



Conference call
19 December 2013
5.00 p.m. CET

2014-2016 Business Plan presentation

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3 Why a Business Plan update?

BASIC TARGET

Rolling plan with an annual update (methodology introduced in 2009 and now consolidated)

CONTINGENT SITUATION

Deterioration of the macroeconomic environment at the end of 2012 and in 2013 (and the **expectations** for the following years):

- GDP
- Inflation
- Consumption

but

OUTLOOK

- ✓ IGD's core business performance confirmed the validity of its **business model**, despite a context with critical operating conditions
- ✓ **Renewed interest of institutional investors (foreign) in ITALY** especially in the **Retail sector**
- ✓ **In ITALY consumers** benefit from **strong finance**, even if incomes are still under pressure
- ✓ A **recovery** (in both GDP and, subsequently, in consumption) in the next 3 years is expected, albeit a **slight one**

4 Basic macro assumptions

Basic assumptions	2013	2014	2015	2016
Inflation NEW	1.4%	1.4%	1.3%	1.5%
Inflation OLD	2.2%	2.0%	2.0%	-
GDP NEW	-1.8%	0.6%	1.1%	1.7%
GDP OLD	-0.3%	1.1%	1.2%	-
Consumption NEW	-2.4%	0.0%	0.6%	0.4%
Consumption OLD	-1.1%	0.7%	1.0%	-
Inflation Euro area NEW	1.5%	1.4%	1.4%	nd
Inflation Euro area OLD	1.7%	1.7%	1.7%	-
GDP NEW	2.1%	2.3%	2.5%	2.9%
GDP OLD	2.2%	3.7%	4.0%	-
Consumption NEW	1.0%	2.1%	3.2%	3.2%
Consumption OLD	2.9%	nd	nd	-



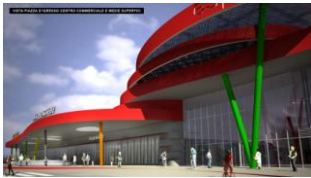
IGD processing on research and institute samples

5 Integration of sustainability in the Business Plan

This Business Plan integrates, for the first time, the **logics of sustainability into business strategies**.

These are the main strategic impacts:

Increase in quality and efficiency of Centers



Interpret the needs in a changing environment



Reinforce the concept of «Spaces to be lived in»



- **ISO 14001 roll out plan and BREEAM certification** of portfolio asset
- Specific work undertaken for **energy consumption** reduction
- Application of the **usability guidelines for disabled people** in the centers
- Structuring of **stakeholder engagement**: periodic monitoring of the satisfaction of tenants and visitors (including events), banks and investors (on CSR topics) and employees (on corporate climate)
- Strong focus on **integrated communication** strategies
- Use of the latest means of communication (i.e. apps)

6 Key figures – 2014-2016 Business Plan

CAGR core business revenues of which:	+2.9%
CAGR rental revenues	+2.6%
CAGR service revenues	+7/8%
CAGR LFL rental revenues	+1.5%
Ebitda Margin Freehold Management	> 80% (+3% vs 2013)
Gearing ratio	About 1.2x
Loan to Value (end of 2016)	About 54%
Interest Cover Ratio (end of 2016)	About 2x
FFO (BP timespan)	€ 30/35 mn
Extensions and Capex	About € 110 mn
Expected investments in Pipeline	About € 85 mn
Disposals	About € 190 mn

Growth concentrated at the end of the business thanks to the investments carried out

Performance differences in economic and financial indicators with respect to the previous BP are largely due to the changing macroeconomic environment.

7 Change in fv assumptions in BP

Real Estate portfolio market value as at 30/06/2013
€ 1.9 bn

Expected fair value evolution in Business Plan timespan

2013	2014	2015	2016
Further slight declines			Stability
Investments on existing portfolio without increasing asset value			



**Total change in Fair Value
About – € 70 mn**

8 Commercial strategies: Italy

Confirmation of ongoing commercial strategies to support revenues headline and vacancy reduction:

- ✓ **Merchandising mix:** not only stores dedicated to shopping but also personal services (such as medical and dental clinics, fitness centers, spa). This also serves as a balance to the new shopping trends resulting from the spread of e-commerce.
- ✓ **Ability to understand and react to the ongoing changes in consumption models:** new food anchor needs, development of temporary shops, introduction of traditional shops selling typical products and food design, a new second-hand area (both in clothing and in electronics).



