

PRESS RELEASE

IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017.

The main results:

- **Group net profit: €48.9 million (+84.6%)**
- **Recurring net income (FFO): €31.9 million, (+17.8%); outlook FY2017 revised upward: +20% vs FY2016**
- **Core business revenue: €71.6 million, +6.0% (LFL Italy +1.5%, Romania +7.0%)**
- **Sales of retailers in Italian malls +1.3%; significant upside on renewed leases (Italy +4.7%; Romania +2.5%)**
- **Loan-to-value 48.5%; average cost of debt 2.9%**
- **Market value of the portfolio: €2,210.4 million; LFL +0.7%**
- **EPRA NAV per share: €1.38 (+1.0%); EPRA NNNAV per share: €1.31 (+1.6%)**

Other resolutions:

- **Co-option of independent director Matteo Cidonio**
- **Launch to the activity aimed to support liquidity of IGD shares**

Bologna, 4 August 2017. 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 **Half-Year Financial Report at 30 June 2017** during a meeting chaired by **Elio Gasperoni**.

“With this half-year report we are halfway through our 2016-2018 Business Plan which contains ambitious growth targets. The figures that were just approved, with which we are very satisfied, show that we are in line with and, in some instances, have exceeded the plan targets. This has allowed us to revise the guidance for the year-end 2017 Fund from Operations upward to +20%” stated IGD – Claudio Albertini, Immobiliare Grande Distribuzione SIIQ S.p.A.’s Chief Executive Officer.

SOLID OPERATING PERFORMANCE IN A POSITIVE RETAIL ENVIRONMENT

In the first six months of 2017 sales of mall retailers grew further, including compared to what was an already strong 2016. Sales for retailers in Italian malls rose 1.3% (including the ESP extension inaugurated on 1 June 2017, +0.5% excluding it), while footfalls fell 0.8% compared to the prior year and were affected, in particular, by the first two months of the year, as well as an unfavorable calendar effect.

Footfalls in Romania were also down (-1.8%) due to the opening of new shopping centers, as well as internal fit-outs. Consumer and retail trends in the country continue to be particularly positive, however, as indicated by the further increase in the occupancy rate (96.9%) and the upside on renewals (+2.5%).

In Italy the positive trend in pre-letting reported in prior quarters also continued: 74 contracts, renewals and turnover, were signed with an average upside of +4.7%; while the average occupancy (malls and hyper) came to 97.2%.

FINANCIAL RESULTS ACCELERATE (FFO +17.8%)

Total consolidated revenue amounted to around €75.7 million, up 11% compared to the same period of the prior year.

More in detail, **rental income rose 5.2% to €68.4 million** explained by:

- for around €0.9 million, **like-for-like growth (+1.5%) in Italy**. Malls were up (+2.1%) as a result of the pre-letting carried out between year-end 2016 and the current half, as well as lower discounts; the impact of inflation continues to be marginal;
- for around €2.4 million, higher revenue not like-for-like (Centro Maremà in Grosseto inaugurated at the end of October 2016 and the opening of the ESP extension on 1 June 2017);
- for around €0.3 million, **higher revenue like-for-like in Romania (+7.0%)** linked to pre-letting and renegotiations.

Growth was also recorded in revenue from services (+26.1%) which amounted to €3.2 million. Most of this revenue comes from the facility management business, which was up against the prior period due mainly to new management mandates. This figure also includes the revenue generated by agency and pilotage, related to the opening of the ESP extension.

The Porta a Mare project generated revenue from trading of around €4 million as a result of the sale of 14 residential units and 14 garages. At the approval date of this half-year report 2 other sales had closed and preliminary agreements for an additional 8 residential units have been signed; the total of the units sold/pledged has, therefore, reached 78% of the total saleable area.

Core business Ebitda came to €50 million, an increase 6.9 % compared to 30 June 2016. Operating costs fell further as a percentage of core business revenue causing the core business Ebitda Margin to rise by 60 basis points against the prior year to 69.8%. The freehold Ebitda margin came to 79.5%, an increase of 90 basis points with respect to June 2016.

