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PRESS RELEASE

IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE DRAFT SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS, AS WELL AS THE CORPORATE SUSTAINABILITY REPORT, AT 31 DECEMBER 2017

2017: ANOTHER YEAR OF GREAT RESULTS

- **Group net profit: €86.5 million (+26.5%)**
- **Recurring net income (FFO): €65.6 million (+21.7%); above guidance (+20%)**
- **Core business revenue: €145.1 million, +6.0% (LFL Italy +1.5%, Romania +5.4%)**
- **Sales of retailers in Italian malls +4.3%; significant upside on renewed leases (Italy +4.9%; Romania +2.1%)**
- **Further significant drop in the average cost of debt (2.8% vs. 3.3%); Loan to Value 47.4%**
- **Market value of the portfolio: €2,228.2 million (+2.3%); LFL +1.3%**
- **EPRA NNAV per share: €13.7 (+6.3%)**
- **Dividend: Board of Directors intends to propose a dividend of around 50-52 euro cents (including the new shares issued as a result of the capital increase currently underway), upon definition of the final terms of the capital increase**
- **Approval of the eighth Corporate Sustainability Report (introducing the new approach “becoming GREAT”), certified for the first time**

Bologna, 22 February 2018. Today, in a meeting chaired by **Elio Gasperoni**, the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** (“IGD” or the “Company”), a major player in Italy’s retail property market and listed on the STAR segment of the Italian Stock Exchange, examined and approved the **draft separate and consolidated financial statements at 31 December 2017.**

“2017 was the second year of the Business Plan 2016-2018 and the excellent results that we approved today show that we are delivering on the guidance we disclosed to the market as we are in line, and in some cases exceeding, the targets set for the end of Plan. Each area of the Group made a positive contribution, beginning with the active management of our assets which continue to post high occupancy rates, positive commercial performances along with significant upside on lease renewals. The focus on the quality and appeal of our properties, including through continuous investments and new openings like the ESP extension in Ravenna, along with the consistently balanced financial structure, allowed us to increase FFO per share by 21.7% and the EPRA NNAV per share by 6.3%. In 2018, in addition to continuing with the execution of the Plan, we will concentrate on completing the acquisition currently underway in order to strengthen IGD’s Italian leadership as

a retail property company and further increase returns for our shareholders” stated Claudio Albertini, IGD’s Chief Executive Officer.

OPERATING PERFORMANCE

In 2017, for the fourth year in a row, sales of retailers in Italian malls increased, testimony to the positive global market conditions, but also to the portfolio’s appeal.

Sales of retailers in the Italian shopping galleries of the Group rose 4.3% (+1.3% excluding the impact of the extension of the ESP mall, inaugurated on 1 June 2017), with a significant increase in sales posted in December, the best since 2011. Footfalls fell slightly by 0.5% compared to the prior year explained primarily by the first two months of the year. In terms of merchandise, the best performing categories were Services and Culture – Leisure Time –Gifts.

Consistent with this context, the results for the pre-letting activities were significant: **194 contracts**, renewals and turnover, were signed with an **average upside of +4.9%**; while the **average occupancy** (malls and hyper) came to **96.8%**, basically unchanged.

The fundamentals of the Romanian economy, in terms of consumption and regional retail trends, also continue to be particularly buoyant which fueled a further increase in the **occupancy rate (96.4%)** and the **upside on renewals (+2.1%)**.

The many asset management activities continued as planned in 2017.

The most important event for the IGD Group was the opening in June of the extension of the gallery in the ESP Shopping Center in Ravenna: more than 19,000 m² was added (11 midsize stores and 42 shops of which only one unit is vacant) for a total investment of around €51 million, which determined a gross yield on cost above 8%. The benefits of this opening are clear: footfalls rose 34.5% between June and December while sales of retailers in the already existing part of the mall increased 7.2%.

In November the new area of 4,200 m² at the Città delle Stelle Shopping Center in Ascoli Piceno was inaugurated, developed as a result of the Coop’s decision to downsize the hypermarket in order to develop a new concept which reflects the latest market trends and consumer needs. The shopping mall now covers 21,000 m² and includes 13 new shops. Internal restyling was also done in order to render the shopping center even more attractive to visitors. The net yield on cost at capacity is about 6.5%. The benefits in this instance were also quite significant: from the inauguration date through year-end 2017, footfalls rose 17.8% while sales of retailers in the already existing part of the mall increased 10.1%. Of note is the strong improvement in the gallery’s occupancy which reached 97% (99% at the extension).

