immobiliare grande distribuzione
società di investimento immobiliare quotata spa

PRESS RELEASE

RESULTS AT 30 SEPTEMBER 2021: THE PATH OF RECOVERY LEADING TO PRE-COVID LEVELS CONTINUES

- **Good performances in June- September, the first four-month period without restrictions and fully comparable with 2019: tenant sales -0.2% and roughly 85% of the footfalls recovered; average ticket up +21.7% in September vs. Sept.2019**
- **Rent collection 9M2021: in Italy c. 86%[1]; in Romania c. 96%**
- **Financial occupancy higher vs FY2020: Italy 95.40%, +114bps; Romania 94.93%, +133bps**
- **Financial structure strengthened: Loan-to-Value pro forma at 30 September, including the impact of disposals, comes to 45.6%, 270 p.p. lower than the Loan-to-Value at 30/09 of 48.3%**
- **FY guidance for FFO confirmed at +7/8%**

Bologna, 4 November 2021. 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 as at 30 September 2021** during a meeting chaired by Rossella Saoncella.

Message from the Chief Executive Officer, Claudio Albertini

"The operating results recorded in the last four months allow us to look to the future with more confidence: tenants' sales are back in line with 2019, which is very significant as 2019 was one of IGD's best years in terms of operating results. Progress is also being made in rent collection. The few tenant insolvencies suggest that, while the problems caused by the pandemic have not been completely overcome, our business model is totally solid" **Claudio Albertini**, IGD's Chief Executive Officer stated *"The disposal announced recently will also allow us to lower the Loan-to-Value noticeably and have the financial resources needed to cover future needs for all of 2022. All of this, assuming there are no new restrictions as a result of a worsening public health situation, creates the conditions needed to resume paying a dividend to our shareholders in 2022."*

OPERATING PERFORMANCE

Italy

After a first phase in which IGD's results were still impacted by the restrictions imposed by the Italian government in response to the Covid-19 health crisis, gradual progress was seen in the year once the restrictions were eased. As of 17 May, when the shopping centers became fully operational, the results pointed to a trend of continuous improvement: in the period June-September, the first four months not subject to any restrictions, footfalls and sales rose +1% and +9%, respectively, compared to the same months of 2020. The comparison with the same period of 2019, which was not affected by the pandemic and one of the best in IGD's history, is even more significant: while footfalls were still down by around 15%, retailers' sales were basically in line (-0.2%) with a decided increase in the average ticket (+21.7% September 2021 vs September 2019) which testifies to our shoppers increased propensity to buy.

[1] % of turnover net of rebates and credit losses

Looking at the performance of the different categories of merchandise in the period June – September 2021, clothing, home care, electronics, culture and leisure, which account for more than 81% of our lease portfolio, were higher than in 2019. Restaurants and services continue to experience difficulties, linked also to the problems encountered when organizing in-person events and other factors unique to this period. Cinemas (4 in our portfolio), in fact, have just resumed a pre-Covid level of operation (with even more movies coming out).
In the first nine months of 2021 the performance of the Group's freehold hypermarkets and supermarkets was in line with 2020 (+0.05%).
All of this demonstrates that the urban shopping center format, with a strong food anchor, is still key for the consumer and testifies to the significant capacity to react quickly once businesses are allowed to open.

The Italian portfolio's occupancy, which reached 95.4%, was 114 bps higher than at 31 December 2020 thanks to intense leasing activity and the liveliness of the retail sector: since the beginning of the year there have been 43 new openings in IGD's shopping malls, testimony to how retailers continue to believe in this business model and in-person shopping. In the first nine months of the year 191 leases (124 renewals and 67 turnover) were signed with a limited downside of around -1.2%.

Rent collection continues to show improvement, reaching approximately 86% at 28 October, net of the rebates granted[2].

Romania
In Romania, thanks to the gradual elimination of the restrictions, the operating performance of the Winmarkt shopping malls was good in the first nine months of 2021: **occupancy reached 94.93% at 30 September 2021**, 133 bps higher than at 31 December 2020. **Rent collection was excellent at around 96%**. Leasing activity also continued in Romania and resulted in **the signing of 303 leases (205 renewals and 98 turnover) with a slight upside of around 0.4%.**

The country is currently experiencing a new wave of the pandemic, including as a result of the pace of the vaccine rollout which was lower than the European average (only approximately 30% of the population has been vaccinated to date); for these reasons the government has introduced new restrictive measures, like the need to have a green pass in order to enter malls, which have affected the Group's shopping malls. The Group will continue to monitor the situation going forward and will do everything possible to keep the structures operational and ready for the scenario that is materializing.

