



1Q 2020 Results and impacts of Covid-19 on Group's activities

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March 2020

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1

Results as at 31 March 2020

Highlights

The results of the first three months of 2020 were impacted partially by the exceptional containment measures adopted in Italy, as of the end of February, to limit the spread of Covid-19, which resulted in gradually increasing restrictions on the days and hours of operation for shopping centers and the types of retailers allowed to remain open.

Rental Income

€38.4 mn

-0.9%

Net Rental Income

€33.0 mn

-3.3%

Core business Ebitda

€30.3 mn

-2.8%

Margin: 75.8%

Margin from Freehold: 77.7%

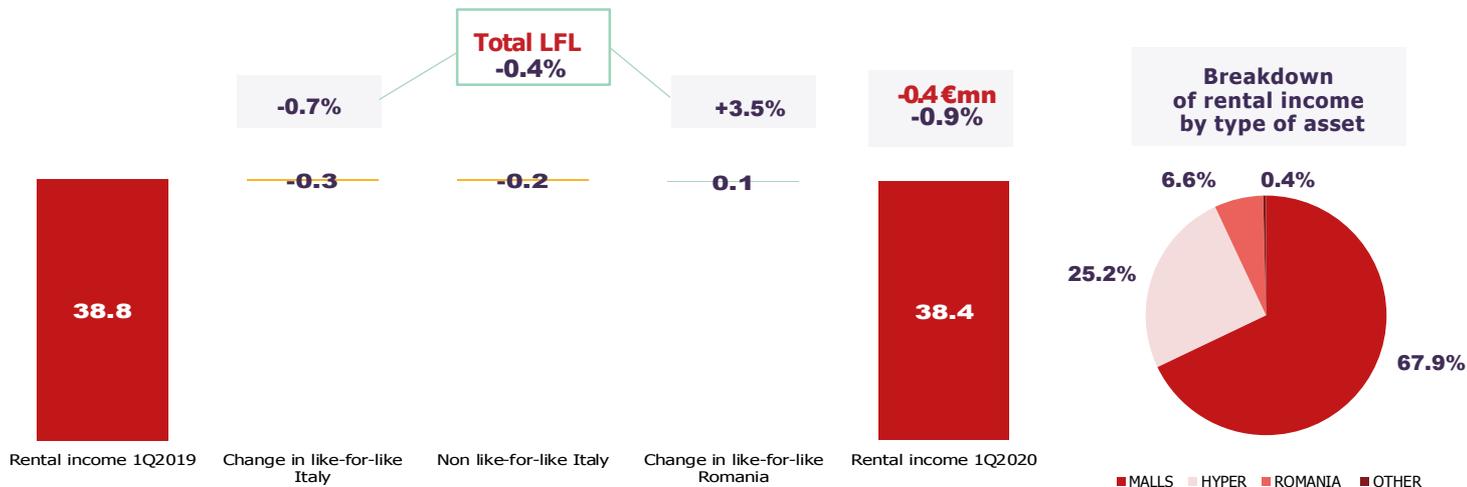
Funds From Operations(FFO)

€20.8 mn (0.19€ p.s.)