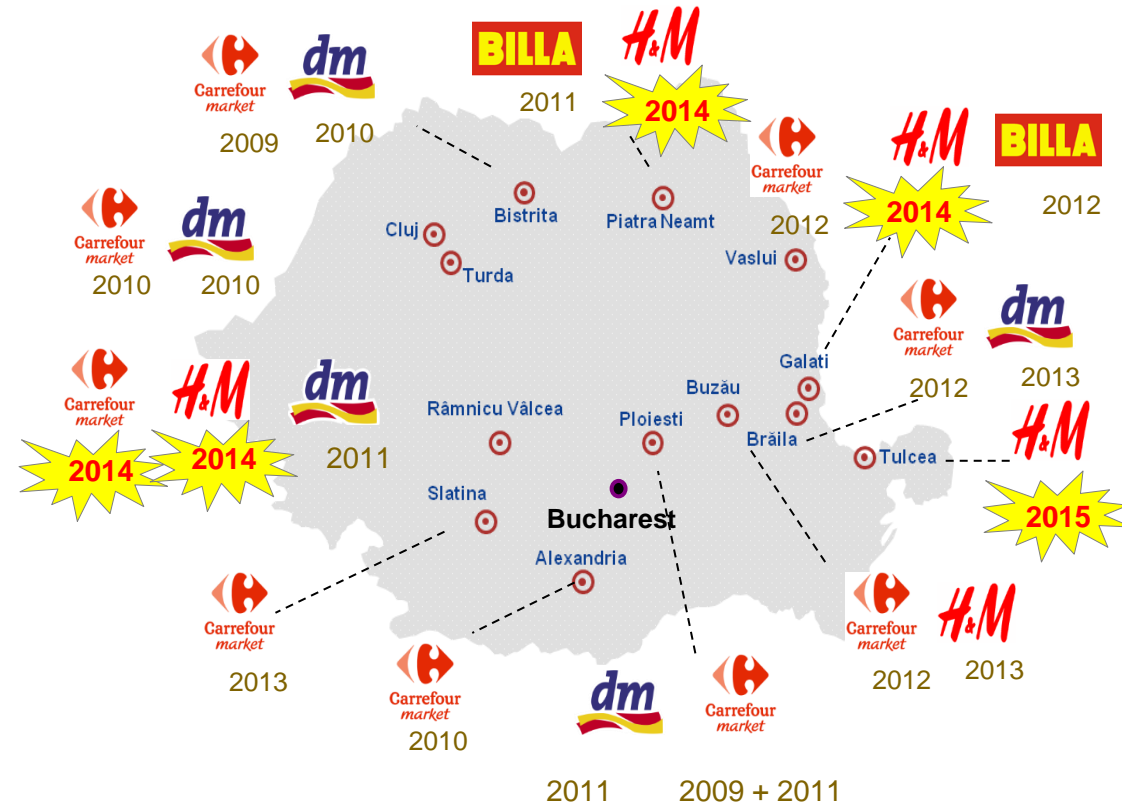
- ✓ Attention to **tenant sustainability** also according to credit risk
- ✓ **Coordinated marketing plans** for a common identity
- ✓ **Adjustment of layout** to rearrange the mix of medium-sized areas and neighborhood shops

9 Commercial strategies: Romania

winmarkt

shopping in center

- ✓ Winmarkt's location is confirmed as a **strong point**, although new openings by competitors have a short term impact.
- ✓ The appeal of new generation shopping centers can be balanced against:
 - The **consolidation of Winmarkt's leadership** (merchandising mix)
 - The **modernization of physical and commercial format** (capex, new brands)
- ✓ Merchandising mix founded on 3 pillars:
 - **Food anchor** (international)
 - **Fashion attractor** (and/or footwear) international
 - **Entertainment**, aimed at children (children park, with theme stores and family services) and young people (fitness)
- ✓ Consumer electronics more and more oriented towards completing the offer



