



# FY 2009 RESULTS

March, 2010

**igd** SIQ

# Disclaimer



This presentation contains forwards-looking information and statements about IGD SIIQ SPA and its Group. Forward-looking statements are statements that are not historical facts.

These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding plans, performance.

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## 2009 Achievements



In a tough 2009 environment:

➤ **We continued to focus on growth**

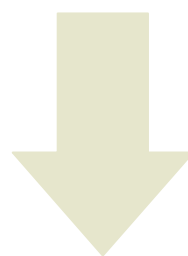
Over € 260 mn in terms of investment cash-out.  
4 openings (Guidonia, Catania, Faenza and Asti).

➤ **We presented a new strategic plan**

€ 750 mn investment pipeline.  
Higher profitability targets –  
77% Ebitda margin in 2013

➤ **We focused on efficient marketing**

Pressures on rents did not result in portfolio devaluations.



**PROFITABLE GROWTH**

**ASSET VALUE RESILIENCE**

## Highlights



vs. 2008

↗ Revenues €119.65 mn



+ 17.95%

↗ EBITDA €76.29 mn



+ 29.47%

↗ FFO €39.66 mn



+ 27.9%

↗ Mkt Value of IGD portfolio at  
year-end €1,724.855 mn



+ 21.2%

↗ NNAV ps €2.47



+ 0.82%

↗ Dividend ps €0.05

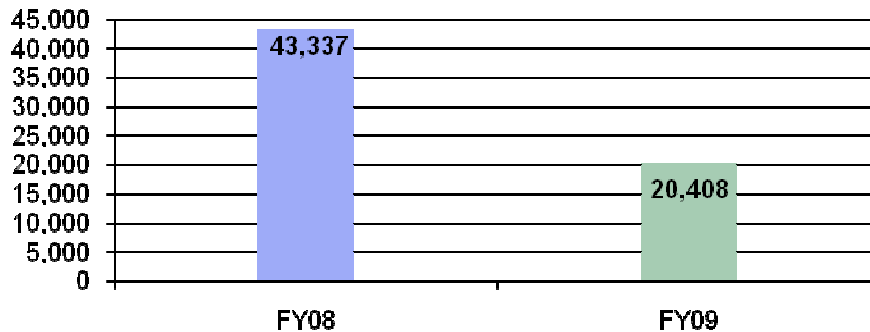


+ 42.86%

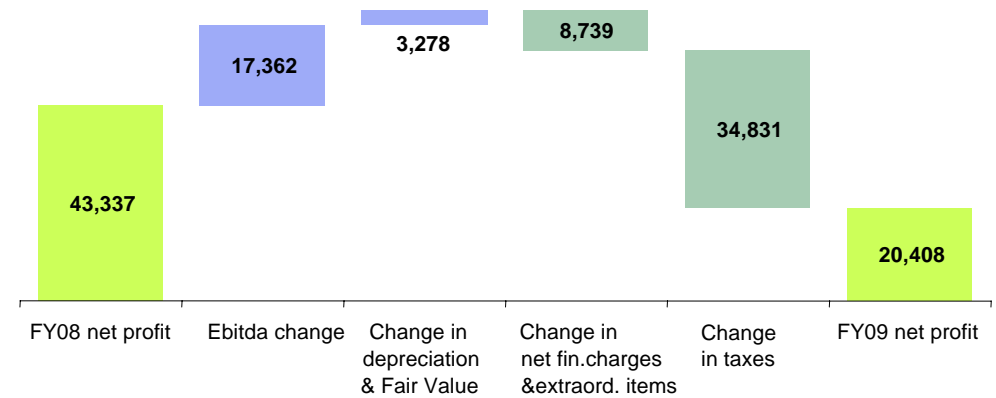
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# Net Profit

## NET PROFIT (€000)



## NET PROFIT CHANGE (€000)



**The €22.9 mn decrease in Net Income vs. FY08 reflects:**

- + a sizeable improvement at Ebitda level
- + a better resilience of assets' value vs. FY08
- heavier net financial charges due to higher average net indebtedness than in FY08
- unfavorable comparison with FY08 fiscal items (deferred tax liabilities due to new Siiq status)

