

## PRESS RELEASE

IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE DRAFT SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AND THE CORPORATE SUSTAINABILITY REPORT AT 31 DECEMBER 2016

### 2016 RESULTS: THE BEST IN THE HISTORY OF IGD

- **Group net profit: €68.3 million (+49.7%)**
- **Recurring net income (FFO): €53.9 million (+18.9%) - higher than the +15/16% target**
- **Rental income: €131.3 million, +8.4% (LFL Italy +1.7%, Romania +3.1%)**
- **Market value of the portfolio: €2,177.8 million (+4.6%)**
- **EPRA NAV per share: 1.37 (+3,4%); EPRA NNAV per share: €1.29 (+3.2%)**
- **The average cost of debt falls to 3.3%; Loan to Value 48.3%**
- **Dividend of €0.045 per share proposed**
- **The seventh Corporate Sustainability Report approved**

#### Other resolutions:

- **Approval of the annual Report on Corporate Governance and Ownership Structure**
- **Approval of the Compensation Report**
- **Authorization for the purchase and disposal of treasury shares**
- **Amendments of the company by-laws**
- **Calling of the Annual General Meeting in ordinary and extraordinary session**

**Bologna, 28 February 2017.** Today, in a meeting chaired by **Gilberto Coffari**, the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** (“IGD” or the “Company”), a major player in Italy’s retail property market and listed on the STAR segment of the Italian Stock Exchange, examined and approved the **draft separate and consolidated financial statements at 31 December 2016.**

*“All the key indicators allow me to say that 2016 was the best year in IGD’s history: recurring net income – FFO – rose 19% to almost €54 million thanks, in particular, to the solid trends in revenue and operating margins; the size of the portfolio, which benefitted from the last acquisition in Grosseto and higher valuations, now reaches almost € 2.2 billion. During the year significant work was done on the commercial side, on active asset management – continuous steps were taken to update and remodel space – as well from a financial perspective: IGD obtained an “investment grade” rating from Moody’s and two bond issues were completed at unprecedented conditions. We laid the foundation, therefore, to further improve the results over the coming years, in line with the Business Plan’s targets for 2018”* stated Claudio Albertini, IGD – Immobiliare Grande Distribuzione SIIQ S.p.A.’s Chief Executive Officer.

## Operating income statement at 31 December 2016

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2015	31/12/2016	Δ%	31/12/2015	31/12/2016	Δ%	31/12/2015	31/12/2016	Δ%
Revenues from freehold real estate and rental activities	108,865	118,882	9.2%	108,865	118,882	9.2%	0	(0)	n.a.
Revenues from leasehold real estate and rental activities	12,277	12,414	1.1%	12,277	12,414	1.1%	0	0	n.a.
<b>Total revenues from real estate and rental activities</b>	<b>121,142</b>	<b>131,296</b>	<b>8.4%</b>	<b>121,142</b>	<b>131,296</b>	<b>8.4%</b>	<b>0</b>	<b>(0)</b>	<b>n.a.</b>
Revenues from services	5,085	5,529	8.7%	5,085	5,529	8.7%	0	0	n.a.
Revenues from trading	2,289	1,999	(12.7)%	0	0	n.a.	2,289	1,999	(12.7)%
<b>OPERATING REVENUES</b>	<b>128,516</b>	<b>138,824</b>	<b>8.0%</b>	<b>126,227</b>	<b>136,825</b>	<b>8.4%</b>	<b>2,289</b>	<b>1,999</b>	<b>(12.7)%</b>
<b>COST OF SALE AND OTHER COST</b>	<b>(2,181)</b>	<b>(2,189)</b>	<b>0.4%</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>(2,181)</b>	<b>(2,189)</b>	<b>0.4%</b>
Rent and payable leases	(10,068)	(10,145)	0.8%	(10,068)	(10,145)	0.8%	0	0	n.a.
Personnel expenses	(3,771)	(3,914)	3.8%	(3,771)	(3,914)	3.8%	0	0	n.a.
Direct costs	(17,021)	(17,307)	1.7%	(16,730)	(17,032)	1.8%	(291)	(275)	(5.6)%
<b>DIRECT COSTS</b>	<b>(30,860)</b>	<b>(31,366)</b>	<b>1.6%</b>	<b>(30,569)</b>	<b>(31,091)</b>	<b>1.7%</b>	<b>(291)</b>	<b>(275)</b>	<b>(5.6)%</b>
<b>GROSS MARGIN</b>	<b>95,475</b>	<b>105,269</b>	<b>10.3%</b>	<b>95,658</b>	<b>105,734</b>	<b>10.5%</b>	<b>(183)</b>	<b>(465)</b>	<b>n.a.</b>
Headquarter personnel	(6,208)	(6,473)	4.3%	(6,134)	(6,402)	4.4%	(74)	(71)	(3.7)%
G&A expenses	(4,898)	(4,813)	(1.7)%	(4,512)	(4,477)	(0.8)%	(386)	(336)	(12.9)%
<b>G&amp;A EXPENSES</b>	<b>(11,106)</b>	<b>(11,286)</b>	<b>1.6%</b>	<b>(10,646)</b>	<b>(10,879)</b>	<b>2.2%</b>	<b>(460)</b>	<b>(407)</b>	<b>(11.4)%</b>
<b>EBITDA</b>	<b>84,369</b>	<b>93,983</b>	<b>11.4%</b>	<b>85,012</b>	<b>94,855</b>	<b>11.6%</b>	<b>(643)</b>	<b>(872)</b>	<b>35.6%</b>
<i>Ebitda Margin</i>	<i>65.6%</i>	<i>67.7%</i>		<i>67.3%</i>	<i>69.3%</i>		<i>-28.1%</i>	<i>-43.6%</i>	
Other provisions	(411)	(154)	(62.5)%						
Impairment and Fair Value adjustments	1,538	19,582	n.a.						
Depreciation	(1,264)	(1,119)	(11.5)%						
<b>DEPRECIATION AND IMPAIRMENTS</b>	<b>(137)</b>	<b>18,309</b>	<b>n.a.</b>						
<b>EBIT</b>	<b>84,232</b>	<b>112,292</b>	<b>33.3%</b>						
<b>FINANCIAL MANAGEMENT</b>	<b>(39,392)</b>	<b>(42,008)</b>	<b>6.6%</b>						
<b>EXTRAORDINARY MANAGEMENT</b>	<b>50</b>	<b>(336)</b>	<b>n.a.</b>						
<b>PRE-TAX PROFIT</b>	<b>44,890</b>	<b>69,948</b>	<b>55.8%</b>						
Taxes	310	(3,044)	n.a.						
<b>NET PROFIT FOR THE PERIOD</b>	<b>45,200</b>	<b>66,904</b>	<b>48.0%</b>						
(Profit)/Loss for the period related to Third Parties	439	1,425	n.a.						
<b>GROUP NET PROFIT</b>	<b>45,639</b>	<b>68,329</b>	<b>49.7%</b>						

