



# Road Show presentation

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GIOCA COME  
I TUOI DIOI

Ogni cosa ha il suo cu



1

Introduction to IGD

# IGD at a Glance

IGD is the leading Italian listed developer and operator of Italian quality retail real estate properties: develops and manages shopping centers across the country and has also a presence in retail distribution in Romania

## IGD #1 Italian Retail SIQ (REIT) - Portfolio Snapshot

€2.4 Bn Portfolio  
Mainly Malls / Retail Parks / Hypermarkets

75 Assets

Rental Income  
>€150 MM

### IGD Portfolio Breakdown by Geography

By Value  
€2.4 Bn

By Rental Income  
€152 MM

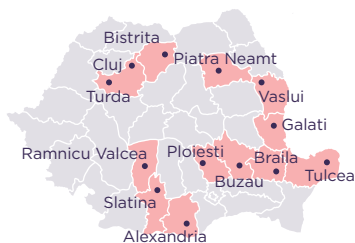
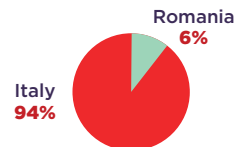
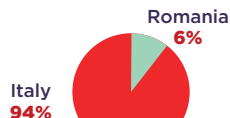


⊕ n° of properties

■ Northern Italy (58% Value<sup>(3)</sup>)

■ Central Italy (29% Value<sup>(3)</sup>)

■ South Italy (13% Value<sup>(3)</sup>)



61 Properties in 12 Regions  
(94% of Value)

14 Properties in 13 Cities  
(6% of Value)



**5.4% EPRA NIY**  
5.4% net initial yield topped-up



**80.0% Ebitda margin<sup>(2)</sup>**  
+260 bps since 2014 (77.4%)



**96.6% financial occupancy<sup>(3)</sup>**  
Constantly > 96% since IPO (2005)



**EPRA NNAV: €1,190M**  
€10.78/share



**FFO/share: €0.72/share (FY2018)**  
23% CAGR over 2014-2018



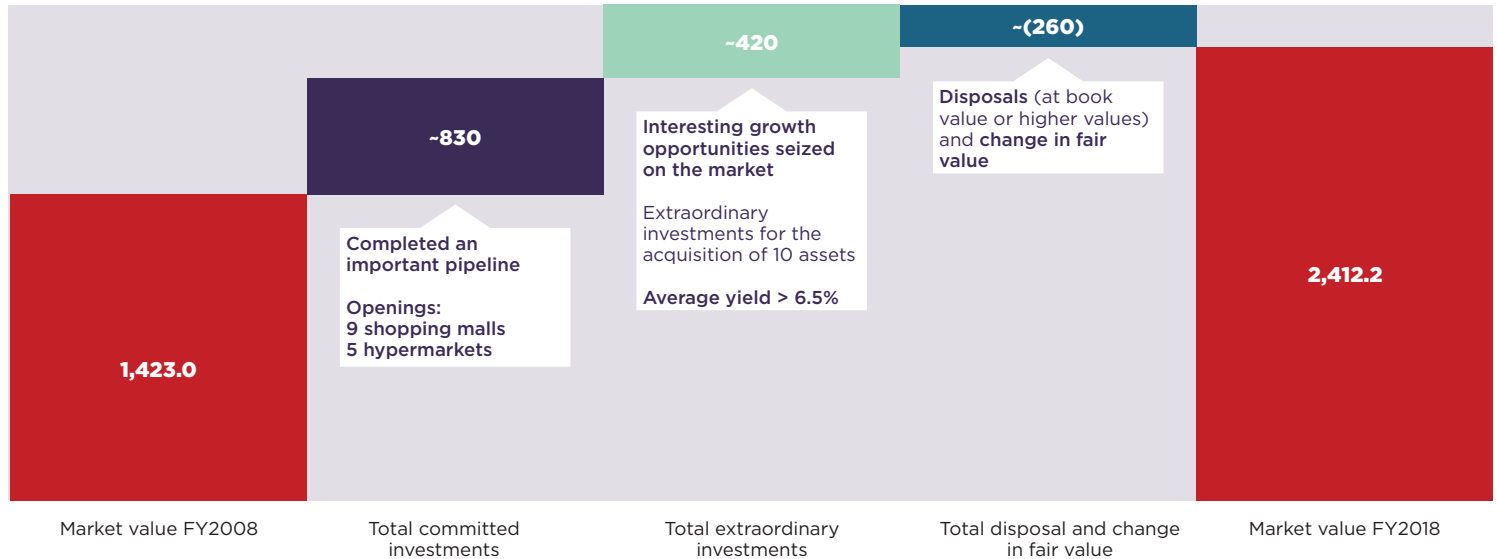
**Dividend 2018**  
€ 0.50 (p.s. paid in 2019)



**47.8 % LTV (excl. IFRS16 c.46.7%)**  
Target 2021 < 45%

# An intense growth journey to reach a suitable size

Real estate portfolio market value €mn

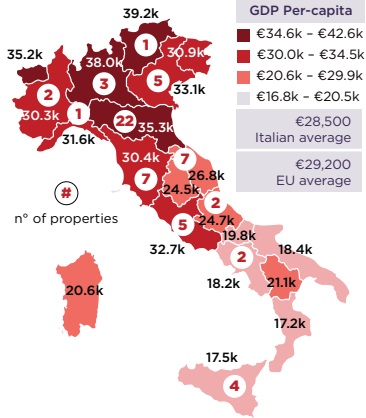


**A decade of intense growth to reach an ideal size and leadership in Italy**

# IGD Business Model Explained

A distinctive competitive positioning in the fragmented Italian retail real estate market

## 1 Well Diversified Across Italy

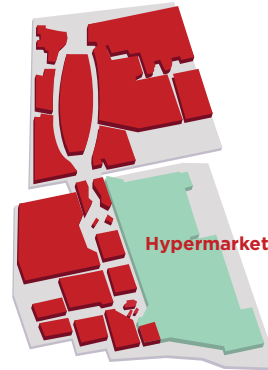


## 2 Strategic Positioning



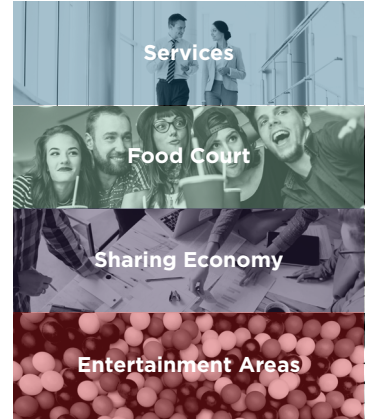
We strive to be the Dominant Retail Destination in Mid-Sized Wealthy Italian Cities, at Easy Reach from City Centre

## 3 Strong Food Anchor (COOP)



The Food Hypermarket Plays a Critical Attraction Role in Our Retail Assets  
Fresh food, Daily Shopping, Sticky Consumer Habits

## 4 Strong Track-Record of Direct Management



Proactive Approach, Carefully Selected Merchandising Mix, Marketing Activity Adapted to Each Context and Wide Offer of Customer Related Services



**Young portfolio**  
Average age 7 years  
(from opening/restyling)






**m<sup>2</sup>** Average GlA: about 25,000 sqm  
Catchment area: about 370,000 inhabitants in 20 minutes  
Average footfalls per year: 3.5 million



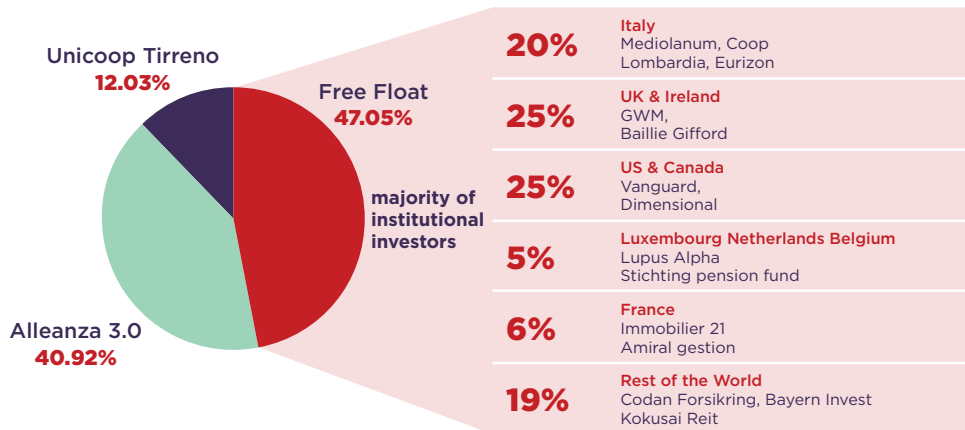
Easily reachable: about 4km from city center  
Average parking places: 2,013  
Centers reached by public transport: 24 (89%)  
Centers reached by cycle path: 16 (59%)

# Our shareholding structure

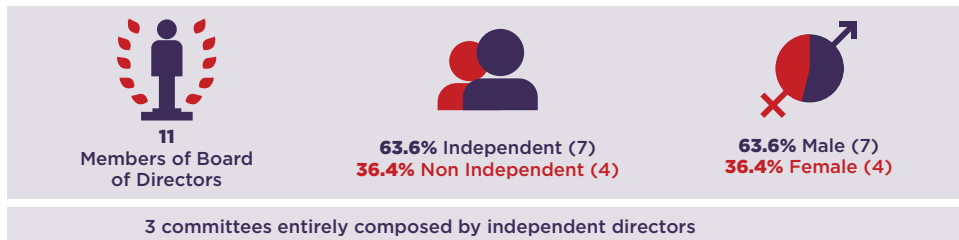
Listed on the Italian Stock Exchange in the STAR segment ("high requirements")

	Number of shares: 110,341,903
	Share Capital: about €750 m <sup>(1)</sup>
	Net Equity: about 1.2 Bn € (30/09/2019)
	Market Capitalization: about €662 mn (average market price 01/11/2018-31/10/2019)
	Average daily trading: about 145,437 shares (01/11/2018-31/10/2019)

Freefloat equal to 47.05%, majority of institutional investors, of which<sup>(2)</sup>



## Governance - Best-in-Class Board Composition



	<b>Elio Gasperoni (1953)</b> Chairman
	<ul style="list-style-type: none"> <li>Chairman of IGD's Board since April 2017</li> <li>Vice Chairman of Coop Alleanza</li> <li>Board member of IGD since 2015</li> </ul>
	<b>Claudio Albertini (1958)</b> Chief Executive Officer
	<ul style="list-style-type: none"> <li>Appointed in May 2009</li> <li>Board member at IGD since 2006</li> </ul>



# Key data of the entire Coop world and of our two main Shareholders

7 Legal entities throughout Italy  
17 Regions covered by Coop



## Coop world key data\*:

Turnover **-14.7 bn € (13.6% of Italian large scale retail)**

No. of stores: **-1,200**

Employees **-52,000**

Members **- 6.7 million people**



Coop Alleanza 3.0



Unicoop Tirreno

Revenues	* -4,1 bn €	* -960mn €
N° of stores	-421	-100
Employees	>22,000	3,650
Members	-2.2 million	-647,000
Deposits from members	-3.6 bn €	-633mn €

## Strategic investments in listed companies:



UNIPOL GRUPPO FINANZIARIO  
(Insurance and banking)



IGD SIIQ SPA

\* data as at 31/12/2018

• Sources: Coop Alleanza 3.0 and Unicoop Tirreno financial reports, [www.e-coop.it](http://www.e-coop.it) and Rapporto COOP 2018  
• Coop Alleanza is the merger of Coop Adriatica; Coop Estense; Coop Consumatori Nordest

