

Road Show presentation

FY2018 results and Strategic Plan 2019-2021

March 2019

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Introduction to IGD

IGD at a glance

IGD is one of the main players in the Italian retail real estate sector: we develop and manage shopping centres across the country. We are also present in the retail sector in Romania

26 shopping malls in Italy⁽¹⁾

65.3% of value

25 hyper / supermarkets in Italy

24.3% of value



>€2.4bn portfolio value

14 shopping malls in Romania

6.4% of value

Development & others⁽²⁾

4.0% of value

Of which full ownership of 16 shopping centres (mall + hypermarket)



5.3% EPRA NIY

5.4% net initial yield topped-up



EPRA NNAV: €1,263M

€11.45/share



80.3% EBITDA margin⁽³⁾

+290 bps since 2014 (77.4%)



FFO/share: €0.72/share

23% CAGR over 2014-2018



97.2% financial occupancy⁽⁴⁾

Constantly > 96% since IPO (2005)

Dividend per share

€ 0.50



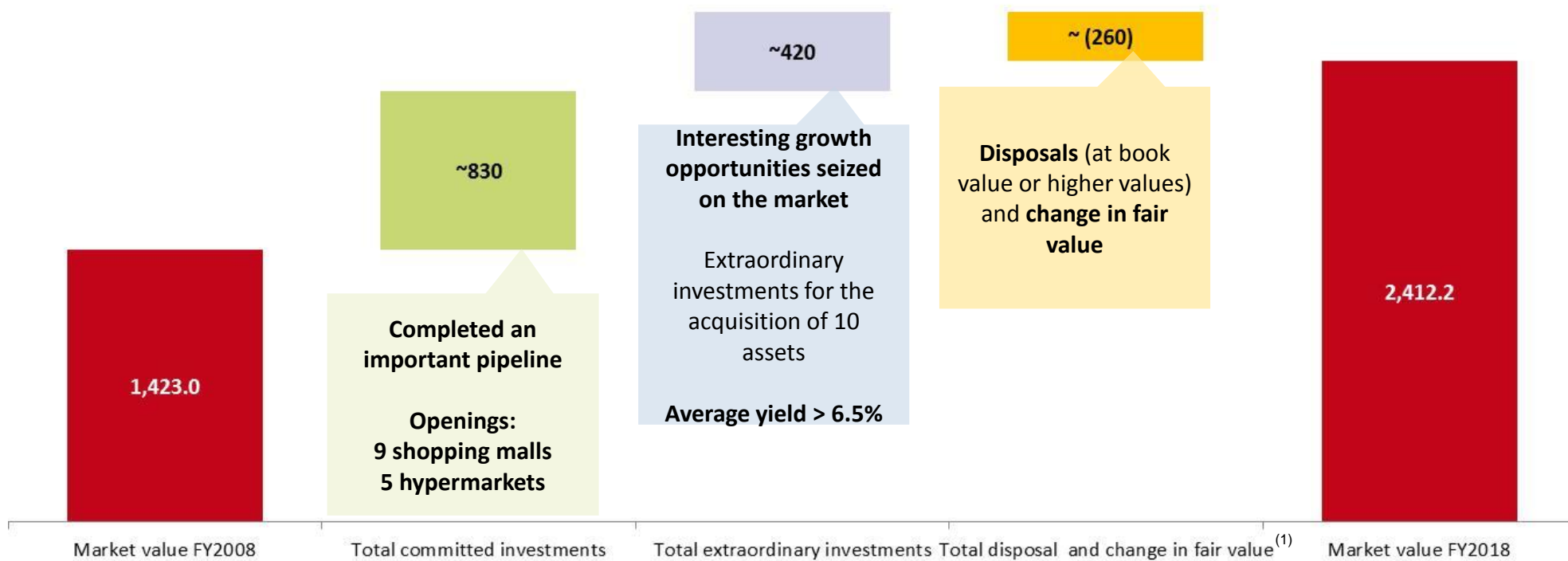
45.8% LTV

target < 45%

#1 Italian Retail SIIQ (REIT)

An intense growth journey to reach a suitable size...

Real estate portfolio market value €mn

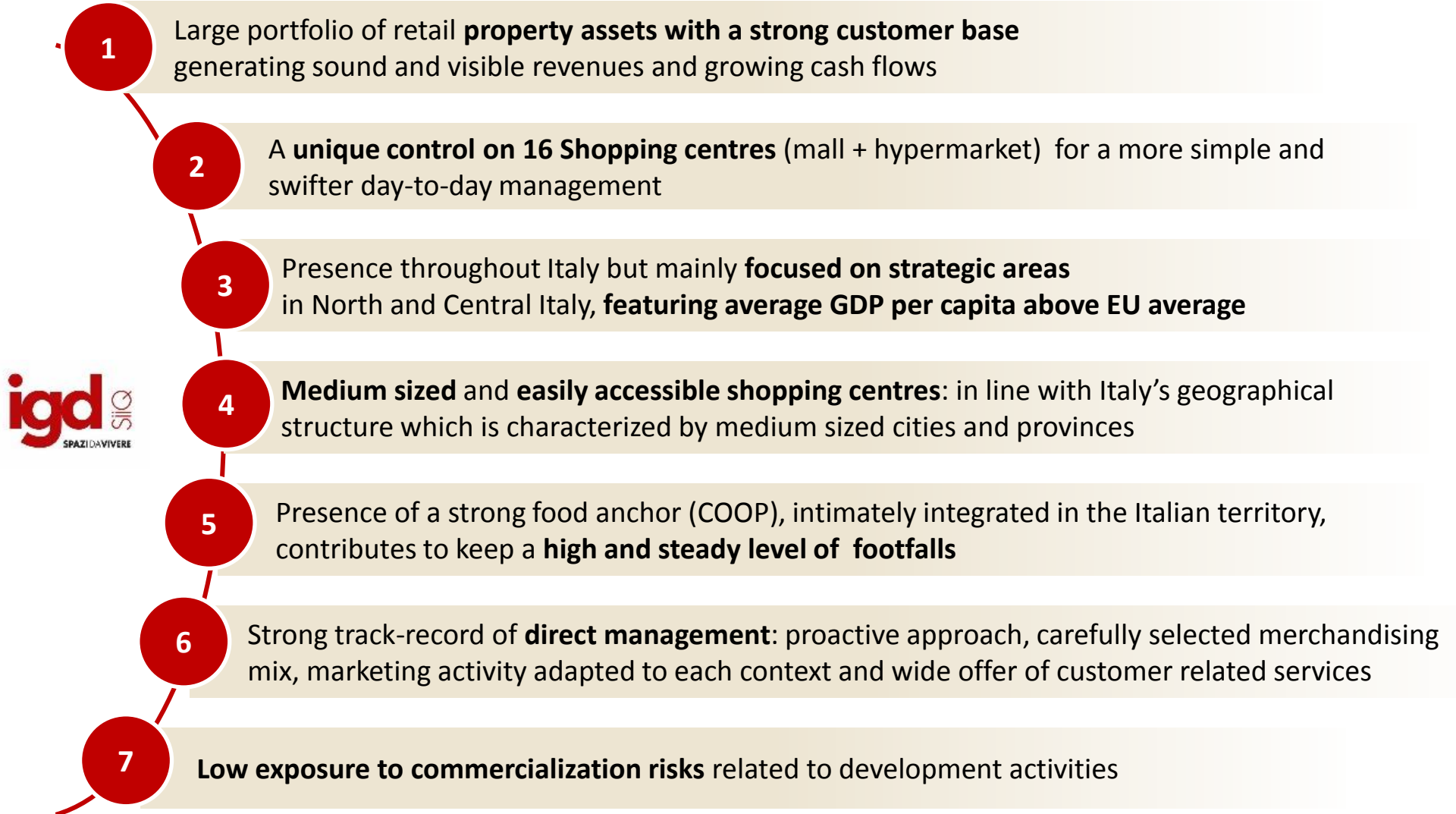


A decade of intense growth to reach an ideal size and leadership in Italy

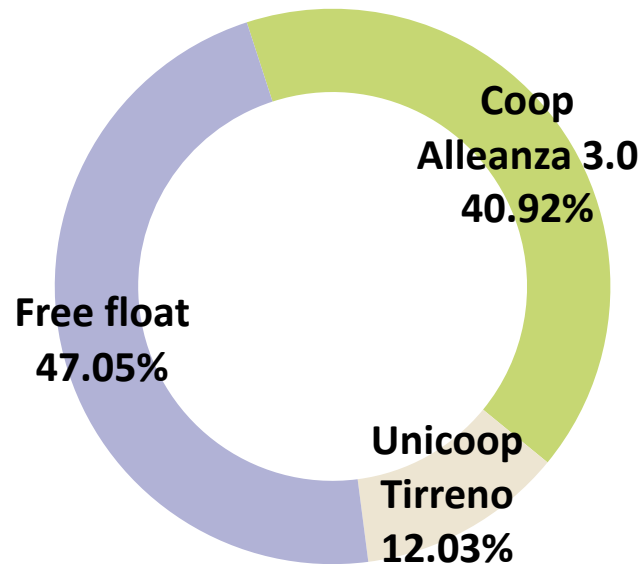
1. Of which more than 50% related to disposals

Our business model

A distinctive **competitive positioning** in the fragmented Italian retail property market



Our shareholding structure



Listed on the Italian Stock Exchange in the STAR segment (“high requirements”)

- Number of *shares*: 110,341,903
- Share *Capital*: about 750 mn €
- Net *Equity*: about 1.3 bn € (31/12/2018)
- Market *Capitalization*: about 725 €mn (full year 2018 average market price)
- Average daily trading: about 221,790 shares (full year 2018)

Freefloat equal to 47.05%, majority of institutional investors, of which⁽¹⁾

<p>32%</p> <p>US & Canada</p> <p>Black Rock</p> <p>Vanguard</p> <p>.....</p>	<p>22%</p> <p>UK & Ireland</p> <p>GWM</p> <p>Baillie Gifford</p> <p>.....</p>	<p>20%</p> <p>Italy</p> <p>Mediolanum</p> <p>Coop Lombardia</p> <p>Eurizon</p> <p>.....</p>	<p>8%</p> <p>France</p> <p>Lyxor a.m.</p> <p>Aviva</p> <p>.....</p>	<p>6%</p> <p>Luxembourg</p> <p>Netherlands</p> <p>Belgium</p> <p>Lupus Alpha</p> <p>Stichting pension fund..</p>	<p>12%</p> <p>Rest of the World</p> <p>UBS</p> <p>Codan Forsikring</p> <p>Bayern Invest</p> <p>.....</p>
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Key data of the entire Coop world and of our two main Shareholders



	Alleanza 3.0 COOP ALLEANZA 3.0	Unicoop Tirreno UNICOOP TIRRENO
Revenues	~ 4,5 bn €	~ 1 bn €
N° of stores	~421	~100
Employees	>22,000	3,855
Members	~ 2.3 million	~ 674,000
Deposits from members	~ 3.9 bn €	~ 700 mn €

Coop world key data:

Turnover ~ **14.8 bn €** (14.2% of Italian large scale retail)

No. of stores: ~ **2,100**

Employees ~ **60,000**

Members > **6.8 million people**

strategic investments in listed companies:

UnipolSai ASSICURAZIONI UNIPOL GRUPPO FINANZIARIO
(Insurance and banking)

igd IGD SIIQ SPA

Governance - *the Board of Directors*

On 1 June 2018 the Shareholders' Meeting appointed the new Board of Directors (in office until the approval of the 2020 full year results)

- Chairman - **CONFIRMED**
- Chief Executive Officer **CONFIRMED FOURTH MANDATE**
- Number of directors further reduced (from 13 to 11)
- Independence - professional competence - international profile as main characteristics
- Specific expertise in the real estate, retail, legal and financial fields



63.6% Independent (7)

36.4% Non Independent (4)



63.6% Male (7)

36.4% Female (4)

Governance - Directors and Committees

IGD's governance has been in line with the criteria of the Self Regulatory Code of Italian Stock Exchange since it was listed. An internal Corporate Governance Code has been in use since 2008.

EXECUTIVE

CHAIRMAN

Elio Gasperoni

CEO

Claudio Albertini

INDEPENDENT

VICE CHAIRMAN

Rossella Saoncella ●

Granarolo

Former General Manager

Eric Jean Veron ●

Vailog - General Manager

Sergio Lugaresi ●

Consultant - ABI, EBA, IMF

Timothy Santini ●

Former Eurocommercial Head of Italian activities

Luca Dondi Dall'Orologio ●●

Nomisma - CEO

Elisabetta Gualandri ●

Università di Modena - Professor

Livia Salvini ●●

Lawyer

Università LUISS di Roma - Professor

NON EXECUTIVE

NON INDEPENDENT

Gian Maria Menabò

Coop Alleanza

Head of Asset Management and Development

Alessia Savino

Unicoop Tirreno

Head of Finance and Asset Management

COMMITTEES:

- Nominations and compensation Committee
- Control and Risks Committee
- Committee for Related Parties Transactions

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Held by the Chairman, including the Internal Audit and Risk Management

Our Top management



ELIO GASPERONI (1953)

Chairman

- ☑ Chairman of IGD's Board since April 2017
- ☑ Vice Chairman of Coop Alleanza
- ☑ Board member of IGD since 2015
- ☑ He has held numerous roles in Public Administrations and Local institutions



CLAUDIO ALBERTINI (1958)

Chief Executive Officer

- ☑ Appointed in May 2009
- ☑ Board member at IGD since 2006
- ☑ More than 20 years of experience with Unipol Group, where he ultimately acts as General Manager of Unipol Merchant
- ☑ Certified financial auditor registered in Bologna



DANIELE CABULI (1958)

Chief Operating Officer

- ☑ More than 20 years of experience in retail distribution
- ☑ Joined IGD in 2008 as Network Management Director and COO since 2009
- ☑ Worked for Coop Adriatica since 1986 with several roles: Head of Projects in the Marketing Division (1989), Head of different geographical areas and Hypermarket Manager (until 2003), Director of Marketing and Commercial Development (from 2003)



ROBERTO ZOIA (1961)

Director of Asset Management and Development

- ☑ Director of Asset Management and Development since 2006
- ☑ Joined GS Carrefour Italia Group in 1999 as Head of Hypermarket and Shopping centre Development
- ☑ In 2005 became Head of Asset Management and Development for Carrefour Italia
- ☑ Previously, Business Manager at Coopsette with responsibility in projects involving mainly shopping centres (since 1986)



ANDREA BONVICINI (1963)

Director of Finance Division

- ☑ Head of the IGD Group's Finance Division since September 2009
- ☑ In July 2012 he was appointed Director of Finance and Treasury Department
- ☑ More than 20 years of professional experience in the world of credit, first in Cooperbanca and, subsequent to 1997, in the Bank of Bologna



RAFFAELE NARDI (1976)

Director of Planning, Control and Investor Relations

- ☑ Head of the division to which 3 different departments report: planning, control and investor relations.
- ☑ Joined IGD in October 2010
- ☑ Formerly head of the Advisory Service of UGF Merchant, bank of the Unipol Financial Group, where he matured more than ten years of professional experience
- ☑ Graduated in Business Economics



CARLO BARBAN (1978)

Director of Administration, Legal & Corporate Affairs

- ☑ Director of Administration, Legal & Corporate Affairs since Jan 2019
- ☑ CEO of Winmarkt group in the period Apr 2014 – Dec 2018. Worked in Winmarkt as Operating & Reporting Manager since January 2009 with responsibilities also for administration, planning and control and finance
- ☑ Previously working as a qualified accountant and for international consultancy companies
- ☑ Graduated in Economics and Commerce

A man and a woman are walking through a modern shopping mall. The man is wearing a white shirt, a dark scarf, and blue jeans, and is smiling. The woman is wearing a dark blue dress and has sunglasses on her head. They are looking at a clothing store window display that features mannequins wearing various jackets and sweaters. The mall has a curved ceiling with circular light fixtures and a red and white striped decorative element. Other shoppers are visible in the background.

