

**igd**  
immobiliare  
grande distribuzione

gescom



## Company Presentation

Amsterdam  
May 31<sup>st</sup> 2007

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# COMPANY OVERVIEW

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# IGD Overview

- Igd is listed on the **Italian stock Exchange** since **February 11th 2005**. From August 2005 to March 2007, Igd's shares traded on the **Star segment** of the Italian Stock Exchange. Since March 2007 Igd is a **Blue Chip**
- Igd is one of the main players in the retail segment of the Italian real estate sector



## Property management and leasing activity

- Management of freehold properties
- Leasing of hypermarkets to large-scale retail and of shopping malls to shop operators



## Real estate services

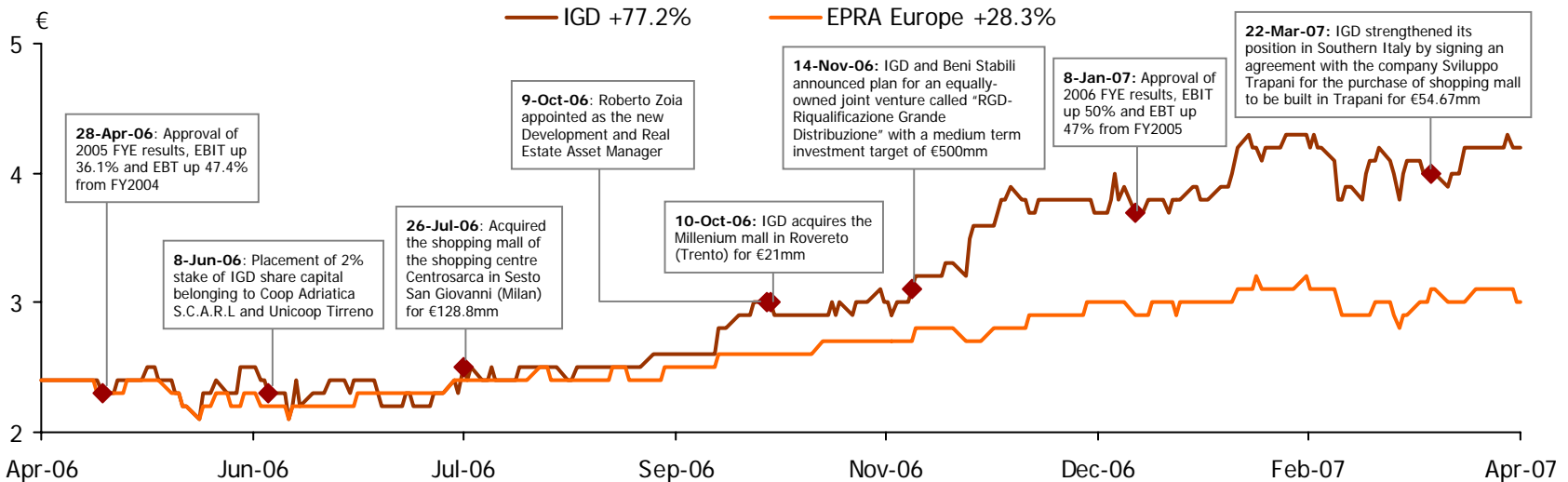
- Management of Igd and third party's shopping malls
- Real estate services

- Igd plays its activity both through the JV **RGD**

### Stock Performance:

- Huge performance thanks to value creation strategies and clear communication
- Ipo offering price € **1.45** hence on May 4<sup>th</sup> capital appreciation to an investor in the IPO **+182.1%**

### Share price chart (last one year performance, rebased to IGD)



Source: Factiva, DataStream as of April 13, 2007





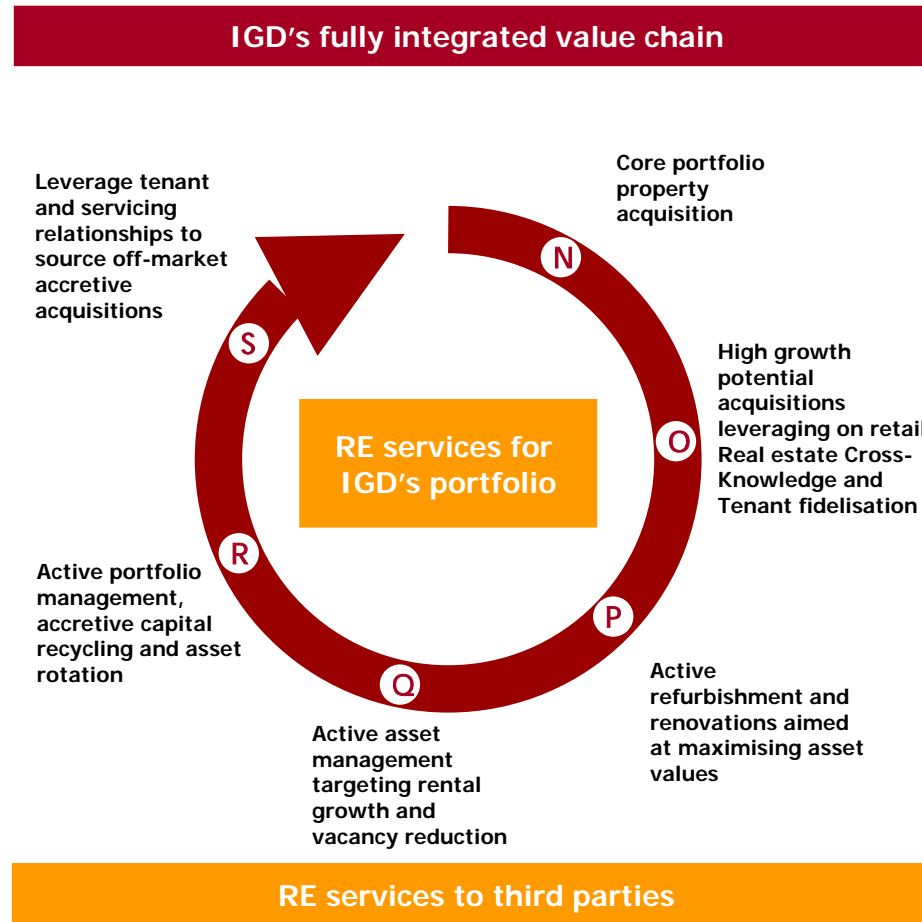
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# BUSINESS MODEL