# 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 Zola (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
- Head of Asset Management and Development for Carrefour Italia from 2005
- Previously, Business Manager at Coopsette (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
- Head of the Advisory Service of UGF Merchant, bank of the Unipol Financial Group, where he matured more than ten years of 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

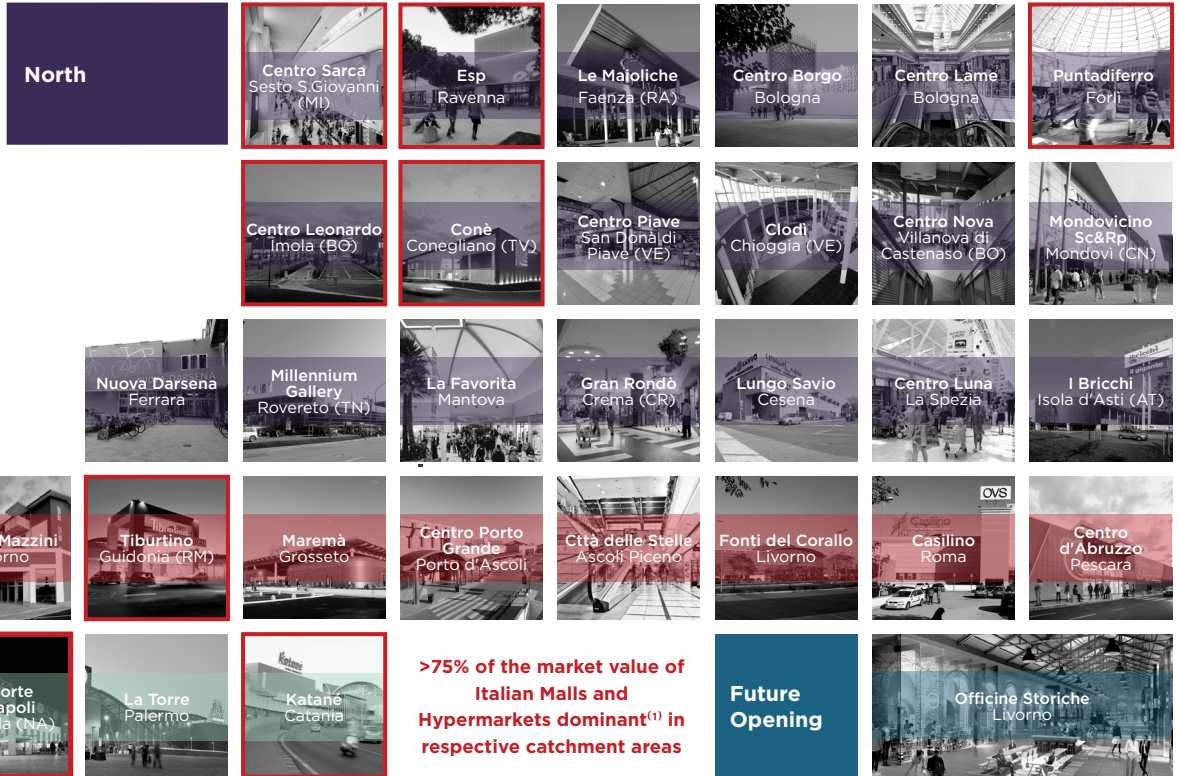


# 2

## Operating Data

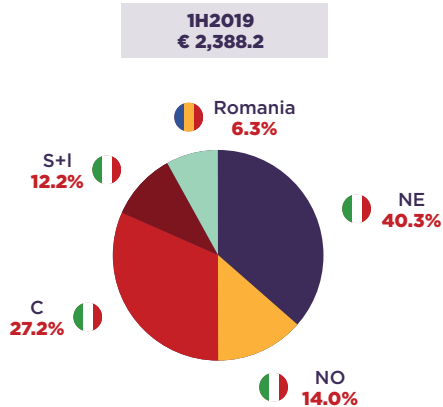
# IGD: a portfolio of high quality assets

## IGD - Main Italian Asset



# Located in the most attractive Italian regions

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



Data as at 30/06/2019

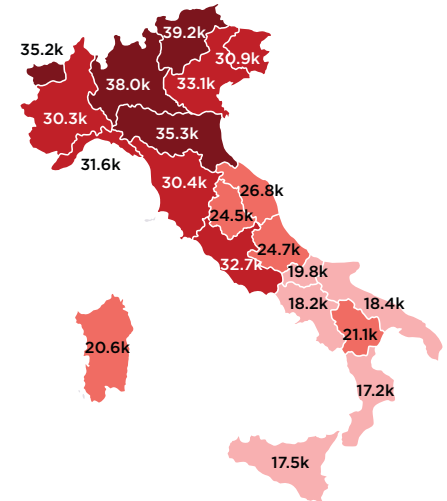
ITALY- 61 properties in 12 regions (93.7% of total IGD market Value)



% of Portfolio Market Value

Data as at 30/06/2019

GDP Per-capita



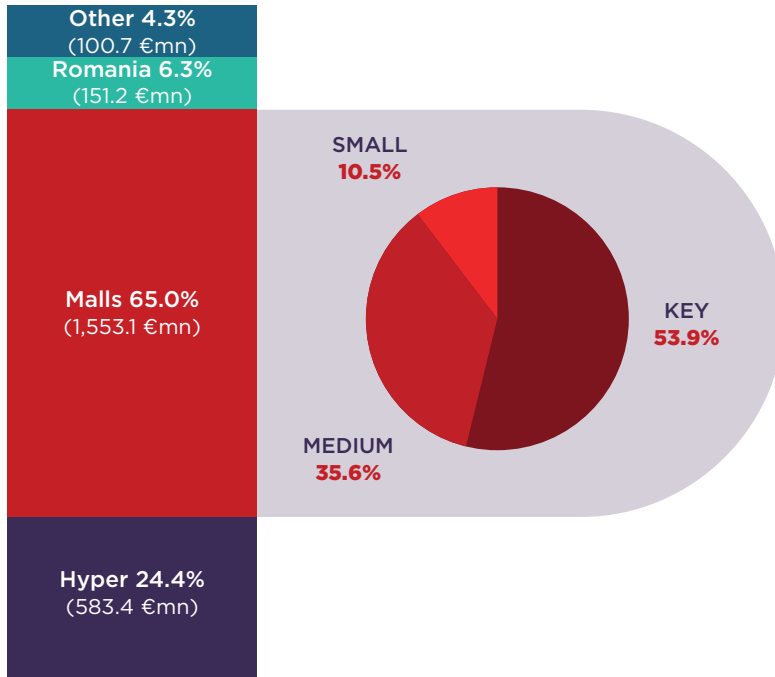
€28,500  
Italian average

€29,200  
EU average

Data as at 31/12/2017

# Our portfolio

€ 2,388.3mn



Total GLA (Ita) 665,000 m<sup>2</sup> (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 (63.2% of Italy core market value)

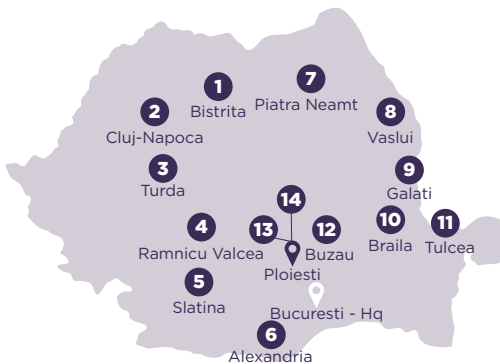
18 of 25 Hyper/Super (Ita) are **small** (Sale area <6000m<sup>2</sup>)\*

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 (2018)
- GLA ~25,000 m<sup>2</sup>

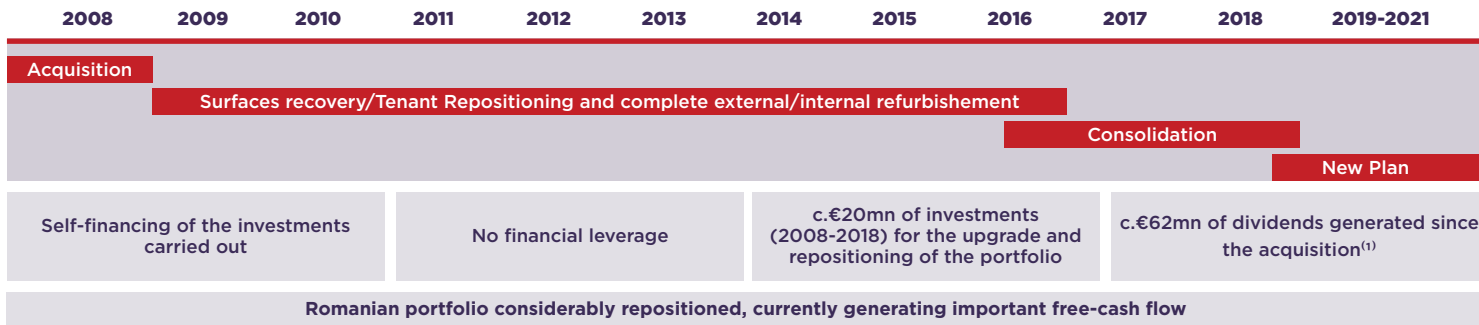
Mall **Tenants' Sales** (Ita) per GLA m<sup>2</sup>: 2,800 (Oct 2018-Sept 2019)

