



DEA CAPITAL

**INTERIM MANAGEMENT
REPORT
AT 30 September 2019**

***Third Quarter 2019
First Nine Months of 2019***

*Board of Directors
Milan, 7 November 2019*

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 Companies Register under No 07918170015

Board of Directors (*)

Chairman	Lorenzo Pellicoli
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

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Certification of the Interim Management Report at 30 September 2019

Interim Management Report

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

With combined assets under management (*) of over EUR 21,700 million and an investment portfolio of approximately EUR 370 million, DeA Capital S.p.A. is Italy's main independent operator in alternative investment.

The Group Platform – currently concentrated on the two subsidiaries, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR, as well as on the indirect equity investment in Quaestio Capital Management SGR – is engaged in the promotion, management and development of real estate, private equity and credit investment funds and of investment solutions for institutional investors.

To support the activity of the Platform, in order to exploit the available capital, over time, DeA Capital S.p.A. has also built an alternative 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.

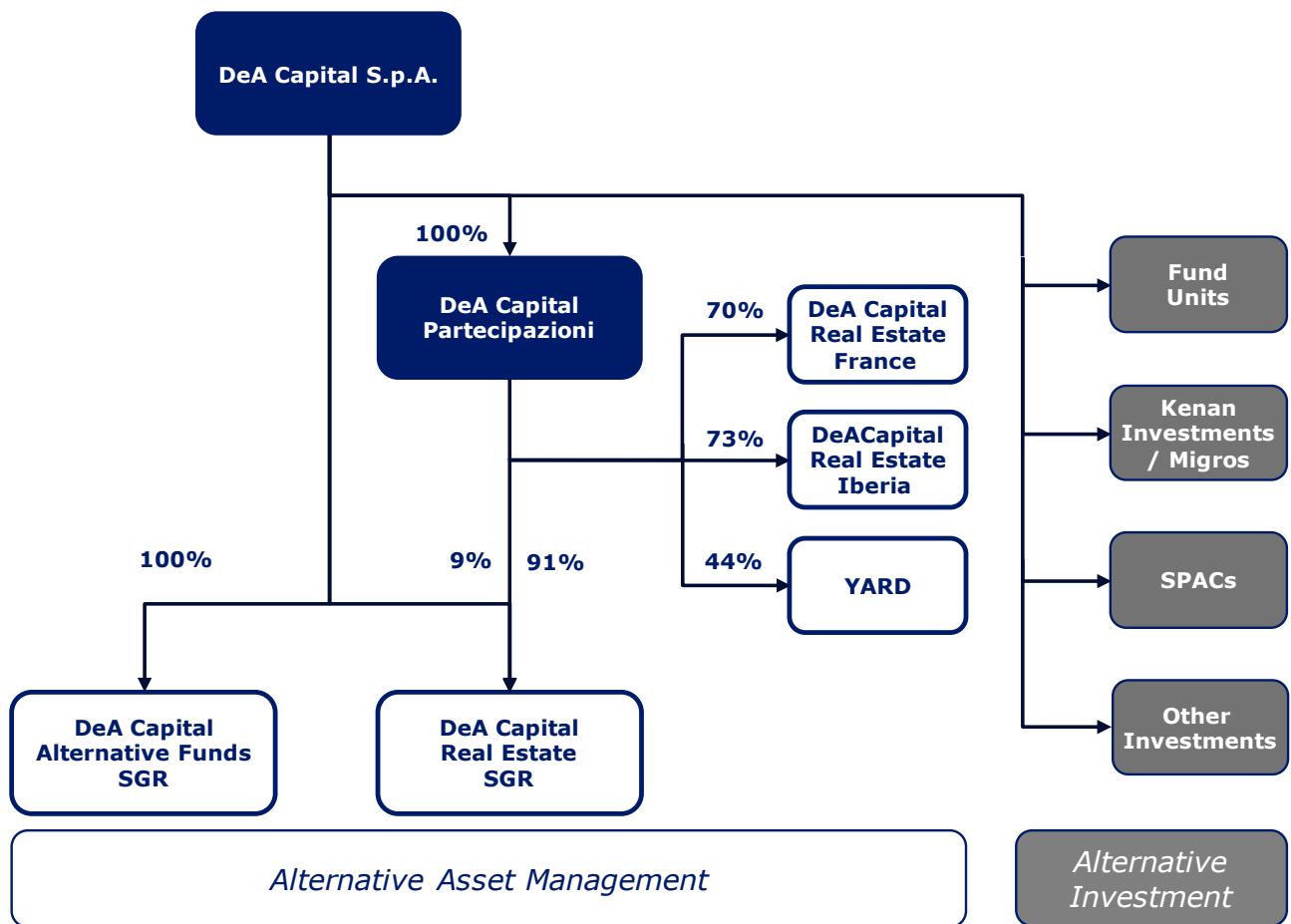
The Company's ability to carry out investment initiatives that are structurally very complex, on the one hand, and raise funds through its asset management subsidiaries, on the other, is proof of the effectiveness of its business model, which combines asset management and private investment activities 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 which supported the recent launch of the internationalisation strategy in the field of 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.

(*) "Combined assets under management" are defined as assets managed by the management companies in which the Group holds an absolute or relative majority interest, and the assets managed by the international subsidiaries. Total commitments are considered for private equity funds.

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



The agreements signed in July 2019 governing the acquisitions of the "NPL Business" of Quaestio Capital Management SGR and the indirect relative majority interest (around 38.8%) in this latter company, which has total AuM of approximately EUR 10,000 million, were finalized on 5/6 November 2019.

- **ALTERNATIVE ASSET MANAGEMENT**

- ⇒ 100% control of **DeA Capital Real Estate SGR**, Italy's largest independent real estate asset management company, with assets under management of EUR 9.2 billion and 50 managed funds (including 2 listed funds);
- ⇒ 100% control of **DeA Capital Alternative Funds SGR**, which manages alternative investment funds (private equity and credit funds) with assets under management of over EUR 2.5 billion and 12 managed funds;
- ⇒ controlling interest in **DeA Capital Real Estate France** (70%) and **DeACapital Real Estate Iberia** (73%), companies established in late 2018 and early 2019 with the aim of developing the real estate advisory business for raising funds and real estate advisory and management activities in France and Spain/Portugal, respectively;
- ⇒ strategically important stake in **YARD** (43.6%), which operates in project, property and facility management, assessment and due diligence, as well as in real estate brokerage.

- **ALTERNATIVE INVESTMENT**

- **Funds**

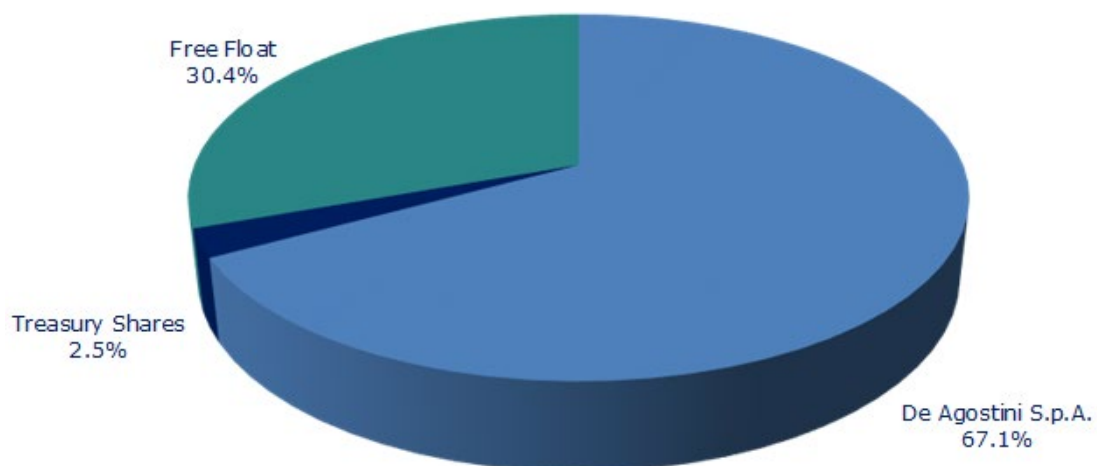
- ⇒ units in nine funds managed by the subsidiary DeA Capital Alternative Funds SGR i.e. in the three funds of funds **IDeA I Fund of Funds**, **ICF II** and **ICF III**, and the co-investment fund **IDeA Opportunity Fund I**, in the thematic funds **IDeA Efficienza Energetica e Sviluppo Sostenibile**, **IDeA Taste of Italy** and **IDeA Agro**, and in the credit funds **IDeA Corporate Credit Recovery I** and **II**;
- ⇒ units in three funds managed by the subsidiary DeA Capital Real Estate SGR, i.e. in the funds **Venere**, **Santa Palomba** and **Special Opportunities I**;
- ⇒ units in five venture capital funds.

- **Main shareholdings**

- ⇒ minority shareholdings 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 shareholdings in **Cellularline** (4.4% of the total shares issued), a combined entity of Crescita SPAC and the Cellular Group, listed on Borsa Italiana and owner of the Cellularline brand, an Italian leader in accessories for smartphones and tablets;
- ⇒ minority shareholding (9.7% of total shares issued), as sponsor, in **IDeaMI SPAC**, which is engaged in researching and selecting medium-sized, unlisted Italian companies with the aim of carrying out a business combination within 24 months of listing (December 2017).

