

## PRESS RELEASE

### IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2017

#### The main results:

- **Group net profit: €34.7 million (+74.1%)**
- **Recurring net income (FFO): €49.0 million (+22.8%)**
- **Core business revenue: €108.1 million, +6.6% (LFL Italy +1.5%, Romania +7.0%)**
- **Sales of retailers in Italian malls +1.8%; significant upside on renewed leases (Italy +5.7%; Romania +2.3%)**
- **Loan-to-value 48.0%; average cost of debt down further at 2.85%**

**Bologna, 9 November 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 **interim financial report at 30 September 2017** during a meeting chaired by **Elio Gasperoni**.

#### **SOLID OPERATING PERFORMANCE IN A POSITIVE RETAIL ENVIRONMENT**

Particularly positive performances were recorded in the third quarter of the year (retailers' sales rose 4.3%, excluding the ESP extension) with total sales for retailers in Italian malls up +3.7% (including the ESP extension inaugurated on 1 June 2017, +1.8% excluding it), while footfalls were 0.1% higher than in the prior year thanks also to the calendar effect (an additional Saturday and one less Thursday).

Footfalls in Romania were down (-2.2%) 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 shown by the occupancy rate (96.9%) and the upside on renewals (+2.3%).

In Italy the positive trend in pre-letting reported in prior quarters also continued: 134 contracts, renewals and turnover, were signed in the first nine months of the year with an average upside of +5.7%; while the average occupancy (malls and hyper) came to 96.8%.

#### **FINANCIAL RESULTS ACCELERATE (FFO +22.8%)**

Total consolidated revenue amounted to around €112.9 million, up 10.7% compared to the same period of the prior year.

More in detail, **rental income rose 6.1% to €103.4 million** explained by:

- for around €1.3 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 end of the current period, as well as lower discounts; around 1/3 (about 50 bps) of the result is attributable to inflation;
- for around €4.3 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 €0.54 million, **higher revenue like-for-like in Romania (+7.0%)** linked to pre-letting and renegotiations.

Growth was also recorded in revenue from services (+19.4%) which amounted to €4.7 million. Most of this revenue comes from the facility management business which was 8.4% higher than in the prior period due 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 €4.9 million as a result of the sale of 17 residential units and appurtenances. At the approval date of this quarterly report preliminary agreements for an additional 8 residential units have been signed; the total of the units sold or for which there are commitments, therefore, has now reached 79% of the total saleable area.

**Core business Ebitda came to €75.9 million, an increase 7.7 % compared to 30 September 2016.** Higher core business revenue (linked also to the expanded perimeter), as well as the less than proportional increase in direct costs and general expenses, caused the core business Ebitda Margin to rise by 70 basis points against the prior year to 70.2%. The freehold Ebitda margin came to 79.7%, an increase of 100 basis points with respect to September 2016.

**Financial expense fell 14.1% to €26 million,** despite the higher NFP recorded at the end of the period. 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 (2.85% vs 2.91% at the end of June 2016).

**The Group's portion of net profit amounted to €64.7 million, an increase of 74.1%.**

Funds from Operations (FFO) rose 22.8% against the first nine months of 2016 to €49.0 million.

**The Group confirms the FY 2017 growth target for FFO of +20%, disclosed and revised last August.**

As mentioned above, the IGD Group's net financial position was down €11.05 million against 30 June 2017 and came to €1,065.71 million.

The gearing ratio (0.96x) and loan-to-value (48.0%) were fully in line with the Business Plan targets.

Below please find 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 2017<sup>1</sup>.

