

14 DECEMBER 2021



# MISSION... POSSIBLE

2022-2024 BUSINESS PLAN PRESENTATION

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**1**

**A resilient business model and  
an improving environment**

# Covid interrupted our previous growth Plan...

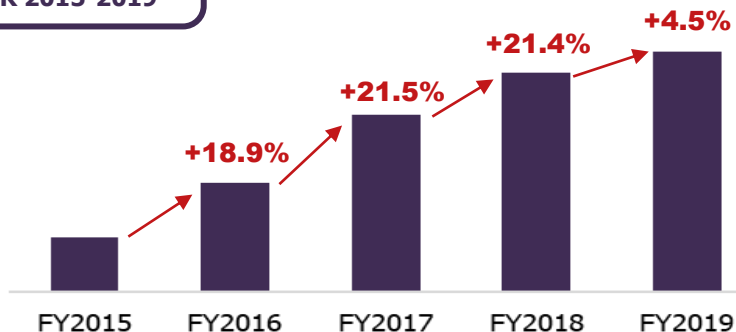


## Where were we in 2019?

**+16.5%**

CAGR 2015-2019

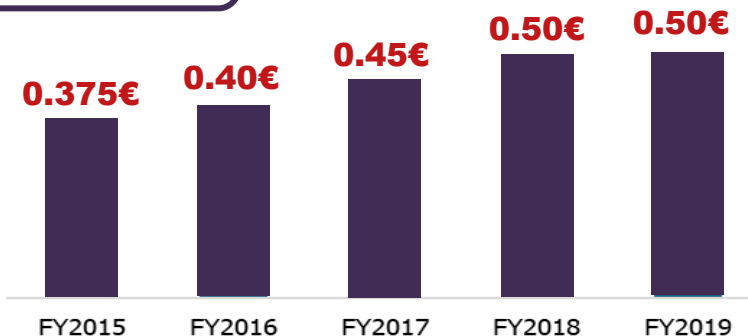
Funds From Operations



**+33.3%**

growth 2015-2019

Dividend per share



Spread of Covid-19



**2020/2021:**  
Struck by a «tornado»

**131**

days of closure

Italy: non essential activities  
(2020+2021)

**€27M**

impact on FFO

Covid direct impacts on FFO  
(2020+2021)



Measures to preserve the  
financial structure

**- €55M**

investments

Capex reduction  
(2020+2021)

**0.228€**

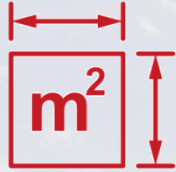
2020 dividend



2021 dividend

Dividend reduction

# ...but our business model has proved resilient...



Occupancy rate  
Italy<sup>(1)</sup>

**>95%**



Rents  
Collected<sup>(2)</sup>

**>90%**



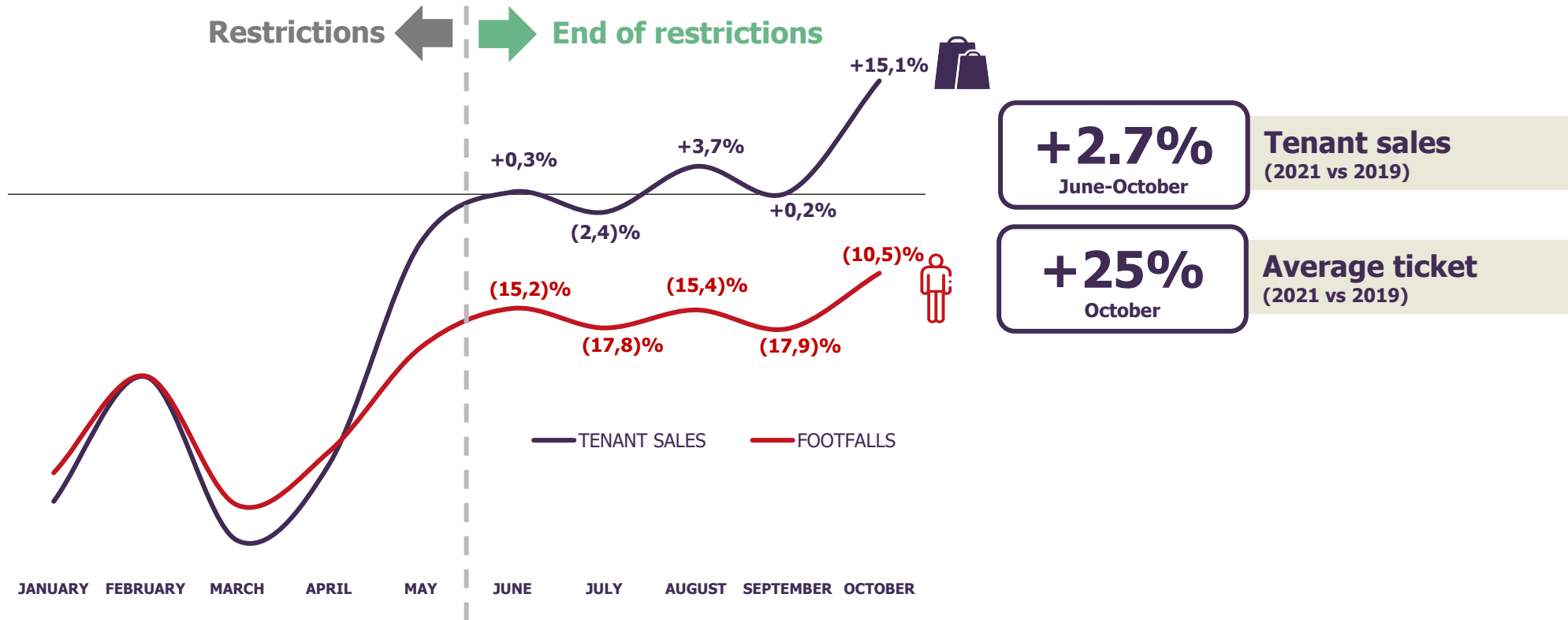
Loan to Value<sup>(3)</sup>

**~45%**

(expected at year-end)

# ...and very positive answers have come from our visitors

## Operating performances 2021 vs. 2019 (Italy malls)



The noticeable recovery in the operating performances confirms the validity of IGD's business model and the appeal of our shopping centers. Physical shopping is still key for consumers

# Italian economy is growing

## 2021-2024 CAGR



GDP <sup>(1)</sup>

+3.5%



Private consumption <sup>(1)</sup>

+3.4%



## Some key elements

1

### NextGen EU

€222bn funds inflowing to Italy thanks to the National Resilience and Recovery Plan («Piano Nazionale di Ripresa e Resilienza»)

2

### Manufacture/Export

Italian manufacturing production is better than main European countries

3

### Reforms

Several reforms planned (PA, justice,...) as a further growth factor

4

### Construction

Construction is booming thanks to the important incentives set up by the Government (110% bonus, etc.)

Not a «technical rebound», but a **phase of economic growth, based on several pillars, that could run for longer**



**Inflation rate**



IGD will benefit from contracts indexation







**2**

**Strategy is being adapted  
to the new trends**

# **Covid is accelerating some already existing global macro trends**



## **Urbanization**

- **Big cities but also medium-sized ones**
- **Proximity**
- **Adaptation/Conversion of urban areas (smart mobility/working)**



## **Quality of Life**

- **More attention on wellbeing, physical activities and personal care**
- **More health clinics both public and private spread around the country**
- **Shopping and services close at hand**
- **Healthy/fresh food**