10 Portfolio strategy: Italy

Investments and capex

Focus on committed pipeline:

- ✓ Restyling and extensions in prime shopping centers according to the commercial targets and to maintain a high level of attractiveness
- ✓ New openings in shopping centers with potential in the area or innovative projects such as Porta a Mare
- ✓ Support in the short period to newly opened centers to maintain high levels of occupancy in order to subsequently achieve full profitability

Asset management

- ✓ Rotation/disposal of assets

Environmental Sustainability

- ✓ Strong focus on energy efficiency in both maintenance work and new equipment to limit general expenses and to attract tenants sensitive to environmental issues

11 Portfolio strategy: Romania

Investments

About € 6 mn forecasted (in line with the previous 2012-2015 BP) for:

- **Adjustment of centers to international standards** (facades, interior fit-out)
- **Asset efficiency** (vertical use, GLA recovery and qualification)
- **Energy sustainability** (energy transformers, heat insulation)

Increasing pressure on 2014 (postponement of Piatra Neamt refurbishment and inclusion earlier than previously expected, 2015, of one H&M store)

Disposals

Slatina disposal confirmed (expected in late 2014) at the same value previously assumed, ie € 3.5 mn

12 IGD Group's Real estate portfolio: Pipeline

New investments

Chioggia
Porta Medicea

**Restyling/
extensions**

Esp
Centro d'Abruzzo
Porto Grande
Centro Sarca
Gran Rondò
Le Porte di Napoli
Centro Borgo

Investments	Opening expectations					Total in bp timespan
	Month	Year	2014	2015	2016	
Chioggia	3	2015				21
Porto Grande MS	9	2015				6
Abruzzo extension	3	2014				3
ESP extension	3	2016				33
Gran Rondò extension	5	2016				8
PM - Piazza Mazzini	7	2014				0
PM - Officine Storiche	4	2016				31
Total development			37	59	4	101
Capex Italy						54
Capex Romania						6
Total Investments						161
Porta Medicea (not retail)						34
TOTAL			71	78	13	195

13 Pipeline: Chioggia Retail Park

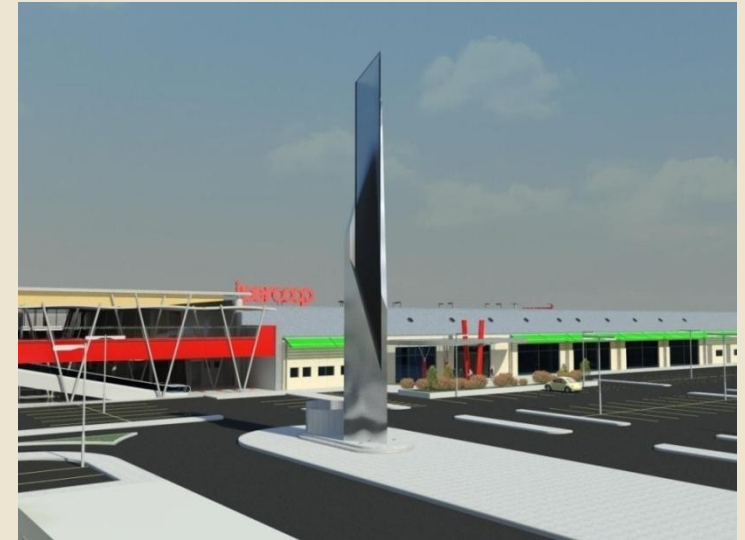
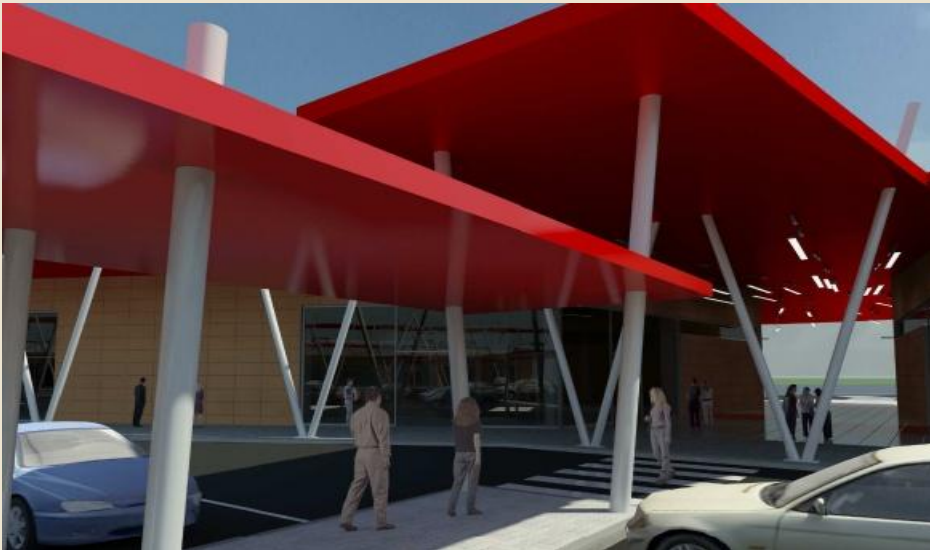
CHIOGGIA RETAIL PARK – CHIOGGIA (VE)