Operating data at 31/12/2018

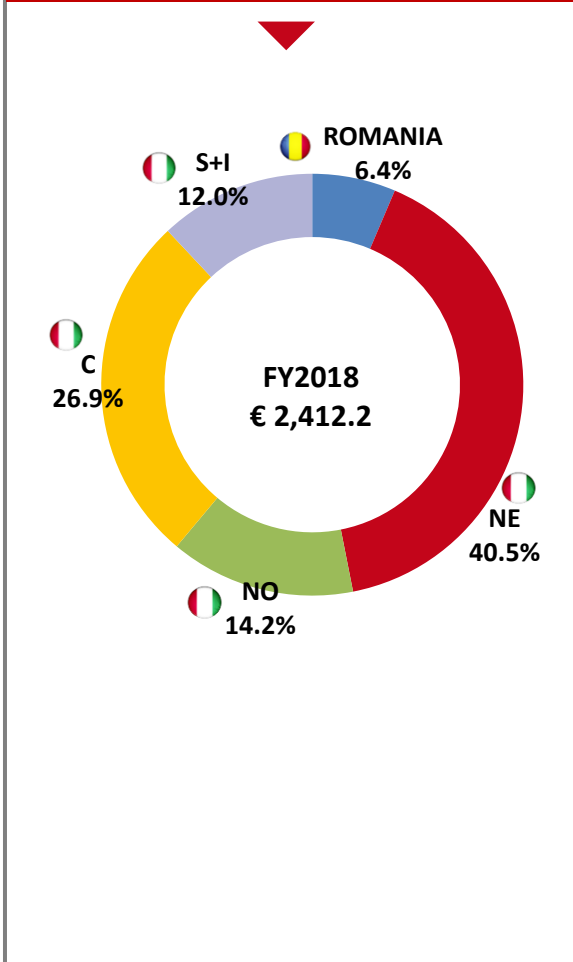
IGD: a portfolio of high quality assets, dominant in their catchment area...



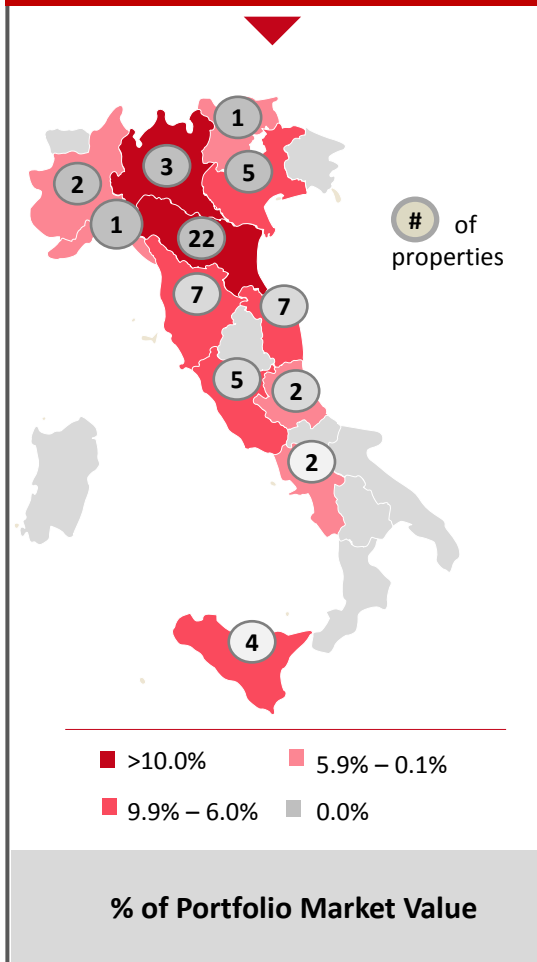
> 75% of the market value of Italian Malls and Hypermarkets dominant ⁽¹⁾ in respective catchment areas

...located in the most attractive Italian regions

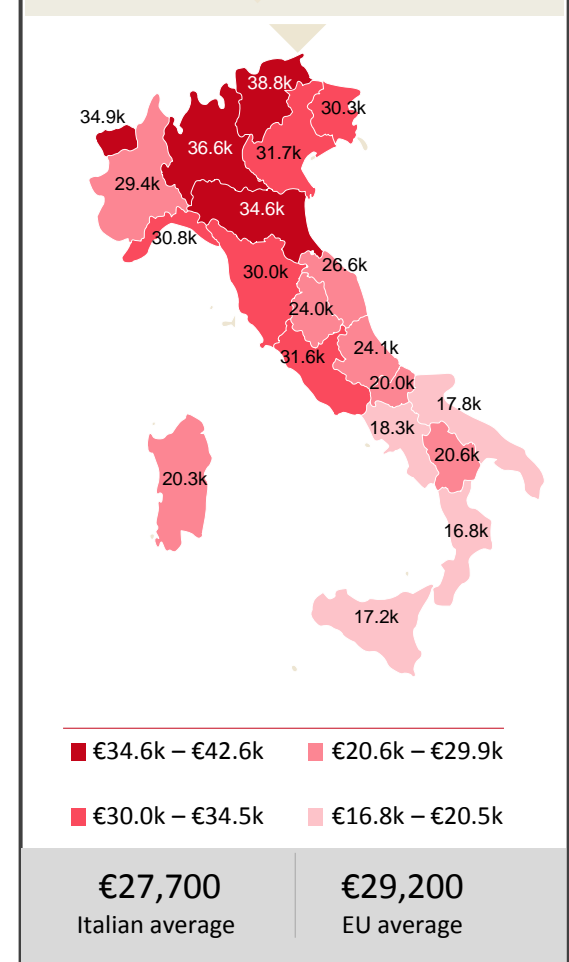
>80% of value of italian portfolio concentrate in Northern & Central Italy



ITALY- 61 properties in 12 regions (93.6% of total IGD market Value)

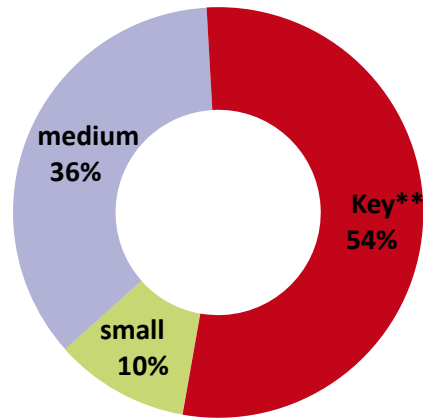
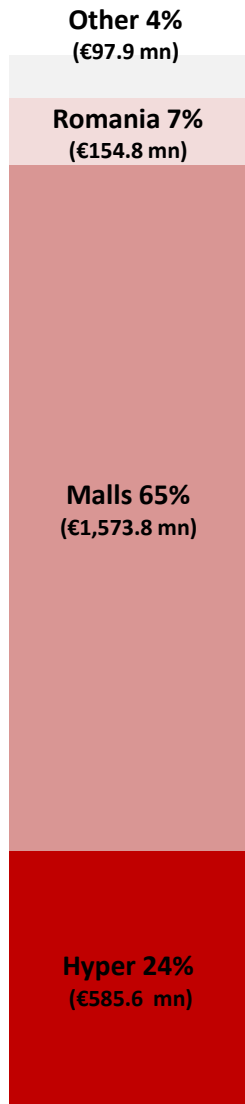


GDP Per-capita



The main characteristics of our portfolio

€ 2.412,2 mn



Total GLA (Ita) 665,000 m² (market share c. 4%)

A young portfolio: old on average 7 years (since opening or last restyling)

Full ownership of 16 Shopping centres (mall+hyper) in Italy (63.5% of Italy core market value)

18 of 25 Hyper/Super (Ita) are small (Sale area <6000 m²)*

Average figures for IGD's Italian shopping centres:

- **Catchment Area** ~ 370,000 inhabitants in 20 minutes
- **Easily reachable:** ca. 4 km from the city centre
- **footfalls** 3.5 mn per year
- **GLA** ~ 25,000 m²

Mall Tenants' Sales (Ita) per GLA m²: 2,815 (oct 2017 – sep 2018)

2018 Asset Management

18th April - 4 malls acquired*

- Dominant centers in their catchment area
- Excellent operating performances
- Attractive initial yield (gross/net yield 6.8% /6.4%)
- Re-constitution of full ownership (2 shopping centers)
- Potential further value creation



Mall
CENTRO LEONARDO - Imola



Mall
CENTRO LUNA – Sarzana



Mall + Retail Park
LA FAVORITA - Mantova



Mall
CENTRO LAME - Bologna

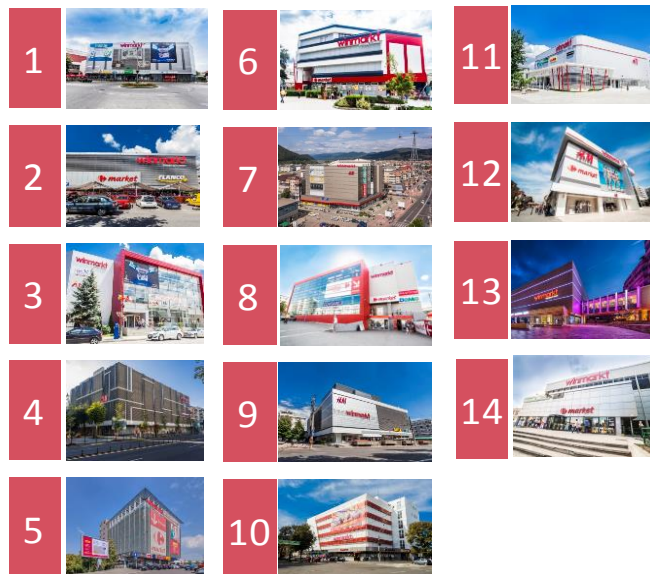
3rd May - Opening of a new medium surface in Gran Rondò Shopping Center (Crema)

- + 2,850 m² GLA rented to an electronics brand



*Footfalls (31/12/2018) >14 million; total price €187 mn

Strong repositioning of the Romanian portfolio



Key Strategical points

- **Further €4.5 mn capex** for safety, maintenance and commercial improvements
- **Growth trend of rents**
- **Attention on operational costs**
- **Focus on sustainability**



Acquisition (2008-2009)

Surfaces recovery/Tenant Repositioning and complete external / internal refurbishment (2009-2016)

Consolidation (2016-2018)

New Plan (2019-2021)

Self-financing of the investments carried out

No financial leverage

c. €20mn of investments (2008-2018) for the upgrade and repositioning of the portfolio

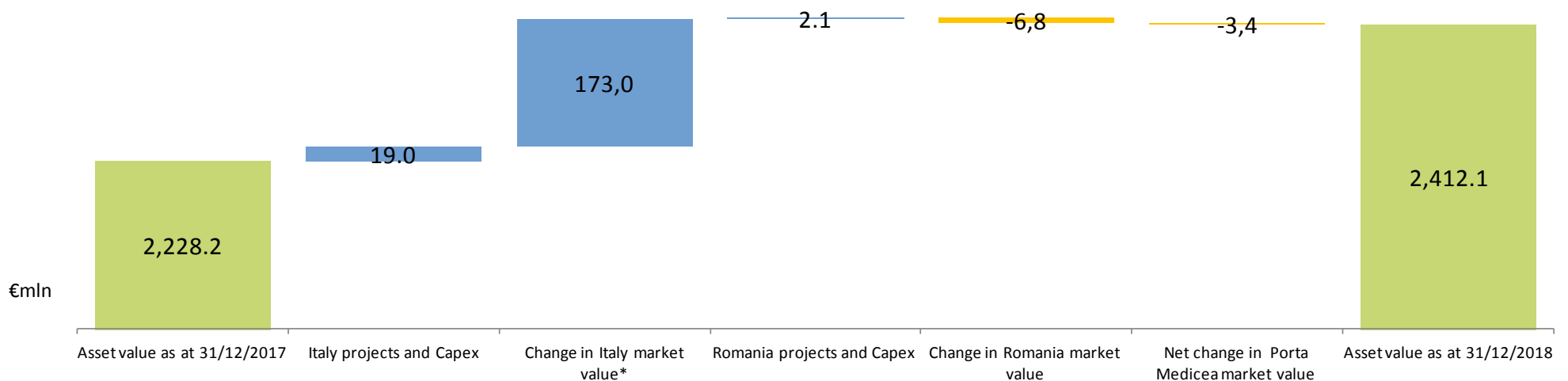
C. €62 mn of dividends generated since the acquisition ⁽¹⁾

Romanian portfolio considerably repositioned, currently generating important free-cash flow