+0.1%

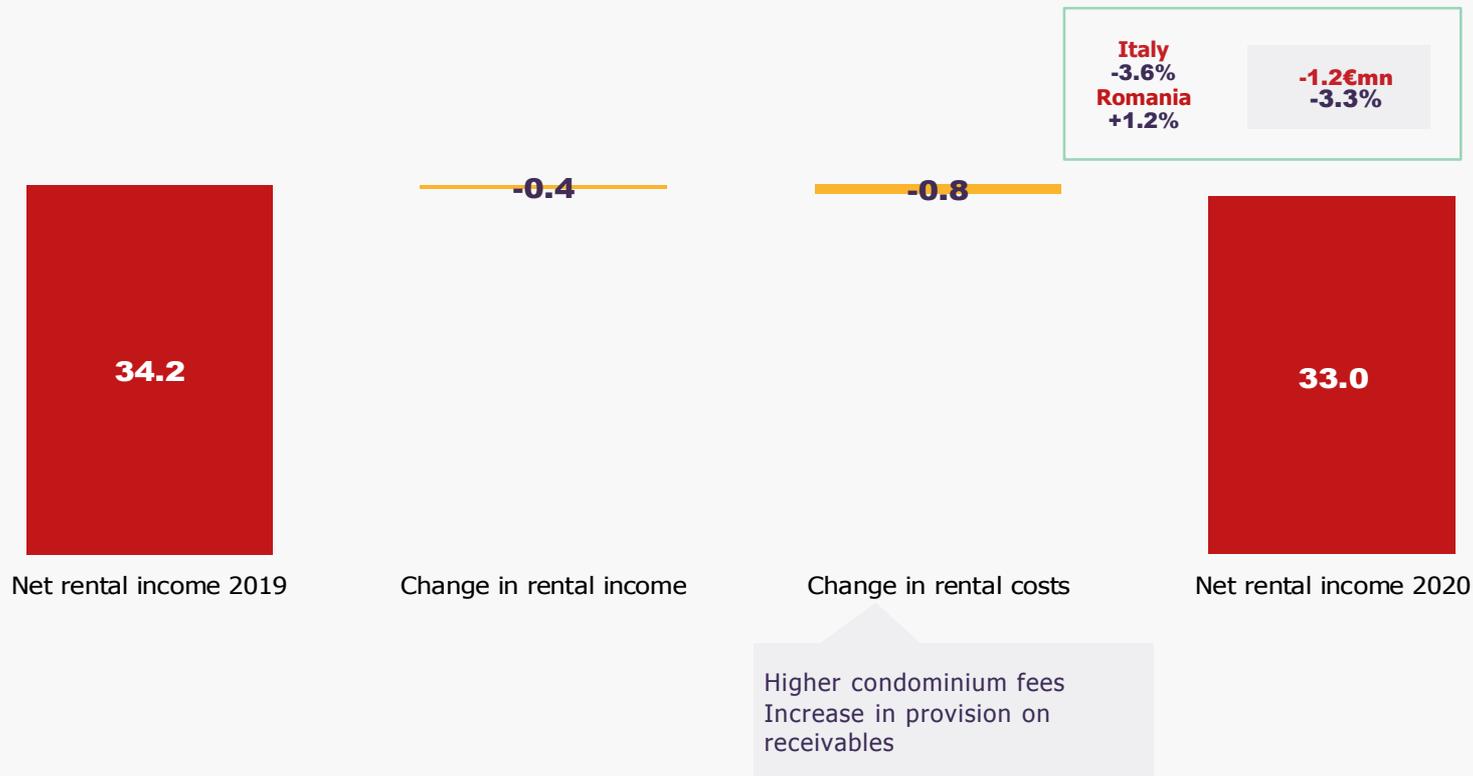
Rental Income

(€mn)



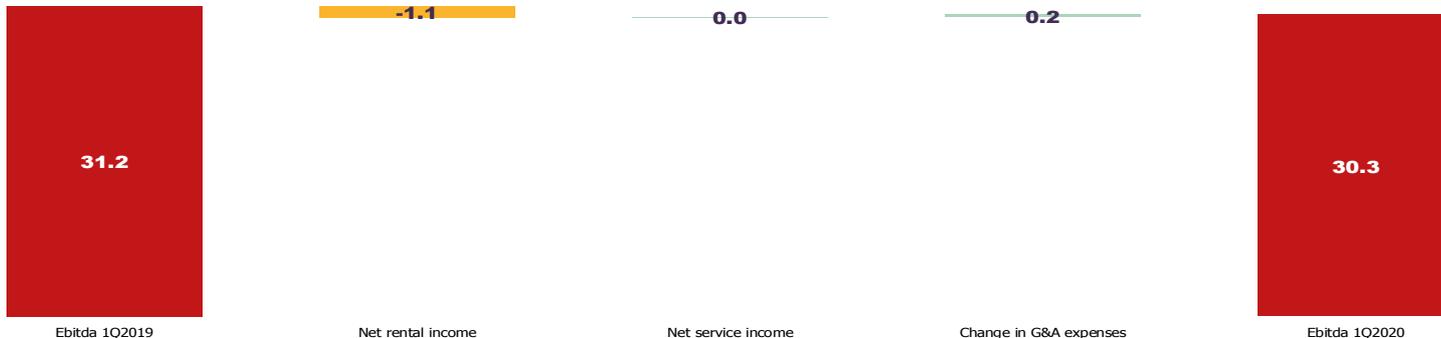
- ✓ **Decrease in malls (-0.8%):** mainly due to lower variable and temporary revenues
- ✓ **Slight decrease in hypermarkets (-0.4%)***
- ✓ **Inflation impact ~ +50 bps**

Net Rental Income (€mn)

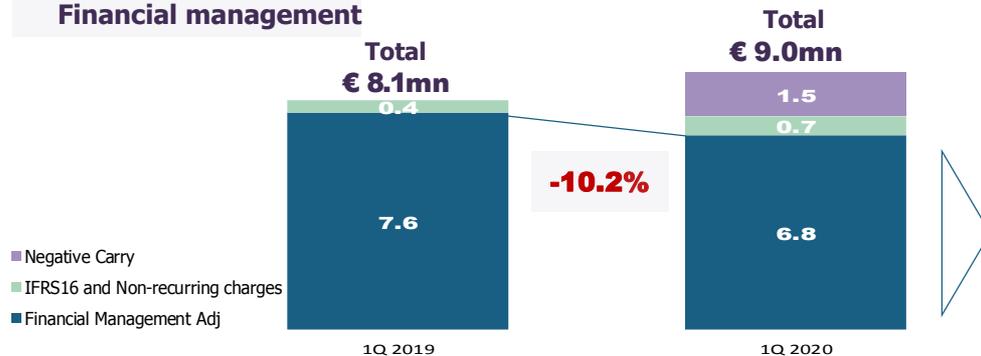


Core business Ebitda and financial management (€mn)