# Strong repositioning of the Romanian Portfolio



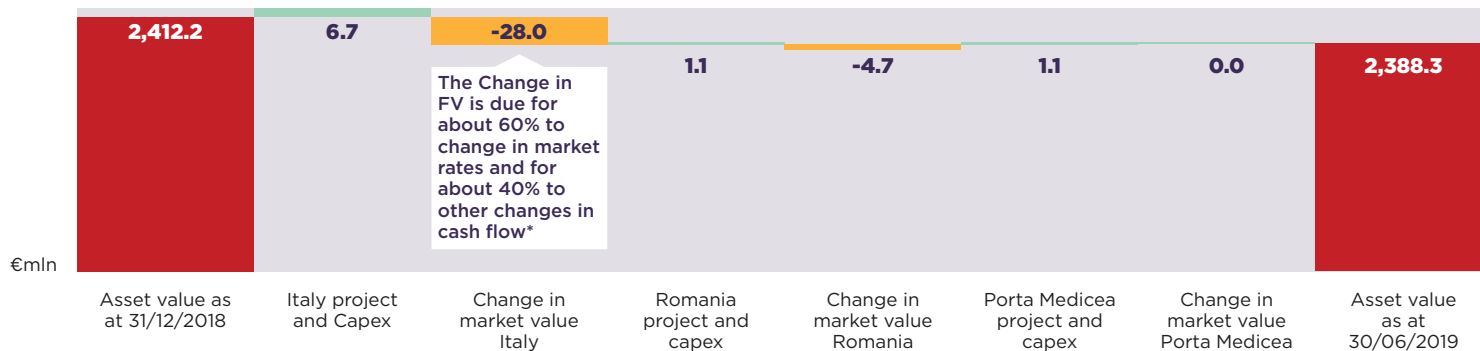
## Key Strategical points

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





# Property investments as at 30/06/2019

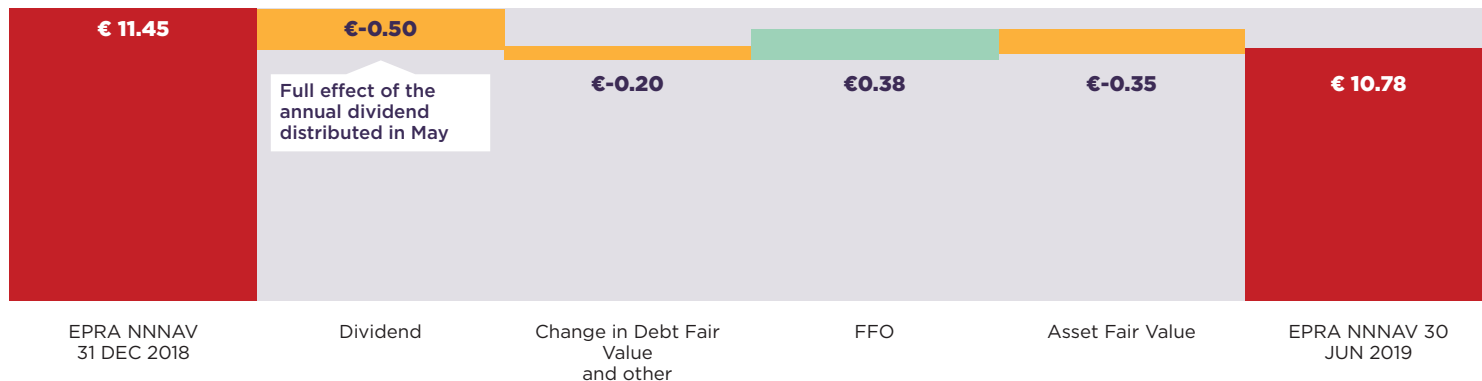
	FY 2018	1H 2019	Δ%	Gross Initial Yield	Net Initial Yield	Net Initial Yield topped up
Italy Malls	1,573.79	1,553.06	(-1.32%)	6.43%	5.40%	5.40%
Italy Hypermarkets	585.63	583.38	(-0.38%)	6.07%		
Romania	154.79	151.17	(-2.34%)	6.94%	5.80%	6.20%
Porta a Mare + development + other	97.94	100.72				
<b>Total IGD Portfolio</b>	<b>2,412.15</b>	<b>2,388.33</b>	<b>(-0.99%)</b>			
Leasehold properties (IFRS16)	N.A.	61.21				
<b>Total IGD Portfolio with leasehold</b>	<b>2,412.15</b>	<b>2,449.54</b>	<b>(+1.55%)</b>			





# EPRA NNAV per share as at 30/06/2019

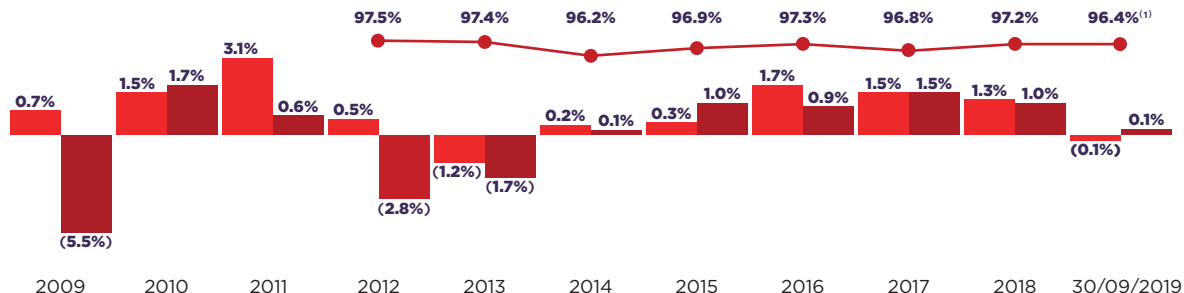
€ per share		31/12/2018	30/06/2019	Δ
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	NAV	11.77	11.34	-3.6%
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	NNNAV	11.45	10.78	<b>-5.8%</b>



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

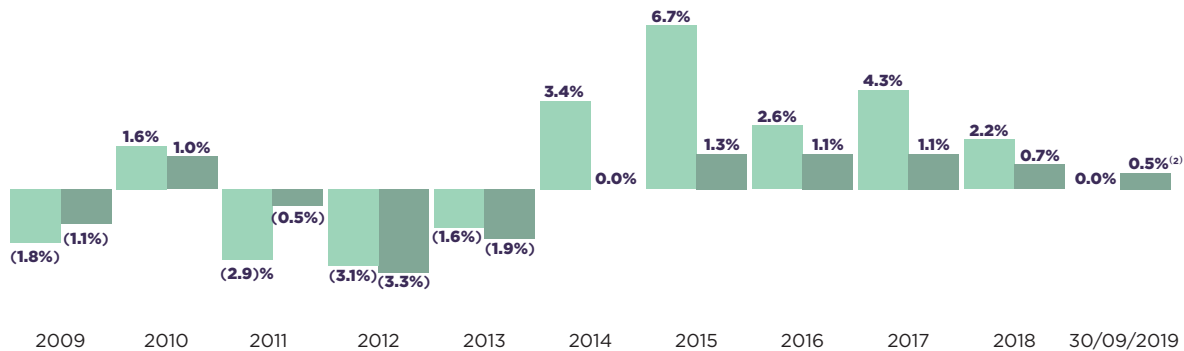
IGD - LfL rental growth ■  
 Italy - GDP Growth ■  
 IGD - Financial Occupancy ●

### IGD - LfL Rental Growth vs. Italy - GDP Growth %



Always high, stable and resilient occupancy over time

### IGD - Tenant sales vs. Italy - Households consumption %

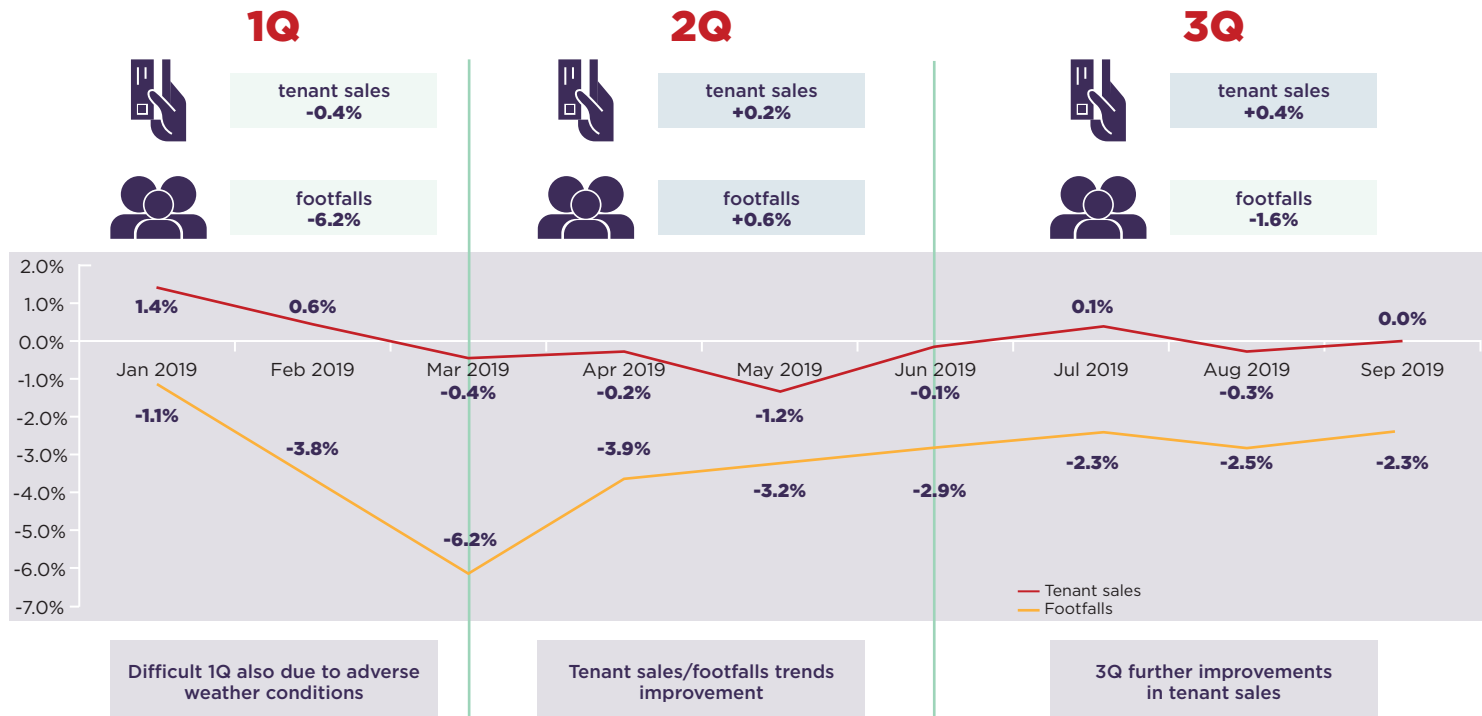


IGD - Tenant sales ■  
 Italy - Households consumption ■

# Focus on trends

## Italy as at 30/09/2019

Tenant sales and footfall progressive trends 2019 vs 2018



# Contracts in Italy and Romania as at 30/09/2019

## Malls Italy

Average residual maturity: **4.88yrs**

Total contracts: 1,467 of which during 9M2019 103 renewed with the same tenant and 77 signed with a new tenant

Upside 9M2019: +1.5%<sup>(1)</sup>

Rotation Rate 5.2% (% new contract on tot contr)

## Hyper Italy

Average residual maturity: **14.5yrs**

Total number of contracts: 25

## Malls Romania

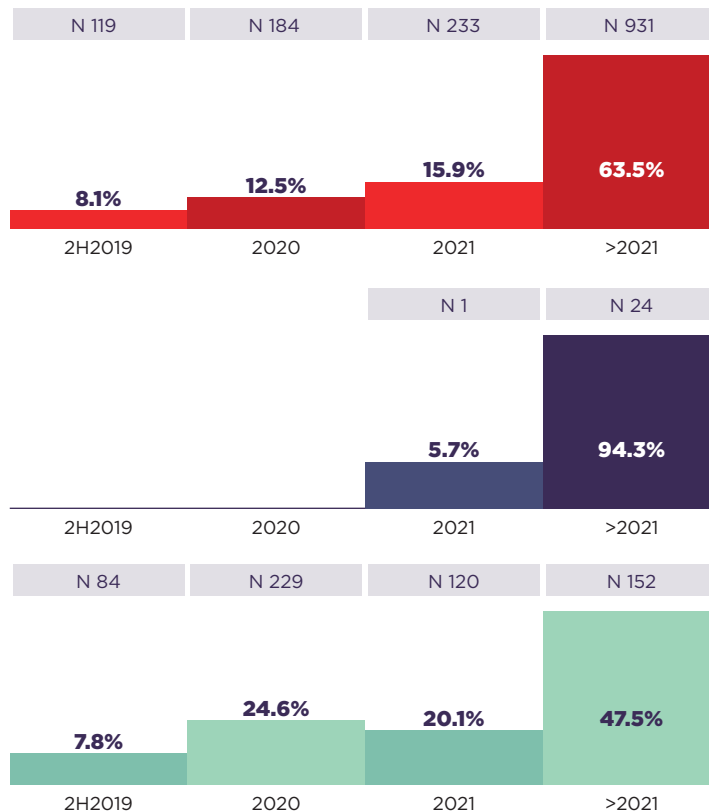
Average residual maturity: **4.8yrs**

Total contracts: 585 of which during 1H2019 152 renewed with the same tenant and 113 signed with a new tenant

Financial occupancy: 97.5%

Upside 9M2019: +3.3% (on renewals)

Rotation Rate 19.3% (% new contract on tot contr)



# On-going projects in Italy: our idea of shopping

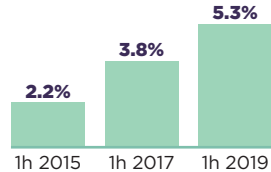


## A tailor made offer to satisfy our visitors

### New brands added:

- Lloa Be Natural (restaurant) in Centro Sarca
- Drogerie Markt (grocery) in Centro Piave and Gran Rondò
- Baby Star (beauty salon and entertainment area for children) in Fonti del Corallo

Weight of services turnover  
on total IGD Malls turnover



## More space dedicated to services

- + 1 new dental clinic (Conè) in addition to the 20 already in operation
- Merchandising mix constantly evolving thanks to the addition of new brands and services

## September 2019 - Refurbishment of the Cinema in Centro Sarca (Milan)

More than 5,500m<sup>2</sup>, 10 theaters (of which one equipped with IMAX technology) and relax areas.