Start of work November 2013

End of work March 2015

The project consists of a total GLA of 18,343 m², which will incorporate a Hypercoop of 7.490 m² (of which 4,500 m² of sales area), 5 medium surface areas for a total of 9,575 m² and 8 stores of which one will be a restaurant. The expected parking places will be 1,465.

Total expected investment about € 39 mn



Chioggia Retail Park, rendering inside and outside



14 Pipeline: ESP - Ravenna



RESTYLING and EXTENSION

Restyling – Work completed at the end of 2011

Total investment about € 2.8 mn

The restyling (inside and outside) concerned lighting, flooring, furnishing and layout of some stores in the shopping mall.

Extension:

At the authorization and planning stage

Start of work: June 2014

End of work: March 2016

The extension includes an increase of 23,400 m² of GLA and the creation of 1,100 parking places. The project regards the mall.

Total expected investment about € 51 mn



Restyling of the inside already completed



Rendering of the inside and outside extension

15 Pipeline: Porto Grande – Porto d'Ascoli (AP)



EXTENSION

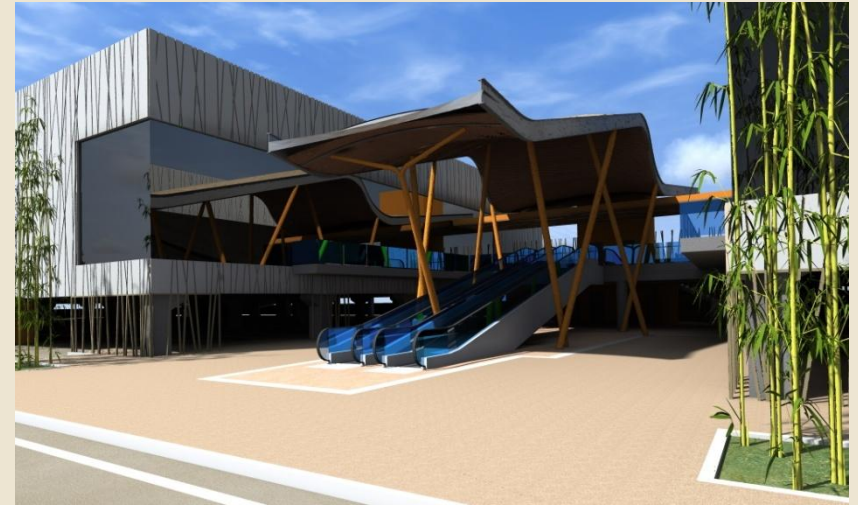
Start of work: September 2013

End of work: September 2015

The final urban planning with the municipality is in progress.