ECONOMIC-FINANCIAL RESULTS

In the first nine months of the year, **gross rental income came to €109.1 million** taking into account the rebates granted for Covid. The result is explained by:

- for around -€2.2 million, lower revenue like-for-like in Italy. The decrease is attributable entirely to Italian malls due, above all, to remarketing the impact of which will be spread out over the next few quarters; hypermarkets rose slightly (+€0.1 million);

---

[2] % of turnover net of rebates and credit losses

- for around -€0.7 million, lower revenue not like-for-like and remodeling;
- for around -€0.1 million, lower revenue like-for-like in Romania.

Net rental income amounted to €86.9 million, down -3.1% against the same period of the prior year due to the deferred impact of marketing, described above, and an increase in a few operating costs like condominium fees. The direct impact of Covid-19 (including rebates and credit losses, net the savings on rents payable) was roughly €1.2 million lower than in the first nine months of 2020.

Core business Ebitda fell 3.9% to €79.6 million, with the margin at 69.8%. The freehold core business Ebitda margin (relative to freehold properties) reached 70.4%.

Financial charges amounted to €24.8 million which, net of the accounting impact of IFRS 16 and non-recurring expenses, was **8.7% lower than at 30 September 2020**.

Funds from Operations (FFO) amounted to €48.4 million, including the net one-off impact of Covid-19, which is 9.3% lower than at 30 September 2020. **The FY 2021 guidance for FFO, which calls for an increase of around +7/8% against 2020**, is, however, confirmed as to date the additional direct costs related to Covid-19 of approximately €10.4 million incurred in the last quarter of 2020 are not envisioned.

FINANCIAL STRUCTURE

On 30 September 2021 Fitch Ratings confirmed the Investment Grade rating of BBB- and changed the outlook from Negative to Stable. The improved outlook reflects the greater visibility for rental income, supported by the gradual increase in footfalls and the sales of the tenants in IGD's shopping centers which Fitch Ratings believes will be back to pre-pandemic levels before year-end 2022.

The **average cost of debt was 2.20%** at 30 September 2021, lower than the 2.30% reported at year-end 2020, while the **interest cover ratio or ICR came to 3.4X** (versus 3.2x at year-end 2020).
The net financial debt came to €1,116.05 million(€1,077.04 million adj. ex IFRS16), while the gearing ratio was 0.96x. The Loan- to-Value was lower than the 49.9% recorded at year-end fine 2020, coming in at 48.3%.

THE MOST SIGNIFICANT ASSET MANAGEMENT TRANSACTION INCLUDED IN THE 2019-2021 BP FINALIZED

On 21 October 2021 IGD signed an agreement with ICG's Sale & Leaseback Fund for the sale of a portfolio of hypermarkets and supermarkets for €140 million, in line with the book value at 30 June[3]. The portfolio comprises 6 "stand alone" properties (5 hypermarkets and 1 supermarket), not connected to IGD's freehold malls, which generate net rental income of approximately €7.7 million per year.
The properties will be transferred to a closed end real estate investment fund (an Italian REIF) formed by ICG and IGD, and managed by Savills Investment Management SGR S.p.A., of which ICG will hold 60% of the quotas (Class A, with a preferential

[3] Based on this amount reserves of roughly €32 million would be released, of which 50% would be used to determine the mandatory dividend to be distributed within the next two years.

yield) and IGD the remaining 40% (Class B, with a subordinated yield)[4]; IGD will be in charge of the portfolio's property management.
At the time of the closing, which is expected to take place at the end of November, IGD will receive roughly €115 million net[5] which, together with the available liquidity (which amounted to around €54mn at 30 September), will provide the Group with the resources needed to cover almost all maturities through 2022. The transaction is subject to receiving a loan for at least 50% of the assets' value.
The purpose of the sale is also to reduce the Group's financial leverage: taking into account the impact of the sale, the pro-forma Loan-to-Value comes to 45.6% and is expected to be even lower at year-end.

OUTLOOK 2021 AND DIVIDEND

Given the good performances seen in the last reporting period, as well as the expectation that the impact of Covid will be lower this year than in 2020, **the FY 2021 guidance for FFO, which calls for an increase of around +7/8% against 2020, is confirmed**.

