services*	*Income Tax*	*Personnel costs*	*Service costs*	*interest income for leasing*
De Agostini S.p.A.	46	1,678	0	1,349	3,385	406	46	1,135	(27)	(310)	19
Lottomatica S.p.A.	2	0	0	0	0	0	2	0	0	0	0
De Agostini Editore S.p.A.	0	0	0	0	0	166	0	0	0	(270)	0
De Agostini Scuola S.p.A.	0	0	0	0	0	29	0	0	(13)	(11)	0
Dea Planeta Libri S.r.l.	0	0	0	0	0	0	0	0	0	0	0
Gruppo Yard	0	0	500	0	0	33	4	0	0	(99)	0
IDeaMI S.p.A.	0	0	0	0	0	0	145	0	0	0	0
Total related parties	**48**	**1,678**	**500**	**1,349**	**3,385**	**634**	**197**	**1,135**	**(40)**	**(690)**	**19**
Total financial statement line item	**8,929**	**1,678**	**1,009**	**1,349**	**7,900**	**6,842**	**197**	**1,135**	**(15,565)**	**(7,087)**	**19**
As % of financial statement line item	**1%**	**100%**	**50%**	**100%**	**43%**	**9%**	**100%**	**100%**	**0%**	**10%**	**100%**

➢ Directors' and auditors' remuneration

In the first half of 2019, remuneration payable to the Parent Company's directors and auditors for the performance of their duties totalled EUR 681.6 thousand and EUR 54.6 thousand respectively.

Stock options, performance shares and share plan

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

- *Stock options*

Stock options		**Options outstanding at 1 January 2019**			**Options granted during 2019**			**Options exercised during 2019**	**Options lapsed/ cancelled during 2019**	**Options outstanding at 30 june 2019**		
Beneficiary	**Position**	**Number of options**	**Average exercise price**	**Average expiry date**	**Number of options**	**Average exercise price**	**Average expiry date**	**Number of options**	**Number of options**	**Number of options**	**Average exercise price**	**Average expiry date**
Paolo Ceretti	CEO	317,229	1.02	5	0	0	0	317,229	0	0	0	0

- *Performance shares*

Performance shares		Units outstanding at 1 January 2019			Units granted during 2019			Units exercised during 2019	Units lapsed/ cancelled during 2019	Units outstanding at 30 june 2019		
Beneficiary	**Position**	**Number of Units**	**Units Price**	**Average expiry date**	**Number of Units**	**Units Price**	**Average expiry date**	**Number of Units**	**Number of Units**	**Number of Units**	**Units Price**	**Average expiry date**
Paolo Ceretti	CEO	126,943	1.46	4	0	0	0	126,943	0	0	0	0
Paolo Ceretti	CEO	350,000	1.19	4	0	0	0	154,166	0	195,834	1.19	4
Paolo Ceretti	CEO	350,000	1.36	4	0	0	0	0	0	350,000	1.36	4
Paolo Ceretti	CEO	500,000	2	4	0	0.00	0	0	0	500,000	1.56	4
Key Managers		63,471	1.46	4	0	0	0	63,471	0	0	0.00	0
Key Managers		89,410	1.34	4	0	0	0	89,410	0	0	0.00	0
Key Managers		450,000	1.19	4	0	0	0	198,215	0	251,785	1.19	4
Key Managers		475,000	1.36	4	0	0	0	0	0	475,000	1.36	4
Key Managers		100,000	1.27	4	0	0	0	0	0	100,000	1.27	4
Key Managers		625,000	0.00	0	0	0	0	0	0	625,000	1.56	0
Key Managers		0	0	0	825,000	1.51	4	0	0	825,000	1.51	4

- *Share plan*

On 18 April 2019, the DeA Capital S.p.A. Shareholders' Meeting approved the 2019-2021 Share Plan for the CEO of the Company, already mentioned in the section "Significant events in the first half of 2019" of the Interim Report on Operations.

➢ Atypical or unusual transactions

In the first half of 2019, there were no atypical or unusual transactions as defined by Consob Communication 6064293 of 28 July 2006.

➢ Significant non-recurring events and transactions

In the first half of 2019, the DeA Group did not undertake any significant non-recurring transactions as defined by the above-mentioned Consob Communication.