IGD Portfolio Mkt value

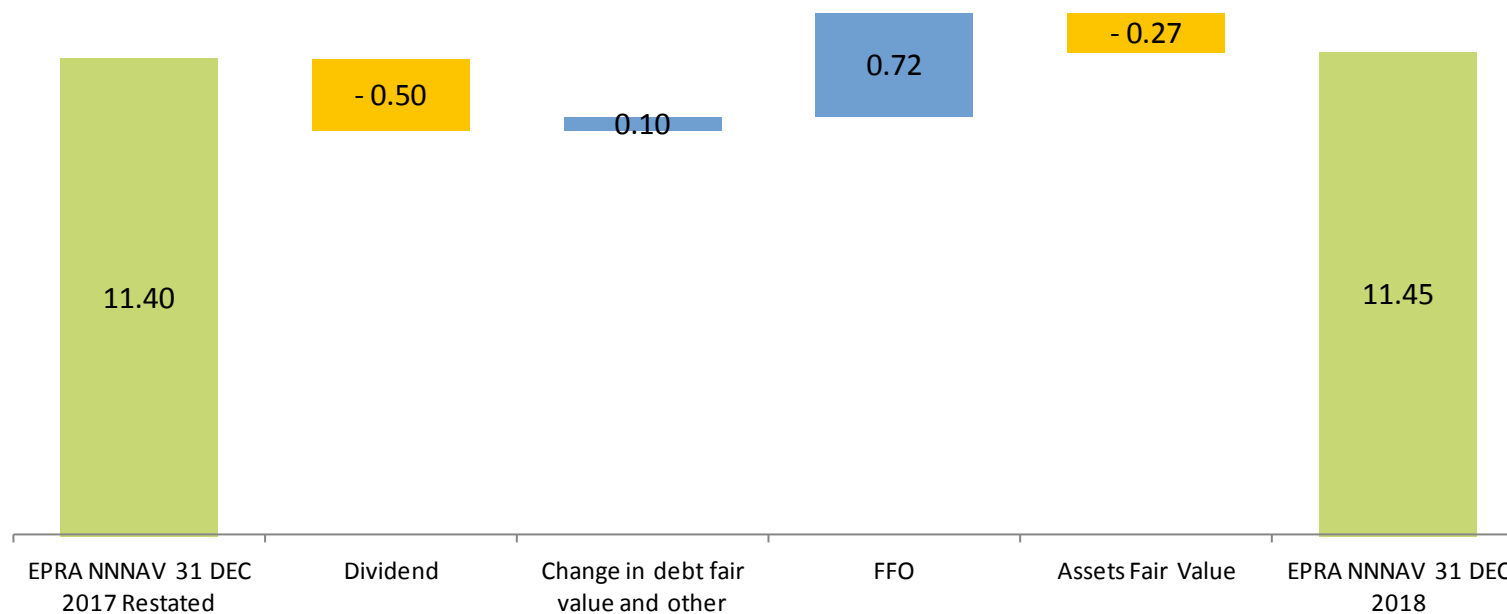


	FV 2017	FV 2018	? %	? % <i>Like for Like</i>	Gross Initial Yield	Net Initial Yield	Net Initial Yield topped up	Financial occupancy	
Malls Italy	1,331.60	1,573.79	+ 18.2%	+ 0.4%	6.41%	5.30%	5.40%	96.24%	} Tot. Italy 97.2%
Hyper Italia	647.20	585.63	(-9.5%)	+ 1.3%	6.08%			100.0%	
Romania	159.53	154.79	-3.0%	-3.0%	6.80%	5.80%	6.20%	97.06%	
Porta a Mare + development + other	89.90	97.94							
Total IGD portfolio	2,228.23	2,412.15	+ 8.3%						



*Substantially due to the increase related to the portfolio acquisition for a total investment of €195.5 mn

€ per share	31/12/2017* Restated	31/12/2018	Δ%
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION NAV	11.87	11.77	-0.9%
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION NNNAV	11.40	11.45	0.4%



* Values at 31 December 2017 have been adjusted in order to include the share capital increase impact (cash in and new number of shares)

A well-structured tenants portfolio...

Italy

93.6%
of total rental
income



1,467 contracts



97.2% occupancy

Growing vs 96.8% FY17



4.4 years for the malls
16.7 years for the hyper

Average residual maturity



19.9% annualized rents

Impact of the first 10 mall tenants

Romania

6.4%
of total rental
income



571 contracts



97.1% occupancy

Growing vs 96.4% FY17



4.8 years for malls

Average residual maturity



29.3% annualized rents

Impact of the first 10 mall tenants

... and good operating performances confirmed

Italy

93.6%
of total rental
income



+2.2% tenant sales

incl. extensions

+0.7% excl. extension



Stable average rents*

184 signed contracts

of which 75 turnover and 109 renewals



5.1% Rotation rate

% new tenants on tot. contracts

Romania

6.4%
of total rental
income



3.9% average upside on renewals

423 signed contracts

of which 174 turnover and 249 renewals



30.5% Rotation rate

% new tenants on tot. contracts

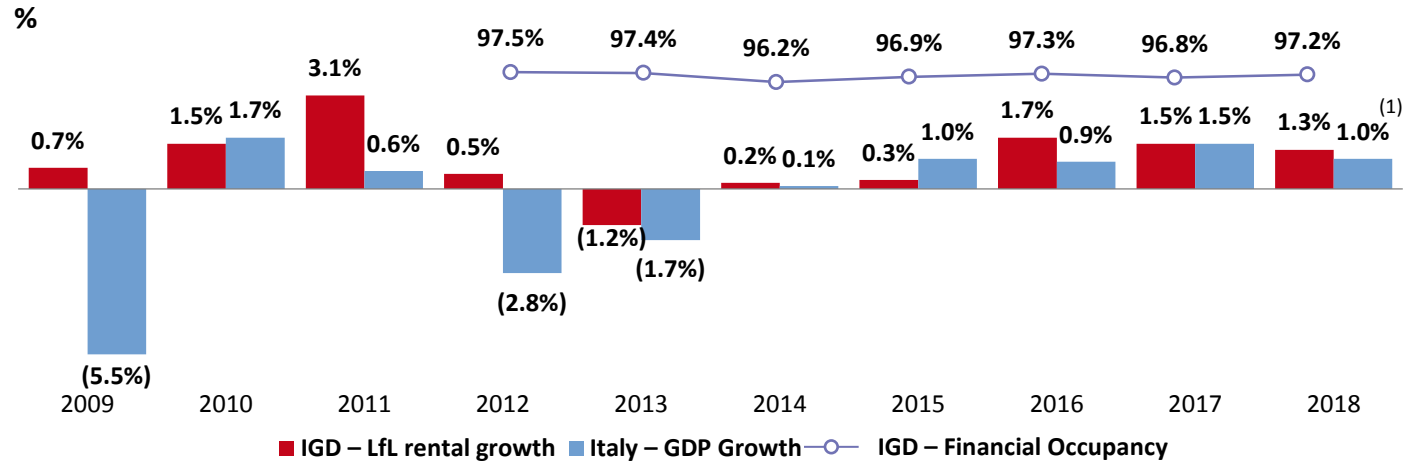
IGD performances better and more resilient than Italian GDP and consumption trends

Always high, stable and resilient occupancy over time

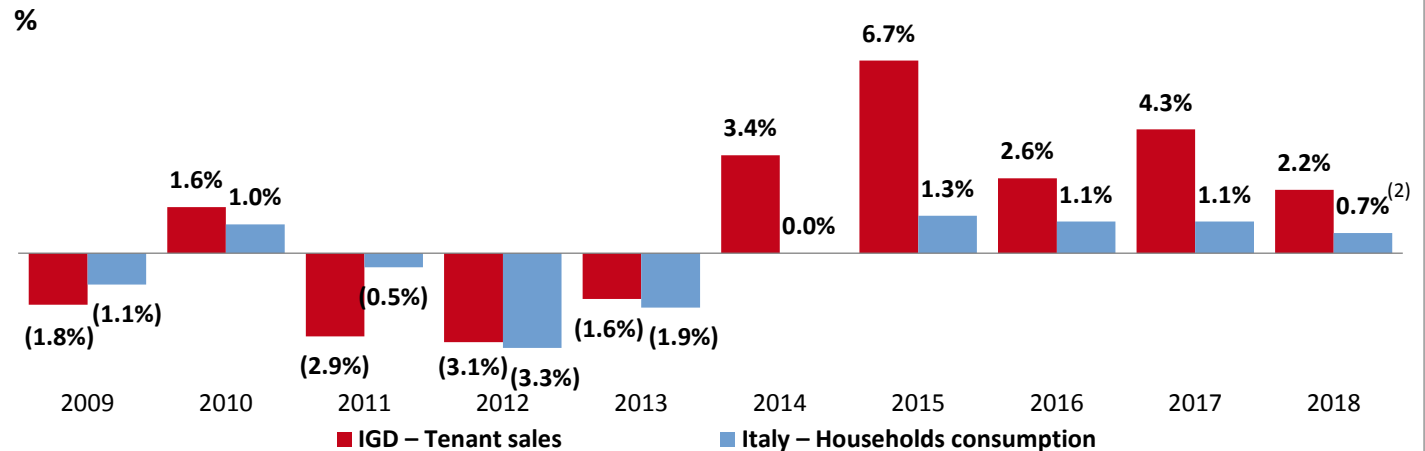
Over performance vs Italian GDP growth

Over performance vs Household consumption

IGD – LfL Rental Growth vs. Italy – GDP Growth



IGD – Tenant sales vs. Italy – Households consumption



2018 a positive year in IGD's Italian malls

A dynamic merchandising mix

	Weight of tenant sales	Change
Increased weight of the services turnover	4.1%	+ 0.6 p.p.
Increased weight of the food court turnover	8.2%	+ 0.4 p.p.
Decreased weight of clothing/accessorize/shoes turnover on the total	47.2%	- 0.6 p.p.

No substitution effect from e-commerce

1. Increasing importance of Black Friday	November turnover	+ 6.8%	
	Footfalls in the Black Friday week	+ 3.1%	
	November impact on tot turnover	9.5%	+ 0.6
2. December increase	Turnover	+ 1.6%	
3. Electronics increase	Full year turnover	+ 1.3%*	

*like for like

Romania - 2018 Marketing activities

***New entry in Winmarkt portfolio:
merchandising mix more and more international and attractive***

4 stores

(Piatra Neamt,
Braila, Vaslui,
Ramnicu Valcea)



German brand

Happy Cinema

(Alexandria)

and

Max Gym

(Ploiesti)



Member of CISQ Federation



CERTIFIED MANAGEMENT SYSTEM

ISO 37001

**Win Magazin Sa first Romanian company to obtain the UNI ISO
37001 Certification (Anti-Bribery)**

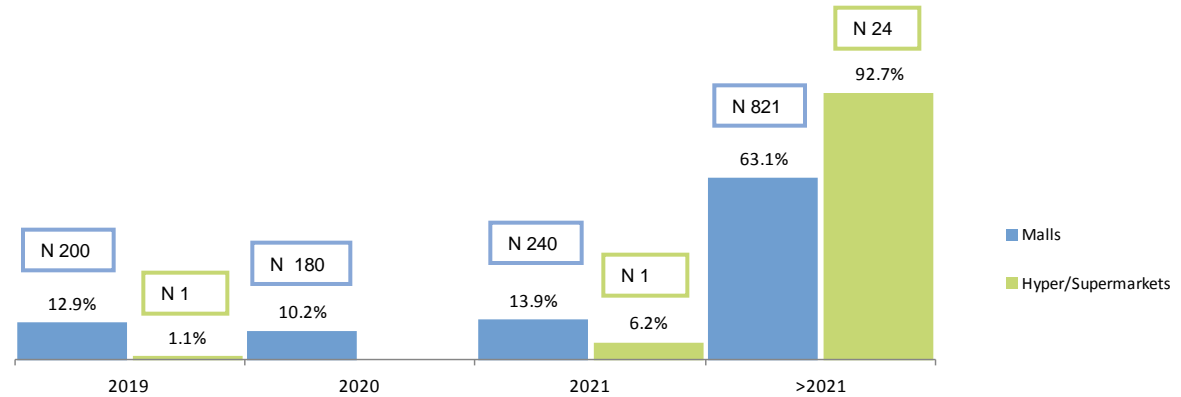
Contracts in Italy and Romania

Numero contratti ita 1441
 Average residual mat hyper italia
 16.7 anni

Expiry date of mall and supermarket contracts (% value and n. of contracts)

Italy N. 1,467 contracts:

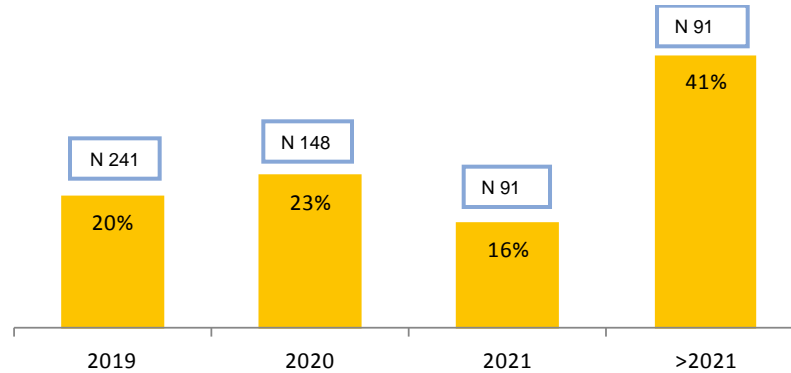
Average residual maturity
 Ipermarkets 16.7 years
 Malls 4.4 years



Romania N. 571 contracts:

Average residual maturity
 4.8 years

Expiry date of mall contracts (% value and n. of contracts)



Key tenants

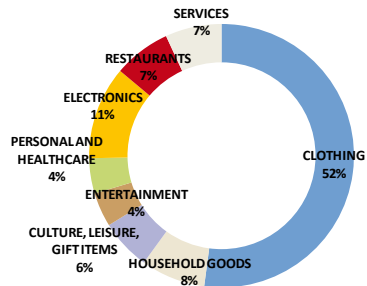
Top 10 Tenants Malls Italy

TOP 10 Tenant	Product category	Turnover impact*	Contracts
PIAZZA ITALIA	clothing	3.1%	14
OVS	clothing	2.8%	11
H&M	clothing	2.4%	11
FIORELLA RUBINO mötivi oltre	clothing	2.2%	30
SCARPE & SANDALI	shoes	2.2%	9
unieuro	electronics	1.7%	7
CALZEDONIA	clothing	1.6%	27
Stroili Oro	jewellery	1.3%	19
GameStop power to the players	free time	1.3%	25
DECATHLON	clothing	1.3%	4
Total		19.9%*	157

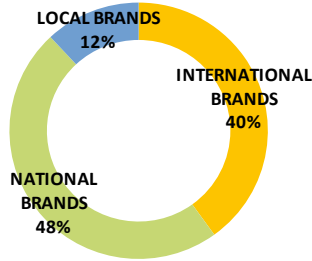
Top 10 Tenants Malls Romania

TOP 10 Tenant	Product category	Turnover impact	Contracts
Carrefour market	food	7.6%	9
H&M	clothing	4.7%	6
PEPCO	clothing	3.3%	11
dm	grocery	2.1%	5
ALTEX	electronics	2.3%	3
B.B. BOUTIQUE	jewellery	2.2%	6
SENSE	pharmacy	1.6%	4
FLANCO	electronics	2.8%	1
OCPI	offices	1.3%	1
kik	clothing	1.4%	4
Total		29.3%	50

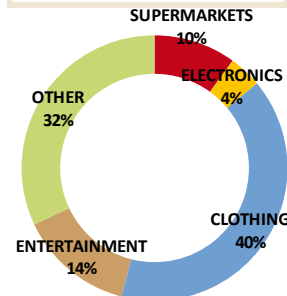
MALL MERCHANDISING MIX



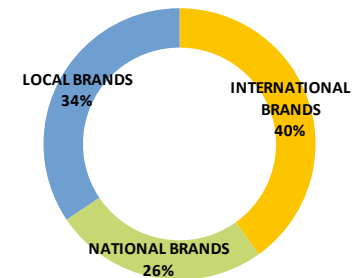
MALL TENANT MIX



MALL MERCHANDISING MIX



MALL TENANT MIX





FY2018 Financial Results

2018 key events

APRIL

Acquisition of 4 shopping malls
from ECP
(c.200 € mn)

