

## 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 2018

### RESULTS AT 31 DECEMBER 2018:

- Recurring net income (FFO): €79.7 million (+21.4%);
- Rental income: €151.8 million, +9.2% (LFL Italy +1.3%, Romania +2.9%)
- Net rental income: €124 million, +10.9%
- Sales of retailers in Italian malls + 2.2%; financial occupancy Italy 97.2%; Romania 97.1%
- Further improvement in financial indicators: Loan to Value 45.8%; average cost of debt 2.7%
- Market value of the portfolio €2,412.2 million (+8.3%);
- EPRA NNAV per share: €11.45 (+0.4%)
- Dividend: the Board of Directors will propose that shareholders approve a dividend of 50 euro cents per share
- The ninth corporate sustainability report approved

**Bologna, 26 February 2019.** 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 2018.**

*“2018 marks both an end and a starting point as we reach the last year of the Business Plan 2016-2018 and embark on the Strategic Plan 2019-2021 approved in November. The results shown in the Annual Report 2018 enabled execution of the Business Plan 2016-2018 which had challenging targets. More in detail, with regard to FFO, once again in 2018 IGD beat the +20% target announced and achieved growth of 21.4%. The operating margins exceeded targets, as did financial management”* **stated Claudio Albertini, IGD’s Chief Executive Officer.** *“In an environment of constant change, IGD is proving that it has a structure capable of responding quickly and concretely to new consumption models, giving increasingly more space to services, restaurants, technology and sustainability. All of this, along with the projects presented and approved together with the Strategic Plan, allow us to be confident about continuing along the Group’s growth path over the coming years”*

## **OPERATING PERFORMANCE**

**Sales for retailers** in the Group's Italian malls rose **2.2%** (+0.7% excluding the ESP extension inaugurated on 1 June 2017); growth was recorded in the second and fourth quarters. The fourth quarter, in particular, was boosted by the positive impact of the sales posted during the week of Black Friday (footfalls +3.1%, testimony to the fact that e-commerce did not have a substitution effect), in addition to a particularly good December (sales rose +1.6% in the month). In terms of merchandise, Electronics (+8.2%), Services (+23.2%) and Restaurants (+2.2%) grew across the network. Footfalls were down slightly compared to the prior year. During the year 184 contracts were signed, 109 renewals and 75 new leases with rents stable (but +1.2% excluding the only renewal completed in December).

In Romania, the economy continues to perform brilliantly, in terms of consumption and regional retail trends; this dynamic, along with careful and effective portfolio management fueled a further increase in the **occupancy rate (97.1%)** and the **upside on renewals (+3.9%)**.

## **FINANCIAL – ECONOMIC RESULTS (FFO +21.4%)**

**Rental income rose 9.2% to €151.8 million** explained by:

- for around €1.7 million, like-for-like growth (+1.3%) in Italy. Malls (+1.5%) and hypermarkets (+0.9%) were up;
- for around €10.9 million, higher revenue not like-for-like linked to the opening of the ESP extension on 1 June 2017 and the acquisition of 4 malls and a retail park in April 2018
- for around €0.27 million, higher revenue like-for-like in Romania (+2.9%)

**Net rental income amounted to €124.0 million, an increase of 10.9%** against the same period of the prior year.

Revenue from services came to €6.3 million and net revenue from services was €0.8 million higher than in the previous year.

The Porta a Mare project generated revenue from trading (around €4.4 million) as a result of the sale of 14 residential units, 14 garages and 1 parking place (the total of the units sold/committed, therefore, now represents 90.7% of the total saleable area).

**Core business Ebitda amounted to €113.7 million, an increase of 12.4%** compared to 31 December 2017. Core business revenue increased (including as a result of the larger real estate portfolio), offset by a less than proportional increase in operating costs. The core business Ebitda Margin came to 71.9%, an increase of 220 bps compared to the prior year (69.7%). The **freehold core business Ebitda** (relative to freehold properties) came to 80.3%, an increase of 110 basis points against December 2017.

**Financial expense decreased** (-5.4%) to €32.5 million, despite the increase in the net financial position: the downward trend in the average cost of debt, which came to 2.7% (vs 2.8% in December 2017), was, therefore, confirmed.

**The Group's portion of net profit, therefore, amounted to €46.4 million in the year**, down with respect to 2017 (-46.3%) which reflects the difference in writedowns and fair value adjustments which were negative, versus positive (for around €23.9 million) in 2017.

**Funds from Operations (FFO) rose 21.4%** compared to 31 December 2017 to **€79.7 million**, exceeding the growth target announced in August 2018 (at least +20%).