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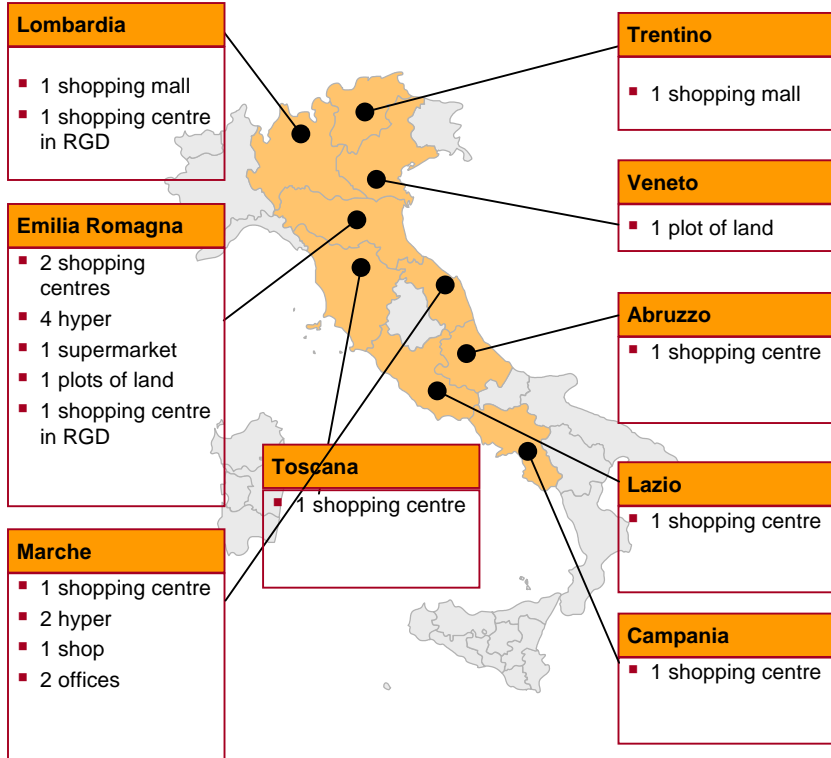
# Igd style in doing Business



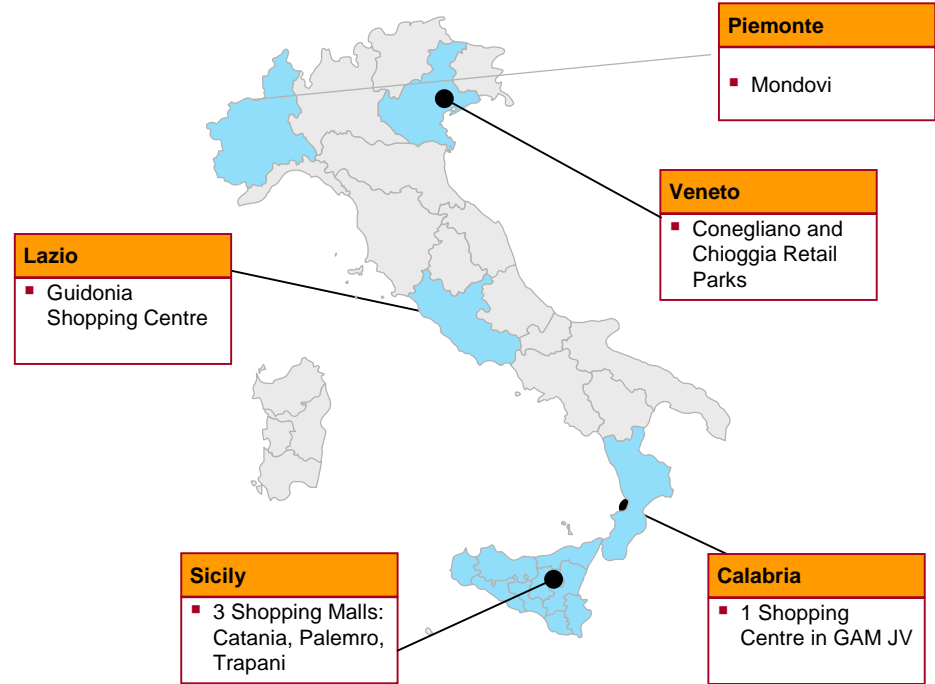




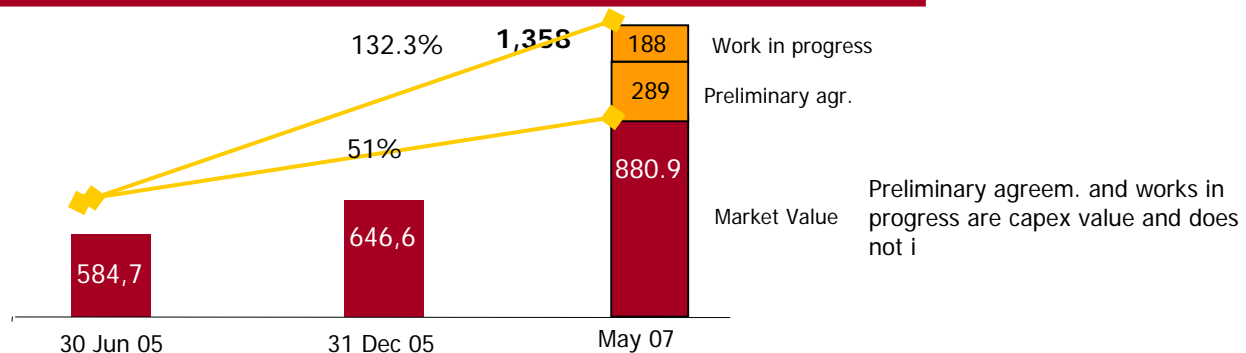
## Freehold Properties



## Preliminary agreements and Work In Progress



## Freehold Properties market value and Acquisition capex value





# Lease terms and main tenants

## Shopping malls: material active management opportunities

Main lease terms:

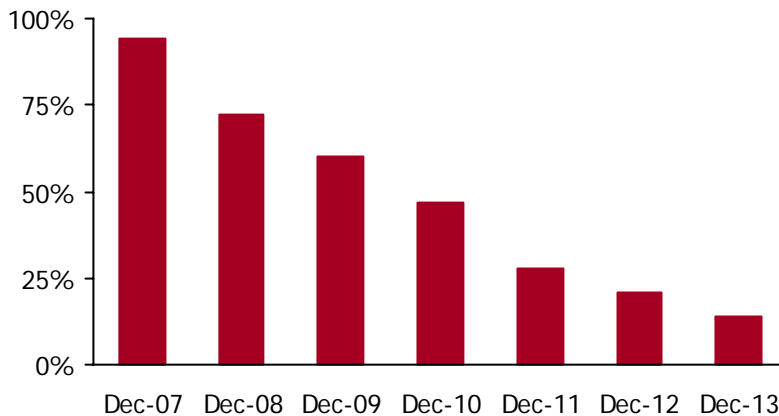
- Average maturity:
  - lease agreement of the going concern<sup>1</sup>: 5 years
  - rental agreement: 6 years
- Rental income: a minimum guaranteed rent plus a percentage based on the occupier's sales
- Key money (non-recurrent): approximately 20% of annual rent
- Rents indexation
  - lease agreement of the going concern<sup>1</sup>: 100% of inflation rate
  - rental agreement: 75% of inflation rate
- Lease of temporary spaces
- IGD can benefit from a very diversified tenants base, with limited credit risk, thanks to a careful screening of potential new tenants