Financial expense fell 10.7% to €17.5 million, despite the increase in average debt linked to the investments made in the period (ESP extension in early June): 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 (2.9% vs 3.3% at 31 December 2016).

The Group's portion of net profit amounted to €48.9 million, an increase compared to the €26.5 million posted in the same period 2016 (+84.6%).

Funds from Operations (FFO) rose 17.8% against the first six months of 2016 to €31.9 million.

The FY 2017 growth targets for FFO were revised upward by the Group from the +18/19% announced in February to +20%.

NAV ALSO ON THE RISE

The EPRA NNAV reached €1,061.2 million or €1.31 per share, an increase of 1.6% compared to the €1.29 per share recorded in 2016 despite the payment of €36.6 million in dividends, recognized in full in the half.

The market value of the **IGD Group's real estate portfolio** reached **€2,210.4 million, an increase of 1.5%** compared to 31 December 2016: the main change is linked to the extension of the ESP Shopping Center in Ravenna.

Value also rose on a like-for-like basis in Italy (+0.7%): Malls were 1.1% higher (+€12.6 million, €5.8 million of which pertains to the 7 key malls) and the gross initial yield came to 6.30%; hypermarkets increased slightly by 0.54% (+€3.5 million) and the gross initial yield came to 6.19%. In Romania the value of the real estate portfolio reached €162.7 million at 30 June 2017, down slightly compared to the €164.9 million posted at 31/12/2016, while the gross initial yield came to 6.55%.

The IGD Group's net financial debt came to €1,076.8 million at 30 June 2017, up with respect to December 2016 (€21.4 million) as a result of the investments made and the payment of dividends mentioned above. At the same time the gearing ratio and the loan-to-value came to 0.98x and 48.5%, respectively, fully in line with the Business Plan targets.

Operating income statement at 30 June 2017

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	30/06/2016	30/06/2017	Δ%	30/06/2016	30/06/2017	Δ%	30/06/2016	30/06/2017	Δ%
Revenues from freehold real estate and rental activities	58,838	62,068	5.5%	58,838	62,068	5.5%	0	0	n.a.
Revenues from leasehold real estate and rental activities	6,147	6,318	2.8%	6,147	6,318	2.8%	0	0	n.a.
Total revenues from real estate and rental activities	64,985	68,386	5.2%	64,985	68,386	5.2%	0	0	n.a.
Revenues from services	2,558	3,226	26.1%	2,558	3,226	26.1%	0	0	n.a.
Revenues from trading	590	4,048	n.a.	0	0	n.a.	590	4,048	n.a.
OPERATING REVENUES	68,133	75,660	11.0%	67,543	71,612	6.0%	590	4,048	n.a.
COST OF SALE AND OTHER COSTS	(577)	(4,043)	n.a.	0	(0)	n.a.	(577)	(4,043)	n.a.
Rents and payable leases	(5,060)	(5,101)	0.8%	(5,060)	(5,101)	0.8%	0	0	n.a.
Personnel expenses	(1,940)	(2,199)	13.3%	(1,940)	(2,199)	13.3%	0	0	n.a.
Direct costs	(8,568)	(9,010)	5.2%	(8,454)	(8,875)	5.0%	(113)	(135)	19.1%
DIRECT COSTS	(15,568)	(16,310)	4.8%	(15,455)	(16,175)	4.7%	(113)	(135)	19.1%
GROSS MARGIN	51,987	55,307	6.4%	52,087	55,437	6.4%	(100)	(130)	29.6%
Headquarters personnel	(3,297)	(3,414)	3.5%	(3,260)	(3,379)	3.7%	(37)	(35)	(4.5)%
G&A Expenses	(2,261)	(2,204)	(2.5)%	(2,085)	(2,076)	(0.5)%	(176)	(128)	(27.1)%
G&A EXPENSES	(5,559)	(5,618)	1.1%	(5,346)	(5,455)	2.0%	(213)	(163)	(23.2)%
EBITDA	46,429	49,689	7.0%	46,742	49,982	6.9%	(313)	(293)	(6.3)%
<i>Ebitda Margin</i>	<i>68.1%</i>	<i>65.7%</i>		<i>69.2%</i>	<i>69.8%</i>				
Other provisions	(97)	(108)	10.9%						
Impairment and Fair Value Adjustments	358	18,933	n.a.						
Depreciation	(558)	(513)	(8.0)%						
DEPRECIATION AND IMPAIRMENTS	(297)	18,312	n.a.						
EBIT	46,132	68,001	47.4%						
FINANCIAL MANAGEMENT	(19,645)	(17,544)	(10.7)%						
EXTRAORDINARY MANAGEMENT	(179)	(63)	(64.9)%						
PRE-TAX PROFIT	26,308	50,394	91.6%						
Taxes	(503)	(656)	30.3%						
Other taxes	367	(794)	n.a.						
PROFIT FOR THE PERIOD	26,170	48,944	87.0%						
(Profit)/Loss for the period related to Third parties	338	0	n.a.						
GROUP NET PROFIT	26,508	48,944	84.6%						

