

PRESS RELEASE

IGD SIIQ SPA: THE BOARD OF DIRECTORS APPROVES THE INTERIM FINANCIAL REPORT AT 31 MARCH 2018

The main results:

- Further significant growth in recurring net income (FFO): €18.3 million (+17.5%)
- Rental income: €35.6 million, +5.2 % (LFL Italy +1.9%, Romania +4.1%)
- Net rental income: €29 million, +6%
- Group net profit: €16.7 million (+16.7%)
- Sales of retailers in Italian malls +2.9%; significant upside on renewed leases (Italy +3%; Romania +1.5%)
- Loan-to-value 46.9%; average cost of debt 2.75 %

Bologna, 9 May 2018. Today the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** (“**IGD**” or the “**Company**”) examined and approved the **interim financial report at 31 March 2018** during a meeting chaired by **Elio Gasperoni**.

“Excellent operating and financial results were posted during the quarter. Funds From Operations, in fact, rose 17.5% and is largely in line with the FY2018 guidance of +18/20%, even though the positive impact of the acquisition has yet to show as it closed on 18 April and despite the conclusion of the capital increase on 23 April” stated Claudio Albertini, IGD’s Chief Executive Officer. “The FFO guidance will be updated when the first-half results are approved”.

POSITIVE FINANCIAL RESULTS CONFIRMED (FFO +17.5 %)

More in detail, rental income rose +5.2% to €35.6 million due to:

- like-for-like growth (+1.9%) in Italy of around €0.6 million. Malls were up (+2.5%) while hypermarkets were in line with the prior year; inflation had an impact of 80 bps;
- higher revenue not like-for-like of around €1.1 million linked to the opening of the ESP extension on 1 June 2017;
- higher revenue like-for-like in Romania of around €0.09 million (+4.1%).

Net rental income reached €29 million, an increase of 6% against the same period of the prior year.

Revenue from services came to €1.5 million, down with respect to the prior year due to the pre-letting of Centro Poseidon in 1Q2017.

Core business Ebitda amounted to €26.5 million, an increase of 6.0% compared to 31 March 2017. Operating costs fell even further as a percentage of core business revenue and, consequently, the core business Ebitda Margin rose 70 basis points against the prior year (70.7%) to 71.4%. The recurring freehold Ebitda margin (relative to freehold properties) came to 80.2%, an increase of 50 basis against March 2017.

Financial expense fell (-13.3%) to €7.9 million, while the NFP was basically unchanged. 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, therefore, confirmed (2.75% vs 3.1% in March 2017).

The Group's portion of net profit amounted to **€16.7** million, an increase compared to the €14.3 million posted in the same period 2017 (+16.7%).

Funds from Operations (FFO) rose 17.5% against the first three months of 2017 to €18.3 million. The Group confirms the full year guidance for 2018, disclosed to the market in February (+18/20% at year-end 2018), and expects to update it when the results for the first half are approved.

The IGD Group's net financial debt came to €1,049.4 million, basically unchanged with respect to March 2017 (€1,046.8 million). Slight improvement was recorded in capital structure ratios like the gearing ratio (0.92x) and loan-to-value (46.9%).

OPERATING PERFORMANCE

The positive trend in pre-letting reported last year continued: in Italy 42 leases, 29 renewals and 13 turnover, were signed with an average upside of +3%; in Romania the average upside on renewals reached +1.5%.

Retailers' sales fell in the first 2 months of 2018 as a result of the calendar effect (one less Sunday and one more Thursday compared to 2017) and weather conditions (snowstorms also occurred in central and southern regions) which were more than offset by the excellent performance recorded in March linked also to Easter festivities. Sales for retailers in Italian malls were 2.9% higher, while footfalls rose +0.9% against the prior year.

Average occupancy was stable at 96.8% in Italy and higher in **Romania** at 97.1%.

IGD PORTFOLIO NEWS

On 3 April the Livorno City Council approved the variance for the **Officine Storiche** section of the Porta a Mare Project. The Company had been waiting for this variance for some time. It will make it possible to accelerate completion of the work on this section and the retail portion (additional 15,000 m² of retail space) is expected to open by 2H 2019.

Preletting of the residential section of **Piazza Mazzini** continued: 15 preliminary agreements have been signed and are expected to close in 2018 (total residential units sold or subject to preliminary agreements at 90.7%).

On 18 April the closing of the acquisition of the portfolio comprising 4 shopping malls and a retail park from Eurocommercial Properties for a total investment of €195.5¹ million was finalized.

The new midsize store, as well as the complete restyling of the exterior and the multi-level parking garage (2017), at the **Gran Rondò Shopping Center (Crema)** was opened on 3 May, as forecast in the Business Plan.