## Hyper and supermarkets: Stable base to build future success on

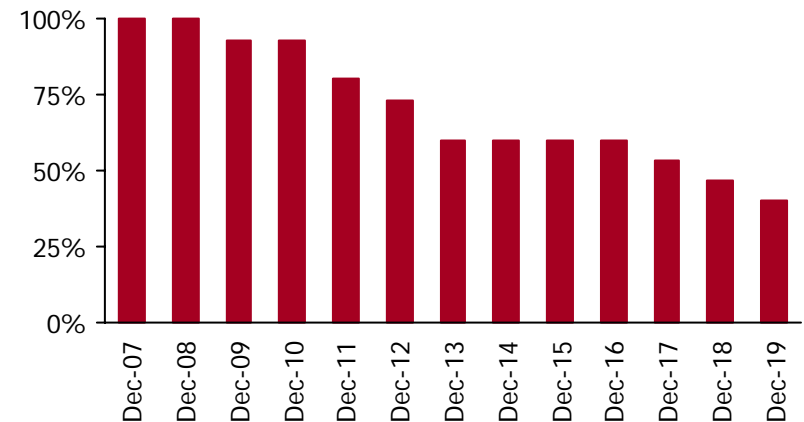
Main lease terms:

- Average maturity: from 6 to 18 years + 6 years
- Rents indexation: 75% of inflation rate
- Maintenance: ordinary and extraordinary maintenance works charged to the tenant. External maintenance of the properties (façade, etc.) payable by the landlord
- Hypermarkets and supermarket of IGD Portfolio are leased as follow
  - 10 hypermarkets and 1 supermarket to Coop Adriatica
  - 3 hypermarkets to Unicoop Tirreno Group
- Coop Adriatica and Unicoop Tirreno are among the major cooperatives of Coop, the first retailer in Italy

## Rents arising from shopping malls still rented at a certain date



## Freehold rents arising from hypermarkets still rented at a certain date



<sup>1</sup> Rental agreement regarding the shop and the commercial licences

\* Analysis based on shop operators. Source: company data

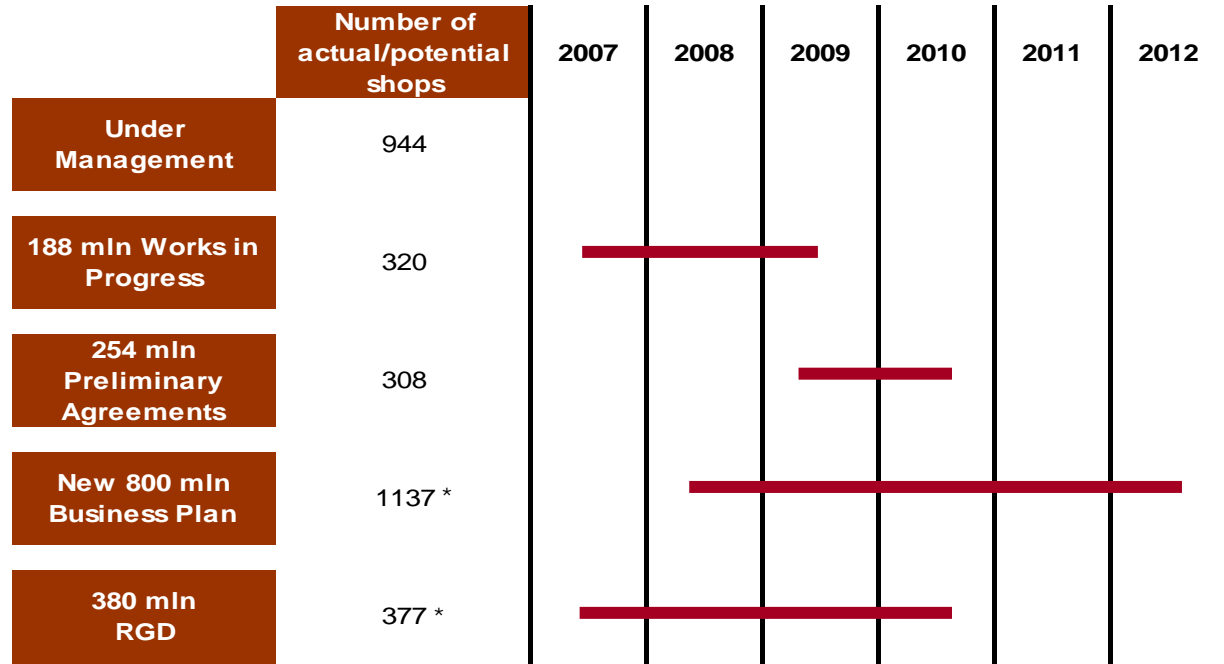




Gescom

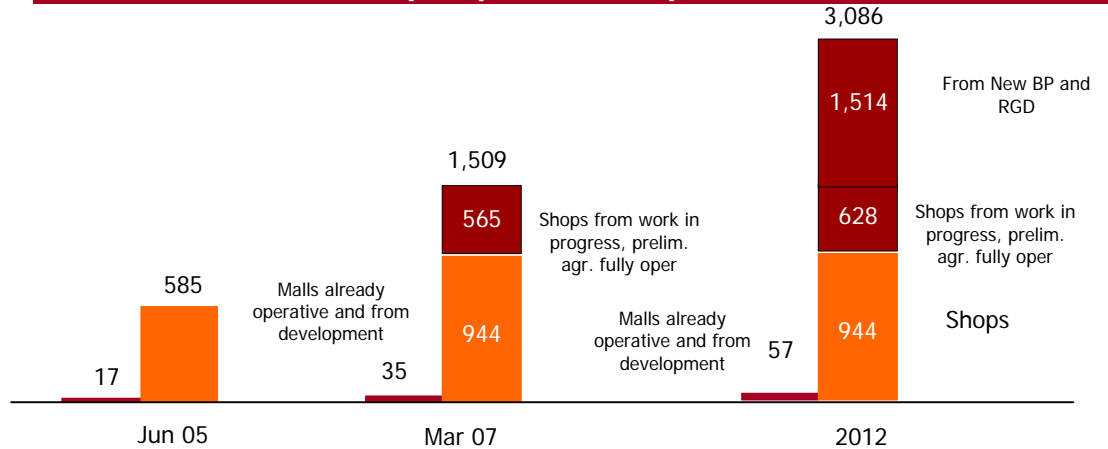
- facility management
- agency activity

**GESCOM Market FirePower**



\*Company estimates

**Actual and prospectical shops and malls UM**





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# GROWTH: 2005-2010 BUSINESS PLAN