### Operating income statement at 30 September 2017

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	30/09/2016	30/09/2017	Δ%	30/09/2016	30/09/2017	Δ%	30/09/2016	30/09/2017	Δ%
Revenues from freehold real estate and rental act.	88,272	93,911	6.4%	88,272	93,911	6.4%	0	0	n.a.
Revenues from leasehold real estate and rental act.	9,233	9,499	2.9%	9,233	9,499	2.9%	0	0	n.a.
<b>Total revenues from real estate and rental act.</b>	<b>97,505</b>	<b>103,410</b>	<b>6.1%</b>	<b>97,505</b>	<b>103,410</b>	<b>6.1%</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
Revenues from services	3,897	4,652	19.4%	3,897	4,652	19.4%	0	0	n.a.
Revenues from trading	590	4,857	n.a.	0	0	n.a.	590	4,857	n.a.
<b>OPERATING REVENUES</b>	<b>101,992</b>	<b>112,919</b>	<b>10.7%</b>	<b>101,402</b>	<b>108,062</b>	<b>6.6%</b>	<b>590</b>	<b>4,857</b>	<b>n.a.</b>
<b>COST OF SALE AND OTHER COST</b>	<b>(586)</b>	<b>(4,972)</b>	<b>n.a.</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>(586)</b>	<b>(4,972)</b>	<b>n.a.</b>
Rents and payable leases	(7,603)	(7,660)	0.7%	(7,603)	(7,660)	0.7%	0	0	n.a.
Personnel expenses	(2,858)	(3,194)	11.7%	(2,858)	(3,194)	11.7%	0	0	n.a.
Direct costs	(13,020)	(13,665)	5.0%	(12,815)	(13,470)	5.1%	(205)	(195)	(4.8)%
<b>DIRECT COSTS</b>	<b>(23,481)</b>	<b>(24,519)</b>	<b>4.4%</b>	<b>(23,276)</b>	<b>(24,324)</b>	<b>4.5%</b>	<b>(205)</b>	<b>(195)</b>	<b>(4.8)%</b>
<b>GROSS MARGIN</b>	<b>77,925</b>	<b>83,428</b>	<b>7.1%</b>	<b>78,126</b>	<b>83,738</b>	<b>7.2%</b>	<b>(201)</b>	<b>(310)</b>	<b>54.3%</b>
Headquarter personnel	(4,754)	(4,924)	3.6%	(4,702)	(4,870)	3.6%	(52)	(54)	2.6%
G&A expenses	(3,172)	(3,149)	(0.7)%	(2,924)	(2,959)	1.2%	(248)	(190)	(23.2)%
<b>G&amp;A EXPENSES</b>	<b>(7,926)</b>	<b>(8,073)</b>	<b>1.9%</b>	<b>(7,626)</b>	<b>(7,829)</b>	<b>2.7%</b>	<b>(300)</b>	<b>(244)</b>	<b>(18.7)%</b>
<b>EBITDA</b>	<b>69,999</b>	<b>75,355</b>	<b>7.7%</b>	<b>70,500</b>	<b>75,909</b>	<b>7.7%</b>	<b>(501)</b>	<b>(554)</b>	<b>10.6%</b>
<i>Ebitda Margin</i>	<i>68.6%</i>	<i>66.7%</i>		<i>69.5%</i>	<i>70.2%</i>				
Other provisions	(146)	(157)	8.0%						
Impairment and Fair Value adjustments	(844)	18,533	n.a.						
Depreciations	(844)	(767)	(9.1)%						
<b>DEPRECIATIONS AND IMPAIRMENTS</b>	<b>(1,834)</b>	<b>17,609</b>	<b>n.a.</b>						
<b>EBIT</b>	<b>68,165</b>	<b>92,965</b>	<b>36.4%</b>						
<b>FINANCIAL MANAGEMENT</b>	<b>(30,312)</b>	<b>(26,039)</b>	<b>(14.1)%</b>						
<b>EXTRAORDINARY MANAGEMENT</b>	<b>(255)</b>	<b>(93)</b>	<b>(63.6)%</b>						
<b>RISULTATO ANTE IMPOSTE</b>	<b>37,598</b>	<b>66,833</b>	<b>77.8%</b>						
<b>PRE-TAX PROFIT</b>	<b>(782)</b>	<b>(966)</b>	<b>23.5%</b>						
Taxes	(22)	(1,190)	n.a.						
<b>PROFIT FOR THE PERIOD</b>	<b>36,794</b>	<b>64,677</b>	<b>75.8%</b>						
(Profit/Loss) for the period related to third parties	361	0	n.a.						
<b>GROUP NET PROFIT</b>	<b>37,155</b>	<b>64,677</b>	<b>74.1%</b>						

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.