## **Digitalization**

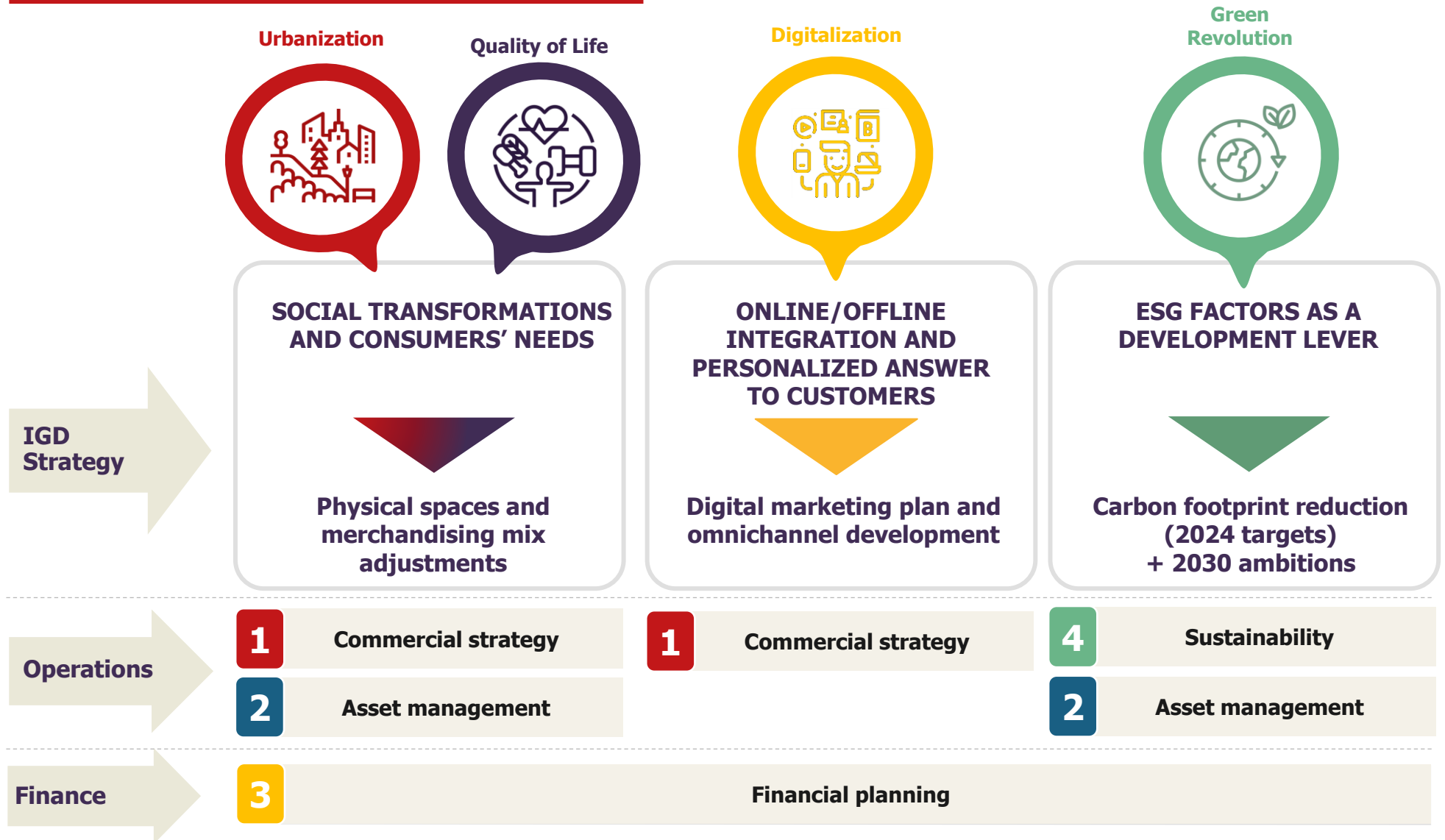
- **Always online**
- **«Everything now»**
- **Personalized offer/services**
- **More online/offline integration**



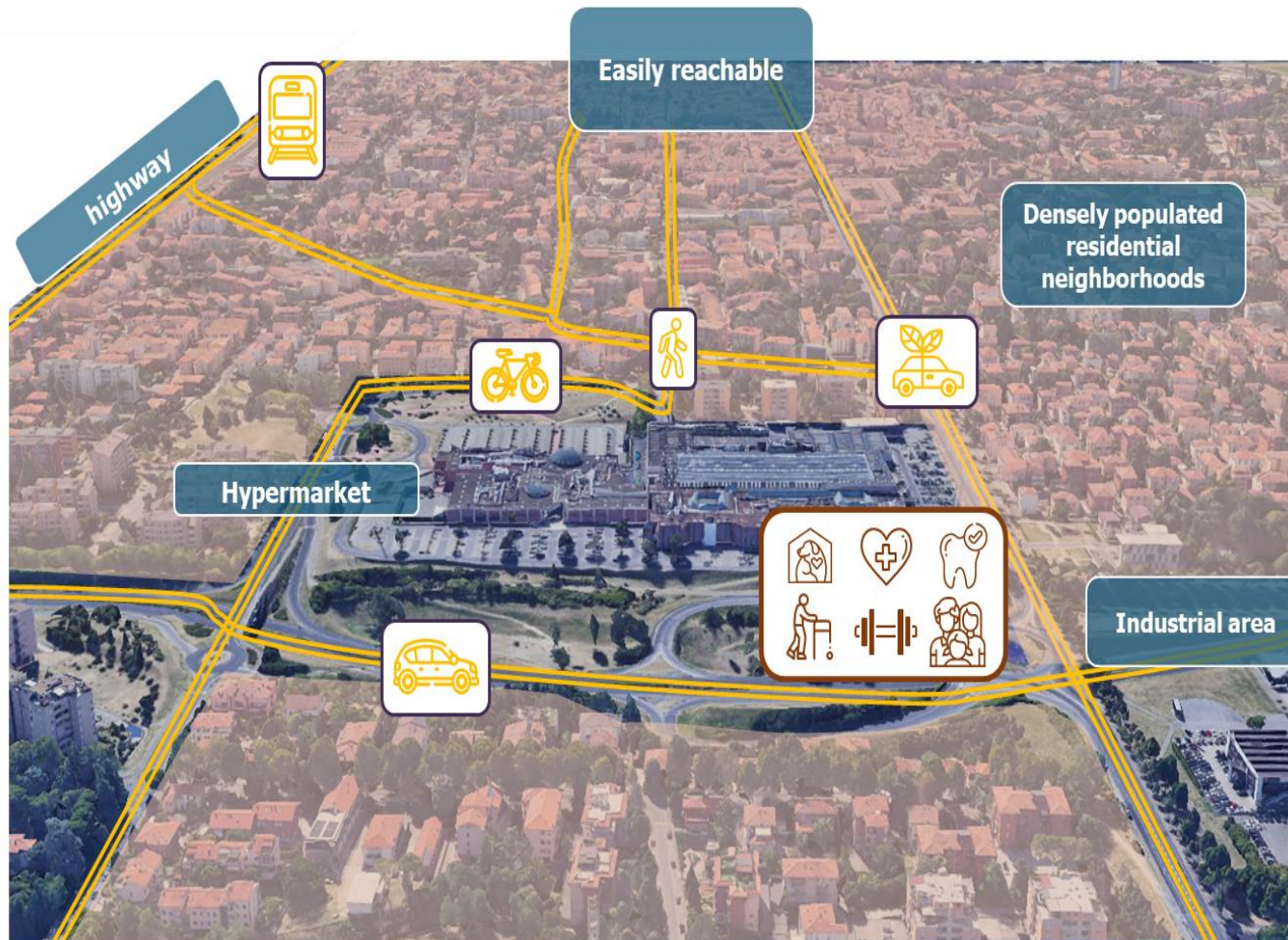
## **Green Revolution**

- **Fighting climate change and change in energy sources**
- **Emissions and waste reduction**
- **Electric vehicles**
- **Green and sustainable finance**

# IGD's strategy answers to new consumers needs...



# ...leveraging on an effective business model



A typical example: Centro Leonardo Imola (BO)



## Dominant (1)

Our assets are the dominant retail destination in their catchment area



## «Urban» shopping centers

Easily reachable (about 4km far from city center on average)