## Reclassified Income Statement

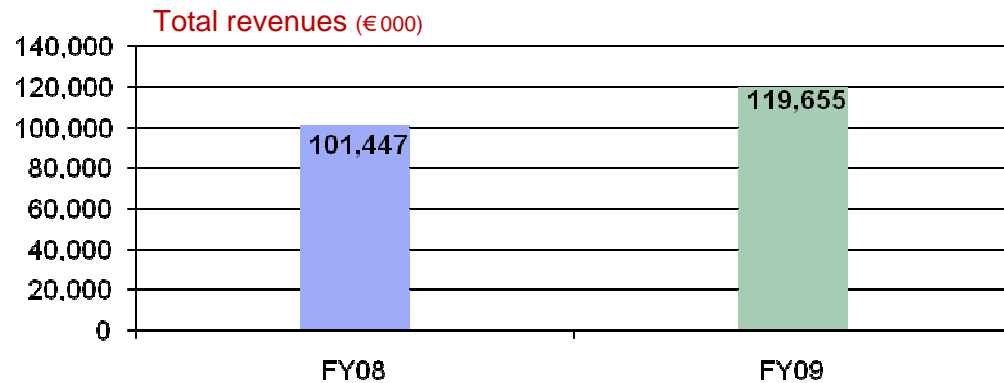


€/000

	FY 2008	FY 2009	Change	%
Revenues from freehold properties	77,008	97,813	20,805	27.02%
Revenues from leasehold properties	11,190	8,515	(2,675)	(23.90%)
Revenues from services	4,425	6,315	1,890	42.72%
Corporate revenues	82	17	(65)	(79.24%)
<b>Total revenues</b>	<b>92,705</b>	<b>112,660</b>	<b>19,955</b>	<b>21.52%</b>
Other revenues	8,742	6,995	(1,747)	(19.98%)
<b>Total revenues+ other operating incomes</b>	<b>101,447</b>	<b>119,655</b>	<b>18,208</b>	<b>17.95%</b>
Constructions	0	226	226	n.a.
Other costs	(8,742)	(6,995)	1,747	(19.98%)
Direct costs	(21,885)	(23,854)	(1,969)	9.00%
Personnel expenses	(2,407)	(3,156)	(749)	31.09%
<b>Gross Margin</b>	<b>68,413</b>	<b>85,876</b>	<b>17,463</b>	<b>25.53%</b>
G&A expenses	(4,580)	(4,171)	409	(8.93%)
Headquarter personnel costs	(4,908)	(5,418)	(510)	10.39%
<b>EBITDA</b>	<b>58,925</b>	<b>76,287</b>	<b>17,362</b>	<b>29.47%</b>
Depreciation	(672)	(899)	(227)	33.82%
Devaluation	(19,092)	(4,450)	14,642	(76.69%)
Change in Fair Value	(2,589)	(13,725)	(11,136)	430.17%
<b>EBIT</b>	<b>36,572</b>	<b>57,213</b>	<b>20,641</b>	<b>56.44%</b>
Financial Income	5,843	2,693	(3,149)	(53.90%)
Financial Charges	(31,779)	(37,276)	(5,497)	17.30%
<b>Net Financial Income</b>	<b>(25,936)</b>	<b>(34,583)</b>	<b>(8,647)</b>	<b>33.34%</b>
<b>Income from equity investments</b>	<b>92</b>	<b>0</b>	<b>(92)</b>	<b>(100.00%)</b>
<b>Pre-tax income</b>	<b>10,728</b>	<b>22,630</b>	<b>11,902</b>	<b>110.94%</b>
Income tax for the period	32,609	(2,222)	(34,831)	(106.81%)
<b>NET PROFIT</b>	<b>43,337</b>	<b>20,408</b>	<b>(22,929)</b>	<b>(52.91%)</b>