FINANCIAL – ECONOMIC RESULTS (FFO +21.7%)

Total consolidated revenue amounted to around €150.2 million, up 8.2% compared to the same period of the prior year.

More in detail, **rental income rose 5.8% to €138.9 million** explained by:

- for around €5.6 million, higher revenue not like-for-like
- for around €1.8 million, **like-for-like growth (+1.5%) in Italy**. Malls were up (+2.0%) and hypermarkets were in line
- for around €0.5 million, **higher revenue like-for-like in Romania (+5.4%)**

Growth was also recorded in revenue from services (+11.7%) which amounted to €6.2 million. The Porta a Mare project generated revenue from trading of around €5.1 million as a result of the sale of 18 residential units and appurtenances. At the approval date of the annual report preliminary agreements for an additional 15 residential units had been signed; the total of the units sold or for which there are commitments, therefore, has now reached 90.7% of the total saleable area.

Core business Ebitda came to €101.2 million, an increase of 6.7 % compared to 31 December 2016. Operating costs fell further as a percentage of core business revenue and, consequently, the core business Ebitda Margin rose 40 basis points against the prior year to 69.7%. The freehold Ebitda margin came to 79.2%, an increase of 50 basis points.

The incidence of financial expense is decreasing (18.2%) to €34.3 million, despite the higher average NFP linked to the investments made in the period (including the ESP extension). The result is attributable to the recent liability management activities, as well as the decrease in the notional amount and termination of a few IRS. In line with the Business Plan, the downward path of the average cost of debt is confirmed. As of the end of 2017, the average cost of debt is equal to 2.8% (vs 3.3% in December 2016).

The Group's portion of net profit amounted to €86.5 million, higher than the €68.3 million recorded in 2016 (+26.5%)

Funds from Operations (FFO) rose 21.7% against 31 December 2016 **to €65.6 million. The growth target for FFO (+20%)** was largely exceeded at the half year financial report 2017.

PORTFOLIO AND ASSET VALUE CREATED

The EPRA NNAV reached **€1,111 million or €13.67 per share**. The figure shows a noticeable increase of **6.3%** compared to the €12.85 per share recorded as of 31 December 2016. The market value of the **IGD Group's real estate portfolio reached €2,228.2 million, an increase of 2.3%** compared to 31 December 2016. The main change is linked to the extension of the ESP Shopping Center in Ravenna.

Value also rose on a like-for-like basis in Italy (+1.3%):

- malls were 1.3% higher (+€14.3 million, around €9 million of which pertains to the 7 key malls) and the gross initial yield came to 6.3%;
- hypermarkets also increased by 1.3% (+€7.3 million) and the gross initial yield came to 6.2%;
- in Romania the value of the real estate portfolio reached €159.5 million at 31 December 2017, lower than the €164.9 million posted at 31 December 2016, while the gross initial yield came to 6.5%.

The Net Initial Yield, calculated using EPRA criteria, reached 5.4% for the Italian portfolio (5.5% topped up) and 5.5% for the Romanian portfolio (5.7% topped up)

FINANCIAL STRUCTURE

The IGD Group has a negative net financial debt, equal to €1,059.6 million at 31 December 2017, basically in line with December 2016, while financial indicators such as the gearing ratio (0.94x as of the end of 2017 compared to 0.97x as of the end of 2016) and the **loan-to-value (47.4%** as of the end of 2017 compared to 48.3% as of the end of 2016) improved.

The Interest Cover Ratio (**ICR**) increased noticeably, coming in at **2.93x** (compared to 2.24x as of the end of 2016).

Please note that, in January a private placement was completed on the US market and in December Moody's confirmed the investment grade rating of Baa3 with a stable outlook.

PROJECTS AND NEW OPENINGS

Pipeline

In 2018 work will continue on the Gran Rondò mall in Crema where the construction of an additional midsize area (already pre-let) and external restyling are underway; the work is expected to be completed in the first half of the year.

Work will also continue on the Porta a Mare project in Livorno for which a variance was requested with a view to optimizing the space at **Officine Storiche**; this variance will result in new urban works and administrative procedures, as well as a delay in completion which is slotted for the second half of 2019. About 4,500 m² out of a total of 15,000 m² have already been pre-let and significant manifestations of interest have been received.