## Strong food anchor

Hypermarket has a strong attractive role for everyday shopping



## Not only shopping but also services for community

Dental clinics, medical clinics, pharmacies



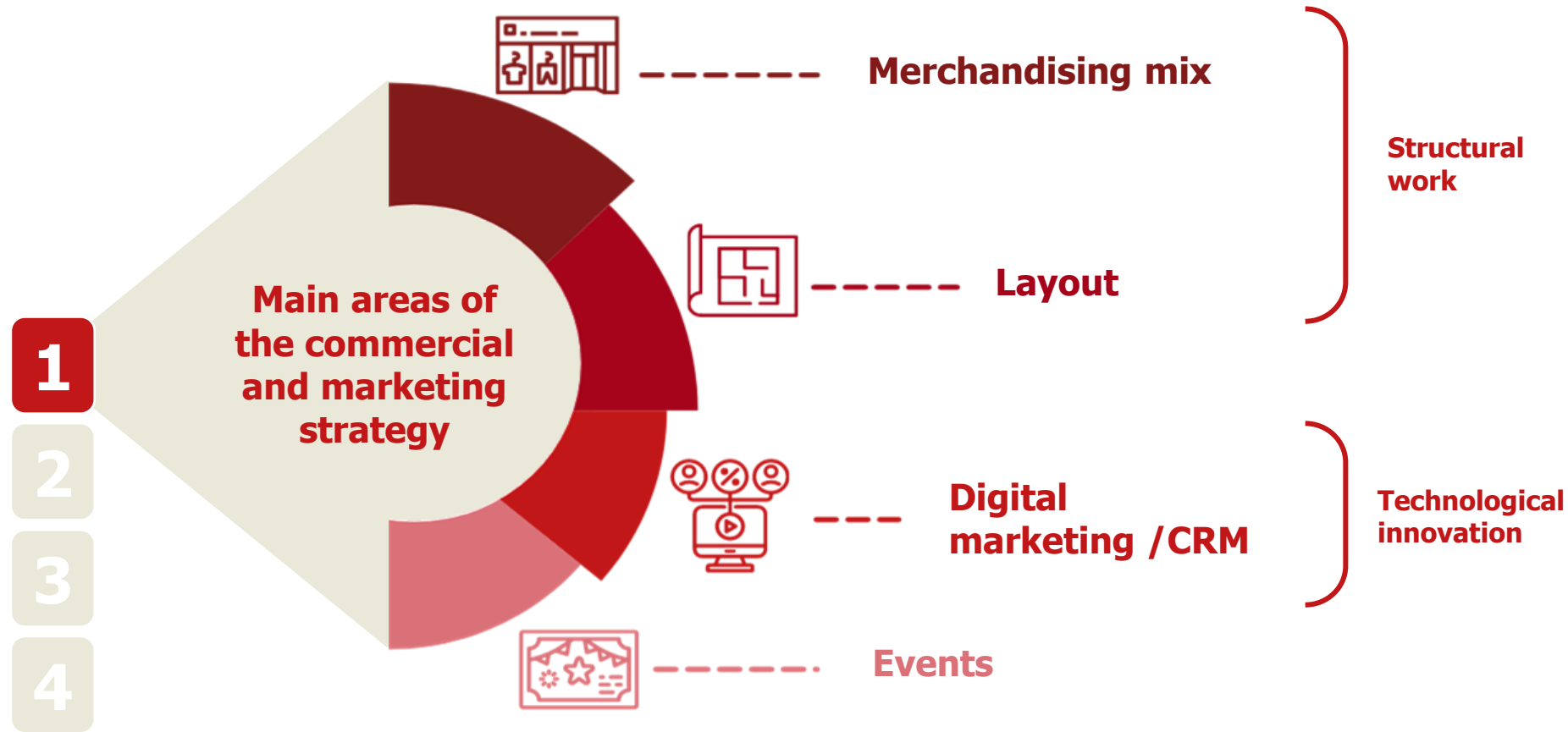
# 3

## Strategic actions on operations

# Commercial and marketing strategy

**COMMERCIAL  
STRATEGY  
TARGET**

Development of commercial and marketing plan keeping in mind the features of each asset and their specific catchment area



# Merchandising mix: scalable and replicable models




**Health and Wellbeing**

**Best practices in place**

- ✓ **21 dental clinics** opened from 2013 and 1 medical center opened in 2021

Dental Pro @ Le Maioliche



Dyadea @ Centro Borgo



**Target**

**2022**

- ✓ **2 Medical centers**
- ✓ **2 Fitness centers** (6,000 m<sup>2</sup>)

**BEYOND**

- ✓ Services for citizens/families
- ✓ New tenants and new formats
- ✓ Healthcare facilities



**Household goods**

- ✓ **5,500 m<sup>2</sup> shops** (house furnishing, accessories and monobrand) opened in the last 2 years (including 3 Happy Casa and 1 Mondo Convenienza)

Mondo Convenienza @ ESP



Happy Casa @ Clodi



**2022**

- ✓ **Signed agreement with Portobello** (3,200 m<sup>2</sup>)

**BEYOND**

- ✓ Scouting of new tenants and new format to extend the offer



**Food court**

- ✓ **8 Pokè restaurants** opened in 2021 and **5** in 2022
- ✓ **>1,000 m<sup>2</sup> of restaurants** opened in 2021

Poke Sun Rice @ Centro Leonardo



Le frit sé chic @ Centrosarca



**2022**

- ✓ 1,600 m<sup>2</sup> new openings

**BEYOND**

- ✓ Ethnic/bio/healthy/high quality restaurants
- ✓ Food truck in the external areas and family restaurants with playground areas

# Merchandising mix: scalable and replicable models



**Tech**

**Best practices in place**

- ✓ **15 new shops** opened in the last 2 years

Med Store @  
Centro Nova

Mi Store @  
Tiburtino

**Sport**

- ✓ **3,000 m<sup>2</sup> of shops** opened in the last 2 years, including JP Sport and King Sport

JD Sport @  
Centro Nova

King Sport @  
Le Maioliche

**Family store**

- ✓ **8 Pepco** opened in the last 2 years equal to 4,900 m<sup>2</sup>

Pepco @  
Centro Lama

Pepco @  
Centro Casilino

## Target

**2022**

- ✓ **1 new Unieuro store**

**BEYOND**

- ✓ New brands and focus on emerging brands
- ✓ Specialized shops for gamers
- ✓ Shops of remanufactured high tech products

**2022**

- ✓ **1,850 m<sup>2</sup> next opening** in Centro Leonardo

**BEYOND**

- ✓ Specialized retailers complementary to the sports areas developed outside and shops specialized in motorcycle accessories

**2022**

- ✓ **700 m<sup>2</sup> with contract signed**

**BEYOND**

- ✓ Shops and services dedicated to children
- ✓ Leisure areas dedicated to children



## External Areas

**Creation of new spaces** with external food court, sport and entertainment areas,... **in unused outdoor areas** (parking lot, rooftop)



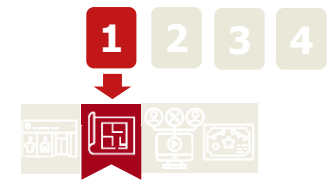
Work in progress on the rooftop of Centro Casilino

## Smartworking Areas

**Creation of smart working/studying areas** inside the shopping center



# Layout project: a new life for the external areas



Use of currently unproductive areas

Increase of the services offered to customers

Cross selling activities external services/malls' shops



Padel courts



Photovoltaic systems



Food truck/Riders areas



Food kiosks/relax areas

# Omnichannel development

- 1
- 2
- 3
- 4



**App/ Online reserved areas**

App and online reserved areas of shopping center website to order from restaurants, book sport courts or spaces in the shopping center

**Customer Profiling**

Enrichment of CRM thanks to the data collected by the App/websites

**Delivery/ Click&Collect**

Shopping center will create its own delivery service to be booked through the App

**Extension of the app functions**

Target offer thanks to CRM data in collaboration with tenants, co-marketing activities and integration of new services

**Social**

Use of Social media to communicate about events,...

## Application areas over BP timespan

**Food court**

**Sport Areas**

**Smartworking Areas**

**Other activities**

# Focus on the Digital Marketing Plan



TARGETS  
2020

**Personalization** of the products/services offered at the centers using **digital tools** to understand/profile shoppers and increase **loyalty**

ACTIONS  
2021

**CRM** linked to the different **touch-points** (e.g. new websites with reserved areas ) in order to follow the **customer journey**

**Combine the understanding of each center's local catchment area with a centralized CRM / data-lake system** created using the data gathered from websites, apps, totems, events and potentially from the single tenants and the food anchor

## 4 OPERATIONAL TARGETS OVER THE LIFE OF THE PLAN

### Data and CRM

Qualitative and quantitative **lead generation** for CRM

**Data analysis** → Strategic information to **support commercial initiatives**

**>200k contacts in 6 months (+30% from the «Area Plus» launch 22/11/21)**



### Customer engagement

**Strengthening and development of the community** using social media (Facebook & Instagram) and digital (Area Plus & newsletter) strategies

**Loyalty programs**

**Online initiatives** to increase traffic/visits

**Target newsletter** >100 newsletters sent with an open rate above the national average

### Tenant engagement

**Work with the tenants** to define and develop commercial and digital initiatives together

**Data as a service:** use the CRM data to carry out profiled sales activities

**Share profile data** (through tenant CRM)

**Location intelligence**

### Internal innovation

**Digital innovation program inside Gruppo IGD**

**Training on the use of new tools**

Concerted development of **new digital marketing services**

OPERATIONAL TARGETS OVER THE LIFE OF THE PLAN 2022-2024



Desire for more **experience** and **sociality** and greater diffusion of **digital**