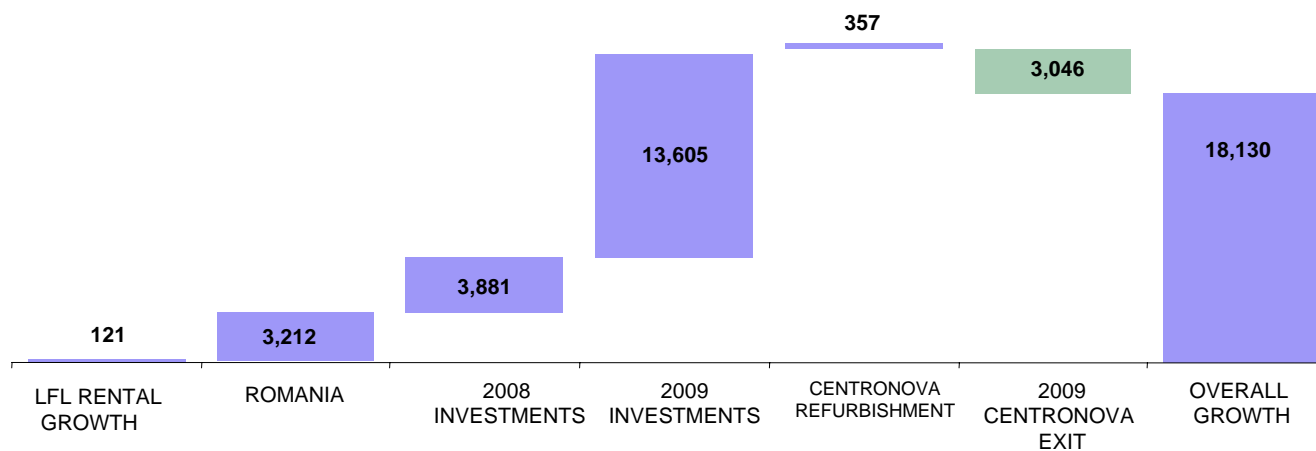
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## Total Revenues: + 17.95%



Investments made in 2008 and in 2009 drove FY09 headline growth

### REVENUE GROWTH DRIVERS (€000)

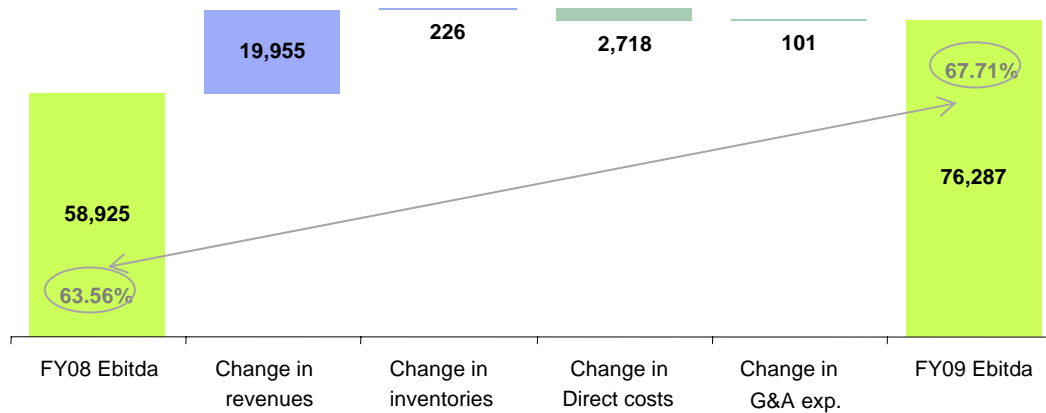


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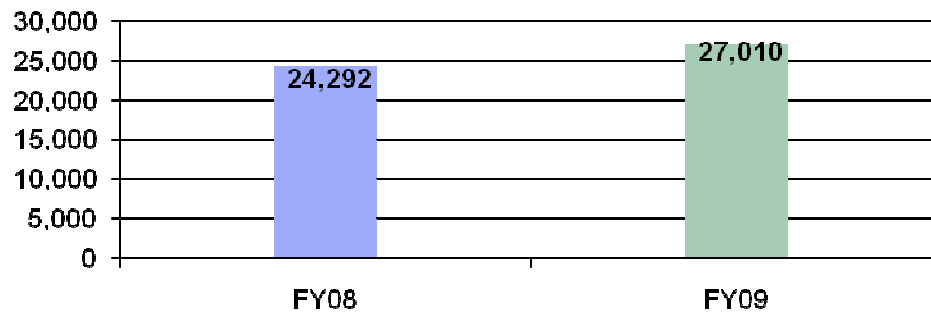
# Ebitda: + 29.47%, Ebitda Margin 67.71%