2. Information for shareholders

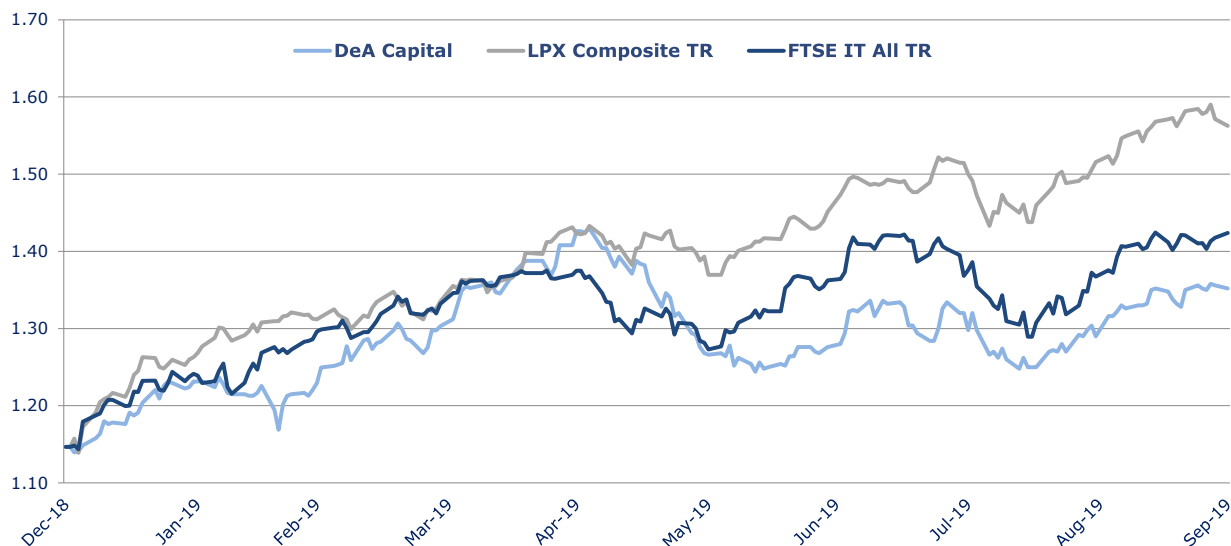
➤ Shareholder structure of DeA Capital S.p.A. (#)



(#) Composition as at the date of this document, unchanged on 30 September 2019

➤ **Share performance (°)**

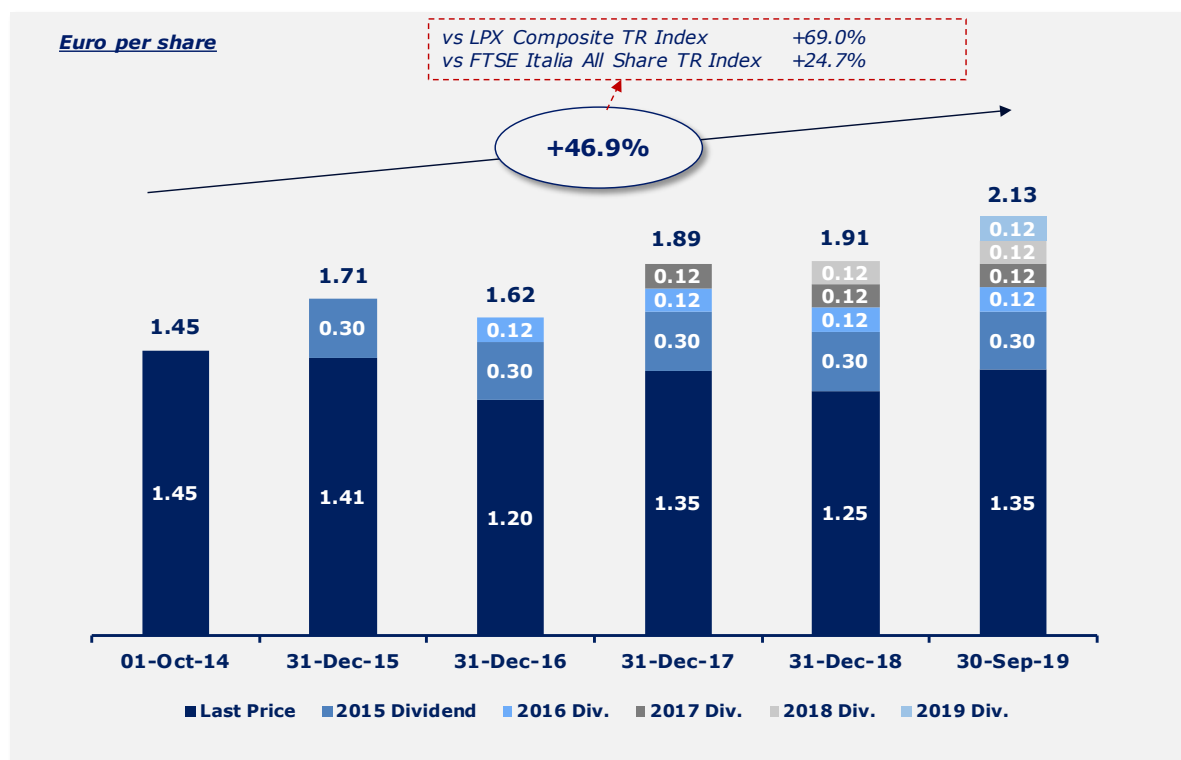
- **From 1 January 2019 to 30 September 2019**



(°) 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, i.e. for the last five years)



Performance of the DeA Capital shares

The Company's shares were up +17.9% in the first nine months of 2019; in the same period of time, the FTSE All-Share® TR and LPX Composite® TR indices recorded performances of +24.1% and +36.2%, respectively.

From 1 October 2014 (the closing date for the sale of the investment in GDS) to 30 September 2019, the performance of DeA Capital shares was up +46.9%, while the Italian FTSE All-Share® TR index +24.7% and the LPX Composite® TR index +69.0% (source Bloomberg).

With regard to the liquidity of the shares in the first nine months of 2019, average daily trading volumes were around 173,000 shares.

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

<i>in EUR</i>	1 January/30 September 2019
Maximum price	1.43
Minimum price	1.14
Average price	1.29
Price at 30 September 2019 (EUR per share)	1.35
Market capitalisation at 30 September 2019 (EUR million)	351

3. Key Financials

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

(Eur million)	30 September 2019	30 September 2018	Change
Assets Under Management "AUM"	11,764	11,404	3.2%
Fee-Paying AUM (*)	10,345	9,917	4.3%
Management fees	47.2	45.1	4.7%
Platform Net Operating Profit (#)	11.2	10.2	9.8%
Group Net Profit/(Loss)	6.5	6.9	-5.8%

(*) 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 September 2019	31 December 2018 ^(§)	Change
Investment portfolio	368.9	366.6	2.3
Consolidated Net Financial Position	111.5	101.0	10.5
Net Financial Position - Holding companies	78.6	65.3	13.3
NAV/share (EUR)	1.73	1.72	0.01

(§) 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 nine 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 acquisition minorities	8.0	5.2	1.56 (*)
Treasury shares delivered under incentive plans	0.3	1.0	1.45 (*)
Comprehensive income - Statement of Performance - IAS 1	7.0		
Other changes in NAV	(0.1)		
Group NAV at 30.9.2019	450.5	260.0	1.73

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

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

	30 September 2019		31 December 2018 "adjusted"	
	MC	€/Sh.	MC	€/Sh.
Alternative Asset Management				
- DeA Capital Real Estate SGR	138.0	0.53	140.4	0.56
- DeA Capital Alternative Funds SGR	42.6	0.16	43.4	0.17
- Other (YARD, DeA Capital RE France, Iberia)	7.4	0.03	6.8	0.03
Total AAM (A)	188.0	0.72	190.6	0.76
Alternative Investment				
- Funds	119.4	0.46	125.0	0.49
- Shareholdings	61.5	0.24	51.0	0.20
Total AI (B)	180.9	0.70	176.0	0.69
Investment Portfolio (A+B)	368.9	1.42	366.6	1.45
Other net assets (liabilities)	3.0	0.01	3.4	0.01
Net Financial Position Holdings	78.6	0.30	65.3	0.26
NAV	450.5	1.73	435.3	1.72

4. Significant events in the third quarter of 2019

The following is a discussion of the significant events that occurred in the third quarter of 2019. For a discussion of events in the first half of 2019, please refer to the Half-Yearly Financial Report for the period ended 30 June 2019, approved by the Board of Directors on 5 September 2019.

➤ **Funds – Paid Calls/Distributions**

In the third quarter of 2019, the DeA Capital Group increased its investments with paid calls totalling EUR 1.7 million in the funds IDeA I FoF, ICF III, IDeA EESS, IDeA ToI, IDeA CCR I, IDeA CCR II and IDeA Agro.

At the same time, in the third quarter of 2019 the DeA Capital Group received distributions (net of withholding tax) totalling EUR 5.3 million (from the funds IDeA I FoF, IDeA EESS and Venere and venture capital funds).

Thus, in the third quarter of 2019, the funds in which DeA Capital S.p.A. has invested generated a net positive cash balance of EUR 3.6 million (calculated as the Group's share).

➤ **Cancellation of 40,000,000 treasury shares**

The cancellation of 40,000,000 treasury shares, as approved by the Extraordinary Shareholders' Meeting of DeA Capital S.p.A. on 18 April 2019, was finalized on 16 August 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 Article 5 of the Articles of Association.

➤ **Investments in support of the Alternative Asset Management Platform initiatives**

As part of the strategy to support initiatives relating to the Alternative Asset Management Platform, on 17 September 2019 DeA Capital S.p.A. co-invested with the fund IDeA Taste of Italy which acquired a controlling interest in the **Alice Pizza Group**, Italy's number-one pizza-by-the-slice chain. The co-investment by DeA Capital S.p.A. entailed an outlay of EUR 5 million, for a fully diluted interest in Alice Pizza of approximately 10%, in addition to the interest held through the Taste of Italy fund (i.e. 5.9% fully diluted).

A 6% interest in the French vehicle **Paris R²** was acquired on 23 September 2019 for a total investment of EUR 1.4 million within the framework of the purchase, promoted by the subsidiary DeA Capital Real Estate France, of an office property located in the Paris area (with the French vehicle controlled by an international institutional investor).

➤ **Agreement for the formation of DeA Capital Real Estate Poland**

Within the framework of the pan-European expansion of the Alternative Asset Management Platform, on 23 September 2019 DeA Capital S.p.A. entered into an agreement to form DeA Capital Real Estate Poland to develop the real-estate management business on the Polish market.

DeA Capital Real Estate Poland will be 50% owned by the DeA Capital Group, with the remaining 50% held by Ksiazek Holding, which in turn controls Marvipol Development, a real-estate service company listed on the Warsaw Stock Exchange with which a collaboration agreement was also signed.

5. Results of the DeA Capital Group

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

- *Alternative Asset Management*, which includes asset management activities and related services, focused on the management of real estate, private equity and credit funds.
- *Alternative Investment*, which includes private equity and real estate investment activities, broken down into shareholdings (direct investments) and investments in funds (indirect investments).

➤ *Alternative Asset Management*

At 30 September 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 **DeACapital Real Estate Iberia**
- 43.6% of **YARD**

- **DeA Capital Real Estate SGR**

 DEA CAPITAL REAL ESTATE SGR
Registered office: Italy
Sector: <i>Alternative Asset Management – Real Estate</i>
Website: www.deacapitalre.com
Investment details
<p>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 50 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.</p> <p>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.</p> <p>Due in part to successful transactions concluded in recent years, the 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.</p>

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 September 2019:

(Eur million)	at 30 September 2019		
	Asset Under Management (*)	Fee-Paying AUM (**)	Management fees
Listed Real Estate funds	609	585	3.8
Real Estate funds	8,595	7,931	25.3
Total DeA Capital Real Estate SGR	9,204	8,516	29.1

(*) 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 September 2019 assets under management stood at around EUR 9,200 million, marking an increase of approximately EUR 60 million compared to the same period of the previous year due to the launch of 8 new funds (with AuM for around EUR 800 million), which more than offset the disposal of the assets in portfolio .

At the level of management fees, the company reported a decline on the same period of the previous year (EUR -1.3 million), due essentially to the impact of the aforementioned development of the assets in portfolio.

The net profit for the first nine months of 2019 (EUR 6.7 million) was up on the first nine months of 2018 due to the impact on this latter period of the write-down to fair market value of the units held in several of the funds managed (by more than EUR -4 million).