The **extension** consists of an additional 5,000 m² for 2 external medium surface areas, in addition to 1,700 m² of green areas and 10,531 m² of new parking places.

Total expected investment about € 10 mn



Rendering of the Porto Grande extension

16 Pipeline: Centro D'Abruzzo – S. Giovanni Teatino (CH)

EXTENSION

Start of work second half 2012

End of work April 2014

The **extension** consists of the construction of a building of 4,700 m² with 3,000 sqm of GLA in addition to 8,743 m² for parking places.

Total expected investment about € 16 mn



Before and after the internal restyling



Centro d'Abruzzo extension rendering



17 Pipeline: Centro Sarca – Sesto S. Giovanni (MI)



RESTYLING

Start of work: 2013

End of work: 2015

The first part of the restyling of the underground parking and shopping center connecting stairs have already been completed. At the beginning of 2014 work will begin to redesign the facade and interior of the mall.

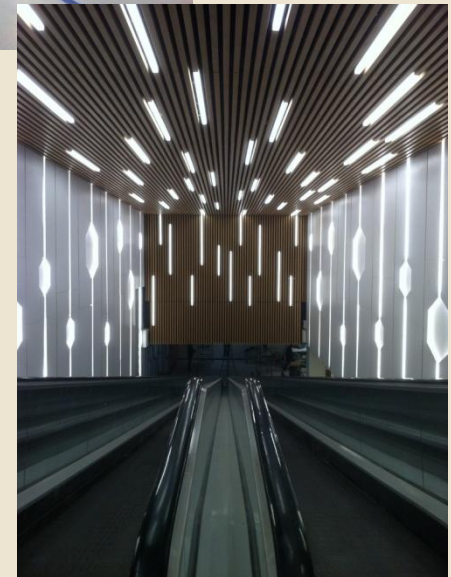
Total expected investment about € 8 mn



Restyling of underground parking and connecting stairs already completed



Rendering of the internal and external restyling



18 Pipeline: Centro Borgo – Bologna



RESTYLING

Start of work: 2014

End of work: 1H 2015

Restyling of the mall interior and work on the external facade of the shopping center.

Total expected investment about € 3.5 mn



Rendering of the internal and external restyling

19

Pipeline: Gran Rondò – Crema (CR) Le Porte di Napoli – Afragola (NA)



GRAN RONDO' - RESTYLING and EXTENSION

Start of work 2013

End of work May 2016

Extension with creation of a medium surface and restyling of the mall.

Total expected investment about € 8 mn



Rendering of the internal restyling of di Le Porte di Napoli

LE PORTE DI NAPOLI - RESTYLING

Start of work 2014

End of work 2014

Reduction of the hypermarket area increasing GLA in mall.