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

OTHER RESOLUTIONS

Co-option of independent director Matteo Cidonio

Based on the proposal of the Nominations and Compensation Committee, the Board of Directors resolved to substitute Matthew David Lentz, who resigned in June 2017, by **co-opting Matteo Cidonio** to act as an independent non-executive director of the Board of Directors pursuant to Art. 2386 of the Italian Civil Code.

More in detail, during the meeting held on 26 July 2017 the Nominations and Compensation Committee assessed the professional qualifications and experience, including managerial, of Matteo Cidonio, while also verifying compliance with all legal requirements and independent status, in accordance with 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, in light of the declarations received and the relative curriculum vitae.

Matteo Cidonio was also appointed as a new member of the Committee for Related Party Transactions, in substitution of director Matthew David Lentz.

Mr. Cidonio will remain in office through the end of the current Board of Directors' term, namely through the date on which the Annual General Meeting is convened to approve the financial statements at 31 December 2017.

IGD's Board of Directors will be able to count on the consolidated expertise of Mr. Cidonio (currently managing partner of GWM Group) matured in his over 25 years of experience in real estate and finance.

Matteo Cidonio's curriculum vitae is available on the Company's website at www.gruppoigd.it/Governance/Board-of-Directors.

To date, Matteo Cidonio does not own any shares of IGD.

Launch to the activity aimed to support liquidity of IGD shares

The Board of Directors of IGD, in accordance with the resolution taken by the shareholders meeting on 12 April 2017 in relation to the authorization to purchase and dispose of treasury shares, resolved to launch a program aimed at enhancing liquidity of its ordinary shares in order to support regular trading and avoid price fluctuations not in line with market trends.

The duration of the activity aimed at enhancing liquidity is one year and will commence on 4 September 2017. Such activity will be conducted in accordance with the accepted market practice No.1, introduced by Consob resolution n. 16839 of 19 March 2009.

The Company appointed Kepler Cheuvreux, with registered office in 112 avenue Kléber, 75116 Paris and dealer code 1 008 (the "Intermediary") as independent intermediary for the execution of the activity aimed at enhancing the liquidity on the Mercato Telematico Azionario – Segmento STAR ("MTA").

Execution of the program

Pursuant to the agreement entered with the Intermediary:

- i. the Intermediary will purchase and sell shares on behalf of and with risk to IGD and, in order to allow such activity, the Company will make available to the Intermediary a fund of Euro 2 million;
- ii. the number of IGD shares bought or sold by the Intermediary in each trading day shall not exceed 25% of the average daily volume of the shares traded on the same market in the previous 20 trading days;
- iii. the maximum limits for bought or sold open positions shall not exceed respectively 2% and 2% of the shares issued by IGD.

Price of the purchase and sell of the shares

Pursuant to the agreement entered with the Intermediary:

- a) the price of trading orders placed on the buy-side shall not exceed the highest price between the price of the last independent transaction and the current price of the highest independent trading order to buy available on MTA;
- b) the price of the trading orders placed on the sell-side shall not be lower than the lowest price between the price of the last independent transaction and the current price of the lowest independent trading order to sell available on MTA and, in any case, such price shall not be lower than 90% of the reference trading price in the preceding trading session on the MTA.

The transactions executed in accordance with the program will be communicated to the market in accordance with applicable legal and regulatory framework.