#### **ASSET MANAGEMENT AND DEVELOPMENT PIPELINE**

During the year IGD continued with its asset management activities: in addition to the acquisition, which closed in April, of 4 assets in located in northern Italy that are part of important shopping centers in their respective catchment areas, in May a new midsize store was opened in the Gran Rondò Shopping Center in Crema and the restyling of the mall façade, as well as the multi-level parking garage, were also completed.

On 21 December the building permit was received (issued pursuant to the agreement signed on 15 November) relating to the Officine Storiche section of the "Porta a Mare" Project in Livorno, which will make it possible resume work on the completion of 43 residential units and the area of around 15,600 m<sup>2</sup> which will be dedicated to retail, the biggest and most attractive portion of the entire project.

Two significant restyling and remodeling projects are also currently underway at the **Casilino Shopping Center** in **Rome** the **Fonti del Corallo** Shopping Center in **Livorno**. Both projects call for the **downsizing of the hypermarket** and the creation of new spaces inside the mall: work is being done, specifically, on including services which will make the shopping center more attractive to returning and first time visitors. Work on both projects is expected to be completed in 2019.

On 7 November a strategic agreement was signed with COOP Alleanza 3.0 relative to 18 hypermarkets with a fair value of around €520 million which calls for:

- revision of the lease terms, namely a lengthening of the expiration of all the leases covered under the agreement through 2037 and the adjustment of a few rents with a view to increased stability and sustainability;
- remodeling of 5 assets which could benefit from increasing the number of stores/services in the malls by downsizing the hypermarket in order to increase the center's appeal.

## **PORTFOLIO AND ASSET VALUATION**

The market value of the IGD Group's **real estate portfolio** reached **€2,412.2 million**, an increase of **8.3%** compared to December 2017. The main changes relate to the acquisition of the portfolio comprising 4 shopping malls and a retail park in April 2018 and the impact of the strategic agreement signed with Coop Alleanza 3.0., along with the downsizing of the hypermarket in the Fonti del Corallo shopping center which is not part of the Agreement.

The like-for-like portfolio in Italy (excluding the shopping centers subject to remodeling) was up slightly:

- **malls** rose +0.43% (+€4.5 million) and the **gross initial yield came to 6.23%**;
- **hypermarkets** were also up by +1.6% (+€7.5 million) and the **gross initial yield came to 6.07%**.

Looking at the entire perimeter (like-for-like plus the shopping centers that will be remodeled and, therefore, reclassified as smaller hypermarkets and larger malls) the following change took place:

- **malls** rose +18.19% (+€242.2 million) and the **gross initial yield came to 6.41%**;
- **hypermarkets** were 9.51% lower (-€61.6 million) and the **gross initial yield came to 6.08%**.

In **Romania** the value of the real estate portfolio reached €154.8 million at 31 December 2018, lower than the **€159.5 million posted at 31 December 2017**, with a **gross initial yield of 6.8%**.

**The Net Initial Yield, calculated using EPRA criteria, reached 5.3% for the Italian portfolio (5.4% topped up) and 5.8% for the Romanian portfolio (6.2% topped up).**

**The EPRA NNAV reached €1,263 million or €11.45 per share. The figure is 0.4% higher** versus 31 December 2017 (€11.40 per share, recalculated to take into account the capital increase completed on 23 April 2018) <sup>1</sup>.

## **FINANCIAL STRUCTURE**

**The IGD Group's net financial debt came to €1,107.9 million** at 31 December 2018, a slight increase with respect to December 2017, including as result of the debt financed portion of the acquisition, while financial indicators like the **gearing ratio** (which came to **0.88x** compared to 0.94x at year-end 2017) and the **loan-to-value** (which came to **45.8%** vs 47.4% at year-end 2017) improved.

**The Interest Cover Ratio (ICR) improved markedly, coming in at 3.47x** (vs. 2.93x in 2017).

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<sup>1</sup> Taking into account cash and the new number of shares amounting to 110,341,903.

## **DIVIDEND**

The Board of Directors proposed that shareholders approve, subject to the approval of the financial statements for the year ending 31 December 2018 and the Board of Directors' Report, a **dividend of 50 euro cents per share (the distribution of a total of €55.2 million or 69.3% of the FFO)**

The dividend yield on the stock price recorded at 25 February 2018 would be equal to approx. 8%.

## **OUTLOOK 2019**

The Company expects to continue along its growth path in line with the targets in the 2019-2021 Strategic Plan.

**The Company estimates that FFO will grow in a range of between +6% and +7% in 2019.**

## **THE NINTH CORPORATE SUSTAINABILITY REPORT APPROVED**

The Board of Directors approved the Corporate Sustainability Report together with the Annual Report. As in 2017, the CSR approved was subject to Limited Assurance by PricewaterhouseCoopers which certified compliance with the most important international standards (the GRI Standards).