## Experience

**Events in collaboration with tenants** to offer «experiences» to visitors, involving them in activities inside the shopping center

**Temporary leisure areas** for multimedia exhibitions and «virtual» area with interactive games, sport simulators,...



Il Centro al Centro event @Centro d'Abruzzo Chieti



## Omnichannel

Realization of events that include **drive to store activities in order to make the visitors experience the shopping center on and off line**

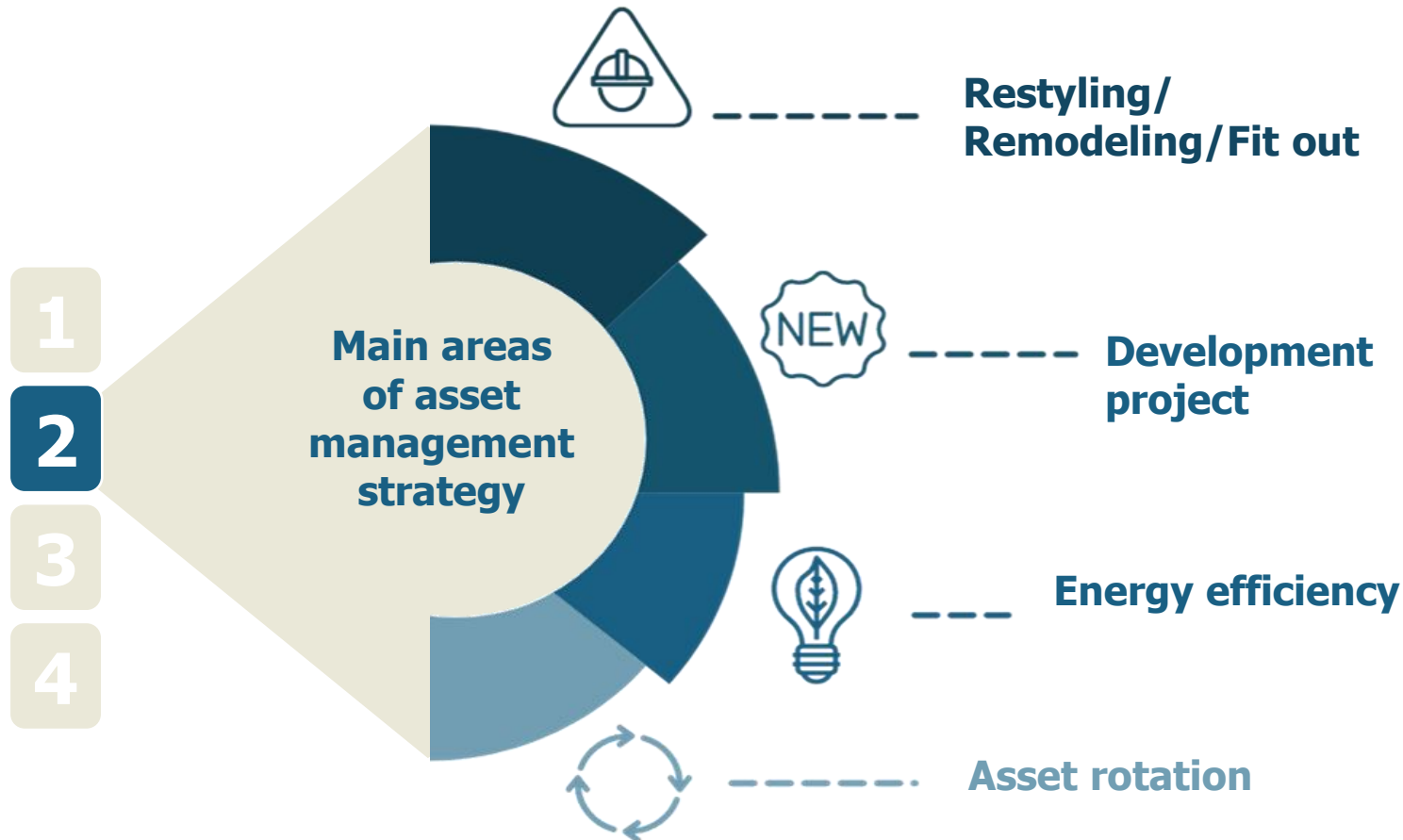


Black Friday event @ESP Ravenna

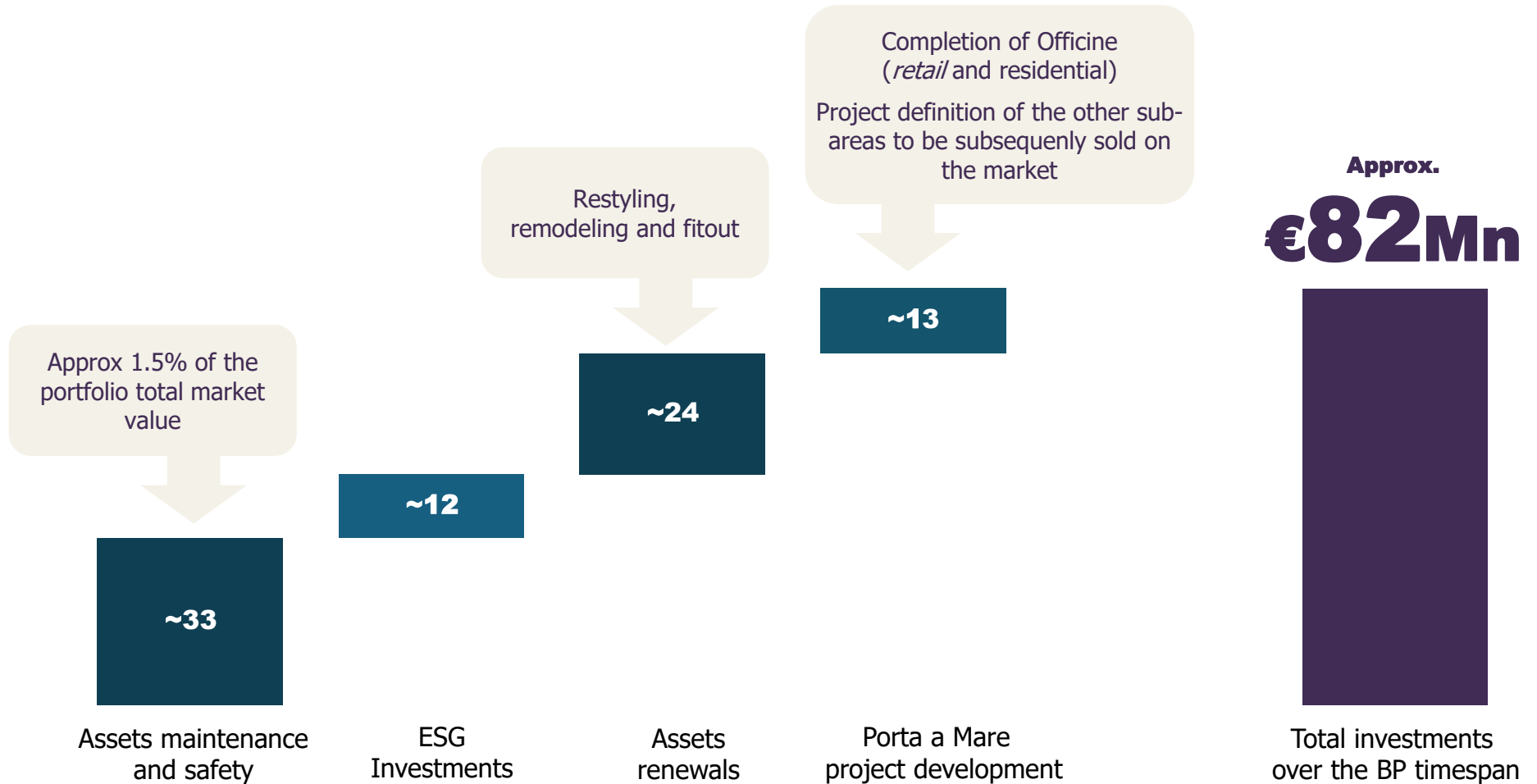
# Asset management strategy

## ASSET MANAGEMENT STRATEGY TARGET

We constantly invest in our shopping centers to make them more and more attractive, to maintain their value over time and to lengthen their life cycle