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

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In addition to the standard financial indicators provided for as per the IFRS, IGD uses alternative performance indicators in order to allow for a better evaluation of the operating performance and the financial position. The meaning and content of these indicators are described below, in line with the ESMA/2015/1415 recommendation published on 5 October 2015 and CONSOB Bulletin n. 0092543 published on 3 December 2015.

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### **POSITIVE OPERATING PERFORMANCES...**

In 2016 the positive operating performance of the Italian shopping centers held well, **with sales of retailers in malls rising 2.6 %**, despite a slowdown in the last two quarters of the year and a slight drop in footfalls.

Footfalls rose significantly in Romania, (+2.5%) supported, in particular, by a richer commercial offering, better market conditions, as well as a decrease in the works underway to refurbish a few assets.

Pre-letting produced significant results: **in Italy** 206 leases, renewals and turnover, were signed with **an average upside of +1.8%**; **in Romania** 247 leases were renewed with **an average upside of +1.1%**. **Occupancy improved in both Italy**, where it rose against the 96.9% recorded in the prior year to **97.3%** (average of malls and hyper), and **Romania** where the increase was even higher (**96.1% versus 93.9%**).

The IGD Group continued with its asset management activities in the year. The most important event for the IGD Group in this segment was most assuredly the opening in October of the new Maremà shopping center in Grosseto. The mall inside the center is comprised of 44 shops and 7 internal midsize stores which cover a gross leasable area (GLA) of more than 17,000 m<sup>2</sup> (inside the Center there is also a hypermarket which is not owned by

the Group). Remodeling of the spaces in the Città delle Stelle center in Ascoli Piceno was also begun which resulted in the creation of a new midsize store and is paving the way for more intense refurbishment, as well as the relaunching of the mall. Centro Sarca in Milan benefitted from the effects of the restyling work terminated in 2015, reaching full occupancy and recording significant results in terms of both sales (+17.5%) and footfalls (+5.9%).

### **...AND EXCELLENT ECONOMIC AND FINANCIAL RESULTS (FFO +18.9%)**

**Total consolidated revenue** amounted to around **€138.8 million**, up 8.0% against the same period of the prior year.

More in detail, **rental income increased by 8.4% to €131.3 million** explained by:

- for around €8.6 million, **higher revenue not like-for-like**;
- for around €1.9 million, **like-for-like growth (+1.7%) in Italy**. Malls were up (+2.7%) and hypermarkets were in line;
- for around €0.3 million, **higher revenue like-for-like in Romania (+3.1%)**;
- 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 (+8.7%) which amounted to €5.5 million. The Porta a Mare project generated **revenue from trading** of €2 million which was lower than 2015 during which 7 residential units and appurtenances were sold versus 6 in 2016.

Core business **Ebitda** amounted to €94.9 million, **up 11.6%** against 31 December 2015. The core business **Ebitda Margin rose 2 basis points to 69.3%**. The freehold Ebitda margin **came to 78.7%**, an increase against the prior year.

**Financial expense** rose (+6.6%) to €42 million. The figure includes around €2.1 million in non-recurring costs relating to the early repayment of the CMBS (expiring in 2018) completed in November. Financial expense was impacted by the increase in net debt, as well as the bond issue made in May, which was partially offset by the savings linked to the advance repayment of the CMBS and other mortgages. **The downward path of the average cost of debt was confirmed (3.3% vs 3.67% in 2015)**.

The Group's portion of **net profit** amounted to **€68.3 million, a marked increase** against the €45.6 million posted in the same period 2015 (+49.7%).