Share capital increase
(150 € mn)

JUNE

Appointment of the new
Board of Directors

SEPTEMBER

Epra Annual Conference



OCTOBER

Signed a senior unsecured
facility €200 mn
5y maturity
cost < 2018 average cost

NOVEMBER

2019-2021 Strategic Plan
Strategic Agreement with
Coop Alleanza 3.0

DECEMBER

Achieved the 2016-2018
Business Plan targets:
Accumulated FFO c. €200mn
(cagr +21.6%)
LTV 45.8%

Highlights 1/2

↗ **€151.8 mn**
Rental Income
+9.2%

↗ **€124.0 mn**
Net Rental Income
+ 10.9%

↗ **€113.7 mn**
Core business Ebitda
+12.4%
Margin 71.9% +220bps
Margin from Freehold 80.3% (+ 110bps)

↗ **€46.4 mn**
Group Net Profit
- 46.3%

↗ **€2,412.2 mn**
Portfolio Market Value
+8.3%

↗ **€11.45 per share**
Epra NNAV
+0.4% vs € FY2017*



Highlights 2/2

↗ **€79.7 mn**

Funds From Operations (FFO)

+21.4%

↗ **€0.72**

FFO per share

igd SiQ
SPAZI DAVIVERE

€0.50 per share





Proposed dividend

Completing the delivery of 2016-2018 Business Plan

Economic and financial targets have been reached, in particular in the last 4 years:

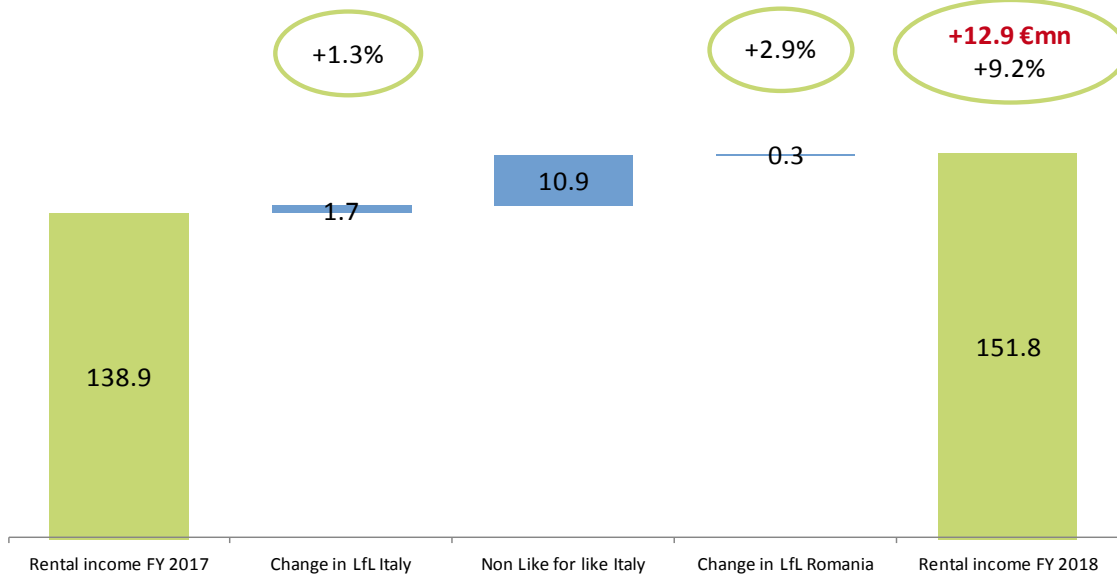
- FFO more than doubled
- Constant dividend growth
- Considerable decrease in average cost of debt
- Group leverage decreased by about 10 percentage points

2016-2018 Business Plan targets either achieved or exceeded (especially in relation to financial targets)

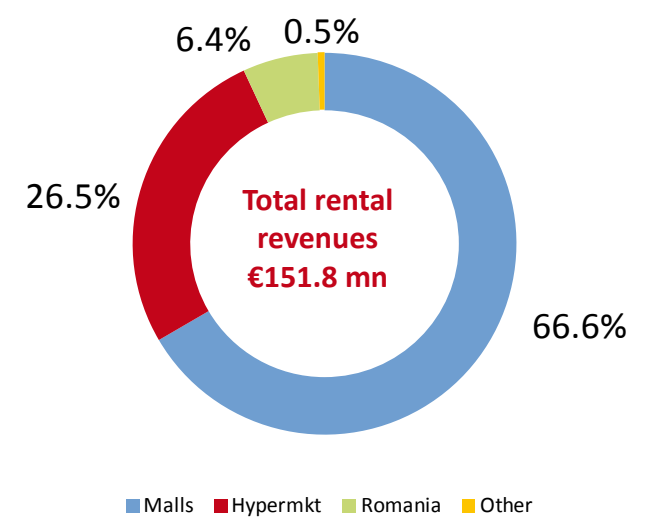
		Target BP 2016-2018	IGD 2018 results (not including the 2018 portfolio acquisition)	IGD 2018 results (including the 2018 portfolio acquisition)
Operating Targets / Results	Revenues from Rental Activities	Total growth c. 20% CAGR c. 7%	 Excellent operating results and targets substantially achieved Target FFO slightly affected by a delay in delivery of a project	 Further improvement of operating results thanks to the acquired portfolio net rental income entirely reflected on the FFO net of financing costs
	EBITDA Margin (core business)	>70% (at BP end)		
	EBITDA Margin (Freehold)	c. 80% (at BP end)		
	FFO (core business)	c. €75 mn at end of 2018 CAGR >18%		
Financial Targets / Results	Interest Cover Ratio (ICR)	>3x at end of 2018	 Very positive financial results	 Further improvement of financial results due to the share capital increase which led to a reduction in LTV and a rebalancing of the capital structure
	Cost of debt	<3% at end of 2018		
	Loan to Value (LTV)	>45% <50% (BP timespan)		

Consistency between set Targets and Results achieved

Revenues and net rental income (€mn)

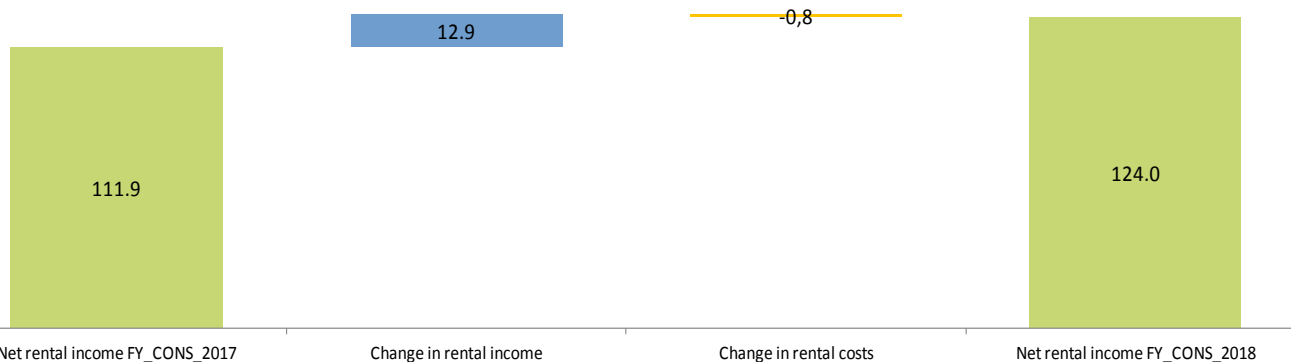


Rental revenues breakdown



- ✓ Growth of malls (+1.5%)
- ✓ Growth of hypermarkets (+0.9%)
- ✓ Indexation effect ≈ +90bps

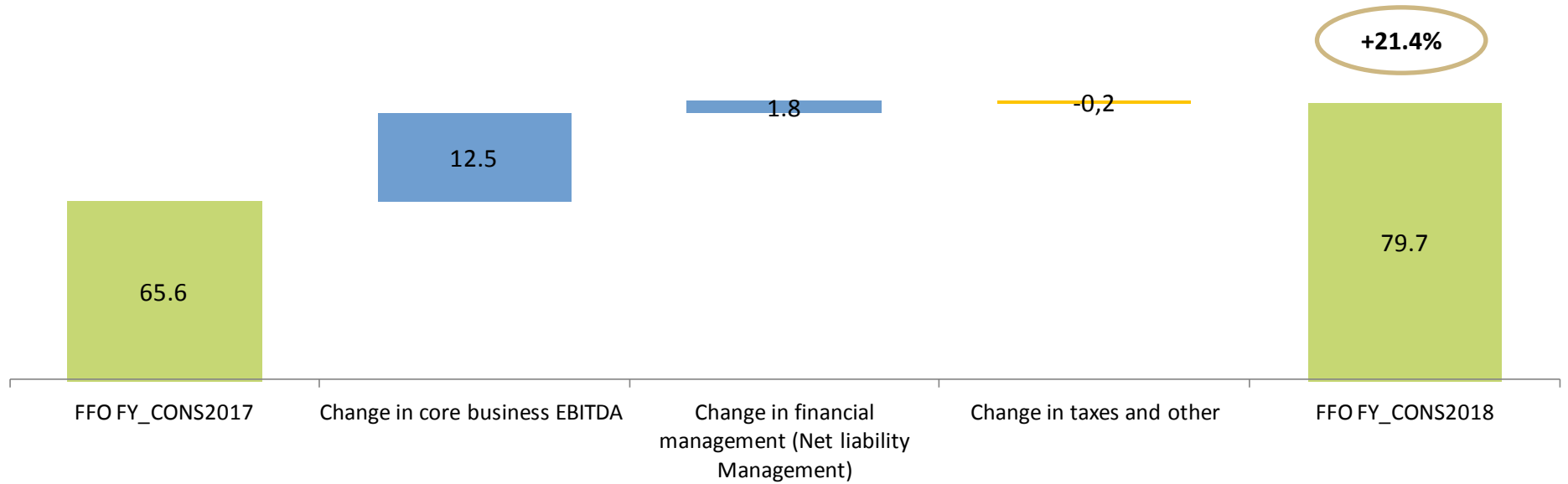
Net rental Income



+12.1€k
+10.9%

Italy +11.8%
Romania +1.6%

Funds From Operations (FFO)



**Higher than the announced
guidance (+20%)**

Proactive liability management continues...

October

Signed a senior unsecured facility €200 mn
maturity 5 years
Cost < 2018 average cost
1° tranche for bond repayment
(125€mn - January '19)

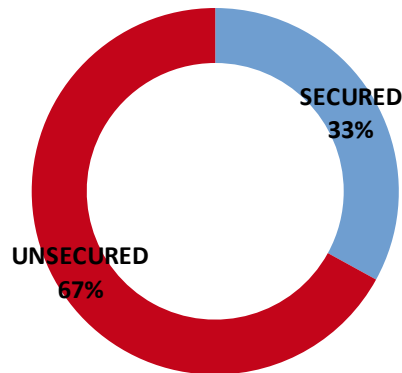
October

Rating Baa3
(Negative Outlook)
Confirmed by Moody's

... until 2021

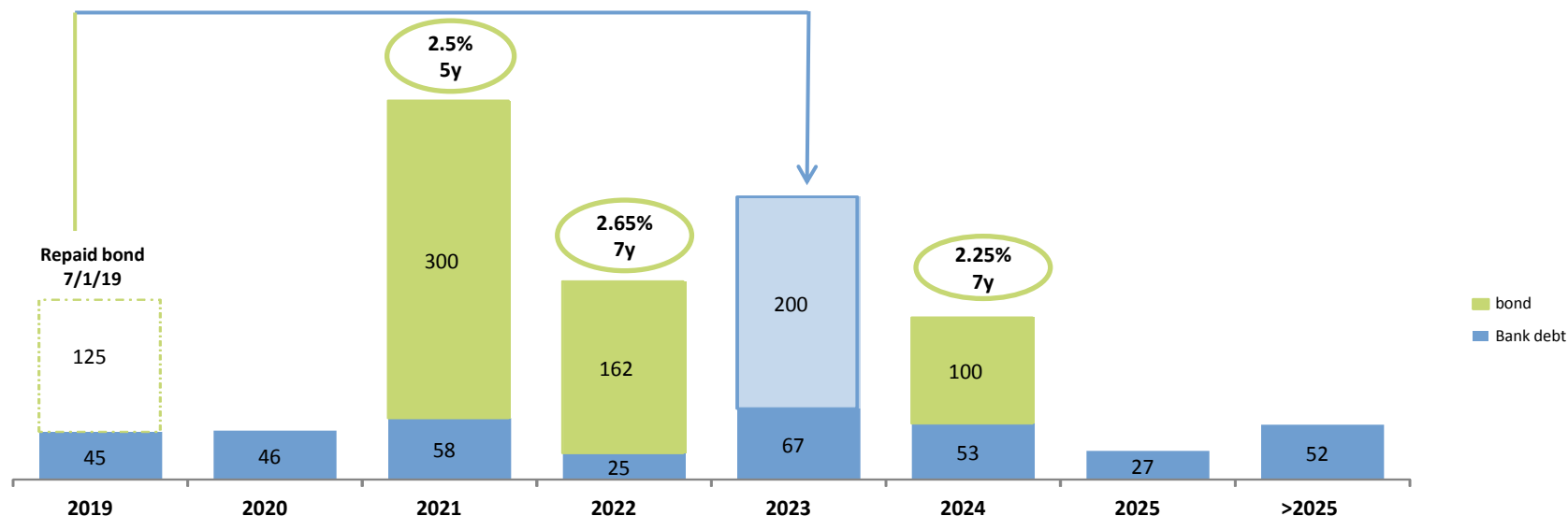
No significant maturity

Breakdown of secured and unsecured debt

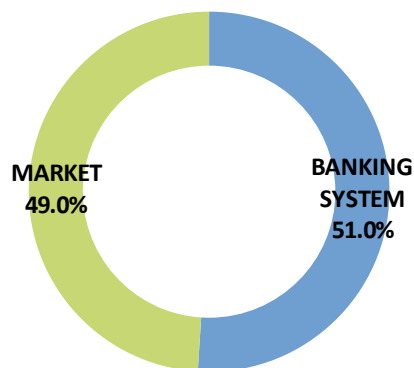
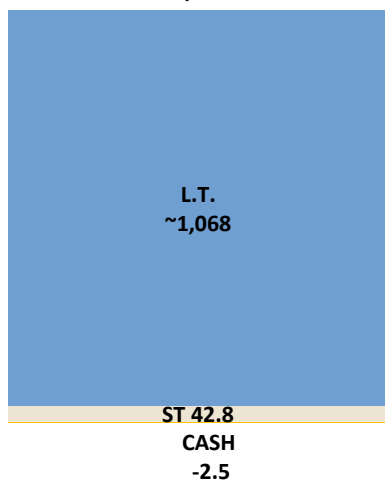