Operating income statement at 31 March 2018

GROUP CONSOLIDATED	(a) 1Q2017	(b) 1Q2018	Δ (b)/(a)
Revenues from freehold rental activities	30,74	32,44	5,5%
Revenues from leasehold rental activities	3,13	3,20	2,3%
Total income from rental activities	33,87	35,65	5,2%
Rents and payable leases	-2,55	-2,56	0,5%
Direct costs from rental activities	-3,99	-4,13	3,3%
Net rental income	27,33	28,96	6,0%
Revenues from service	1,54	1,51	-1,7%
Direct costs from services	-1,30	-1,36	5,1%
Net services income	0,24	0,15	-37,7%
Personnel expense	-1,61	-1,69	4,9%
G&A expenses	-0,91	-0,89	-3,1%
CORE BUSINESS EBITDA (Operating income)	25,05	26,54	6,0%
<i>Core business Ebitda Margin</i>	<i>0,71</i>	<i>0,71</i>	
Revenues from trading	0,00	0,00	n.a.
Cost of sale and trading costs	-0,15	-0,13	-8,7%
Operating result from trading	-0,15	-0,13	-8,7%
EBITDA	24,90	26,40	6,0%
<i>Ebitda Margin</i>	<i>0,70</i>	<i>0,71</i>	
Impairment and Fair Value adjustments	-0,23	-0,72	n.a.
Depreciation and provisions	-0,35	-0,25	-30,6%
EBIT	24,31	25,44	4,7%
FINANCIAL MANAGEMENT	-9,15	-7,93	-13,3%
EXTRAORDINARY MANAGEMENT	-0,04	0,00	n.a.
PRE-TAX PROFIT/LOSS	15,12	17,51	15,8%
Taxes	-0,83	-0,81	-2,1%
PROFIT FOR THE PERIOD	14,29	16,70	16,8%
(Profit/Loss) for the period related to third parties	0,02	0,00	-99,9%
GROUP NET PROFIT	14,31	16,70	16,7%

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

¹ This amount refers to the total value of the portfolio of €187 million, in addition to transfer tax and ancillary charges of €8.5 million.

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 €2,228.22 million at 31 December 2017, comprised of, in Italy, 25 hypermarkets and supermarkets, 23 shopping malls and retail parks, 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, leadership in the retail real estate sector: 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.



Below please find the IGD Group's income statement, statement of financial position, statement of cash flows and consolidated net financial position, as well as the Group's operating income statement at 31 March 2018².

² The Interim Management Statement and the consolidated financial statements at 31 March 2018 of Gruppo Immobiliare Grande Distribuzione are unaudited.

Consolidated income statement at 31 March 2018

Consolidated income statement (in thousands of Euros)	31/03/2018 (A)	31/03/2017 (B)	Change (A-B)
Revenue	35.646	33.871	1.775
Other income	1.514	1.540	-26
Total revenue and operating income	37.160	35.411	1.749
Change in work in progress inventory	170	102	68
Total revenue and change in inventory	37.330	35.513	1.817
Cost of work in progress	170	102	68
Purchase of materials and services	5.507	5.362	145
Cost of labour	2.526	2.413	113
Other operating costs	2.512	2.533	-21
Total operating costs	10.715	10.410	305
(Depreciation, amortization and provisions)	-456	-506	50
Change in fair value - increases / (decreases)	-720	-235	-485
Total depreciation, amortization, provisions, impairment and change in fair value	-1.176	-741	-435
EBIT	25.439	24.362	1.077
Gains/losses from equity investments and disposals	4	-63	67
Financial income	9	21	-12
Financial charges	7.939	9.197	-1.258
Net financial income/(charges)	-7.930	-9.176	1.246
PRE-TAX PROFIT	17.513	15.123	2.390
Income tax for the period	812	829	-17
NET PROFIT FOR THE PERIOD	16.701	14.294	2.407
Minorities' portion of net profit	0	13	-13
Parent Company's portion of net profit	16.701	14.307	2.394

