

PRESS RELEASE

IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2014

- Consolidated operating revenue: €61.8 million (+2.1% against first half 2013);
- Core business revenue: €60.3 million (€60.5 million at 30 June 2013);
- Core business EBITDA: €39.9 million (€41.6 million in first half 2013);
- The Group's portion of net profit: €4.4 million, +98% with respect to 30 June 2013;
- Core business funds from operations (FFO): €17.2 million, down 6.3% against the €18.3 million posted at 30 June 2013;
- Net financial debt: €1.034 billion, improving significantly with respect to the €1.085 billion recorded at 31 December 2013; gearing ratio comes to 1.30, Loan to Value 55.9%

Bologna, 7 August 2014. Today, in a meeting chaired by **Gilberto Coffari**, the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** ("IGD" or the "Company"), a leading owner and manager of retail shopping centers in Italy and listed on the STAR segment of the Italian Stock Exchange, examined and approved the **Half-Year Financial Report at 30 June 2014**.

"We are satisfied with the results obtained in the half, including in light of what are still problematic global market conditions; in our view we also effectively exploited the opportunities the market offered us, disposing of assets amounting to €60 million, issuing a €150 million bond and, lastly, successfully completing the Dividend Reinvestment Option with subscriptions of approximately €13 million." Claudio Albertini, IGD – Immobiliare Grande Distribuzione SIIQ S.p.A.'s Chief Executive Officer stated. "These transactions strengthened our financial and capital structure with a view to the launch of the capital increase to be approved during today's Shareholders' Meeting".

Operating income statement at 30 June 2014

€/'000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	30/06/2013	30/06/2014	%	30/06/2013	30/06/2014	%	30/06/2013	30/06/2014	%
Revenues from freehold real estate and rental activities	52,972	51,541	(2.7)%	52,931	51,407	(2.9)%	41	134	n.a.
Revenues from leasehold real estate and rental activities	5,060	6,193	22.4%	5,060	6,193	22.4%	0	0	n.a.
Total revenues from real estate and rental activities	58,032	57,734	(0.5)%	57,991	57,600	(0.7)%	41	134	n.a.
Revenues from services	2,514	2,710	7.8%	2,514	2,710	7.8%	0	0	n.a.
Revenues from trading	0	1,385	n.a.	0	0	n.a.	0	1,385	n.a.
OPERATING REVENUES	60,546	61,829	2.1%	60,505	60,310	(0.3)%	41	1,519	n.a.
INCREASES, COST OF SALES AND OTHER COSTS	0	(1,133)	n.a.	0	0	n.a.	0	(1,133)	n.a.
Rents and payable leases	(4,290)	(5,444)	26.9%	(4,290)	(5,444)	26.9%	0	0	n.a.
Personnel expenses	(1,816)	(1,875)	3.3%	(1,816)	(1,875)	3.3%	0	0	n.a.
Direct costs	(8,150)	(8,388)	2.9%	(7,942)	(8,168)	2.8%	(209)	(221)	5.8%
DIRECT COSTS	(14,257)	(15,708)	10.2%	(14,048)	(15,487)	10.2%	(209)	(221)	5.8%
GROSS MARGIN	46,289	44,988	(2.8)%	46,457	44,823	(3.5)%	(168)	165	n.a.
Headquarters personnel	(3,015)	(3,082)	2.2%	(2,967)	(3,029)	2.1%	(49)	(53)	8.4%
G&A expenses	(2,056)	(2,180)	6.0%	(1,848)	(1,920)	3.9%	(209)	(260)	24.5%
G&A EXPENSES	(5,072)	(5,262)	3.8%	(4,814)	(4,949)	2.8%	(257)	(313)	21.4%
EBITDA	41,218	39,726	(3.6)%	41,644	39,874	(4.3)%	(426)	(148)	(65.4)%
<i>Ebitda Margin</i>	<i>68.1%</i>	<i>64.3%</i>		<i>68.8%</i>	<i>66.1%</i>				
Other provisions	(63)	(63)	0.0%						
Impairments and fair value adjustment	(16,331)	(13,755)	(15.8)%						
Depreciation	(660)	(693)	5.0%						
DEPRECIATION AND IMPAIRMENTS	(17,053)	(14,511)	(14.9)%						
EBIT	24,164	25,215	4.3%						
FINANCIAL MANAGEMENT	(22,939)	(22,887)	(0.2)%						
EXTRAORDINARY MANAGEMENT	(490)	120	n.a.						
PRE-TAX INCOME	735	2,448	n.a.						
Taxes	3,017	1,672	(44.6)%						
NET PROFIT	3,752	4,120	9.8%						
* (Profit)/Losses for the period related to third parties	304	334	9.7%						
GROUP NET PROFIT	4,056	4,454	9.8%						