New entertainment model based on the highest audio and technical standards, best in class confort, computerisation and automation of the ticketing area

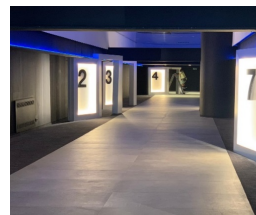
High  
tech



10 theaters



Best in class  
comfort



Food court/relax  
area



# A new communication campaign

New image positioning for 7 of IGD's quintessential shopping centers (Centro Sarca, Le Maioliche, ESP, Centro D'abruzzo, Tiburtino, Katanè, Le Porte di Napoli)

Strong focus on emotional engagement. Evocative graphic design

Claim: "I'm possible, the place where everything is possible": shopping centers become a parallel dimension where people can spend special time and where dreams become reality.

## Institutional campaign



## Internal and external signs/flag



## Distinctive features of the territory for each center

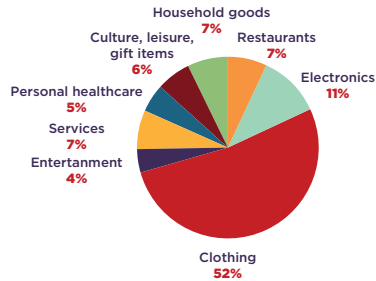


# Key tenants as at 30/09/2019

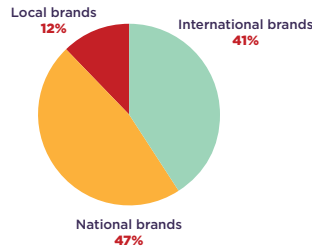
Top 10  
Tenants  
Italian Malls

TOP 10 Tenant	Product category	Turnover impact	Contracts
OVS	clothing	2.9%	12
PIAZZA ITALIA	clothing	2.8%	13
ALDO	shoes	2.2%	9
mötiV oltre FIORELLA RUBINO	clothing	2.1%	28
H&M	clothing	2.0%	10
unieuro	electronics	1.7%	7
CALZEDONIA	clothing	1.7%	27
Stroili Oro	jewellery	1.3%	19
GameStop	leisure	1.3%	25
DOUGLAS	perfumery	1.3%	12
<b>Total</b>		<b>19.3%</b>	<b>162</b>

Malls merchandising mix



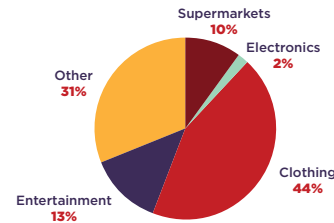
Malls tenant mix



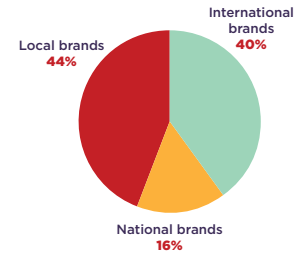
Top 10  
Tenants  
Romanian Malls

TOP 10 Tenant	Product category	Turnover impact	Contracts
Carrefour market	supermarket	10.0%	11
H&M	clothing	7.5%	6
kik	clothing	4.1%	8
PEPCO	clothing	4.1%	11
dm	drugstore	2.5%	5
B.B.	jewellery	2.0%	5
SENSI	pharmacy	2.0%	4
ALTEX	electronics	1.8%	1
ECIP	office	1.6%	1
Hada	electronics	1.0%	5
<b>Total</b>		<b>36.6%</b>	<b>57</b>

Malls merchandising mix



Malls tenant mix





# 3 Sustainability




# Sustainability as essential driver 1/2

becoming **g.r.e.a.t.**



## Area

- Environmental certification
  - Measures to reduce energy consumption
  - Sustainable mobility
  - Circular economy
- 

## Our commitment

- 95% of the portfolio ISO 14001 certified
- BREEAM IN USE (at least at level «Very Good») for 5 more shopping centers
- €5 mn expected for structural intervention in order to improve the energy efficiency
- More photovoltaic systems will be installed
- Intervention on electric mobility (agreements with ENERHUB and TESLA)
- Definition of a feasibility study to favour cycling mobility
- Evaluation on the possibility to use bike and car sharing
- Starting of the operating phase of the Waste2Value project and evaluation of other projects on the same issue

# Sustainability as essential driver 2/2



- 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)

- Anti-corruption certification project
- Maintaining highest possible score (3 stars) of legality rating

- Exclusive and inclusive events
- Cooperation with the local area
- Analysis and definition of measures to favour wellbeing inside shopping centers

- Projects to capture insights from millennials regarding the shopping center of the future and from tenants regarding common sustainability projects

# The commitment to sustainability continues

Activities carried out in 2019...

- 2 New photovoltaic systems (Gran Rondò and Katanè)
- 4 LED lighting systems (Gran Rondò, Fonti del Corallo, Casilino and La Torre)
- 1 Detailed consumption monitoring system
- 1 Charging station powered by photovoltaic system for 24 e-bikes (Clodi)

... and the results achieved

Total electricity consumption decrease in the first 9 months

**-3.7%**

New photovoltaic system in Katanè



New charging station for e-bikes in Clodi



# Awards and International Benchmark



## EPRA sBPR Gold Award

For Sustainability Report 2014-15-16-17



## CommOnEnergy Award

For restyling\_Centro Sarca)



## Oscar di Bilancio Ferpi

For 2016 and 2017, IGD was one of the 3 finalists for the prize



## CNCC Design Award

For ESP Shopping Center



## GPR IPCM LFFS Sustainable

Financial Index. IGD was included in 2017



## Premio Innovazione SMAU R2B

For «Waste2Value» project



## Carbon Disclosure Project

In 2018 IGD confirmed the result obtained in 2016. The overall score obtained in the year was level C (in a range from A to D)



## Institutional Shareholder Services

IGD obtained the risk assessment value of 5 for Governance, 2 for Environment and 3 for Social, on a scale of 1 (lower risk) to 10



TEZENIS

THE SIMPSONS

FLÖREIZA  
*styled in Florence*

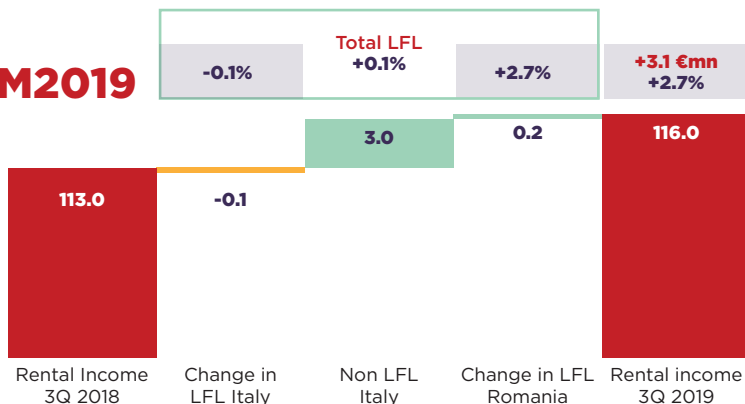
**4** FY 2018 + 9M2019  
Financial Results

# FY 2018 and 9M2019 main results

	2017	2018		9M2018	9M2019	9M2019Adj	9M19Adj/9M18
<b>Revenues</b>							
• Rental Income	€138.9mn	€151.8mn +9.2%		€113.0mn	€116.0mn	€116.0mn	+2.7%
• Net Rental Income	€111.9mn	€124.0mn +10.9%		€92.3mn	€102.2mn	€94.6mn	+2.5%
<b>EBITDA</b>							
• EBITDA (Core Business)	€101.2mn	€113.7mn +12.4%		€85.1mn	€94.4mn	€86.7mn	+2.0%
• EBITDA Margin (Core Business)	69.7%	71.9% +220pts		72.3%	78.1%	71.8%	-50pts
• EBITDA Margin from Freehold	79.2%	80.3% +110pts					
• Group Net Profit	€86.5mn	€46.4mn -46.3%		€52.4mn	€22.4mn	€23.2mn	n.a.
Core Business Funds from Operation (FFO)	€65.6mn	€79.7mn +21.4%		€59.5mn	€62.9mn	€62.9mn	+5.6%
Core Business FFO per share <sup>(1)</sup>	€0.81	€0.72					

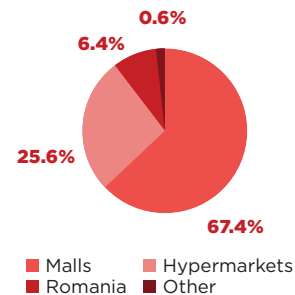
# Rental Income (€mn)

## 9M2019

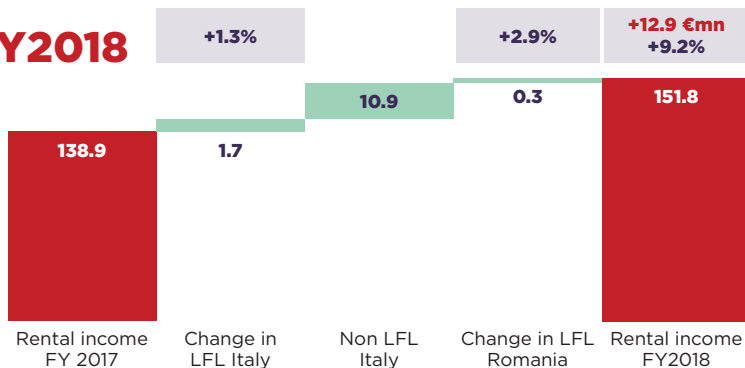


- ✓ Slight decrease in malls (-0.4%) due to a minor increase in vacancy and temporary discounts and a decrease in variable revenues partially offset by an increase in rent of temporary spaces
- ✓ Increase in hypermarkets (+0.5%)
- ✓ Inflation rate impact ~60 bps