➢ Net financial position

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

Significant events after the end of the period and outlook

❖ SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

➢ Signing of agreements with the Quaestio Group and its Shareholders

On 31 July 2019, in line with the development strategy of its Alternative Asset Management Platform, DeA Capital S.p.A. signed a series of agreements with the Quaestio Group and its main Shareholders, in particular Fondazione Cassa di Risparmio delle Provincie Lombarde (Fondazione Cariplo) and Alessandro Penati (President of Quaestio Holding and Quaestio SGR); these agreements provide for:

- the acquisition by the DeA Capital Group of the business unit consisting of the NPL Management activity of Quaestio SGR, relating to the management of the funds Atlante and Italian Recovery Fund;
- the entry of DeA Capital S.p.A. into the capital of Quaestio Holding, leader of the homonymous Group, alongside the "institutional" Shareholders of the company (with a relative majority stake of up to 44% of the capital).

The Quaestio Group is active in the following business areas:

- Asset Management and NPL Management, through Quaestio SGR, 100% controlled by Quaestio Holding;
- NPL Servicing, through Quaestio Cerved Credit Management, a joint venture 50.1% owned by Quaestio Holding and 49.9% by Cerved Group.

Quaestio SGR is one of the leading operators in Italy specializing in investment solutions for institutional customers, with assets under management of around EUR 10 billion; in the year ended 31 December 2018, the AMC earned management fees of EUR 36.9 million – of which about EUR 7 million relating to NPL Management activities – and a net profit of EUR 2.9 million.

The current shareholding structure of Quaestio Holding, on a fully diluted basis (pro-forma, considering the warrants in place), is represented by:

- Cariplo Foundation with a 41.2% stake;
- Alessandro Penati and Management Team with an overall stake of 27.8%;
- Other Institutional Investors – Cassa Italiana di Previdenza ed Assistenza dei Geometri Liberi Professionisti (Italian Welfare and Assistance Fund for Freelance Surveyors), Cassa di Risparmio di Forlì Foundation, Directorate General Opere Don Bosco (Don Bosco Works) – with an overall stake of 31.0%.

The transactions in question for DeA Capital S.p.A. are part of the expansion strategy of the AAM platform, currently concentrated in the management of closed-end funds reserved for institutional investors and that make the DeA Capital Group the first independent operator in the Alternative Asset Management segment in Italy.

Summing up the current Assets Under Management of the DeA Capital Group – about EUR 11.9 billion (based on the last situation approved) – with those of the Quaestio Group, the Combined AUM, or the Assets Under Management of the AMC directly and/or indirectly held by DeA Capital S.p.A. with an absolute or relative majority stake, amount to over EUR 20 billion.

From the perspective of the Quaestio Group, the transactions respond to a dual objective of:

- refocusing of the business on the traditional Asset Management activity, with the prospective development of NPL activities;
- reorganization of the shareholding and governance structure, with the entry into the shareholding structure of an operator of primary standing such as DeA Capital S.p.A., able to contribute to strengthening the Quaestio Group and supporting a new phase of development.

1. Acquisition of the NPL Management activity of Quaestio SGR

Based on the agreements signed, it is envisaged that DeA Capital Alternative Funds SGR, 100% controlled by DeA Capital S.p.A., will acquire the business unit relating to the NPL Management activity headed by Quaestio SGR.

DeA Capital Alternative Funds SGR is already operating in the non-performing loans segment, representing the main Italian multi-bank platform in the Unlikely To Pay segment (UTP), through its Corporate Credit Recovery (CCR) I and II funds, launched in recent years.

The business unit that will be transferred essentially consists of the mandates for the management of the funds Atlante and Italian Recovery Fund (as well as Italian Recovery Fund II, which is currently being launched), for total AUM of around EUR 2.5 billion, in addition to the Team and contracts relating to the aforementioned management mandates.

With the acquisition of the aforementioned business unit, DeA Capital Alternative Funds SGR:

- extends its operations to the NPL/UTP **small ticket** market segment, complementary to its CCR funds that have already allowed, in addition to the recovery of bank loans under management, the re-launch of companies in financial and industrial crisis, with consequent positive repercussions of protection of employment levels;
- acquires an Investment & Work-out Team of proven experience in the management of large portfolios – such as those underlying the positions of the Italian Recovery Fund, for Gross Book Value totalling approximately EUR 30 billion – also with significant expertise in fund structuring and pricing of NPL/UTP portfolios;
- expands the potential investor base to a series of leading institutional operators, including Fondazione Cariplo and the investor-listed companies of Atlante and Italian Recovery Fund.

With reference to the payment envisaged for the transaction, it was quantified at EUR 12.2 million, based on the reference statement of financial position at 30 June 2019.