Acquisitions

On 15 December 2017, IGD signed a preliminary agreement for the acquisition from the Eurocommercial Properties Group of a portfolio of 4 shopping malls and a retail park found in northern Italy which are part of important shopping centers in their respective catchment areas, for a total of €187 million (in addition to ancillary costs and transfer taxes for a total of ca. €9.3 million). More in detail, the Portfolio comprises the following business units:

- Mall of the Leonardo Shopping Center (Imola)
- Mall of the Lama Shopping Center (Bologna)
- Shopping Center mall and a portion of the La Favorita retail park (Mantua)
- Mall of the CentroLuna Shopping Center (Sarzana)

The shopping malls and the retail park to be acquired have a total leasable area of 37,500 m² and are part of four shopping centers and a retail park which have a total leasable area of around 91,000 m². Based on the lease agreements for the business units and the stabilized and annualized non-recoverable costs, the acquisition has a net accretive yield of 6.4% and a gross accretive yield of 6.8%. As per the preliminary agreement, the acquisition is expected to close in the first half of 2018.

DIVIDEND

The Board of Directors proposed, subject to the approval of the financial statements for the year ending 31 December 2017 and the Board of Directors' Report, to allocate a total of around at least €49.3 million for dividends.

Please note that, as of today, a cash capital increase is currently underway, via a pre-emptive rights issue, for a maximum amount of €150 million through the issue of new ordinary shares with no par value and regular entitlement (1 January 2017), as approved by the Extraordinary Shareholders' Meeting held on 12 February 2018. Therefore, currently, it is not possible to determine the exact number of shares to be issued and entitled to receive a dividend on the ex-date (28 May 2018).

The Board of Directors intends – once the terms of the capital increase are defined along with, more specifically, the subscription price and the maximum number of shares to be issued – to propose during the Annual General Meeting, in the event of successful completion of the capital increase, **a per share dividend of around €50-52 cents**, increasing the total distributable dividends¹.

¹ Using retained earnings

This dividend would be about +11% / +15 % higher compared to the dividend paid for 2016 (45 euro cents). The dividend yield on the stock price recorded at year-end 2017 would reach 5.2/5.4% and 6,1/6,4% compared to the closing price recorded on 21 February 2018.

OUTLOOK 2018

The Company expects to continue along its growth path in line with the Business Plan, with higher revenue driven by the like-for-like perimeter and the full year contribution of the ESP extension in Ravenna.

We also expect the acquisition and the capital increase, announced on December 2017, to be completed in the first half of 2018. **Consequently the Company estimates growth in FFO in a range of between + 18% to + 20%.**

APPROVAL OF THE EIGHTH CORPORATE SUSTAINABILITY REPORT, CERTIFIED FOR THE FIRST TIME

The Board of Directors approved the Corporate Sustainability Report (CSR) together with the Annual Report. The CSR, for the first time, **received a certification from PricewaterhouseCoopers**. The firm certified compliance with the most important international standards (the **GRI Standards**).

This report was prepared based on a new format which emerged following the revision of the materiality matrix. The 13 new material issues (namely issues which impact both the company and its stakeholders) were grouped together under the acronym **GREAT**, which testifies to IGD's commitment to **growing constantly with a view to being "Green, Responsible, Ethical, Attractive, Together"**.

The performances achieved by the company during the year are reported in each chapter of the CSR Report, which follow this format:

- **Green:** the procedure leading to Breeam in Use certification for Key Assets was begun and the UNI EN ISO 14001 certification process continued (roll out plan calls for certification of 90% of the Italian malls in 2018); installation of solar panels continued (now in 5 centers) and the use of LED lighting was confirmed (in 13 freehold properties); as of 2017 only renewable energy is used
- **Responsible:** Corporate Welfare Plan was launched, with the participation of almost all employees; plans for volunteer work at shopping centers developed with a view to supporting earthquake related measures, installation of dissuaders and life line systems.
- **Ethical:** project begun to obtain anticorruption certification in Italy and Romania; the first benefits to the company's reputation linked to the three-star legality rating obtained in 2016 (the highest score) were observed.
- **Attractive:** focus on sustainability and innovation at the ESP extension and the remodeled Città delle Stelle which were inaugurated in 2017; constant change of the tenant and merchandising mix (27 new brands introduced which corresponds to 40% of the turnover) and great attention paid to solutions and the innovative events offered in malls with a view to O2O (online to offline).