Ebitda

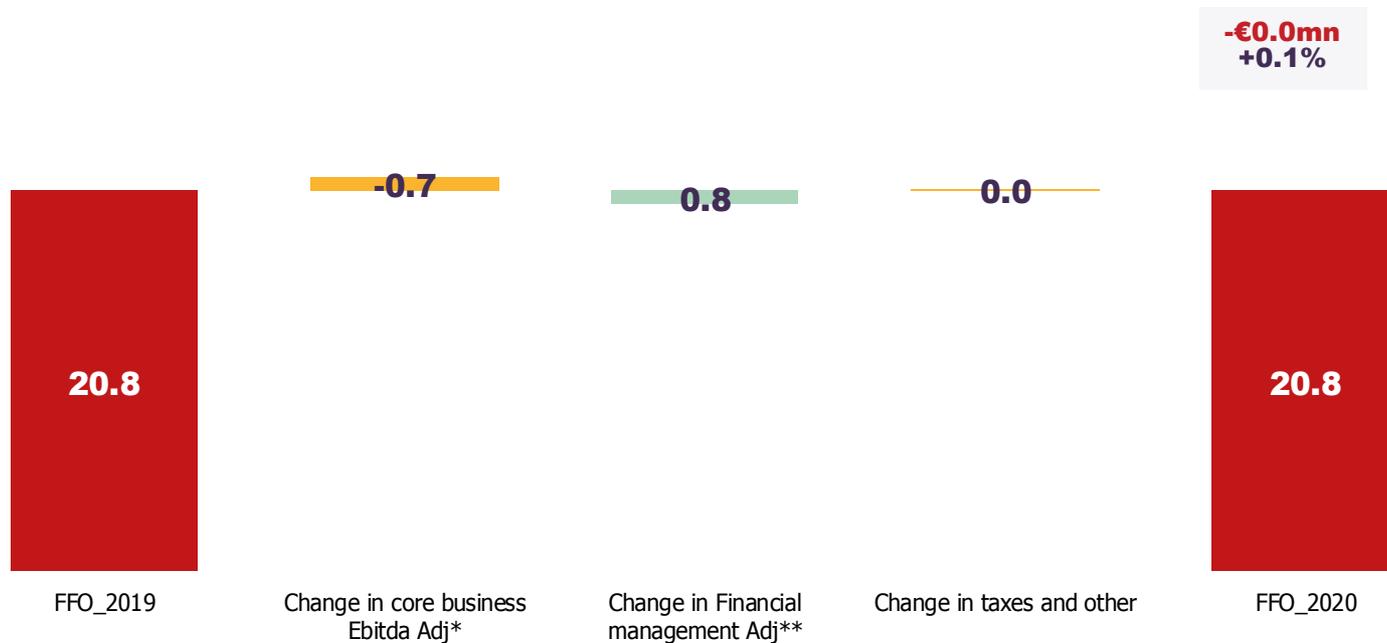


Financial management



Not considering negative carry, IFRS16 and non-recurring charges the Adj. Financial Management improves by €0.8 mn (-10.2%)

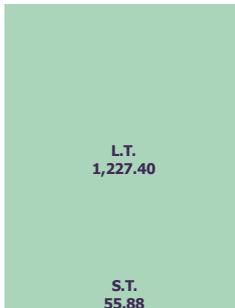
Funds From Operations (FFO)



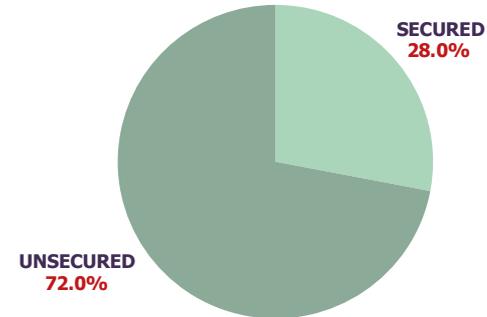
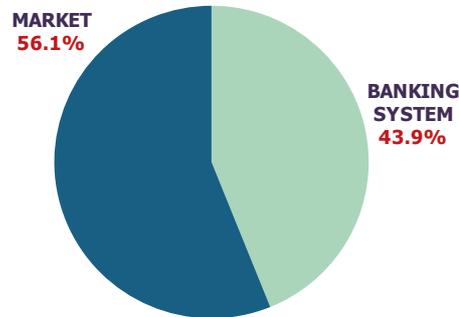
Financial Structure

	31/12/2019	31/03/2020
LTV	47.6%	47.2%
ICR	3.8X*	4.2X*
Average cost of debt	2.35%	2.30%

Net Debt
€1,153.2 mn**



Debt breakdown***



UNI ISO37001 Anti-Bribery certification obtained

20 April 2020



UNI ISO 37001:2016 Certification «Anti Bribery Management System»



The certification represents the international standard for anti-corruption management system.

