

PRESS RELEASE

IGD PRESENTS THE NEW BUSINESS PLAN 2022-2024 "MISSION...POSSIBLE"

- **Primary goal of the Plan is the proactive management of the assets in order to prepare them for the future and the new market challenges: the company expects a return to organic growth based on sustainability and innovation**
- **The Plan is featured by three areas of action:**
 - 1. acceleration of commercial and marketing strategy with a focus on omni-channel attributes, in terms of both structure (merchandising mix – format – layout) and technological/digital innovation (CRM – tenant and customer engagement)**
 - 2. investment program of approximately €82 million aimed at making the assets increasingly more attractive, preserving value over time and extending their life cycles**
 - 3. ESG strategy which calls for important steps to be taken to reduce the portfolio's environmental impact, with the objective to reach zero emissions by 2030**
- **Net rental income is expected to grow +17/20% by 2024 with an increase in Funds from Operations in excess of 30%¹**
- **The Group expects to maintain solid financial discipline, consistent with the investment grade profile, and bring the Plan-end target for Loan-to-Value to 40-43%**
- **IGD is once again a "dividend company" and aims to distribute a dividend of €0.25- €0.30 per share in 2022, with the goal of returning to a €0.50 DPS by 2024**

Bologna, 14 December 2021. Today the Board of Directors of IGD - Immobiliare Grande Distribuzione SIIQ S.p.A. ("IGD" or the "Company") examined and approved the Business Plan 2022-2024 during a meeting chaired by Rossella Saoncella.

Claudio Albertini, IGD's Chief Executive Officer Claudio Albertini, stated: "The Business Plan 2022-2024 shows that we are strongly committed to ESG factors, to investing in the innovation and digitalization of our shopping centers as we look to the future and prepare them for the new market challenges. At the same time, we have set important economic-financial goals for ourselves, growing the recurring net profit and resuming payment of dividends to our shareholders while also reducing financial leverage, as well as consolidating the investment grade profile we have achieved."

¹ Growth calculated based on the Net Rental Income and FFO expected at year-end 2021 and "restated" to take into account the annualized impact of the disposal of assets finalized at the end of November 2021. The Plan, furthermore, assumes that Covid and the relative restrictions will no longer have a direct impact beginning from 2022.

In the last two years the unexpected arrival of the global pandemic caused by Covid-19 impacted IGD's business significantly, interrupting the prior development path which had led to an average yearly increase in Funds from Operations of 16.5% between 2015 and 2019 and of more than 33% progression in the dividend over the same period.

Between 2020 and 2021 the "non-essential" retail businesses comprising IGD's portfolio were forced to close for up to 131 days. The Group recorded a direct impact attributable to Covid of around €27 million (in addition to other indirect effects) and decided to reduce investments and dividends in order to strengthen its financial structure.

In such an unfavorable environment, however, IGD's business model proved to be particularly resilient:

- ✓ occupancy remained high (above 95% in September),
- ✓ 2021 rent collection is expected above 90%²,
- ✓ shoppers have brought good results with tenant sales rising +2.7% in the period June-October 2021 compared to the same period of 2019

This data confirm the appeal of our shopping centers and, more generally, the key role that in-person shopping still has.

The pandemic also triggered the acceleration of a few, pre-existing macro-trends:

- ✓ Social transformation and changes in consumer needs
- ✓ Digitalization and growing interaction between online and offline, resulting in more personalized offers
- ✓ "Green Revolution" with increased attention being paid to environmental issues and "ESG factors" as drivers for development

Such trends have been thoroughly analyzed and based also on the results of periodic surveys made of shopping center visitors (and not), IGD has adapted its operational strategy and shifted the focus of the Business Plan to make sure that the physical spaces and the merchandising mix answer the need of consumers and retails, without compromising about an overall carbon footprint plan.

COMMERCIAL – MARKETING STRATEGY

The commercial plan is developed based on the specific features of each asset and is divided into different areas of action: merchandising mix, layout, digital marketing/CRM and events.