- **Together:** structured involvement of the stakeholders (almost 6,000 visitors involved in the satisfaction surveys); IGD's social role in communities confirmed by the more than 14,600 jobs offered, partnerships with around 800 local suppliers, presence of 260 local brands in its malls and involvement of 234 local associations.

Operating income statement at 31 December 2017

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2016	31/12/2017	Δ%	31/12/2016	31/12/2017	Δ%	31/12/2016	31/12/2017	Δ%
Revenues from freehold real estate and rental act.	118,882	126,276	6.2%	118,882	126,276	6.2%	0	0	n.a.
Revenues from leasehold real estate and rental act.	12,414	12,639	1.8%	12,414	12,639	1.8%	0	0	n.a.
Total revenues from real estate and rental act.	131,296	138,915	5.8%	131,296	138,915	5.8%	0	0	n.a.
Revenues from services	5,529	6,176	11.7%	5,529	6,176	11.7%	0	0	n.a.
Revenues from trading	1,999	5,116	n.a.	0	0	n.a.	1,999	5,116	n.a.
OPERATING REVENUES	138,824	150,207	8.2%	136,825	145,091	6.0%	1,999	5,116	n.a.
COST OF SALE AND OTHER COST	(2,189)	(5,258)	n.a.	0	0	n.a.	(2,189)	(5,258)	n.a.
Rents and payable leases	(10,145)	(10,218)	0.7%	(10,145)	(10,218)	0.7%	0	0	n.a.
Personnel expenses	(3,914)	(4,333)	10.7%	(3,914)	(4,333)	10.7%	0	0	n.a.
Direct costs	(17,307)	(18,544)	7.1%	(17,032)	(18,289)	7.4%	(275)	(255)	-7.2%
DIRECT COSTS	(31,366)	(33,095)	5.5%	(31,091)	(32,840)	5.6%	(275)	(255)	-7.2%
GROSS MARGIN	105,269	111,854	6.3%	105,734	112,251	6.2%	(465)	(397)	-14.6%
Headquarter personnel	(6,473)	(6,715)	3.7%	(6,402)	(6,642)	3.7%	(71)	(73)	2.9%
G&A expenses	(4,813)	(4,677)	-2.8%	(4,477)	(4,422)	-1.2%	(336)	(255)	-24.2%
G&A EXPENSES	(11,286)	(11,392)	0.9%	(10,879)	(11,064)	1.7%	(407)	(328)	-19.5%
EBITDA	93,983	100,462	6.9%	94,855	101,187	6.7%	(872)	(725)	-16.8%
<i>Ebitda Margin</i>	<i>67.7%</i>	<i>66.9%</i>		<i>69.3%</i>	<i>69.7%</i>				
Other provisions	(154)	(153)	-0.7%						
Impairment and Fair Value adjustments	19,582	23,886	22.0%						
Depreciations	(1,119)	(1,027)	-8.2%						
DEPRECIATIONS AND IMPAIRMENTS	18,309	22,706	24.0%						
EBIT	112,292	123,168	9.7%						
FINANCIAL MANAGEMENT	(42,008)	(34,343)	-18.2%						
EXTRAORDINARY MANAGEMENT	(336)	(95)	-71.7%						
RISULTATO ANTE IMPOSTE	69,948	88,730	26.9%						
PRE-TAX PROFIT	(1,116)	(1,356)	21.5%						
Taxes	(1,928)	(920)	-52.3%						
PROFIT FOR THE PERIOD	66,904	86,454	29.2%						
(Profit/Loss) for the period related to third parties	1,425	0	n.a.						
GROUP NET PROFIT	68,329	86,454	26.5%						

N.B.: Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements.

Other resolutions:

- **Assessment of independent status**

IGD's Board of Directors verified, based on the information provided by the interested parties to the Company that all the independent directors (Milva Carletti, Matteo Cidonio, Luca Dondi dall'Orologio, Elisabetta Gualandri, Andrea Parenti, Livia Salvini and Rossella Saoncella) still qualify as independent in accordance with and pursuant to Art. 148, paragraph 3, of Legislative Decree n. 58/1998, the Corporate Governance Code promoted by the Italian Stock Exchange and Art. 16 of Consob Regulation n. 20249/2017.