DeA Capital Real Estate SGR (EUR million)	30 September 2019	30 September 2018
AUM	9,204	9,141
Management fees	29.1	30.4
Net Operating Profit ^(#)	7.2	7.4
Net profit	6.7	2.3
<i>-of which:</i>		
- <i>Shareholders</i>	6.7	2.3
- <i>Owners of financial equity instruments</i>	0.0	0.0
Net Financial Position	16.1 ^(°)	8.4 ^(*)

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

(°) Net of leasing liability (-8.0 EUR million)

() Data at 31 December 2018 "adjusted". Reflects the application of IFRS 16 from 1.1.19 (-9.2 € million)*

- **DeA Capital Alternative Funds SGR**

 DEA CAPITAL ALTERNATIVE FUNDS SGR
Registered office: Italy
Sector: <i>Alternative Asset Management – Private Equity/Credit</i>
Website: www.deacapitalaf.com
Investment details
<p>The company manages alternative investment funds (funds of funds, thematic private equity funds and credit funds). At 30 September 2019 the asset management company managed 12 closed funds, including 5 funds of funds (IDeA I FoF, ICF II, ICF III, IDeA Crescita Globale, DeA Endowment Fund), one "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 fund (in liquidation). 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.</p>

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 September 2019:

(Eur million)	at 30 September 2019		
	Asset Under Management (*)	Fee-Paying AUM (**)	Management fees
Funds of funds	1,162	670	3.3
Direct funds	612	374	7.5
Credit recovery funds	786	785	7.3
Total DeA Capital Alternative Funds SGR	2,560	1,829	18.1

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

(**) the amount for management fees calculation.

At the level of management performance, in the first nine months of 2019 the company reported an increase in assets under management of nearly EUR 300 million on the figure as at 30 September 2018, due to the expansion of the Loans segment of the CCR funds, the launch of the Shipping segment of IDeA CCR II and the launch of the funds-of-funds DeA Endowment Fund and Azimut Private Debt (third-party management). In terms of management fees, the increase of over EUR 3 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 September 2019	30 September 2018
AUM	2,560	2,263
Management fees	18.1	14.7
Net Operating Profit (#)	4.0	2.8
Net Profit	4.0	2.8
Net Financial Position	13.8 ^(°)	9.2 ^(*)

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

(°) Net of leasing liability (-2.6 EUR million)

(*) Data at 31 December 2018 "adjusted". Reflects the application of IFRS 16 from 1.1.19 (-2.9 € million)

➤ **Alternative Investment**

Funds

At 30 September 2019, the Alternative Investment business of DeA Capital S.p.A. included investments in funds with a total value in the Consolidated Financial Statements of EUR 119.4 million (corresponding to the fair value estimate calculated based on the information available on the date that 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 thematic funds (IDeA ToI, IDeA Agro, IDeA CCR I and IDeA CCR II), 5 venture capital funds and the real estate fund Santa Palomba.

The change in the value of the funds in the portfolio recorded in the first nine months of 2019 (EUR 119.4 million at 30 September 2019 compared to EUR 123.0 million at 30 June 2019) is due to capital calls for EUR +1.7 million, distributions for EUR -5.3 million (in addition to withholding tax of EUR 0.8 million) and the increase in fair value for EUR 0.8 million.

Residual commitments for all the funds in the portfolio were EUR 88.3 million.

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


The table below contains the main performance indicators with reference to the funds in the portfolio.

<i>(Eur million)</i>	<i>Vintage</i>	<i>Capital Call</i>	<i>DPI (*)</i>	<i>TVPI (°)</i>	<i>NAV</i>
Funds of Funds					
IDeA I FoF	2007	150.3	1.1x	1.3x	27.4
ICF II	2009	37.8	1.1x	1.9x	30.2
ICF III	2014	9.5	0.0x	1.3x	12.4
Funds of Funds - Total		197.6	1.1x	1.4x	70.0
Direct Funds					
IDeA OF I	2008	87.9	1.0x	1.2x	13.7
IDeA EESS	2011	24.7	1.0x	1.3x	6.7
IDeA ToI	2014	20.6	0.6x	1.4x	16.6
Direct Funds - Total		133.2	0.9x	1.2x	37.0
Other Funds					12.4
Total Portfolio Funds					119.4

(*) "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

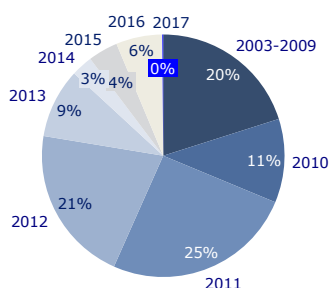
- **IDeA I FoF**

 <p>IDEA I Fund of Funds</p>
Registered office: Italy
Sector: <i>Private Equity</i>
Website: www.deacapitalaf.com
Investment details
<p>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.</p> <p>DeA Capital S.p.A. has a total commitment of up to EUR 164.6 million in the fund.</p>
Brief description
<p>IDeA I FoF invests its assets in units of unlisted closed-end funds that are mainly active in the local private equity sector in various countries. It optimises the risk-return profile through the careful diversification of assets among managers with a proven track record of returns and solidity, different investment approaches, geographical areas and maturities.</p> <p>According to the latest report available, the IDeA I FoF portfolio was invested in 37 funds with different investment strategies; these funds in turn hold positions, with varying maturities, in 183 companies active in geographical regions with different growth rates.</p> <p>The funds are diversified in the buy-out (control) and expansion (minorities) categories, with overweighting towards medium-small scale transactions and special situations (distressed debt/equity and turnaround).</p> <p>At 30 September 2019, IDeA I FoF had called up 91.3% of its total commitment and had made distributions totalling 104.0% of that commitment.</p>

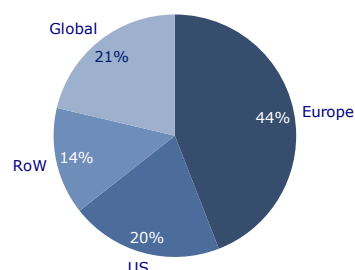
Other important information

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.

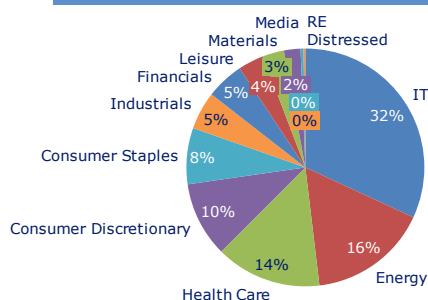
BREAKDOWN BY YEAR OF INVESTMENT⁽¹⁾



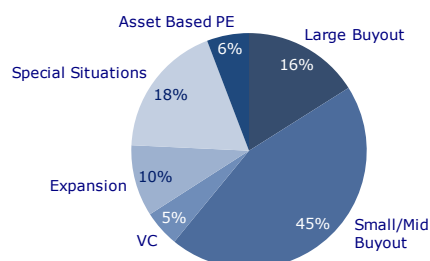
BREAKDOWN BY GEOGRAPHIC AREA⁽²⁾



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 27.4 million in the Consolidated Financial Statements at 30 September 2019, with a change compared to 31 December 2018 (EUR 33.1 million) due to distributions of EUR -4.9 million, capital calls of EUR +0.4 million and the decrease in fair value of EUR -1.2 million.

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

IDeA I FoF	Registered office	Year of commitment	Fund Size	Subscribed commitment	% DeA Capital in the fund
Eur (C)					
IDeA I Fund of Funds	Italy	2007	646,044,030	164,582,100	25.48
Residual Commitments					
Total residual commitment in:		Eur	14,319,922		

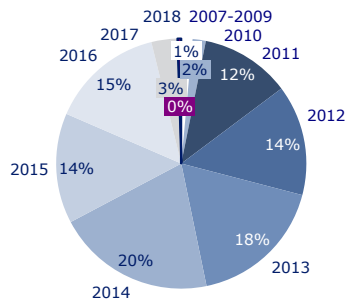
- **ICF II**

 DEA CAPITAL ALTERNATIVE FUNDS SGR
ICF II
Registered office: Italy
Sector: <i>Private Equity</i>
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, invests its assets in units of unlisted closed-end funds that are mainly active in the local private equity sector in 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 was invested in 25 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 September 2019, ICF II had called up 74.2% of its total commitment and had made distributions totalling 77.9% of that commitment.

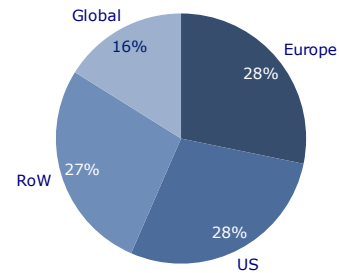
Other important information

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.

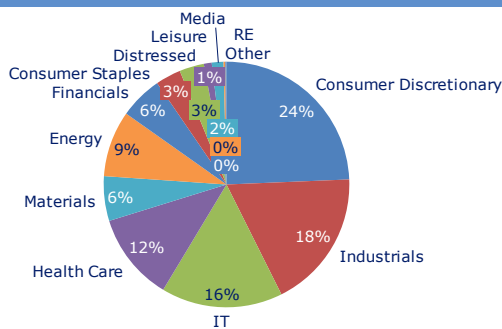
BREAKDOWN BY YEAR OF INVESTMENT⁽¹⁾



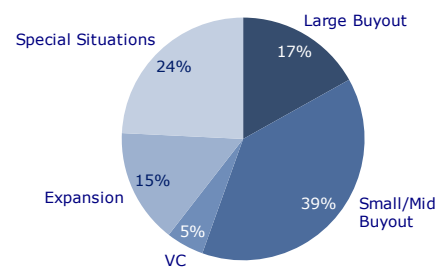
BREAKDOWN BY GEOGRAPHIC AREA⁽²⁾



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 30.2 million in the Consolidated Financial Statements at 30 September 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 +1.0 million.

The table below shows the key figures for ICF II at 30 September 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**


 DEA CAPITAL ALTERNATIVE FUNDS SGR
ICF III
Registered office: Italy
Sector: <i>Private Equity</i>
Website: www.deacapitalaf.com
Investment details
<p>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.</p> <p>DeA Capital S.p.A. has a total commitment of up to EUR 12.5 million in the fund.</p>
Brief description
<p>ICF III, with total assets of approximately EUR 67 million, invested 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.</p> <p>The fund is divided into three parts:</p> <ul style="list-style-type: none"> • 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. <p>At 30 September 2019, ICF III had called up 69%, 65% and 83% in the Core, Credit & Distressed and Emerging Markets segments respectively for the units held by DeA Capital S.p.A.</p>

The units in ICF III were valued at EUR 12.4 million in the Consolidated Financial Statements at 30 September 2019 (EUR 10.4 million at 31 December 2018). The decrease was due to capital calls of EUR +1.0 million and the increase in fair value for EUR +1.0 million.