# Investments (€mn)



# Restyling



Porto d'Ascoli – AP



21,800 m<sup>2</sup> GLA (total center)



1H 2023 end of work



Mall total restyling and hypermarket remodeling



Installation of photovoltaic and led lighting systems



€ 4.6 mn total investment over BP timespan



# Restyling



Mantova - MN



13,600 m<sup>2</sup> GLA (mall)



2H 2022 end of work



Restyling of facade, mall and parking lot; food court remodeling and use of external areas



Installation of photovoltaic and led lighting systems

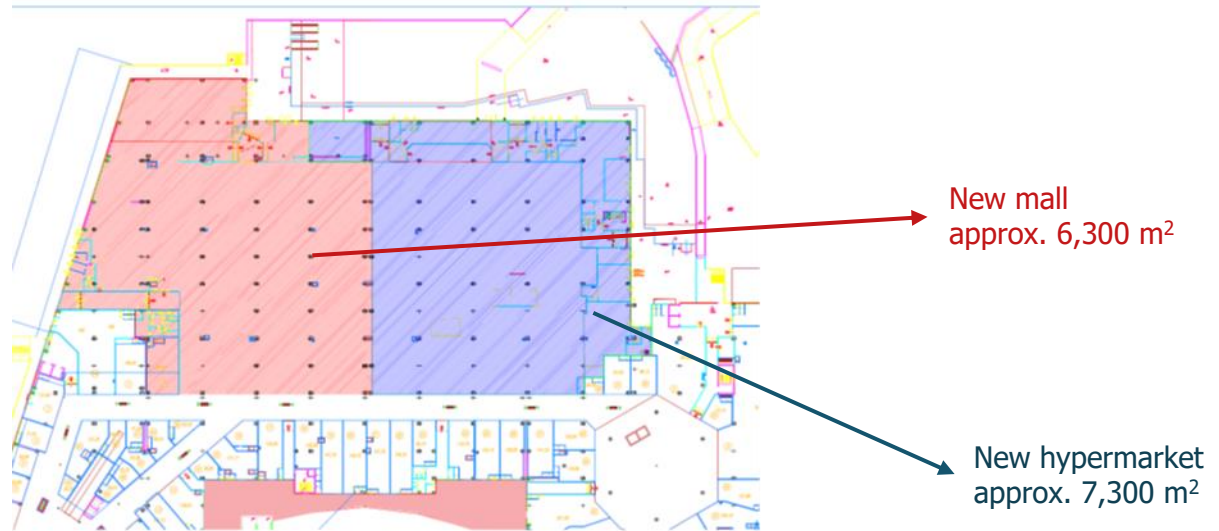


€ 4.3 mn total investment over the BP timespan

# Remodeling



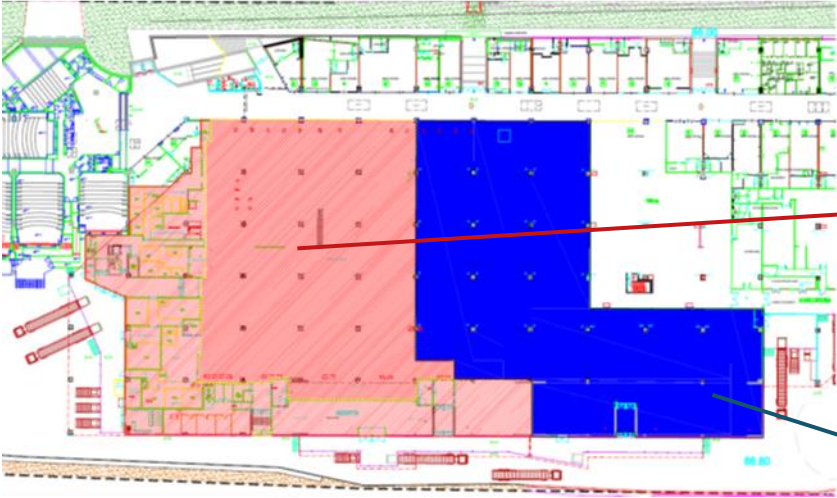
- Gravina di Catania
- 27,100 m<sup>2</sup> GLA (total center)
- 2H 2022 end of work
- Hypermarket remodeling
- € 1.9 mn investment over the BP timespan



# Remodeling



- Palermo
- 26,500 m² GLA (total center)
- 2H 2022 end of work
- Hypermarket remodeling
- € 1.2 mn investment over the BP timespan



New hypermarket approx. 7.200 m²

New malls approx. 4.000 m²

# Porta a Mare Livorno

## Mixed-use project



- A Piazza Mazzini**
- **Retail:** operating, 100% owned by
  - **Residential:** sales completed

- B Palazzo Orlando**
- **Offices:** sold in 2019

- C Officine Storiche**
- See focus in the next slide

- D Sub areas Lips, Molo Mediceo and Arsenale**
- Hotel, residential, entertainment and service
  - To be develop

# Officine Storiche



LIVORNO  
PORTA  
A MARE

APPRODO DEL FUTURO.

**m<sup>2</sup>** >20,000 m<sup>2</sup> GLA (15,000 m<sup>2</sup> retail, 5,600 m<sup>2</sup> residential)



1H 2022 end of work



30 shops, 1 fitness center, 10 restaurants



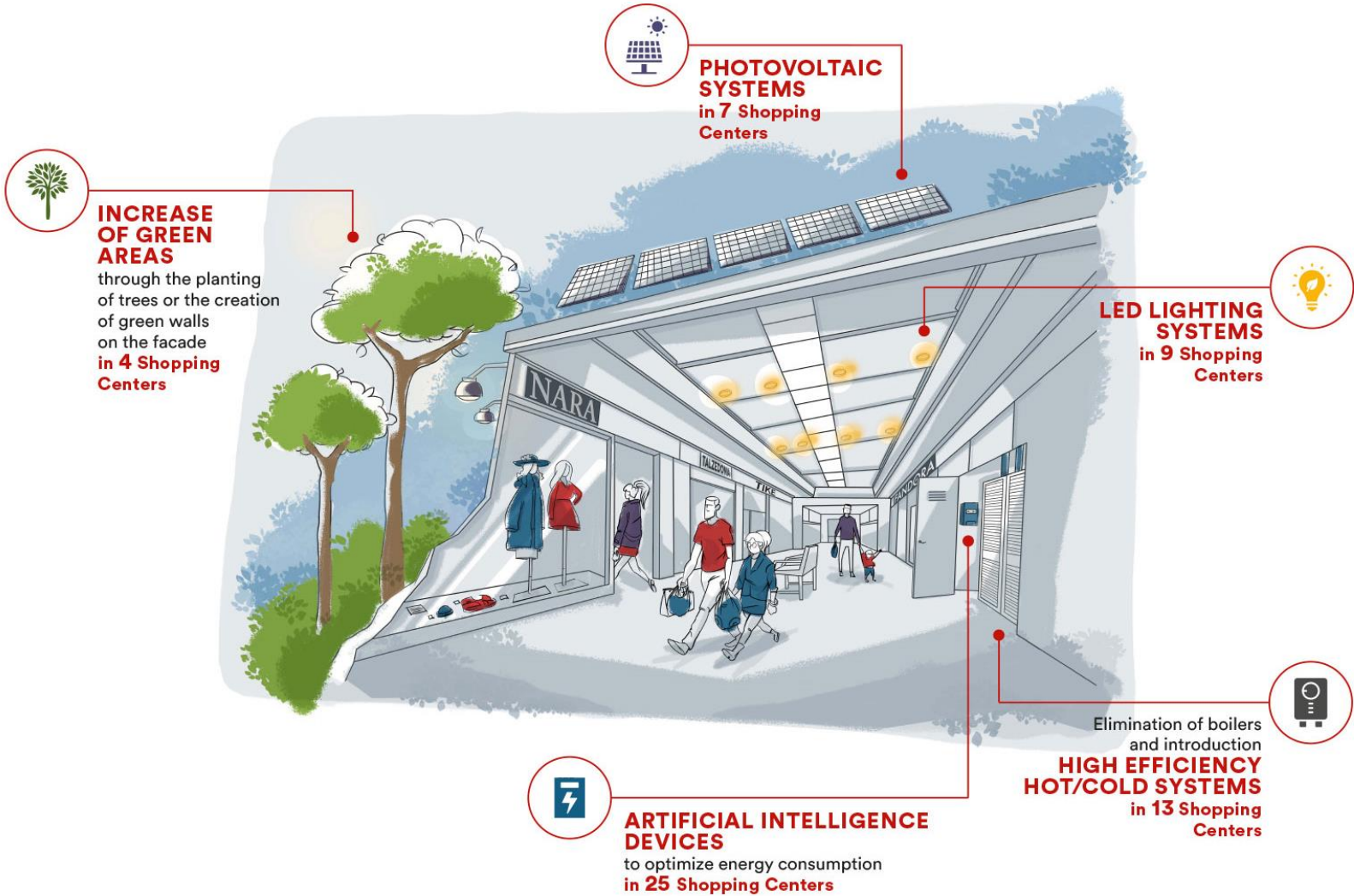
42 flats to be sold (20 preliminary agreement signed as of today)