- **Approval of the Report on Corporate Governance and Ownership Structure and the Compensation Report**

The Board of Directors approved the Report on Corporate Governance and Ownership Structure, which forms an integral part of the annual report, as well as, in accordance with the recommendation of the Appointments and Compensation Committee, the Compensation Report, the first section of which, pursuant to Art. 123-ter, par. 6 of Legislative Decree. 58/98, will be voted on by shareholders during the next Shareholders' Meeting.

The documents will be made available to the general public on IGD's website, <http://www.gruppoigd.it/Governance>, as well as at the company's registered office, Borsa Italiana S.p.A. and on the authorized storage mechanism provided through www.emarketstorage.com in accordance with applicable laws and regulations.



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.



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 €2,228.23 million at 31 December 2017, comprised of, in Italy, 25 hypermarkets and supermarkets, 23 shopping malls and retail parks, 2 plots of land for development, 1 property held for trading and an additional 6 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, leadership in the retail real estate sector: these qualities summarize IGD's strong points.

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The press release is available on the website www.gruppoigd.it, in the Investor Relations section, and on the website www.imagebuilding.it, in the Press Room section.





Please find attached the IGD Group's income statement, statement of financial position, statement of cash flows and net financial position, as well as the operating income statement, at 31 December 2017 and Income statement, stamen of financial position and statement of cash flow of the parent company IGD SIQ Spa at 31 December 2017.

Consolidated income statement at 31 December 2017

Consolidated income statement (in thousands of Euro)	31/12/2017 (A)	31/12/2016 (B)	Change (A-B)
Revenue:	138,915	131,296	7,619
- from third parties	96,637	89,302	7,335
- from related parties	42,278	41,994	284
Other revenue:	6,176	5,529	647
- other income	4,008	3,836	172
- from related parties	2,168	1,693	475
Revenue from property sales	5,116	1,999	3,117
Total revenue and operating income	150,207	138,824	11,383
Change in work in progress inventory	-4,633	247	-4,880
Total revenue and change in inventory	145,574	139,071	6,503
Cost of work in progress	591	2,360	-1,769
Material and service costs	23,377	22,641	736
- third parties	20,617	20,543	74
- related parties	2,760	2,098	662
Cost of labour	9,881	9,246	635
Other operating costs	9,911	9,636	275
Total operating costs	43,760	43,883	-123
(Depreciation, amortization and provisions)	-2,532	-2,477	-55
(Impairment losses)/Reversals on work in progress and inventories	-3,670	-3,808	138
Change in fair value - increases / (decreases)	27,556	23,389	4,167
Total depreciation, amortization, provisions, impairment and change in fair value	21,354	17,104	4,250
EBIT	123,168	112,292	10,876
Income/(loss) from equity investments and property sales	-45	-236	191
Financial income:	143	272	-129
- third parties	140	267	-127
- related parties	3	5	-2
Financial charges:	34,536	42,380	-7,844
- third parties	34,522	42,340	-7,818
- related parties	14	40	-26
Net financial income (expense)	-34,393	-42,108	7,715
PRE-TAX PROFIT	88,730	69,948	18,782
Income taxes	2,276	3,044	-768
NET PROFIT FOR THE PERIOD	86,454	66,904	19,550
Minority interests in net (profit)/loss	0	1,425	-1,425
Parent Company's portion of net profit	86,454	68,329	18,125
- basic earnings per share	1.063	0.840	
- diluted earnings per share	1.063	0.840	