With regard to the **merchandising and tenant mix**, IGD's goal is to

- ✓ make some models, which have already proved successful in some of its shopping centers, scalable/replicable across the portfolio and
- ✓ continue scouting for new emerging tenants and new formats.

For example, the presence of medical centers (2 new additions in 2022), dentist offices and fitness centers (6,000 sqm center is opening in 2022) is expected to be expanded and the offer of the food courts will be renovated continuously to consistently match with the new prevailing trends focused on healthy/fresh foods (more than 1,600 sqm in new openings slotted for the next year). In addition, there will be greater focus on expanding tech, as well as categories like home care, family stores and sporting goods.

² Based on rent collected net of rebates and credit losses. The figure was updated at 3 December 2021

In terms of **layouts**, IGD will focus on creating **new piazzas** and food courts, areas dedicated to sports, entertainment and smart-working, **taking advantage of outdoor areas**, also (parking lots, rooftops) and increasing green areas.

As regards to **digital marketing**, IGD has implemented its own centralized CRM/data-lake system with more than 200,000 contacts in 6 months and a 30% increase since the launch of "AreaPlus", a reserved area on the shopping centers' websites where visitors can access increasingly personalized offers for shopping and leisure. The goal over the next three years is to transform the data gathered into strategic information that can be used in the in-depth analysis of each center's catchment area, to support targeted commercial actions, including by working together with the different tenants ("tenant engagement") and using social media and digital strategies to develop the community, as well as enhance customer loyalty ("customer engagement").

As part of the multi-channel approach, digital tools connected to the CRM system will allow to order from restaurants, reserve fields or other spaces in the shopping center.

In response to the greater need for experiences and socialization, as well as the greater presence of digital, over the next three years **events** will increasingly be exploited to bring more people together. Events involving both tenants and visitors at the same time will be given precedence, coupling "drive to store" activities with initiatives that will allow the visitor to have an on- and off-line experience of the shopping center. Such solutions will be deployed also using the tools already recalled in the Digital Plan to be developed (reserved areas on websites, influencer marketing program)

ASSET MANAGEMENT STRATEGY

The investments in the pipeline, which amount to over €80 million, aim to increase the appeal and innovative features of the portfolio, as well as reduce its environmental impact.

More in detail, over the life of the plan:

- **€24 million will be used to renew assets** (restyling and remodeling) **and invest in commercial activities** (fit outs). The main projects relate to the Portogrande (remodeling of the hypermarket and internal restyling), La Favorita (internal and external restyling), Katanè (remodeling of the hypermarket) and La Torre (remodeling of the hypermarket) centers.
- **€13 million will be invested in completing the development of Officine Storiche** in Livorno: a retail area of more than 15,000 sqm, which is expected to open in the second half of 2022, and a residential area of more than 5,600 sqm (42 apartments will be up for sale, for which 20 preliminary sales agreements have already been signed).
- **€12 million will be dedicated to ESG investments** including, for example, the installation of AI devices to optimize energy consumption in 25 shopping centers, expansion of green zones (both inside and outside) to absorb CO₂, solar energy panels in 7 more shopping centers and LED lighting in 9 more shopping centers.
- **€33 million** will be utilized for capex needed to maintain the assets' high quality and safety.

The Plan also envisages an **Asset Rotation** strategy which provides for the **potential disposal of non-core assets for a total of €180/200 million** over its time horizon. The possible disposal targets include the Romanian portfolio, the part of the Porta a Mare Project development land as well as more "stand alone" hypermarkets. The proceeds from the disposal will be used to grow within the Italian retail market, with possible economies of scale, or to diversify investments if interesting opportunities materialize or, lastly, to reduce financial leverage if deemed opportune.

SUSTAINABILITY STRATEGY

As of 2017 IGD's sustainability strategy is summarized in «Becoming G.r.e.a.t.», which testifies to the company's commitment to sustainable growth which focuses on environmental issues (Green), on people (Responsible), on being ethical (Ethical), in attractive places (Attractive), together with its stakeholders (Together).