The result achieved is consistent with the values expressed in the MOG*, the Social Responsibility strategy, the Group's Code of Ethics and Conduct and the «zero tolerance» approach to non-compliant behavior.



2 Latest updates

2020 had started well...

January

Cumulative data Italian malls



footfalls

+1.4%



tenant sales

+1.7%

February

Cumulative data Italian malls



footfalls

+1.0%



tenant sales

+2.0%

...but at the end of February the Covid-19 started to spread,
firstly in some regions of Northern Italy and then throughout Italy



March

Monthly data refers only to the open
stores in Italian malls



footfalls

-61.5 %



tenant sales

-50.2%*

Considering rents and expenses are quarterly invoiced in advanced, approx. **85%** of Italy's first quarter **turnover** has already been collected .

In **Romania** practically **100%** of the **turnover** was collected in the quarter.

Evolution of the restrictive measures

	PERIOD	MAIN PROVISIONS ADOPTED
	23-24 Feb – Restrictions in Milan (Sesto San Giovanni)	CentroSarca: early closure of the mall + only hypermarket opened
	25Feb – 07Mar – Restrictions in Lombardy (3 shopping centers)	Cinemas closed; malls opened until 6pm (closed during the weekends); restaurants opened; hypermarkets opened
	08-09 Mar – Restrictions in the «red zone» Lombardy, Veneto and Piemonte (7 shopping centers)	Cinemas closed; malls opened until 6pm (closed on Sunday); restaurants opened until 6pm; hypermarkets opened
	10-11 Mar – Restrictions on the whole of the national territory (IGD portfolio)	Cinemas closed; malls opened until 6pm; restaurants opened until 6pm; hypermarkets opened
	From 12 Mar – Restrictions on the whole of the national territory (IGD portfolio)	Cinemas closed; malls closed, only few stores opened until 6pm; restaurants closed; hypermarkets opened

Shopping centers activities during phase 1 and phase 2

Uniqueness of IGD's portfolio:
Shopping centers mainly near urban centers, with strong food anchors



Centers remained open and operational with IGD direct supervision

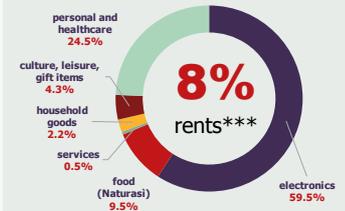
IN ITALY

Currently all IGD's shopping malls (27) are opened; until, at least, 18 May*, only stores selling essential goods like food products, pharmaceutical and veterinary items, home-cleaning products, electronics, opticians, bookstores, children's clothing stores as well as tobacconists/newstands are allowed to operate. **Not all these tenants succeeded in or wanted to stay open.**

Hypermarkets (operational**)



Other activities (only potentially operational)



IN ROMANIA

As of 22 March only stores selling food, veterinary, pharmaceutical and cleaning products as well as electronics and opticians are allowed to operate in the shopping centers. The restrictions will be in place at least until 15 May

Supermarkets (fully operational)



Other activities (only potentially operational)



Shopping centers activities during phase 1 and phase 2

	PHASE 1	PHASE 2
Italian malls	Negative trends in both footfalls and sales due to material difficulties also for customers (travel restrictions, reduction in hours of operations and staggered entries)	The restrictive measures to retail activities should be eased starting from 18 May.
Italian Hypermarkets	Good performances in the initial phase of lockdown; subsequently the restrictions imposed, the Sundays closures as well as the closure of the non-food department negatively affected the performances.	It is expected a slow and gradual adaptation to the new situation with the implementation of protective measures (thermoscanners, social distancing, masks, control of traffic entering, etc..).
Romanian Malls	The lockdown measures came into force on 22 March, therefore they did not have a significant impact on first quarter; more pronounced effects expected in the second quarter	During this phase the consumption habits will be affected, with effects whose duration and intensity are difficult to estimate.



3 Actions taken

The principles followed

**IGD immediately implemented
a series of measures
consistent with its
sustainability policies relative
to all its stakeholders**

1. Actions taken toward tenants in Italy and Romania



ITALY

- Support initiatives activated aimed at **revising the payment schedules for 2Q 2020** and **monthly invoicing** of rents.
- Postponed to 30 June 2020 the payment date of the April invoice (rent and condominium fees); the payment date of May invoice postponed to 10 September and the payment date of June invoice postponed to 10 November.



ROMANIA

- Rents and expenses of April regularly invoiced with payment due on 15 May 2020

The Company is waiting for more precise indications from governments about available tax and financial relief for businesses impacted by the crisis, as well as the timing/structure of the lockdown exit phase, in order to better define further initiatives to support tenants.