	31/12/2017	31/12/2018
LTV	47.4%	45.8%
ICR	2.9X	3.5X
AVERAGE COST OF DEBT	2.8%	2.7%

Financial structure



NET DEBT as at 31/12/2018
~€1,108 mn



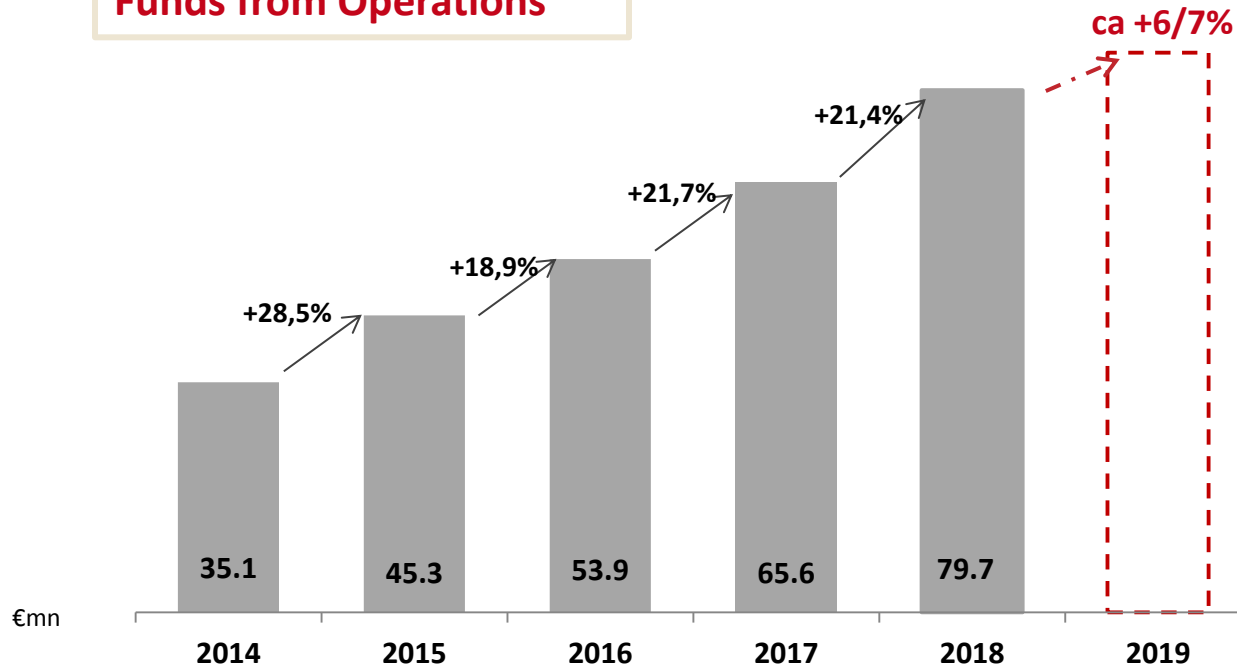
	31/12/2017	31/12/2018*
GEARING RATIO	c. 0.94X	c. 0.88x
AVERAGE MATURITY OF LONG TERM DEBT	c. 4.7 years	c. 4.3 years**
HEDGING ON LONG-TERM DEBT + BOND	94.7%	c. 92.9%**

*These numbers does not take into account any adj. made in order to comply with the new IFRS16 from 2019

**Pro forma data which already include the new €200 mn loan signed in October

FFO
Outlook FY2019
ca. +6/7% vs 2018

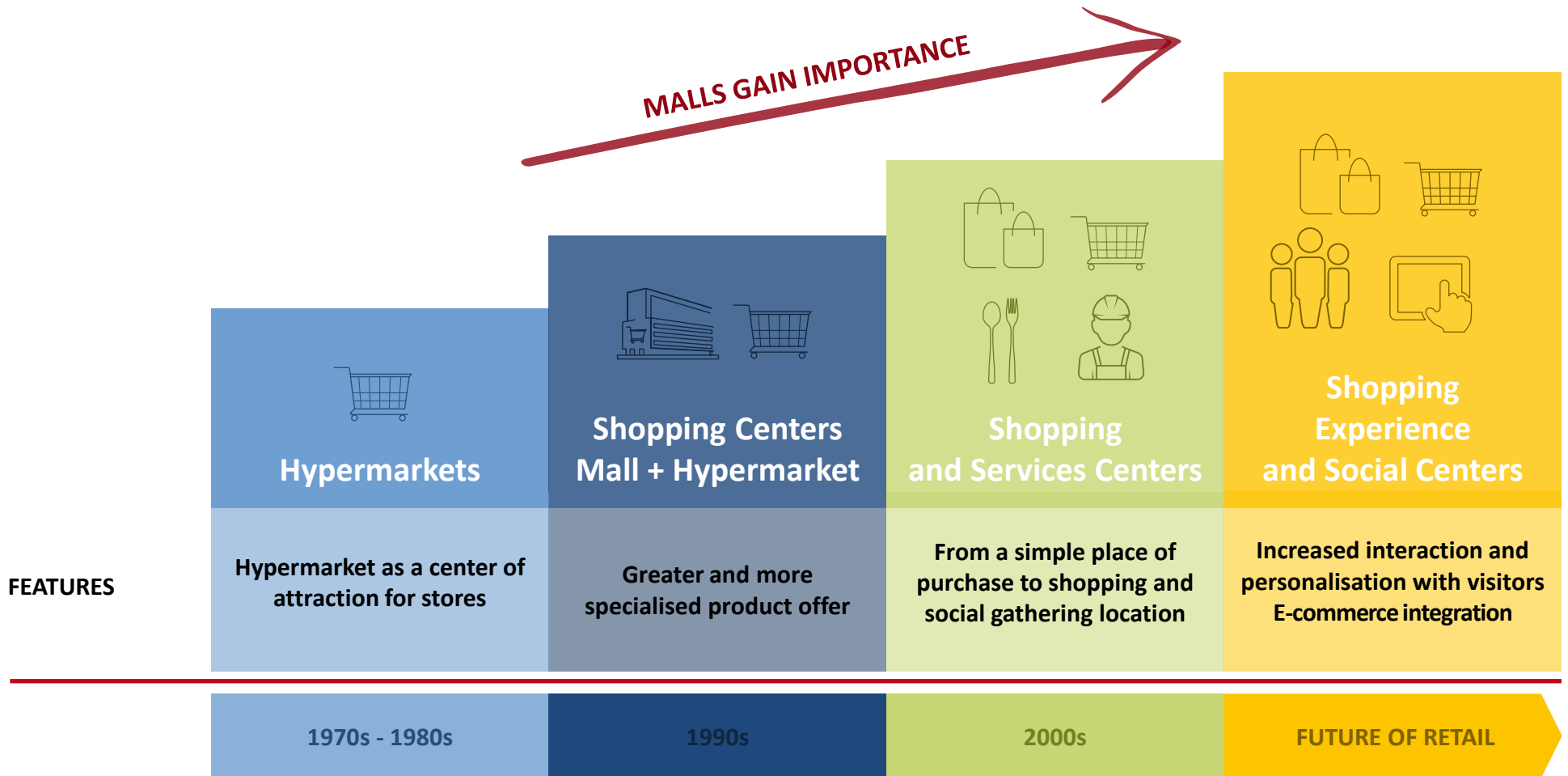
Funds from Operations



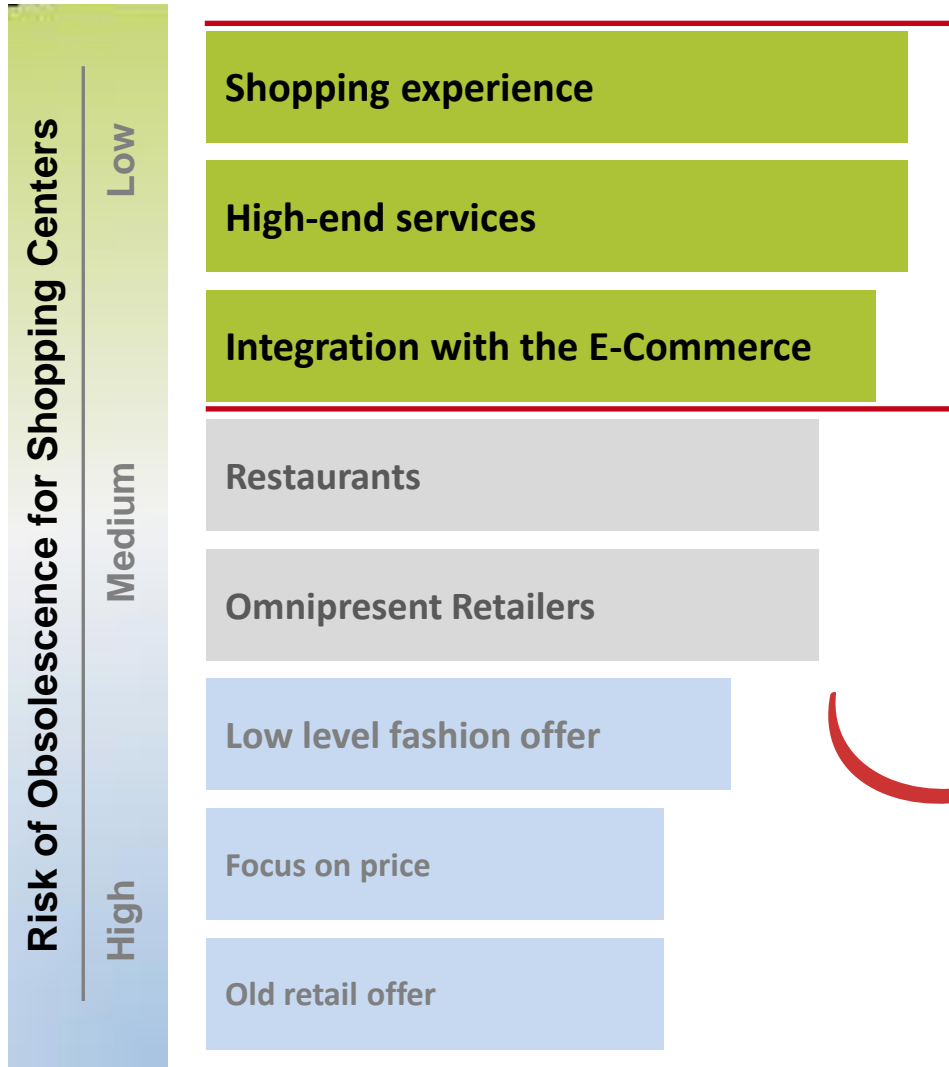


Strategic Plan 2019-2021

Retail: a continuously evolving world



IGD's current positioning and long-term commitment



IGD important efforts for repositioning and long-term commitment

Supported by strategic relationship with high quality tenants



IGD Mission Statement



**After a decade of growth...
A plan focused on strengthening the solid and sustainable
leadership of our shopping centers in their respective
catchment area and to be prepared for future challenges**

A consolidation and enhancement plan based on 3 pillars



Innovation and operational excellence

Great focus on innovation and operational excellence mainly in relation to commercial, marketing and sustainability areas



Asset management

Investments aimed at maintaining and increasing the quality of our portfolio favouring innovation, merchandising mix, attractiveness, the quality of materials, as well as sustainability



Financial strategy

Maintaining a solid financial structure in line with the investment grade profile

Our idea of shopping centers in 6 key words 1/2



Target

Identify solutions that make shopping more engaging and experiential in order to impress visitors: **experience oriented shopping center**

What we doing

- «Experience to be lived» project has already been introduced in 2 Shopping Centers (Puntadiferro and Città delle Stelle) in 2018. 3 other Shopping Centers will be involved from 2019



Experience

Social Shopping Centre



Entrench the Shopping Center in its local area promoting good relations and social behaviour in order to establish ties, exchange knowledge and carry out projects of common interest.

- Transfer within the shopping center of the rationale and dynamics of a **social street**, phenomenon first created in Bologna in via Fondazza in 2013, now involving over 100 thousand people, not only in Italy



Personalisation of Shopping Center / Visitor relation

Focus on visitors, establishing unique and special relations

- **Chat bot** technology: customer service by means of 24/7 real time chat
- **CRM** (Customer Relationship Management) Strategy
- **Instagram**: integrated management of the Instagram channel in 16 Shopping Centers.

+ attractiveness + brand awareness + Facebook interaction



Our idea of shopping centers in 6 key words 2/2



Services



Target

Introduce and manage a set of tools which enable us to improve our customers' journey, also by means of new technology

What we do

- Introduce **EV charging stations** (in 20 Shopping Centers) and e-bike charging points
- More Services: **21 dental clinics** (turnover up +9.7%)
- Interactive digital communication by means of totem in all the IGD centers



Ominchannel



Connect the online and offline shopping experience

- Establish a **channel of communication** with the Marketing office of the shopping mall tenants in order to better identify innovative and common solutions regarding the omnichannel issue
- Installation of Amazon **lockers**. 2 *Poste Italiane* lockers have already been installed in Sarca and Tiburtino Shopping Centers



Entertainment



Offer recreational opportunities within Shopping Centers, enhancing their role as an entertainment, activity and meeting location.

- Offer **innovative, exclusive and inclusive** events (also through co-marketing activities) as part of the approx. 540 events held every year in the IGD Shopping Centers



Business approach to align merchandising mix with current trends



Broaden and diversify the retail offer



Services

Introduction of new services (medical and veterinary clinics, schools)



Sharing economy

Introduction of new sharing economy activities (coworking, rental retail..)



Entertainment Areas

Set-up of entertainment areas conceived as primary destination

Online-offline interaction



Kiosks

Creation of kiosks for the collection of online purchases



Outlet

Creation of outlet stores in the Mall, in agreement with the tenants



Tenants with a wider and more complementary offer

Introduction of tenants with merchandise that complements the reduction of the hypermarkets



Food court

More diversified offer, in line with new trends (vegan, bio,..)



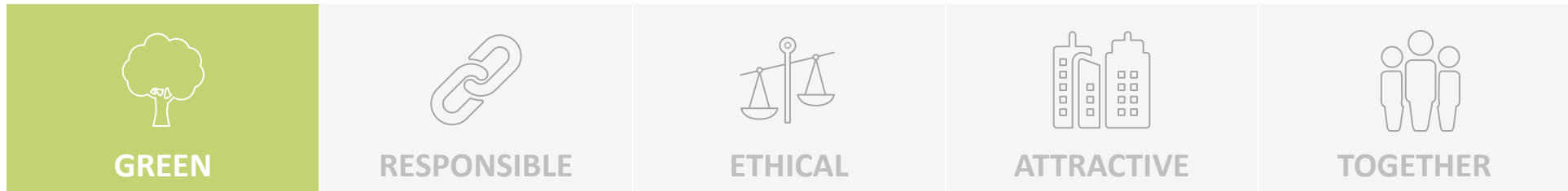
Tenants present online

Search for online tenants who would like to open stores within the mall

Sustainability as essential driver 1/2



Becoming g.r.e.a.t.