The table below shows the key figures for ICF III at 30 September 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		2,970,843	

- ***IDeA OF I***

 DEA CAPITAL ALTERNATIVE FUNDS SGR
IDeA Opportunity Fund I
Registered office: Italy
Sector: <i>Private Equity</i>
Website: www.deacapitalaf.com
Investment details
<p>IDeA OF I is a closed-end fund under Italian law for qualified investors, which began operations on 9 May 2008 and is managed by DeA Capital Alternative Funds SGR.</p> <p>DeA Capital S.p.A. has a total commitment of up to EUR 92.4 million in the fund.</p>
Brief description
<p>IDeA OF I has total assets of approximately EUR 197 million at 30 September 2019. Its objective is to invest, independently or via syndicates with a lead investor, by purchasing qualified minority interests.</p> <p>In the third quarter of 2019, considering actual liquidity needs, reduced in the light of the progress of the process of disposal of the assets in portfolio, the commitment of the fund decreased by approximately EUR 20 million, to a total of approximately EUR 197 million (compared to the original EUR 217 million). DeA Capital S.p.A.'s commitment therefore declined from EUR 101.8 million to EUR 92.4 million.</p> <p>At 30 September 2019, IDeA OF I had called up 95.1% of the total commitment and distributed 96.2% of that commitment, after making nine investments (of which two were still in the portfolio at that date).</p>

The units in IDeA OF I have a net value in the Consolidated Financial Statements at 30 September 2019 of EUR 13.7 million, with a change compared to 31 December 2018 (EUR 15.2 million) due to distributions of EUR -1.1 million and the pro-rata net loss of the fund of EUR -0.4 million.


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

<i>(EUR million)</i>	Industry	% share	Investment date	100%	DeA Capital
Portfolio participations					
Iacobucci HF Electronics	Aircraft furnishing and coffee machines	34.9%	September 11, 2012	6.0	2.8
Pegaso Transportation Investments (Talgo)	Rail market	2.5%	October 8, 2012	16.6	7.8
Total portfolio participations				22.6	10.6
Other receivables				3.8	1.8
Cash and cash equivalents				2.8	1.3
Total Net Equity				29.2	13.7

The table below shows the key figures for IDeA OF I at 30 September 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	196,627,400	92,395,215	46.99
Residual Commitments					
Total residual commitment in:		Eur		4,512,100	

- **IDeA EESS**

 DEA CAPITAL ALTERNATIVE FUNDS SGR
IDeA Efficienza Energetica e Sviluppo Sostenibile (IDeA Energy Efficiency and Sustainable Development)
Registered office: Italy
Sector: <i>Private Equity</i>
Website: www.deacapitalaf.com
Investment details IDeA EESS is a closed-end fund under Italian law for qualified investors, which began operations 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 was 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 their effectiveness in reducing CO ₂ emissions. At 30 September 2019, IDeA EESS had called up 81.3% of the total commitment and distributed 79.8% of that commitment, after making nine investments (of which three were still in the portfolio at that date).
Significant events in the third quarter of 2019 On 1 July 2019, the sale of the equity investment held in Elemaster was finalised, for a sum of EUR 9.2 million with a total return equal to 1.1x the capital invested.

The units in IDeA EESS were valued at approximately EUR 6.7 million in the Consolidated Financial Statements at 30 September 2019, with a change compared to 31 December 2018 (EUR 9.3 million) due essentially to capital calls of EUR 0.2 million and distributions of EUR - 2.8 million.


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

<i>(EUR million)</i>	Industry	% share	Investment date	100%	DeA Capital
Portfolio investments					
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 participations				14.1	4.3
Cash and cash equivalents				8.1	2.4
Total Net Equity				22.2	6.7

The table below shows the key figures for IDeA EESS at 30 September 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		5,690,728	

- **IDeA ToI**


 DEA CAPITAL ALTERNATIVE FUNDS SGR
IDeA Taste of Italy (ToI)
Registered office: Italy
Sector: <i>Private Equity</i>
Website: www.deacapitalaf.com
Investment details
<p>IDeA ToI is a closed-end fund under Italian law for qualified investors, which began operations on 30 December 2014 and is managed by DeA Capital Alternative Funds SGR.</p> <p>DeA Capital S.p.A. has a total commitment of up to EUR 25.2 million in the fund.</p>
Brief description
<p>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 mainly in small and medium-sized enterprises in Italy, either independently or with other co-investors. The fund invests in companies operating in the agri-food sector, especially in areas involved in the production and distribution of foodstuffs and in secondary products resulting from their processing or related services.</p> <p>At 30 September 2019, IDeA ToI had called up 81.7% of the total commitment and distributed 47.8% of that commitment, after making seven investments.</p>
Significant events in the third quarter of 2019
<p>On 1 July 2019, IDeA ToI paid a price adjustment of EUR 0.7 million for the investee Abaco, acquired on 4 June 2019, bringing the total investment to EUR 14.9 million.</p> <p>On 17 September 2019, IDeA ToI increased its investment in the Alice Pizza Group by EUR 5.1 million, and thus to a total of EUR 25.7 million.</p>

The units in IDeA ToI were valued at EUR 16.6 million in the Consolidated Financial Statements at 30 September 2019 (EUR 11.9 million at 31 December 2018). The changes were due to capital calls of EUR +5.0 million and the decrease in fair value for EUR -0.3 million.

The table below shows the key figures for IDeA ToI at 30 September 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		4,603,970	

- **IDeA CCR I**


 DEA CAPITAL ALTERNATIVE FUNDS SGR
IDeA Corporate Credit Recovery I (IDeA CCR I)
Registered office: Italy
Sector: <i>Credit funds</i>
Website: www.deacapitalaf.com
Investment details IDeA CCR I is a closed-end fund under Italian law for qualified investors, which began operations on 23 June 2016 and is managed by DeA Capital Alternative Funds SGR. At 30 September 2019, DeA Capital S.p.A. has a total commitment of EUR 7.7 million in the fund.
Brief description IDeA CCR I, which has total assets of EUR 245.2 million at 30 September 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: <ul style="list-style-type: none">- 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 third closing of the Loans segment of the IDeA CCR I fund was finalised on 4 July 2019 for EUR 23.4 million, bringing the segment's assets up to EUR 202.5 million. The fund is divided into two segments: <ul style="list-style-type: none">• Loans segment, which has acquired loans and financial equity instruments relating to financing operations for the Target Companies from eight banks for a consideration of approximately EUR 202.5 million, in exchange for the allocation of units in the fund's 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 September 2019 the Loans segment is fully invested, while the New Finance segment had called up 28% of the total commitment, in respect of the units held by DeA Capital S.p.A. At the same date, the Loans segment and the New Finance segment had distributed 52.5% and 12.4% of their commitment, respectively, in respect of the units held by DeA Capital S.p.A.

The units in IDeA CCR I were valued at EUR 1.0 million in the Consolidated Financial Statements at 30 September 2019 (EUR 0.9 million at 31 December 2018). The changes were essentially due to capital calls of EUR +0.1 million.

The table below shows the key figures for the IDeA CCR I fund at 30 September 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		5,448,252	

- **IDeA CCR II**

 DEA CAPITAL ALTERNATIVE FUNDS SGR
IDeA Corporate Credit Recovery II (IDeA CCR II)
Registered office: Italy
Sector: <i>Credit funds</i>
Website: www.deacapitalaf.com
Investment details IDeA CCR II is a closed-end fund under Italian law for qualified investors, which began operations on 28 December 2017 and is managed by DeA Capital Alternative Funds SGR. DeA Capital S.p.A. has a total commitment of EUR 15.2 million in the fund.
Brief description IDeA CCR II, which has total assets of EUR 540.5 million at 30 September 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 the first nine months of 2019, the fund completed the third and fourth closings of the Loans segment, bringing the segment's total assets from EUR 256.8 million to EUR 291.3 million. The fund is divided into three parts: <ul style="list-style-type: none">• Loans segment, which has acquired loans relating to the Target Companies from several major Italian banks for a consideration of EUR 291.3 million in exchange for the allocation of units in the fund's Loans segment;• New Finance segment, which has obtained commitments for new financial resources 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 three fund partner banks relating to eight shipping management target companies, for a consideration in US Dollars of approximately 195 million at 30 September 2019, in exchange for the allocation of units in the fund's Shipping segment. At 30 September 2019, the Loans and Shipping segments were fully invested, while the New Finance segment had called up 20.6% of the total commitment, in respect of the units held by DeA Capital S.p.A. At the same date the Loans segment had distributed 10.0% of its commitment in respect of the units held by DeA Capital S.p.A.

The units in IDeA CCR II were valued at EUR 3.0 million in the Consolidated Financial Statements at 30 September 2019 (EUR 1.6 million at 31 December 2018). The changes were due to capital calls of EUR +1.5 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 September 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	11,966,710	

(*) Value in US Dollar

- **Venture capital funds**

The units in venture capital funds had a total value of approximately EUR 6.4 million in the Financial Statements at 30 September 2019 (EUR 9.0 million at 31 December 2018). The change in the period was due to distributions of EUR -0.9 million and the decrease in fair value of EUR -1.7 million.

The table below shows the key figures for venture capital funds in the portfolio at 30 September 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	3,292,348		

- **Shareholdings**

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

- Kenan Investments, holder of a shareholding in Migros (valued at EUR 25.8 million);
- IDEaMI, a special purpose acquisition company (valued at EUR 22.3 million);
- Cellularline, the Italian leader in the development and sale of smartphone and tablet accessories (valued at EUR 6.8 million);
- ToI Due, which holds a controlling interest in the Alice Pizza Group (valued at EUR 5.0 million);
- Paris R², a French vehicle that owns an office property in the Paris area (for a total investment, including shareholder loan, of EUR 1.4 million).

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

➤ Consolidated Income Statement

The Group's net profit in the first nine months of 2019 was approximately EUR +6.5 million, compared with EUR +6.9 million in the same period of 2018.

Revenues and other income break down as follows:

- total alternative asset management fees of EUR 47.7 million (EUR 44.4 million for the corresponding period in 2018);
- loss from investments valued at equity of EUR -0.2 million (income of EUR +0.9 million for the corresponding period in 2018);
- other income and expense from investments totalling EUR +3.5 million (mainly due to the increase in the fair value of Kenan Inv./Migros for EUR +6.4 million and the performance of the alternative investment funds in the portfolio for EUR -2.2 million), compared to EUR +36.8 million in the corresponding period of 2018 (mainly related to the capital gain on the sale of the investee company Corin of the IDeA OF I fund, for EUR +51.4 million);
- service revenues of EUR 0.3 million (EUR 1.8 million in the corresponding period in 2018).

In the first nine months of 2019, operating costs totalled EUR 40.7 million, compared with EUR 43.5 million in the same period of 2018.

Costs in the first nine months of 2019 break down for EUR 34.7 million to alternative asset management, EUR 0.3 million to alternative investment and EUR 5.7 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 0.5 million).

