

PRESS RELEASE

IGD SIQ SPA: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2017

The main results:

- Core business revenue: €35.4 million, +4.6% (LFL Italy +1.3%, Romania +6.8%)
- Group net profit: €14.3 million (+13%)
- Recurring net income (FFO): €15.6 million (+10.2%); target for FY 2017 confirmed: +18/19%
- Sales of retailers in Italian malls +1.1%; significant upside on renewed leases (Italy +3.8%; Romania +2.8%)
- Loan-to-value 47.9%; average cost of debt 3.10%

Bologna, 9 May 2017. Today the Board of Directors of IGD - Immobiliare Grande Distribuzione SIQ 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 **Interim Management Statement at 31 March 2017** during a meeting chaired by **Elio Gasperoni**.

POSITIVE FINANCIAL RESULTS CONFIRMED (FFO +10.2%)

Total consolidated revenue amounted to around €35.4 million, up 4.6% compared to the same period of the prior year.

More in detail, rental income rose 3.9% to €33.9 million explained by:

- for around €0.4 million, like-for-like growth (+1.3%) in Italy. Malls were up (+2.0%) and hypermarkets were in line with the prior year; impact of inflation continues to be marginal
- for around €0.9 million, higher revenue not like-for-like (Centro Maremà in Grosseto inaugurated at the end of October 2016)
- for around €0.1 million, higher revenue like-for-like in Romania (+6.8%)

Growth was also recorded in revenue from services (+21.4%) which amounted to €1.5 million.

Core business Ebitda amounted to €25.0 million, up 5.8% against 31 March 2016. Operating costs fell further as a percentage of core business revenue causing the core business Ebitda Margin to rise by almost 1 percentage point against the prior year to 70.7%. The freehold Ebitda margin came to 79.9%, an increase of 70 basis points against March 2016.

Financial expense fell 2.3% to €9.1 million, despite the increase in average debt linked to the investments and acquisitions made in the period (Maremà in Grosseto was purchased at the end of 2016): the result is

attributable to the recent liability management activities, as well as the decrease in the notional amount of a few IRS. The downward path of the average cost of debt was confirmed (3.1% vs 3.3% at 31 March 2016).

The Group's portion of net profit amounted to €14.3 million, an increase compared to the €12.7 million posted in the same period 2016 (+13%).

Funds from Operations (FFO) rose 10.2% against the first three months of 2016 to €15.6 million. The Group confirms the growth targets for FY 2017 disclosed in February (+18/19% at year-end 2017).

The IGD Group's net financial debt came to €1,046.8 million, up with respect to March 2016 (984.2 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 (47.9%) improved slightly.

OPERATING PERFORMANCE

The positive trend in pre-letting reported in prior quarters continued: in Italy 36 contracts, renewals and turnover, were signed with an average upside of +3.8%; in Romania 134 contracts were renewed with an upside of +2.8%.

The sales of mall retailers slowed in the first 2 months of 2017 due to both the calendar effect (1 weekend and a Sunday closure in January, as well as one day less in February) and the weather conditions (in January there were heavy snowstorms in central Italy), but were more than offset by the excellent performance recorded in March. Retailers' sales in Italian malls rose +1.1%, while footfalls were down 2.7% against the prior year. Footfalls in Romania were steady (+0.6%).

Average occupancy was stable, reaching 97.2% in Italy and 96% in Romania.