Total expected investment about € 2 mn

20 Pipeline: Porta a Mare (1/3)

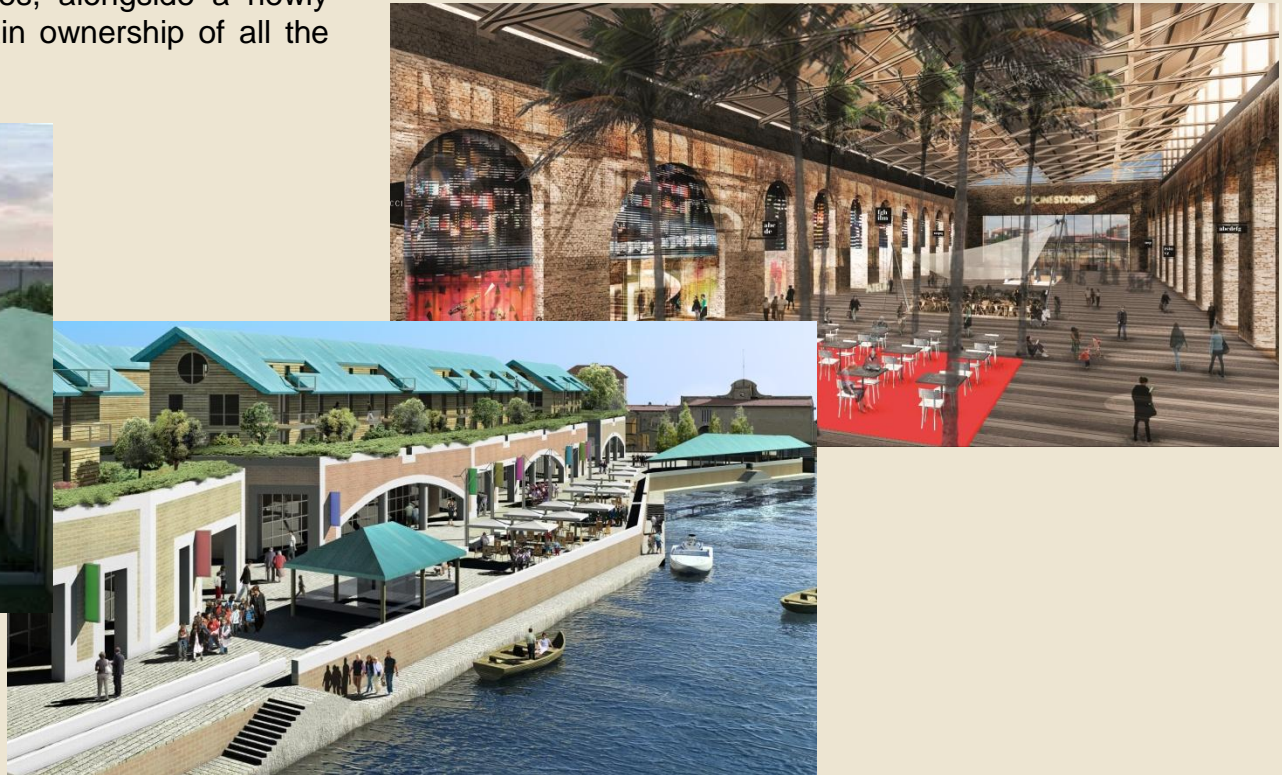


PORTA A MARE PROJECT - LIVORNO

It is a project aimed at transforming an area of the port of Livorno, near the city center, with the construction of a multifunctional complex of about 70,000 sqm for retail, residential, tertiary and accommodation and leisure uses, alongside a newly built tourist port. IGD will retain ownership of all the retail section.



Piazza Mazzini: the residential area



Piazza Mazzini: the commercial area

21 Pipeline: Porta a Mare (2/3)



22 Pipeline: Porta a Mare (3/3)



2013-2014
Piazza Mazzini
Retail and residential

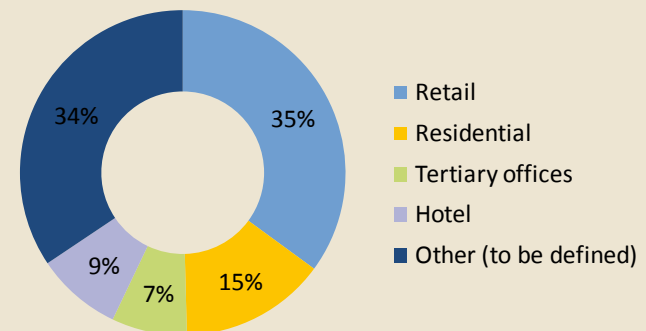
2015-2016
Mazzini: end of residential sale
Officine: retail and start of residential sale

PORTA MEDICEA - Revenues development	Pre 2013	2013	2014	2015	2016
Total	1.7	7.3	36.6	7.1	82.0
<i>of which to IGD for retail</i>	0.0	0.0	27.6	0.0	59.2
Cumulative total	134.7				

PORTA MEDICEA - Building development	Pre 2013	2013	2014	2015	2016
Total	106.8	13.7	15.5	24.9	4.2
<i>of which retail portion</i>	36.4	6.7	10.9	18.8	1.4
Cumulative total	165.2				

Sub-area	Use	Start of work
Piazza Mazzini	retail, residential and offices	2010
Officine Storiche	retail and residential	1H2014
Molo Mediceo	retail	t.b.d.
Lips	retail, touristic and hotel	t.b.d.
Arsenale	retail and offices	t.b.d.