**Funds from Operations (FFO)** rose 18.9% against 31 December 2015 to **€53.9 million. The growth targets (+15/16%) were largely exceeded**.

### **SOLID BALANCE SHEET**

The **EPRA NNAV reached €1,044.9 million or €1.29 per share**, an increase of +3.2% against the €1.25 p.s. posted in 2015.

The **market value** of the IGD Group's real estate portfolio reached **€2,177.8 million, an increase of 4.6%** with respect to 31 December 2015: the main change is explained by the acquisition of the Maremà mall in Grosseto.

In Italy like-for-like hypermarkets rose 2% (+€12.5 million) and the gross initial yield came to 6.17%; malls posted an increase of 1.47% (+€4 million) and a gross initial yield of 6.23%.

The market value of the Romanian portfolio at 31 December 2016 was €164.9 million, down with respect to the €170.6 million recorded at 31/12/2015, with a gross initial yield to 6.51%

The IGD Group's **net debt** amounted to -€1,055.4 million at 31 December 2016, an increase against December 2015 (-€984.8 million) explained, as mentioned above, by the investments and acquisitions made in the year.

The financial ratios, like the gearing ratio (0.97x) and **loan to value (48.3%)**, were in line with Business Plan guidance and confirm **the solidity of the Group's financial structure**.

### **FINANCIAL TRANSACTIONS WITH UNPRECEDENTED RESULTS**

Among the many financial transactions completed in the year of particular note is the **Baa3 rating, with a stable outlook**, that IGD's debt obtained from **Moody's** in May, which was subsequently confirmed in December. This rating represents an important recognition of the work done by the Group over the last few years to improve the financial-economic indicators and also opened a new market for the Company, namely the one comprised of institutional investors who can invest exclusively in "investment grade" debt.

The Group decided to take advantage of the low interest rate environment, guaranteed by the European Central Bank's activities, in order to:

- **Lower the average cost of debt**
- **Extend the maturity of its medium/long term debt**
- **Increase the portion of debt raised on capital markets with respect to bank debt**

In May, therefore, IGD was able to proceed with the issue of a €300 million 5-year bond at 2.5%. The bond loan was placed with European institutional investors in just one day and the demand was two times higher than the offer which testifies to the Group's good creditworthiness. This first transaction was followed in December by a second bond issue. More in detail, the private placement of a €100 million 7-year bond with a gross annual coupon of 2.25% was successfully completed on the US market. The transaction settled in January. The bonds were placed entirely with Pricoa Capital Group, part of the US group Prudential Financial Inc.

Lastly, the €135 million CMBS was repaid in advance (in November) which, with a cost of 5.2% per annum, was the Group's most costly loan. This made it possible to increase significantly the value of unencumbered properties which amounted to around €1,407 million.

### **PROJECTS AND NEW OPENINGS**

After the inauguration of the Maremà shopping center in Grosseto, of which IGD acquired the mall, the investment pipeline is proceeding as expected.

The extension of the **ESP** center in Ravenna (an additional 19,000 m<sup>2</sup>) is continuing and is expected to be inaugurated by the end of 1H2017: the considerable interest of retailers was confirmed with the pre-letting at 85%. Occupancy is expected to reach 100% by the opening.

Work also continued on the **Officine Storiche** section of Porta a Mare in Livorno and the retail portion is expected to open in the second half of 2018. Considerable interest has already been received. The extension and restyling

of the exterior of the Gran Rondò mall in Crema was also begun (creation of midsize exterior space of 2,850 m<sup>2</sup>, already pre-let) and is expected to be completed by 1H 2018. Work also started on the reduction of the size of the hypermarket in the Città delle Stelle center in Ascoli which will result in the creation of a new common area inside the mall (the project is expected to be completed by year-end 2017).

### **OUTLOOK 2017**

The Company expects to continue along its growth path with higher revenue driven by the like-for-like perimeter, the full year contribution of the acquisitions and openings (Maremma) made in 2016, as well as the ESP extension in Ravenna.

The benefit of the steps taken to reduce the cost of debt, which is expected to fall below 3%, will become even more evident.

**Consequently the Company estimates growth in FFO in a range of between +18% to +19%.**

### **DIVIDEND**

During the Annual General Meeting, IGD's Board of Directors will propose that the shareholders, meeting in ordinary session, approve a **dividend of €0.045 per share, an increase of 12.5% with respect to 2015.**

The dividend yield, based on the stock price recorded at year-end 2016, comes to 6.2% and it was confirmed also compared to the price recorded at 27 February

### **THE SEVENTH CORPORATE SUSTAINABILITY REPORT APPROVED**

For the first time, the Board of Directors approved the Corporate Sustainability Report together with the Annual Report. This change is testimony to the Board's full commitment to integrating the economic-financial agenda with the socio-environmental one.