Area






Our commitment

Environmental certification	➤	<ul style="list-style-type: none">95% of the portfolio ISO 14001 certifiedBREEAM IN USE (at least at level «Very Good») for 5 more shopping centers
Measures to reduce energy consumption	➤	<ul style="list-style-type: none">€5 mn expected for structural intervention in order to improve the energy efficiencyMore photovoltaic systems will be installed
Sustainable mobility	➤	<ul style="list-style-type: none">Intervention on electric mobilityDefinition of a feasibility study to favour cycling solutionsEvaluation on the possibility to use bike and car sharing
Circular economy	➤	<ul style="list-style-type: none">Starting of the operating phase of the Waste2Value project and evaluation of other projects on the same issue



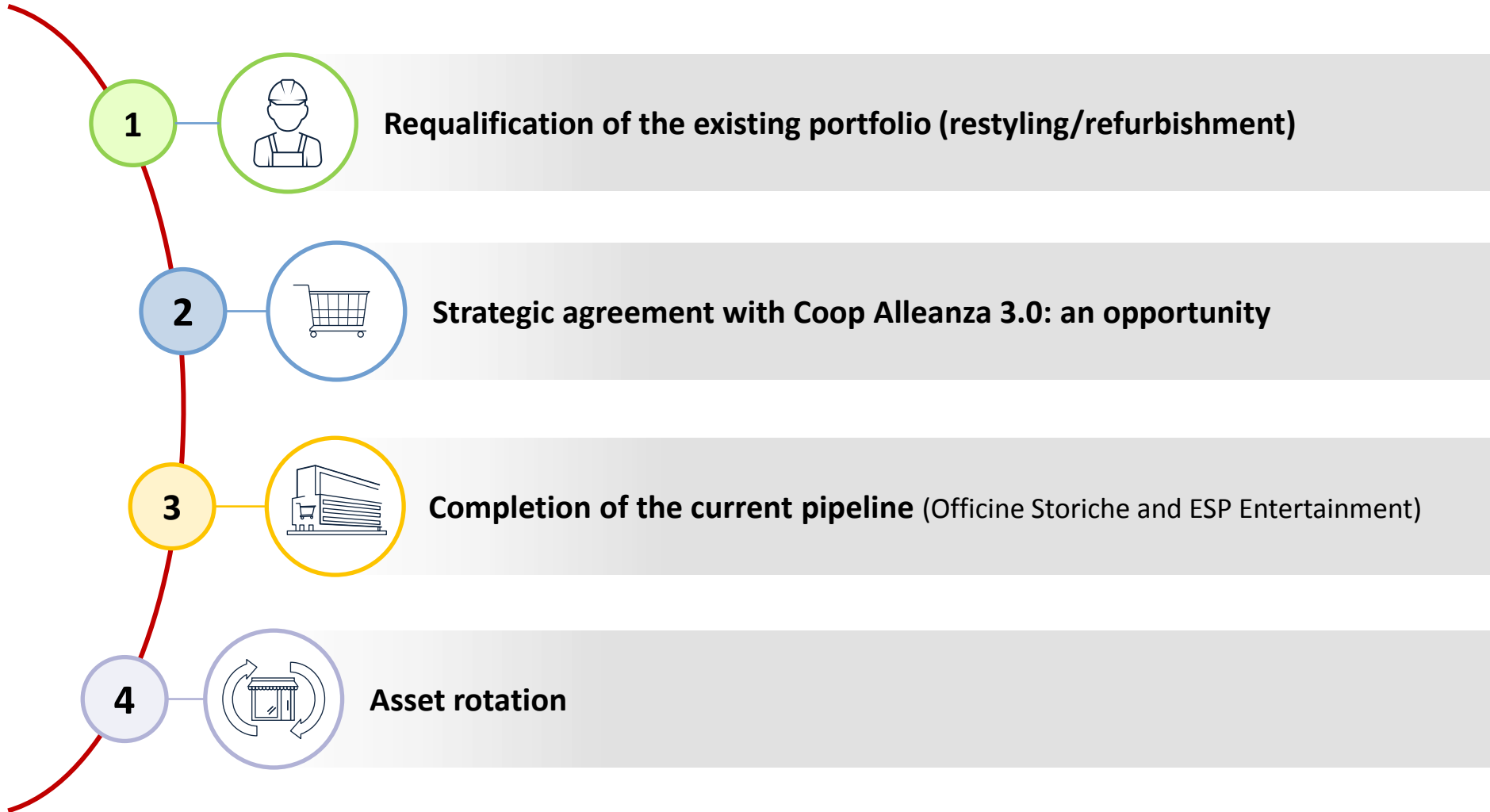


Becoming g.r.e.a.t.

 GREEN	 RESPONSIBLE	 ETHICAL	 ATTRACTIVE	 TOGETHER
	<ul style="list-style-type: none"> Continuous update of the corporate Welfare System Monitoring of the work environment and definition of follow-up actions Continuation of projects for the safety and security of the structures (anti- seismic and anti-terrorism measures) 	<ul style="list-style-type: none"> Anti-corruption certification project Maintaining highest possible score (3 stars) of legality rating 	<ul style="list-style-type: none"> Exclusive and inclusive events Cooperation with the local area Analysis and definition of measures to favour wellbeing inside shopping centers 	<ul style="list-style-type: none"> Projects to capture insights from millennials regarding the shopping center of the future and from tenants regarding common sustainability projects



Asset management: 4 main operating levers



1 Restyling/refurbishment projects

Important track record in asset management



Between 2014 and 2018 we carried out and completed various extensions, remodeling and restyling work in our shopping centers



	Shopping Center	Date of work	Type of work	Increase in Shopping Center revenues ⁽¹⁾
1	Centro Sarca (Milano)	2015	Complete restyling and remodeling	22.4%
2	Centro Borgo (Bologna)	2015	Complete restyling and remodeling	21.4%
3	Esp (Ravenna)	2017	Extension	61.4% ⁽²⁾
4	Città delle Stelle (Ascoli Piceno)	2017	Remodeling	18.6% ⁽²⁾
5	Centro d'Abruzzo (Chieti)	2014	Extension and restyling	14.4%
6	Tiburtino (Roma)	2014	Remodeling	17.4%
7	Le Porte di Napoli (Napoli)	2015	Remodeling	5.2%
8	La Torre (Palermo)	2015	Remodeling	5.7%

Important advantages for our tenants with a positive effect on the long-term sustainability of rental income

1. In the first 2 years after the end of work
2. Revenue growth 2017/2016

1 Restyling/refurbishment projects



	CENTRO CASILINO	FONTI DEL CORALLO	GRAN RONDO'	LA FAVORITA
Project				
Type of work	Remodeling and Restyling	Remodeling and Restyling	Internal Restyling	Internal and external Restyling
Description	<p>Restyling of the external facade and internal areas together with (voluntary) seismic improvement measures on the Ground Floor and First Floor</p> <p>Reduction of the hypermarket (new GLA 10,100 sqm) located on the first floor of the shopping center and creation of new units in the mall (new GLA approx. 3,200 sqm)</p>	<p>Hypermarket reduction (new GLA 9,300 sqm) and creation of new units in the Mall (new GLA approx. 5,400 sqm) in which services will be inserted</p> <p>Unicoop Tirreno has signed an extension to the lease agreement with expiry in 2037</p> <p>Mall interior and exterior restyling project (jointly financed by BNP Paribas, current owner of the mall)</p>	<p>Following the extension and the restyling of the facade, the restyling of the mall interior will be carried out together with the remodeling of the hypermarket</p>	<p>Restyling of the facade, the internal areas and the car park</p>
End of work	End of 2019	End of 2019	2H 2020	1H 2021

Total investments c. €35mn over Plan timespan (including other minor projects and investments to support marketing activities)

2 Strategic Agreement with Coop Alleanza 3.0, partner / food anchor

The role of the mall and the hypermarket



The role of the food anchor (hypermarket) remains fundamental with the ability to attract visitors.
Strong synergy between IGD and Coop that generates excellent operating / financial performances

For 7 out of 10 visitors ⁽¹⁾ the hypermarket is the reason they visit our Shopping Centers



CURRENT SITUATION

- Continuous and effective **Cooperation** between the **Shopping Malls and Coop** in the ordinary and extraordinary management of the centers
- **Cooperation with Coop** for common marketing analysis
- **GLA surplus** in some hypermarkets



FUTURE SITUATION

- Establish **relations which are increasingly structured and integrated** with regard to common **marketing** projects
- More in-depth analysis on **behaviour of consumers/visitors**
- **Customer relationship management (CRM)**
- Organisation of **contests and events**
- **Take advantage of the unitary ownership to make a better use of the GLA**



Agreement regarding approx. €520 mn of the market value (approx. 21% of IGD total market value)

A framework agreement regarding the complete review of 18 contracts (out of a total of 20) of the hypermarket portfolio rented to Coop Alleanza 3.0, has been signed:

1. **Review of contractual terms and conditions:** the expiry dates of all the contracts affected by the agreement will be extended and some of the rents will be revised to make them more stable and sustainable
2. **Qualitative review of assets:** following the successful remodeling of the hypermarkets and malls in Le Porte di Napoli and Città delle Stelle, 5 assets have been identified, where the number of stores/services in the mall needs to be increased, by means of reducing the hypermarket, in order to enhance the attractiveness of the centers.

Targets

1

Stabilisation of lease agreements
in the long-term

2

Increase the sustainability of
rents / future cash-flow

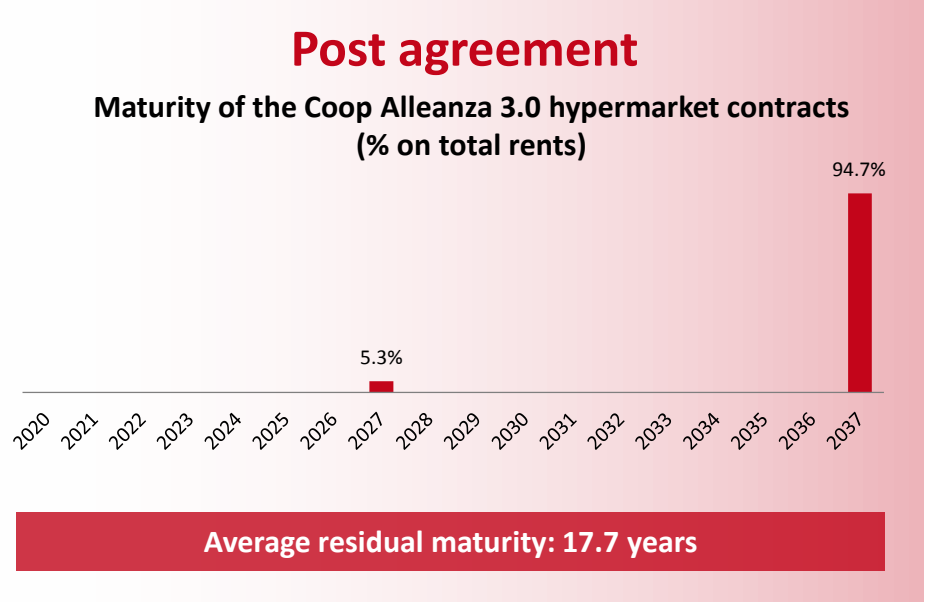
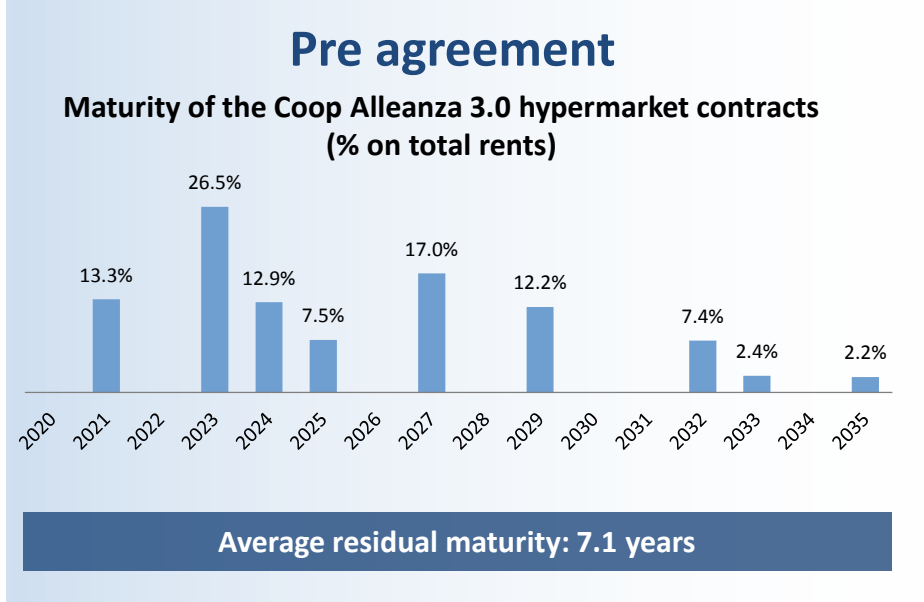
3

Requalification and adaptation of
the role of the hypermarket in
shopping centers

Strategic Agreement with Coop Alleanza 3.0, partner / food anchor



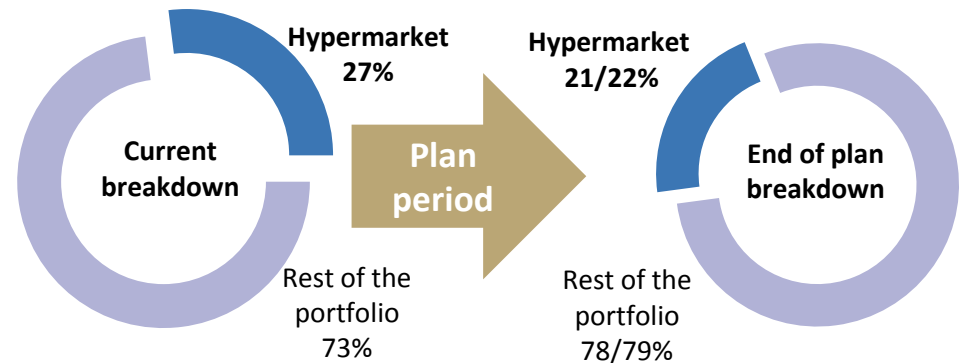
The main effects expected from the agreement, together with a higher rent sustainability, will be:



Agreement effects:

- Reduced and uniform effort rate
- GLA Hypermarkets -21,400m² → GLA Malls +18,600m²
- Net rental impact of c. € -1.9 mn
- Rents in line with ERV⁽¹⁾

Breakdown by rental income IGD Group



3 Pipeline completion

Officine Storiche and ESP Entertainment



Officine Storiche - Porta A Mare*



>15,000

M² dedicated to retail

43

Sea front flats

c. €53mn

Investment (of which over the plan period €22mn)