€ 12.8 mn final costs



# Energy efficiency



# Energy efficiency: targets

1 2 3 4



## Main targets

**-21.5% GHG emissions**  
(at 2025 location based  
«baseline 2018»)

**At least 1 asset  
carbon positive**  
(at 2030)

**100%**  
**Use of energy from  
renewable sources**  
(already in place)



Centro Tiburtino (Roma) - render of the main entrance



Centro Sarca (Milano) – render of new internal areas and rooftop with cinema entrance

# Winmarkt Portfolio

1 2 3 4



## Main characteristics

Extended network

Strategic locations

Adaptable and flexible assets

Direct management

Cash producer



## 2022-2024 Plan Highlights

Approx. **€5mn** capex plan  
(safety, maintenance and environmental)

Approx. **€19.4mn**  
of generated FFO

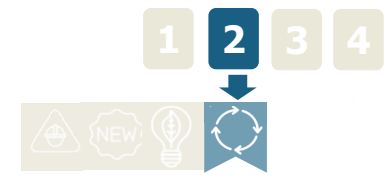
Approx. **€ 13.5mn**  
of generated dividends

**100% self-financed**  
investments

**No financial leverage**



# A balanced asset rotation with flexible targets



## Strategic rationale

### Non core asset disposal

Potential disposals over BP timespan

**180/200**  
€ mn



**Potential target:**

Romania

Three «stand alone»  
hypermarkets

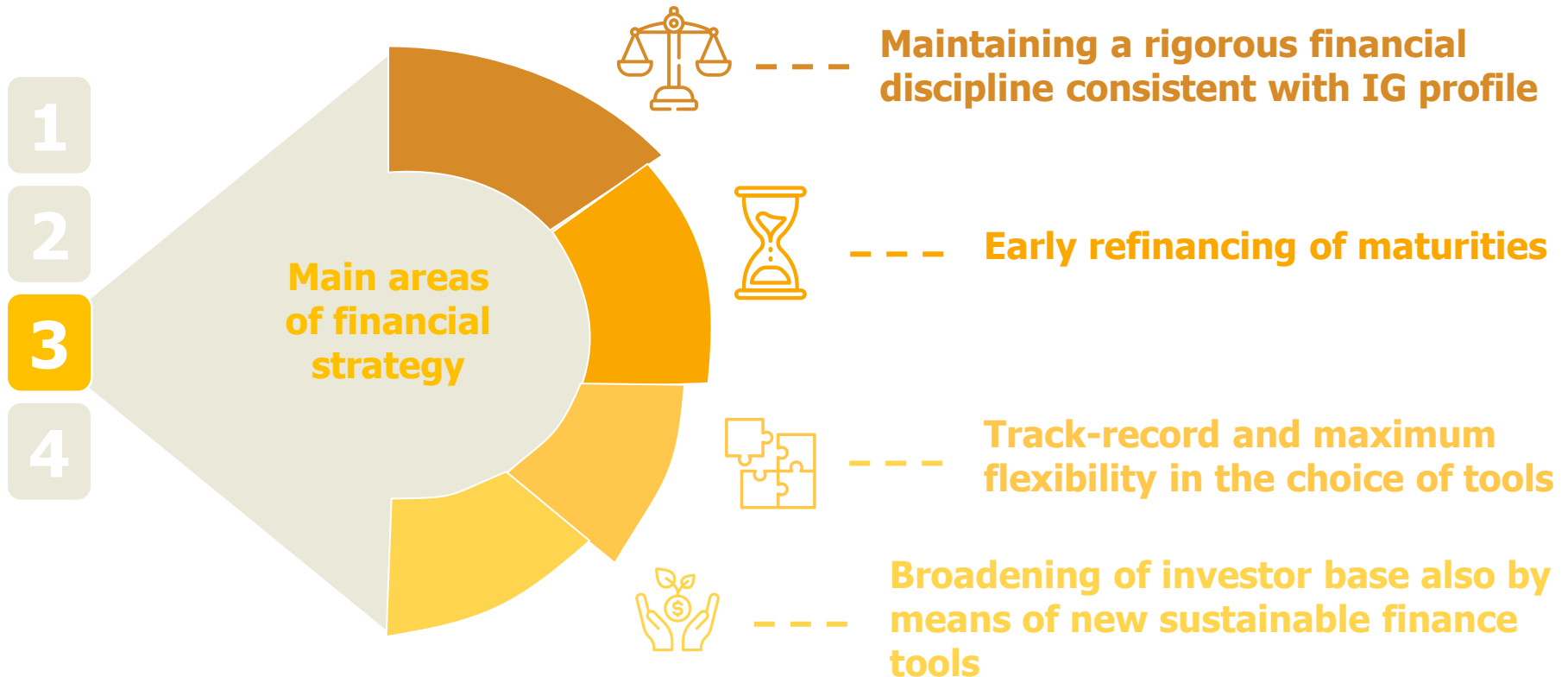
Three Porta a Mare plots of land  
to be developed

## Possible use of proceeds

- Growth in the Italian retail market with possible scale economies
- Tactical reduction of financial leverage
- Potential opportunities to diversify the investments

**FINANCIAL  
STRATEGY  
TARGET**

**Obtain the best economic conditions whatever the market context is,  
and minimize exposure to financial risks  
(credit risk and fluctuation of interest rates)**



**The 2022-2024 Business Plan will be completely self-financed  
and will not require any capital transactions**

# A solid financial structure and clear maturity profile



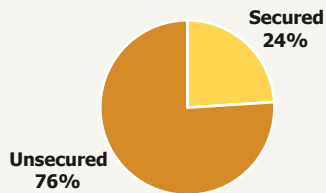
## Debt structure (2021 E)