N.N.B.: Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements. Bank fees, in particular, were reclassified under "Financial income/(charges)".

Principal consolidated results at 30 June 2014

In first half 2013 the IGD Group's **consolidated operating revenue** amounted to approximately **€61.8 million**, an increase of 2.1% with respect to first half 2013. The core business rental income was accompanied by the revenue generated by the Porta a Mare project in Livorno (three units in Palazzo Orlando were rented) and revenue from trading of €1.4 million following the sale of 4 residential units and appurtenances.

Rental income fell by 0.5% due primarily to the decline recorded in Romania. This change is explained by:

- an increase in like-for-like revenue in Italy, net of the planned or strategic vacancies, of 0.7%. An average downside of -4.7% (on 138 contracts which includes both renewals and turnover) was recorded in the period due primarily to the turnover of two mid-size stores (net of which the downside reaches -1.5%);
- other increases, including openings (expanded Centro d'Abruzzo which was inaugurated on 10 April 2014), which exceeded the drop in revenue recorded as a result of the strategic vacancies affecting the like-for-like perimeter in Italy (vacant spaces already pre-let for which new layouts are being developed);
- a drop in like-for-like revenue in Romania (-€0.6 million) due to the downside of the 2013 contracts, already recorded at year-end and in first quarter 2014, as well as an increased number of vacancies and the recommercialization underway (exit of a bank in 3Q 2013). The planned vacancies

(necessary in order to proceed with the investment plan) also caused revenue to drop an additional €0.5 million.

Revenue from services rose 7.8% with respect to the same period of the prior year. The largest percentage of this item continues to be generated by Facility Management (85% of the total or €2.3 million). A significant increase was, however, recorded by Pilotage in the period (approximately €264 thousand), as a result of the activities carried out linked to the expansion of Centro d'Abruzzo and Piazza Mazzini in Livorno (where the first retail operations were inaugurated on 10 July 2014).

Direct costs pertaining to the core business and including personnel expenses amounted to €15.5 million, an increase of 10.2% with respect to the same period of the prior year due, above all, to the increase in rents and lease payments (€1.1 million or 26.9%), following the sale of the Le Fonti del Corallo mall in Livorno which is now under management based on a long-term lease agreement entered into with the buyer; at 30 June 2014 this item represented approximately 35% of total direct costs.

Direct costs amounted to 25.7% of core business revenue.

General expenses (including payroll costs at headquarters), reached €4.9 million, up slightly with respect to the €4.8 million posted in first half 2013, and 8.2% as a percentage of revenue, largely unchanged.

As a result of the changes described above core business **EBITDA** amounted to **€39.9 million** in first half 2014, down 4.2% with respect to the €41.6 million recorded at 30 June 2013.

The core business **EBITDA Margin** came to **66.1%**.

EBIT performed well rising 4.3% at 30 June 2014 to **€25.2 million**; this figure is explained primarily by fewer writedowns and the change in the properties' fair value (-15.8%) which was also impacted by the costs incurred for restyling and fit-outs.

Net financial expense was largely unchanged in the first half coming in at €22.9 million (€23 million at the end of June 2013).