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# Track Record: main results

GROWTH: 2005-2010 BP

	Targets	Results
Total investments by year	<ul style="list-style-type: none"> <li>810€ mln Investments</li> </ul>	<ul style="list-style-type: none"> <li><b>Shot:</b> 844€ secured investment                             <ul style="list-style-type: none"> <li>220€ mln already payed on fully operational Shopping Centre</li> <li>93€ mln already payed on works in progress</li> <li>531€ mln to be cashed out yet</li> </ul> </li> </ul>
Expected investment yield	<ul style="list-style-type: none"> <li>Expected yield from capex in the range of <b>6.5—7.0%</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Shot:</b> example (Mondovi: 6.65%, Rovigo-Millennium: 6.70%, Guidonia: &gt;7.5%)</li> </ul>
Like for Like Growth	<ul style="list-style-type: none"> <li><b>CAGR 3-3.5%</b> (1.5% net of inflation rate)</li> </ul>	<ul style="list-style-type: none"> <li><b>Shot:</b> 3.7% 2006 like for like growth</li> </ul>
EBITDA	<ul style="list-style-type: none"> <li><b>2008</b> margin of <b>65-68%</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Shot:</b> 1Q07 margin of <b>65.2%</b></li> </ul>
SERVICE REVENUES	<ul style="list-style-type: none"> <li><b>4%</b> of 2008 Revenues</li> </ul>	<ul style="list-style-type: none"> <li><b>Shot:</b> 2006 <b>5.3%</b></li> </ul>
Capital Structure	<ul style="list-style-type: none"> <li>Long-term D/E target of <b>1.5x</b></li> <li><b>100% long-term debt hedged</b> with interest rate swaps at attractive fixed average interest rate</li> </ul>	<ul style="list-style-type: none"> <li>Upon completion of the already secured pipeline, <b>IGD's D/E is bound to reach a 1.3x-1.5x level</b></li> <li>75 % of long-term debt hedged at the highly attracted fully swapped interest rate of <b>3.7%</b></li> <li>25% of long-term variable revolving debt at <b>EUR3m + 8 bps</b></li> </ul>



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# GROWTH: 2008-2012 BUSINESS PLAN

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# Business Plan: 2008 – 2012 New Investments for € 800 m

GROWTH: 2008-2012 BP

## Revenues From growth

- Expected initial gross yield from capex in the range of 6.0% - 6.5%

## Revenues from existing portfolio

### Rent Revenues

- Like for like 2008 **CAGR 3.0% - 3.5%** (1-1.5% net of inflation)

### Services Revenues

- 5%** of 2008 revenues

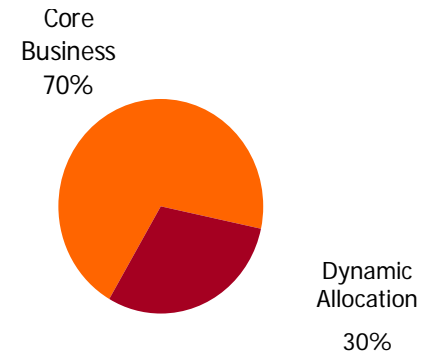
## EBITDA

- EBITDA margin range of **75 - 78%**

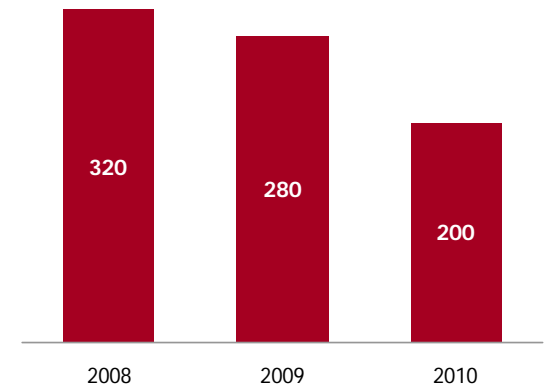
## Debt

- Aimed D/E: 60% Debt, 40% Equity
- Debt maturity: 10 – 20 years
- LT debt cost expected in the average of 4.5-4.75%
- Hedging: confirmed the target to hedge the long term debt

## Total Capex by type



## Total Capex by Year (€ m)





## New Business Plan – Great Visibility on the pipeline

### Vibo Valentia (Calabria – Southern Italy)

- **First time** in this Region
- **Anticipation** of an Investment belonging to the New Business Plan
- Signed a preliminary agreement for the acquisition of a **50% Shareholder Equity of GAM company**
- The company is building a **Shopping Centre** in **Vibo Valentia (Calabria)**
- **Interspar Ipermarket** of 6,000 sqm of selling surface
- **Mall** of 12,632 sqm of GLA with **63 shops** 6 of which **medium size surfaces**
- Very interesting **Gross yield** in line with the target of the new Business Plan
- Within **24 months** Igd can:
  - Buy 50% of GAM Shareholder Equity
  - Buy the capital increase up to Eur 70 mln if in the meanwhile GAM will have done new investments