Financial income and expense stood at a total of EUR -0.2 million at 30 September 2019 (EUR +0.4 million in the same period in 2018).

The full tax impact in the first nine months of 2019, EUR -4.9 million (EUR -4.2 million in 2018), is the result of taxes of EUR -5.5 million due in respect of alternative asset management activities (EUR -3.0 million in 2018) offset by tax credits relating to holding company structures of EUR +0.6 million (EUR -1.2 million in 2018).

The consolidated net result of EUR +5.5 million breaks down as follows: EUR +1.9 million attributable to alternative asset management, EUR +9.0 million to alternative investment and EUR -5.4 million to holding companies/eliminations.

The Group's net result of EUR +6.5 million breaks down as follows: EUR +9.5 million attributable to alternative asset management, EUR +2.4 million to alternative investment and EUR -5.4 million to holding companies/eliminations.

Summary Consolidated Income Statement

(EUR thousand)	Third quarter 2019	First nine months of 2019	Third quarter 2018	First nine months of 2018
Alternative Asset Management fees	16,185	47,708	14,405	44,370
Income (loss) from investments valued at equity	(113)	(246)	(573)	927
Other investment income/expense	9,368	3,527	(10,062)	36,756
Income from services	101	298	675	1,794
Other revenues and income	2	32	29	62
Other expenses and charges (*)	(14,068)	(40,757)	(15,412)	(43,530)
Financial income and expenses	92	(226)	124	419
PROFIT/(LOSS) BEFORE TAX	11,567	10,336	(10,814)	40,798
Income tax	(2,005)	(4,889)	(434)	(4,175)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	9,562	5,447	(11,248)	36,623
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	9,562	5,447	(11,248)	36,623
- Group share	10,358	6,454	(10,255)	6,863
- Non controlling interests	(796)	(1,007)	(993)	29,760
Earnings per share, basic (€)		0.025	0.000	0.027
Earnings per share, diluted (€)		0.025	0.000	0.027

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

Performance by business segment in the first nine months of 2019

(EUR thousand)	Alternative Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	47,967	(259)	47,708
Income (loss) from investments valued at equity	(112)	(134)	0	(246)
Other investment income/expense	2,023	1,504	0	3,527
Other revenues and income	0	35	295	330
Other expenses and charges	(318)	(34,724)	(5,715)	(40,757)
Financial income and expenses	306	(175)	(357)	(226)
PROFIT/(LOSS) BEFORE TAXES	1,899	14,473	(6,036)	10,336
Income tax	0	(5,463)	574	(4,889)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	1,899	9,010	(5,462)	5,447
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	1,899	9,010	(5,462)	5,447
- Group share	2,388	9,528	(5,462)	6,454
- Non controlling interests	(489)	(518)	0	(1,007)

Performance by business segment in the first nine months of 2018

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

➤ **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 positive balance of approximately EUR +7.0 million, which refers essentially to the net profit for the period.

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Profit/(loss) for the period (A)	5,447	36,623
Comprehensive income/expense which might be subsequently reclassified to the profit (loss) for the period	601	(213)
Comprehensive income/expense which will not be subsequently reclassified within the profit (loss) for the period	(60)	(8)
Other comprehensive income, net of tax (B)	541	(221)
Total comprehensive income for the period (A)+(B)	5,988	36,402
Total comprehensive income attributable to:		
- Group Share	6,995	6,645
- Non Controlling Interests	(1,007)	29,757

➤ Consolidated Statement of Financial Position

Below is the Group's Statement of Financial Position at 30 September 2019, compared with 31 December 2018.

	30.9.2019	1.1.2019 restated for IFRS 16 (*)	31.12.2018 "as reported"
<i>(EUR thousand)</i>			
ASSETS			
Non-current assets			
Intangible and tangible assets			
Goodwill	93,745	93,745	93,745
Intangible assets	20,354	21,023	21,023
Property, plant and equipment	14,995	16,924	854
- Building in Leasing	14,065	15,681	0
- Other leased assets	321	389	0
- Other property, plant and equipment	609	854	854
Total intangible and tangible assets	129,094	131,692	115,622
Investments			
Investments at equity	16,417	20,892	20,892
Investments held by Funds at Fair Value through P&L	22,612	23,511	23,511
Other Investments at Fair Value through P&L	60,063	50,953	50,953
Funds at Fair Value through P&L	145,920	153,551	153,551
Other financial assets at Fair Value through P&L	47	36	36
Total financial Investments	245,059	248,943	248,943
Other non-current assets			
Deferred tax assets	1,475	2,183	2,183
Loans and receivables	2,482	752	752
Receivables for deferment of placement costs	403	482	482
Financial receivables for leasing - non current position	1,374	1,558	0
Other non-current assets	4,721	4,668	4,668
Total other non-current assets	10,455	9,643	8,085
Total non-current assets	384,608	390,278	372,650
Current assets			
Trade receivables	9,931	14,678	14,678
Financial assets at Fair Value	14,211	6,316	6,316
Financial receivables	0	500	500
Financial receivables for leasing - current position	244	240	0
Tax receivables from parent companies	1,839	374	374
Other tax receivables	3,233	15,760	15,760
Other receivables	2,626	4,051	4,051
Cash and cash equivalents	114,595	143,767	143,767
Total current assets	146,679	185,686	185,446
Total current assets	146,679	185,686	185,446
TOTAL ASSETS	531,287	575,964	558,096
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	266,612	306,612	306,612
Share premium reserve	186,882	240,859	240,859
Legal reserve	61,322	61,322	61,322
Own share reserve	(10,415)	(82,766)	(82,766)
Fair value reserve	422	(179)	(179)
Other reserves	(19,382)	(18,555)	(18,555)
Retained earnings (losses)	(41,378)	(51,882)	(51,882)
Profit (loss) for the year	6,454	11,070	11,070
Net equity Group	450,517	466,481	466,481
Minority interests	24,199	39,299	39,299
Shareholders' equity	474,716	505,780	505,780
LIABILITIES			
Non-current liabilities			
Trade payables	900	900	900
Deferred tax liabilities	6,030	6,018	6,018
End-of-service payment fund	4,990	4,637	4,637
Financial liabilities	15,183	17,909	2,859
- Financial liabilities for building in Leasing	13,159	15,050	0
- Other financial liabilities	2,024	2,859	2,859
Total non-current liabilities	27,103	29,464	14,414
Current liabilities			
Trade payables	6,352	5,535	5,535
Payables to staff and social security organisations	7,333	9,122	9,122
Current tax	3,778	5,846	5,846
Other tax payables	2,406	1,256	1,256
Other payables	4,769	15,939	15,939
Short term financial payables	4,830	3,022	204
- Short term financial payables for building in Leasing	3,033	2,818	0
- Other Short term financial payables	1,797	204	204
Total current liabilities	29,468	40,720	37,902
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	531,287	575,964	558,096

(*) Figures at 31 December 2018 adjusted for the effects of the application of the new accounting standard IFRS 16 starting from 1 January 2019

At 30 September 2019, DeA Capital S.p.A. reported Group consolidated shareholders' equity of EUR 450.5 million, corresponding to a **net asset value (NAV) of EUR 1.73 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 September 2019, the consolidated net financial position was EUR 111.5 million, as shown in the table below.

Net financial position <i>(EUR million)</i>	30.9.2019	1.1.2019 (*)	Change
Cash and cash equivalents	114.6	112.6	2.0
Financial assets at Fair Value through OCI	14.2	6.3	7.9
Financial receivables (**)	2.7	3.1	(0.4)
Non-current financial liabilities	(15.2)	(18.0)	2.8
Current financial liabilities	(4.8)	(3.0)	(1.8)
TOTAL	111.5	101.0	10.5

(*) Data at 31.12.2018 restated for the application of IFRS 16 from 1.1.2019 and dividends distributed in may 2019

(**) Financial credits from Alternative Investments (3.3 € million to subsidiaries and 1,4 to associated companies) are excluded; these are expressed in the portfolio investments

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 Group to meet the financing required for its investment activity and to manage working capital.

6. Other information

➤ Transactions with parent companies, subsidiaries and related parties

As far as transactions with related parties, including infra-group transactions, are concerned, note that they cannot be qualified as either atypical or unusual, as they are part of the normal business activities of Group companies. These transactions are at arm's length, taking into account the characteristics of the goods and services provided.

➤ Other information

At 30 September 2019, the Group had 201 employees (193 at the end of 2018), including 37 senior managers, 67 middle managers and 97 clerical staff. Of these, 183 worked in alternative asset management and 18 in alternative 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 Article 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 Article 37 of the Market Regulation, relating to companies subject to the management and coordination of other parties, do not apply.

**Consolidated Financial Statements and Notes to the
Financial Statements for the period 1 January - 30
September 2019**

• Consolidated Statement of Financial Position

<i>(EUR thousand)</i>	Note	30.9.2019	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	20,354	21,023	21,023
Property, plant and equipment	1c	14,995	16,924	854
- Building in Leasing		14,065	15,681	0
- Other leased assets		321	389	0
- Other property, plant and equipment		609	854	854
Total intangible and tangible assets		129,094	131,692	115,622
Investments				
Investments at equity	2a	16,417	20,892	20,892
Investments held by Funds at Fair Value through P&L	2b	22,612	23,511	23,511
Other Investments at Fair Value through P&L	2c	60,063	50,953	50,953
Funds at Fair Value through P&L	2d	145,920	153,551	153,551
Other financial assets at Fair Value through P&L		47	36	36
Total financial Investments		245,059	248,943	248,943
Other non-current assets				
Deferred tax assets	3a	1,475	2,183	2,183
Loans and receivables	3b	2,482	752	752
Receivables for deferment of placement costs	3c	403	482	482
Financial receivables for leasing - non current position	3d	1,374	1,558	0
Other non-current assets	3e	4,721	4,668	4,668
Total other non-current assets		10,455	9,643	8,085
Total non-current assets		384,608	390,278	372,650
Current assets				
Trade receivables	4a	9,931	14,678	14,678
Financial assets at Fair Value	4b	14,211	6,316	6,316
Financial receivables	4c	0	500	500
Financial receivables for leasing - current position	4d	244	240	0
Tax receivables from parent companies	4e	1,839	374	374
Other tax receivables	4f	3,233	15,760	15,760
Other receivables	4g	2,626	4,051	4,051
Cash and cash equivalents	4h	114,595	143,767	143,767
Total current assets		146,679	185,686	185,446
Total current assets		146,679	185,686	185,446
TOTAL ASSETS		531,287	575,964	558,096
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital		266,612	306,612	306,612
Share premium reserve		186,882	240,859	240,859
Legal reserve		61,322	61,322	61,322
Own share reserve		(10,415)	(82,766)	(82,766)
Fair value reserve		422	(179)	(179)
Other reserves		(19,382)	(18,555)	(18,555)
Retained earnings (losses)		(41,378)	(51,882)	(51,882)
Profit (loss) for the year		6,454	11,070	11,070
Net equity Group		450,517	466,481	466,481
Minority interests		24,199	39,299	39,299
Shareholders' equity	5	474,716	505,780	505,780
LIABILITIES				
Non-current liabilities				
Trade payables	6a	900	900	900
Deferred tax liabilities	3a/6b	6,030	6,018	6,018
End-of-service payment fund	6c	4,990	4,637	4,637
Financial liabilities	6d	15,183	17,909	2,859
- Financial liabilities for building in Leasing		13,159	15,050	0
- Other financial liabilities		2,024	2,859	2,859
Total non-current liabilities		27,103	29,464	14,414
Current liabilities				
Trade payables	7a	6,352	5,535	5,535
Payables to staff and social security organisations	7b	7,333	9,122	9,122
Current tax	7c	3,778	5,846	5,846
Other tax payables	7d	2,406	1,256	1,256
Other payables	7e	4,769	15,939	15,939
Short term financial payables	7f	4,830	3,022	204
- Short term financial payables for building in Leasing		3,033	2,818	0
- Other Short term financial payables		1,797	204	204
Total current liabilities		29,468	40,720	37,902
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		531,287	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