2020

End of work

Piazza Mazzini



69

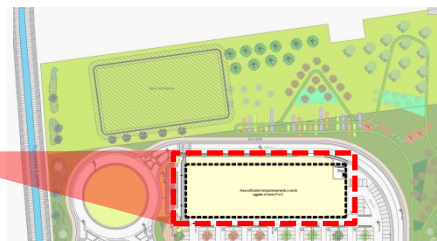
Flats sold / pre-sold out of a total of 73

90.7%

Total m² sold / pre-sold

Sale of residential almost completed

Entertainment ESP



Creation of an entertainment area for children / young teenagers

c. €4mn

Investment

2021

End of work

4 Asset rotation



Rationalisation of the portfolio through the **disposal of some non-strategic assets** for €150-200mn is under evaluation

Income from disposals
will be primarily allocated **to reduce debt and leverage**
and partly **re-invested**

Maintain a rigorous financial discipline in line with the Investment Grade profile

Improve and further reduce the LTV

Improve the liquidity profile while maintaining a significant share of medium long-term debt (currently equal to approx. 80%⁽¹⁾)

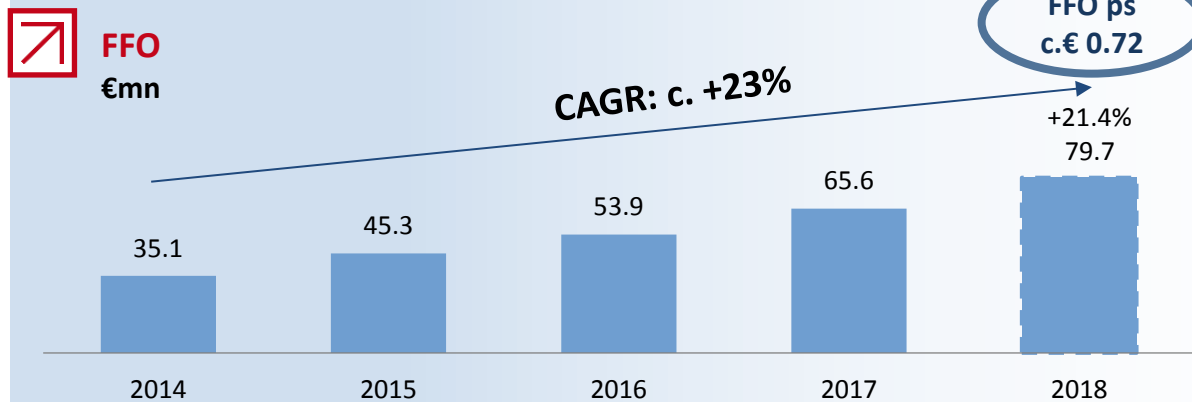
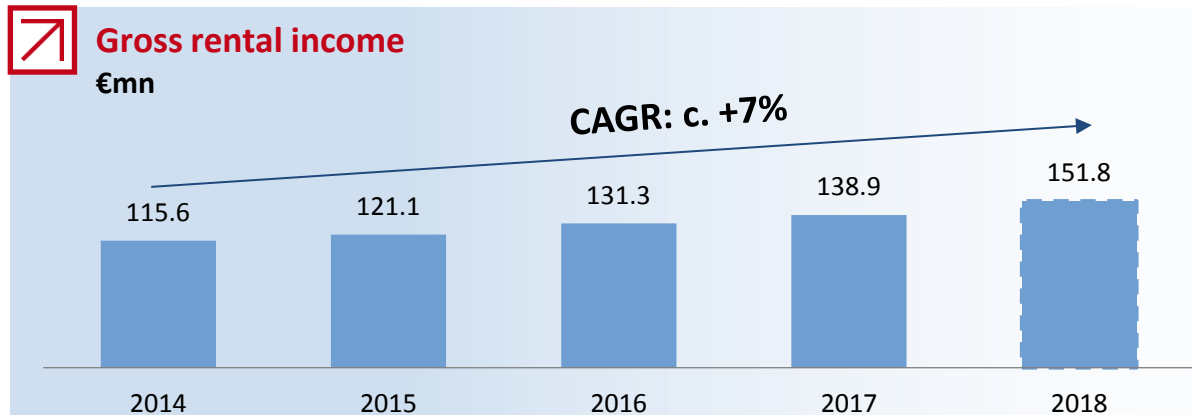
Maintain a balanced debt structure between bank debt and bond debt (maximum flexibility in the sources of financing)

Broaden the investor base

Lower the exposure to financial risks (interest rate and credit) and obtain the best available capital market conditions

Revenues and FFO

4 years of considerable growth... Driven by new openings and acquisitions



Consolidation plan with a sustainable growth

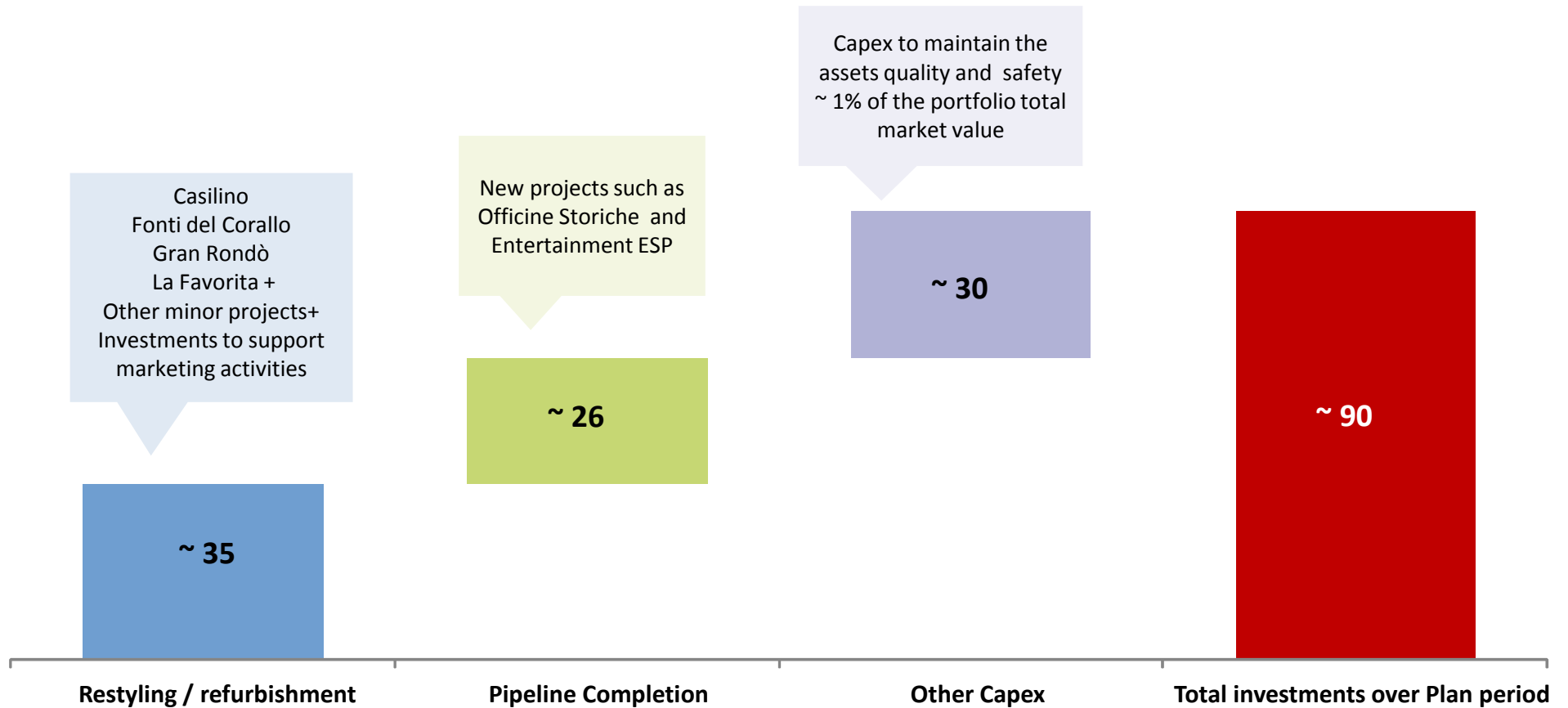
CAGR Plan period 2019-2021⁽¹⁾

c.+2%
LFL c.+1.7%

c.+3%

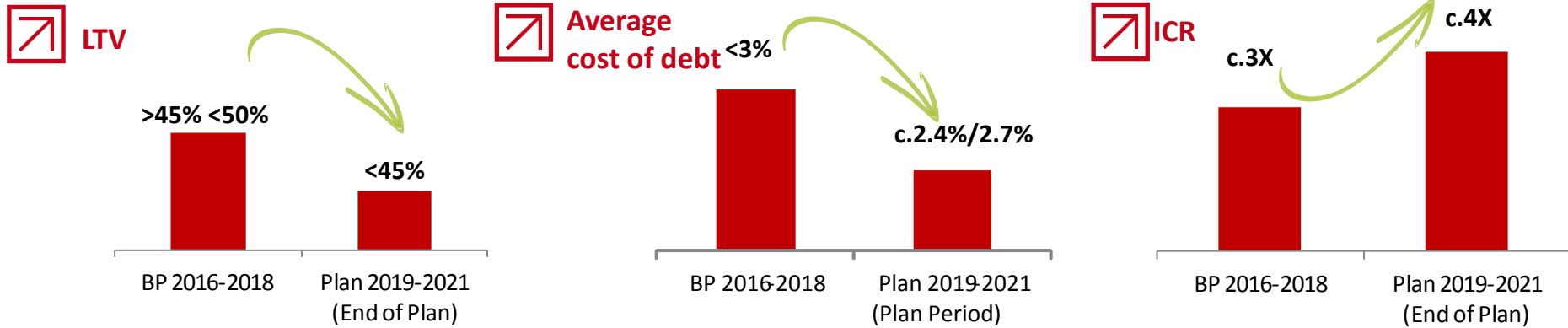
Investments

Total investment plan⁽¹⁾ €mn



1. Plus c. €10mn of further non retail investments concerning Porta a Mare project (in particular Officine Storiche residential area which will be sold)

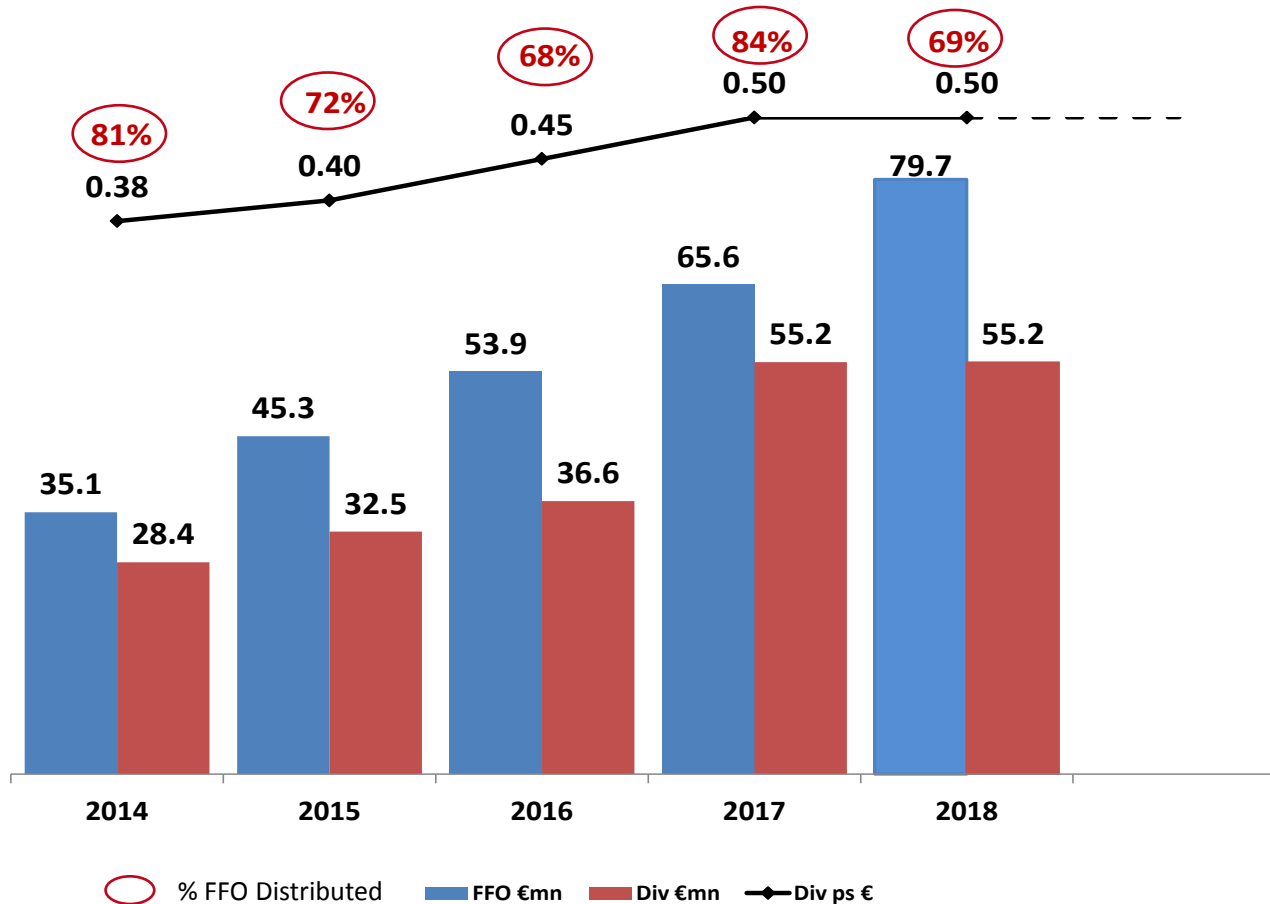
Financial targets: a clear and defined path



Dividend Policy...bringing to growing FFO and dividends

Constant FFO and dividends growth

€ mn



Target

Offer an attractive and sustainable dividend over time



Further option of growth

- A **Strategic Plan** aimed at strengthening the **leadership** of our shopping centers, **without further acquisitions**
- IGD's idea, to act as a **platform able to aggregate new assets** in order to further increase its market share and pursue greater economies of scale, remains valid
- Always subject to adequate **market conditions**

Final remarks

1

Built a portfolio of dominant shopping centers in their catchment area and integrated within the urban fabric

2

Focus on new market trends, innovation and quality of the assets to enhance the leadership of shopping centers

3

Strategic agreement with COOP Alleanza 3.0: a unique and distinctive opportunity

4

Strong commitment in reducing financial leverage (end of plan LTV <45%)