The Group's portion of **net profit** amounted to **€4.4 million** at 30 June 2014, an increase of 9.8% against 30 June 2013.

Funds from operations (FFO) amounted to **€17.2 million** at 30 June 2014, a decline of 6.3% with respect to the €18.3 million posted in the first half of the prior year.

The IGD Group's **net debt** at 30 June 2014 amounted to €1.034 billion, a decided improvement with respect to the €1.085 billion recorded at year-end 2013.

At the end of first half 2014 the gearing ratio was 1.30 with the Loan to Value coming in at 55.9%.

The Real Estate Portfolio at 30 June 2014

Based on the independent appraisals of CBRE, Reag Advisory and Cushman&Wakefield, the **market value** at 30 June 2014 of the IGD Group's real estate portfolio– comprised of 50 properties in Italy and 15 in Romania - reached **€1,849.5 million**, down with respect to the €1,891.3 million recorded at 31 December 2013 due, above all, to the sale of the Le Fonti del Corallo shopping mall (€47 million) in February 2014.

The change like-for-like at 30 June 2014 was marginal (-0.1%) and is explained entirely by the portfolio in Italy where hypermarkets held (+0.6% or +€3.1 million) and malls fell -0.5% or -€4.5 million.

The average financial occupancy in Italy came to 96.6% (97.4% at 31/12/2013) while average yields reached 6.65% for hypermarkets and 6.59% for shopping malls.

The market value of the Romanian portfolio at 30 June 2014 was €174.3 million, unchanged with respect to 31/12/2013. The financial occupancy amounted to 88.3%, an improvement against the figure recorded at year-end 2013 (84.5%), and the average yield to 6.64%



Grazia Margherita Piolanti, IGD S.p.A.'s Financial Reporting Officer, declares pursuant to para. 2, article 154-bis of Legislative Decree n. 58/1998 ("Testo Unico della Finanza" or TUF) that the information reported in this press release corresponds to the underlying records, ledgers and accounting entries.

Please note that in addition to the standard financial indicators provided for as per the IFRS, alternative performance indicators are also provided (for example, EBITDA) in order to allow for a better evaluation of the operating performance. These indicators are calculated in accordance with standard market procedures.



The Half-Year Financial Report at 30 June 2014 will be made available to the general public at the company's registered office and as well as on the company's website, www.gruppoigd.it, in the Investor Relations section within the time period required by law.

IGD - Immobiliare Grande Distribuzione SIQ S.p.A.

Immobiliare Grande Distribuzione SIQ S.p.A. is one of the main players in Italy's retail real estate market: it develops and manages shopping centers throughout the country and has a significant presence in Romanian retail distribution. Listed on the Star Segment of the Italian Stock Exchange, IGD was the first SIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) in Italy. IGD has a real estate portfolio valued at circa €1,849.5 million at 30 June 2014, comprised of, in Italy, 19 hypermarkets and supermarkets, 18 shopping malls and retail parks, 1 city center, 4 plots of land for development, 1 property held for trading and an additional 7 real estate properties. Following the acquisition of the company Winmark Magazine SA in 2008 14 shopping centers and an office building, found in 13 different Romanian cities, were added to the portfolio. An extensive domestic presence, a solid financial structure, the ability to plan, monitor and manage all phases of a center's life cycle: these qualities summarize IGD's strong points.

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Please find below the IGD Group's consolidated income statement, statement of financial position, statement of cash flows and net financial position at 30 June 2014.