In this plan IGD decided to set targets for 2024 and long-term goals through 2030:

- **Green:** over the life of the plan IGD intends to double the use of energy from renewable sources, reduce GHG (location based, baseline 2018) emissions by 21.5% and energy consumption (location based) by at least 15%; obtain BREEAM certification for 9 more assets (to date 8 assets have already been certified); biodiversity projects are also going to be launched in 4 shopping centers and 100% of the Italian portfolio will be equipped with charging stations for electric cars.

The 2030 Goals include zero carbon emissions (scope 1 and 2) and BREEAM certifications for 100% of the Italian portfolio's shopping centers.

- **Responsible:** over the next three years the objective is to provide 100% of the employees in Italy and Romania with training at least once a year, to implement a compensation policy with an incentive plan linked to ESG topics and obtain Biosafety Trust Certification for 100% of the shopping centers.

The 2030 Goals relate to achieving gender equality in roles of responsibility and improving the expertise, along with the wellbeing, of employees.

- **Ethical:** by 2024, IGD intends to develop a corporate cybersecurity strategy and codify a system for the assessment of the providers along the supply chain with a view to sustainability; the Company also intends to maintain the highest legality rating possible and the UNI ISO 37001 certification.

By 2030 IGD aims to have implemented all the available controls needed to guarantee privacy and cybersecurity and to have become a best-in-class company in terms of corporate governance and legality.

- **Attractive:** by 2024, IGD's target is to have completed restyling/remodeling of 4 shopping centers, improving energy efficiency and organizing one targeted social or environmental initiative each year in 100% of the shopping centers. The 2030 Goal is to complete restyling focused on improving the environmental impact of 10 more shopping centers and define initiatives designed to improve the wellbeing of visitors in 100% of the shopping centers.

- **Together:** over the next three years, IGD wants to finalize the Sustainability Linked Financing Framework and proceed with the first issue of this sort, organize an Investor/CSR Day, as well as theme-based roadshows based on ESG topics.

The 2030 Goals include working closer with tenants on the environmental management of the assets and involve them in initiatives designed to reduce "scope 3" emissions.

FINANCIAL STRATEGY

The Loan-to-Value is expected to come in at around 45% at the end of 2021, largely in line with the target set by the Company in the prior Business Plan. This result has will be achieved also thanks to the disposal finalized at the end of November, which will provide for the Group enjoying approximately €160 million of liquid / cash resources at the end of the year, sufficient to cover all the 2022 financial maturities³.

³ Including the €60 million in available committed credit lines.

The rating agencies FitchRatings and S&P Global Ratings recently changed the outlook from Negative to Stable. This **improved outlook** testifies to the Group's solidity, despite the difficulties linked to the pandemic.

In this Plan the intention, therefore, is to maintain **rigorous financial discipline, consistent with the investment grade profile**, in order to limit exposure to financial risks (such as changes in interest rates and the risk associated with creditworthiness) and obtain the best conditions possible in any market environment.

The main goals are to further reduce the **Loan-to-Value (to around 40/43%)** and prudently **refinance the 2023 and 2024 maturities with some advance**, while maintaining maximum flexibility in the choice of markets and financial instruments.

IGD has already begun working on a "**Sustainability Linked Financing Framework**" in preparation for the issue of a Sustainability Linked Bond; this type of financial instrument is quickly gaining traction in the market and would allow the Company to enlarge its investor base.

KEY OUTPUTS AND FINANCIAL TARGETS

After 2 difficult years attributable to the impact that the Covid pandemic had on business, the next three years will be dedicated to consolidating and returning to growth: **net rental income, like-for-like, is expected to grow at a CAGR of around +5/6%, while total growth 2021 restated⁴ – 2024 is expected to reach roughly +17/20%.**

At the end of the Plan, Funds from Operations – FFO is expected to have grown in excess of +30% compared to the expected 2021 restated results.