This report, which maintains the structure of the 2017 CSR, contains three additions:

1. Reporting on the extent the targets found in the 2016-2018 Plan have been achieved;
2. Specific reference to 10 (out of 17) UN Millennium Goals and reporting on the steps taken by IGD to achieve them;
3. Elements to be used to assess the impact of 3 sustainability projects.

The performances of the company during the year are reported in the different chapters of the CSR, organized based on the acronym G.R.E.A.T. (Green, Responsible, Ethical, Attractive, Together):

- Green: consumption of electricity was reduced, thanks also to the solar panels installed (active in 5 shopping centers) and the use of LED lighting (found in 16 shopping centers); another 2 key assets received BREEAM IN USE certification (Tiburtino in Rome and Katanè in Catania) and the UNI EN ISO 14001 environmental certification process continued (17 centers are certified, in addition to the headquarters or 74% of the centers IGD decided to certify); the use exclusively, as of 2017, of renewable energy.
- Responsible: the second year of the Corporate Welfare Plan with the participation of almost all employees; a total of almost €5 million was spent between 2017 and 2018 on plans for volunteer measures at shopping centers focusing on shopping center safety involving earthquake proofing and the installation of anti-intrusion bollards.
- Ethical: the 3-star legality rating (the highest achievable) obtained in 2016 was confirmed; UNI ISO 37001 anticorruption certification was obtained in Romania; changes were made to the privacy policy in order to protect the data that stakeholders entrust the company with.

- Attractive: restyling begun at Centro Casilino in Rome and Fonti del Corallo in Livorno which focuses on increasing the sustainability of the buildings; the renewal of the tenant and merchandising mix continued resulting in the introduction of 27 new brands (15.1% of the total brands added during the year); 530 free events were organized in the year for a total investment by the shopping centers of €3.3 million; further work was done on the innovation project including the introduction of chatbots (virtual assistants active 24/7) in 3 shopping malls, the structured use of Instagram, as well as Poste Italiane lockers in 2 shopping centers; an agreement was entered into for the use of Amazon Lockers in 27 shopping centers.
- Together: as part of stakeholder engagement a specific “Project Listen” or “Progetto Ascolto” was developed for visitors (and non) of the shopping centers; IGD’s social role in communities was confirmed by the more than 14,600 jobs offered, partnerships with around 800 local suppliers, the fact that local brands account for 40% of the brands found in the malls and involvement of 238 local associations.

### Operating income statement at 31 December 2018

GROUP CONSOLIDATED	(a) CONS_2017	(b) CONS_2018	Δ (b)/(a)
Revenues from freehold activities	126.3	139.3	10.3%
Revenues from leasehold activities	12.6	12.5	-1.3%
<b>Total income from rental activities</b>	<b>138.9</b>	<b>151.8</b>	<b>9.2%</b>
Rents and payable leases	-10.2	-10.3	0.5%
Direct costs from rental activities	-16.8	-17.5	3.9%
<b>Net rental income</b>	<b>111.9</b>	<b>124.0</b>	<b>10.9%</b>
Revenues from services	6.2	6.3	2.2%
Direct costs from services	-5.8	-5.2	-11.2%
<b>Net services income</b>	<b>0.4</b>	<b>1.1</b>	<b>n.a.</b>
Headquarters personnel	-6.6	-6.7	1.9%
G&A expenses	-4.4	-4.7	6.1%
<b>CORE BUSINESS EBITDA (Operating income)</b>	<b>101.2</b>	<b>113.7</b>	<b>12.4%</b>
<i>Core business Ebitda Margin</i>	<i>69.7%</i>	<i>71.9%</i>	
Revenues from trading	5.1	4.4	-13.1%
Cost of sale and other trading costs	-5.8	-5.5	-5.2%
<b>Operating results from trading</b>	<b>-0.7</b>	<b>-1.1</b>	<b>50.4%</b>
<b>EBITDA</b>	<b>100.5</b>	<b>112.6</b>	<b>12.1%</b>
<i>Ebitda Margin</i>	<i>66.9%</i>	<i>69.3%</i>	
Impairment and Fair Value adjustments	23.9	-30.3	n.a.
Depreciations and provisions	-1.2	-1.1	-6.5%
<b>EBIT</b>	<b>123.2</b>	<b>81.2</b>	<b>-34.0%</b>
FINANCIAL MANAGEMENT	-34.3	-32.5	-5.4%
EXTRAORDINARY MANAGEMENT	-0.1	-0.1	-10.3%
<b>PRE-TAX PROFIT</b>	<b>88.7</b>	<b>48.7</b>	<b>-45.2%</b>
Taxes	-2.3	-2.3	0.0%
<b>PROFIT FOR THE PERIOD</b>	<b>86.5</b>	<b>46.4</b>	<b>-46.3%</b>
Profit/Loss for the period related to third parties	0.0	0.0	n.a.
<b>GROUP NET PROFIT</b>	<b>86.5</b>	<b>46.4</b>	<b>-46.3%</b>