Four themes were confirmed as the foundation of the Group's commitment:

- **Innovation:** continuous updating of the structures (restyling and refurbishment), constant change in the tenant and merchandising mix (26 new brands introduced) and great focus on the innovative solutions offered in the malls, including as part of a multichannel approach (O2O, online to offline)
- **Community:** the shopping center as both a place for shopping and a meeting place which impacts the local area (more than 14 thousand job opportunities created), as well as a continuous and updated roster of events; the corporate welfare plan for employees was approved
- **Environment:** from 2011 through today energy consumption has fallen 13% thanks to targeted investments and more efficient management, linked also to UNI EN ISO 14001 environmental certification (roll out calling for the certification of 90% of the Italian malls by 2018); furthermore, beginning this year the electricity purchased by all the shopping centers in Italy will come solely from renewable sources
- **Legality:** Legality Rating of three stars received from the Italian Competition Authority ("AGCM"), the maximum score awarded for this type of rating

## **OTHER RESOLUTIONS**

### **Calling of the Annual General Meeting in ordinary and extraordinary session**

IGD's Board of Directors also resolved to convene the Company's Annual General Meeting in ordinary and extraordinary session on 12 April 2017, at 10:00 a.m., at the Company's headquarters in Bologna, in first call and, if necessary, in second call on 13 April 2017, same time and place, to resolve on the following agenda:

#### Ordinary session

1. Separate financial statements at 31.12.2016; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2016; Allocation of the net earnings for the year and distribution of the dividend to Shareholders; related and consequent resolutions
2. Report on compensation in accordance with Art. 123-*ter*, paragraph 6, of Legislative Decree n. 58/98; related and consequent resolutions
3. Authorization to buy and sell treasury shares; related and consequent resolutions

#### Extraordinary session

1. Proposal to amend articles 4 and 6 of the corporate by-laws; related and consequent resolutions;

As mentioned above, IGD's Board of Directors will propose that the shareholders, meeting in ordinary session, approve a dividend of €0.045 per share which equates to a dividend yield, based on the stock price recorded at year-end, of 6.2 %.

The dividend will be payable as from 24 May 2017, with shares going ex-div on 22 May 2017. Pursuant to Art. 83-*terdecies* of Legislative Decree n.58 of 24 February 1998 n. 58, the shareholders of IGD at the record date (23 May 2017) will be entitled to receive the dividend.

The shareholders, meeting in ordinary session, will first be called upon to approve both the financial statements at 31 December 2016 and distribution of the dividend.

### **Assessment of independent status**

IGD's Board of Directors verified – pursuant to Art. 148, paragraph 3, of Legislative Decree n. 58/1998, of the Corporate Governance Code promoted by the Italian Stock Exchange and Art. 37 of Consob Regulation n. 16191 of 29 October 2007 – that all the independent directors (Elisabetta Gualandri, Milva Carletti, Rossella Saoncella, Andrea Parenti, Livia Salvini, Matthew D. Lenz, Luca Dondi dall'Orologio) still qualified as independent.

### **Approval of the Report on Corporate Governance and Ownership Structure and the Compensation Report**

The Board of Directors approved the 2016 Report on Corporate Governance and Ownership Structure, which forms an integral part of the annual report, as well as the Compensation Report, the first section of which, pursuant to Art. 123-*ter*, par. 6 of Legislative Decree. 58/98, will be voted on by shareholders during the next Shareholders' Meeting held in ordinary session.

### **Approval of the Authorization to buy and sell treasury shares**

The Shareholders will also be called upon to resolve on the authorization to purchase and dispose of treasury shares, after revoking the prior authorization granted by the shareholders on 14 April 2016, as follows:

- Motivation: to carry out (i) trading and hedging transactions and (ii) invest liquidity and allow for the use of the treasury shares in transactions pertaining to operating activities and business projects consistent with the Company's strategic guidelines, in relation to which it is beneficial to trade, swap, contribute, or otherwise dispose of the shares;
- Maximum number of treasury shares which may be purchased: the purchases may be made on one or more occasions up to the maximum allowed under the law;
- Expiration of the shareholders' authorization: the authorization to purchase treasury shares is requested for a period of eighteen months as from the date of shareholders' authorization; there is no time limit on the authorization to dispose of the shares;
- Methods and purchase price of the treasury shares: the purchases shall be made in accordance with Art. 132 of Legislative Decree 58/1998, Art. 144-*bis* of the Regulations for Issuers and all other applicable laws and regulations, as well as the accepted market practices recognized by Consob and must be purchased at prices satisfying the provisions of Art. 5(1) of European Commission Regulation EC 596/2014 of 16 April 2014, Art. 3 delegated Regulation (UE) 1052/2016 or any other applicable provisions in effect at the time of the transaction

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](http://www.emarketstorage.com).

In extraordinary session, the Shareholders will be called to resolve on the:

### **Proposal to amend articles 4 and 6 of the corporate by-laws**

With regard to the amendment of art. 4 of the company by-laws, the Board of Directors – with a view to complying with the instructions received from a municipal administration when authorization to carry out retail activities in the IGD's freehold centers was requested – resolved to propose to the shareholders, meeting in extraordinary session, that a clarification should be included in the company purpose in order to clarify that the “management of companies and public concerns” also includes “retail activities”.