<i>(EUR thousand)</i>	Notes	Third quarter of 2019	First nine months of 2019	Third quarter of 2018	First nine months of 2018
Alternative Asset management fees	8	16,185	47,708	14,405	44,370
Income from equity investments	9	(113)	(246)	(573)	927
Other investment income/expense	10	9,368	3,527	(10,062)	36,756
Income from services	11	101	298	675	1,794
Other income		2	32	29	62
Personnel costs	12a	(7,973)	(23,538)	(6,938)	(21,057)
Service costs	12b	(3,874)	(10,961)	(3,891)	(13,453)
Depreciation, amortization and impairment	12c	(1,229)	(3,621)	(578)	(1,797)
Other expenses	12d	(992)	(2,637)	(4,005)	(7,223)
Financial income	13a	265	780	153	633
Financial expenses	13b	(173)	(1,006)	(29)	(214)
PROFIT/(LOSS) BEFORE TAX		11,567	10,336	(10,814)	40,798
Income tax	14	(2,005)	(4,889)	(434)	(4,175)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		9,562	5,447	(11,248)	36,623
Profit (Loss) from discontinued operations/held-for-sale assets		0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD		9,562	5,447	(11,248)	36,623
- Group share		10,358	6,454	(10,255)	6,863
- Non controlling interests		(796)	(1,007)	(993)	29,760
Earnings per share, basic (€)			0.025	0.025	0.027
Earnings per share, diluted (€)			0.025	0.025	0.027

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 segment in the first nine months of 2019**

(EUR thousand)	Alternative Investment	Alternative Asset Management	Holdings/ Eliminations	Consolidated
Alternative Asset Management fees	0	47,967	(259)	47,708
Income (loss) from investments valued at equity	(112)	(134)	0	(246)
Other investment income/expense	2,023	1,504	0	3,527
Other revenues and income	0	35	295	330
Other expenses and charges	(318)	(34,724)	(5,715)	(40,757)
Financial income and expenses	306	(175)	(357)	(226)
PROFIT/(LOSS) BEFORE TAXES	1,899	14,473	(6,036)	10,336
Income tax	0	(5,463)	574	(4,889)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	1,899	9,010	(5,462)	5,447
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	1,899	9,010	(5,462)	5,447
- Group share	2,388	9,528	(5,462)	6,454
- Non controlling interests	(489)	(518)	0	(1,007)

• **Performance by business segment in the first nine months of 2018**

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

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

<i>(Euro thousands)</i>	First nine months of 2019	First nine months of 2018
Profit/(loss) for the period (A)	5,447	36,623
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period	601	(213)
<i>Incomes (Losses) on financial assets at fair value</i>	601	(213)
Comprehensive income/expense which will not be subsequently reclassified to the profit (loss) for the period	(60)	(8)
<i>Gains/(losses) on remeasurement of defined benefit plans</i>	(60)	(8)
Other comprehensive income, net of tax (B)	541	(221)
Total comprehensive income for the period (A)+(B)	5,988	36,402
Total comprehensive income attributable to:		
- Group Share	6,995	6,645
- Non Controlling Interests	(1,007)	29,757

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

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
CASH FLOW from operating activities		
Investments in funds and shareholdings	(14,199)	(25,887)
Capital reimbursements from funds	19,548	53,061
Sale of investments	1,000	81,261
Interest received	94	335
Interest paid	0	(28)
Cash distribution from investments	1,970	428
Realized gains (losses) on exchange rate and derivatives	1	1
Taxes paid / reimbursed	(6,139)	(1,451)
Dividends received	135	183
Management and performance fees received	50,458	59,837
Revenues for services	1,263	1,486
Operating expenses	(34,502)	(36,342)
Net cash flow from operating activities	19,629	132,884
CASH FLOW from investing activities		
Acquisition of property, plant and equipment	(373)	(79)
Sale of property, plant and equipment	0	34
Purchase of licenses and intangible assets	(420)	(11)
Net cash flow from investing activities	(793)	(56)
CASH FLOW from financing activities		
Acquisition of financial assets	(7,657)	(2,465)
Sale of financial assets	516	200
Cash flow from leasing contract	(2,232)	0
Share capital issued	100	766
Own shares acquired	0	(3,186)
Share capital issued for Stock Option Plan	324	0
Dividends paid	(37,531)	(75,508)
Loans and bank loans	(1,528)	442
Net cash flow from financing activities	(48,008)	(79,751)
CHANGE IN CASH AND CASH EQUIVALENTS	(29,172)	53,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	143,767	127,916
Effect of change in basis of consolidation: cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	114,595	180,993

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 warrant	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 1st 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	485	0	0	485	0	485
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	292	0	(296)	(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)	(41,711)	(41,729)
Total comprehensive income	0	0	0	0	(213)	(5)	0	6,863	6,645	29,757	36,402
Total at 30 september 2018	306,612	241,013	61,322	(82,920)	(219)	(17,436)	(51,882)	6,863	463,353	80,580	543,933

(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	389	0	0	389	0	389
Cancellation of own shares	(40,000)	(22,780)	0	62,780	0	0	0	0	0	0	0
Treasury shares given for incentive plans	0	0	0	1,525	0	(967)	(234)	0	324	0	324
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)	(332)	0	7,525	(8,905)	(1,380)
Total comprehensive income (loss)	0	0	0	0	601	(60)	0	6,454	6,995	(1,007)	5,988
Total at 30 september 2019	266,612	186,882	61,322	(10,415)	422	(19,382)	(41,378)	6,454	450,517	24,199	474,716

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 Interim Consolidated Financial Statements at 30 September 2019

The Interim Consolidated Financial Statements at 30 September 2019 (the "Consolidated Financial Statements") comprise the document required by Article 2.2.3 of the Stock Exchange Regulation (FTSE Italia STAR segment).

The operating results, financial position and cash flows are prepared in conformity with the evaluation and measurement criteria established by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Union in accordance with the procedure laid down in Article 6 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The accounting principles used in the Consolidated Financial Statements do not differ substantially from those used in the Financial Statements at 31 December 2018, with the exception of those which came into force with effect from 1 January 2019 (i.e. IFRS 16).

The Consolidated Financial Statements at 30 September 2019 comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income (Statement of Performance), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Shareholders' Equity and these Notes to the Financial Statements. They are also accompanied by the Interim Management Report and the Certification of the Interim Management Report.

The economic information relating to the cash flow statement refer to the first nine months of 2019 and the same period of 2018; the information relating to assets refers to 30 September 2019 and 31 December 2018, with reporting, in relation to latter date, both of the figures published and those amended in order to reflect the adoption of the accounting standards that came into force with effect from 1 January 2019 (i.e. IFRS 16). For more details, refer to the section *Restatement*, set out 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.

The accounts of the Consolidated Financial Statements are not audited by the Independent Auditors.

Statement of compliance with accounting standards

The Consolidated Financial Statements at 30 September 2019 were prepared on the assumption of business continuity and in conformity with the International Accounting Standards adopted by the European Union and endorsed by the date that this document was prepared, hereafter the International Accounting Standards or individually IAS/IFRS or collectively IFRS (International Financial Reporting Standards), as well as in compliance with Article 154-ter of Legislative Decree 58/1998, implementing the "Transparency Directive".

When preparing the 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.

In accordance with the provisions of IAS/IFRS and current legislation, the Company has authorised the publication of the Interim Financial Statements at 30 September 2019 under the terms of the law.

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.

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 the 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 Leasing			2,818	2,818
- 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 preparing the Consolidated Interim Financial Statements at 30 September 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 periods, the change is reported in the period in which the revision takes place and in future periods.

While stressing that the use of reasonable estimates is an essential part of preparing the Consolidated Financial Statements at 30 September 2019, note that this use of estimates is particularly significant with reference to the valuations of the assets and shareholdings in 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 allowed by IAS/IFRS, the preparation of the Consolidated Financial Statements at 30 September 2019 required the use of significant estimates by the Company's management, especially with regard to the valuations at fair value of the investment portfolio (equity investments and funds).

These fair values are calculated by directors based on their best judgement and estimation using the knowledge and evidence available at the time that the Consolidated Financial Statements at 30 September 2019 are 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 September 2019, the following companies came under the scope of consolidation of the DeA Capital Group (changed compared to December 2018 for the inclusion of DeACapital Real Estate Iberia S.L.):

Company	Registered office	Currency	Share capital	% holding	Consolidation method
DeA Capital S.p.A.	Milan, Italy	Eur	266,612,100	Holding	
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	Eur	1,200,000	100.00%	Full consolidation
lDeA 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	617,450	43.60%	Equity accounted (Associate)
lDeA Efficienza Energetica e Sviluppo Sostenibile	Milan, Italy	Eur	-	30.40%	Equity accounted (Associate)
Venere	Rome, Italy	Eur	-	27.27%	Equity accounted (Associate)

Notes on the Consolidated Statement of Financial Position

NON-CURRENT ASSETS

Non-current assets stood at EUR 384.6 million at 30 September 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, standing at EUR 93.7 million at 30 September 2019 (unchanged compared with 31 December 2018), refers to the goodwill recorded with regard to the acquisitions of DeA Capital Alternative Funds SGR (EUR 31.3 million) and IFIM/FIMIT SGR (now DeA Capital Real Estate SGR) for EUR 62.4 million.

1b – Intangible assets

Intangible assets stand at EUR 20.4 million at 30 September 2019 (EUR 21.0 million at 31 December 2018), after having deducted amortisation and depreciation for the period of EUR -0.9 million. The item mainly includes customer relationships and intangible assets associated with variable fees which come from the allocation of the residual value of FIMIT SGR at the (reverse) merger date into FARE SGR (now DeA Capital Real Estate SGR). At 30 September 2019 these intangible assets identified as customer relationships and intangible assets associated with variable fees are valued at EUR 0.2 million (EUR 0.6 million at 31 December 2018) and EUR 19.1 million (unchanged compared to 31 December 2018), respectively.