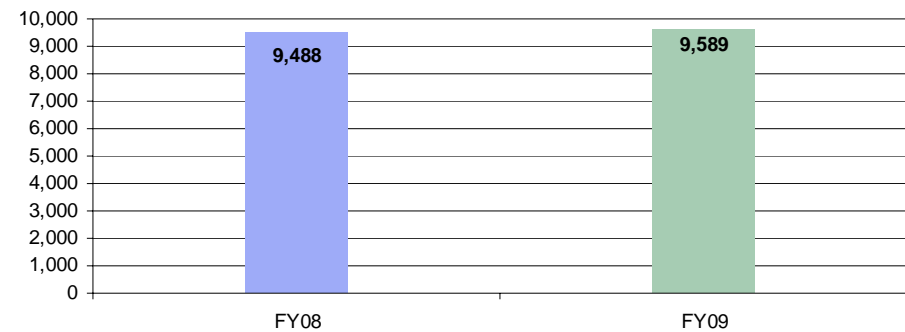
## EBITDA EVOLUTION (€000)



### Direct costs € 000



### G&A expenses





# Operating environment



**Economic downturn affecting retail sales**

... apart from Christmas and sales months we had to fight a negative consumptions environment

## 2009 ACTIONS

➤ Thorough analysis of retailers' profitability

➤ Historical knowledge of tenants P&L structure



Avoid experiencing bankruptcies among tenants



Keep excellent occupancy ratio



Identify the sustainable rent per sqm  
-in each sector  
-individually for major tenants



Guarantee the presence of anchor-retailers even when they have low margins

In Romania we signed long-term agreements with Carrefour, Domo and MiniMax Discount to widen and enrich offer as well as to improve quality of revenue streams.

## New tenants in IGD Italian shopping malls

### INTERNATIONAL AND PREMIUM BRANDS

- Stimulate new traffic for the whole mall
- Refresh the offer mix
- Are ideal targets for new galleries – facilitate pre-letting



**JACK & JONES**



**NEW YORKER**  
*Dress for the moment.*



## Reclassified Balance Sheet



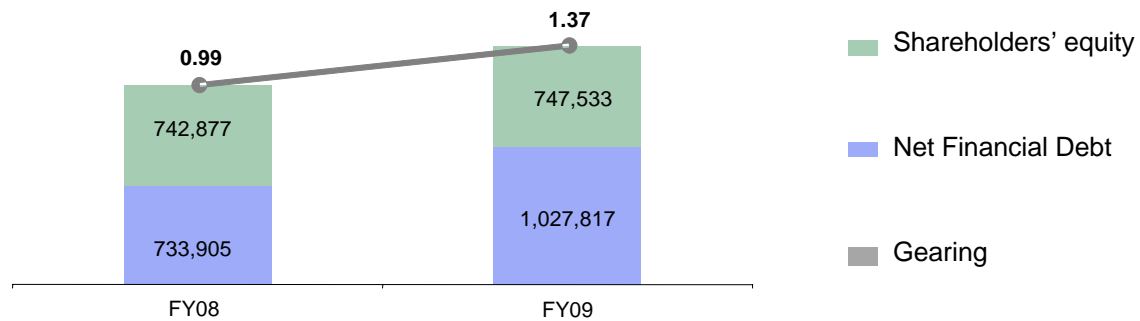
### SOURCE / USE OF FUNDS (€000)

	31 Dec. 2008	31 Dec. 2009	Δ	%
Fixed assets	1,516,187	1,760,342	244,155	16.10%
NWC	42,759	96,500	53,741	125.68%
Other long term liabilities	-82,164	-81,492	672	-0.82%
<b>TOTAL USE OF FUNDS</b>	<b>1,476,782</b>	<b>1,775,350</b>	<b>298,568</b>	<b>20.22%</b>
Shareholders' equity	742,877	747,533	4,656	0.63%
Net Debt	733,905	1,027,817	293,912	40.05%
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,476,782</b>	<b>1,775,350</b>	<b>298,568</b>	<b>20.22%</b>