In addition to the above, the Board of Directors resolved to propose an amendment to art. 6 of the company by-laws to the shareholders, meeting in extraordinary session, in order to grant, pursuant to art. 2443 of the Italian Civil Code and after revoking the authorization granted by the Board of Directors on 19 April 2012 which will expire on 19 April 2017, the power to increase share capital, on one or more occasions, against payment and in divisible form, by up to a maximum of 10% of the company's pre-existing share capital, for a period of up to five years as from the date of the shareholders' resolution and, at any rate, by 12 April 2022, reserved for parties to be identified by the Board of Directors – including Italian or foreign qualified and/or industrial and/or financial investors or shareholders of the Company - excluding pre-emption rights pursuant to Art. 2441, fourth paragraph, second sentence, of the Italian Civil Code, provided that the issue price corresponds to the shares' market value and this is confirmed in a report prepared specifically by the external auditors.

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](http://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.*



*The draft separate financial statements at 31 December 2016, the Directors' report on operations, the Directors' report on the items included in the agenda for the AGM, Board of Statutory Auditors' report, the external auditors' reports, the consolidated financial statements at 31 December 2016, the Report on Corporate Governance and Ownership Structure and the Compensation Report will be made available to the general public at the company's headquarters, Borsa Italiana S.p.A. and will be published on the company's website [www.gruppoigd.it](http://www.gruppoigd.it) in the "Investors" section in accordance with the law.*



### **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.**

Immobiliare Grande Distribuzione SIIQ 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 SIIQ (Società di Investimento Immobiliare Quotata or real estate investment trust) in Italy. IGD has a real estate portfolio valued at circa €2,177.77 million at 31 December 2016, comprised of, in Italy, 25 hypermarkets and supermarkets, 22 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.  
[www.gruppoigd.it](http://www.gruppoigd.it)

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**Please find attached the income statement, statement of financial position, statement of cash flows and net financial position, as well as the operating income statement, at 31 December 2016 of the IGD Group.**

### Consolidated income statement at 31 December 2016

Consolidated income statement (in thousands of Euro)	31/12/2016 (A)	31/12/2015 (B)	Change (A-B)
<b>Revenue:</b>	<b>131,296</b>	<b>121,142</b>	<b>10,154</b>
- from third parties	89,302	79,684	9,618
- from related parties	41,994	41,458	536
<b>Other revenue:</b>	<b>5,529</b>	<b>5,085</b>	<b>444</b>
- other income	3,836	3,295	541
- from related parties	1,693	1,790	(97)
<b>Revenue from property sales</b>	<b>1,999</b>	<b>2,289</b>	<b>(290)</b>
<b>Total revenue and operating income</b>	<b>138,824</b>	<b>128,516</b>	<b>10,308</b>
Change in work in progress inventory	247	(559)	806
<b>Total revenue and change in inventory</b>	<b>139,071</b>	<b>127,957</b>	<b>11,114</b>
Cost of work in progress	2,360	1,574	786
Material and service costs	22,641	22,260	381
- third parties	20,543	20,303	240
- related parties	2,098	1,957	141
Cost of labour	9,246	8,813	433
Other operating costs	9,636	9,443	193
<b>Total operating costs</b>	<b>43,883</b>	<b>42,090</b>	<b>1,793</b>
(Depreciation, amortization and provisions)	(2,477)	(3,173)	696
(Impairment losses)/Reversals on work in progress and inventories	(3,808)	(2,240)	(1,568)
Change in fair value - increases / (decreases)	23,389	3,778	19,611
<b>Total depreciation, amortization, provisions, impairment and change in fair value</b>	<b>17,104</b>	<b>(1,635)</b>	<b>18,739</b>
<b>EBIT</b>	<b>112,292</b>	<b>84,232</b>	<b>28,060</b>
<b>Income/(loss) from equity investments and property sales</b>	<b>(236)</b>	<b>190</b>	<b>(426)</b>
<b>Financial income:</b>	<b>272</b>	<b>92</b>	<b>180</b>
- third parties	267	87	180
- related parties	5	5	0
<b>Financial charges:</b>	<b>42,380</b>	<b>39,624</b>	<b>2,756</b>
- third parties	42,340	39,555	2,785
- related parties	40	69	-29
<b>Net financial income (expense)</b>	<b>(42,108)</b>	<b>(39,532)</b>	<b>(2,576)</b>
<b>PRE-TAX PROFIT</b>	<b>69,948</b>	<b>44,890</b>	<b>25,058</b>
Income taxes	3,044	-310	3,354
<b>NET PROFIT FOR THE PERIOD</b>	<b>66,904</b>	<b>45,200</b>	<b>21,704</b>
Minority interests in net (profit)/loss	1,425	439	986
<b>Parent Company's portion of net profit</b>	<b>68,329</b>	<b>45,639</b>	<b>22,690</b>
- basic earnings per share	0.084	0.060	
- diluted earnings per share	0.084	0.060	

