

IGD SIQ SPA: THE BOARD OF DIRECTORS APPROVES THE RESULTS AS AT 31 MARCH 2019

- **Net rental income: € 34.2 million, +17.9% (+9.2% adj ex IFRS16¹);**
- **FFO: € 20.8 million (+13.4%)**
- **Malls LFL Italy flat, Romania + 2.4%; upside on renewals: Italy +4.1%; Romania +10.3%**
- **Loan-to-Value 46.2% (45% adj ex IFRS16); Interest cover ratio 3.9x (around 3.7x adj ex IFRS16)**

Bologna, 7 May 2019. Today the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIQ S.p.A.** (“IGD” or the “Company”) examined and approved the **interim financial report at 31 March 2019** during a meeting chaired by **Elio Gasperoni**.

POSITIVE FINANCIAL RESULTS CONFIRMED (FFO + 13.4 %)

Gross rental income rose +8.7% to €38.8 million. The change reflects:

- like-for-like growth in Italy which was flat with malls down slightly (-0.4%) and hypermarkets showing a slight increase (+0.4%); inflation had an impact of around 77 bps;
- higher revenue not like-for-like of around €3.1 million linked to the opening of the Gran Rondò mall extension in Crema and the new portfolio purchased from Eurocommercial on 18 April 2018
- higher revenue like-for-like in Romania of around €0.1 million (+2.4%).

Net rental income amounted to €34.2 million, an increase of 17.9% against the same period of the prior year, while the adj figure ex IFRS 16 comes to +9.2%.

Net revenue from services came to €0.2 million, up slightly compared to the prior year.

Core business Ebitda amounted to €31.2 million, an increase of 17.6% compared to 31 March 2018 (+8.0% adj ex IFRS16). The core business Ebitda Margin amounted to 77.3%, while the **recurring freehold Ebitda margin** (relative to freehold properties) reached 79.5%.

Financial expense adj ex IFRS16 fell (-3.9%) to €7.6 million: the result is attributable to the recent liability management activities, namely the repayment of the bond for around €125 million (cost 3.875%) in January and the €200 million unsecured senior facility contracted at a cost of around 2.1%².

The downward trend in the average cost of debt continued (coming in at 2.42% vs 2.7%); ICR reached 3.9X (3.7x adj ex IFRS16)

¹ **Adj ex IFRS16:** for the sake of comparability, the 2019 figure was restated excluding the impact of IFRS 16 application

² Effective cost based on hedging over 3-years + estimate for the next two years

The Group's portion of net profit amounted to €18 million in the reporting period, higher than in the same period 2018 (€ 16.7 million) +8.0%.

Funds from Operations (FFO) rose 13.4% compared to the first three months of 2018 to €20.8 million. The Group confirms the FY2019 growth target of +6/7%, disclosed when the results for FY2018 were approved, and plans on providing an updated outlook when the results for the first half are approved.

The IGD Group's **net financial debt** came to €-1,148.6 million, (€-1,088 million adj ex IFRS16), higher than in March 2018 (€-1,049 million). The **Loan-to-Value reached 46.2%** (45% adj ex IFR16) and the **gearing ratio 0.89x** (0.85x adj ex IFRS16)

OPERATING PERFORMANCE

As for the tenant sales, after a slightly improving January and a decreasing February and March, the quarter closes almost steadily with respect to the same period of the previous year.

Footfalls were down by 6.2%, in line also with CNCC (*Consiglio Nazionale dei Centri Commerciali*) figures, but recovered in April (+3.2%). Sales and footfalls were affected mainly by weather conditions (particularly a very hot February) and the calendar effect linked to the Easter holidays which were in mid-April in 2019 versus end of March in 2018.

Pre-letting generated very positive results, with an **average upside in Italy of +4.1%** (excluding Centro Sarca's renewal of the multiplex cinema) on 39 turnovers and 59 renewals, while in **Romania upside of 10.3%** on 62 turnovers and 41 renewals was recorded.