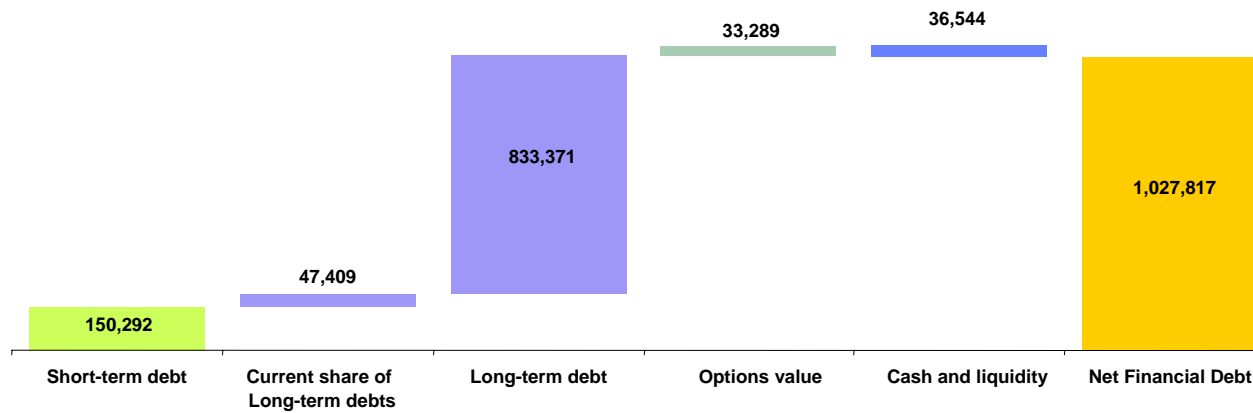
# Capital structure



## CAPITAL STRUCTURE (€000)



## NET DEBT COMPOSITION (€000)



March 2010

# Finance



**GEARING (D/E) = 1.37x**

Well below the peak gearing of 1.5X (expected in 2011)

Well below the breach level of any covenants

**LTV = 56.88%**

Below the 65% limit

**BALANCED CAPITAL STRUCTURE**

LT debt weight = 81.1% at YE

LT debt duration = 12 y

**LOW COST OF DEBT**

Average cost of debt: 3.53%

**STABLE LEVEL OF HEDGING**

Presently 57% of LT debt is hedged

At the present level of indebtedness a 100bp change in interest rates translates into a + €2.662 mn change in financial charges

**SHORT-TERM DEBT FLEXIBILITY**

Short-term lines available: €180 mn

**2009 ACCESS TO FUNDING**

Total funds raised in 2009: €347.42 mn

Short-term rates decreasing

Long-term credit spreads increasing

## Convertible bond – new conditions



### ALLUNGAMENTO DELLA DURATA

Era 28 giugno 2012; nuova scadenza sarà 28 dicembre 2013

--> + 18 mesi

### MINORE STRIKE PRICE

Era 4.93€, nuovo strike price: 2.75€ dal 29 giugno 2010

### CEDOLA PIU' ELEVATA

Era 2.5% (ultima cedola sarà pagata il 28 giugno 2010); nuova cedola: 3.50%, pagabile semestralmente dal 28 dicembre 2010.



Le nuove condizioni permettono a IGD di avere:

- una disponibilità di mezzi per un periodo di tempo più lungo;
- una cedola in linea con l'attuale costo medio del debito della società del 3,53%
- Uno strike price inferiore che rende il prestito di nuovo effettivamente convertibile mentre migliora il profilo della struttura patrimoniale.