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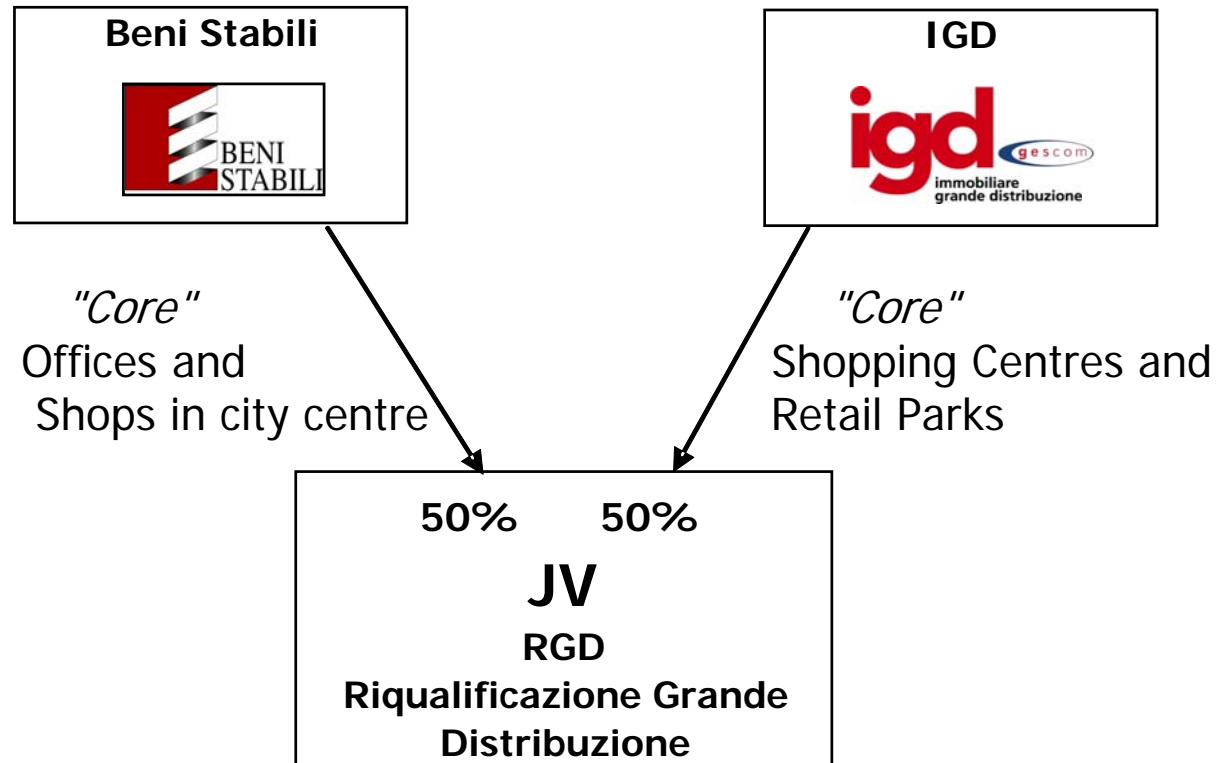
GROWTH: RGD

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# Diversification through partnership - RGD

A new company with Beni Stabili was created and is fully operative since March 2007:



*Acquisition of existing and mature Shopping Centres with profitability and growth to be boosted through new management and re-organization*



# Diversification through partnership - RGD

## Mission:

“Valorization of existing shopping centres in order to obtain the market leadership”

## Advantages:

- to be more competitive in the acquisition process
- to utilize economies of scale
- to obtain synergy combining the two companies expertise

## Advantages for IGD

- to increase investment potentiality
- to diversify the activity systematically entering, through a specific investment plan, the already operative and capital intensive shopping centre sector with a partner of real estate management and financing high standing
- reinforcement of Gescom virtuous cycle: more Shopping Centres managed → improved capacity to attract outstanding brands → increase in the attractiveness of the shopping centre belonging both to the JV and IGD → possibility to increase rents
- reinforcement of the relationship with Beni Stabili through the opportunity to valorize their potentially commercial real estate assets

## Activity

- acquisition of mature shopping centres in Italy at market condition to restyle, change the tenant and merchandising mix, to refurbish in order to **requalify them and as a consequence to boost their profitability**



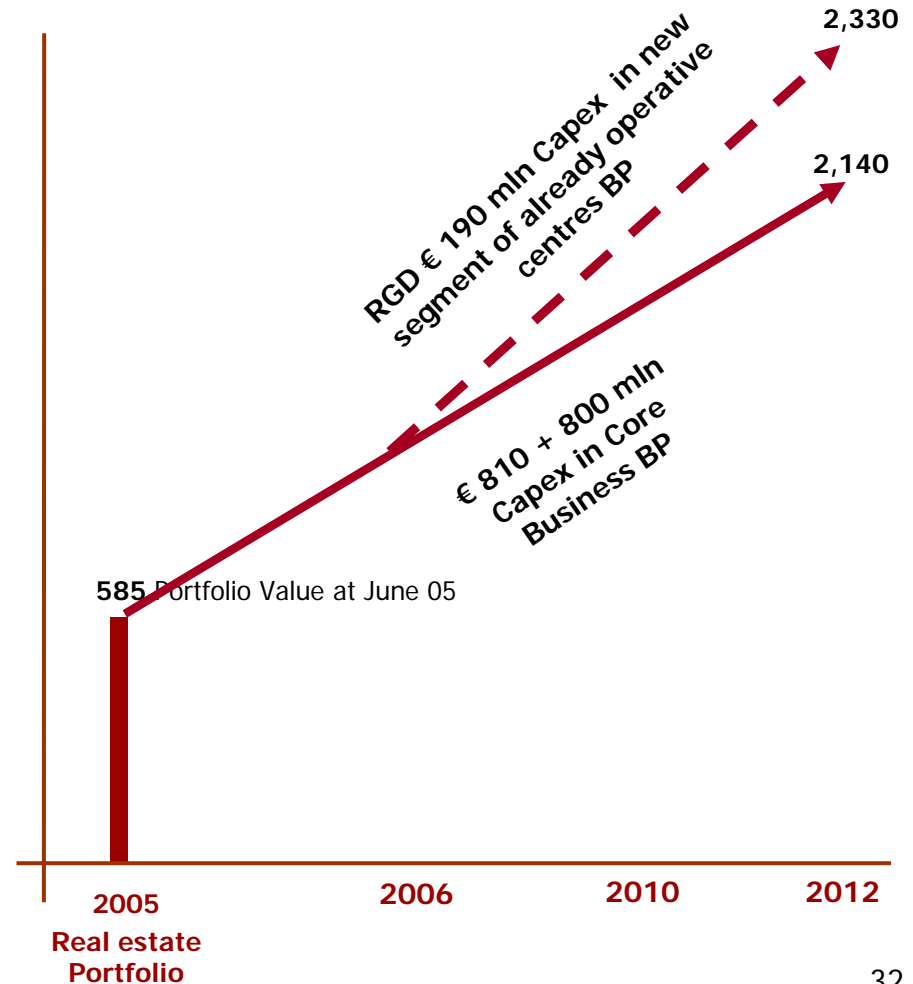
# Diversification through partnership - RGD

GROWTH: RGD

## RGD FINANCIAL INSIGHT

Initial Equity:	120 mln
Initial minimum entry Yield for new acquisitions	5.0%
Target Yield	5.5-6.5%
Target total assets:	500 mln
Min Leverage:	70-80%
Target Gearing ratio:	4
Investment period:	3 years

## REAL ESTATE PORTFOLIO CAPEX VALUE







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# FINANCIAL STRUCTURE

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# Value Creation through the Financial Structure