SURFACES BREAKDOWN



23 Pipeline: Romania



2013/4

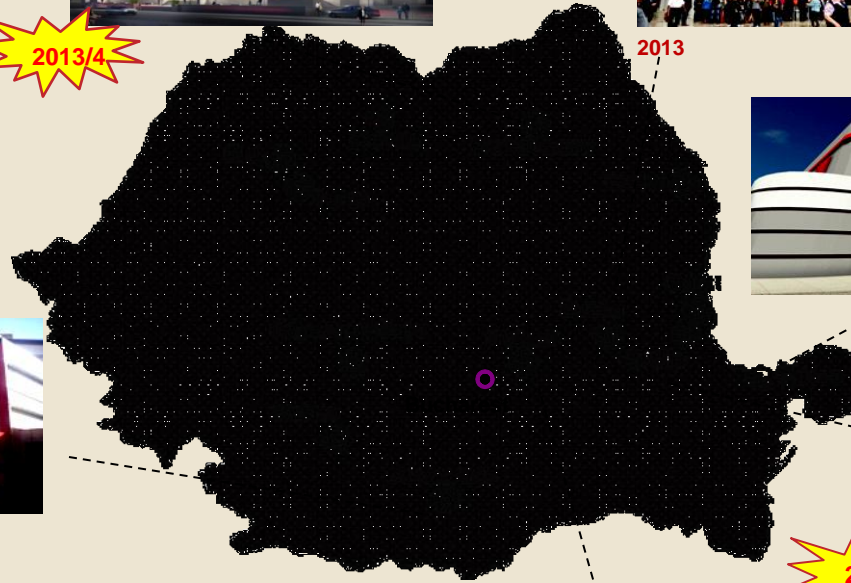


2013



2014/5

2013



2014



2014/5



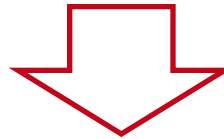
24 Disposals

The work carried out to maintain a high asset quality

and

The **renewed interest of institutional investors**,
especially foreign, in the retail sector

*make us
confident about the disposal targets**



For an amount of about **€ 150 mn** in the Business Plan timespan, in
addition to about **€ 40 mn** related to sales of Porta Medicea.

For a total amount of € 190 mn.

* The disposal of the **Winmarkt** portfolio was not foreseen in the Business Plan

25 Financial strategy (1/2)

1) What did we do in 2013?

Convertible Bond Exchange Offer

€144.9mn (of which €22mn new money)

BNP Paribas loan

€ 135 mn

New credit lines obtained during the year

€ 15 mn

Dividend Reinvestment Option (*DRO*)

€ 13.5 mn (adhesion percentage about 76%)

**Total resources found
about € 309 mn**

26 Financial strategy (2/2)

2) Targets

GEARING RATIO

✓ Debt ratio reduction at 2016 about **1.2x**

HEDGING POLICIES

✓ **Target:** confirm the degree of total debt coverage at about **65%**,
(depending on the performance of benchmarks and spreads)

LOAN TO VALUE

✓ **Target:** LTV about 54%

Repeat the DIVIDEND REINVESTMENT OPTION
following the acceptance of the market
(in **2012** about 70% and in **2013** about 76%)