Consolidated statement of financial position at 31 December 2017

Consolidated statement of financial position (in thousands of Euro)	31/12/2017 (A)	31/12/2016 (B)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	35	58	(23)
Goodwill	12,662	12,662	0
	12,697	12,720	(23)
Property, plant, and equipment			
Investment property	2,157,176	2,050,728	106,448
Buildings	8,131	8,374	(243)
Plant and machinery	260	332	(72)
Equipment and other assets	1,016	1,323	(307)
Leasehold improvements	797	1,020	(223)
Assets under construction and down payments	40,466	75,004	(34,538)
	2,207,846	2,136,781	71,065
Other non-current assets			
Deferred tax assets	-	764	(764)
Sundry receivables and other non-current assets	90	89	1
Equity investments	254	1,685	(1,431)
Non-current financial assets	343	393	(50)
	687	2,931	(2,244)
TOTAL NON-CURRENT ASSETS (A)	2,221,230	2,152,432	68,798
CURRENT ASSETS:			
Work in progress inventory and advances	37,623	57,753	(20,130)
Trade and other receivables	11,415	11,570	(155)
Related party trade and other receivables	2,054	1,136	918
Other current assets	3,343	13,112	(9,769)
Related party financial receivables and other current financial assets	96	151	(55)
Financial receivables and other current financial assets	42	-	42
Cash and cash equivalents	2,509	3,084	(575)
TOTAL CURRENT ASSETS (B)	57,082	86,806	(29,724)
TOTAL ASSETS (A + B)	2,278,312	2,239,238	39,074
NET EQUITY:			
Share capital	599,760	599,760	0
Share premium reserve	29,971	29,971	0
Other reserves	384,832	349,246	35,586
Group profit	101,190	81,724	19,466
Total Group net equity	1,115,753	1,060,701	55,052
Portion pertaining to minorities	-	8,725	(8,725)
TOTAL NET EQUITY (C)	1,115,753	1,069,426	46,327
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	20,397	28,748	(8,351)
Non-current financial liabilities	965,539	893,296	72,243
Provision for employee severance indemnities	2,574	2,530	44
Deferred tax liabilities	24,777	22,665	2,112
Provisions for risks and future charges	5,326	4,964	362
Sundry payables and other non-current liabilities	9,291	10,707	(1,416)
Related party sundry payables and other non-current liabilities	11,891	13,949	(2,058)
TOTAL NON-CURRENT LIABILITIES (D)	1,039,795	976,859	62,936
CURRENT LIABILITIES:			
Current financial liabilities	97,097	165,760	(68,663)
Trade and other payables	13,838	15,634	(1,796)
Related party trade and other payables	459	1,428	(969)
Current tax liabilities	2,400	2,396	4
Other current liabilities	8,956	7,714	1,242
Related party other current liabilities	14	21	(7)
TOTAL CURRENT LIABILITIES (E)	122,764	192,953	(70,189)
TOTAL LIABILITIES (F=D+E)	1,162,559	1,169,812	(7,253)
TOTAL NET EQUITY AND LIABILITIES (C + F)	2,278,312	2,239,238	39,074

Consolidated statement of cash flows at 31 December 2017

CONSOLIDATED STATEMENT OF CASH FLOWS	31/12/2017	31/12/2016
<i>(In thousands of Euro)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	88,730	69,948
Adjustments to reconcile net profit with the cash flow generated (absorbed) in the		
Non-monetary items	3,519	8,986
Depreciation, amortization and provisions	2,532	2,478
(Impairment)/reversal of assets under construction and inventories	3,670	3,808
Change in fair value of investment property	(27,556)	(23,389)
Gains/losses from disposals	45	231
CASH FLOW FROM OPERATIONS	70,940	62,062
Income tax	(1,319)	(1,095)
CASH FLOW FROM OPERATIONS NET OF TAX	69,621	60,967
Change in inventories	4,633	(246)
Net change in current assets and liabilities w. third parties	8,263	(8,829)
Net change in current assets and liabilities w. related parties	(894)	(6,933)
Net change in non-current assets and liabilities w. third parties	(1,145)	(1,556)
Net change in non-current assets and liabilities w. related parties	(2,058)	(7)
CASH FLOW FROM OPERATING ACTIVITIES	78,420	43,396
(Investments) in non-current assets	(32,558)	(75,717)
Disposals of non-current assets	153	393
Disposals of equity interests	0	4,466
(Investments) in equity interests	(9,507)	(19)
CASH FLOW FROM INVESTING ACTIVITIES (b)	(41,912)	(70,877)
Change in financial receivables and other current financial assets w. third parties	(42)	9,023
Capital increase	(159)	0
Cash Flow Hedge reserve	0	(1,659)
Distribution of dividends	(36,587)	(32,522)
Change in current debt with third parties	(69,457)	(224,868)
Change in non-current debt with third parties	69,244	256,991
CASH FLOW FROM FINANCING ACTIVITIES (c)	(37,001)	6,965
Exchange gains/(losses) on cash and cash equivalents	(82)	(3)
NET INCREASE (DECREASE) IN CASH BALANCE	(575)	(20,519)
CASH BALANCE AT BEGINNING OF YEAR	3,084	23,603
CASH BALANCE AT END OF YEAR	2,509	3,084