## Consolidated statement of financial position at 31 December 2016

Consolidated statement of financial position (in thousands of Euro)	31/12/2016 (A)	31/12/2015 (B)	Change (A-B)
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	58	74	( 16)
Goodwill	12,662	12,662	0
	<b>12,720</b>	<b>12,736</b>	<b>( 16)</b>
<b>Property, plant, and equipment</b>			
Investment property	2,050,728	1,970,028	80,700
Buildings	8,374	8,618	( 244)
Plant and machinery	332	309	23
Equipment and other assets	1,323	1,699	( 376)
Leasehold improvements	1,020	1,273	( 253)
Assets under construction and down payments	75,004	50,533	24,471
	<b>2,136,781</b>	<b>2,032,460</b>	<b>104,321</b>
<b>Other non-current assets</b>			
Deferred tax assets	764	5,387	( 4,623)
Sundry receivables and other non-current assets	89	90	( 1)
Equity investments	1,685	6,366	( 4,681)
Non-current financial assets	393	493	( 100)
Derivatives - assets	-	12	( 12)
	<b>2,931</b>	<b>12,348</b>	<b>( 9,417)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2,152,432</b>	<b>2,057,544</b>	<b>94,888</b>
<b>CURRENT ASSETS:</b>			
Work in progress inventory and advances	57,753	67,068	( 9,315)
Trade and other receivables	11,570	12,963	( 1,393)
Related party trade and other receivables	1,136	1,111	25
Other current assets	13,112	3,132	9,980
Related party financial receivables and other current financial assets	151	151	0
Financial receivables and other current financial assets	-	9,023	( 9,023)
Cash and cash equivalents	3,084	23,603	( 20,519)
<b>TOTAL CURRENT ASSETS (B)</b>	<b>86,806</b>	<b>117,051</b>	<b>( 30,245)</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,239,238</b>	<b>2,174,595</b>	<b>64,643</b>
<b>NET EQUITY:</b>			
Share capital	599,760	599,760	0
Share premium reserve	29,971	39,971	( 10,000)
Other reserves	349,246	323,915	25,331
Group profit	81,724	58,407	23,317
<b>Total Group net equity</b>	<b>1,060,701</b>	<b>1,022,053</b>	<b>38,648</b>
Portion pertaining to minorities	8,725	10,150	( 1,425)
<b>TOTAL NET EQUITY (C)</b>	<b>1,069,426</b>	<b>1,032,203</b>	<b>37,223</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	28,748	35,002	( 6,254)
Non-current financial liabilities	893,296	764,930	128,366
Provision for employee severance indemnities	2,530	2,046	484
Deferred tax liabilities	22,665	23,634	( 969)
Provisions for risks and future charges	4,964	4,688	276
Sundry payables and other non-current liabilities	10,707	12,504	( 1,797)
Related party sundry payables and other non-current liabilities	13,949	13,956	( 7)
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>976,859</b>	<b>856,760</b>	<b>120,099</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	165,760	253,155	( 87,395)
Trade and other payables	15,634	14,372	1,262
Related party trade and other payables	1,428	432	996
Current tax liabilities	2,396	4,236	( 1,840)
Other current liabilities	7,714	6,513	1,201
Related party other current liabilities	21	6,924	( 6,903)
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>192,953</b>	<b>285,632</b>	<b>( 92,679)</b>
<b>TOTAL LIABILITIES (F=D+E)</b>	<b>1,169,812</b>	<b>1,142,392</b>	<b>27,420</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,239,238</b>	<b>2,174,595</b>	<b>64,643</b>

### Consolidated statement of cash flows at 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS	31/12/2016	31/12/2015
<i>(In thousands of Euro)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	<b>69,948</b>	<b>44,890</b>
<b>Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:</b>		
Non-monetary items	8,986	2,861
Depreciation, amortization and provisions	2,478	3,173
(Impairment)/reversal of assets under construction and inventories	3,808	2,240
Change in fair value of investment property	(23,389)	(3,778)
Gains/losses from disposals	231	(269)
<b>CASH FLOW FROM OPERATIONS</b>	<b>62,062</b>	<b>49,117</b>
Income tax	(1,095)	(1,072)
<b>CASH FLOW FROM OPERATIONS NET OF TAX</b>	<b>60,967</b>	<b>48,045</b>
Change in inventories	(246)	629
Net change in current assets and liabilities w . third parties	(8,829)	2,692
Net change in current assets and liabilities w . related parties	(6,933)	6,674
Net change in non-current assets and liabilities w . third parties	(1,556)	261
Net change in non-current assets and liabilities w . related parties	(7)	464
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>43,396</b>	<b>58,765</b>
(Investments) in non-current assets	(75,717)	(29,773)
Disposals of non-current assets	393	29,894
Disposals of equity interests	4,466	0
(Investments) in equity interests	(19)	(129,022)
<b>CASH FLOW FROM INVESTING ACTIVITIES (b)</b>	<b>(70,877)</b>	<b>(128,901)</b>
Change in non-current financial assets	0	495
Change in financial receivables and other current financial assets w . third parties	9,023	(1)
Capital increae	0	49,319
Cash Flow Hedge reserve	(1,659)	0
Distribution of dividends	(32,522)	(28,363)
Change in current debt w ith third parties	(224,868)	145,859
Change in current debt w ith related parties	0	(188)
Change in non-current debt w ith third parties	256,991	(88,619)
<b>CASH FLOW FROM FINANCING ACTIVITIES (c)</b>	<b>6,965</b>	<b>78,502</b>
Exchange gains/(losses) on cash and cash equivalents	(3)	(5)
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>(20,519)</b>	<b>8,361</b>
<b>CASH BALANCE AT BEGINNING OF YEAR</b>	<b>23,603</b>	<b>15,242</b>
<b>CASH BALANCE AT END OF YEAR</b>	<b>3,084</b>	<b>23,603</b>