- Reaching Optimal Financial structure is an important value driver in Igd

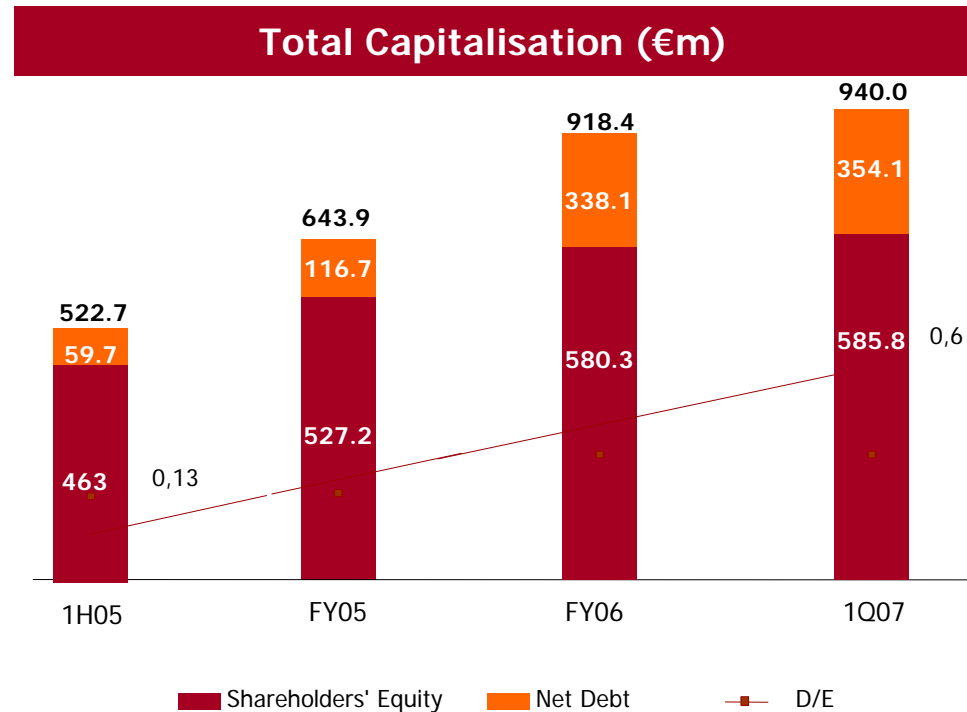
- Target D/E: 1,5

- Proactive management of Debt structure

	Amount 1Q07	Cost	Maturity
<i>LT hedged Debt</i>	150 mln	3.70%	8 years
<i>LT variable Debt</i>	50 mln	4.55%	revolving
<i>Bond</i>	230 mln	2.50%	5 years

**Total Long Term 430 mln 3.16% Average**

**ST debt Eur3m +0.08-0.1**



In **April** obtained a non hedged **100€ mln loan** 20 years maturity, 40% balloon, EUR3M+0.55



# Capital Increase and Convertible Bond

## CAPITAL INCREASE

- **98.55 mln** raised
- **3.65 per share** pricing
- **Book** covered **more than one time**

## CONVERTIBLE BOND

- **230 mln** raised
- Strike **€ 4.93**
- Coupon **2.5%**
- Face value **€ 100,000**

## RATIONALS OF THIS KIND OF FUND RAISING

- **GROWTH THROUGH NEW BUSINESS PLAN**
- **TREASURY**



# Appendices

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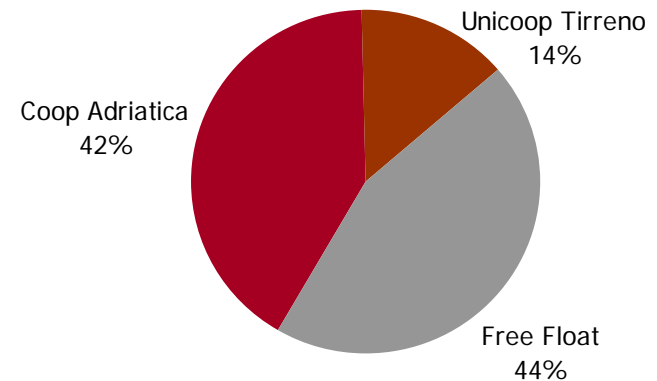
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# Corporate Governance

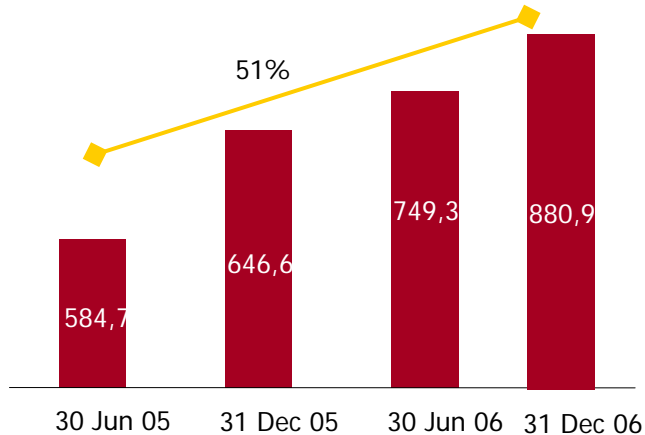
- **Board of Directors:** 15 members, of which 8 independent non executive directors. The Annual General meeting on April 28th appointed 3 directors representative of the minorities.
- **Internal control committee,** consisting of 3 non executive Board members of which 2 independent
- Internal dealing code
- Treatment of confidential information
- Lean and flexible organisation structure
- 30% of the top managers' total compensation is based on IGD financial results
- Outsourcing of non-core functions (legal, IT, tax...)