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

## **OTHER RESOLUTIONS**

### **Calling of the Annual General Meeting in ordinary session**

IGD's Board of Directors also resolved to convene the Company's Annual General Meeting in ordinary session on 10 April 2019, in first call and, if necessary, in second call on 11 April 2019, to resolve on the following agenda:

1. Separate financial statements at 31.12.2018; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2018; related and consequent resolutions;
2. Allocation of the net earnings for the year and distribution of the dividend to Shareholders; related and consequent resolutions;
3. Report on compensation in accordance with Art. 123-ter, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions;
4. Authorization to buy and sell treasury shares; related and consequent resolutions.

IGD's Board of Directors will propose that the shareholders, meeting in ordinary session, approve the payment of a dividend of €0.50 per share which equates, based on the recent stock price of €6, to a dividend yield of approximately 8%.

The dividend will be payable as from 13 May 2019, with shares going ex-div n. 3 on 15 May 2019. Pursuant to Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998 n. 58, the shareholders of IGD at the record date (14 May 2019) will be entitled to receive the dividend.

La prima data utile per lo stacco della cedola n. 3 sarà il 13 maggio 2019, con pagamento a decorrere dal 15 maggio 2019. Ai sensi dell'art. 83-terdecies del D.Lgs. del 24 febbraio 1998 n. 58, avranno diritto al dividendo coloro che risulteranno Azionisti di IGD al termine della giornata contabile del 14 maggio 2019 (c.d. record date).

### **Approval of the Authorization to buy and sell treasury shares**

The Shareholders will also be called upon to resolve on the authorization to purchase and dispose of treasury shares, after revoking the prior authorization granted by the shareholders on 1 June 2018, as follows:

Motivation: (i) trading and hedging transactions and (ii) invest liquidity; (iii) allow for the use of the treasury shares in transactions pertaining to operating activities and business projects consistent with the Company's strategic guidelines, in relation to which it is beneficial to trade, swap, contribute, or otherwise dispose of the shares; (iv) fulfill obligations stemming from debt instruments convertible into or exchangeable for equity; and (v) fulfill obligations stemming from stock option or stock grant programs in place for employees or members of the Board of Directors of the Company and/or direct or indirect subsidiaries.

Maximum number of treasury shares which may be purchased: the purchases may be made on one or more occasions up to the maximum allowed under the law;

Expiration of the shareholders' authorization: the authorization to purchase treasury shares is requested for a period of eighteen months as from the date of shareholders' authorization; there is no time limit on the authorization to dispose of the shares;

Methods and purchase price of the treasury shares: the purchases shall be made in accordance with Art. 132 of the Uniform Finance Act and Art. 144-*bis*, first paragraph, letters b), c) and d-ter), of the Regulations for Issuers, or any other applicable laws and regulations in effect at the time of the transactions, and must be purchased at prices satisfying the provisions of Art. 5(1) of European Commission Regulation EC n. 596/2014 of 16 April 2004 or any other applicable provisions in effect at the time of the transaction.

#### **Assessment of independent status**

IGD's Board of Directors verified, based on the information provided by the interested parties to the Company that the 7 (seven) independent directors (Luca Dondi dall'Orologio, Elisabetta Gualandri, Sergio Lugaresi, Livia Salvini, Rossella Saoncella, Timothy Guy Michele Santini and Eric Jean Véron) 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.

#### **Transfer of the registered office**

The Board of Directors approved, pursuant to art. 2 of IGD's bylaws, the transfer the company's registered office to Via Trattati Comunitari Europei 1957-2007, n. 13 in Bologna.

The documents will be made available to the public – as well as published on IGD's website <http://www.gruppoigd.it/Governance> - at the Company's registered office, Borsa Italiana S.p.A. and on the authorized storage system [www.emarketstorage.com](http://www.emarketstorage.com) in accordance with the law and applicable regulations.



*"Carlo Barban, 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 SIIQ S.p.A.**

Immobiliare Grande Distribuzione SIIQ 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 SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) in Italy. IGD has a real estate portfolio valued at circa €2,412.2 million at 31 December 2018, comprised of, in Italy, 25 hypermarkets and supermarkets, 27 shopping malls and retail parks, 1 plot of land for development, 1 property held for trading and an additional 5 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](http://www.gruppoigd.it), in the Investor Relations section, and on the website [www.imagebuilding.it](http://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 2018 and Income statement, statement of financial position and statement of cash flow of the parent company IGD SIIQ Spa at 31 December 2018.**