Furthermore, in light of the good operating results, as well as the prospects for the next few months, and assuming there are no new restrictions as a result of a worsening public health situation, **the Company believes that the conditions needed to resume paying a dividend to its shareholders in 2022 exist.**

[4] The transaction's yields will also depend on the terms and conditions of the loan, as well as the market conditions at the time of exit from the vehicle.

[5] Assuming a loan for 55% of the asset value is obtained.

Operating income statement at 30 September 2021

GROUP CONSOLIDATED	(a) 9M_CONS_2020	(c) 9M_CONS_2021	Δ (c)/(a)
Revenues from freehold rental activities	100.2	99.9	-0.3%
Revenues from leasehold rental activities	8.7	9.2	5.4%
Total income from rental activities	**109.0**	**109.1**	**0.1%**
Rents and payable leases	0.0	0.0	n.a.
Direct costs from rental activities	-19.3	-22.2	15.3%
Net rental income	**89.7**	**86.9**	**-3.1%**
Revenues from services	4.8	4.8	1.1%
Direct costs from services	-3.8	-4.0	4.6%
Net services income	**1.0**	**0.9**	**-12.1%**
HQ Personnel expenses	-4.6	-4.9	7.1%
G&A expenses	-3.3	-3.3	-0.5%
CORE BUSINESS EBITDA (Operating income)	**82.8**	**79.6**	**-3.9%**
Core business Ebitda Margin	*72.8%*	*69.8%*	
Revenues from trading	0.7	0.4	-37.8%
Cost fo sale and other costs from trading	-1.3	-0.8	-40.4%
Operating result from trading	**-0.6**	**-0.3**	**-43.4%**
EBITDA	**82.2**	**79.2**	**-3.6%**
Ebitda Margin	*71.8%*	*69.3%*	
Impairment and Fair Value adjustments	-77.5	-16.7	-78.4%
Depreciation and provisions	-0.8	-0.5	-33.0%
EBIT	**3.9**	**62.0**	**n.a.**
FINANCIAL MANAGEMENT	-27.0	-24.8	-8.0%
EXTRAORDINARY MANAGEMENT	-0.1	0.0	n.a.
PRE-TAX RESULTS	**-23.2**	**37.2**	**n.a.**
Taxes	1.8	-2.0	n.a.
NET RESULT OF THE PERIOD	**-21.3**	**35.2**	**n.a.**
(Profit/Loss) for the period related to third parties	0.0	0.0	n.a.
GROUP NET RESULT	**-21.3**	**35.2**	**n.a.**

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

"Carlo Barban, 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 practices.

IGD will present these results during a **conference call** which will be held on **4 November 2021 at 14.30 noon (Italian time)**. The presentation will be published on the company's website (https://www.gruppoigd.it/investor-relations/presentations/)

In order to participate, please dial the following number: **+39 028020927**

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 €2,267.88 million at 3O June 2021, 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 6 other 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.

www.gruppoigd.it

↗ **CONTACTS INVESTOR RELATIONS**

CLAUDIA CONTARINI
Investor Relations
+39 051 509213
claudia.contarini@gruppoigd.it

↗ **CONTACTS MEDIA RELATIONS**

IMAGE BUILDING
Cristina Fossati,
+39 02 89011300
igd@imagebuilding.it

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.

↗↗↗

Please find attached the income statement, statement of financial position, statement of cash flows and consolidated net financial position at 30 September 2021