Consolidated statement of financial position at 31 March 2018

Consolidated statement of financial position (in thousands of Euros)	31/03/2018 (A)	31/12/2017 (B)	Change (A-B)
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets with finite useful lives	32	35	(3)
Goodwill	12.662	12.662	0
	12.694	12.697	(3)
Property, plant, and equipment			
Investment property	2.157.176	2.157.176	0
Buildings	8.071	8.131	(60)
Plant and machinery	255	260	(5)
Equipment and other assets	969	1.016	(47)
Leasehold improvements	729	797	(68)
Assets under construction	42.659	40.466	2.193
	2.209.859	2.207.846	2.013
Other non-current assets			
Deferred tax assets	-	-	0
Sundry receivables and other non-current assets	90	90	0
Equity investments	258	254	4
Non-current financial assets	343	343	0
	691	687	4
TOTAL NON-CURRENT ASSETS (A)	2.223.244	2.221.230	2.014
CURRENT ASSETS:			
Work in progress inventory and advances	37.793	37.623	170
Trade and other receivables	11.924	11.415	509
Related party trade and other receivables	1.173	2.054	(881)
Other current assets	3.895	3.343	552
Related party financial receivables and other current financial	-	42	(42)
Financial receivables and other current financial assets	96	96	0
Cash and cash equivalents	2.691	2.509	182
TOTAL CURRENT ASSETS (B)	57.572	57.082	490
TOTAL ASSETS (A+B)	2.280.816	2.278.312	2.504
NET EQUITY:			
Share capital	599.760	599.760	0
Share premium reserve	29.971	29.971	0
Other reserves	382.319	384.832	(2.513)
Group profit	117.891	101.190	16.701
Total Group net equity	1.129.941	1.115.753	14.188
Portion pertaining to minorities	-	-	0
TOTAL NET EQUITY (C)	1.129.941	1.115.753	14.188
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	18.365	20.397	(2.032)
Non-current financial liabilities	962.428	965.539	(3.111)
Provision for employee severance indemnities	2.616	2.574	42
Deferred tax liabilities	25.755	24.777	978
Provisions for risks and future charges	5.630	5.326	304
Sundry payables and other non-current liabilities	9.279	9.291	(12)
Related party sundry payables and other non-current liabilities	11.891	11.891	0
TOTAL NON-CURRENT LIABILITIES (D)	1.035.964	1.039.795	(3.831)
CURRENT LIABILITIES:			
Current financial liabilities	90.064	97.097	(7.033)
Related party current financial liabilities	9.992	13.838	(3.846)
Trade and other payables	599	459	140
Tax liabilities	4.437	2.400	2.037
Other current liabilities	9.805	8.956	849
Related party other current liabilities	14	14	0
TOTAL CURRENT LIABILITIES (F)	114.911	122.764	(7.853)
TOTAL LIABILITIES (F+D + E)	1.150.875	1.162.559	(11.684)
TOTAL NET EQUITY AND LIABILITIES (C + F)	2.280.816	2.278.312	2.504

Consolidated statement of cash flows at 31 March 2018

CONSOLIDATED STATEMENT OF CASH FLOWS	31/03/2018	31/03/2017
<i>(in Euro/000)</i>		
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	17.513	15.123
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
Non-cash items	(220)	962
(Depreciation, amortization and provisions)	456	506
Changes in fair value - increases / (decreases)	720	235
Gains/losses from disposals - equity investments	(4)	63
CASH FLOW FROM OPERATING ACTIVITIES	18.465	16.889
Income tax	(355)	(340)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX	18.110	16.549
Change in inventories	(170)	(102)
Net change in current assets and liabilities	(1.107)	913
Net change in non-current assets and liabilities	805	330
CASH FLOW FROM OPERATING ACTIVITIES	17.638	17.690
Investments in non-current assets	(3.028)	(8.240)
Divestments of non-current assets	0	0
CASH FLOW FROM INVESTING ACTIVITIES	(3.028)	(8.240)
Change in financial receivables and other current financial assets	42	(300)
Sale of treasury shares	126	0
Change in current debt	(7.032)	(100.848)
Change in non-current debt	(7.564)	91.579
CASH FLOW FROM FINANCING ACTIVITIES	(14.428)	(9.569)
Exchange gains/(losses) on cash and cash equivalents	0	(2)
NET INCREASE (DECREASE) IN CASH BALANCE	182	(121)
CASH BALANCE AT BEGINNING OF THE PERIOD	2.509	3.084
CASH BALANCE AT END OF THE PERIOD	2.691	2.963

Consolidated net financial position at 31 March 2018

NET FINANCIAL POSITION		
	31/03/2018	31/12/2017
Cash and cash equivalents	(2.691)	(2.509)
Financial receivables and other current financial assets w. related parties	(96)	(96)
Financial receivables and other current financial assets	0	(42)
LIQUIDITY	(2.787)	(2.647)
Current financial liabilities	42.600	48.681
Mortgage loans - current portion	35.252	34.904
Leasing – current portion	326	323
Bond loan - current portion	11.886	13.189
CURRENT DEBT	90.064	97.097
CURRENT NET DEBT	87.277	94.450
Non-current financial assets	(343)	(343)
Leasing – non-current portion	3.845	3.928
Non-current financial liabilities	277.753	285.522
Bond loan	680.830	676.089
NON-CURRENT DEBT	962.085	965.196
NET FINANCIAL POSITION	1.049.362	1.059.646