## Consolidated income statement at 31 December 2018

(in thousands of euros)	31/12/2018 (A)	31/12/2017 (B)	Change (A-B)
<b>Revenue:</b>	<b>151.760</b>	<b>138.915</b>	<b>12.845</b>
- from third parties	109.105	96.637	12.468
- from related parties	42.655	42.278	377
<b>Other revenue:</b>	<b>6.309</b>	<b>6.176</b>	<b>133</b>
- other income	3.869	4.008	( 139)
- from related parties	2.440	2.168	272
<b>Revenue from property sales</b>	<b>4.445</b>	<b>5.116</b>	<b>( 671)</b>
<b>Total revenue and operating income</b>	<b>162.514</b>	<b>150.207</b>	<b>12.307</b>
Change in inventory	( 4.365)	( 4.633)	268
<b>Total revenue and change in inventory</b>	<b>158.149</b>	<b>145.574</b>	<b>12.575</b>
Realization costs	564	591	( 27)
Service costs	23.889	23.377	512
- third parties	20.684	20.617	67
- related parties	3.205	2.760	445
Cost of labour	9.810	9.881	( 71)
Other operating costs	10.372	9.911	461
<b>Total operating costs</b>	<b>44.635</b>	<b>43.760</b>	<b>875</b>
(Depreciation, amortization and provisions)	( 1.104)	( 1.360)	256
(Impairment losses)/Reversals on work in progress and inventories	( 234)	( 3.670)	3.436
(Writedowns)/Recovery receivables	( 884)	( 1.172)	288
Change in fair value - increases / (decreases)	( 42.902)	27.556	( 70.458)
Net revaluation acquisition	12.857	0	12.857
<b>Total depreciation, amortization, provisions, impairment and change in fair value</b>	<b>( 32.267)</b>	<b>21.354</b>	<b>( 53.621)</b>
<b>EBIT</b>	<b>81.247</b>	<b>123.168</b>	<b>( 41.921)</b>
<b>Income/(loss) from equity investments and property sales</b>	<b>( 85)</b>	<b>( 45)</b>	<b>( 40)</b>
Income/(loss) from equity investments and property sales	( 85)	( 45)	( 40)
<b>Financial income:</b>	<b>92</b>	<b>143</b>	<b>( 51)</b>
- third parties	89	140	( 51)
- related parties	3	3	0
<b>Financial charges:</b>	<b>32.590</b>	<b>34.536</b>	<b>( 1.946)</b>
- third parties	32.554	34.522	( 1.968)
- related parties	36	14	22
<b>Net financial income (expense)</b>	<b>( 32.498)</b>	<b>( 34.393)</b>	<b>1.895</b>
<b>PRE-TAX PROFIT</b>	<b>48.664</b>	<b>88.730</b>	<b>( 40.066)</b>
Income taxes	2.276	2.276	0
<b>NET PROFIT FOR THE PERIOD</b>	<b>46.388</b>	<b>86.454</b>	<b>( 40.066)</b>
Minority interests in net (profit)/loss	0	0	0
<b>Parent Company's portion of net profit</b>	<b>46.388</b>	<b>86.454</b>	<b>( 40.066)</b>

## Consolidated statement of financial position at 31 December 2018

(in thousands of euros)	31/12/2018 (A)	31/12/2017 (B)	Change (A-B)
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	34	35	( 1)
Goodwill	12,662	12,662	0
	<b>12,696</b>	<b>12,697</b>	<b>( 1)</b>
<b>Property, plant, and equipment</b>			
Investment property	2,346,527	2,157,176	189,351
Buildings	7,887	8,131	( 244)
Plant and machinery	213	260	( 47)
Equipment and other assets	968	1,016	( 48)
Leasehold improvements	547	797	( 250)
Assets under construction and down payments	36,563	40,466	( 3,903)
	<b>2,392,705</b>	<b>2,207,846</b>	<b>184,859</b>
<b>Other non-current assets</b>			
Deferred tax assets	-	-	0
Sundry receivables and other non-current assets	111	90	21
Equity investments	277	254	23
Non-current financial assets	243	343	( 100)
	<b>631</b>	<b>687</b>	<b>( 56)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2,406,032</b>	<b>2,221,230</b>	<b>184,802</b>
<b>CURRENT ASSETS:</b>			
Work in progress inventory and advances	33,213	37,623	( 4,410)
Trade and other receivables	12,916	11,415	1,501
Related party trade and other receivables	2,024	2,054	( 30)
Other current assets	5,438	3,343	2,095
Related party financial receivables and other current financial assets	96	96	0
Financial receivables and other current financial assets	-	42	( 42)
Cash and cash equivalents	2,472	2,509	( 37)
<b>TOTAL CURRENT ASSETS (B)</b>	<b>56,159</b>	<b>57,082</b>	<b>( 923)</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,462,191</b>	<b>2,278,312</b>	<b>183,879</b>
<b>NET EQUITY:</b>			
Share capital	749,738	599,760	149,978
Treasury shares	( 492)	( 159)	( 333)
Share premium reserve	31,504	29,971	1,533
Other reserves	410,601	384,673	25,928
Group profit	60,987	101,190	( 40,203)
<b>Total Group net equity</b>	<b>1,252,338</b>	<b>1,115,753</b>	<b>136,585</b>
Portion pertaining to minorities	-	-	0
<b>TOTAL NET EQUITY (C)</b>	<b>1,252,338</b>	<b>1,115,753</b>	<b>136,585</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	17,364	20,397	( 3,033)
Non-current financial liabilities	884,197	965,539	( 81,342)
Provision for employee severance indemnities	2,567	2,574	( 7)
Deferred tax liabilities	26,340	24,777	1,563
Provisions for risks and future charges	5,597	5,326	271
Sundry payables and other non-current liabilities	7,850	9,291	( 1,441)
Related party sundry payables and other non-current liabilities	11,892	11,891	1
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>955,807</b>	<b>1,039,795</b>	<b>( 83,988)</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	226,475	97,097	129,378
Trade and other payables	14,248	13,838	410
Related party trade and other payables	789	459	330
Current tax liabilities	2,373	2,400	( 27)
Other current liabilities	10,161	8,956	1,205
Related party other current liabilities	-	14	( 14)
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>254,046</b>	<b>122,764</b>	<b>131,282</b>
<b>TOTAL LIABILITIES (F=D+E)</b>	<b>1,209,853</b>	<b>1,162,559</b>	<b>47,294</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,462,191</b>	<b>2,278,312</b>	<b>183,879</b>