2. Actions taken in the shopping centers

Health and safety



- Ad-hoc informations to visitors concerning the correct behaviour to be followed to guarantee safety («coronavirus» decalogue)
- Increase in daily cleaning and sanitization of spaces and filters
- PPE* made available to visitors and staff (touchless thermometers for the staff, hand sanitizer in the common areas)
- Strengthened surveillance to check compliance with legislative provisions

Other activities



- Work sites secured
- Use of social media channels to give information about the hours of operation and access options
- Identification of essential activities (maintenance, repairs, etc.) and work to be suspended or cancelled
- Collaboration to the working teams and committees organized by the CNCC
- Coordination with Coop 3.0 and Unicoop Tirreno for supermarkets management

3. Actions taken toward company personnel

HR Actions



- **Smart working** for headquarter personnel
- **Smart working for the shopping centers staff, keeping a minimum presence in the centers**

Health and safety



- Definition of the **Covid-19 Procedure (shared Register)**
- Increase in daily **cleaning** and extraordinary **sanitization** of offices and filters
- **Personal Protective Equipment (PPE)** made available (masks, hand sanitizers, etc.)

4. Optimization of 2020 cash flow

Several activities to optimize cash outflows by:



Revising, reducing and/or eliminating several capex and investments that can be delayed

(total savings of around €34 million compared to budget estimates)



Reduction of non-essential operating expenses resulting in saving during the year



Social safety nets provided for the employees by the government **were activated** for a nine weeks period starting from 8 April

5. Actions taken on financing

The company is evaluating all options to further reinforce available liquidity:



Renewal of the committed credit lines, €60 mn by 2 leading credit institutions with maturity between the end of 2020 and the beginning of 2021



Request of a €38mn bank loan provided for under the «Liquidity Decree», namely a low interest-rate 6-years bank loan, partially guaranteed by the government

This in order to **allow the maximum flexibility and capacity** to the Group to **face future financial maturities in different operating scenarios**

Liquidity and next financial maturities

STRONG LIQUIDITY AS STARTING POINT

Cash on hand €130 mn
Credit lines €221 mn*



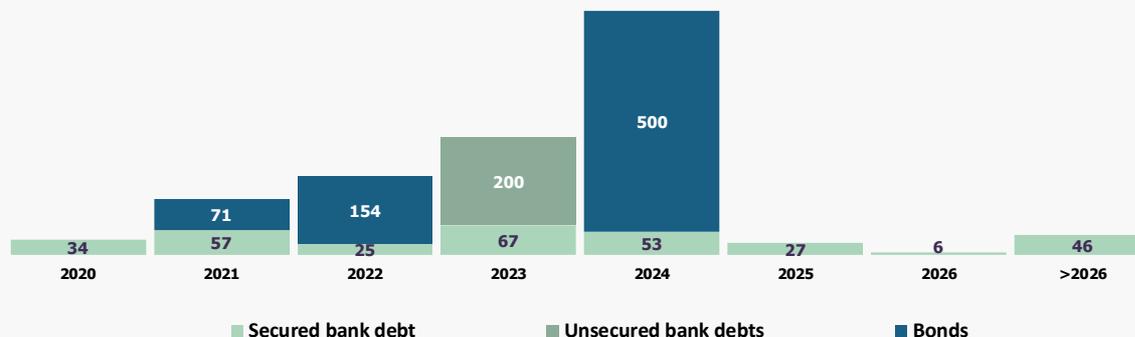
Cash outflows reduction

Further potential forms of liquidity



Ability to cope with different operational scenarios for the next 12/18 months

Debt maturity:



Rating changes

IGD maintained a direct and continuous contact with all the rating agencies which, based on their estimates of the impact that the current situation will have, have changed their rating as follows:

	Data	Rating	Outlook
S&P Global Ratings	03/23/2020	<i>Downgrade to BB+</i>	<i>Negative</i>
FitchRatings	04/08/2020	<i>BBB- Maintained</i>	<i>Rating watch negative</i>
MOODY'S	04/08/2020	<i>Ba1 Maintained</i>	<i>Under review for downgrade</i>

Thanks to the **investment grade rating** maintained by **Fitch** rating agency, currently **no bond loan «step-up» clause has been triggered.**



4 The possible evolution

How to deal with the emergency exit phase

Consistent with the national guidelines proposed by the CNCC, IGD will continue to implement the **measures already adopted in order to promote safe traffic flows in the shopping centers** (thermoscanners, cleaning and sanitization, masks and staggered entries) even after the lockdown exit starting from 18 May*.

IGD is also working on the challenges that will materialize when the crises start to subside and the return to normalcy begins: toward this end a **“Moving Forward” Plan** was prepared which includes some targets and actions:



Development of the **opportunities linked to the increase in e-commerce**



New promotional or supporting activities in response to the economics crises



Increase the personalized and digital services



Give answers to the needs related to the **growth of smart working, online teaching and difficulties for restaurants**

Further possible evolution

IGD's strategic guidelines already included **an operational plan to continuously update and adapt the offer in the shopping centers** to the new visitors needs.

