

PRESS RELEASE

IGD SIIQ SPA: INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2016

The main results:

- **Core business revenue: €101.4 million, +7.8% (LFL Italy +18%, Romania +2.2%)**
- **Group net profit: €37.2 million (+22.1%)**
- **Core business FFO: €39.9 million (+18.7%); 2016 target confirmed: +15/16%**
- **Financial occupancy on the rise in Italy (97.4%) and in Romania (95.7%)**
- **Loan-to-value 48%; average cost of debt 3.3%**

Bologna, 8 novembre 2016. Today the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** ("IGD" or the "Company"), one of the main players in Italy's retail real estate market and listed on the STAR segment of the Italian Stock Exchange, examined and approved the **Consolidated Interim Management Statement at 30 September 2016** during a meeting chaired by **Gilberto Coffari**.

Operating income statement at 30 September 2016.

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	30/09/2015	30/09/2016	Δ%	30/09/2015	30/09/2016	Δ%	30/09/2015	30/09/2016	Δ%
Revenues from freehold real estate and rental activities	81.038	88.272	8,9%	81.038	88.272	8,9%	0	0	n.a.
Revenues from leasehold real estate and rental activities	9.228	9.233	0,1%	9.228	9.233	0,1%	0	0	n.a.
Total revenues from real estate and rental activities	90.266	97.505	8,0%	90.266	97.505	8,0%	0	0	n.a.
Revenues from services	3.811	3.897	2,3%	3.811	3.897	2,3%	0	0	n.a.
Revenues from trading	1.570	590	(62,4)%	0	0	n.a.	1.570	590	(62,4)%
OPERATING REVENUES	95.647	101.992	6,6%	94.077	101.402	7,8%	1.570	590	(62,4)%
COST OF SALE AND OTHER COSTS	(1.467)	(586)	(60,0)%	0	0	n.a.	(1.468)	(586)	(60,1)%
Rents and payable leases	(7.552)	(7.603)	0,7%	(7.551)	(7.603)	0,7%	0	0	n.a.
Personnel expenses	(2.780)	(2.858)	2,8%	(2.780)	(2.858)	2,8%	0	0	n.a.
Direct costs	(12.860)	(13.020)	1,2%	(12.608)	(12.815)	1,6%	(252)	(205)	(18,7)%
DIRECT COSTS	(23.192)	(23.481)	1,2%	(22.939)	(23.276)	1,5%	(252)	(205)	(18,7)%
GROSS MARGIN	70.988	77.925	9,8%	71.137	78.126	9,8%	(150)	(201)	34,4%
Headquarters personnel	(4.562)	(4.754)	4,2%	(4.506)	(4.702)	4,3%	(56)	(52)	(6,9)%
G&A expenses	(3.250)	(3.172)	(2,4)%	(2.967)	(2.924)	(1,5)%	(283)	(248)	(12,4)%
G&A EXPENSES	(7.812)	(7.926)	1,5%	(7.473)	(7.626)	2,0%	(339)	(300)	(11,5)%
EBITDA	63.176	69.999	10,8%	63.664	70.500	10,7%	(489)	(501)	2,6%
<i>Ebitda Margin</i>	<i>66,1%</i>	<i>68,6%</i>		<i>67,7%</i>	<i>69,5%</i>				
Other provisions	(162)	(146)	(10,2)%						
Impairments and Fair Value adjustments	(1.717)	(844)	(50,8)%						
Depreciations	(943)	(844)	(10,5)%						
DEPRECIATIONS AND IMPAIRMENTS	(2.822)	(1.834)	(35,0)%						
EBIT	60.354	68.165	12,9%						
FINANCIAL MANAGEMENT	(29.981)	(30.312)	1,1%						
EXTRAORDINARY MANAGEMENT	(137)	(255)	86,4%						
PRE-TAX PROFIT	30.236	37.598	24,3%						
Taxes	(19)	(804)	n.a.						
PROFIT FOR THE PERIOD	30.217	36.794	21,8%						
*(Profit)/Loss for the period related to Third Parties	215	361	68,2%						
GROUP NET PROFIT	30.432	37.155	22,1%						

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

POSITIVE ECONOMIC AND FINANCIAL RESULTS (FFO + 18.7%)

Total consolidated revenue amounted to around **€102 million**, up 6.6% against the same period of the prior year.