It is noted that the completion of the acquisition in question is conditioned, inter alia, by the Bank of Italy's authorization and the approval by the shareholders' meeting of the funds Atlante and Italian Recovery Fund regarding the appointment of DeA Capital Alternative Funds SGR as new manager of the aforementioned funds.

2. Acquisition of the relative majority stake in the capital of Quaestio Holding

Based on the agreements signed, it is envisaged that DeA Capital S.p.A. will acquire a relative majority stake – between 35% and 44% of the capital – in Quaestio Holding, 100% parent company of Quaestio SGR.

Quaestio SGR is active in Asset Management with the management of funds, mainly reserved, through a multi-asset/multi-manager platform that allows structuring customized investment solutions for institutional investors (mainly banking foundations and social security institutions); in particular, the platform – operating mainly through management mandates (pool) – allows investors' assets to be allocated on the basis of specific risk/return objectives, with full visibility (look-through) and risk management of the individual components of the portfolio, as well as with significant administrative, accounting and tax simplification.

The transaction allows DeA Capital S.p.A. to expand its operations to a very interesting segment of Asset Management, i.e. investment solutions / management mandates, which represent a privileged channel for the collection of assets from institutional investors, especially in light of the progressive interest of the latter in flexible and diversified forms of investment in various asset classes.

In the context of the industrial partnership between the two Groups – DeA Capital and Quaestio – also envisaged is sharing of the go-to-market strategy, in light of which DeA Capital S.p.A. will not develop its own offer of liquid products, undertaking to offer those of Quaestio SGR, and at the same time, the latter will not independently develop a new own offer of illiquid products, but will offer those of the DeA Capital Group.
In this context, Fondazione Cariplo has undertaken not to undertake stakes of more than 2% in listed companies and 5% in unlisted companies, having similar activities and directly competing with those currently managed by the DeA Capital Group and Quaestio SGR.

It is noted that the entry of DeA Capital S.p.A. into Quaestio Holding is structured in this phase, envisaging the acquisition of all the units held by Alessandro Penati (as well as by a vehicle referable to the latter) and some minority stakes. Taking into account the pre-emption and co-sale rights of the Quaestio Holding shareholders, the percentage of investment that DeA Capital S.p.A. may purchase in Quaestio Holding is subject to change. However, it is understood that no Quaestio Holding shareholder will have control of the company and that the completion of the aforementioned entry is subject, *inter alia*, to the following conditions, i.e. that:

- DeA Capital S.p.A. holds a stake of between 35% and 44% of the capital of Quaestio Holding;
- Fondazione Cariplo maintains an investment of no less than 24% of the latter.

With reference to the payment envisaged for the transaction, it was parametrized to the valuation of the entire capital of Quaestio Holding – 100% stake – as follows:

- Valuation of Asset Management activities equal to EUR 30 million;
- Valuation of NPL Management activity at the amount of the aforementioned transaction equal to EUR 12.2 million;
- Valuation of NPL Servicing activity – or the Quaestio Cerved Credit Management joint venture – based on the actual transfer value if the latter is finalized by 31 July 2024 or based on a value to be defined between the parties if the sale is not carried out by said date;
- Net Financial Position to be determined on the basis of the reference statement of financial position at 30 June 2019.

It is envisaged that upon the actual execution of the agreements, and therefore of the purchase and sale in question, there will be the entry into force of a five-year new shareholders' agreement between the shareholders of Quaestio Holding aimed at regulating a new corporate governance of the Quaestio Group; regarding this, we highlight the following qualifying points:

- appointment of the Directors in Quaestio Holding and in Quaestio SGR in proportion to the shares, based on a list voting mechanism for both companies, which provides for the appointment of the Chairman expressed by Fondazione Cariplo and the appointment of the Chief Executive Officer by DeA Capital S.p.A.;
- board and meeting quorums with a reinforced majority for specific cases, with veto rights on the part of the Directors expressed by DeA Capital S.p.A. or directly by the latter in the Shareholders' Meeting;

- pre-emption and tag-along rights on unit transfers.

In addition to the above, the new Agreement provides that, in the event of any subsequent acquisition by DeA Capital S.p.A. of the absolute majority of the capital of Quaestio Holding, the other shareholders of the latter will have the right to sell the investments held to DeA Capital S.p.A.; it is noted that in this case, DeA Capital S.p.A. will have the right to settle the purchase and sell amount – at values in line with the fair market value at the time of the transaction – with treasury shares.

Lastly, it is noted that the completion of the acquisition in question is conditioned, inter alia, by the authorization of the Bank of Italy and the authorization of the Competition and Market Authority.