Total Net Debt  
approx. **€990mn**

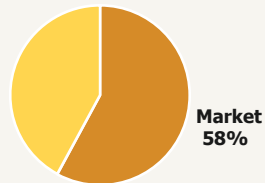
LTV  
approx. **45%**

Cash on hand  
approx. **€160mn**

Including net proceeds from the disposal carried out at the end of November



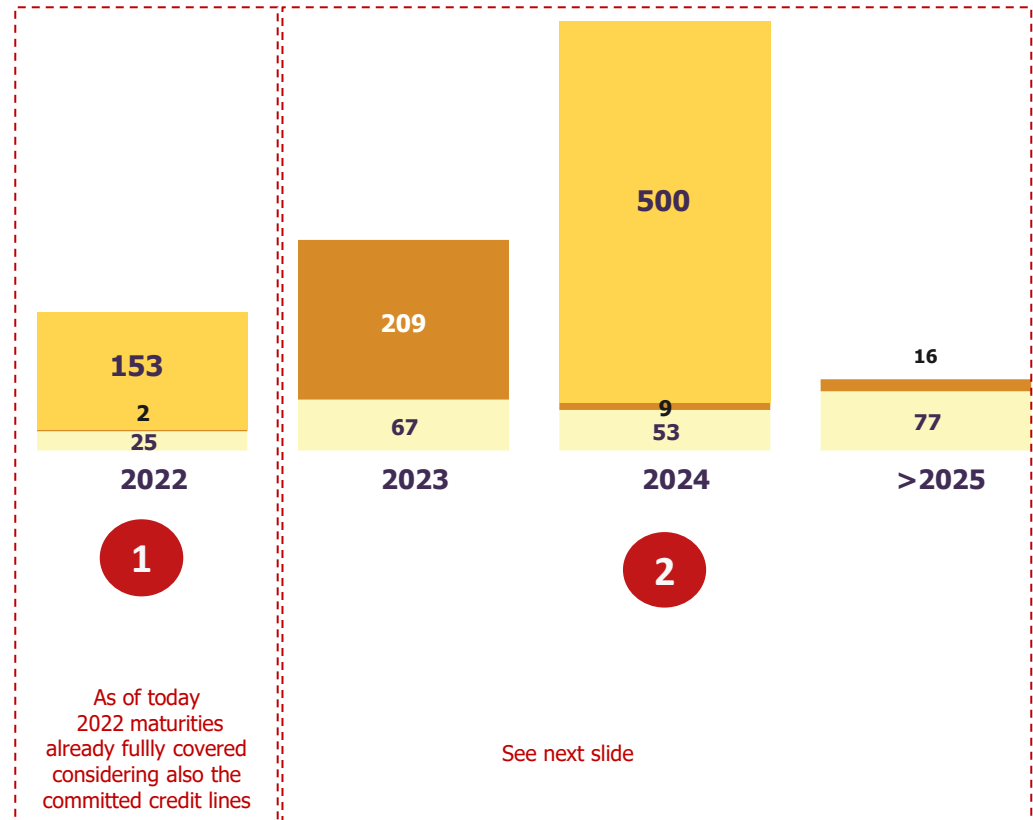
Banking system  
42%



**FITCH**  
**BBB-**  
**Stable Outlook**

**S&P Global**  
**BB+**  
**Stable Outlook**

Secured bank debt  
Unsecured bank debt  
Bonds



# **2023/2024 maturities: new sustainable finance strategy**

## **WHAT WE ARE WORKING ON**

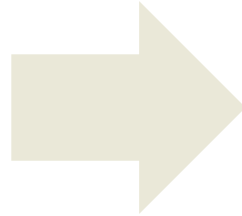
- **In 2022 refinancing of 2023, as well as part of the 2024, maturities on the bond market**
- **Sustainability Linked Bond: potential new opportunity on the financial markets**
- **«Sustainability Linked Financing Framework» currently being finalized**
- **Group's ESG strategy and targets consistent with market standards**

## **AFTER 2022**

- **Refinance other maturities in advance**
- **Maximum flexibility in the choice of markets and instruments (successful track record)**
- **Possible asset/liability management activities to limit negative carry**



**10 YEARS  
TRACK  
RECORD**



becoming  
**g.re.a.t.**

## Strategy

### GREEN

- 1. Climate Change
- 2. Accessibility and mobility

### RESPONSIBLE

- 3. Good employment
- 4. Gender equality
- 5. Wellbeing, health and safety

### ETHICAL

- 6. Governance, ethics and corruption

### ATTRACTIVE

- 7. Sustainable enhancement of the portfolio
- 8. Retail offer
- 9. Spaces to be lived in
- 10. Innovation

### TOGETHER

- 11. Stakeholder engagement
- 12. Local communities

**41** targets at 2024:

**22** ambitions toward 2030

- Material for IGD
- Consistent with UN SDG's

## IGD RELEVANT SDG'S





## 2024 TARGETS

### CLIMATE CHANGE

- **100% green energy purchased**
- **double** the use of energy produced from **renewable sources**
- **-15%** reduction in **energy consumption** – location based «baseline 2018»
- **BREEAM certification of 9 more assets** (8 already certified at year-end 2021)
- **Use of artificial intelligence technologies to reduce energy consumption**
- **Biodiversity** projects in 4 centers

### MOBILITY

- **100%** of the Italian portfolio with **charging stations for electric cars**



## 2030 OBJECTIVES

- Zero carbon emissions (scope 1 and 2) at **100% of the Italian shopping centers**
- Reduce **indirect emissions** (scope 3)
- **100%** of the Italian assets **BREEAM** certified
- **Zero waste**
- **At least 1 carbon positive asset**



Different types of charging stations (traditional, fast, Tesla) across the whole network



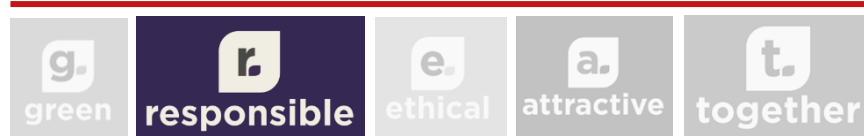
## Main targets

**100% of the shopping centers with charging stations**

**50% of the shopping centers with fast charging stations (agreement with top international player)**

**100% of the assets ISO14001 and BREEAM certified**





## 2024 TARGETS

### WORKPLACE QUALITY

- **Training:** 100% of the employees in Italy and Romania each year
- **1 employee satisfaction survey and 2 «pulse surveys»**
- **«Sustainability Innovation Award»** to be implemented at one pilot shopping center.
- **Define a goal linked to ESG topics for part of the workforce** (beginning with the one defined for Management)

### HEALTH AND SAFETY

- +1 new service in the employees' Corporate Wellness Program
- 100% **«Biosafety Trust Certification»**



## 2030 OBJECTIVES

- **Gender equality in roles of responsibility**
- **Improve employees' wellbeing and expertise**



## 2024 TARGETS

- Corporate **cybersecurity strategy**
- Systematic **assessment of the providers along the supply chain with a view to sustainability**
- Maintain the **highest legality rating possible**
- Maintain the UNI ISO 37001 certification



## 2030 OBJECTIVES

- Best-in-class for **corporate governance and legality**
- **CSR policies included** in company supply chains
- Guarantee comprehensive **privacy and cybersecurity** controls



## 2024 TARGETS

### SUSTAINABLE ENHANCEMENT OF THE PORTFOLIO

- 4 key restyling/remodeling projects

### OFFER

- Commercial and strategic adjustments based on the needs of the community

### SPACES TO BE LIVED IN

- 1 yearly CSR plan for 100% of the assets
- 1 transversal CSR initiative involving 50% of the portfolio



## 2030 GOALS

- Up to 10 sustainable **restylings completed to renew and enhance** the portfolio
- 100% with projects aiming to increase **visitors' well being**



## 2024 TARGETS

### STAKEHOLDER ENGAGEMENT

#### Relationship with investors/financial community

- **1st Sustainability Framework defined and issue of 1st Sustainability Linked Bond**
- Investor/CSR Day and theme-based roadshows based on ESG topics
- Annual Visitor Survey for each shopping center
- Share figures relating to energy consumption with at least 50% of the tenants

#### LOCAL COMMUNITIES

- Involve non-profit organizations each month at 100% of the shopping centers
- Yearly job fairs in at least 25% of the shopping centers