Total Rental Income  
€116 mn

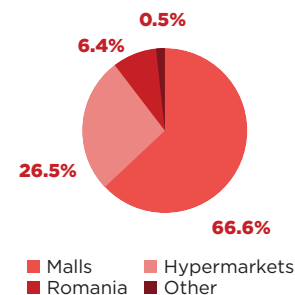


## FY2018



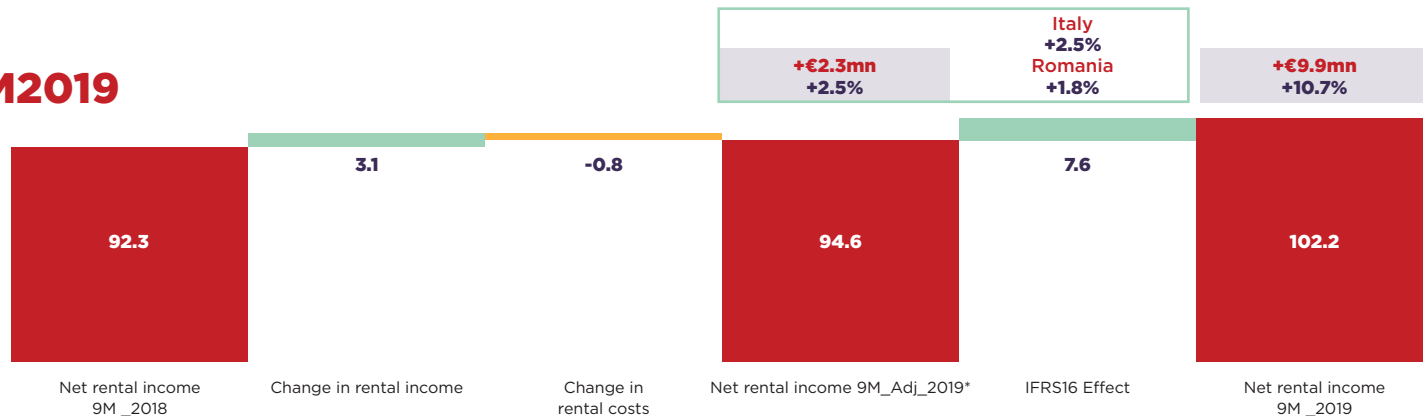
- ✓ Growth of malls (+1.5%)
- ✓ Growth of hypermarkets (+0.9%)
- ✓ Indexation effect~ +90bps

Total Rental Income  
€151.8 mn

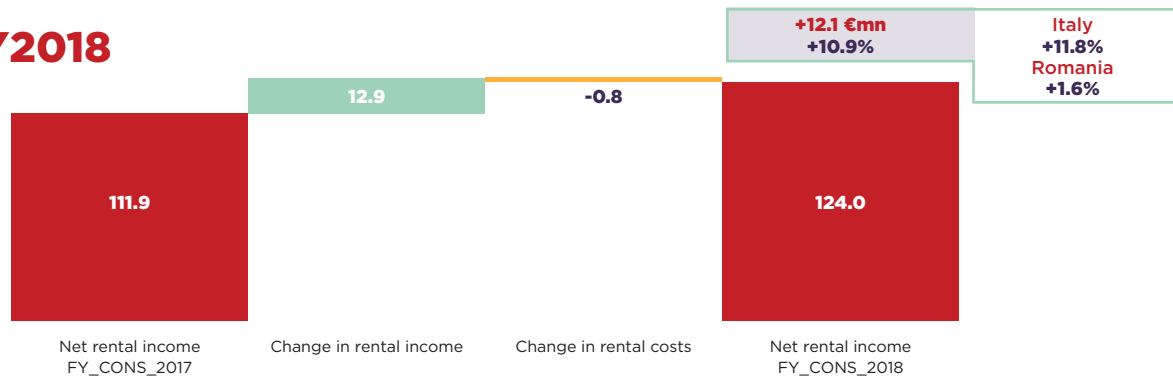


# Net rental income (€mn)

## 9M2019



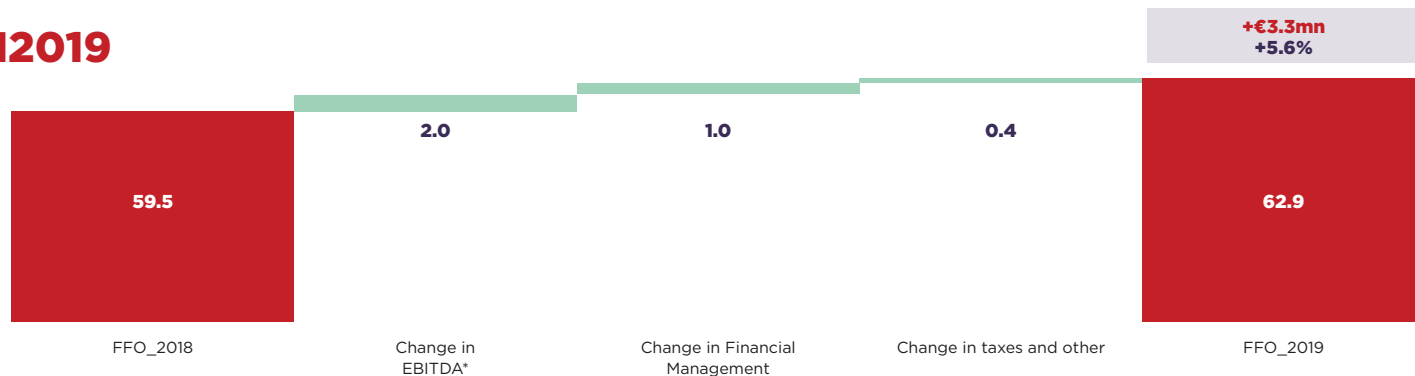
## FY2018



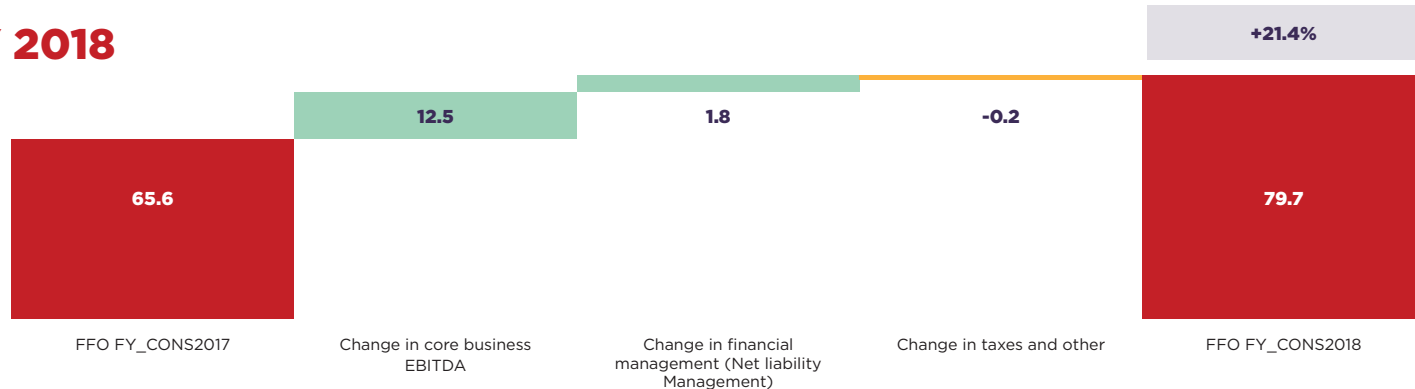


# Funds From Operations (FFO) keep growing

## 9M2019



## FY 2018



# Outlook

**FFO FY2019  
REVISED OUTLOOK**  
released on 2 of August



**+4/5%**

Review to the previous guidance (+6/7%) considering:

- Weak consumption dynamics
- Slight increase in temporary and strategic vacancy (with a consequent increase in non re-chargeable costs)
- Temporary effects due to remodeling activities of medium surfaces and hypermarkets

# Financial structure (1/2)

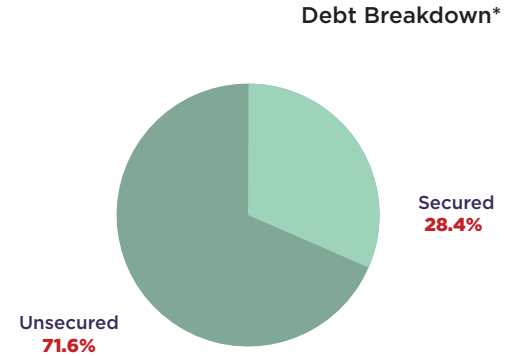
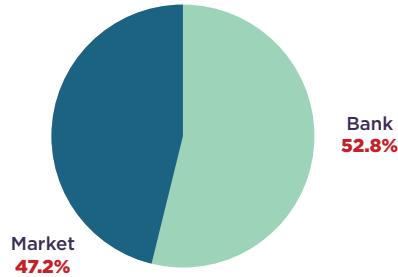
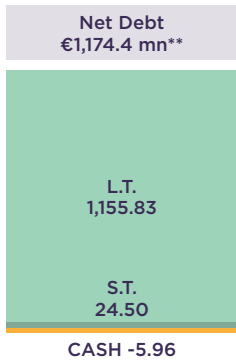
## NEW RATING OBTAINED

### FITCH RATINGS BBB-

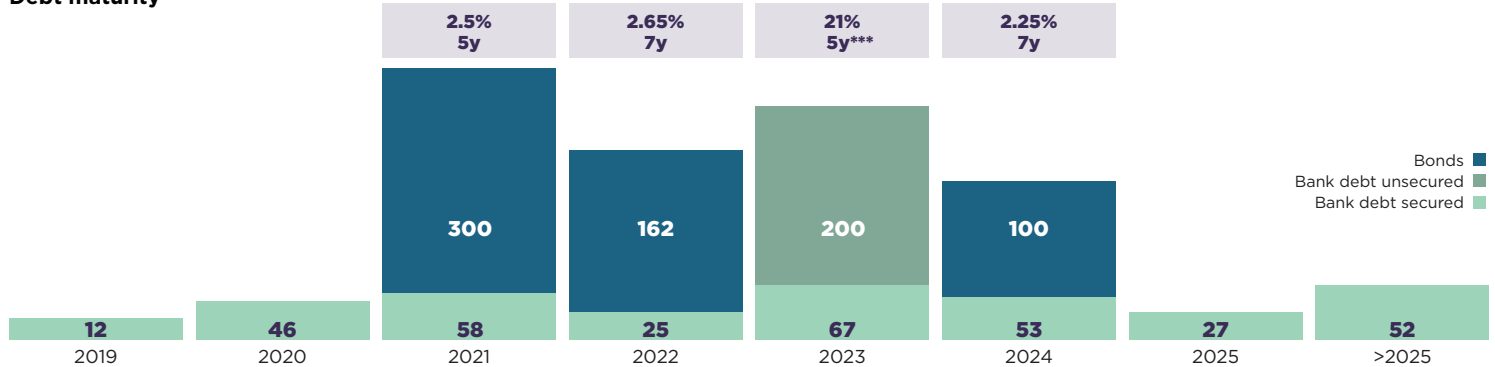
outlook stable  
(22 October 2019)

	30/06/2019	30/09/2019		30/06/2019	30/09/2019
LTV	48.2% (excluding IFRS16 c. 47%)	47.8% (excluding IFRS16 c. 46.7%)	GEARING RATIO	c. 0.97 x (excluding IFRS16 c. 0.93x)	c. 0.95 x (excluding IFRS16 c. 0.91x)
ICR	3.8X (excluding IFRS16 c. 3.7x)	3.8X (excluding IFRS16 c. 3.7x)	AVERAGE LENGTH OF LONG TERM DEBT	c. 3.8 years	c. 3.5 years
AVERAGE COST OF DEBT	2.4%	2.4%	HEDGING ON LONG TERM DEBT + BOND	c. 93.3%	c. 93.4%