More in detail, **rental income rose 8.0% to €97.5 million** explained by:

- for around €1.4million, **like-for-like growth (+1.8%) in Italy**. Malls were up (+2.6%) and hypermarkets were in line with the prior year
- for around €6.3 million, **higher revenue not like-for-like**

- for around €0.1 million, **higher revenue like-for-like in Romania (+2.2%)**
- a decrease in revenue (-€0.7 million) linked to the sale of the City Center property on via Rizzoli at the end of May 2015 and other minor changes

Growth was also recorded in **revenue from services** (+2.3%) which amounted to €3.9 million.

Core business **Ebitda** amounted to €70.5 million, **up 10.7%** against 30 September 2015. Operating costs fell further as a percentage of core business revenue causing the core business **Ebitda Margin to rise by 180 basis points against the prior year to 69.5%**. The freehold Ebitda margin **came to 78.9%**, an increase of 130 basis points against September 2015.

Financial expense rose slightly (+1.1%) to €30.3 million as a result of the increase in average debt linked to the investments and acquisitions made in the period, as well as the recent liability management initiatives which resulted in short term credit lines being substituted with more expensive medium/long term bonds. In any case the downward path of the average cost of debt was confirmed (3.3% vs 3.8% at September 2015).

The Group's portion of **net profit** amounted to **€37.2 million, a marked increase** against the €30.4 million posted in the same period 2015 (+22.1%).

Funds from Operations (FFO) rose 18.7% against the first nine months of 2015 to **€39.9 million**. In this instance, as well, **the Group confirms the growth targets disclosed (+15/16% at year-end 2016)**.

The IGD Group's **net financial debt** came to €1,004.7 million, an increase against 30 September 2015 (€931.4 million) as a result of the investments and acquisitions made in the period mentioned above. At the same time the capital structure ratios like the gearing ratio (0.95x) and loan to value (48%) were largely unchanged.

OPERATING PERFORMANCE

The positive trend in pre-letting reported in the first half continued: **in Italy** 176 contracts, renewals and turnover, were signed with an **average upside of +2.4%**; **in Romania** 175 contracts were renewed with an **upside of +1.3%**.

The positive performance of the Italian shopping centers held in the first nine months of 2016, with **the sales of mall retailers rising 2.8%**, despite a slowdown in the third quarter of the year (the first negative quarter after 11 consecutive quarters of growth), and footfalls down slightly (-0.9%): with respect to the same period 2015, the third quarter was impacted by a less favorable calendar, as well as seasonality (including linked to a warmer autumn).

In Romania there was a significant increase in footfalls (+3.3%) supported by the completion of various improvements and new marketing initiatives.

The financial occupancy in Italy reached 97.4% (average malls and hyper) and was higher compared to the previous quarter (97.3%), as it was in Romania (95.7% versus 95.1% at 30/06/2016).

INAUGURATION OF MAREMA' IN GROSSETO AND INVESTMENTS

The **Maremà Shopping Center in Grosseto** was inaugurated on 27 October. The center was well received by the local community and **in the first 6 days of operation around 160,000 visitors were recorded**, well above expectations.

Pre-letting continued after the inauguration and negotiations are currently underway for the last two spaces dedicated to services. Once these transactions are finalized occupancy will be 100%.

IGD's investment (in the shopping mall alone, excluding the hyper and external midsize stores) will be around €47 million, including ancillary charges (the payment is expected to be made by year-end). **Taking into account rental income at capacity, the yield on cost will be higher than 8%.**

The investment pipeline is moving forward as per the business plan with work proceeding on the ESP extension (expected to be completed by the end of 1H 2017) and Officine Storiche (expected to be completed by year-end 2018). Work on the extension of the Gran Rondò center in Crema will start shortly and is expected to be completed in 1H 2018.

This document is available on IGD's website, <http://www.gruppoigd.it/Governance>, as well as at the Company's registered offices, at Borsa Italiana S.p.A. and the authorized storage mechanism provided through www.emarketstorage.com.



Grazia Margherita Piolanti, 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 €2,093.6 million at 30 June 2016, comprised of, in Italy, 25 hypermarkets and supermarkets, 21 shopping malls and retail parks, 1 city center, 2 plots of land for development, 1 property held for trading and an additional 6 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: 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.