## IGD portfolio in Italy



### 44 IGD (ex-RDG) real estate assets in 11 Italian Regions :

- **Emilia Romagna:** 4 galleries, 8 hyper-supermarkets, 1 plot of land, 3 other assets
- **Piedmont:** 2 galleries
- **Lombardy:** 2 galleries
- **Trentino-Alto Adige:** 1 gallery
- **Veneto:** 2 plots of land
- **Marche:** 1 gallery, 3 hypermarkets, 1 plot of land, 3 other assets
- **Abruzzi:** 1 gallery, 1 hypermarket
- **Campania:** 1 gallery, 1 hypermarket
- **Lazio:** 2 galleries, 2 hypermarkets
- **Tuscany:** 1 gallery, 1 hypermarket, 1 asset held for trading
- **Sicily:** 1 gallery, 1 hypermarket

#### out of which, newly revenue-generating assets in 2009:

- **Lazio:** 1 gallery, 1 hypermarket
- **Sicily:** 1 gallery, 1 hypermarket
- **E. Romagna:** 1 gallery, 1 hypermarket
- **Piedmont:** 1 gallery

### 3 RGD (50% jv) real estate assets:

- **Lombardy:** 1 gallery, 1 hypermarket
- **Piedmont:** 1 part of gallery
- **Emilia Romagna:** 1 gallery, 1 supermarket

## IGD portfolio in Romania



### Winmarkt real estate assets in Romania:

- 15 shopping malls
- 1 office building.
- Department stores are in prime central locations in 13 different cities in Romania



## Market Values, occupancy rates and yields



€mn	Mkt Value 2008YE	Mkt Value 2009YE
LFL Italian real estate portfolio	994.48	982.50
Assets generating revenues from 2009		368.00
Asset held for trading + plot of lands *	149.65	113.29
50% of RGD Portfolio	78.96	73.47
Winmarkt Portfolio Romania	200.10	187.60
<b>Total IGD Real Estate Portfolio</b>	<b>1,423.20</b>	<b>1,724.86</b>

\*In 2008 I bricchi Shopping Center was included in the item Asset held for trading + plot of lands while in 2009 it's included in the item Assets generating revenues from 2009

	Hypermarkets	Italian Galleries	Romanian Galleries
Occupancy rates	100%	97.92%	77.5%
Market Value as of 31Dec.2009 (mn €)	464.94	881.66	183.50
Compound Average Yield	6.37%	6.40%	8.96%

## Market value evolution



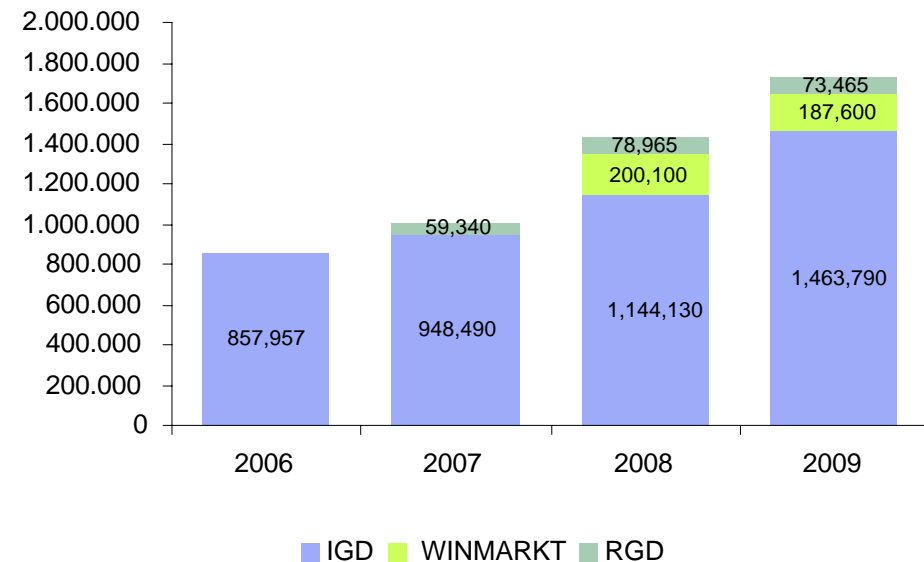
➤ Market value of IGD freehold properties is **€1,724.86 mn** as of 31Dec09, including 50% of RGD assets.

➤ **IGD real estate portfolio growth of 21.2%** was driven by new entries: market value of assets bought in 2009 (Guidonia, Catania, Faenza and Asti).