Average **occupancy in Italy** was down at 96.6% and in **Romania** (96.8%).

OPERATING INCOME STATEMENT AT 31 MARCH 2019

GROUP CONSOLIDATED	(a)	(b)	(c)	Δ (b)/(a)	Δ (c)/(a)
	CONS_2018	1Q_CONS_2019	1Q_CONS_Adj_2019		
Revenues from freehold rental activities	32.4	35.6	35.6	9.8%	9.8%
Revenues from leasehold rental activities	3.2	3.1	3.1	-1.9%	-1.9%
Total income from rental activities	35.6	38.8	38.8	8.7%	8.7%
Rents and payable leases	-2.6	0.0	-2.6	-98.8%	0.4%
Direct costs from rental activities	-4.1	-4.6	-4.6	10.7%	10.7%
Net rental income	29.0	34.2	31.6	17.9%	9.2%
Revenues from services	1.5	1.6	1.6	6.9%	6.9%
Direct costs from services	-1.4	-1.4	-1.4	5.2%	5.2%
Net services income	0.2	0.2	0.2	22.4%	22.4%
Personnel expenses	-1.7	-1.8	-1.8	6.5%	6.5%
G&A expenses	-0.9	-1.3	-1.3	51.9%	51.9%
CORE BUSINESS EBITDA (Operating income)	26.5	31.2	28.7	17.6%	8.0%
<i>Core business Ebitda Margin</i>	<i>71.4%</i>	<i>77.3%</i>	<i>71.0%</i>		
Revenues from trading	0.0	0.0	0.0	n.a.	n.a.
Cost of sale and other trading costs	-0.1	-0.1	-0.1	-8.1%	-8.1%
Operating result from trading	-0.1	-0.1	-0.1	-8.1%	-8.1%
EBITDA	26.4	31.1	28.5	17.7%	8.1%
<i>Ebitda Margin</i>	<i>71.1%</i>	<i>77.0%</i>	<i>70.7%</i>		
Impairment and Fair Value adjustments	-0.7	-4.2	-1.9	n.a.	n.a.
Depreciation and provisions	-0.2	-0.3	-0.3	1.7%	31.6%
EBIT	25.4	26.6	26.3	4.7%	3.5%
FINANCIAL MANAGEMENT	-7.9	-8.1	-7.6	1.6%	-3.9%
EXTRAORDINARY MANAGEMENT	0.0	0.0	0.0	n.a.	n.a.
PRE-TAX PROFIT/LOSS	17.5	18.6	18.7	6.1%	6.8%
Taxes	-0.8	-0.5	-0.7	-33.0%	-14.0%
PROFIT FOR THE PERIOD	16.7	18.0	18.0	8.0%	7.8%
(Profit/Loss) for the period related to Third Parties	0.0	0.0	0.0	n.a.	n.a.
GROUP NET PROFIT	16.7	18.0	18.0	8.0%	7.8%

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

IMPACT OF IFRS16

The **new accounting standard IFRS 16 “Leases”** (hereafter “IFRS 16”) was applied beginning on 1 January 2019. This new standard supersedes IAS 17 “Leasing” and its interpretations and eliminates the distinction between operating and finance leases in the lessee's financial statements; for all leases with a term of more than 12 months, the lessee is required to recognize a right-of-use asset and a liability representing its obligation to make lease payments.

The right-of-use asset will be recognized as investment property under property, plant and equipment and, in accordance with IFRS 16 and IAS 40, its fair value will be appraised by independent experts at the close of every financial period. Changes in fair value will be recognized in a separate equity reserve during the transition to the new standard, and subsequently under "Fair value changes" in the income statement.

The **income statement** no longer includes the rents payable on leasehold properties, but does show higher fair value adjustments and, in part, higher financial charges.