**Consolidated net financial position at 31 December 2016**

<b>NET FINANCIAL POSITION</b>		
	<b>31/12/2016</b>	<b>31/12/2015</b>
Cash and cash equivalents	(3,084)	(23,603)
Financial receivables and other current financial assets w. related parties	(151)	(151)
Financial receivables and other current financial assets	0	(9,023)
<b>LIQUIDITY</b>	<b>(3,235)</b>	<b>(32,777)</b>
Current financial liabilities	110,929	179,954
Mortgage loans - current portion	34,178	64,947
Leasing – current portion	313	303
Bond loans - current portion	20,340	7,951
<b>CURRENT DEBT</b>	<b>165,760</b>	<b>253,155</b>
<b>CURRENT NET DEBT</b>	<b>162,525</b>	<b>220,378</b>
Non-current financial assets	(393)	(493)
Non-current financial liabilities due to other sources of finance	0	375
Leasing – non-current portion	4,251	4,564
Non-current financial liabilities	314,904	477,642
Bond loans	574,141	282,349
<b>NON-CURRENT DEBT</b>	<b>892,903</b>	<b>764,437</b>
<b>NET FINANCIAL POSITION</b>	<b>1,055,428</b>	<b>984,815</b>

**Draft income statement for the parent company IGD SIIQ S.p.A. at 31 December 2016**

Income statement (amounts in Euro)	31/12/2016 (A)	31/12/2015 (B)	Change (A-B)
<b>Revenue:</b>	<b>74,803,975</b>	<b>73,465,042</b>	<b>1,338,933</b>
- from third parties	40,585,385	39,657,012	928,373
- from related parties	34,218,590	33,808,030	410,560
<b>Other revenue:</b>	<b>2,049,632</b>	<b>1,535,902</b>	<b>513,730</b>
- other income	426,453	90,941	335,512
- from related parties	1,623,179	1,444,961	178,218
<b>Total revenue and operating income</b>	<b>76,853,607</b>	<b>75,000,944</b>	<b>1,852,663</b>
Material and service costs	11,552,761	11,676,657	(123,896)
- third parties	9,847,638	10,020,482	(172,844)
- related parties	1,705,123	1,656,175	48,948
Cost of labour	5,023,402	4,726,197	297,205
Other operating costs	5,756,552	5,744,196	12,356
<b>Total operating costs</b>	<b>22,332,715</b>	<b>22,147,050</b>	<b>185,665</b>
(Depreciation, amortization and provisions)	(1,259,400)	(1,731,544)	472,144
(Impairment losses)/Reversals on work in progress and	(127,158)	(698,278)	571,120
Change in fair value - increases / (decreases)	9,485,445	12,874,895	(3,389,450)
<b>Total depreciation, amortization, provisions, impairment and change in fair value</b>	<b>8,098,887</b>	<b>10,445,073</b>	<b>(2,346,186)</b>
<b>EBIT</b>	<b>62,619,779</b>	<b>63,298,967</b>	<b>(679,188)</b>
<b>Income/(loss) from equity investments and property sa</b>	<b>8,729,237</b>	<b>8,822,357</b>	<b>(93,120)</b>
<b>Financial income:</b>	<b>422,387</b>	<b>751,054</b>	<b>(328,667)</b>
- third parties	193,218	19,442	173,776
- related parties	229,169	731,612	(502,443)
<b>Financial charges:</b>	<b>29,390,308</b>	<b>27,038,297</b>	<b>2,352,011</b>
- third parties	29,346,638	26,986,892	2,359,746
- related parties	43,670	51,405	(7,735)
<b>Net financial income (expense)</b>	<b>(28,967,921)</b>	<b>(26,287,243)</b>	<b>(2,680,678)</b>
<b>PRE-TAX PROFIT</b>	<b>42,381,095</b>	<b>45,834,081</b>	<b>(3,452,986)</b>
Income taxes	152,408	822,881	(670,473)
<b>NET PROFIT FOR THE PERIOD</b>	<b>42,228,687</b>	<b>45,011,200</b>	<b>(2,782,513)</b>