## Consolidated statement of cash flow at 31 December 2018

(in thousands of Euro)	31/12/2018	31/12/2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	48,664	88,730
<b>Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:</b>		
Financial (income)/charges	32,590	34,536
Depreciation, amortization and provisions	1,104	1,360
Writedown of receivables	884	1,172
(Impairment losses)/reversals on work in progress	234	3,670
Changes in fair value - increases / (decreases)	42,902	(27,556)
Net (Revaluation) of the acquisition of 4 business divisions	(12,857)	
Gains/losses from disposals - equity investments	85	45
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>113,606</b>	<b>101,957</b>
paid financial charges	(30,040)	(31,017)
Income tax	(1,429)	(1,319)
<b>CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX</b>	<b>82,137</b>	<b>69,621</b>
Change in inventory	4,176	4,633
Net change in current assets and liabilities w. third parties	(4,160)	7,369
Net change in non-current assets and liabilities w. third parties	(1,188)	(3,203)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>80,965</b>	<b>78,420</b>
(Investments) in non-current assets	(20,279)	(32,558)
Disposals of non-current assets	36	153
(Investment) in 4 business divisions net of cash and cash equivalents acquired	(104,640)	0
(Investments) in equity interests	0	(9,507)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(124,883)</b>	<b>(41,912)</b>
Change in non-current financial assets	(8)	0
Change in financial receivables and other current financial assets	42	(42)
Disposal of treasury shares	126	0
(Purchase) treasury shares	(492)	(159)
Capital increase net of costs	147,339	0
Distribution of dividends	(55,171)	(36,587)
Change in current debt	(7,271)	(69,457)
Change in non-current debt	(40,674)	69,244
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>43,891</b>	<b>(37,001)</b>
Exchange rate differences on cash and cash equivalents	(10)	(82)
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>(37)</b>	<b>(575)</b>
<b>CASH BALANCE AT BEGINNING OF THE PERIOD</b>	<b>2,509</b>	<b>3,084</b>
<b>CASH BALANCE AT END OF THE PERIOD</b>	<b>2,472</b>	<b>2,509</b>

**Consolidated net financial position at 31 December 2018**

(amounts in thousands of euros)	<b>31/12/2018</b>	<b>31/12/2017</b>
Cash and cash equivalents	(2,472)	(2,509)
Financial receivables and other current financial assets w . related parties	(96)	(96)
Financial receivables and other current financial assets	0	(42)
<b>LIQUIDITY</b>	<b>(2,568)</b>	<b>(2,647)</b>
Current financial liabilities	42,763	48,681
Mortgage loans - current portion	45,340	34,904
Leasing – current portion	334	323
Bond loans - current portion	138,038	13,189
<b>CURRENT DEBT</b>	<b>226,475</b>	<b>97,097</b>
<b>CURRENT NET DEBT</b>	<b>223,907</b>	<b>94,450</b>
Non-current financial assets	(243)	(343)
Leasing – non-current portion	3,594	3,928
Non-current financial liabilities	323,298	285,522
Bond loans	557,304	676,089
<b>NET NON-CURRENT DEBT</b>	<b>883,953</b>	<b>965,196</b>
<b>NET FINANCIAL POSITION</b>	<b>1,107,860</b>	<b>1,059,646</b>