The health emergency will lead to an acceleration in the implementation in terms of:

Re-thinking of food court layouts and new external areas, due to social distancing

Greater diffusion of **click and collect and «dark stores»**

Creation of virtual shops: digital catalogues and possibility to order products in the stores

Creation of spaces related to new needs (ie. co-working)





5 Dividend and Outlook

Review of the proposed dividend



The Board of Directors, on a conservative basis, and in order to maintain a solid financial profile, decided to revise the dividend to be proposed during the Annual General Meeting:

from €0.50 per share to **€0.228152 per share**
(minimum mandatory dividend provided for in REIT regulations)

Total dividends €25,149,800.48
Dividend payment date: 22 July 2020



At this time, given the **lack of visibility as to how the situation will unfold**, the support measures that will be adopted by the government and discussion with retailers, we believe it is still premature to **provide new indications on the FFO guidance for the current year ***



6 Attachments

Agenda

June 11, 2020

Annual General Meeting (first call)

July 22, 2020

Dividend payment date

August 6, 2020

First-Half 2020 results

November 5, 2020

Nine-months 2020 results

Consolidated Income Statement

GROUP CONSOLIDATED	(a)	(b)	Δ
	1Q_CONS_2019	1Q_CONS_2020	(b)/(a)
Revenues from freehold rental activities	35.6	35.3	-0.8%
Revenues from leasehold rental activities	3.1	3.1	-2.7%
Total income from rental activities	38.8	38.4	-0.9%
Rents and payable leases	0.0	0.0	-96.8%
Direct costs from rental activities	-4.6	-5.4	17.8%
Net rental income	34.2	33.0	-3.3%
Revenues from services	1.6	1.6	-0.1%
Direct costs from services	-1.4	-1.4	-3.1%
Net service income	0.2	0.2	23.1%
HQ Personnel expenses	-1.8	-1.7	-6.8%
G&A Expenses	-1.3	-1.2	-7.5%
CORE BUSINESS EBITDA (Operating income)	31.2	30.3	-2.8%
<i>Core business Ebitda Margin</i>	<i>77.3%</i>	<i>75.8%</i>	
Revenues from trading	0.0	0.0	n.a.
Cost of sale and other cost from trading	-0.1	-0.1	4.2%
Operating result from trading	-0.1	-0.1	4.2%
EBITDA	31.1	30.2	-2.8%
<i>Ebitda Margin</i>	<i>77.0%</i>	<i>75.5%</i>	
Impairment and Fair Value adjustments	-4.2	-5.9	39.9%
Depreciations and Provisions	-0.3	-0.3	0.3%
EBIT	26.6	24.1	-9.6%
FINANCIAL MANAGEMENT	-8.1	-9.0	12.1%
EXTRAORDINARY MANAGEMENT	0.0	0.0	n.a.
PRE-TAX PROFIT	18.6	15.1	-18.9%
Taxes	-0.5	-0.1	-78.2%
PROFIT FOR THE PERIOD	18.0	14.9	-17.2%
Profit /Loss for the period related to third parties	0.0	0.0	n.a.
GROUP NET PROFIT	18.0	14.9	-17.2%

Funds From Operations (FFO) €20.8 mn +0.1%

Funds from Operations	1Q_2020	1Q_2019	Δ vs 1Q_2019	Δ%
Core business EBITDA	30,330	31,194	864	-2.8%
IFRS16 Adjustments (Payable leases)	-2,576	-2,539	37	1.5%
Financial Management Adj.	-8,372	-7,624	749	9.8%
Extraordinary Management Adj.	0	0	0	n.a.
Current taxes for the period Adj.	-301	-278	23	8.2%
FFO	19,080	20,753	1,673	-8.1%
Una tantum Marketing	157	0	-157	n.a.
FFO	19,237	20,753	1,516	-7.3%
Negative Carry	1,529	0	-1,529	n.a.
FFO ADJ	20,767	20,753	-13	0.1%

Contracts in Italy and Romania at 31/03/2020

Malls Italy

Average residual maturity: **4.17years**

Totale contracts: 1,457 of which 30 renewals with the same tenant and 35 signed with a new tenant

Rotation Rate 2.4%
(% new contracts on tot. contracts)