Any change to the program will be promptly disclosed to the public by the Company.



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 €2,210.38 million at 30 June 2017, comprised of, in Italy, 25 hypermarkets and supermarkets, 22 shopping malls and retail parks, 1 city center, 1 plot 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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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 June 2017.

Consolidated income statement at 30 June 2017

Consolidated income statement (in thousands of Euro)	30/06/2017 (A)	30/06/2016 (B)	Change (A-B)
Revenue:	68.386	64.985	3.401
- from third parties	47.323	43.997	3.326
- from related parties	21.063	20.988	75
Other revenue:	3.226	2.558	668
- other income	2.231	1.730	501
- from related parties	995	828	167
Revenue from property sales	4.048	590	3.458
Total revenue and operating income	75.660	68.133	7.527
Change in work in progress inventory	(3.665)	1.218	(4.883)
Total revenue and change in inventory	71.995	69.351	2.644
Cost of work in progress	370	1.771	(1.401)
Material and service costs	11.616	11.028	588
- third parties	10.374	9.914	460
- related parties	1.242	1.114	128
Cost of labour	5.030	4.657	373
Other operating costs	4.864	4.773	91
Total operating costs	21.880	22.229	(349)
(Depreciation, amortization and provisions)	(1.047)	(1.348)	301
(Impairment losses)/Reversals on work in progress and inventories	(2.215)	(2.201)	(14)
Change in fair value - increases / (decreases)	21.148	2.559	18.589
Total depreciation, amortization, provisions, impairment and change in fair value	17.886	(990)	18.876
EBIT	68.001	46.132	21.869
Income/(loss) from equity investments	(38)	(129)	91
Financial income:	56	64	(8)
- third parties	54	61	(7)
- related parties	2	3	(1)
Financial charges:	17.625	19.759	(2.134)
- third parties	17.618	19.745	(2.127)
- related parties	7	14	(7)
Net financial income (charges)	(17.569)	(19.695)	2.126
PRE-TAX PROFIT	50.394	26.308	24.086
Income taxes	1.450	138	1.312
NET PROFIT FOR THE PERIOD	48.944	26.170	22.774
Minority interests in net (profit)/loss	0	338	(338)
Parent Company's portion of net profit	48.944	26.508	22.436
- basic earnings per share	0,060	0,033	
- diluted earnings per share	0,060	0,033	

Consolidated statement of financial position at 30 June 2017

Consolidated statement of financial position (in thousands of Euro)	30/06/2017 (A)	31/12/2016 (A)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	47	58	(11)
Goodwill	12.662	12.662	0
	12.709	12.720	(11)
Property, plant, and equipment			
Investment property	2.127.766	2.050.728	77.038
Buildings	8.254	8.374	(120)
Plant and machinery	273	332	(59)
Equipment and other assets	1.126	1.323	(197)
Leasehold improvements	882	1.020	(138)
Assets under construction	40.458	75.004	(34.546)
	2.178.759	2.136.781	41.978
Other non-current assets			
Deferred tax assets	-	764	(764)
Sundry receivables and other non-current assets	89	89	0
Equity investments	1.702	1.685	17
Non-current financial assets	368	393	(25)
Derivatives - assets	249	-	249
	2.408	2.931	(523)
TOTAL NON-CURRENT ASSETS (A)	2.193.876	2.152.432	41.444
CURRENT ASSETS:			
Work in progress inventory and advances	51.893	57.753	(5.860)
Trade and other receivables	11.961	11.570	391
Related party trade and other receivables	1.419	1.136	283
Other current assets	7.120	13.112	(5.992)
Related party financial receivables and other current financial assets	416	151	265
Cash and cash equivalents	2.788	3.084	(296)
TOTAL CURRENT ASSETS (B)	75.597	86.806	(11.209)
TOTAL ASSETS (A+B)	2.269.473	2.239.238	30.235
NET EQUITY:			
Share capital	599.760	599.760	0
Share premium reserve	29.971	29.971	0
Other reserves	382.948	349.246	33.702
Group profit	63.680	81.724	(18.044)
Total Group net equity	1.076.359	1.060.701	15.658
Portion pertaining to minorities	-	8.725	(8.725)
TOTAL NET EQUITY (C)	1.076.359	1.069.426	6.933
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	22.920	28.748	(5.828)
Non-current financial liabilities	976.666	893.296	83.370
Provision for employee severance indemnities	2.664	2.530	134
Deferred tax liabilities	23.985	22.665	1.320
Provisions for risks and future charges	4.633	4.964	(331)
Sundry payables and other non-current liabilities	9.215	10.707	(1.492)
Related party sundry payables and other non-current liabilities	13.961	13.949	12
TOTAL NON-CURRENT LIABILITIES (D)	1.054.044	976.859	77.185
CURRENT LIABILITIES:			
Current financial liabilities	103.663	165.760	(62.097)
Trade and other payables	19.764	15.634	4.130
Related party trade and other payables	1.329	1.428	(99)
Current tax liabilities	4.640	2.396	2.244
Other current liabilities	9.660	7.714	1.946
Related party other current liabilities	14	21	(7)
TOTAL CURRENT LIABILITIES (E)	139.070	192.953	(53.883)
TOTAL LIABILITIES (F=D + E)	1.193.114	1.169.812	23.302
TOTAL NET EQUITY AND LIABILITIES (C + F)	2.269.473	2.239.238	30.235