➤ LFL market value change indicates a resilience of **Italian portfolio (-1.2%)**, in particular as regards the hypermarket component (LFL change= -0.4%) , while LFL galleries' market value declined by 1.7%. Net contribution from 2009 acquisitions (Guidonia, Catania and Faenza) was € 329 mn.

➤ **Romania** presents a decrease in LFL market value **(-6.2%)** that looks limited, provided the heavy impact of the economic slowdown on both consumptions and real estate asset values in that country.

IGD real estate portfolio Market Value (€000)

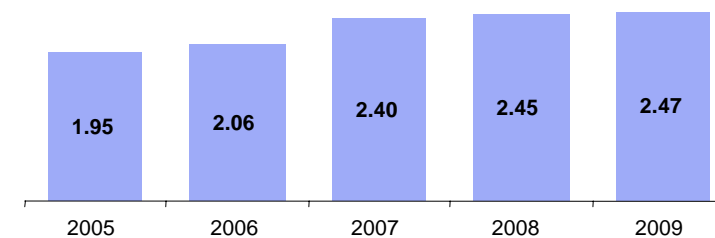


## NAV

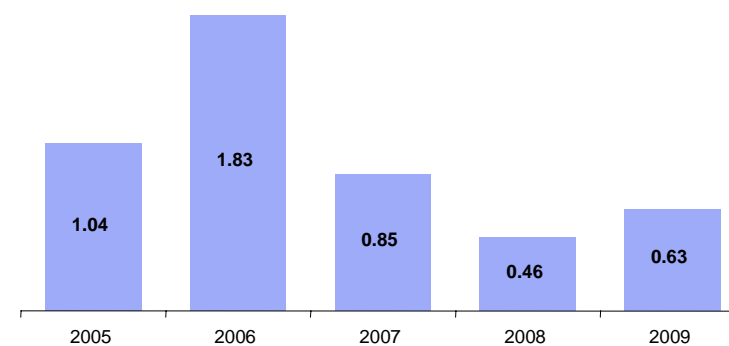


		FY08	FY09
Freehold Assets' Market Value	a	1,423.20	1,724.86
Freehold Assets' Book Value	b	1,421.24	1,726.02
<b>Potential capital gain/loss</b>	<b>c=a-b</b>	<b>1.96</b>	<b>(1.17)</b>
Shareholders' Equity		742.88	747.53
Treasury shares		22.25	22.25
<b>Adjusted Shareholders' Equity</b>	<b>h</b>	<b>765.13</b>	<b>769.79</b>
<b>Present stock price</b>	31-dic-09	<b>1.13</b>	<b>1.56</b>
<b>Potential gain( loss) on treasury shares</b>	<b>d</b>	<b>(9.74)</b>	<b>(5.02)</b>
<b>Total gain (loss)</b>	<b>e=c+d</b>	<b>(7.78)</b>	<b>(6.18)</b>
<b>NAV</b>	<b>f=e+h</b>	<b>757.34</b>	<b>763.60</b>
N. outstanding shares	g	309.25	309.25
<b>NAV per share</b>	<b>f/g</b>	<b>2.45</b>	<b>2.47</b>
Tax rate on asset gain		31.4%	27.9%
<b>Net Capital Gain</b>	<b>i</b>	<b>(8.40)</b>	<b>(5.86)</b>
<b>NNAV</b>	<b>l=h+i</b>	<b>756.73</b>	<b>763.93</b>
<b>NNAV per share</b>	<b>m=l/g</b>	<b>2.45</b>	<b>2.47</b>

NNAV ps (€)



YE PRICE/NNAV



## Dividend distribution



Thanks to the healthy results achieved in FY09, IGD Board will propose to the next AGM (on April 22) to approve the distribution of a

**0.05 € DIVIDEND PER SHARE**

representing:

- A **42.85% increase** (+0.015 €) vs. the FY08 dividend per share of 0.035 €
- A **94% payout** of 2009 net distributable income.
- A dividend **yield of 3.2%**, on the basis of 2009 year-end share price of € 1.56

## Final remarks



### OUTLOOK

- **Asset values stabilizing**
- **Consumptions expected to remain weak in Italy in 2010**

### FOCUS

- **Execution of 2009-2013 business plan**
- **Continued marketing effort to support tenants profitability and keep occupancy high**