



Acquisition and ABB
Dec. 2015

igd SIG

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3 Transaction overview

A NEW STEP CONFIRMING IGD ANNOUNCED STRATEGY ORIENTED TO VALUE-ACCRETIVE GROWTH INITIATIVES ALSO THROUGH AN ATTENTIVE MONITORING OF THE MARKET

On Dec 2, 2015, IGD announced:

- ☑ The signing of the preliminary agreement for the purchase of shopping mall
 - **Implied valuation of the shopping mall being acquired € 124.5 M ⁽¹⁾**
 - **Expected full year increase in EBITDA: ~ € 7.2M (~ 5.8% of total investment) ⁽²⁾**
 - **Prominent mall located in a key strategic area for IGD, featured by a spending capacity ~ 20% higher than the Italian average ⁽³⁾**
 - **Launch of capital increase exclusively reserved to qualified investors to be carried out through an accelerated bookbuilding**

On Dec 3, 2015 IGD announced:

- ☑ **The conclusion of the ~€ 50M of capital increase by mean of an accelerated book-building process, whose proceeds are aimed at funding part of the abovementioned acquisition**
 - **Issue of new shares corresponding to 7.495% of the existing share capital with exclusion of the preferential subscription rights in favour of existing shareholders**

PUNTA DI FERRO ACQUISITION

- ☑ **Prominent mall in its reference area, with some 4.7M footfall last year**
- ☑ **Gallery including 97 units for a total GLA of 21,223 sqm**
- ☑ **New generation mall (opened in April 2011), responding to consumers desiderata in terms of lay-out an merchandising mix**
- ☑ **Property falling in a core strategic territory for IGD**

CAPITAL INCREASE

- ☑ **~ €50M capital increase placed through an ABB**
- ☑ **New shares being issued representing 7.495% of the existing share capital of IGD with a subscription price in line with the average price of IGD over the last three months**

(1) Transaction to be completed through the acquisition of the shares in the SPV owning the asset for a total price of €127.9 M, including minor working capital items; such consideration will be subject to adjustments upon closing on the basis of customary provisions for similar transactions

(2) Net Theoretical Initial Yield based on the market value estimated in the context of the transaction

(3) Source: Internal processing on ISTAT data (Rapporto Urbes 2015)

4 | puntadiferro shopping mall

DESCRIPTION

- ☑ Mall opened in April 2011: first floor hosting hypermarket (Conad banner) and a large shopping gallery including 7 medium-surfaces, 81 stores, and 9 bar/restaurants
 - Shopping mall GLA: 21,223 sqm
 - Conad hypermarket GLA ⁽¹⁾: 12,625 sqm
- ☑ Strategically located on the main road connecting Forlì city centre to A14 highway, at the cross-road with some main local roads (Ravegnana, Cervese)
- ☑ The catchment area (0-30 minutes): > 468k inhabitants
- ☑ Expected gross rental income: ~ € 7.7vM
- ☑ Expected net rental income: ~€ 7.2 M
- ☑ Main tenants: H&M, Unieuro, Benetton, Deichman, Conbipel, Mondadori
- ☑ Acquisition price : €124.5M
- ☑ Net Theoretical yield: 5.8%
- ☑ Average mall cost occupancy ration: ~11.5%
- ☑ Average tenant sales /sqm: > 3,500€