<sup>1</sup> The Interim Management Statement and the financial statements of Gruppo Immobiliare Grande Distribuzione at 30 September 2017 are unaudited.



#### **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 €2,210.38 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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### Consolidated income statement at 30 September 2017

Consolidated income statement (in thousands of Euro)	30/09/2017 (A)	30/09/2016 (B)	Change (A-B)	3° Q 2017 (C)	3° Q 2016 (D)	Change (C-D)
Revenue	103,410	97,505	5,905	35,024	32,520	2,504
Other income	4,652	3,897	755	1,426	1,339	87
Revenue from property sales	4,857	590	4,267	809	0	809
<b>Total revenue and operating income</b>	<b>112,919</b>	<b>101,992</b>	<b>10,927</b>	<b>37,259</b>	<b>33,859</b>	<b>3,400</b>
Change in work in progress inventory	-4,368	2,063	-6,431	-703	845	-1,548
<b>Total revenue and change in inventory</b>	<b>108,551</b>	<b>104,055</b>	<b>4,496</b>	<b>36,556</b>	<b>34,704</b>	<b>1,852</b>
Cost of work in progress	575	2,621	-2,046	205	850	-645
Purchase of materials and services	17,205	16,377	828	5,589	5,349	240
Cost of labour	7,263	6,786	477	2,233	2,129	104
Other operating costs	7,413	7,370	43	2,549	2,597	-48
<b>Total operating costs</b>	<b>32,456</b>	<b>33,154</b>	<b>-698</b>	<b>10,576</b>	<b>10,925</b>	<b>-349</b>
(Depreciation, amortization and provisions)	-1,663	-1,892	229	-616	-544	-72
(Impairment losses)/Reversals on work in progress and inventories	-2,215	-2,201	-14	0	0	0
Change in fair value - increases / (decreases)	20,748	1,357	19,391	-400	-1,202	802
<b>Total depreciation, amortization, provisions, impairment and change in fair value</b>	<b>16,870</b>	<b>-2,736</b>	<b>19,606</b>	<b>-1,016</b>	<b>-1,746</b>	<b>730</b>
<b>EBIT</b>	<b>92,965</b>	<b>68,165</b>	<b>24,800</b>	<b>24,964</b>	<b>22,033</b>	<b>2,931</b>
Gains/losses from equity investments and disposals	-68	-180	112	-30	-51	21
Financial income	94	171	-77	38	107	-69
Financial charges	26,158	30,558	-4,400	8,533	10,799	-2,266
<b>Net financial income/(charges)</b>	<b>-26,064</b>	<b>-30,387</b>	<b>4,323</b>	<b>-8,495</b>	<b>-10,692</b>	<b>2,197</b>
<b>PRE-TAX PROFIT</b>	<b>66,833</b>	<b>37,598</b>	<b>29,235</b>	<b>16,439</b>	<b>11,290</b>	<b>5,149</b>
Income tax for the period	2,156	804	1,352	706	666	40
<b>NET PROFIT FOR THE PERIOD</b>	<b>64,677</b>	<b>36,794</b>	<b>27,883</b>	<b>15,733</b>	<b>10,624</b>	<b>5,109</b>
Minorities portion of net profit	0	361	-361	0	23	-23
<b>Parent Company's portion of net profit</b>	<b>64,677</b>	<b>37,155</b>	<b>27,522</b>	<b>15,733</b>	<b>10,647</b>	<b>5,086</b>