Hypermarkets Italy

Average residual maturity: **14.3years**

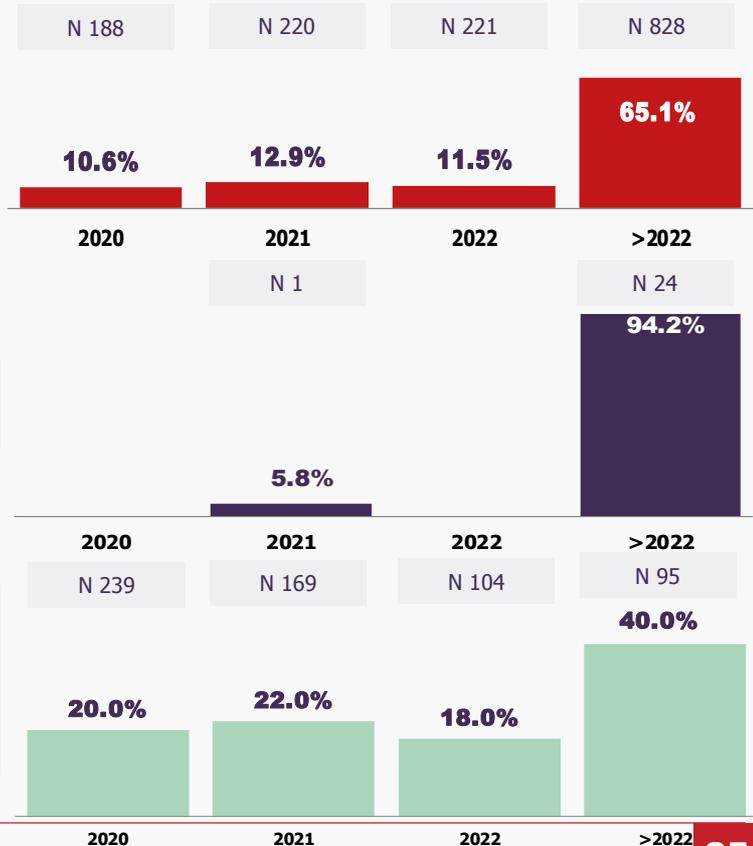
Total contracts: 25

Malls Romania

Average residual maturity: **4.8years**

Total contracts: 607 of which 60 renewals with the same tenant and 41 signed with a new tenant

Rotation Rate 6.8%
(% new contracts on tot. contracts)



Key tenants

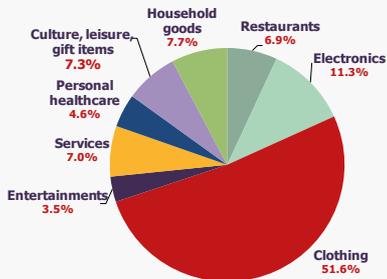
Top 10 Tenants Italian Malls

TOP 10 Tenant	Product category	Turnover impact	Contracts
PIAZZA ITALIA	clothing	2.7%	13
OVS	clothing	2.4%	10
H&M	clothing	2.0%	10
KAPPA	shoes	2.0%	8
MOTIVI FIORELLI RUBINO oltre	clothing	1.9%	26
unieuro	electronics	1.7%	7
CALZEDONIA	clothing	1.6%	28
GameStop <small>power to the players</small>	leisure	1.3%	25
Stroili Oro	jewellery	1.3%	19
bluespirit	jewellery	1.3%	23
Total		18.2%	169

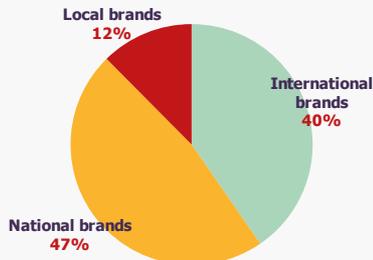
Top 10 Tenants Romanian Malls

TOP 10 Tenant	Product category	Turnover impact	Contracts
Carrefour market	supermarket	10.2%	11
H&M	clothing	7.2%	6
PEPCO	clothing	4.2%	11
kiko	clothing	4.2%	8
dm	drugstore	2.6%	5
ZHada	clothing	2.1%	7
Elegance	jewellery	2.1%	5
Sena	pharmacy	2.0%	4
Dacia	offices	1.6%	1
KFC	restaurants	1.2%	1
Total		37.4%	59

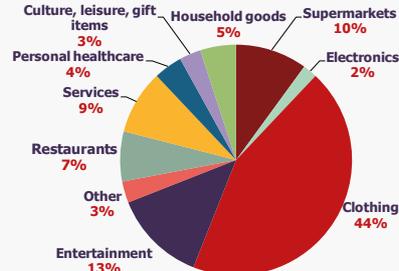
Malls merchandising mix



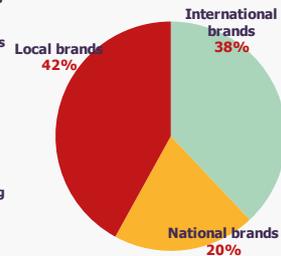
Malls tenant mix



Malls merchandising mix



Malls tenant mix



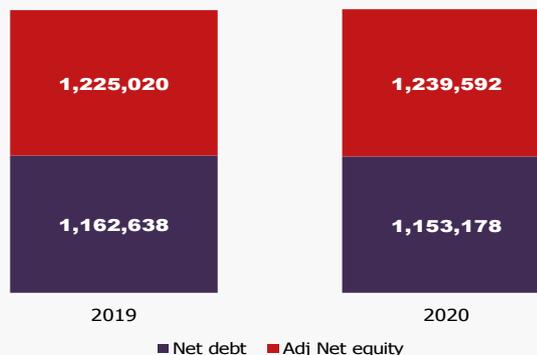
Further financial highlights

	31/12/2019	31/03/2020
Gearing ratio	0.95X	0.93X
Average length of long-term debt	4.1 years	3.9 years
Hedging on long-term debt + bond	94.8%	94.9%
Share of M/L term debt	94.3%	94.4%
Uncommitted credit lines granted	161 € mn*	161 € mn*
Uncommitted credit lines available	161 € mn	161 € mn
Committed credit lines granted and available	60 € mn	60 € mn
Unencumbered assets	1,480.0 € mn	1,480.0 € mn