1c – Tangible assets

Tangible assets stood at EUR 15.0 million at 30 September 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 -2.7 million.

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

- to lease vehicles;
- to properties, namely the Group companies registered offices and 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".

2 – Financial investments and other non-current assets

Financial investments in companies and funds constitute the Group's typical activities. These investments rose from EUR 248.9 million at 31 December 2018 to EUR 245.1 million at 30 September 2019.

2a – Investments in associates

This item, which totalled EUR 16.4 million at 30 September 2019 (EUR 20.9 million at 31 December 2018), relates to the following assets:

- units in the IDeA EESS fund for a value of EUR 6.7 million (compared with EUR 9.3 million at 31 December 2018). The change during the period was essentially due to the net distributions of capital undertaken during the period;
- units in the Venere fund for a value of EUR 3.4 million (compared with EUR 5.7 million at 31 December 2018). The change during the period was due to the net distributions of capital undertaken and the loss for the period;
- the investment in YARD for a value of EUR 6.3 million (compared with EUR 5.9 million at 31 December 2018, with the change being attributable to the loss for the period).

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

<i>(EUR million)</i>	Alternative Investment	Alternative Asset Management	Total
IDeA EESS fund	6.7	0.0	6.7
Venere fund	1.1	2.3	3.4
YARD group	0.0	6.3	6.3
Total	7.8	8.6	16.4

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

This item, totalling EUR 22.6 million at 30 September 2019 (compared with EUR 23.5 million at 31 December 2018) breaks down as follows:

<i>(EUR million)</i>	30.9.2019	31.12.2018
Participations in Portfolio		
Iacobucci HF Electronics	6.0	6.0
Pegaso Transportation Investments (Talgo)	16.6	17.5
Investments at Fair Value through P&L	22.6	23.5
Total Participations in Portfolio	22.6	23.5

At 30 September 2019, as at 31 December 2018, the DeA Capital Group holds minority interests, through the IDeA OF I fund, in Iacobucci HF Electronics and Pegaso Transportation Investments (Talgo).

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

At 30 September 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 ToI Due (which holds an investment in Alice Pizza), and other minor equity investments.

At 30 September 2019, this item was EUR 60.1 million, compared with EUR 51.0 million at 31 December 2018.

The table below provides a breakdown of shareholdings in other companies at fair value through profit or loss at 30 September, by area of activity:

<i>(EUR million)</i>	Alternative Investment	Alternative Asset Management	Total
Kenan Investments	25.8	0.0	25.8
Cellularline	6.7	0.0	6.7
IDeaMI	22.3	0.0	22.3
ToI Due	5.0	0.0	5.0
Minority interests	0.3	0.0	0.3
Total	60.1	0.0	60.1

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 September 2019 at EUR 25.8 million (compared with EUR 19.4 million at 31 December 2018). The increase compared with 31 December 2018 (EUR +6.4 million) is due to the increase in fair value, due to the combined effect of the rise in the price per share (TRY 20.76 per share at 30 September 2019, versus TRY 14.90 per share at 31 December 2018), only partly offset by the devaluation of the Turkish lira against the euro (6.16 TRY/EUR at 30 September 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 essentially to investments in units of 3 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), 5 venture capital funds and 10 real estate funds, totalling EUR 145.9 million in the Consolidated Financial Statements at 30 September 2019 (compared with EUR 153.6 million at 31 December 2018).

The table below illustrates the change in the first nine months of 2019 of the funds measured at fair value through P&L:

<i>(EUR thousand)</i>	Balance at 1.1.2019	Increases (Capital call/Purchase)	Decreases (Capital distribution/ Disposals)	Fair value adjustment	Translation effect	Balance at 30.9.2019
Venture capital funds	8,970	0	(808)	(1,732)	12	6,442
IDeA I FoF	33,129	367	(4,868)	(1,246)	0	27,382
ICF II	31,305	185	(2,297)	1,053	0	30,246
ICF III	10,393	1,028	0	1,008	0	12,429
IDeA ToI	11,878	5,027	0	(299)	0	16,606
IDeA CCR I	925	60	(11)	3	0	977
IDeA CCR II	1,611	1,453	(8)	(67)	0	2,989
IDeA Agro	16	296	(0)	(16)	0	295
Santa Palomba	441	83	0	(12)	0	512
DeA Capital Real Estate SGR funds	54,654	248	(8,608)	1,520	0	47,814
DeA Capital Alternative Funds SGR funds	229	14	(16)	0	0	228
Total funds	153,551	8,761	(16,616)	212	12	145,920

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

<i>(EUR million)</i>	Alternative Investment	Alternative Asset Management	Total
Venture capital funds	6.4	0.0	6.4
IDeA I FoF	27.4	0.0	27.4
ICF II	30.2	0.0	30.2
ICF III	12.4	0.0	12.4
IDeA ToI	16.6	0.0	16.6
IDeA CCR I	1.0	0.0	1.0
IDeA CCR II	3.0	0.0	3.0
IDeA Agro	0.3	0.0	0.3
Santa Palomba	0.5	0.0	0.5
DeA Capital Real Estate SGR funds	0.0	47.9	47.9
DeA Capital Alternative Funds SGR funds	0.0	0.2	0.2
Total funds	97.8	48.1	145.9

3a – Deferred tax assets

The balance of deferred tax assets includes the value of deferred tax assets, excluding deferred tax liabilities, where they can be offset. Deferred tax assets stood at EUR 1.5 million at 30 September 2019 (compared with EUR 2.2 million at 31 December 2018).

3b – Loans and receivables

This item totalled EUR 2.5 million at 30 September 2019 compared with EUR 0.8 million at 31 December 2018. The increase for the period refers primarily to the loan of EUR 1.4 million granted to Paris R² (a vehicle that owns an office property located in Paris). The balance at 30 September 2019 also includes the loan to the associate YARD following the sale to the latter of a 100% interest in SPC by DeA Capital Partecipazioni (for EUR 0.5 million, unchanged compared with 31 December 2018) and financial receivables from employees (of EUR 0.5 million, compared with EUR 0.3 million at 31 December 2018).

3c – Receivables for the deferral of placement charges

This item amounted to EUR 0.4 million at 30 September 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 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 September 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, recorded under “Leased buildings” in tangible assets, for the share pertaining to the DeA Capital Group.

3e – Other non-current assets

This item, which totalled EUR 4.7 million at 30 September 2019 (in line with the figure at 31 December 2018), included EUR 3.8 million relating to the receivable from the IDeA OF I fund for the sale of 1% of Manutencoop (EUR 3.7 million at 31 December 2018).

CURRENT ASSETS

Current assets stood at EUR 146.7 million at 30 September 2019, compared with EUR 185.4 million at 31 December 2018, or EUR 185.7 million taking into account the increase of associated with the application, from 1 January 2019, of IFRS 16.

4a – Trade receivables

At 30 September 2019, trade receivables amounted to EUR 9.9 million, down from EUR 14.7 million at 31 December 2018 (with the change during the period being attributable mainly to the collection of fees by the funds managed).

The balance refers mainly to the receivables of DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR for EUR 9.7 million in total at 30 September 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.

4b – Financial assets measured at fair value

At 30 September 2019, the item “Financial assets measured at fair value” stood at EUR 14.2 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 6.1 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 8.1 million (zero at 31 December 2018, as the investment was made in 2019).

4c – Financial receivables

The balance of this item at 30 September 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 a 100% interest 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 September 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, recorded under “Leased buildings” in tangible assets, for the share pertaining to the DeA Capital Group.

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

This item totalled EUR 1.8 million at 30 September 2019 (EUR 0.4 million at 31 December 2018) and relates to the receivable from the Parent Company De Agostini S.p.A. for participation in the Group’s tax consolidation scheme.

4f – Other tax receivables

These receivables stood at EUR 3.2 million at 30 September 2019 (EUR 15.8 million at 31 December 2018). This item mainly includes the payments on account for IRAP and IRES, tax withholdings incurred on interest, IRES credited to be carried over, as well as VAT credits.

4g – Other receivables

This item, EUR 2.6 million at 30 September 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 refers to bank deposits and cash, inclusive of accrued interest, and totalled EUR 114.6 million at 30 September 2019 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.

SHAREHOLDERS' EQUITY

5 – Shareholders' equity

Group shareholders' equity

At 30 September 2019, Group shareholders' equity was EUR 450.5 million, compared with EUR 466.5 million at 31 December 2018. The decrease in Group shareholders' equity in the first nine months of 2019, totalling EUR -16.0 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 consideration for the acquisition of 100% of DeA Capital Real Estate SGR (EUR +8.0 million);
- the result of the Statement of Performance – IAS 1 (EUR +7.0 million).

Minority interest shareholders' equity

At 30 September 2019, Minority interest shareholders' equity was EUR 24.2 million (compared with EUR 39.3 million at 31 December 2018). This item primarily relates to the shareholders' equity attributable to minorities resulting from the line-by-line consolidation of the IDeA OF I fund.

The total decrease of EUR -15.1 million compared with the balance at 31 December 2018 includes the effects of the acquisition by the DeA Capital Group of the interest previously held by minority unitholders in DeA Capital Real Estate SGR.

NON-CURRENT LIABILITIES

Non-current liabilities stood at EUR 27.1 million at 30 September 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 September 2019 this item totalled EUR 0.9 million (unchanged compared with 31 December 2018) and refers to the payable associated with the launch of the Agro Fund.

6b – Deferred tax liabilities

At 30 September 2019, this item totalled EUR 6.0 million (essentially unchanged compared to 31 December 2018), and specifically includes the liabilities for deferred taxes of 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 September 2019 this item totalled EUR 5.0 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 15.2 million at 30 September 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 September 2019 refers:

- for EUR 13.2 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, and the leasing of the Group company offices (specifically the property at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR);
- for EUR 1.7 million to the variable price component (earn-out) relating to the purchase by the DeA Capital Group of the units previously held by INPS in DeA Capital Real Estate SGR (this amount is essentially unchanged compared with the balance at 31 December 2018);
- for EUR 0.3 million to the variable price component (earn-out) relating to the purchase by the DeA Capital Group of the units previously held by Fondazione Carispezia in DeA Capital Real Estate SGR (zero at 31 December 2018).

CURRENT LIABILITIES

Current liabilities stood at EUR 29.5 million at 30 September 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 6.4 million at 30 September 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.

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

At 30 September 2019 this item stood at EUR 7.3 million, compared with EUR 9.1 million at 31 December 2018 and mainly relates to the payable in respect of staff for leave not taken and bonuses and for payables to welfare institutions.