Please find attached the IGD Group's income statement, statement of financial position, statement of cash flows and net financial position, as well as the operating income statement at 30 September 2016¹

Consolidated income statement at 30 September 2016

Consolidated income statement (in thousands of Euro)	30/09/2016 (A)	30/09/2015 (B)	Change (A-B)	3Q 2016 (C)	3Q 2015 (D)	Change (C-D)
Revenue	97.505	90.266	7.239	32.520	30.359	2.161
Other income	3.897	3.811	86	1.339	1.260	79
Revenue from property sales	590	1.570	-980	0	684	-684
Total revenue and operating income	101.992	95.647	6.345	33.859	32.303	1.556
Change in work in progress inventory	2.063	-728	2.791	845	-308	1.153
Total revenue and change in inventory	104.055	94.919	9.136	34.704	31.995	2.709
Cost of work in progress	2.621	707	1.914	850	338	512
Purchase of materials and services	16.377	16.444	-67	5.349	5.124	225
Cost of labour	6.786	6.457	329	2.129	1.910	219
Other operating costs	7.370	7.089	281	2.597	2.226	371
Total operating costs	33.154	30.697	2.457	10.925	9.598	1.327
(Depreciation, amortization and provisions)	-1.892	-2.151	259	-544	-790	246
(Impairment losses)/Reversals on work in progress and inventories	-2.201	-1.327	-874	0	0	0
Change in fair value - increases / (decreases)	1.357	-390	1.747	-1.202	-1.314	112
Total depreciation, amortization, provisions, impairment and change in fair value	-2.736	-3.868	1.132	-1.746	-2.104	358
EBIT	68.165	60.354	7.811	22.033	20.293	1.740
Gains/losses from equity investments and disposals	-180	-37	-143	-51	124	-175
Financial income	171	32	139	107	10	97
Financial charges	30.558	30.113	445	10.799	9.809	990
Net financial income/(charges)	-30.387	-30.081	-306	-10.692	-9.799	-893
PRE-TAX PROFIT	37.598	30.236	7.362	11.290	10.618	672
Income tax for the period	804	19	785	666	625	41
NET PROFIT FOR THE PERIOD	36.794	30.217	6.577	10.624	9.993	631
Minorities portion of net profit	361	215	146	23	29	-6
Parent Company's portion of net profit	37.155	30.432	6.723	10.647	10.022	625

¹ The Interim Management Statement and the financial statements of Gruppo Immobiliare Grande Distribuzione at 30 September 2016 are unaudited.

Consolidated statement of financial position at 30 September 2016

Consolidated statement of financial position (in thousands of Euro)	30/09/2016 (A)	30/06/2016 (B)	31/12/2015 (C)	Change (A-B)	Change (A-C)
NON-CURRENT ASSETS					
Intangible assets					
Intangible assets with finite useful lives	65	70	74	(5)	(9)
Goodwill	12.662	12.662	12.662	0	0
	12.727	12.732	12.736	(5)	(9)
Property, plant, and equipment					
Investment property	1.973.998	1.973.998	1.970.028	0	3.970
Buildings	8.436	8.497	8.618	(61)	(182)
Plant and machinery	350	299	309	51	41
Equipment and other assets	1.371	1.475	1.699	(104)	(328)
Leasehold improvements	1.072	1.136	1.273	(64)	(201)
Assets under construction	65.970	59.179	50.533	6.791	15.437
	2.051.197	2.044.584	2.032.460	6.613	18.737
Other non-current assets					
Deferred tax assets	4.529	5.272	5.387	(743)	(858)
Sundry receivables and other non-current assets	85	88	90	(3)	(5)
Equity investments	1.738	1.790	6.366	(52)	(4.628)
Non-current financial assets	418	443	493	(25)	(75)
Derivatives - assets	-	3	12	(3)	(12)
	6.770	7.596	12.348	(826)	(5.578)
TOTAL NON-CURRENT ASSETS (A)	2.070.694	2.064.912	2.057.544	5.782	13.150
CURRENT ASSETS:					
Work in progress inventory and advances	67.120	66.275	67.068	845	52
Trade and other receivables	13.052	13.260	14.074	(208)	(1.022)
Other current assets	4.021	4.857	3.132	(836)	889
Financial receivables and other current financial assets	151	151	9.174	0	(9.023)
Cash and cash equivalents	88.469	84.273	23.603	4.196	64.866
	172.813	168.816	117.051	3.997	55.762
Non-current assets held for sale (C)	-	4.466	-	(4.466)	0
TOTAL ASSETS (A + B + C)	2.243.507	2.238.194	2.174.595	5.313	68.912
NET EQUITY:					
Share capital	599.760	599.760	599.760	0	0
Azioni proprie in portafoglio	29.971	29.971	39.971	0	(10.000)
Share premium reserve	345.682	344.376	323.915	1.306	21.767
Other reserves	50.550	39.903	58.407	10.647	(7.857)
Group profit	1.025.963	1.014.010	1.022.053	11.953	3.910
Total Group net equity	9.789	9.812	10.150	(23)	(361)
Portion pertaining to minorities	1.035.752	1.023.822	1.032.203	11.930	3.549
TOTAL NET EQUITY (D)					
NON-CURRENT LIABILITIES:					
Derivatives - liabilities	902.164	1.012.404	764.930	(110.240)	137.234
Non-current financial liabilities	2.231	2.188	2.046	43	185
Provision for employee severance indemnities	23.035	23.012	23.634	23	(599)
Deferred tax liabilities	4.651	4.348	4.688	303	(37)
Provisions for risks and future charges	24.890	24.910	26.460	(20)	(1.570)
Sundry payables and other non-current liabilities	991.075	1.102.282	856.760	(111.207)	134.315
TOTAL NON-CURRENT LIABILITIES (E)					
CURRENT LIABILITIES:					
Current financial liabilities	12.973	16.787	14.804	(3.814)	(1.831)
Trade and other payables	4.402	5.690	4.236	(1.288)	166
Current tax liabilities	7.704	7.665	13.437	39	(5.733)
Other current liabilities	216.680	112.090	285.632	104.590	(68.952)
TOTAL CURRENT LIABILITIES (F)	1.207.755	1.214.372	1.142.392	(6.617)	65.363
TOTAL LIABILITIES (G = E + F)	2.243.507	2.238.194	2.174.595	5.313	68.912
TOTAL NET EQUITY AND LIABILITIES (D + G)					