# Financial structure (2/2)



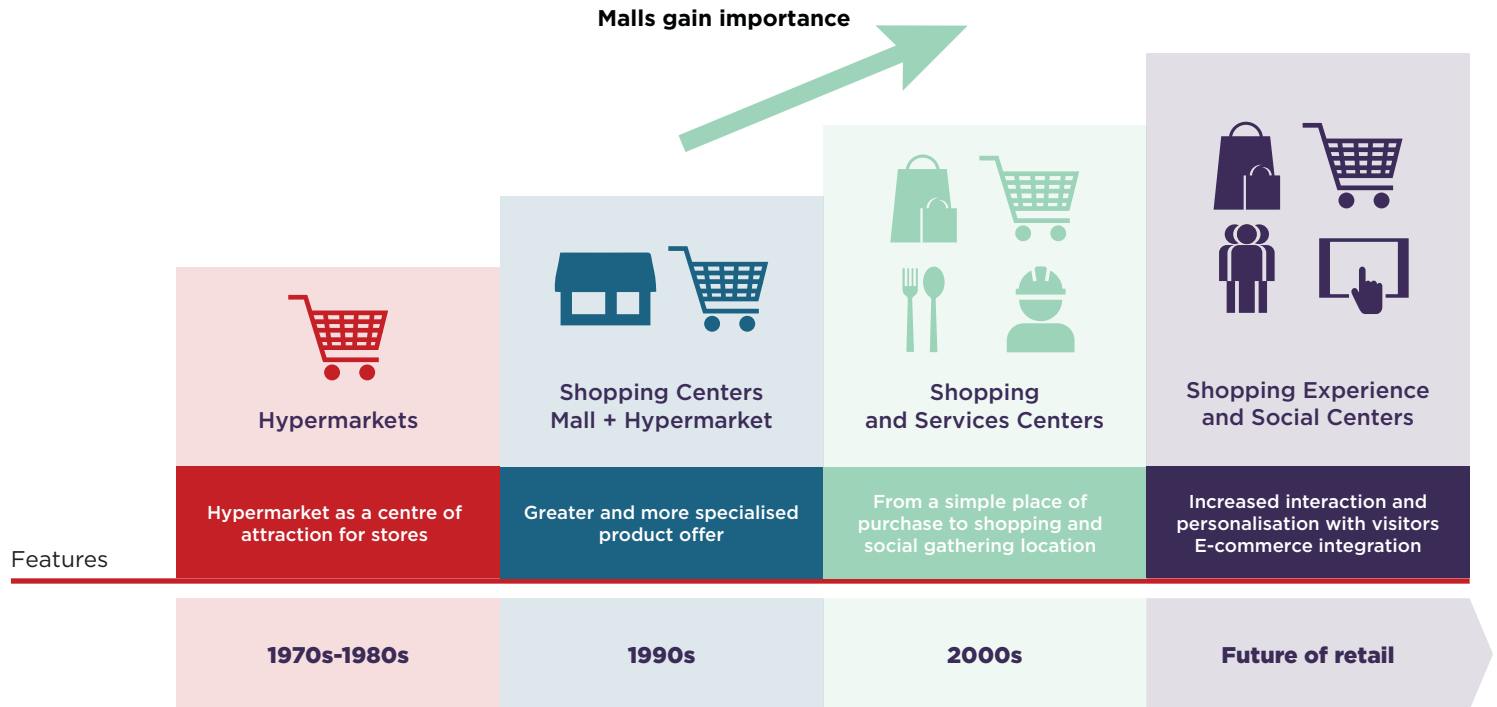
## Debt maturity





**5** Strategic Plan  
2018-2019

# Retail: a continuously evolving world



# IGD's current positioning and long-term commitment

## Risk of Obsolescence for Shopping Centers

<p><b>Low</b></p>	<p>Shopping experience</p> <p>High-end services</p> <p>Integration with the E-Commerce</p>	<p>IGD important efforts for repositioning and long-term commitment</p>
<p><b>Medum</b></p>	<p>Restaurants</p> <p>Omnipresent Retailers</p>	
<p><b>High</b></p>	<p>Low level fashion offer</p> <p>Focus on price</p> <p>Old retail offer</p>	

Supported by strategic relationship with high quality tenants

The image displays a collection of logos for various retail and food brands, arranged in two columns. The brands include H&M, Intimissimi, McDonald's, ZARA, OYSHO, Stradivarius, CALZEDONIA, America's Fun Fair, DECATHLON, PULL&BEAR, BLUESPIRIT, KASANOVA+, Bershka, and KIKO MAKE UP MILANO.

# IGD Mission Statement





# 2019-2021 Strategic Plan

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 centres in 6 key words 1/2



## Target

## What we doing



### Experience

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

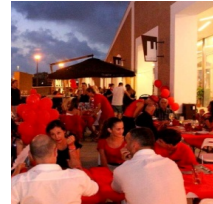
- «Experience to be lived» project has already been introduced in 2 Shopping Centers (Puntadiferro and Città delle Stelle) in 2018. 3 other Shopping Centers will be involved from 2019



### 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

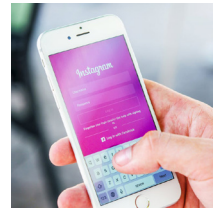
- Transfer within the shopping center of the rationale and dynamics of a **social street**, phenomenon first created in Bologna in via Fondazza in 2013, now involving over 100 thousand people, not only in Italy



### 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 centres in 6 key words 2/2



## Target

## What we doing



### Services

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

- Introduce **EV charging stations** (in 18 Shopping Centers) and e-bike charging points
- More Services: **21 dental clinics** (turnover up +11.3%)
- 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 (21 on 27)**. 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



### 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

# Asset management: 4 main operating levers

---



**1** Requalification of the existing portfolio (restyling/refurbishment)



**2** Strategic agreement with Coop Alleanza 3.0: an opportunity



**3** Completion of the current pipeline (Officine Storiche and ESP Entertainment)



**4** Asset rotation



# 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 <sup>(1)</sup>
Centro Sarca (Milano)	2015	Complete restyling and remodeling	22.4%
Centro Borgo (Bologna)	2015	Complete restyling and remodeling	21.4%
Esp (Ravenna)	2017	Extension	61.4% <sup>(2)</sup>
Città delle Stelle (Ascoli Piceno)	2017	Remodeling	18.6% <sup>(2)</sup>
Centro d'Abruzzo (Chieti)	2014	Extension and restyling	14.4%
Tiburtino (Roma)	2014	Remodeling	17.4%
Le Porte di Napoli (Napoli)	2015	Remodeling	5.2%
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 Restyling/refurbishment project



	Centro Casilino	Fonti del Corallo	Gran Rondò	La Favorita
Shopping Center	 	 	 	 
Type of work	Restyling	Remodeling and Restyling	Internal Restyling	Internal and external Restyling
Description	Restyling of the external facade and internal areas together with (voluntary) seismic improvement measures on the Ground Floor and First Floor	<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>	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	Restyling of the facade, the internal areas and the car park
End of work	Completed	Remodeling already done Restyling end of 2019	2H 2020	1H 2021

# Asset management activities



October 2019 - Restyling Casilino Shopping Center

Internal and external restyling with great attention placed on sustainability

The retail offering has been renewed with an appealing merchandising mix of local and national tenants - OVS, Yamamay, Game Stop, Satur, Hoara Cosmetic, Cliniche Bellerio (dental clinic)

The logo was renewed with the help of the students of a graphic design institute of Rome

Investment €3.7 mn



**Opening week-end**  
**+11.4% footfalls**  
(vs same period 2018)



# 1 Restyling/refurbishment project: other on going projects



Hypermarkets remodeling works have started in line with 2019-2021 Strategic Agreement with Coop (see following slides)

1 **cone**  
centro commerciale

2 **LE MAIOLICHE**  
Il Centro Commerciale di Faenza

**Goal:**

reduction of the hypermarket area and creation of new retail units in the mall

- **Hypermarket:** completed (Le Maioliche) - work in progress (Conè) end of 2019
- **Mall:** work in progress – end of Feb 2020

3 **Centro PortoGrande**



**Goal:**

reduction of the hypermarket area and creation of new retail units in the mall + center restyling (project by Lombardini 22) and seismic improvement measures

- **Hypermarket:** work in progress – end of Nov 2019
- **Mall:** start of work Sept 2019 - end of Sep 2020

# 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<sup>(1)</sup> 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**

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



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

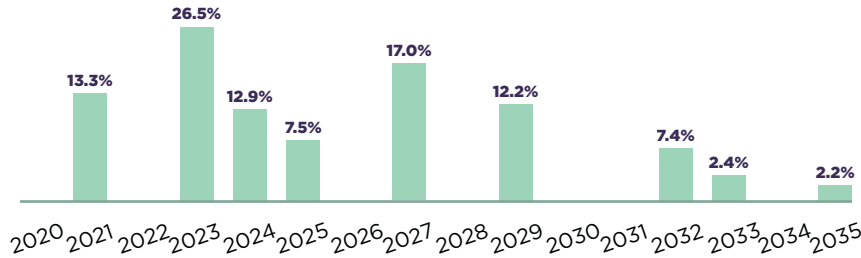
# 2 Strategic Agreement with Coop Alleanza 3.0, partner / food anchor



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

## Pre agreement

Maturity of the Coop Alleanza 3.0 hypermarket contracts (% on total rents)



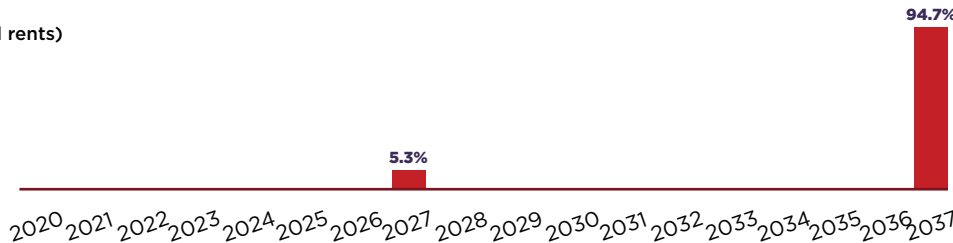
Average residual maturity: 7.1 years

### Agreement effect:

- Reduced and uniform effort rate
- GLA Hypermarkets  
-21,400m<sup>2</sup> → GLA Malls+18,600m<sup>2</sup>
- Net rental impact of c. €-1.9 mn
- Rents in line with ERV<sup>(1)</sup>

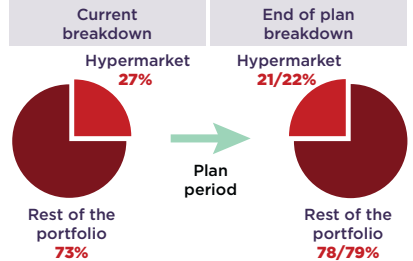
## Post agreement

Maturity of the Coop Alleanza 3.0 hypermarket contracts (% on total rents)



Average residual maturity: 17.7 years

### Break down by rental income IGD Group



# 3 Pipeline Completion: Porta a Mare Project overview



**Officine Storiche**  
Work in progress  
Retail: >15,000 sqm  
Residential: 43 units

Focus next slide

**Piazza Mazzini**  
Completed  
Retail: already operational since 2016, owned by IGD  
Residential: 73 units of which 72 sold/pre-sold



**Molo Mediceo, Lips, Arsenale**  
Hotel, residential, services for the port

Focus next slide

**Palazzo Orlando**  
Completed in 2009  
Offices - Sold on 30/09/2019

# 3 Pipeline Completion: Officine Storiche



Work restarted\*: March 2019

End of work: 2H 2020

Total expected investment: € 53 mn (remaining ca.€ 20 mn)