## Draft income statement of the Parent Company IGD SIIQ S.p.A. at 31 December 2018

(in Euros)	31/12/2018 (A)	31/12/2017 (B)	Change (A-B)
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	24.648	22.512	2.136
Goodwill	1.300.000	1.300.000	0
	<b>1.324.648</b>	<b>1.322.512</b>	<b>2.136</b>
<b>Property, plant, and equipment</b>			
Investment property	2.019.215.281	1.829.951.389	189.263.892
Buildings	7.887.472	8.130.978	( 243.506)
Plant and machinery	82.150	79.119	3.031
Equipment and other assets	280.893	274.806	6.087
Leasehold improvements	35.025	11.008	24.017
Assets under construction and advances	26.284.555	29.076.179	( 2.791.624)
	<b>2.053.785.376</b>	<b>1.867.523.479</b>	<b>186.261.897</b>
<b>Other non-current assets</b>			
Deferred tax assets	5.191.614	5.992.107	( 800.493)
Sundry receivables and other non-current assets	71.978	50.029	21.949
Equity investments	186.473.918	186.446.078	27.840
Non-current financial assets	-	100.000	( 100.000)
	<b>191.737.510</b>	<b>192.588.214</b>	<b>( 850.704)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2.246.847.534</b>	<b>2.061.434.205</b>	<b>185.413.329</b>
<b>CURRENT ASSETS:</b>			
Trade and other receivables	8.022.046	7.017.607	1.004.439
Related party trade and other receivables	1.439.057	1.644.663	( 205.606)
Other current assets	4.277.082	2.814.785	1.462.297
Other related party current assets	294.964	181.427	113.537
Related party financial receivables and other current financial assets	98.767.426	90.529.742	8.237.684
Cash and cash equivalents	1.461.534	1.460.490	1.044
	<b>114.262.109</b>	<b>103.648.714</b>	<b>10.613.395</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2.361.109.643</b>	<b>2.165.082.919</b>	<b>196.026.724</b>
<b>NET EQUITY:</b>			
Share capital	749.738.139	599.760.278	149.977.861
Treasury shares	( 491.610)	( 158.567)	( 333.043)
Share premium reserve	31.504.094	29.971.151	1.532.943
Other reserves	415.171.690	389.470.199	25.701.491
Earnings	58.425.167	103.773.553	( 45.348.386)
	<b>1.254.347.480</b>	<b>1.122.816.614</b>	<b>131.530.866</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	17.110.619	20.362.400	( 3.251.781)
Non-current financial liabilities	821.817.423	900.174.780	( 78.357.357)
Related party non-current financial liabilities	-	-	0
Provision for employee severance indemnities	1.584.248	1.602.347	( 18.099)
Provisions for risks and future charges	5.222.153	4.941.489	280.664
Sundry payables and other non-current liabilities	1.481.448	2.923.498	( 1.442.050)
Related party sundry payables and other non-current liabilities	11.892.499	11.891.499	1.000
	<b>859.108.390</b>	<b>941.896.013</b>	<b>( 82.787.623)</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	223.439.468	78.579.487	144.859.981
Related party current financial liabilities	1.703.932	1.487.851	216.081
Trade and other payables	11.559.311	11.428.177	131.134
Related party trade and other payables	745.859	464.675	281.184
Tax liabilities	1.868.786	1.907.554	( 38.768)
Other current liabilities	7.975.772	6.345.827	1.629.945
Related party other current liabilities	360.645	156.721	203.924
	<b>247.653.773</b>	<b>100.370.292</b>	<b>147.283.481</b>
<b>TOTAL LIABILITIES (F=D + E)</b>	<b>1.106.762.163</b>	<b>1.042.266.305</b>	<b>64.495.858</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2.361.109.643</b>	<b>2.165.082.919</b>	<b>196.026.724</b>