Dividend
reinvestment option



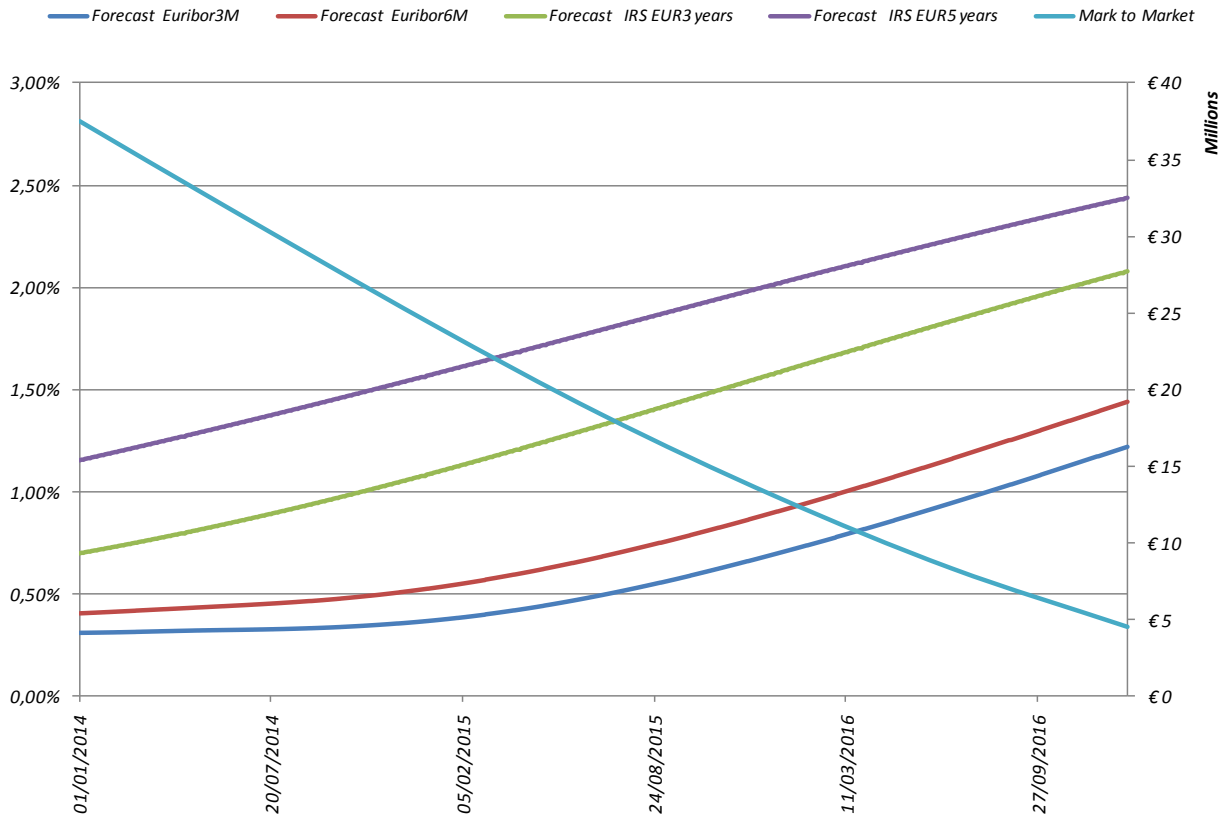
New

PROGRESSIVE DECREASE IN RELIANCE ON BANK CREDIT

(Possibility to achieve a rating, in the business plan timespan, with a leading agency in order to access the bond market more frequently)

27 Financial sustainability

	2014	2015	2016
Spread on short term	2.90%	2.50%	2.50%



28 Sustainability: the results achieved

First market **awards** obtained:



ISO 14001 certification awarded in 2013 (for the environmental management system)



Lower **electricity** consumption:

- 8.4%

Jan-Oct 2013 compared to the same period in 2012



Training on social responsibility carried out for all company employees



29 | Final remarks (1/2)

In this critical context, IGD has demonstrated its ability to adapt to the needs of the sector and of all its stakeholders.

**It is essential
to continue on this line to:**

Keep the **profitability of its core business** interesting

Operate in a dynamic way (portfolio rotation, increase in service activity)

Optimize the **cost of debt**

30 Final remarks (2/2)

and

Maintain an attractive dividend policy

Which is related to the FFO evolution*
(at least 30/35% net of DRO effect)

This Business Plan has been drawn up **without considering extraordinary capital transactions**, except for the DRO, which, in light of the present market conditions, are not believed to be pursued.

*in compliance with current SIIQ regulation

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