PROPERTY PRE-VIEW

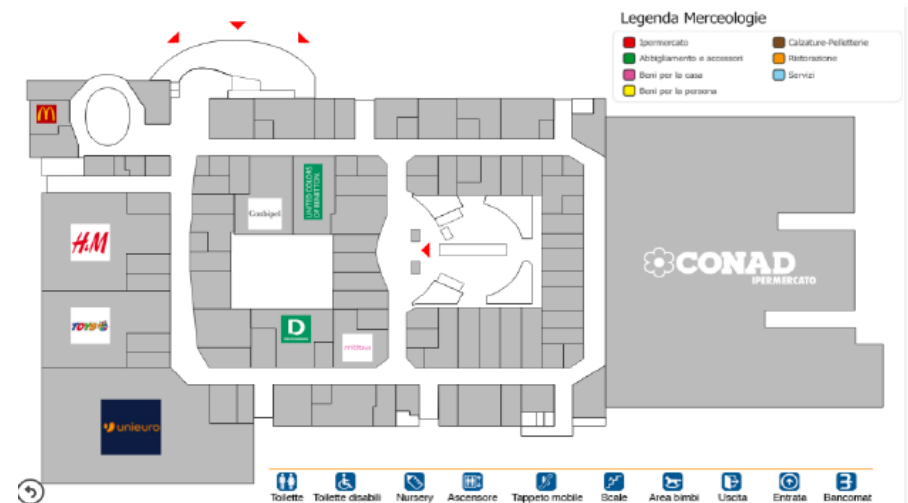


LOCATION

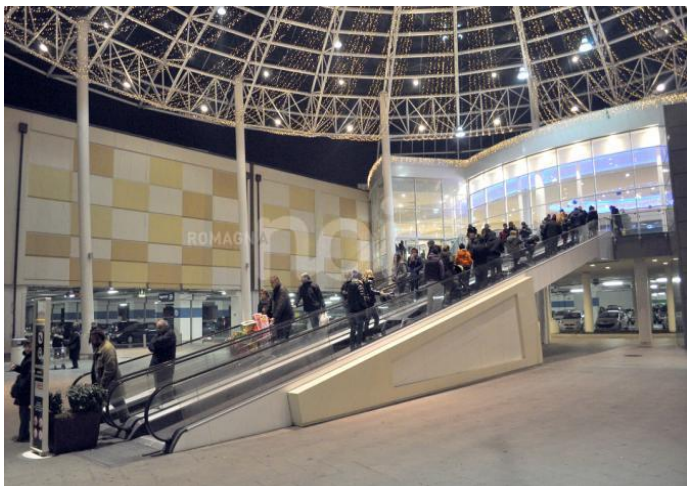


(1) Not included in the transaction perimeter

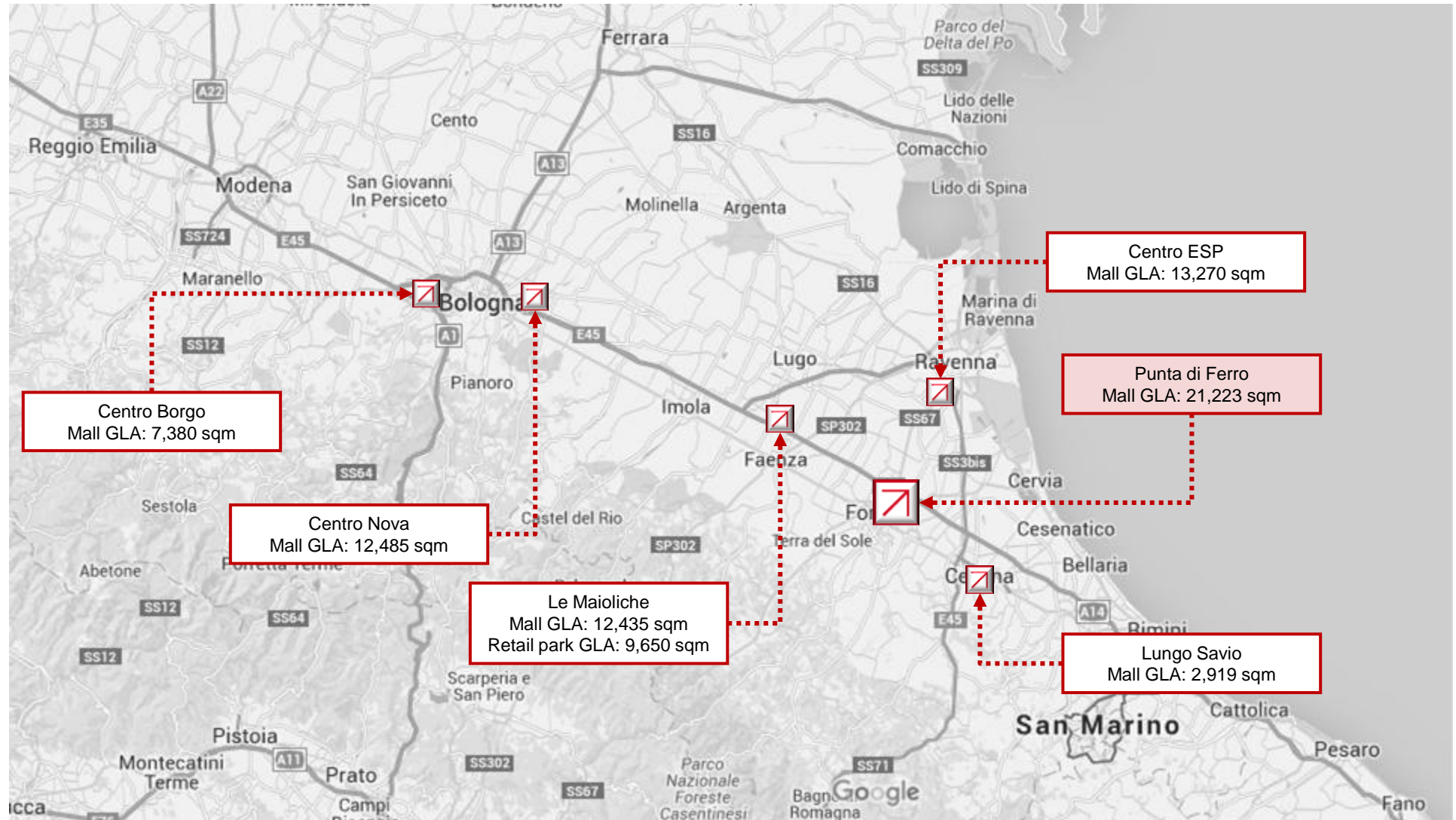
MALL PLAN



5 | puntadiferro shopping mall: pre-view



6 | A key asset for IGD local territorial coverage strategy



7 | Rationale of the transaction

STRATEGIC VALUE

- ☑ **Leading mall** in its reference area which is
 - Featured by a **high spending capacity**: disposable income + ~ 20% vs. Italian average
 - **Strategic for IGD from a territorial coverage perspective**
- ☑ **Very good understanding of the asset and its competitive positioning** thanks to direct presence of IGD in the same area (5 assets owned and managed in **the area**)
- ☑ **Confirm the position of IGD** as a primary player in the retail / commercial real estate in Italy
 - Proved ability to **selectively capture investment opportunities on the market**
- ☑ **Leverage on the existing asset management platform** to run selected “plug & play” acquisitions without increasing structure / G&A costs

GROW AND LEVERAGE IGD PLATFORM

- ☑ Punta di Ferro to **increase IGD property portfolio by ~6%** in term of asset value⁽¹⁾
- ☑ **A run-rate increase of EBITDA by €7.2M (~ +8% vs. 9M 2015 annualised)**
 - Leverage on existing IGD asset management platform: direct contribution of asset net rental income on EBITDA

FINANCIAL IMPACTS

- ☑ Transaction expected, at regime, to generate **close to ~€5.6M improvement in FFO** ⁽²⁾
 - **~5% accretion in FFO/share, at regime, after the completion of the ABB** also considering the new number of shares⁽³⁾
- ☑ Overall marginal impact on leverage structure (LTV expected to increase less than 1 percentage points vs pre-transaction levels)

LISTING PROFILE