The impact of IFRS 16 on the income statement and the statement of financial position is shown below:

Income statement €/000	1Q_2019
Payable leases	2,539
Impairment and Fair Value adjustments	-2,303
Depreciation and provisions	74
Financial management	-436
Taxes	154
Income statement impact	29

Balance Sheet €/000	01/01/2019
Decrease in Fonti del corallo	(300)
Less increases on leasehold properties	(634)
Increase in property investments	65,870
Increase in financial debt	62,359
Positive effect on net equity	1,886
Effect on deferred tax provisions	691



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 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 €2,412.2 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, in the Investor Relations section, and on the website www.imagebuilding.it, in the Press Room section.



Below please find the IGD Group's income statement, statement of financial position, statement of cash flows and consolidated net financial position, as well as the Group's operating income statement at 31 March 2019³

Consolidated income statement at 31 March 2019

(in thousands of euros)	31/03/2019 (A)	31/03/2018 (B)	Change (A)-(B)
Revenue	38,756	35,646	3,110
Other income	1,619	1,514	105
Total revenue and operating income	40,375	37,160	3,215
Change in inventory	70	170	(100)
Total revenue and change in inventory	40,445	37,330	3,115
Realization costs	70	170	(100)
Cost of services	3,763	5,507	(1,744)
Cost of labour	2,700	2,526	174
Other operating costs	2,745	2,512	233
Operating costs	9,278	10,715	(1,437)
(Depreciation, amortization and provisions)	(149)	(246)	97
Writedown of receivables	(194)	(210)	16
Change in fair value - increases / (decreases)	(4,185)	(720)	(3,465)
Total depreciation, amortization, provisions, impairment and change in fair value	(4,528)	(1,176)	(3,352)
EBIT	26,639	25,439	1,200
Gains/losses from equity investments and disposals	(1)	4	(5)
Financial income	23	9	14
Financial charges	8,079	7,939	140
Net financial income/(charges)	(8,056)	(7,930)	(126)
Pre-tax profit	18,582	17,513	1,069
Income tax	544	812	(268)
NET PROFIT FOR THE PERIOD	18,038	16,701	1,337
Minorities' portion of net profit	-	-	-
Parent company's portion of net profit	18,038	16,701	1,337

³ The Interim Management Statement and the consolidated financial statements at 30 March 2018 of Gruppo Immobiliare Grande Distribuzione are unaudited.

Consolidated statement of financial position at 31 March 2019

(in thousands of euros)	31/03/2019 (A)	31/12/2018 (B)	Change (A)-(B)
NON-CURI NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	33	34	(1)
Goodwill	12,362	12,662	(300)
	12,395	12,696	(301)
Property, plant, and equipment			
Investment property	2,410,095	2,346,527	63,568
Buildings	7,827	7,887	(60)
Plant and machinery	75	213	(138)
Equipment and other assets	1,056	968	88
Leasehold improvements	41	547	(506)
Assets under construction	37,935	36,563	1,372
	2,457,029	2,392,705	64,324
Other non-current assets			
Sundry receivables and other non-current assets	113	111	2
Equity investments	276	277	(1)
Non-current financial assets	174	243	(69)
	563	631	(68)
TOTAL NON-CURRENT ASSETS (A)	2,469,987	2,406,032	63,955
CURRENT ASSETS:			
Inventory	33,278	33,213	65
Trade and other receivables	13,020	12,916	104
Related party trade and other receivables	1,427	2,024	(597)
Other current assets	3,794	5,438	(1,644)
Financial receivables and other current financial assets	96	96	-
Cash and cash equivalents	38,324	2,472	35,852
TOTAL CURRENT ASSETS (B)	89,939	56,159	33,780
TOTAL ASSETS (A+B)	2,559,926	2,462,191	97,735
NET EQUITY:			
Share capital	749,738	749,738	-
Treasury shares	(344)	(492)	148
Share premium reserve	31,504	31,504	-
Other reserves	410,164	410,601	(437)
Group profit	79,025	60,987	18,038
Total Group net equity	1,270,087	1,252,338	17,749
Capital and reserves pertaining to minorities	-	-	-
TOTAL NET EQUITY (C)	1,270,087	1,252,338	17,749
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	20,728	17,364	3,364
Non-current financial liabilities	1,122,153	884,197	237,956
Provision for employee severance indemnities	2,560	2,567	(7)
Deferred tax liabilities	26,598	26,340	258
Provisions for risks and future charges	5,911	5,597	314
Sundry payables and other non-current liabilities	7,805	7,850	(45)
Related party sundry payables and other non-current liabilities	11,892	11,892	-
TOTAL NON-CURRENT LIABILITIES (D)	1,197,647	955,807	241,840
CURRENT LIABILITIES:			
Current financial liabilities	65,031	226,475	(161,444)
Trade and other payables	9,753	14,301	(4,548)
Related party trade and other payables	1,594	736	858
Current tax liabilities	4,525	2,373	2,152
Other current liabilities	11,289	10,161	1,128
Related party other current liabilities	-	-	-
TOTAL CURRENT LIABILITIES (F)	92,192	254,046	(161,854)
TOTAL LIABILITIES (F=D + E)	1,289,839	1,209,853	79,986
TOTAL NET EQUITY AND LIABILITIES (C + F)	2,559,926	2,462,191	97,735