Consolidated income statement at 30 September 2021

(in thousands of Euros)	30/09/2021 (A)	30/09/2020 (B)	Change (A)-(B)	3° Q 2021 (C)	3° Q 2020 (D)	Change (C)-(D)
Revenue	109,133	108,926	207	36,065	34,290	1,775
Other revenue	4,833	4,829	4	1,559	1,690	(131)
Revenues from property sales	440	708	(268)	0	258	(258)
Revenues and operating income	**114,406**	**114,463**	**(57)**	**37,624**	**36,238**	**1,386**
Change in inventory	1,967	618	1,349	818	364	454
Revenues and change in inventory	**116,373**	**115,081**	**1,292**	**38,442**	**36,602**	**1,840**
Construction costs for the period	2,378	1,530	848	818	666	152
Service costs	9,022	9,433	(411)	2,777	1,960	817
Cost of labour	7,427	7,024	403	2,344	2,309	35
Other operating costs	12,107	13,426	(1,319)	6,699	8,371	(1,672)
Total operating costs	**30,934**	**31,413**	**(479)**	**12,638**	**13,306**	**(668)**
Depreciations, amortization and provisions	(506)	(457)	(49)	(178)	(156)	(22)
(Impairment losses)/Reversals on work in progress and inventories	(54)	(2,159)	2,105	0	0	0
Provisions for doubtful accounts	(6,197)	(1,763)	(4,434)	3,232	7,769	(4,537)
Change in fair value	(16,680)	(75,359)	58,679	(4,278)	(3,941)	(337)
Depreciation, amortization, provisions, impairment and change in fair value	**(23,437)**	**(79,738)**	**56,301**	**(1,224)**	**3,672**	**(4,896)**
EBIT	**62,002**	**3,930**	**58,072**	**24,580**	**26,968**	**(2,388)**
Income/ (loss) from equity investments and asset disposal	**0**	**(72)**	**72**	**0**	**0**	**0**
Financial Income	73	68	5	22	41	(19)
Financial charges	24,916	27,084	(2,168)	8,150	9,091	(941)
Net financial income (expense)	**(24,843)**	**(27,016)**	**2,173**	**(8,128)**	**(9,050)**	**922**
Pre-tax profit	**37,159**	**(23,158)**	**60,317**	**16,452**	**17,918**	**(1,466)**
Income taxes	1,993	(1,840)	3,833	740	406	334
NET PROFIT FOR THE PERIOD	**35,166**	**(21,318)**	**56,484**	**15,712**	**17,512**	**(1,800)**
Non-controlling interests in (profit)/loss for the period	0	0	0	0	0	0
Profit/(loss) for the period attributable to the Parent Company	**35,166**	**(21,318)**	**56,484**	**15,712**	**17,512**	**(1,800)**

Consolidated statement of financial position at 30 September 2021

(in thousands of Euros)	30/09/2021 (A)	30/06/2021 (B)	31/12/2020 (C)	Change (A)-(B)	Change (A)-(C)
NON-CURRENT ASSETS:					
Intangible assets					
Intangible assets with finite useful lives	94	99	35	(5)	59
Goodwill	8,159	8,283	8,533	(124)	(374)
	8,253	**8,382**	**8,568**	**(129)**	**(315)**
Property, plant, and equipment					
Investment property	2,227,167	2,229,892	2,234,484	(2,725)	(7,317)
Buildings	7,231	7,293	7,414	(62)	(183)
Plant and machinery	132	143	143	(11)	(11)
Equipment and other goods	1,599	1,668	969	(69)	630
Assets under construction and advance payments	44,331	42,757	42,674	1,574	1,657
	2,280,460	**2,281,753**	**2,285,684**	**(1,293)**	**(5,224)**
Other non-current assets					
Deferred tax assets	5,562	6,359	7,995	(797)	(2,433)
Sundry receivables and other non-current assets	126	129	129	(3)	(3)
Equity investments	99	99	151	0	(52)
Non-current financial assets	174	174	174	0	0
	5,961	**6,761**	**8,449**	**(800)**	**(2,488)**
TOTAL NON-CURRENT ASSETS (A)	**2,294,674**	**2,296,896**	**2,302,701**	**(2,222)**	**(8,027)**
CURRENT ASSETS:					
Work in progress inventory and advances	35,771	34,953	33,843	818	1,928
Trade and other receivables	21,297	25,032	18,260	(3,735)	3,037
Related party trade and other receivables	1,677	1,705	775	(28)	902
Other current assets	4,764	5,101	3,736	(337)	1,028
Cash and cash equivalents	53,882	43,779	117,341	10,103	(63,459)
TOTAL CURRENT ASSETS (B)	**117,391**	**110,570**	**173,955**	**6,821**	**(56,564)**
TOTAL ASSETS (A + B)	**2,412,065**	**2,407,466**	**2,476,656**	**4,599**	**(64,591)**
NET EQUITY:					
Share capital	650,000	650,000	650,000	0	0
Share premium reserve	0	0	30,058	0	(30,058)
Other reserves	466,042	465,092	499,131	950	(33,089)
Group profit (loss) carried forward	1,689	1,689	9,574	0	(7,885)
Net profit (loss) of the year	35,166	19,453	(74,321)	15,713	109,487
Total Group net equity	**1,152,897**	**1,136,234**	**1,114,442**	**16,663**	**38,455**
Capital and reserves of non-controlling interests	0	0	0	0	0
TOTAL NET EQUITY (C)	**1,152,897**	**1,136,234**	**1,114,442**	**16,663**	**38,455**
NON-CURRENT LIABILITIES:					
Derivatives - liabilities	9,989	11,220	14,396	(1,231)	(4,407)
Non-current financial liabilities	961,700	967,798	1,135,707	(6,098)	(174,007)
Provisions for employee severance indemnities	3,306	3,265	3,267	41	39
Deferred tax liabilities	18,148	18,133	18,281	15	(133)
Provisions for risks and future charges	4,047	3,784	3,793	263	254
Sundry payables and other non-current liabilities	9,842	9,256	9,849	586	(7)
Related parties sundry payables and other non-current liabilities	13,462	13,462	13,462	0	0
TOTAL NON-CURRENT LIABILITIES (D)	**1,020,494**	**1,026,918**	**1,198,755**	**(6,424)**	**(178,261)**
CURRENT LIABILITIES:					
Current financial liabilities	208,408	210,958	137,266	(2,550)	71,142
Trade and other payables	11,203	15,688	12,091	(4,485)	(888)
Related parties trade and other payables	2,295	2,144	499	151	1,796
Current tax liabilities	4,059	3,072	1,814	987	2,245
Other current liabilities	12,709	12,452	11,789	257	920
TOTAL CURRENT LIABILITIES (E)	**238,674**	**244,314**	**163,459**	**(5,640)**	**75,215**
TOTAL LIABILITIES (F=D+E)	**1,259,168**	**1,271,232**	**1,362,214**	**(12,064)**	**(103,046)**
TOTAL NET EQUITY AND LIABILITIES (C + F)	**2,412,065**	**2,407,466**	**2,476,656**	**4,599**	**(64,591)**