## Shareholding Structure



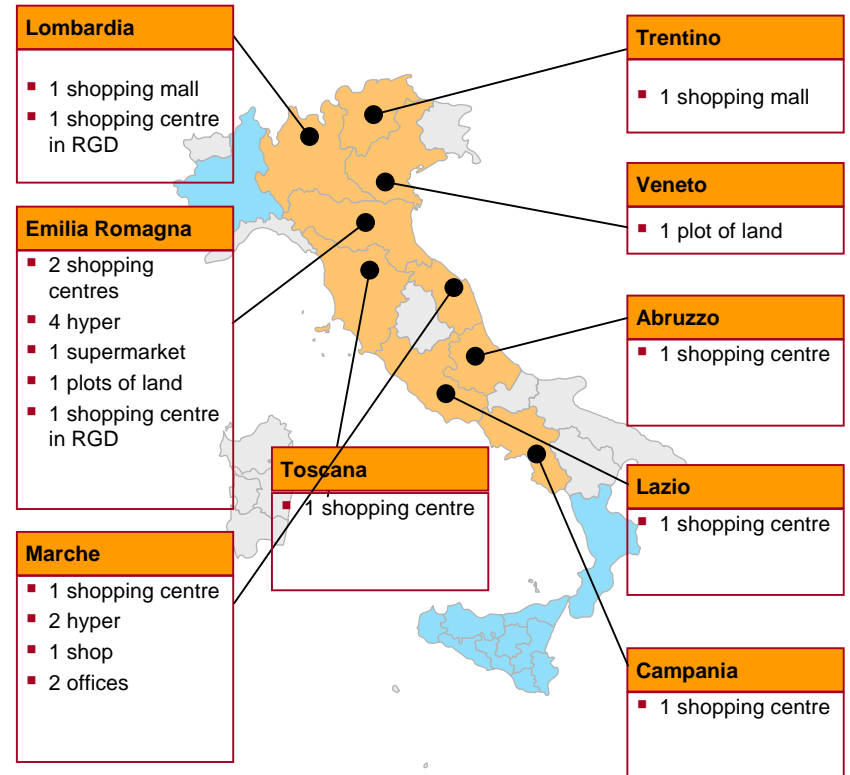
- IGD property management activity consists of:
  - **acquisition** and development of retail real estate assets
  - **increasing the capital value** of the current portfolio (via restructuring, refurbishment and enlargement)
  - **asset disposal**
- **Average occupancy rate**
  - hypermarkets and supermarket: 100.0%
  - shopping malls: 99.0%

**Freehold properties Market Value\***



\* It does not include all preliminary agreements and work in progress

## IGD's truly national platform



- Freehold properties**
- 9 Shopping Malls
  - 13 Hypermarkets
  - 2 Plots of land
  - 2 RGD (JV) Shopping Centres

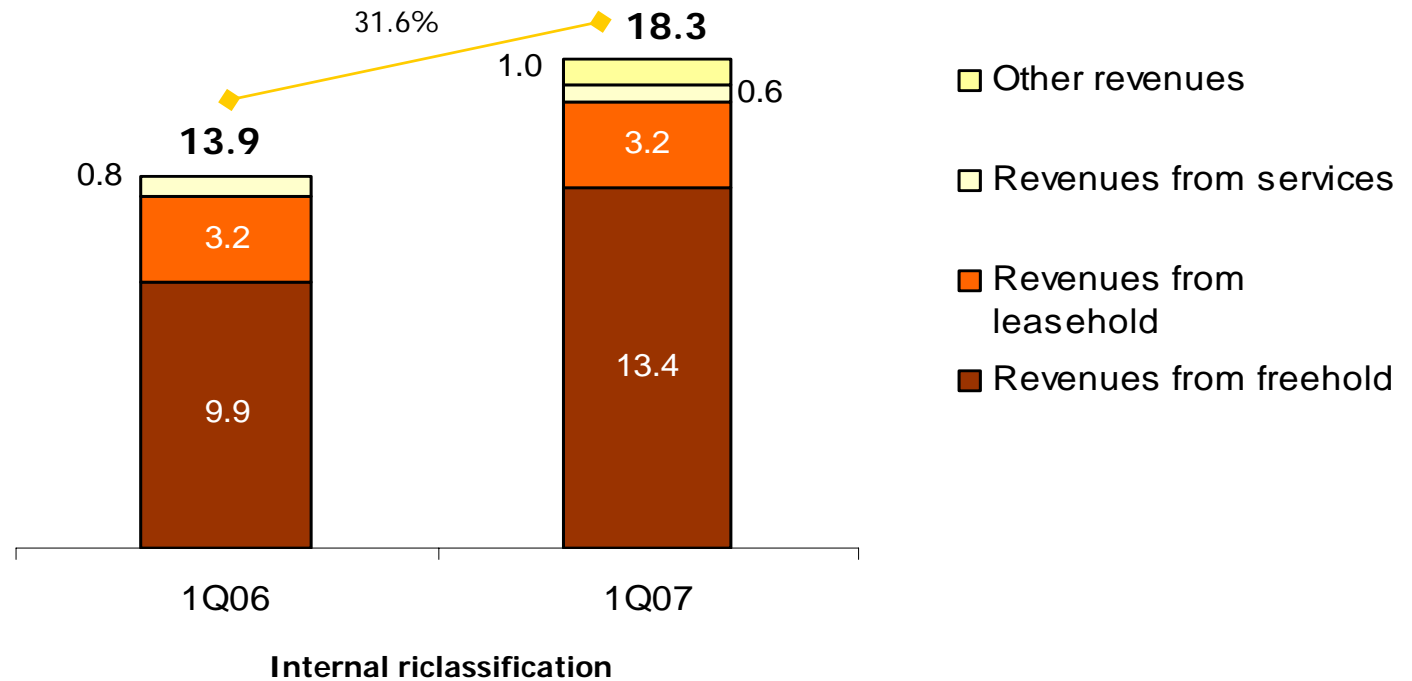
- Preliminary agreements and work in progress**
- 1 Shopping Centre in JV
  - 1 Shopping Mall
  - 2 Galleries
  - 2 Retail Parks

Freehold Properties, preliminary agreements and work in progress  
 Only preliminary agreements and work in progress



- The **facility management** activity includes:
  - preparation and implementation of the shopping centre's marketing plan
  - shopping centre's internal budgeting and reporting system
  - organisation of security, cleaning, and maintenance services
  
- The **agency** activity includes:
  - Marketing/promotion activity of the shopping centre and management of mall expansion
  - analysis of potential synergies
  - tenant mix definition and screening
  - lease negotiations with shop operators
  - Revenues from Agency only refers to **activities towards third parties**
  
  - Revenues from Agency develop around the **shopping centre opening** date that mainly occurs in the **2nd Half of the year**
  
- **Highly fragmented market** which represents opportunity to grow

# Revenues growth and breakdown

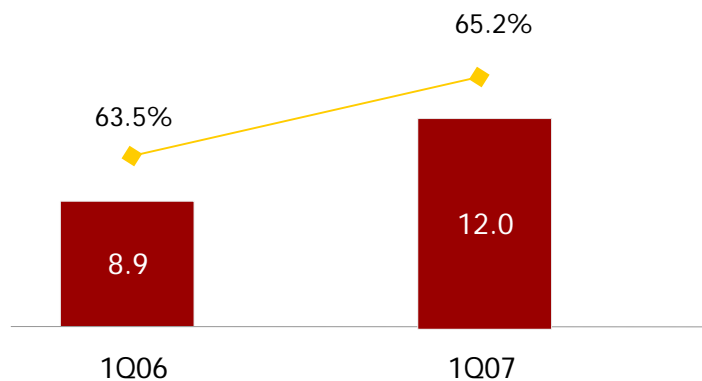


• **Revenues from property management** increased for Darsena City, Centro Sarca, Millennium, and for a like for like growth of 4.24%.