- ☑ **Increased share capital (+~7.5%) and free float (+~17%)** post transaction
- ☑ **Expected further improvement in stock liquidity** and IGD weight in main reference indexes
- ☑ **Pursuing a successful equity story** of growth and value creation

(1) Considering the market value of the portfolio as at June 30, 2015

(2) Considering that the debt to complete the financing of the transaction is featured by a 2.1% all-in cost

(3) Comparing new FFO at regime vs 9M2015 FFO/(share before ABB) annualised

8 Key terms of the capital increase

ISSUER

Immobiliare Grande Distribuzione SIQ S.p.A.

OFFER STRUCTURE

Accelerated book-building addressed to institutional investors
Issuance of new shares without preferential subscription rights in favour of existing shareholders
144A offering, open to US investors

OFFER SIZE

56,689,342 new shares
Amount: ~€ 50M at a price inline with the average price of IGD over the last three months

LISTING

The new ordinary shares will be fungible with the existing ordinary shares and listed on the MTA (Italy)

BANK SYNDICATE

Sole Global Coordinator: Société Générale
Joint bookrunners: BNP Paribas and Société Générale

EXPECTED TIMETABLE

02/12/2015: transaction announcement and ABB launch
07/12/2015: transaction settlement

9 Highlights on main financial impacts

**IGD TO PURSUE ITS GROWTH STRATEGY
IN FULL CONSISTENCY WITH 2015-2018 BP OBJECTIVES**

	Transaction impacts
EST. RENTAL REVENUES <i>(CORE BUSINESS)</i>	~€7.7M
EST. EBITDA	~€7.2M
EST. FFO	~€5.6M [~ 5% FFO/share accretion]

	9M 2015	Transaction impacts	Reminder of 2015-18 BP targets ⁽¹⁾
LOAN TO VALUE	47.9%	slight increase	45-50%
INTEREST COVER RATIO	2.12X	slight improvement	> 3x

(1) Targets set in the 2015-2018 business plan announced in May 2015

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