Total surface: 20k sqm, of which 15k sqm devoted to retail

Stores: 30 + 10 restaurants + 1 fitness center

The area will connect the city's downtown with the sea and transform the old-style spaces based on a totally new concept with a unique design and a rich retail offering

# 3 Pipeline Completion: Other areas



**Lips:** hypothesis of a 4-star business hotel and residence with apartments designed for ship crews or student housing  
**Arsenale:** possibility of one or more residences  
**Molo Mediceo:** services for the touristic port

The enhancement and pre-marketing of the 3 areas are being studied for future disposals

# 4 Asset rotation Strategy



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



# 4 Asset rotation: what we did



30 September 2019: IGD signed final contracts for the sales of assets

Sale of Palazzo Orlando (office building) part of the Porta a Mare development project in Livorno

Total GLA: 5,270 sqm

Sale price: € 12.8 mn (in addition taxes)



Purchase of the 50% interest in the Darsena City Shopping Mall in Ferrara (of which IGD is currently joint-owner)

Total GLA: 16,250 sqm

N. of shops: 19

Sale price: € 13.9 mn (in addition taxes)



These agreements will allow IGD to focus on its core business (real estate retail)

# Financial strategy

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%<sup>(1)</sup>)

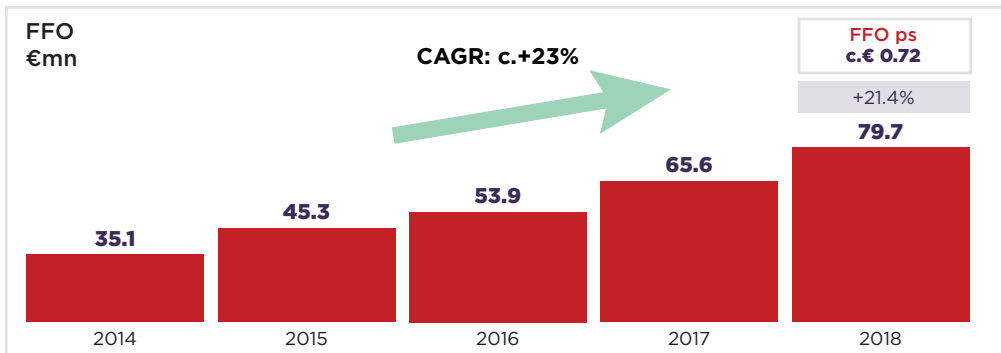
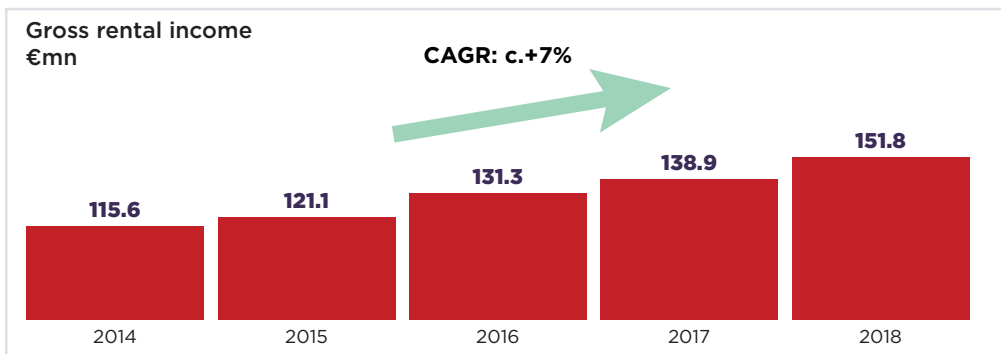
Maintain a balanced debt structure between bank debt and bond debt (maximum flexibility in the sources of financing)

Broaden the investor base

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

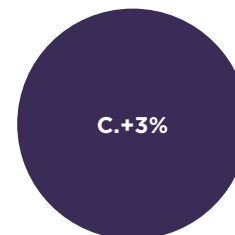
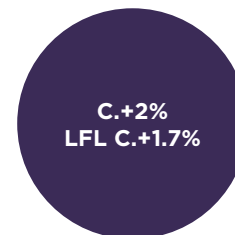
# Revenues and FFO

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



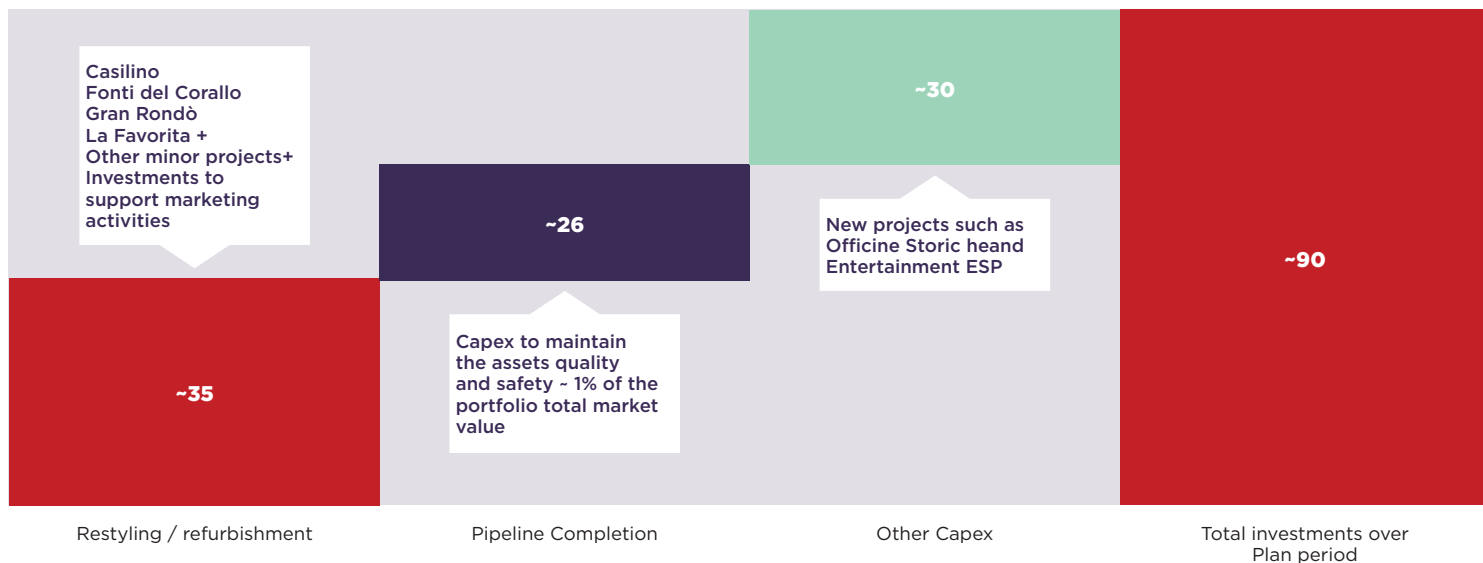
Consolidation plan with a sustainable growth