Consolidated net financial position at 31 December 2017

NET FINANCIAL POSITION		
	31/12/2017	31/12/2016
Cash and cash equivalents	(2,509)	(3,084)
Financial receivables and other current financial assets w. related parties	(96)	(151)
Financial receivables and other current financial assets	(42)	0
LIQUIDITY	(2,647)	(3,235)
Current financial liabilities	48,681	110,929
Mortgage loans - current portion	34,904	34,178
Leasing – current portion	323	313
Bond loans - current portion	13,189	20,340
CURRENT DEBT	97,097	165,760
CURRENT NET DEBT	94,450	162,525
Non-current financial assets	(343)	(393)
Leasing – non-current portion	3,928	4,251
Non-current financial liabilities	285,522	314,904
Bond loans	676,089	574,141
NON-CURRENT DEBT	965,196	892,903
NET FINANCIAL POSITION	1,059,646	1,055,428

Draft income statement of the Parent Company IGD SIIQ S.p.A. at 31 December 2017

Income statement (in thousands of Euro)	31/12/2017 (A)	31/12/2016 (B)	Change (A-B)
Revenue:	111,579,300	74,803,975	36,775,325
- from third parties	66,615,703	40,585,385	26,030,318
- from related parties	44,963,597	34,218,590	10,745,007
Other revenue:	1,020,002	2,049,632	-1,029,630
- other income	652,009	426,453	225,556
- from related parties	367,993	1,623,179	-1,255,186
Total revenue and operating income	112,599,302	76,853,607	35,745,695
Material and service costs	13,237,637	11,552,761	1,684,876
- third parties	10,596,014	9,847,638	748,376
- related parties	2,641,623	1,705,123	936,500
Cost of labour	5,173,205	5,023,402	149,803
Other operating costs	8,421,211	5,756,552	2,664,659
Total operating costs	26,832,053	22,332,715	4,499,338
(Depreciation, amortization and provisions)	-1,558,052	-1,259,400	-298,652
(Impairment losses)/Reversals on work in progress and inventories	-23,498	-127,158	103,660
Change in fair value - increases / (decreases)	34,252,378	9,485,445	24,766,933
Total depreciation, amortization, provisions, impairment and change in fair value	32,670,828	8,098,887	24,571,941
EBIT	118,438,077	62,619,779	55,818,298
Income/(loss) from equity investments and property sales	-45,961	8,729,237	-8,775,198
Financial income:	192,497	422,387	-229,890
- third parties	33,423	193,218	-159,795
- related parties	159,074	229,169	-70,095
Financial charges:	33,049,588	29,390,308	3,659,280
- third parties	33,035,281	29,346,638	3,688,643
- related parties	14,307	43,670	-29,363
Net financial income (expense)	-32,857,091	-28,967,921	-3,889,170
PRE-TAX PROFIT	85,535,025	42,381,095	43,153,930
Income taxes	166,886	152,408	14,478
NET PROFIT FOR THE PERIOD	85,368,139	42,228,687	43,139,452

Draft statement of financial position of the Parent Company IGD SIIQ S.p.A. at 31 December 2017