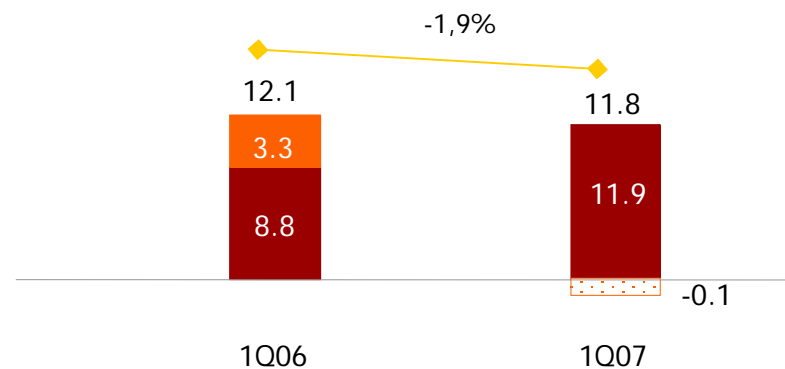
• **Revenues from services** decreased for last year there had been the agency revenue due to Minganti opening

# EBITDA and EBIT Trend

EBITDA (€m) and EBITDA margin (%)



EBIT (€m)

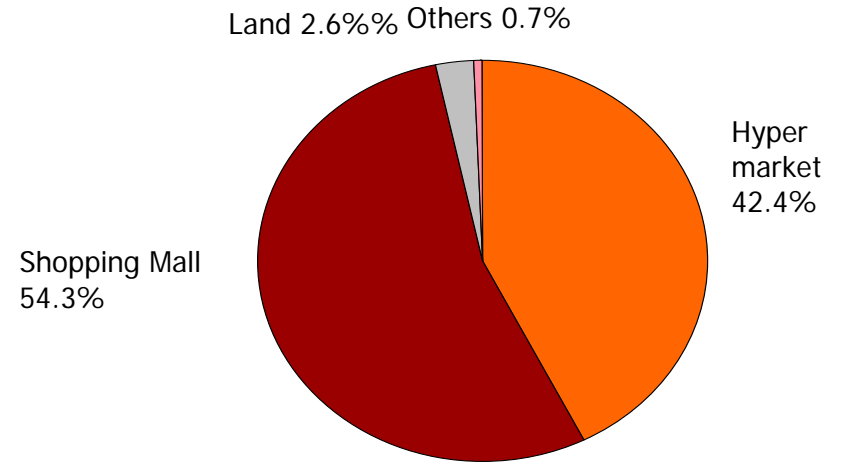


■ EBIT from operation ■ RE Fair Value change

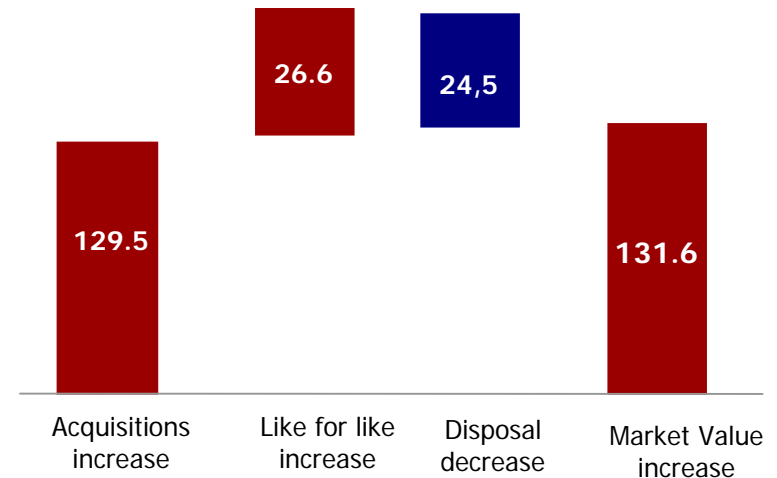
# Increase in Portfolio Value

- **Market value** of IGD freehold properties is € **880.9 m** as of December 06 (CB Richard Ellis)
- 2H06 change in fair value was affected by:
  - **Exit Cap Rates decrease**
    - improvements of the existing portfolio
    - market trend
  - **Wacc decrease**
  - **Acquisition of a Centrosarca Shopping Mall**
  - **Centro Leonardo enlargement disposal**

## Igd's Freehold Properties market value (€ m) breakdown



## Igd's Market Value breakdown



# Consolidated Balance Sheet

€ m	1Q07	FY06	Var
Intangible Assets	26.57	21.65	
Tangible Assets	986.32	947.69	
<b>Total Asset</b>	<b>1,012.89</b>	<b>969.34</b>	43.6
Inventories	0.00	0.00	
Receivables	9.48	10.30	
Other Receivables	8.42	16.89	
Payables	(8.30)	(14.68)	
Other Payables	(5.55)	(2.46)	
<b>Net Working Capital</b>	<b>4.05</b>	<b>10.05</b>	6.0
Long Term payables	(76.98)	(60.99)	
<b>Invested Capital</b>	<b>939.96</b>	<b>918.40</b>	21.6
Shareholder Equities	585.84	580.34	5.5
NFP	354.12	338.06	16.1
<b>Total Funding</b>	<b>939.96</b>	<b>918.40</b>	21.6

# Consolidate Income Statement

	<i>1Q07</i>	<i>1Q06</i>	<i>Change</i>
Revenues from freehold	13.44	9.94	
Revenues from leasehold	3.23	3.20	
Revenues from services	0.62	0.76	
Other revenues and income	1.05	0.05	
<b>Total revenues</b>	<b>18.34</b>	<b>13.94</b>	<b>31.6%</b>
Direct Cost	(5.13)	(3.92)	
SG&A	(1.26)	(1.17)	
<b>EBITDA</b>	<b>11.96</b>	<b>8.85</b>	<b>35.0%</b>
Amortization / Depreciation	(0.08)	(0.08)	
Change in Fair Value	(0.03)	3.31	
<b>EBIT</b>	<b>11.84</b>	<b>12.09</b>	<b>-2.1%</b>
Financial charges	(3.43)	(1.13)	
<b>EBT</b>	<b>8.40</b>	<b>10.96</b>	<b>-23.4%</b>
Taxes	(3.18)	(4.19)	
<b>NET PROFIT</b>	<b>5.22</b>	<b>6.77</b>	<b>-22.9%</b>