Consolidated statement of cash flows at 30 June 2017

CONSOLIDATED STATEMENT OF CASH FLOWS	30/06/2017	30/06/2016
<i>(in Euro000)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	50.394	26.308
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	(6.747)	(2.634)
(Depreciation, amortization and provisions)	1.047	1.348
(Impairment losses)/reversals on work in progress	2.215	2.201
Changes in fair value - increases / (decreases)	(21.148)	(2.559)
Gains/losses from disposals - equity investments	38	129
CASH FLOW FROM OPERATING ACTIVITIES	25.799	24.792
Income tax	(624)	(485)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	25.175	24.307
Change in inventories	3.665	(1.218)
Net change in current assets and liabilities w. third parties	13.483	2.955
Net change in current assets and liabilities w. related parties	(387)	(6.870)
Net change in non-current assets and liabilities w. third parties	(1.815)	(1.909)
Net change in non-current assets and liabilities w. related parties	13	(7)
CASH FLOW FROM OPERATING ACTIVITIES	40.134	17.258
(Investments) in non-current assets	(21.528)	(10.481)
Disposals of non-current assets	152	147
(Investments) in equity interests	(9.506)	(13)
CASH FLOW FROM INVESTING ACTIVITIES	(30.882)	(10.347)
Change in financial receivables and other current financial assets w. third parties	0	9.023
Variazione di crediti finanziari ed altre attività finanziarie correnti vs. parti correlate	(320)	0
Cash flow hedge reserve	0	(1.659)
Distribution of dividends	(36.587)	(32.522)
Change in current debt with third parties	(54.534)	(165.661)
Change in non-current debt with third parties	81.896	244.577
CASH FLOW FROM FINANCING ACTIVITIES	(9.545)	53.758
Exchange gains/(losses) on cash and cash equivalents	(3)	1
NET INCREASE (DECREASE) IN CASH BALANCE	(296)	60.670
CASH BALANCE AT BEGINNING OF YEAR	3.084	23.603
CASH BALANCE AT END OF YEAR	2.788	84.273

Consolidated net financial position at 30 June 2017

NET FINANCIAL POSITION		
	30/06/2017	31/12/2016
Cash and cash equivalents	(2.788)	(3.084)
Financial receivables and other current financial assets w. related parties	(416)	(151)
LIQUIDITY	(3.204)	(3.235)
Current financial liabilities	64.002	110.929
Mortgage loans - current portion	34.539	34.178
Leasing – current portion	318	313
Bond loan - current portion	4.804	20.340
CURRENT DEBT	103.663	165.760
CURRENT NET DEBT	100.459	162.525
Non-current financial assets	(368)	(393)
Leasing – non-current portion	4.090	4.251
Non-current financial liabilities	297.822	314.904
Bond loan	674.754	574.141
NON-CURRENT DEBT	976.298	892.903
NET FINANCIAL POSITION	1.076.757	1.055.428