Operating income statement at 31 March 2017

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%
Revenues from freehold real estate and rental act.	29,507	30,741	4.2%	29,507	30,741	4.2%	0	0	n.a.
Revenues from leasehold real estate and rental act.	3,086	3,130	1.4%	3,086	3,130	1.4%	0	0	n.a.
Total revenues from real estate and rental act.	32,593	33,871	3.9%	32,593	33,871	3.9%	0	0	n.a.
Revenues from services	1,269	1,540	21.4%	1,269	1,540	21.4%	0	0	n.a.
Revenues from trading	0	0	n.a.	0	0	n.a.	0	0	n.a.
OPERATING REVENUES	33,862	35,411	4.6%	33,862	35,411	4.6%	0	0	n.a.
COST OF SALE AND OTHER COST	(6)	(5)	(16.0)%	0	0	n.a.	(6)	(5)	(16.0)%
Rents and payable leases	(2,524)	(2,546)	0.9%	(2,524)	(2,546)	0.9%	0	0	n.a.
Personnel expenses	(951)	(1,072)	12.7%	(951)	(1,072)	12.7%	0	0	n.a.
Direct costs	(4,314)	(4,283)	(0.7)%	(4,249)	(4,221)	(0.7)%	(65)	(62)	(3.7)%
DIRECT COSTS	(7,789)	(7,901)	1.4%	(7,724)	(7,839)	1.5%	(65)	(62)	(3.7)%
GROSS MARGIN	26,067	27,505	5.5%	26,137	27,572	5.5%	(70)	(67)	(4.7)%
Headquarters personnel	(1,566)	(1,626)	3.9%	(1,549)	(1,608)	3.8%	(17)	(18)	9.0%
G&A expenses	(999)	(978)	(2.2)%	(915)	(915)	0.0%	(85)	(63)	(26.0)%
G&A EXPENSES	(2,565)	(2,604)	1.5%	(2,464)	(2,523)	2.4%	(101)	(81)	(20.2)%
EBITDA	23,502	24,901	6.0%	23,674	25,049	5.8%	(171)	(148)	(13.8)%
<i>Ebitda Margin</i>	<i>69.4%</i>	<i>70.3%</i>		<i>69.9%</i>	<i>70.7%</i>				
Other provisions	(49)	(99)	n.a.						
Impairment and Fair Value adjustments	(577)	(235)	(59.3)%						
Depreciations	(280)	(255)	(8.9)%						
DEPRECIATIONS AND IMPAIRMENTS	(906)	(589)	(35.0)%						
EBIT	22,596	24,312	7.6%						
FINANCIAL MANAGEMENT	(9,363)	(9,151)	(2.3)%						
EXTRAORDINARY MANAGEMENT	(20)	(38)	89.2%						
PRE-TAX PROFIT	13,213	15,123	14.5%						
Taxes	(587)	(829)	41.1%						
PROFIT FOR THE PERIOD	12,626	14,294	13.2%						
(Profit)/Loss for the period related to Third Parties	33	13	(60.6)%						
GROUP NET PROFIT	12,659	14,307	13.0%						

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

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 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 5 real estate properties. Following the acquisition of the company Winmark Magazine SA in 2008 14 shopping centers and an office building, found in 13 different Romanian cities, were added to the portfolio. An extensive domestic presence, a solid financial structure, the ability to plan, monitor and manage all phases of a center's life cycle: these qualities summarize IGD's strong points.

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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 31 March 2016¹.

Consolidated income statement at 31 March 2017

Consolidated income statement (in thousands of Euros)	31/03/2017 (A)	31/03/2016 (B)	Change (A-B)
Revenue	33,871	32,593	1,278
Other income	1,540	1,269	271
Total revenue and operating income	35,411	33,862	1,549
Change in work in progress inventory	102	543	(441)
Total revenue and change in inventory	35,513	34,405	1,108
Cost of work in progress	102	543	(441)
Purchase of materials and services	5,362	5,319	43
Cost of labour	2,413	2,239	174
Other operating costs	2,533	2,484	49
Total operating costs	10,410	10,585	(175)
(Depreciation, amortization and provisions)	(506)	(647)	141
Change in fair value - increases / (decreases)	(235)	(577)	342
Total depreciation, amortization, provisions, impairment and change in fair value	(741)	(1,224)	483
EBIT	24,362	22,596	1,766
Gains/losses from equity investments and disposals	(63)	5	(68)
Financial income	21	17	4
Financial charges	9,197	9,405	(208)
Net financial income/(charges)	(9,176)	(9,388)	212
PRE-TAX PROFIT	15,123	13,213	1,910
Income tax for the period	829	587	242
NET PROFIT FOR THE PERIOD	14,294	12,626	1,668
Minorities' portion of net profit	13	33	(20)
Parent Company's portion of net profit	14,307	12,659	1,648

¹ The Interim Management Statement and the financial statements of Gruppo Immobiliare Grande Distribuzione at 31 March 2017 are unaudited.