In the next 3 years **IGD will become again a dividend company** with a distributions that are expected to grow over the life of the plan: it is intention of the management to propose a dividend distribution of **€ 0.25-0.30 in 2022**, and subsequently increase the pay-out until reaching **€0.50 per share in 2024**.⁵

The idea that IGD could act as an **aggregator of new assets**, potentially even from different sectors, in order to further expand its property portfolio by leveraging on IGD's know-how and greater economies of scale to create value is still valid, market conditions permitting



The Business Plan presentation is available on the corporate website www.gruppoigd.it, in the Investor Relations section (<http://www.gruppoigd.it/investor-relations/presentazioni/>).

IGD will present the Business Plan 2022-2024 during a **conference call** which will be held on **14 December 2021 at 15.00** (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**

⁴ The expected restated figures for 2021 take into account the annualized impact of the asset disposal finalized at the end of November 2021.

⁵ Assuming Covid and/or the relative restrictions will no longer have a direct impact beginning in 2022.

OTHER RESOLUTIONS RELATING TO THE ORGANIZATIONAL STRUCTURE AND OTHER ANNOUNCEMENTS

RESIGNATION TENDERED FOR RETIREMENT – CHIEF OPERATING OFFICER

IGD announces that effective 1 January 2022, Daniele Cabuli will resign as Chief Operating Officer and Commercial Director (ad interim) to take early retirement. Mr. Cabuli will also resign from all positions held in Group companies.

The Board of Directors and the Board of Statutory Auditors expressed their heartfelt appreciation for the work that Mr. Cabuli has done during his more than 13 years with the company, as well as for his commitment, professionalism, knowhow, moral integrity and dedication which contributed significantly to the Group's success.

In accordance with the Group's human resources policy which strives to reward and develop internal resources with consolidated expertise, and with a view to rationalizing the organization by adapting to the market's new needs, the role of Chief Operating Officer will not be filled and the powers currently attributed to Mr. Cabuli will be assigned to Ms. Laura Poggi (currently Head of Commercial) who, effective 1 January 2022 will act as Commercial, Marketing and CSR Director and to Mr. Carlo Barban (currently Director of Administration, Legal and Corporate Affairs, as well as the Financial Reporting Officer appointed pursuant to Art. 154-*bis* of TUF) who, effective 1 January 2022, will act as Director of Administration, Legal and Corporate Affairs, Leases, HR and IT.

Laura Poggi will join the group of executive managers with strategic responsibilities together with Carlo Barban, Andrea Bonvicini (Director of Finance Division), Roberto Zoia (Director of Asset management, Development and Network Management) and Raffaele Nardi (Director of Planning, Control and Investor Relations) and under the guidance of the Chief Executive Officer Claudio Albertini, it will be their goal to carry out the 2022-2024 Business Plan.

Pursuant to applicable laws, as well as the Corporate Governance Code to which the Company adheres, IGD announces that in light of the early retirement taken by Mr. Cabuli, during the meeting held on 15 July 2021 the Board of Directors, based on the opinion of the Nomination and Compensation Committee and after having consulted with the Board of Statutory Auditors, resolved to provide Mr. Cabuli with an early retirement package of €200,000 which as a related party transaction (pertaining to compensation) was first approved by the relative corporate bodies in compliance with the Company's Procedure for Related Party Transactions.

Lastly, at today's date Mr. Daniele Cabuli holds n. 17,640 shares of IGD.

FINANCIAL CALENDAR 2022

IGD's presents the calendar of corporate events for 2022.

The 2022 financial calendar is shown below:

24 February 2022	Board of Directors' meeting to approve the draft separate and consolidated financial statements as at 31 December 2021
14 April 2022	Annual General Meeting convened to approve the 2021 Annual Report in first call (second call 15 April 2022)
5 May 2022	Board of Directors' meeting to approve the Interim Management Report as at 31 March 2022
4 August 2022	Board of Directors' meeting to approve the Half-Year Financial Report as at 30 June 2022
3 November 2022	Board of Directors' meeting to approve the Interim Management Report as at 30 September 2022

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 30 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

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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.

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