CAGR Plan period 2019-2021<sup>(1)</sup>



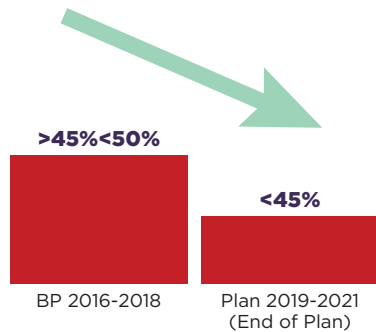
# Investments

Total investment plan<sup>(1)</sup>  
€mn

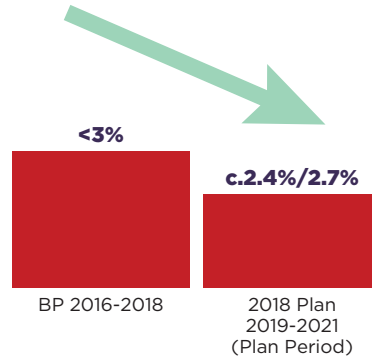


# Financial targets: a clear and defined path

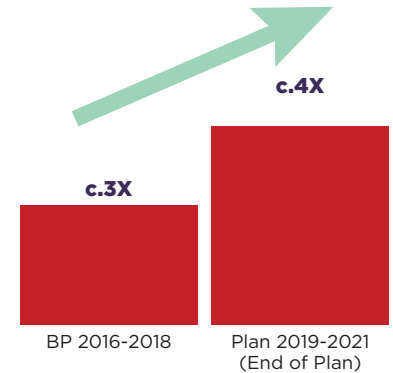
LTV



Average cost of debt

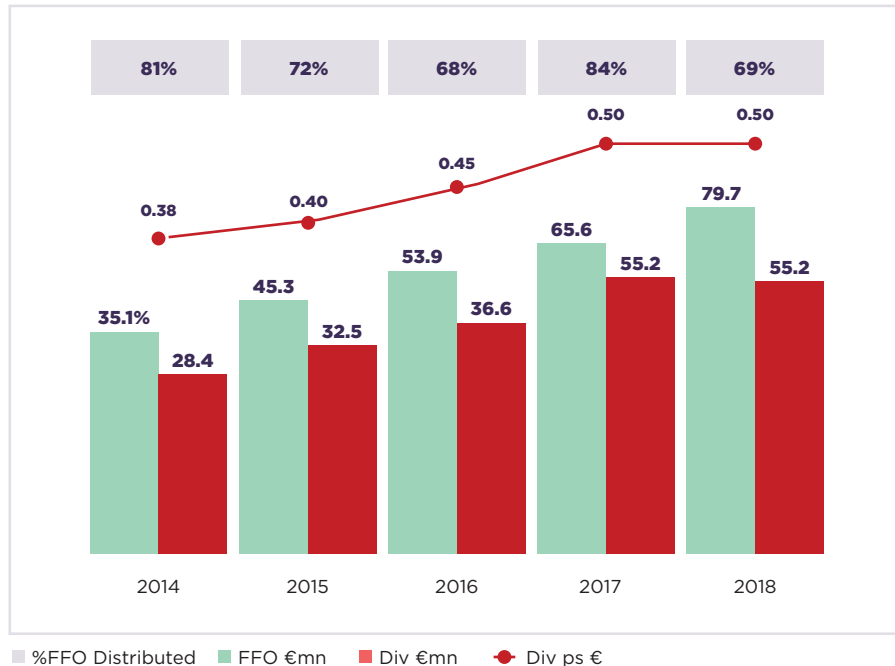


ICR



# 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%)

**5** Sustainable growth of FFO and Dividends





# 6 Appendix

# Consolidated Income Statement

GROUP CONSOLIDATED	(a) 9M_CONS_2018	(b) 9M_CONS_2019	(c) 9M_CONS_Adj_2019*	Δ (b)/(a)	Δ (c)/(a)
Revenues from freehold rental activities	103.6	106.7	106.7	3.0%	3.0%
Revenues from leasehold rental activities	9.4	9.4	9.4	-0.3%	-0.3%
<b>Total income from rental activities</b>	<b>113.0</b>	<b>116.0</b>	<b>116.0</b>	<b>2.7%</b>	<b>2.7%</b>
Rents and payable leases	-7.7	-0.1	-7.7	-98.8%	0.4%
Direct costs from rental activities	-13.0	-13.8	-13.8	6.1%	6.1%
<b>Net rental income</b>	<b>92.3</b>	<b>102.2</b>	<b>94.6</b>	<b>10.7%</b>	<b>2.5%</b>
Revenues from services	4.6	4.8	4.8	2.5%	2.5%
Direct costs from services	-3.8	-4.0	-4.0	4.1%	4.1%
<b>Net services income</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>-5.4%</b>	<b>-5.3%</b>
HQ Personnel expenses	-4.9	-5.0	-5.0	0.9%	0.9%
G&A expenses	-3.1	-3.6	-3.6	15.7%	15.7%
<b>CORE BUSINESS EBITDA (Operating income)</b>	<b>85.1</b>	<b>94.4</b>	<b>86.7</b>	<b>11.0%</b>	<b>2.0%</b>
Ebitda Margin core business	72.3%	78.1%	71.8%		
Revenues from trading	4.1	0.4	0.4	-90.7%	-90.7%
Cost of sale and other costs from trading	-5.0	-0.8	-0.8	-84.4%	-84.5%
<b>Operating result from trading</b>	<b>-0.9</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-56.8%</b>	<b>-56.8%</b>
<b>EBITDA</b>	<b>84.1</b>	<b>94.0</b>	<b>86.3</b>	<b>11.7%</b>	<b>2.6%</b>
Ebitda Margin	69.2%	77.6%	71.3%		
Impairment and Fair Value adjustments	-4.8	-46.3	-38.6	n.a.	n.a.
Depreciations and Provisions	-0.7	-0.8	-1.0	5.4%	37.0%
<b>EBIT</b>	<b>78.6</b>	<b>46.9</b>	<b>46.8</b>	<b>-40.4%</b>	<b>-40.5%</b>
<b>FINANCIAL MANAGEMENT</b>	<b>-24.3</b>	<b>-24.7</b>	<b>-23.3</b>	<b>1.9%</b>	<b>-4.1%</b>
<b>EXTRAORDINARY MANAGEMENT</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n.a.</b>	<b>n.a.</b>
<b>PRE-TAX PROFIT</b>	<b>54.4</b>	<b>22.2</b>	<b>23.5</b>	<b>-59.2%</b>	<b>-56.8%</b>
PRE-TAX PROFIT	-2.0	0.2	-0.3	n.a.	-83.4%
<b>PROFIT FOR THE PERIOD</b>	<b>52.4</b>	<b>22.4</b>	<b>23.2</b>	<b>-57.3%</b>	<b>-55.7%</b>
(Profit/Loss) for the period related to third parties	0.0	0.0	0.0	n.a.	n.a.
<b>GROUP NET PROFIT</b>	<b>52.4</b>	<b>22.4</b>	<b>23.2</b>	<b>-57.3%</b>	<b>-55.7%</b>

# Funds from Operations (FFO)

## €62.9 mn (+5.6%)

Funds from Operations	CONS_2019	CONS_2018	Δ vs cons 2018	Δ%
Core Business EBITDA*	94.7	85.1	9.6	11.3%
IFRS16 Adjustments (payable leases)	(7.6)	0.0	(7.6)	n.a.
Adj Financial management	(23.3)	(24.3)	1.0	(4.1%)
Adj Extraordinary management	-	0.0	-	n.a.
Adj current taxes for the period)	(0.9)	(1.2)	0.4	(30.2%)
<b>FFO</b>	<b>62.9</b>	<b>59.5</b>	<b>3.3</b>	<b>5%</b>

## NNNAV Calculation

	31/12/2018 (a)		30/06/2019 (b)		Δ% (b vs a)
	€'000	€ p.s.	€'000	€ p.s.	
Total shares	110,341,903		110,341,903		
1) Group shareholders' equity	1,252,338	11.35	1,202,438	10.90	-4.0%
Excludes					
Fair value of financial instruments	17,364		21,204		n.a
Deferred taxes	28,480		27,274		n.a
Goodwill as a result of deferred taxes					
2) EPRA NAV	1,298,182	11.77	1,250,916	11.34	-3.6%
Excludes					
Fair value of financial instruments	(17,364)		21,204		n.a
Fair value of debt	11,116		(12,569)		-213.1%
Deferred taxes	(28,480)		(27,274)		n.a
3) EPRA NNAV	1,263,454	11.45	1,189,869	10.78	-5.8%

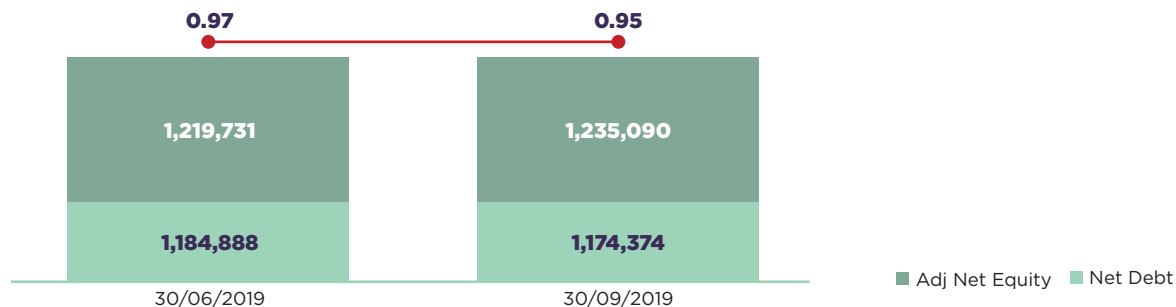
# Further Financial Highlights

	30/06/2019	30/09/2019
Share of M/L debt	93.5%	93.3%
Uncommitted credit lines granted	€181 mn*	€181 mn*
Uncommitted credit lines available	€158.3 mn	€156.5 mn
Committed credit lines granted and available	€60 mn	€60 mn
Unencumbered assets	€1,447.4 mn	€1,447.4 mn

# Re-classified Balance Sheet

Sources - Uses of funds (€/000)	30/09/2019	30/06/2019	Δ	Δ%
Fixed assets	2,381,122	2,370,089	11,033	0.47%
Assets under construction and advances	40,846	36,619	4,227	11.54%
Intangible assets	12,524	12,401	123	0.99%
Other tangible assets	9,030	9,039	(9)	(0.10%)
Non-current assets held for sale	0	12,770	(12,770)	(100.00%)
Sundry receivables and other non current assets	121	113	8	7.08%
Equity investments	223	280	(57)	(20.36%)
NWC	21,739	22,920	(1,181)	(5.15%)
Funds	(5,650)	(8,898)	3,248	(36.50%)
Payables and other non current liabilities	(21,804)	(21,796)	(8)	0.04%
Net deferred tax (assets) / liabilities	(24,376)	(25,008)	632	(2.53%)
<b>TOTAL USE OF FUNDS</b>	<b>2,413,775</b>	<b>2,408,529</b>	<b>5,246</b>	<b>0.22%</b>
Total shareholders' equity	1,217,460	1,202,437	15,023	1.25%
Net (assets) and liabilities for derivative instruments	21,941	21,204	737	3.48%
Net debt	1,174,374	1,184,888	(10,514)	(0.89%)
<b>TOTAL SOURCES</b>	<b>2,413,775</b>	<b>2,408,529</b>	<b>5,246</b>	<b>0.22%</b>

## GEARING RATIO (€000)



# Italian Portfolio: hypermarkets and shopping malls

	27 shopping malls	25 hypermarkets	Tenants of hypermarkets
<b>Full ownership</b> <b>16 shopping centres</b> <b>(mall + hypermarket)</b>	Centro D'Abruzzo - Pescara Clodi - Chioggia Porto Grande - Porto d'Ascoli (AP) ESP - Ravenna Centro Borgo - Bologna Conè Retail Park - Conegliano (TV) Le Maoliche - Faenza Lungo Savio - Cesena Città delle Stelle - Ascoli Piceno Katanè - Catania Centro Lame - Bologna Centro Leonardo - Imola (BO) La Torre - Palermo Casilino - Roma Le Porte d Napoli - Afragola (NA) Tiburtino - Guidonia (RM)	Centro D'Abruzzo - Pescara Clodi - Chioggia Porto Grande - Porto d'Ascoli (AP) ESP - Ravenna Centro Borgo - Bologna Conè Retail Park - Conegliano (TV) Le Maoliche - Faenza Lungo Savio - Cesena Città delle Stelle - Ascoli Piceno Katanè - Catania Centro Lame - Bologna Centro Leonardo - Imola (BO) La Torre - Palermo Casilino - Roma Le Porte d Napoli - Afragola (NA) Tiburtino - Guidonia (RM)	Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Uncoop Tirreno Distribuzione Centro Sud Srl (ipercoop) Distribuzione Centro Sud Srl (ipercoop)
<b>11 shopping malls</b>	Millennium Gallery - Rovereto (TN) Puntadiferro - Forlì (FC) Centroluna - Sarzana (SP) La Favorita - Mantova Maremà - 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	Hypermarkets not owned by IGD	
<b>9 hypermarkets</b>	Malls not owned by IGD	Supermkt Civita Castellana (Viterbo) Supermkt Cecina (Livorno) Hypermkt Le Fonti del Corallo - Livorno Hypermkt Schio-Schio (Vicenza) Hypermkt LUGO - Lugo (RA) Hypermkt IL MAESTRALE - Senigallia (AN) Hypermkt MIRALFIORE - Pesaro Supermkt AQUILEJA - Ravenna Hypermkt I MALATESTA - Rimini	Unicoop Tirreno Unicoop Tirreno Unicoop Tirreno Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0 Coop Alleanza 3.0

# 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	<b>Chairman</b> Elio Gasperoni	<b>CEO</b> Claudio Albertini	
Independent	<b>Vice Chairman</b> Rossella Saoncella ■ Granarolo Former General Manager	Eric Jean Veron Vailog - General Manager  Sergio Lugaresi ■ ■ Consultant - ABI, EBA, IMF  Elisabetta Gualandri ■ Università di Modena - Professor	Luca Dondi Dall'Orologio ■ ■ Nomisma - CEO  Timothy Santini ■ Former Eurocommercial Head of Italian activities  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 Chairman, including the International Audit and Risk Management



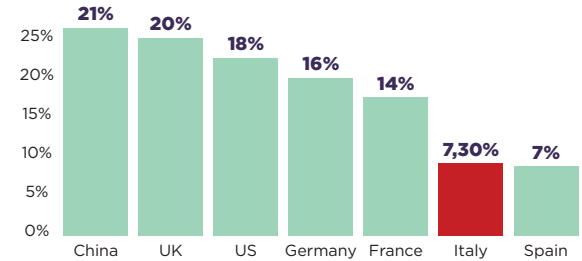
# Focus on E-Commerce in Italy

E-commerce in Italy: 7.3% of total retail sales

Low  
E-Commerce  
penetration

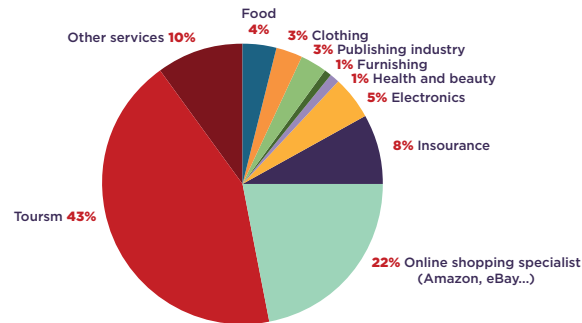
- E-commerce penetration in Italy is lower when compared to other industrialised countries, this is not only a delay in its infiltration but it is due to cultural and structural factors
- Total online sales in Italy in 2019: €31.6bn of which 43% services (penetration 11%) and 52% products (penetration 6%)

E-commerce on total retail sales<sup>(1)</sup> %



Impact of e-commerce on the various merchandising categories<sup>(2)</sup>

Impact of  
Online purchases  
on shopping  
centre purchases:  
ca. **38%**



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