Consolidated statement of financial position at 31 March 2017

Consolidated statement of financial position (in thousands of Euros)	31/03/2017 (A)	31/12/2016 (B)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	53	58	(5)
Goodwill	12,662	12,662	0
	12,715	12,720	(5)
Property, plant, and equipment			
Investment property	2,050,728	2,050,728	0
Buildings	8,314	8,374	(60)
Plant and machinery	305	332	(27)
Equipment and other assets	1,222	1,323	(101)
Leasehold improvements	950	1,020	(70)
Assets under construction	83,003	75,004	7,999
	2,144,522	2,136,781	7,741
Other non-current assets			
Deferred tax assets	-	764	(764)
Sundry receivables and other non-current assets	89	89	0
Equity investments	1,727	1,685	42
Non-current financial assets	368	393	(25)
	2,184	2,931	(747)
TOTAL NON-CURRENT ASSETS (A)	2,159,421	2,152,432	6,989
CURRENT ASSETS:			
Work in progress inventory and advances	57,855	57,753	102
Trade and other receivables	13,432	12,706	726
Other current assets	11,498	13,112	(1,614)
Financial receivables and other current financial assets	396	151	245
Cash and cash equivalents	2,963	3,084	(121)
TOTAL CURRENT ASSETS (B)	86,144	86,806	(662)
TOTAL ASSETS (A + B)	2,245,565	2,239,238	6,327
NET EQUITY:			
Share capital	599,760	599,760	0
Share premium reserve	29,971	29,971	0
Other reserves	351,693	349,246	2,447
Group profit	96,031	81,724	14,307
Total Group net equity	1,077,455	1,060,701	16,754
Portion pertaining to minorities	8,712	8,725	(13)
TOTAL NET EQUITY (C)	1,086,167	1,069,426	16,741
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	25,718	28,748	(3,030)
Non-current financial liabilities	985,600	893,296	92,304
Provision for employee severance indemnities	2,590	2,530	60
Deferred tax liabilities	23,153	22,665	488
Provisions for risks and future charges	5,341	4,964	377
Sundry payables and other non-current liabilities	24,682	24,656	26
TOTAL NON-CURRENT LIABILITIES (D)	1,067,084	976,859	90,225
CURRENT LIABILITIES:			
Current financial liabilities	64,910	165,760	(100,850)
Trade and other payables	14,692	17,062	(2,370)
Current tax liabilities	4,441	2,396	2,045
Other current liabilities	8,271	7,735	536
TOTAL CURRENT LIABILITIES (E)	92,314	192,953	(100,639)
TOTAL LIABILITIES (F=D + E)	1,159,398	1,169,812	(10,414)
TOTAL NET EQUITY AND LIABILITIES (C + F)	2,245,565	2,239,238	6,327

Consolidated statement of cash flows at 31 March 2017

CONSOLIDATED STATEMENT OF CASH FLOWS	31/03/2017	31/03/2016
<i>(In thousands of Euros)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit for the period	15,123	13,213
Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:		
Non-monetary items	962	(1,291)
Depreciation, amortization and provisions	506	647
Change in fair value of investment property	235	577
Gains/losses from equity investments and disposals	63	(5)
CASH FLOW FROM OPERATIONS	16,889	13,141
Income tax	(340)	(262)
CASH FLOW FROM OPERATIONS NET OF TAX	16,549	12,879
Change in inventories	(102)	(544)
Net change in current assets and liabilities	913	(9,877)
Net change in non-current assets and liabilities	330	125
CASH FLOW FROM OPERATING ACTIVITIES	17,690	2,583
Investments in non-current assets	(8,240)	(3,514)
Divestments of non-current assets	0	154
CASH FLOW FROM INVESTING ACTIVITIES	(8,240)	(3,360)
Change in financial receivables and other current financial assets	(300)	(10)
Change in current debt	(100,848)	5,297
Change in non-current debt	91,579	(14,062)
CASH FLOW FROM FINANCING ACTIVITIES	(9,569)	(8,775)
Difference in translation of liquidity (d)	(2)	9
NET INCREASE (DECREASE) IN CASH BALANCE	(121)	(9,543)
CASH BALANCE AT BEGINNING OF THE PERIOD	3,084	23,603
CASH BALANCE AT END OF THE PERIOD	2,963	14,060

Consolidated net financial position at 31 March 2017

NET FINANCIAL POSITION		
	31/03/2017	31/12/2016
Cash and cash equivalents	(2,963)	(3,084)
Financial receivables and other current financial assets w . related parties	(396)	(151)
LIQUIDITY	(3,359)	(3,235)
Current financial liabilities	9,889	110,929
Mortgage loans - current portion	34,515	34,178
Leasing – current portion	315	313
Convertible bond loan - current portion	20,191	20,340
CURRENT DEBT	64,910	165,760
CURRENT NET DEBT	61,551	162,525
Non-current financial assets	(368)	(393)
Leasing – non-current portion	4,171	4,251
Non-current financial liabilities	307,329	314,904
Convertible bond loan	674,100	574,141
NON-CURRENT DEBT	985,232	892,903
NET FINANCIAL POSITION	1,046,783	1,055,428