Consolidated income statement at 30 June 2014

(in thousands of Euro)	30/06/2014 (A)	30/06/2013 (B)	Change (A-B)
Revenue:	57,734	58,032	-298
- from third parties	38,534	39,571	-1,037
- from related parties	19,200	18,461	739
Other revenue:	2,817	2,514	303
- other income	2,059	1,765	294
- from related parties	758	749	9
Revenue from property sales	1,278	0	1,278
Total revenue and operating income	61,829	60,546	1,283
Change in work in progress inventory	-572	3,501	-4,073
Total revenue and change in inventory	61,257	64,047	-2,790
Cost of work in progress	521	3,501	-2,980
Material and service costs	11,411	9,459	1,952
- third parties	9,722	7,833	1,889
- related parties	1,689	1,626	63
Cost of labour	4,335	4,237	98
Other operating costs	4,611	4,538	73
Total operating costs	20,878	21,735	-857
(Depreciation, amortization and provisions)	-1,528	-1,906	378
(Impairment losses)/Reversals on work in progress and inventories	-1,673	-316	-1,357
Change in fair value - increases / (decreases)	-12,082	-16,015	3,933
Total depreciation, amortization, provisions, impairment and change in fair value	-15,283	-18,237	2,954
EBIT	25,096	24,075	1,021
Income/(loss) from equity investments	120	-490	610
Income/(loss) from equity investments	120	-490	610
Financial income:	60	262	-202
- third parties	57	262	-205
- related parties	3	0	3
Financial charges:	22,828	23,112	-284
- third parties	22,362	22,436	-74
- related parties	466	676	-210
Net financial income (charges)	-22,768	-22,850	82
PRE-TAX PROFIT	2,448	735	1,713
Income taxes	-1,672	-3,017	1,345
NET PROFIT FOR THE PERIOD	4,120	3,752	368
Minority interests in net (profit)/loss	334	304	30
Parent Company's portion of net profit	4,454	4,056	398
- basic earnings per share	0.013	0.013	
- diluted earnings per share	0.013	0.024	

Consolidated statement of financial position at 30 June 2014

(in thousands of Euro)	30/06/2014 (A)	31/12/2013 (B)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	82	92	(10)
Goodwill	12,727	11,427	1,300
	12,809	11,519	1,290
Property, plant, and equipment			
Investment property	1,690,644	1,723,693	(33,049)
Buildings	8,984	9,105	(121)
Plant and machinery	1,025	1,200	(175)
Equipment and other assets	2,140	1,785	355
Leasehold improvements	1,488	1,503	(15)
Assets under construction	96,448	100,249	(3,801)
	1,800,729	1,837,535	(36,806)
Other non-current assets			
Deferred tax assets	33,320	27,774	5,546
Sundry receivables and other non-current assets	1,041	1,992	(951)
Equity investments	371	309	62
Non-current financial assets	1,016	850	166
Derivatives - assets	74	382	(308)
	35,822	31,307	4,515
TOTAL NON-CURRENT ASSETS (A)	1,849,360	1,880,361	(31,001)
CURRENT ASSETS:			
Work in progress inventory and advances	68,588	73,009	(4,421)
Trade and other receivables	15,082	14,643	439
Related party trade and other receivables	2,080	887	1,193
Other current assets	4,407	3,669	738
Related party financial receivables and other current financial assets	353	353	0
Financial receivables and other current financial assets	-	20	(20)
Cash and cash equivalents	12,632	8,446	4,186
TOTAL CURRENT ASSETS (B)	103,142	101,027	2,115
TOTAL ASSETS (A + B)	1,952,502	1,981,388	(28,886)
NET EQUITY:			
Share capital	350,082	325,052	25,030
Share premium reserve	147,730	147,730	0
Other reserves	238,415	246,916	(8,501)
Group profit	18,073	33,152	(15,079)
Total Group net equity	754,300	752,850	1,450
Portion pertaining to minorities	10,508	10,842	(334)
TOTAL NET EQUITY (C)	764,808	763,692	1,116
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	41,877	33,684	8,193
Non-current financial liabilities	924,605	802,406	122,199
Related party non-current financial liabilities	15,000	15,000	0
Provision for employee severance indemnities	1,520	1,403	117
Deferred tax liabilities	45,639	44,832	807
Provisions for risks and future charges	1,503	1,809	(306)
Sundry payables and other non-current liabilities	7,844	7,563	281
Related party sundry payables and other non-current liabilities	12,241	12,912	(671)
TOTAL NON-CURRENT LIABILITIES (D)	1,050,229	919,609	130,620
CURRENT LIABILITIES:			
Current financial liabilities	108,218	263,294	(155,076)
Related party current financial liabilities	409	13,856	(13,447)
Trade and other payables	17,080	12,083	4,997
Related party trade and other payables	2,497	2,475	22
Current tax liabilities	3,665	1,301	2,364
Other current liabilities	5,582	5,064	518
Related party other current liabilities	14	14	0
TOTAL CURRENT LIABILITIES (E)	137,465	298,087	(160,622)
TOTAL LIABILITIES (F=D + E)	1,187,694	1,217,696	(30,002)
TOTAL NET EQUITY AND LIABILITIES (C + F)	1,952,502	1,981,388	(28,886)