**Consolidated statement of financial position at 30 September 2017**

Consolidated statement of financial position (in thousands of Euro)	30/09/2017 (A)	30/06/2017 (B)	31/12/2016 (C)	Change (A-B)	Change (A-C)
<b>NON-CURRENT ASSETS</b>					
<b>Intangible assets</b>					
Intangible assets with finite useful lives	40	47	58	(7)	(18)
Goodwill	12,662	12,662	12,662	0	0
	<b>12,702</b>	<b>12,709</b>	<b>12,720</b>	<b>(7)</b>	<b>(18)</b>
<b>Property, plant, and equipment</b>					
Investment property	2,127,766	2,127,766	2,050,728	0	77,038
Buildings	8,192	8,254	8,374	(62)	(182)
Plant and machinery	241	273	332	(32)	(91)
Equipment and other assets	1,022	1,126	1,323	(104)	(301)
Leasehold improvements	813	882	1,020	(69)	(207)
Assets under construction	44,350	40,458	75,004	3,892	(30,654)
	<b>2,182,384</b>	<b>2,178,759</b>	<b>2,136,781</b>	<b>3,625</b>	<b>45,603</b>
<b>Other non-current assets</b>					
Deferred tax assets	-	-	764	0	(764)
Sundry receivables and other non-current assets	89	89	89	0	0
Equity investments	1,672	1,702	1,685	(30)	(13)
Non-current financial assets	368	368	393	0	(25)
Derivatives - assets	-	249	-	(249)	0
	<b>2,129</b>	<b>2,408</b>	<b>2,931</b>	<b>(279)</b>	<b>(802)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2,197,215</b>	<b>2,193,876</b>	<b>2,152,432</b>	<b>3,339</b>	<b>44,783</b>
<b>CURRENT ASSETS:</b>					
Work in progress inventory and advances	51,189	51,893	57,753	(704)	(6,564)
Trade and other receivables	15,131	13,380	12,706	1,751	2,425
Other current assets	2,850	7,120	13,112	(4,270)	(10,262)
Financial receivables and other current financial assets	466	416	151	50	315
Cash and cash equivalents	5,672	2,788	3,084	2,884	2,588
<b>TOTAL CURRENT ASSETS (B)</b>	<b>75,308</b>	<b>75,597</b>	<b>86,806</b>	<b>(289)</b>	<b>(11,498)</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,272,523</b>	<b>2,269,473</b>	<b>2,239,238</b>	<b>3,050</b>	<b>33,285</b>
<b>NET EQUITY:</b>					
Share capital	599,760	599,760	599,760	0	0
Share premium reserve	29,971	29,971	29,971	0	0
Other reserves	383,522	382,948	349,246	574	34,276
Group profit	79,413	63,680	81,724	15,733	(2,311)
<b>Total Group net equity</b>	<b>1,092,666</b>	<b>1,076,359</b>	<b>1,060,701</b>	<b>16,307</b>	<b>31,965</b>
Portion pertaining to minorities	-	-	8,725	0	(8,725)
<b>TOTAL NET EQUITY (C)</b>	<b>1,092,666</b>	<b>1,076,359</b>	<b>1,069,426</b>	<b>16,307</b>	<b>23,240</b>
<b>NON-CURRENT LIABILITIES:</b>					
Derivatives - liabilities	22,150	22,920	28,748	(770)	(6,598)
Non-current financial liabilities	969,611	976,666	893,296	(7,055)	76,315
Provision for employee severance indemnities	2,726	2,664	2,530	62	196
Deferred tax liabilities	24,632	23,985	22,665	647	1,967
Provisions for risks and future charges	4,909	4,633	4,964	276	(55)
Sundry payables and other non-current liabilities	23,228	23,176	24,656	52	(1,428)
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>1,047,256</b>	<b>1,054,044</b>	<b>976,859</b>	<b>(6,788)</b>	<b>70,397</b>
<b>CURRENT LIABILITIES:</b>					
Current financial liabilities	102,603	103,663	165,760	(1,060)	(63,157)
Trade and other payables	16,088	21,093	17,062	(5,005)	(974)
Current tax liabilities	4,258	4,640	2,396	(382)	1,862
Other current liabilities	9,652	9,674	7,735	(22)	1,917
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>132,601</b>	<b>139,070</b>	<b>192,953</b>	<b>(6,469)</b>	<b>(60,352)</b>
<b>TOTAL LIABILITIES (F = D + E)</b>	<b>1,179,857</b>	<b>1,193,114</b>	<b>1,169,812</b>	<b>(13,257)</b>	<b>10,045</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,272,523</b>	<b>2,269,473</b>	<b>2,239,238</b>	<b>3,050</b>	<b>33,285</b>