Re-classified Balance Sheet

Sources - Uses of funds (€/000)	31/03/2020	31/12/2019	Δ	Δ%
Fixed assets	2,362,214	2,365,214	3,000	0.1%
Assets under construction	43,627	40,827	-2,800	-6.4%
Other non-current assets	21,721	21,845	124	0.6%
Other non-current liabilities	-29,313	-28,998	315	-1.1%
NWC	24,445	18,441	-6,004	-24.6%
Net deferred tax assets/(liabilities)	-26,295	-26,313	-18	0.1%
TOTAL USE OF FUNDS	2,396,400	2,391,017	-5,383	-0.2%
Total shareholders' equity	1,226,310	1,211,014	-15,296	-1.2%
Net (assets) and liabilities for derivative instruments	16,912	17,365	453	2.7%
Net debt	1,153,178	1,162,638	9,460	0.8%
TOTAL SOURCES	2,396,400	2,391,017	-5,383	-0.2%

GEARING RATIO (€000)



Gradual closures ordered by the Government and local authorities since late February 1/2

Day	Note
Sunday 23.02.2020	- Centro Sarca closed at 3pm
Monday 24.02.2020	- Centro Sarca: only hypermarket is open
From Tuesday 25.02.2020 to Friday 28.02.2020	Shopping centers in Lombardy: - Cinemas always closed - Shopping malls opened - Hypermarkets opened - Restaurants opened - Cafes closed since 6pm
Saturday 29.02.2020 and Sunday 01.03.2020	Shopping centers in Lombardy: - Cinemas always closed - Shopping malls closed - Hypermarkets opened - Restaurants opened - Cafes closed since 6pm
Mon 02.03.2020- Fri 06.03.2020	- As the previous week (25-28 February) - Restaurants and cafes with no table service closed in the Emilia Romagna-Veneto-Lombardy area
Saturday 07.03.2020	Shopping centers in Lombardy: - Cinemas always closed - Shopping mall closed only in Grand Rondò sh. center - Hypermarkets opened
Sunday 08.03.2020	7 Shopping centers in the red zone: - Cinemas always closed - Shopping malls closed - Hypermarkets closed - Restaurants opened until 6pm
Monday 09.03.2020	7 Shopping centers in the red zone: - Cinemas always closed - Shopping malls opened - Hypermarkets opened - Restaurants opened until 6pm
Tuesday 10 and Wednesday 11.03.2020	In all shopping centers: - Cinemas always closed - Shopping malls opened until 6pm - Hypermarkets opened - Restaurants opened until 6pm
From Thursday 12 March (excluding pre-holiday from 21 March and holiday from 15 March and without prejudice to further adjustments)	In all shopping centers: - Cinemas always closed - Shopping malls: opened until 6pm only the stores according to DPCM 11 March (medium surfaces excluded) - Hypermarkets opened - Restaurants closed

Shopping centers in the red zone DPCM 08.03.2020

1. Sarca
2. Gran Rondò
3. La Favorita
4. I Bricchi
5. Conè
6. Piave
7. Clodi

Shopping centers affected by the DPCM 09.03.2020

All IGD's shopping centers

Shopping centers affected by DPCM 11.03.2020

All IGD's shopping centers

Gradual closures ordered by the Government and local authorities since late February 2/2

Day	Note
Sunday 15.03.2020	In all shopping centers: - Cinemas always closed - Shopping malls: opened only the stores according to DPCM 11 March (medium surfaces excluded) - Hypermarkets opened (Afragola and Quarto closed at 2pm)
Sunday 22.03.2020	In all shopping centers: - Cinemas always closed - Shopping malls: opened until 6pm only the stores according to DPCM 11 March (medium surfaces excluded) - Hypermarkets closed
From 23.03.2020	In all shopping centers: - Cinemas always closed - Shopping malls: opened from Monday to Saturday only the stores according to DPCM 22 March - Hypermarkets opened with reduced hours of operation and closed on Sundays
From 14.04.2020	In all shopping centers: - Cinemas always closed - Shopping malls: opened from Monday to Saturday only the stores according to DPCM 14 April. With respect to the previous DPCM, now also bookshop, perfume shops and children's clothing stores are open - Hypermarkets opened with reduced hours of operation
Sunday 19.04.20	In all shopping centers: - Cinemas always closed - Shopping malls closed - 10 Hypermarkets opened with reduced hours of operation: Piave, Conè, Millennium, Clodi, Luna, Abruzzo, Città delle Stelle, Le Porte di Napoli, La Torre, Katanè