7c – Current tax payables

This item totalled EUR 3.8 million at 30 September 2019 (EUR 5.8 million 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

At 30 September 2019, other tax payables totalled EUR 2.4 million, compared with EUR 1.3 million at 31 December 2018. Specifically, at 30 September 2019 this balance included:

- the VAT payable of DeA Capital Real Estate SGR totalling EUR 1.8 million (the amount recorded under "Other tax payables" was EUR 10.9 million at 31 December 2018);
- tax payables for withholdings on employee and independent contractor income paid by the due date after the end of the third quarter of 2019, equal to EUR 0.5 million (EUR 1.2 million at 31 December 2018).

7e – Other payables

Other payables stood at EUR 4.8 million at 30 September 2019, compared with EUR 15.9 million at 31 December 2018, and relate for EUR 4.5 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 4.8 million at 30 September 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). The item at 30 September 2019 refers:

- 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, and the leasing of the Group company offices (specifically the property at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR);
- for EUR 1.5 million to the variable price component (earn-out) relating to the purchase by the DeA Capital Group of the units previously held by INPS in DeA Capital Real Estate SGR (this amount is essentially unchanged compared with the balance at 31 December 2018);
- for EUR 0.3 million to the variable price component (earn-out) relating to the purchase by the DeA Capital Group of the units previously held by Fondazione Carispezia in DeA Capital Real Estate SGR (zero at 31 December 2018).

Notes on the Consolidated Income Statement

8 – Alternative asset management fees

In the first nine months of 2019, alternative asset management fees were EUR 47.7 million, compared with EUR 44.4 million in the corresponding period in 2018.

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

<i>(EUR million)</i>	First nine months of 2019	First nine months of 2018
DeA Capital Real Estate SGR	29.1	30.4
DeA Capital Alternative Funds SGR *	17.8	14.0
DeA Capital Real Estate France S.A.S.	0.8	0.0
Total management fees from Alternative Asset Management	47.7	44.4

() 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, EUR -0.2 million in the first nine months of 2019 compared with EUR +0.9 million in the first nine months of 2018, is primarily attributable pro-rata to the result of the equity investments in:

- YARD (EUR +0.1 million in the first nine months of 2019, compared with EUR +0.7 million in the first nine months of 2018);
- Venere (EUR -0.4 million in the first nine months of 2019, compared with EUR +0.2 million in the first half of 2018).

10 – Other investment income/expense

Other net income realised on investments in shareholdings and in funds stood at EUR +3.5 million in the first nine months of 2019, compared with EUR +36.8 million in the corresponding period of 2018. The item mainly refers to:

- the recovery of the investment in Kenan/Migros totalling EUR +6.4 million, attributable to the increase in fair value, due to the combined effect of the rise in the price per share (TRY 20.76 per share at 30 September 2019, versus TRY 14.90 per share at 31 December 2018), only partly offset by the devaluation of the Turkish lira against the euro (6.16 TRY/EUR at 30 September 2019, versus 6.06 TRY/EUR at 31 December 2018);
- the fair value adjustment of venture capital funds for EUR -1.7 million;
- the fair value adjustment of the investment in Pegaso Transportation Investments (Talgo) for EUR -0.9 million.

In the first nine months of 2018 the item referred primarily to:

- the capital gain on the sale, closed in July 2018, of the investment in Corin Orthopaedics Holding Limited for a total of EUR 51.4 million;
- the write-down of the investment in Kenan/Migros totalling EUR -25.9 million, attributable to the decrease in fair value, due to the combined effect of the fall in the price per share (TRY 16.18 per share at 30 September 2018, versus TRY 27.56 per share at 31 December 2017) and the devaluation of the Turkish lira against the euro (7.08 TRY/EUR at 30 September 2018, versus 4.55 TRY/EUR at 31 December 2017);
- the fair value adjustment of the alternative investment funds for EUR +9.1 million.

11 – Service revenues

This item amounted to EUR 0.3 million in the first nine months of 2019 (EUR 1.8 million in the corresponding period of 2018, which included revenues attributable to the SPC business sold at the end of 2018).

12a – Personnel costs

The total cost of personnel stood at EUR 23.5 million in the first nine months of 2019 (EUR 21.1 million in the corresponding period of 2018). Details of personnel costs and the comparison with the corresponding period of 2018 are given below:

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Salaries and wages	13,662	12,714
Social security charges	4,172	3,781
Board of directors' fees	3,468	2,136
Performance shares cost	389	485
End-of-service payment fund	886	871
Other personnel costs	961	1,070
Total	23,538	21,057

12b – Service costs

Service costs stood at EUR 11.0 million in the first nine months of 2019 (EUR 13.5 million in the corresponding period of 2018). Details of service costs and the comparison with the corresponding period of 2018 are given below:

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Administrative, Tax Legal consultancy and other costs	5,568	5,536
Fees to corporate bodies	409	440
Ordinary maintenance	149	153
Travel expenses	554	607
Utilities and general expenses	795	834
Third-party rental, royalties and leasing	675	2,781
Bank charges	42	43
Books, stationery and conferences	169	189
Commission expenses	664	820
Other expenses	1,936	2,050
Total	10,961	13,453

12c – Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses stood at EUR 3.6 million in the first nine months of 2019 (EUR 1.8 million in the corresponding period of 2018). In 2019 this item includes depreciation, amortisation and impairment losses totalling EUR 2.2 million, relating to assets recognised in 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 leased vehicles;
- to properties, namely the Group companies registered offices and 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 stood at EUR 2.6 million in the first nine months of 2019 (EUR 7.2 million in the corresponding period of 2018).

In the first nine months of 2019 the item referred primarily to:

- the write-down of receivables for management fees of DeA Capital Real Estate SGR for EUR -1.3 million (EUR -1.9 million in the first nine months of 2018);
- non-deductible, pro-rata VAT on costs of DeA Capital Real Estate SGR totalling EUR -1.1 million (unchanged compared to the result in the first nine months of 2018).

In the first nine months of 2018 the item also included an accrual to the provision for risks for a fund in portfolio of DeA Capital Real Estate SGR for EUR -2.7 million (zero in the first nine months of 2019).

13 – Financial income (expense)

In the first nine months of 2019 financial income totalled EUR +0.8 million (EUR +0.6 million in the corresponding period of 2018) and financial expense stood at EUR -1.0 million (EUR -0.2 million in the corresponding period of 2018).

13a – Financial income

Below is the breakdown of the financial income in the first nine months of 2019 and the comparison with the corresponding period of 2018:

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Interest incomes	416	352
Exchange gains	364	281
Total	780	633

13b – Financial charges

Below is the breakdown of the financial expense in the first nine months of 2019 and the comparison with the corresponding period of 2018:

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Interest expenses	358	61
Exchange losses	337	124
Other	311	29
Total	1,006	214

In 2019, financial charges include interest expense on leases totalling EUR -0.3 million relating to the financial debt recognised in application of IFRS 16.

14 – Income tax

Income tax amounted to EUR -4.9 million in the first nine months of 2019 (EUR -4.2 million in the corresponding period of 2018).

Below is the breakdown of income tax in the first nine months of 2019 and the comparison with the corresponding period of 2018:

<i>(EUR thousand)</i>	First nine months of 2019	First nine months of 2018
Current taxes:		
- Income from tax consolidation scheme	1,073	218
- IRES	(3,739)	(5,471)
- IRAP	(1,682)	(1,104)
- Other tax	0	(3)
Total current taxes	(4,348)	(6,360)
Deferred taxes for the period:		
- Charges for deferred/prepaid taxes	(560)	2,162
- Income from deferred/prepaid taxes	19	23
Total deferred taxes	(541)	2,185
Total income tax	(4,889)	(4,175)

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 Article 2391-*bis* of the Italian Civil Code by means of Consob Resolution 17221 of 12 March 2010, as amended.

In the first nine months of 2019, the Company did not carry out any atypical or unusual transactions with related parties, only those that are part of the normal business activities of Group companies. It also did not carry out any "significant transactions" as defined in the above-mentioned procedure.

Transactions with related parties during the first nine months of 2019 were concluded at arm's length, taking into account 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. 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 relations services.

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

At the same time, on 1 January 2013, DeA Capital S.p.A. signed an "Agreement to sub-let property for intended use other than residential use" with the controlling shareholder, De Agostini S.p.A. The agreement relates to parts of a building located at Via Brera 21, Milan, comprising spaces 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, DeA Capital Alternative Funds SGR and DeA Capital Real Estate SGR have adopted the national tax consolidation scheme of the De Agostini Group (the Group headed by De Agostini S.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 by notifying the tax authorities of this option pursuant to the 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 for the three-year period 2018-2020 and for DeA Capital Real Estate SGR for the three-year period 2019-2021.

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

Deposit/financing operations within this Framework Agreement shall be activated only 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 tacitly renewed each year.

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

Note that there were no deposit/financing operations between DeA Capital S.p.A. and De Agostini S.p.A. arising from the above-mentioned Framework Agreement.

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

Significant events after the end of the period and outlook

❖ SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

In performance of the agreements entered into on 31 July 2019, the following acquisitions were completed on 5/6 November 2019:

- the **NPL management business unit of Quaestio Capital**, including the management of the Atlante fund and Italian Recovery Fund, with assets under management of EUR 2,353 million (for an outlay of EUR 12.2 million);
- the **relative majority interest (approximately 38.8%) in Quaestio Holding**, which holds 100% of Quaestio SGR; following the sale of the NPL management business, Quaestio SGR shifted its focus to investment solutions for institutional investors ("Asset Management"), with assets under management of over EUR 7,500 million (for an outlay at closing of EUR 14.1 million, considering the warrants purchased).

The ownership structure of Quaestio Holding following the above is as follows:

- DeA Capital S.p.A. with a 38.82% interest;
- Fondazione Cariplo, with a 34.01% interest;
- 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 and Direzione Generale Opere Don Bosco) with an overall stake of 27.17%.

With reference to the Quaestio Holding operation, it should be noted that the agreements provide for a post-closing price adjustment based on net financial position and income on the sale of assets other than Asset Management.

Moreover, a new five-year shareholders' agreement between the shareholders of Quaestio Holding was also signed establishing the corporate governance structure for the Quaestio Group.

❖ OUTLOOK

The outlook for the business is that it will continue to focus on developing the **Asset Management** Platform, with the short-term goal of reaching full implementation of the acquisitions mentioned above.

Specifically, the DeA Capital Group intends to consolidate its strategic positioning in the NPL / UTP segments – extremely current and attractive to investors – as well as to integrate operations with investment solutions and capital allocation strategies with greater added value.

In **Alternative Investment**, work will continue on the valorisation of the investments in portfolio, while also taking advantage of the available capital to support the initiatives launched by the Asset Management Platform according to a sponsorship/co-investment approach.

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.

**Certification of the Interim Management Report
at 30 September 2019**

**Certification of the Interim Management Report at 30 September 2019
(pursuant to Article 154-bis of Legislative Decree 58/98)**

Manolo Santilli, the Manager responsible for preparing the Company's accounts, hereby declares, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act (TUF), that the financial information contained in this document accurately represents the figures in the Company's accounting records.

Milan, 7 November 2019

Manolo Santilli

Manager responsible for preparing the
Company's accounts