

PRESS RELEASE

Moody's rating action

Bologna, 9 April 2019 - **IGD – Immobiliare Grande Distribuzione SIQ S.p.A.** announces that on 9 of April 2019 Moody's issued a press release in which IGD's rating was changed from Baa3 (with a negative outlook) to Ba1 (with a stable outlook).

Moody's decision is based basically on the potential negative impact in the future of the current Italian macroeconomic conditions, with respect to both the real estate sector in which the Company operates (retail) and exogenous factors. At the same time, Moody's confirmed its positive opinion of the results the Company achieved in 2018 which testify to the management's ability to ensure solid and stable results over time, the cornerstone of the Company's fundamentals.

The above mentioned downgrade of Moody's rating is unexpected and does not reflect adequately the path undertaken and the results achieved by the Company over the past few years, namely:

1. the path undertaken to improve the financial structure and the credit metrics which led to a continuous reduction in the Loan to Value (45.8% at 31 December 2018, 160 p.p. higher than in 2017), the average cost of debt (2.7% at 31 December 2018, a decrease of 10 p.p. compared to 2017) and a higher Interest Cover Ratio (3.5X at 31 December 2018, an increase of 60 p.p. with respect to 2017);
2. the new Business Plan 2019-2021 which calls for further improvement in the financial structure and the main credit metrics over the life of the Plan (in particular, Loan to Value below 45%);
3. the good operating performances recorded in 2018, despite a challenging market environment, with the financial occupancy on the rise (97.2% in Italy) and retailers posting positive performances which were better than the general trend in Italian consumption;
4. the reduction of the rental income from hypermarkets (26.5% at 31 December 2018, a drop of 240 p.p. against 2017) and the further reduction that is called for over the life of the plan (around 21/22% at year-end 2021), attributable also to the impact of the remodeling of hypermarkets underway linked mainly to the recent signing of a Framework Agreement with the biggest tenant Coop Alleanza.

IGD, furthermore, does not have any significant debt maturities until 31 May 2021, when the "300,000,000 2.500 per cent. notes due 31 May 2021" bond loan issued by the Company 31 May 2016 is expected to be repaid. With regard to the impact of Moody's decision, please note that:

1. this decision will not trigger any advance repayment of the Group's existing debt;
2. the rating downgrade results in an increase or "step up" of 1.25% in the annual interest rate paid on the "300,000,000 2.500 per cent notes due 31 May 2021" and the "€100,000,000 2.25 per cent Senior Notes due 11 January 2024".

In light of the above, it is deemed opportune to revise the outlook for FFO in 2019 disclosed on 26 February from around +6/7% to around +1% due to the increase in financial charges of around € 5 million per year.

The press release issued by Moody's can be found by using the link below:
https://www.moody.com/research/Moodys-downgrades-Immobiliare-Grande-Distribuzione-SiiQ-SpA-to-Ba1-with-PR_397856



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 €2,412.2 million at 31 December 2018, comprised of, in Italy, 25 hypermarkets and supermarkets, 27 shopping malls and retail parks, 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, 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.