**Draft statement of financial position of the Parent Company IGD SIIQ S.p.A. at 31 December 2018**

(in Euros)	31/12/2018 (A)	31/12/2017 (B)	Variazioni (A-B)
<b>Revenue:</b>	<b>123.743.501</b>	<b>111.579.300</b>	<b>12.164.201</b>
- from third parties	78.140.522	66.615.703	11.524.819
- from related parties	45.602.979	44.963.597	639.382
<b>Other revenue:</b>	<b>1.145.188</b>	<b>1.020.002</b>	<b>125.186</b>
- other income	547.182	652.009	( 104.827)
- from related parties	598.006	367.993	230.013
<b>Total revenue and operating income</b>	<b>124.888.689</b>	<b>112.599.302</b>	<b>12.289.387</b>
Service costs:	13.221.587	13.237.637	( 16.050)
- third parties	10.442.195	10.596.014	( 153.819)
- related parties	2.779.392	2.641.623	137.769
Cost of labour	5.324.283	5.173.205	151.078
Other operating costs	8.828.144	8.421.211	406.933
<b>Total operating costs</b>	<b>27.374.014</b>	<b>26.832.053</b>	<b>541.961</b>
(Depreciation, amortization and provisions)	( 693.226)	( 792.531)	99.305
(Impairment losses)/Reversals on work in progress and inventories	( 189.526)	( 23.498)	( 166.028)
Writedowns of receivables	( 666.137)	( 765.521)	99.384
Change in fair value - increases / (decreases)	( 35.557.460)	34.252.378	( 69.809.838)
Net revaluation acquisition	12.857.270	0	12.857.270
<b>Total depreciation, amortization, provisions, impairment and change in fair value</b>	<b>( 24.249.079)</b>	<b>32.670.828</b>	<b>( 56.919.907)</b>
<b>EBIT</b>	<b>73.265.596</b>	<b>118.438.077</b>	<b>( 45.172.481)</b>
<b>Income/(loss) from equity investments and property sales</b>	<b>( 76.738)</b>	<b>( 45.961)</b>	<b>( 30.777)</b>
<b>Financial income:</b>	<b>197.947</b>	<b>192.497</b>	<b>5.450</b>
- third parties	21.917	33.423	( 11.506)
- related parties	176.030	159.074	16.956
<b>Financial charges:</b>	<b>31.697.182</b>	<b>33.049.588</b>	<b>( 1.352.406)</b>
- third parties	31.659.035	33.035.281	( 1.376.246)
- related parties	38.147	14.307	23.840
<b>Net financial income (charges)</b>	<b>-31.499.235</b>	<b>-32.857.091</b>	<b>1.357.856</b>
<b>PRE-TAX PROFIT</b>	<b>41.689.623</b>	<b>85.535.025</b>	<b>-43.845.402</b>
Income taxes	447.459	166.886	280.573
<b>NET PROFIT FOR THE PERIOD</b>	<b>41.242.164</b>	<b>85.368.139</b>	<b>-44.125.975</b>

## Statement of cash flows of the Parent Company IGD SIQ S.p.A. at 31 December 2018

(In Euros)	31/12/2018	31/12/2017
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Pre-tax profit	41,689,623	85,535,025
<b>Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:</b>		
Financial (income)/charges	30,644,244	31,499,235
Depreciation, amortization and provisions	693,226	792,531
Writedown of receivables	666,137	765,521
(Impairment losses)/reversals on work in progress	189,526	23,498
Changes in fair value - increases / (decreases)	35,557,460	(34,252,378)
Net (Revaluation) of the acquisition of 4 business divisions	(12,857,270)	0
Gains/losses from disposals - equity investments	80,777	50,000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>96,663,723</b>	<b>56,948,832</b>
paid financial charges	(27,850,921)	(31,499,235)
Income tax	(447,459)	(130,127)
<b>CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX</b>	<b>68,365,343</b>	<b>52,784,071</b>
Net change in current assets and liabilities w . third parties	(3,023,895)	10,001,936
Net change in current assets and liabilities w . related parties	577,177	(1,064,640)
Net change in non-current assets and liabilities w . third parties	(1,154,142)	(1,356,873)
Net change in non-current assets and liabilities w . related parties	1,000	(2,057,218)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>64,765,483</b>	<b>62,341,910</b>
(Investments) in non-current assets	(14,129,386)	(34,649,494)
Disposals of non-current assets	0	152,000
(Investment) in 4 business divisions net of cash and cash equivalents acquired	(104,639,872)	0
(Investments) in equity interests	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(118,769,258)</b>	<b>(34,497,494)</b>
Change in non-current financial assets	(8,617)	0
Change in financial receivables and other current financial assets	(8,237,684)	(29,343,214)
Sale (purchase) of treasury shares	(366,356)	(158,566)
Capital increase net of costs	147,338,760	0
Distribution of dividends	(55,170,952)	(36,587,053)
Change in current debt with third parties	10,500,334	(35,082,864)
Change in current debt with related parties	216,081	1,005,284
Change in non-current debt with third parties	(39,623,895)	72,239,283
Change in non-current debt with related parties	(642,852)	0
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>54,004,819</b>	<b>(27,927,130)</b>
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>1,044</b>	<b>(82,714)</b>
<b>CASH BALANCE AT BEGINNING OF THE PERIOD</b>	<b>1,460,490</b>	<b>1,125,370</b>
Cash balance consolidated following merger of subsidiaries	0	417,834
<b>CASH BALANCE AT END OF THE PERIOD</b>	<b>1,461,534</b>	<b>1,460,490</b>