### Consolidated statement of cash flows at 30 September 2017

CONSOLIDATED STATEMENT OF CASH FLOWS	30/09/2017	30/09/2016
<i>(In thousands of Euro)</i>		
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Pre-tax profit for the period	66,833	37,598
<b>Adjustments to reconcile net profit with the cash flow generated (absorbed) in the period:</b>		
Non-monetary items	(1,778)	3,482
Depreciation, amortization and provisions	1,663	1,892
(Impairment losses)/Reversals on work in progress and inventories	2,215	2,201
Change in fair value of investment property	(20,748)	(1,357)
Gains/losses from equity investments and disposals	68	180
<b>CASH FLOW FROM OPERATIONS</b>	<b>48,253</b>	<b>43,996</b>
Income tax	(939)	(694)
<b>CASH FLOW FROM OPERATIONS NET OF TAX</b>	<b>47,314</b>	<b>43,302</b>
Change in inventories	4,369	(2,063)
Net change in current assets and liabilities	10,916	(8,190)
Net change in non-current assets and liabilities	(1,466)	(1,654)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>61,133</b>	<b>31,395</b>
Investments in non-current assets	(26,822)	(18,487)
Divestments of non-current assets	152	152
Equity investments in subsidiaries	0	4,466
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(9,507)</b>	<b>(13)</b>
Change in non-current financial assets	<b>(36,177)</b>	<b>(13,882)</b>
Change in financial receivables and other current financial assets	0	0
Dividend reinvestment option	(370)	9,023
Sale of treasury shares	(64)	0
Capital increase	0	(1,659)
Payment of dividends	(36,587)	(32,522)
Change in current debt	(59,370)	(164,433)
Change in non-current debt	74,078	236,932
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(22,313)</b>	<b>47,341</b>
Difference in translation of liquidity (d)	(55)	12
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>2,588</b>	<b>64,866</b>
<b>CASH BALANCE AT BEGINNING OF THE PERIOD</b>	<b>3,084</b>	<b>23,603</b>
<b>CASH BALANCE AT END OF THE PERIOD</b>	<b>5,672</b>	<b>88,469</b>



**Consolidated net financial position at 30 September 2017**

<b>NET FINANCIAL POSITION</b>			
	<b>30/09/2017</b>	<b>30/06/2017</b>	<b>31/12/2016</b>
Cash and cash equivalents	(5,672)	(2,788)	(3,084)
Financial receivables and other current financial assets	(466)	(416)	(151)
<b>LIQUIDITY</b>	<b>(6,138)</b>	<b>(3,204)</b>	<b>(3,235)</b>
Current financial liabilities	59,001	64,002	110,929
Mortgage loans - current portion	34,846	34,539	34,178
Leasing – current portion	321	318	313
Convertible bond loan - current portion	8,435	4,804	20,340
<b>CURRENT DEBT</b>	<b>102,603</b>	<b>103,663</b>	<b>165,760</b>
<b>CURRENT NET DEBT</b>	<b>96,465</b>	<b>100,459</b>	<b>162,525</b>
Non-current financial assets	(368)	(368)	(393)
Leasing – non-current portion	4,009	4,090	4,251
Non-current financial liabilities	290,182	297,822	314,904
Convertible bond loan	675,420	674,754	574,141
<b>NON-CURRENT DEBT</b>	<b>969,243</b>	<b>976,298</b>	<b>892,903</b>
<b>NET FINANCIAL POSITION</b>	<b>1,065,708</b>	<b>1,076,757</b>	<b>1,055,428</b>