## Statement of financial position for the parent company IGD SIQ S.p.A. at 31 December 2016

Statement of financial position (amounts in Euro)	31/12/2016 (A)	31/12/2015 (B)	Change (A-B)
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	33,060	39,779	( 6,719)
Goodwill	1,300,000	1,300,000	0
	<b>1,333,060</b>	<b>1,339,779</b>	<b>( 6,719)</b>
<b>Property, plant, and equipment</b>			
Investment property	1,239,357,298	1,180,382,983	58,974,315
Buildings	8,374,484	8,617,990	( 243,506)
Plant and machinery	37,000	9,621	27,379
Equipment and other assets	340,874	545,344	( 204,470)
Leasehold improvements	11,062	4,270	6,792
Assets under construction and down payments	59,633,405	36,019,895	23,613,510
	<b>1,307,754,123</b>	<b>1,225,580,103</b>	<b>82,174,020</b>
<b>Other non-current assets</b>			
Deferred tax assets	7,534,352	8,209,632	( 675,280)
Sundry receivables and other non-current assets	20,424	23,648	( 3,224)
Equity investments	518,051,100	522,512,481	( 4,461,381)
Non-current financial assets	100,000	100,000	0
Derivatives - assets	-	12,057	( 12,057)
	<b>525,705,876</b>	<b>530,857,818</b>	<b>( 5,151,942)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>1,834,793,059</b>	<b>1,757,777,700</b>	<b>77,015,359</b>
<b>CURRENT ASSETS:</b>			
Trade and other receivables	5,712,278	7,098,872	( 1,386,594)
Related party trade and other receivables	871,265	526,759	344,506
Other current assets	12,183,707	1,913,872	10,269,835
Related party financial receivables and other current financial assets	208,648	68,983	139,665
Financial receivables and other current financial assets	187,018,210	51,447,409	135,570,801
Cash and cash equivalents	1,125,370	8,571,706	( 7,446,336)
<b>TOTAL CURRENT ASSETS (B)</b>	<b>207,119,478</b>	<b>69,627,601</b>	<b>137,491,877</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,041,912,537</b>	<b>1,827,405,301</b>	<b>214,507,236</b>
<b>NET EQUITY:</b>			
Share capital	599,760,278	599,760,278	0
Share premium reserve	29,971,151	39,971,151	( 10,000,000)
Other reserves	354,396,513	331,475,850	22,920,663
Earnings	42,229,060	45,011,306	( 2,782,246)
<b>Total net equity (C)</b>	<b>1,026,357,002</b>	<b>1,016,218,585</b>	<b>10,138,417</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	27,062,806	30,007,631	( 2,944,825)
Non-current financial liabilities	824,946,282	554,576,714	270,369,568
Provisions for employee severance indemnities	1,563,146	1,267,684	295,462
Provisions for risks and future charges	4,426,362	4,158,391	267,971
Sundry payables and other non-current liabilities	84,442	159,101	( 74,659)
Related party sundry payables and other non-current liabilities	9,822,965	9,830,153	( 7,188)
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>867,906,003</b>	<b>599,999,674</b>	<b>267,906,329</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	112,835,598	191,879,417	( 79,043,819)
Related party current financial liabilities	18,170,927	2,000,089	16,170,838
Trade and other payables	10,363,410	7,487,998	2,875,412
Related party trade and other payables	1,366,358	349,029	1,017,329
Current tax liabilities	460,514	1,242,565	( 782,051)
Other current liabilities	4,113,656	3,154,985	958,671
Related party other current liabilities	339,069	5,072,959	( 4,733,890)
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>147,649,532</b>	<b>211,187,042</b>	<b>( 63,537,510)</b>
<b>TOTAL LIABILITIES (F=D+E)</b>	<b>1,015,555,535</b>	<b>811,186,716</b>	<b>204,368,819</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,041,912,537</b>	<b>1,827,405,301</b>	<b>214,507,236</b>

## Statement of cash flows for IGD SIIQ S.p.A. at 31 December 2016

STATEMENT OF CASH FLOWS	31/12/2016	31/12/2015
<i>(amounts in Euro)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	<b>42,381,095</b>	<b>45,834,081</b>
Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:		
Non-monetary items	6,962,065	1,759,684
Depreciation, amortization and provisions	1,259,400	1,731,544
(Impairment)/reversal of assets under construction and inventories	127,158	698,278
Change in fair value of investment property	(9,485,445)	(12,874,895)
Gains/losses from disposals	11,370	441,493
<b>CASH FLOW FROM OPERATIONS</b>	<b>41,255,643</b>	<b>37,590,185</b>
Income tax	(253,862)	(205,228)
<b>CASH FLOW FROM OPERATIONS NET OF TAX</b>	<b>41,001,781</b>	<b>37,384,957</b>
Change in inventories	0	0
Net change in current assets and liabilities w . third parties	(6,180,962)	109,258
Net change in current assets and liabilities w . related parties	(5,200,732)	5,871,589
Net change in non-current assets and liabilities w . third parties	33,076	97,655
Net change in non-current assets and liabilities w . related parties	(7,188)	463,679
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>29,645,975</b>	<b>43,927,137</b>
(Investments) in non-current assets	(72,604,556)	(14,748,250)
Disposals of non-current assets	315,114	29,420,630
Disposals of equity interests	4,465,737	0
(Investments) in equity interests	(18,780)	(133,739,210)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(67,842,485)</b>	<b>(119,066,830)</b>
Change in non-current financial assets	0	494,500
Change in financial receivables and other current financial assets w . third parties	0	0
Change in financial receivables and other current financial assets w . related parties	(135,570,801)	37,650,132
Capital increase	0	49,318,292
Cash Flow Hedge reserve	(1,658,500)	0
Distribution of dividends	(32,521,825)	(28,363,361)
Change in current debt w ith third parties	(82,842,534)	103,992,061
Change in current debt w ith related parties	16,170,838	1,811,874
Change in non-current debt w ith third parties	267,172,996	(83,316,452)
Change in non-current debt w ith related parties	0	(200)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>30,750,174</b>	<b>81,586,846</b>
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>(7,446,336)</b>	<b>6,447,153</b>
<b>CASH BALANCE AT BEGINNING OF YEAR</b>	<b>8,571,706</b>	<b>2,124,553</b>
<b>CASH BALANCE AT END OF YEAR</b>	<b>1,125,370</b>	<b>8,571,706</b>