## 2030 OBJECTIVES

- Partnering with **tenants** in **sustainability**
- **Partnerships with NGOs**



# 4 Key outputs e target finanziari

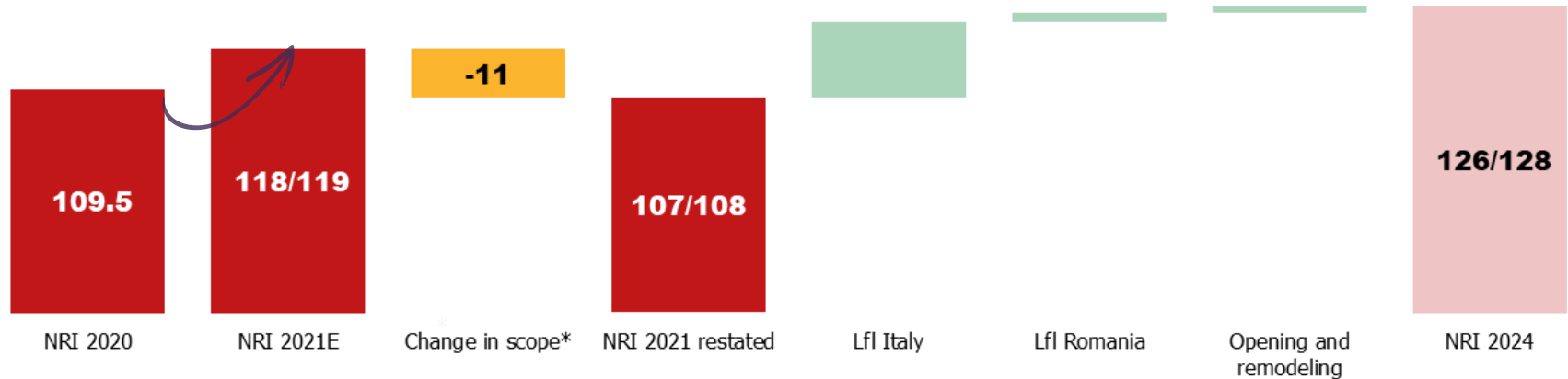
# Net rental income evolution

## CAGR Lfl bp timespan 2021-2024

Italy	+5/6%
Romania	+8/9%
Total	+5/6%

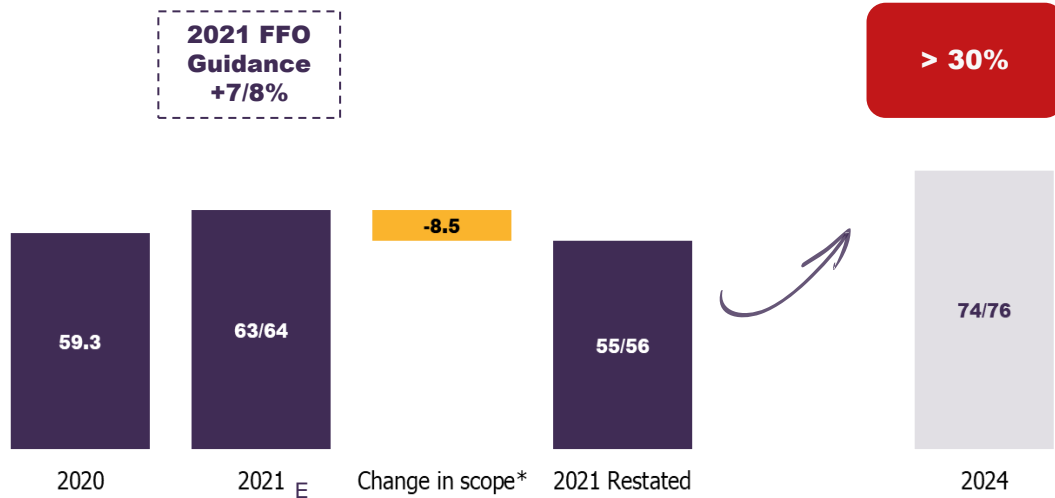
- Recovery of COVID direct impacts
- Increase in financial occupancy to pre-COVID value (> 97%)
- Increase thanks to inflation, upside, temporary revenues and variables

## NRI bridge (€mn)

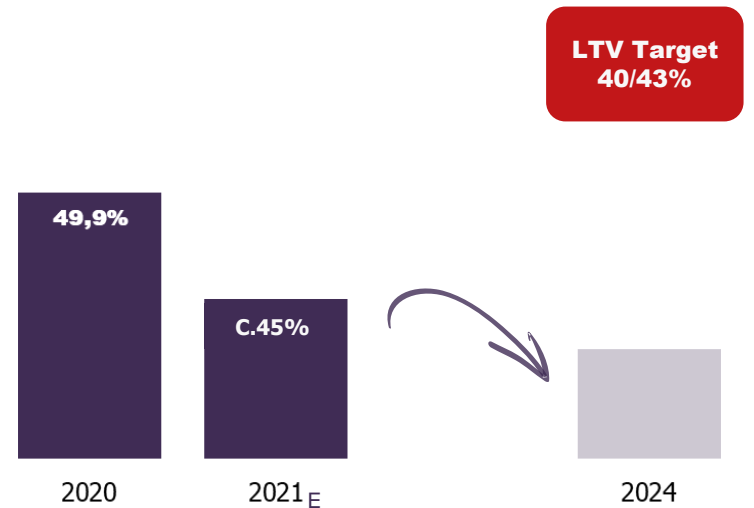


# FFO and Loan to value

## FFO (€mn)



## Loan to Value

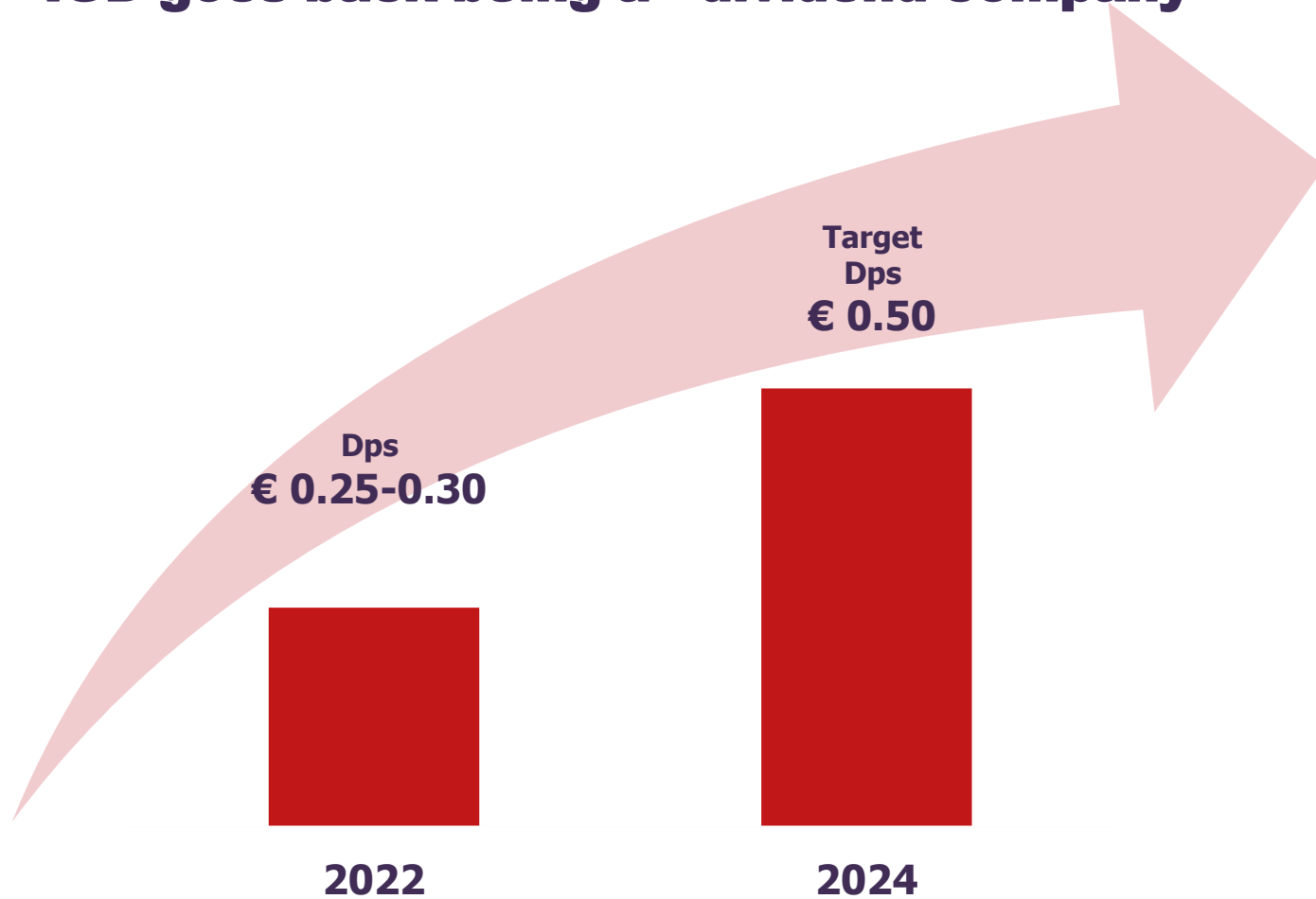


Considering scope being equal to the one at end of 2021. Porta a Mare Project trading revenues have been included

# Dividend

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## IGD goes back being a «dividend company»







# 5 Final remarks

# Final Remarks

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## Main objective of the 2022-2024 Business Plan: proactive management of assets so as to project them into the future and prepare them for new market challenges

- 1** The assets held strong during the pandemic stress test ...  
... confirming that local physical retail is resilient ...  
... and it can still offer opportunities for growth
- 2** A new scenario in which physical and digital work in close interconnection: use of new spaces and strengthening of merchandising and tenants who are able to catch new trends in progress
- 3** IGD confirms to be a "dividend company", with a constantly growing dividend
- 4** Loan to value expected to decrease in a range 40-43%

# Possible future scenarios

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**IGD could act as an aggregator of new assets, potentially even from different sectors, in order to further expand its property portfolio and leverage on its know-how and greater economies of scale to create value, if allowed by market conditions.**