Consolidated statement of cash flows at 30 September 2021

(in thousands of Euros)	30/09/2021	30/09/2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) of the year	**35,166**	**(21,318)**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities		
Taxes of the year	1,993	(1,840)
Financial charges / (income)	24,843	27,016
Depreciation and amortization	506	457
Writedown of receivables	6,197	1,763
(Impairment losses) / reversal on work in progress	54	2,159
Changes in fair value - increases / (decreases)	16,680	75,359
Income/ (loss) from equity investments and asset disposal	0	72
Provisions for employees and end of mandate treatment	1,117	1,067
CASH FLOW FROM OPERATING ACTIVITIES:	**86,556**	**84,735**
Financial charge paid	(16,011)	(17,287)
Provisions for employees and end of mandate treatment paid	(723)	(873)
Income tax	(659)	(499)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:	**69,163**	**66,076**
Change in inventory	(1,967)	(617)
Change in trade receivables	(10,136)	(28,256)
Net change in other assets	1,408	(1,162)
Change in trade payables	908	(3,278)
Net change in other liabilities	323	2,017
CASH FLOW FROM OPERATING ACTIVITIES (A)	**59,699**	**34,780**
(Investments) in intangible assets	(87)	0
Disposals of intangible assets	0	56
(Investments) in tangible assets	(11,847)	(10,791)
Disposals in Equity investments	52	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	**(11,882)**	**(10,735)**
Disposal/(purchase) of treasury shares	0	198
Capital gain/(loss) in purchase of treasury shares	0	(200)
Dividend distribution	0	(25,152)
Rents paid for financial leases	(6,358)	(4,642)
Loans repayments and other financing activities	(104,836)	(35,809)
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(111,194)**	**(65,605)**
Exchange rate differences on cash and cash equivalents (D)	(82)	(99)
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)	**(63,459)**	**(41,659)**
CASH BALANCE AT BEGINNING OF THE PERIOD	**117,341**	**128,677**
CASH BALANCE AT END OF THE PERIOD	**53,882**	**87,018**

Consolidated net financial position at 30 September 2021

(in thousands of Euros)	30/09/2021	30/06/2021	31/12/2020
Cash and cash equivalents	(53,882)	(43,779)	(117,341)
LIQUIDITY	**(53,882)**	**(43,779)**	**(117,341)**
Mortgage loans - current portion	36,779	41,608	51,418
Leasing - current portion	9,105	9,629	9,448
Bond loans - current portion	162,524	159,721	76,400
CURRENT DEBT	**208,408**	**210,958**	**137,266**
CURRENT NET DEBT	**154,526**	**167,179**	**19,925**
Non-current financial assets	(174)	(174)	(174)
Leasing - non-current portion	32,884	34,723	39,626
Non-current financial liabilities	436,663	441,555	453,199
Bond loans	492,153	491,520	642,882
NON-CURRENT NET DEBT	**961,526**	**967,624**	**1,135,533**
NET FINANCIAL POSITION	**1,116,052**	**1,134,803**	**1,155,458**