Statement of financial position (in thousands of Euro)	31/12/2017 (A)	31/12/2016 (B)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	22,512	33,060	(10,548)
Goodwill	1,300,000	1,300,000	0
	1,322,512	1,333,060	(10,548)
Property, plant, and equipment			
Investment property	1,829,951,389	1,239,357,298	590,594,091
Buildings	8,130,978	8,374,484	(243,506)
Plant and machinery	79,119	37,000	42,119
Equipment and other assets	274,806	340,874	(66,068)
Leasehold improvements	11,008	11,062	(54)
Assets under construction and down payments	29,076,179	59,633,405	(30,557,226)
	1,867,523,479	1,307,754,123	559,769,356
Other non-current assets			
Deferred tax assets	5,992,107	7,534,352	(1,542,245)
Sundry receivables and other non-current assets	50,029	20,424	29,605
Equity investments	186,446,078	518,051,100	(331,605,022)
Non-current financial assets	100,000	100,000	0
	192,588,214	525,705,876	(333,117,662)
TOTAL NON-CURRENT ASSETS (A)	2,061,434,205	1,834,793,059	226,641,146
CURRENT ASSETS:			
Trade and other receivables	7,017,607	5,712,278	1,305,329
Related party trade and other receivables	1,644,663	871,265	773,398
Other current assets	2,814,785	12,183,707	(9,368,922)
Related party financial receivables and other current financial assets	181,427	208,648	(27,221)
Financial receivables and other current financial assets	90,529,742	187,018,210	(96,488,468)
Cash and cash equivalents	1,460,490	1,125,370	335,120
	103,648,714	207,119,478	(103,470,764)
TOTAL CURRENT ASSETS (B)	103,648,714	207,119,478	(103,470,764)
TOTAL ASSETS (A + B)	2,165,082,919	2,041,912,537	123,170,382
NET EQUITY:			
Share capital	599,760,278	599,760,278	0
Share premium reserve	29,971,151	29,971,151	0
Other reserves	389,311,632	354,396,513	34,915,119
Earnings	103,773,553	42,229,060	61,544,493
Total net equity (C)	1,122,816,614	1,026,357,002	96,459,612
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	20,362,400	27,062,806	(6,700,406)
Non-current financial liabilities	900,174,780	824,946,282	75,228,498
Provisions for employee severance indemnities	1,602,347	1,563,146	39,201
Provisions for risks and future charges	4,941,489	4,426,362	515,127
Sundry payables and other non-current liabilities	2,923,498	84,442	2,839,056
Related party sundry payables and other non-current liabilities	11,891,499	9,822,965	2,068,534
	941,896,013	867,906,003	73,990,010
CURRENT LIABILITIES:			
Current financial liabilities	78,579,487	112,835,598	(34,256,111)
Related party current financial liabilities	1,487,851	18,170,927	(16,683,076)
Trade and other payables	11,428,177	10,363,410	1,064,767
Related party trade and other payables	464,675	1,366,358	(901,683)
Current tax liabilities	1,907,554	460,514	1,447,040
Other current liabilities	6,345,827	4,113,656	2,232,171
Related party other current liabilities	156,721	339,069	(182,348)
	100,370,292	147,649,532	(47,279,240)
TOTAL CURRENT LIABILITIES (E)	100,370,292	147,649,532	(47,279,240)
TOTAL LIABILITIES (F=D+E)	1,042,266,305	1,015,555,535	26,710,770
TOTAL NET EQUITY AND LIABILITIES (C + F)	2,165,082,919	2,041,912,537	123,170,382

Statement of cash flows of the Parent Company IGD SIIQ S.p.A. at 31 December 2017

STATEMENT OF CASH FLOWS	31/12/2017	31/12/2016
<i>(In thousands of Euro)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	85.535.025	42.381.095
Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:		
Non-monetary items	4.034.634	6.962.065
Depreciation, amortization and provisions	1.558.052	1.259.400
(Impairment)/reversal of assets under construction and inventories	23.498	127.158
Change in fair value of investment property	(34.252.378)	(9.485.445)
Gains/losses from disposals	50.000	11.370
CASH FLOW FROM OPERATIONS	56.948.832	41.255.643
Income tax	(130.127)	(253.862)
CASH FLOW FROM OPERATIONS NET OF TAX	56.818.705	41.001.781
Net change in current assets and liabilities w. third parties	10.001.936	(6.180.962)
Net change in current assets and liabilities w. related parties	(1.064.640)	(5.200.732)
Net change in non-current assets and liabilities w. third parties	(1.356.873)	33.076
Net change in non-current assets and liabilities w. related parties	(2.057.218)	(7.188)
CASH FLOW FROM OPERATING ACTIVITIES	62.341.910	29.645.975
(Investments) in non-current assets	(34.649.494)	(72.604.556)
Disposals of non-current assets	152.000	315.114
Disposals of equity interests	0	4.465.737
(Investments) in equity interests	0	(18.780)
CASH FLOW FROM INVESTING ACTIVITIES	(34.497.494)	(67.842.485)
Change in financial receivables and other current financial assets w. related parties	(29.343.214)	(135.570.801)
vendita azioni proprie	(158.566)	0
Cash Flow Hedge reserve	0	(1.658.500)
Distribution of dividends	(36.587.053)	(32.521.825)
Change in current debt with third parties	(35.082.864)	(82.842.534)
Change in current debt with related parties	1.005.284	16.170.838
Change in non-current debt with third parties	72.239.283	267.172.996
CASH FLOW FROM FINANCING ACTIVITIES	(27.927.130)	30.750.174
NET INCREASE (DECREASE) IN CASH BALANCE	(82.714)	(7.446.336)
CASH BALANCE AT BEGINNING OF YEAR	1.125.370	8.571.706
CASH DISPOSED OF THROUGH THE SALE OF EQUITY INVESTMENTS	417.834	0
CASH BALANCE AT END OF YEAR	1.460.490	1.125.370

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