Consolidated statement of cash flows at 30 September 2016

CONSOLIDATED STATEMENT OF CASH FLOWS	30/09/2016	30/09/2015
<i>(In thousands of Euro)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	37.598	30.236
Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:		
Non-monetary items	3.482	135
Depreciation, amortization and provisions	1.892	2.152
(Impairment losses)/Reversals on work in progress and inventories	2.201	1.327
Change in fair value of investment property	(1.357)	390
Gains/losses from equity investments and disposals	180	90
CASH FLOW FROM OPERATIONS	43.996	34.330
Income tax	(694)	(772)
CASH FLOW FROM OPERATIONS NET OF TAX	43.302	33.558
Change in inventories	(2.063)	799
Net change in current assets and liabilities	(8.190)	631
Net change in non-current assets and liabilities	(1.654)	491
CASH FLOW FROM OPERATING ACTIVITIES (a)	31.395	35.479
Investments in non-current assets	(18.487)	(22.549)
Divestments of non-current assets	152	28.577
Equity investments in subsidiaries	4.466	0
CASH FLOW FROM INVESTING ACTIVITIES (b)	(13)	(4.384)
Change in non-current financial assets	(13.882)	1.644
Change in financial receivables and other current financial assets	0	6
Dividend reinvestment option	9.023	0
Sale of treasury shares	0	(108)
Capital increase	(1.659)	0
Payment of dividends	(32.522)	(28.363)
Change in current debt	(164.433)	47.665
Change in non-current debt	236.932	(58.225)
CASH FLOW FROM FINANCING ACTIVITIES (c)	47.341	(39.025)
Difference in translation of liquidity (d)	12	8
NET INCREASE (DECREASE) IN CASH BALANCE (a)+(b)+(c)+(d)	64.866	(1.894)
CASH BALANCE AT BEGINNING OF THE PERIOD	23.603	15.242
CASH BALANCE AT END OF THE PERIOD	88.469	13.348

Consolidated net financial position at 30 September 2016

NET FINANCIAL POSITION			
	30/09/2016	30/06/2016	31/12/2015
Cash and cash equivalents	(88.469)	(84.273)	(23.603)
Financial receivables and other current financial assets	(151)	(151)	(9.174)
LIQUIDITY	(88.620)	(84.424)	(32.777)
Current financial liabilities	26.563	25.552	179.954
Mortgage loans - current portion	148.676	44.326	64.947
Leasing – current portion	310	308	303
Convertible bond loan - current portion	16.052	11.762	7.951
CURRENT DEBT	191.601	81.948	253.155
CURRENT NET DEBT	102.981	(2.476)	220.378
Non-current financial assets	(418)	(443)	(493)
Non-current financial liabilities due to other sources of finance	0	0	375
Leasing – non-current portion	4.330	4.409	4.564
Non-current financial liabilities	324.318	435.103	477.642
Convertible bond loan	573.516	572.892	282.349
NON-CURRENT DEBT	901.746	1.011.961	764.437
NET FINANCIAL POSITION	1.004.727	1.009.485	984.815