Consolidated statement of cash flows at 30 June 2014

STATEMENT OF CASH FLOWS	30/06/2014	30/06/2013
<i>(in Euro000)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	2,448	735
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	(1,230)	4,431
(Depreciation, amortization and provisions)	1,528	1,906
(Impairment losses)/reversals on work in progress	1,673	316
Changes in fair value - increases / (decreases)	12,082	16,015
Gains/losses from disposals	(120)	3
CASH FLOW FROM OPERATING ACTIVITIES	16,381	23,406
Income tax	(651)	(655)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	15,730	22,751
Change in inventories	583	(3,274)
Net change in current assets and liabilities w. third parties	5,968	340
Net change in current assets and liabilities w. related parties	(1,171)	(1,043)
Net change in non-current assets and liabilities w. third parties	973	895
Net change in non-current assets and liabilities w. related parties	(671)	36
CASH FLOW FROM OPERATING ACTIVITIES	21,412	19,705
(Investments) in non-current assets	(21,380)	(7,638)
Disposals of non-current assets	46,859	0
(Investments) in equity interests	(62)	(5)
CASH FLOW FROM INVESTING ACTIVITIES (b)	25,417	(7,643)
Change in non-current financial assets	(166)	(768)
Change in financial receivables and other current financial assets w. third parties	20	(52)
Change in financial receivables and other current financial assets w. related parties	0	474
Dividend reinvestment option	13,693	13,101
Sale of treasury shares	12,050	0
Distribution of dividends	(22,620)	(22,333)
Change in current debt with third parties	(153,533)	(175,799)
Change in current debt with related parties	(13,447)	(18,303)
Change in non-current debt with third parties	121,326	193,376
CASH FLOW FROM FINANCING ACTIVITIES (c)	(42,677)	(10,304)
Exchange gains/(losses) on cash and cash equivalents	34	(14)
NET INCREASE (DECREASE) IN CASH BALANCE	4,186	1,744
CASH BALANCE AT BEGINNING OF YEAR	8,446	7,545
CASH BALANCE AT END OF YEAR	12,632	9,289

Consolidated net financial position at 30 June 2014

	30/06/2014	31/12/2013
Cash and cash equivalents	(12,632)	(8,446)
Financial receivables and other current financial assets w. related parties	(353)	(353)
Financial receivables and other current financial assets	0	(20)
LIQUIDITY	(12,985)	(8,819)
Current financial liabilities w. related parties	409	13,856
Current financial liabilities	36,009	176,633
Mortgage loans - current portion	70,119	82,281
Leasing – current portion	289	284
Bond loan - current portion	1,801	4,096
CURRENT DEBT	108,627	277,150
CURRENT NET DEBT	95,642	268,331
Non-current financial assets	(1,016)	(850)
Non-current financial liabilities due to other sources of finance	1,500	1,875
Leasing – non-current portion	5,014	5,160
Non-current financial liabilities	627,474	653,368
Non-current financial liabilities w. related parties	15,000	15,000
Bond loan	290,617	142,003
NON-CURRENT DEBT	938,589	816,556
NET FINANCIAL POSITION	1,034,231	1,084,887