* * *

With reference to the financial disbursements for DeA Capital S.p.A. relating to the above transactions, at closing, they may involve:

- as regards the acquisition of the NPL Management activity of Quaestio SGR, a maximum cash-out of EUR 12.2 million (without adjustment);
- as regards the acquisition of the relative majority stake in Quaestio Holding, a maximum cash-out of around EUR 13.2 million (in the event of acquisition of a maximum stake of 44%, with subsequent positive/negative adjustment relative to the NFP).

The aforementioned cash outflows do not include the estimate of financial disbursement related to the NPL Servicing activity, valued as shown above.

It is envisaged that the amounts in question will be paid by DeA Capital S.p.A. entirely with own funds, without recourse to bank loans or other resources from third parties.

It is also envisaged that the two transactions outlined above, however disjointed from each other, can be finalized between the end of 2019 and the beginning of 2020.

➢ Cancellation of 40,000,000 treasury shares

On 16 August 2019 was the cancellation of 40,000,000 treasury shares approved by the Extraordinary Meeting of DeA Capital S.p.A. on 18 April 2019. The transaction led to the reduction of the share capital from EUR 306,612,100 to EUR 266,612,100 and to the consequent amendment of art. 5 of the Articles of Association.

It is noted that in regard to the foregoing, De Agostini S.p.A. – which had already waived, at the end of 2018, its double voting rights over 50% of the shares owned – finalized its waiver of double voting rights over the remaining 50% of the shares owned.

❖ OUTLOOK

Regarding the outlook, it will continue to be focused on the development of the **Alternative Asset Management** Platform, with the aim of completing the acquisition of the relative majority stake in Quaestio Holding / Quaestio SGR between the end of 2019 and the beginning of 2020 and of the NPL Management business, which is currently headed by the latter.

Specifically, the DeA Capital Group intends to consolidate its strategic positioning precisely in the NPL segment – extremely current and of great interest to investors – as well as integrate operations with investment solutions and capital allocation strategies with greater added value.

Regarding **Private Equity Investment**, the Group will continue its efforts to increase the value of the investments in its portfolio, and at the same time, thanks to the available capital, to support the initiatives launched by the Alternative Asset Management platform with a sponsorship/co-investment logic.

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

Statement of Responsibilities for the Summary Consolidated Half-Year Report to 30 June 2019 (pursuant to art. 154-bis of Legislative Decree 58/98)

The undersigned, Paolo Ceretti, as Chief Executive Officer, and Manolo Santilli, as the manager responsible for preparing the accounting statements of DeA Capital S.p.A., hereby certify, pursuant to art. 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, that based on the characteristics of the Company, the administrative and accounting procedures for preparing the Summary Half-Year Consolidated Financial Statements at 30 June 2019 were suitable and were effectively applied.

The assessment as to the suitability of the administrative and accounting procedures for preparing the Summary Half-Year Consolidated Financial Statements at 30 June 2019 was based on a process established by DeA Capital S.p.A. in keeping with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is the generally accepted reference framework at the international level.

It should be noted in this regard that, as described in the Notes to the Summary Half-Year Consolidated Financial Statements at 30 June 2019, a significant portion of the assets are investments stated at fair value. Such fair value was determined by the directors based on their best judgement and estimation using the knowledge and evidence available at the time the Summary Half-Year Consolidated Financial Statements 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, and in some cases significantly, from those that could be obtained when the assets are sold.

The undersigned further certify that the Summary Half-Year Consolidated Financial Statements at 30 June 2019:

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

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

5 September 2019

Paolo Ceretti
CEO

Manolo Santilli
Manager responsible for preparing the Company's accounts

REVIEW REPORT ON SUMMARY CONSOLIDATED HALF-YEAR REPORT AS OF 30 JUNE 2019

DEA CAPITAL SPA

REVIEW REPORT ON SUMMARY CONSOLIDATED HALF-YEAR REPORT

To the shareholders of
DeA Capital SpA

Foreword

We have reviewed the accompanying summary consolidated half-year report of DeA Capital SpA and its subsidiaries (the DeA Capital Group) as of 30 June 2019, comprising the statement of financial position, the income statement, the statement of comprehensive income, the cashflow statement, the statement of changes in shareholders' equity and the related notes. The directors of DeA Capital SpA are responsible for the preparation of the summary consolidated half-year report in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this summary consolidated half-year report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying summary consolidated half-year report of DeA Capital Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 6 September 2019

PricewaterhouseCoopers SpA

Signed by

Giovanni Ferraioli
(Partner)

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