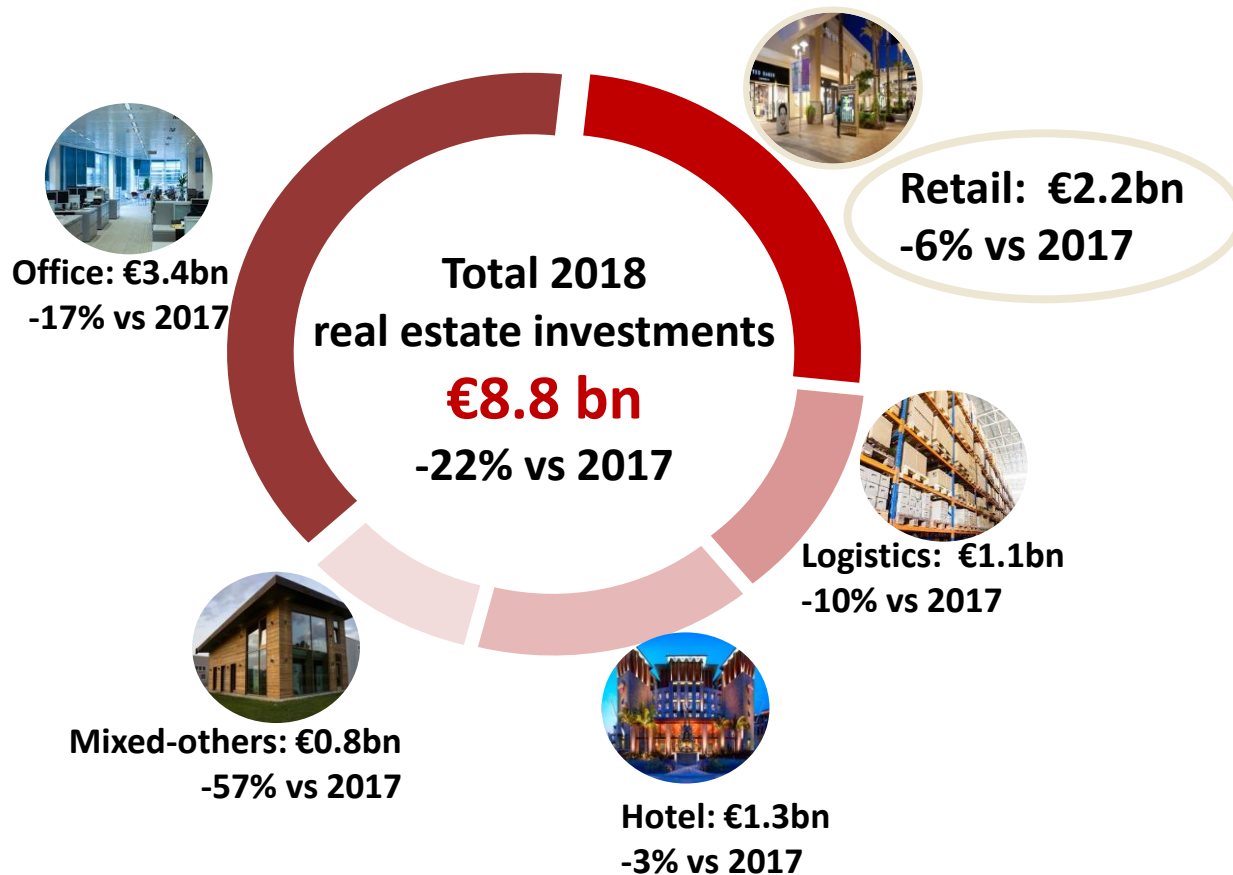
4

Sustainable growth of FFO and Dividends



Appendix

The Italian real estate in 2018



✓ Asset class that performed better considering the contraction in the real estate market.

✓ **Strong demand from international retailers:** many brands entered in the Italian market the first time over the year.

✓ International investors confirmed their interest in this asset class: **80% of the invested capital came from foreign investors**

✓ The decrease in investments is linked to the political uncertainty which has characterised Italy during the year

✓ Overall real estate market is expected to be substantially stable in 2019


Consolidated income statement

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%
Total income from rental activities	138.9	151.8	9.2%
Rents and payable leases	-10.2	-10.3	0.5%
Direct costs from rental activities	-16.8	-17.5	3.9%
Net rental income	111.9	124.0	10.9%
Revenues from services	6.2	6.3	2.2%
Direct costs from services	-5.8	-5.2	-11.2%
Net services income	0.4	1.1	n.a.
Headquarters personnel	-6.6	-6.7	1.9%
G&A expenses	-4.4	-4.7	6.1%
CORE BUSINESS EBITDA (Operating income)	101.2	113.7	12.4%
<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%
Operating results from trading	-0.7	-1.1	50.4%
EBITDA	100.5	112.6	12.1%
<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%
EBIT	123.2	81.2	-34.0%
FINANCIAL MANAGEMENT	-34.3	-32.5	-5.4%
EXTRAORDINARY MANAGEMENT	-0.1	-0.1	-10.3%
PRE-TAX PROFIT	88.7	48.7	-45.2%
Taxes	-2.3	-2.3	0.0%
PROFIT FOR THE PERIOD	86.5	46.4	-46.3%
Profit/Loss for the period related to third parties	0.0	0.0	n.a.
GROUP NET PROFIT	86.5	46.4	-46.3%

Funds from Operations (FFO) €79.7 mln (+21.4%)

Funds from Operations	FY_CONS_2017	FY_CONS_2018	Δ vs cons 2017	Δ%
Core business EBITDA	101,187.3	113,723	12,535	12.4%
Adj. Financial Management	-34,350	-32,504	1,846	-5.4%
Adj. Extraordinary Management	0	0	0	n.a.
Adj. Current Taxes for the period	-1,204	-1,524	-320	26.6%
FFO	65,633	79,695	14,062	21.4%

EPRA NNAV per share

 EPRA <small>EUROPEAN PUBLIC REAL ESTATE ASSOCIATION</small>	31/12/2017		31/12/2017 Restated (a)		31/12/2018 (b)		Δ% (b vs a)
	€'000	€ p.s.	€'000	€ p.s.	€'000	€ p.s.	
Total shares	81,304,563		110,341,903		110,341,903		
1) Group shareholders' equity	1,115,753	13.72	1,263,014	11.45	1,252,338	11.35	-0.8%
<i>Excludes</i>							
Fair value of Financial instruments	20,397		20,397		17,364		-14.9%
Deferred taxes	26,517		26,517		28,480		7.4%
Goodwill as a result of deferred taxes							
2) EPRA NAV	1,162,667	14.30	1,309,928	11.87	1,298,182	11.77	-0.9%
<i>Includes</i>							
Fair value of Financial instruments	(20,397)		(20,397)		(17,364)		-14.9%
Fair value of debt	(4,713)		(4,713)		11,116		n.a.
Deferred taxes	(26,517)		(26,517)		(28,480)		7.4%
3) EPRA NNAV	1,111,040	13.67	1,258,301	11.40	1,263,454	11.45	0.4%

More Financial Highlights

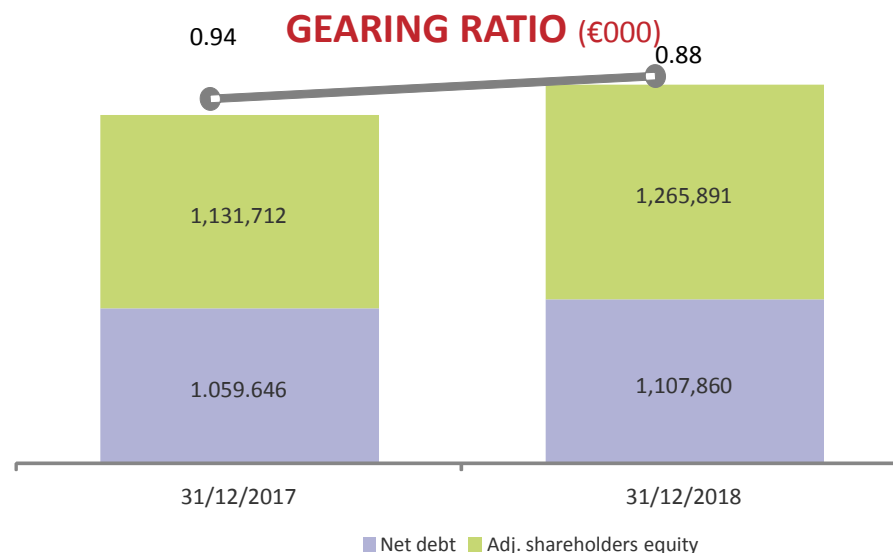
	FY2017	FY 2018
SHARE OF MEDIUM/LONG-TERM DEBT	91.1%	79.8%*
UNCOMMITTED CREDIT LINES GRANTED	€276 mn	€191 mn**
UNCOMMITTED CREDIT LINES AVAILABLE	€225.6 mn	€148.2 mn**
COMMITTED CREDIT LINES GRANTED AND AVAILABLE	€60 mn	€60 mn
UNENCUMBERED ASSETS	€1,475.4 mn	€1,462.6 mn

* With the disbursement of the already signed BNP loan the quota is still up 90%

** Some banks allowed us to transform them in medium/long-term not granted credit lines .

Reclassified Balance Sheet

Surces - Use of funds	31/12/2017	31/12/2018	Δ	Δ%
Fixed assets	2,157,176	2,346,527	189,351	8.8%
Assets under construction	40,466	36,563	-3,903	-9.6%
Other non-current assets	23,245	22,699	-546	-2.3%
Other non-current liabilities	-29,082	-27,906	1,176	-4.0%
NWC	28,768	26,020	-2,748	-9.6%
Net deferred tax (assets)/liabilities	-24,777	-26,340	-1,563	6.3%
TOTAL USE OF FUNDS	2,195,796	2,377,563	181,767	8.3%
Net debt	1,059,646	1,107,861	48,215	4.6%
Shareholders' equity	1,115,753	1,252,338	136,585	12.2%
Net (assets)/liabilities for derivative instruments	20,397	17,364	-3,033	-14.9%
TOTAL SOURCE	2,195,796	2,377,563	181,767	8.3%



Transparency and Reliability

International standards implemented + assurance



2018 News

3 In-depth analysis carried out:

Impacts assessment

3 «**impact forms**» have been introduced in the Report in order to evaluate the quali-quantitative changes caused by 3 sustainability projects (Corporate Welfare, ANT and ISO 14001)

2016-2018 Sustainability Plan

Reporting of the **achievement level** of the sustainability targets included in the Plan.







Total level: **90%**

IGD and SDGs

Specific reference to **10 (out of 17) UN Millennium Development Goals** and reporting of the IGD contribution to their achievement



Becoming g.r.e.a.t.

 GREEN	 RESPONSIBLE	 ETHICAL	 ATTRACTIVE	 TOGETHER
<ul style="list-style-type: none">▪ Decrease in electricity consumption: -1.1%▪ 3 Shopping Centers BREEAM certified 	<ul style="list-style-type: none">▪ 99% employees that have benefitted from the Corporate Welfare System▪ 13 Shopping Centers with anti-incurion measures	<ul style="list-style-type: none">▪ 3 stars score confirmed in the Legality Ratingt▪ The project about Whistleblowing with focus on privacy ended	<ul style="list-style-type: none">▪ 530 events carried out▪ 19 Shopping Centers involved in the second editon of «Happy Hand in Tour»	<ul style="list-style-type: none">▪ 255 local organizations hosted in the Shopping Centers▪ Definition and first results from the «listening project», addressed to visitors

Italian Portfolio: hypermarkets and shopping malls

**FULL OWNERSHIP OF
16 SHOPPING
CENTRES
(MALL +
HYPERMARKET)**

11 SHOPPING MALLS

9 HYPERMARKETS

27 SHOPPING MALLS	25 HYPERMARKETS	TENANTS HYPERMARKETS	OF
CENTRO D'ABRUZZO -Pescara	CENTRO D'ABRUZZO -Pescara	Coop Alleanza 3.0	
CLODI' - Chioggia	CLODI' - Chioggia	Coop Alleanza 3.0	
PORTO GRANDE - Porto d'Ascoli (AP)	PORTO GRANDE - Porto d'Ascoli (AP)	Coop Alleanza 3.0	
ESP - Ravenna	ESP - Ravenna	Coop Alleanza 3.0	
CENTRO BORGIO -Bologna	CENTRO BORGIO -Bologna	Coop Alleanza 3.0	
CONE' RETAIL PARK - Conegliano (TV)	CONE' RETAIL PARK - Conegliano (TV)	Coop Alleanza 3.0	
LE MAIOLICHE - Faenza	LE MAIOLICHE - Faenza	Coop Alleanza 3.0	
LUNGO SAVIO -Cesena	LUNGO SAVIO -Cesena	Coop Alleanza 3.0	
CITTA' DELLE STELLE - Ascoli Piceno	CITTA' DELLE STELLE - Ascoli Piceno	Coop Alleanza 3.0	
KATANE' - Catania	KATANE' - Catania	Coop Sicilia	
CENTRO LAME - Bologna	CENTRO LAME - Bologna	Coop Alleanza 3.0	
CENTRO LEONARDO - Imola (BO)	CENTRO LEONARDO - Imola (BO)	Coop Alleanza 3.0	
TORRE INGASTONE - Palermo	TORRE INGASTONE - Palermo	Coop Sicilia	
CASILINO -Roma	CASILINO -Roma	Distribuzione Umbria srl	Lazio
LE PORTE DI NAPOLI -Afragola (NA)	LE PORTE DI NAPOLI -Afragola (NA)	Distribuzione Centro (ipercoop)	Sud Srl
TIBURTINO -Guidonia (RM)	TIBURTINO -Guidonia (RM)	Distribuzione Centro (ipercoop)	Sud Srl
MILLENNIUM GALLERY - Rovereto (TN)	Hypermkts not owned by IGD		
PUNTADIFERRO - Forlì (FC)			
CENTROLUNA - Sarzana (SP)			
LA FAVORITA - Mantova			
MAREMA' - Grosseto			
CENTRO SARCA - Sesto S. Giovanni (MI)			
MONDOVICINO RETAIL PARK -Mondovì (CN)			
Gran Rondò (Crema)			
Piazza Mazzini (Livorno)			
I BRICCHI - Isola d'Asti (AT)			
DARSENA CITY - Ferrara (50% owned by Beni Stabili)			
Malls not owned by IGD	Supermkt Civita Castellana (Viterbo)	Distribuzione Umbria srl	Lazio
	Supermkt Cecina (Livorno)	Unicoop Tirreno	
	Hypermkt Le Fonti del Corallo - Livorno	Unicoop Tirreno	
	Hypermkt Schio-Schio (Vicenza)	Coop Alleanza 3.0	
	Hypermkt LUGO - Lugo (RA)	Coop Alleanza 3.0	
	Hypermkt IL MAESTRALE - Senigallia (AN)	Coop Alleanza 3.0	
	Hypermkt MIRALFIORE - Pesaro	Coop Alleanza 3.0	
	Supermkt AQUILEJA - Ravenna	Coop Alleanza 3.0	
	Hypermkt I MALATESTA - Rimini	Coop Alleanza 3.0	

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