Consolidated statement of cash flows at 31 March 2019

(in thousands of euros)	31/03/2019	31/12/2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	18,582	48,664
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Oneri/(proventi) finanziari	8,056	32,590
Depreciation, amortization and provisions	149	1,104
Writedown of receivables	194	884
(Impairment losses)/reversals on work in progress and assets under construction	0	234
Changes in fair value - increases / (decreases)	4,185	42,902
Net (Revaluation) of the acquisition of 4 business divisions	0	(12,857)
Gains/losses from disposals - equity investments	1	85
CASH FLOW FROM OPERATING ACTIVITIES	31,167	113,606
Financial charges	(9,436)	(30,040)
Income tax	(330)	(1,429)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	21,401	82,137
Change in inventory	(65)	4,176
Net change in current assets and liabilities	1,533	(4,160)
Net change in non-current assets and liabilities	(420)	(1,188)
CASH FLOW FROM OPERATING ACTIVITIES	22,449	80,965
(Investments) in non-current assets	(3,730)	(20,279)
Disposals of non-current assets	342	36
(Investment) in 4 business divisions	0	(104,640)
(Investments) in equity interests	0	0
CASH FLOW FROM INVESTING ACTIVITIES	(3,388)	(124,883)
Change in non-current financial assets	69	(8)
Change in financial receivables and other current financial assets	0	42
Disposal of treasury shares	148	126
(Purchase) treasury shares	0	(492)
Capital increase net of costs	0	147,339
Distribution of dividends	0	(55,171)
Change in current debt	(168,327)	(7,271)
Change in non-current debt	184,996	(40,674)
CASH FLOW FROM FINANCING ACTIVITIES	16,886	43,891
Exchange rate differences on cash and cash equivalents	(95)	(10)
NET INCREASE (DECREASE) IN CASH BALANCE	35,852	(37)
CASH BALANCE AT BEGINNING OF THE PERIOD	2,472	2,509
CASH BALANCE AT END OF THE PERIOD	38,324	2,472

Consolidated net financial position at 31 March 2019

(in thousands of euros)	31/03/2019	31/12/2018
Cash and cash equivalents	-38,324	-2,472
Financial receivables and other current financial assets w. related parties	-96	-96
Financial receivables and other current financial assets	0	0
LIQUIDITY	-38,420	-2,568
Current financial liabilities w. related parties	0	0
Current financial liabilities	0	42,763
Mortgage loans - current portion	45,554	45,340
Leasing - current portion	8,690	334
Bond loan - current portion	10,787	138,038
CURRENT DEBT	65,031	226,475
NET CURRENT DEBT	26,611	223,907
Non-current financial assets	-174	-243
Leasing - non-current portion	55,411	3,594
Non-current financial liabilities	509,116	323,298
Bond loan	557,626	557,304
NON-CURRENT DEBT	1,121,979	883,953
NET FINANCIAL POSITION	1,148,590	1,107,860