

PRESS RELEASE

RESULT OF THE APPRAISALS OF THE REAL ESTATE ASSETS AS AT 31/12/2022

2022 PRELIMINARY DATA

2023 OUTLOOK AND BUSINESS PLAN 2024 TARGETS

Bologna, 26 January 2023. The of Board of Directors of **IGD - Immobiliare Grande Distribuzione S.p.A.** met today, chaired by Rossella Saoncella, and has acknowledged the appraisals as at 31 December 2022, received today from the independent appraisers CBRE Valuation SpA, Kroll Advisory Spa, Cushman & Wakefield LLP and Jones Lang LaSalle Spa, which show a market value of the Company's consolidated real estate assets equal to € 2,080.86 million.

The aforementioned appraisals, prepared using the discounted cash flow method, were impacted by the increase in interest rate curves, also in light of the worsening of the macroeconomic environment.

More in detail, the main types of assets within the Group's real estate portfolio showed the following changes:

- **Shopping malls and retail park:** 27 properties located in 12 Italian regions, with a market value of € 1,466.48 million, which was reduced by -1.02% compared to 31 December 2021 (when it was € 1,481.64 million) while on a like-for-like basis the decrease was -1.06%. This decrease is mainly attributable to the increase in both the discount and exit rates used in the valuation models;
- **Hyper and Super:** 19 properties located in 7 Italian regions with a market value of €401.17 million, which was reduced by -5.35% compared to 31 December 2021 (when it was €423.83 million), while on a like-for-like basis the decrease was -0.17%. The decrease was affected by the increase in both the discount rates and the exit rates used in the valuation models, as well as the remodelling transactions completed, which reduced the scope of the appraisal;
- **Romania:** 14 shopping malls and 1 office building distributed throughout Romania with a market value of €128.32 million, which was reduced by -5.49% compared to 31 December 2021 (when it was €135.78 million) mainly due to the increase in both discount and exit rates used in the valuation models;
- **"Porta a Mare" project:** market value of €62.33 million, which was reduced by €13.57 million from 31 December 2021 (when it was €75.90 million). The negative change, which also includes the sale of 18 residential units completed during the year for €7.5 million, is mainly due to the increase in the construction costs on the portion under development, the increase in both discount rates and exit rates, as well as the decrease in ERVs used in the valuation models;
- **Other and development lands:** market value of €22.56 million.

The write-downs of the appraisals described above, also taking into account the capex for the period, result in an overall change in fair value in the income statement that is expected to amount to approximately €-94 million.

PRELIMINARY DATA 2022

Based on the preliminary information and data available to date, the Company believes that **the FFO guidance for 2022**, communicated on the 4 August 2022, **equal to +2/3%** compared to 2021 (or +17/18% taking into account the change in scope due to the sale of assets completed at the end of 2021) **is confirmed**.

The year-end Net Financial Position is expected to be about €-973 million and the **Loan to Value leverage ratio is expected to be about 45.6%**, increasing from 44.8% at year-end 2021, mainly due to the negative fair value changes mentioned above.

Taking into account the recurring FFO net result and the increase in the leverage ratio, IGD believes that the dividend for the 2022 financial year (to be paid in 2023 following the approval of the Shareholders' Meeting) could be between €0.25 and 0.30 per share, which corresponds to the minimum thresholds indicated in the 2022-2024 Business Plan and which on current share prices would correspond to a dividend yield between 7.2% and 8.6%; it should be noted that the dividend paid in 2022, equal to €0.35 per share, had already exceeded the aforementioned minimum threshold.

Please note that the approval of the draft Financial Statements, of IGD's Consolidated Financial Statements as at 31 December 2022 and of the dividend distribution proposal to be submitted to the Shareholders' Meeting, is scheduled for 23 February 2023. Therefore, the information contained in this press release is to be understood as preliminary and as of today's date. The Audit firm has not yet completed the controls necessary to issue its audit reports.

2023 OUTLOOK AND 2024 BUSINESS PLAN TARGETS

During 2022, the **Group's operating performance** in terms of income recovery, operator sales performance and rental income had a **positive trend**, which is expected to continue in 2023. **In addition, both net rental income and EBITDA are expected to increase compared to 2022**, due to the combined effects of increased occupancy rates, indexing of contracts, as well as the completion and entry into service of the projects to remodel the hypermarkets and the Officine Storiche commercial segment in Livorno, which is scheduled to open in the second quarter of 2023.

Nonetheless, due to the increase in interest rate curves, which show a significant deviation from the assumptions used in the 2022-2024 Business Plan, **the cost of financial management is expected to rise sharply**; it should be noted that i) in the second half of 2022 IGD has already finalised two financing transactions (for €215 million the first and €20.9 million the second) at rates higher than the average cost of debt for 2022 and that ii) in 2023 it intends to continue refinancing, sufficiently in advance, the financial indebtedness maturing in the following 12/18 months (equal to approximately €76 million at 12 months and approximately €220 million at 18 months)

The Company intends to provide more specific guidance on 2023 FFO upon approval of the 2022 annual results scheduled for 23 February 2023.

Therefore, in light of the significant worsening of the macroeconomic scenario, the increase in interest rates and consequent increases in financial expenditures for the IGD Group and the LTV leverage ratio generated by the write-downs on the Real Estate Portfolio at the end of 2022, **some of the targets to 2024 set forth in the Business Plan**

presented on 14 December 2021, with particular reference to FFO and dividends¹, do not appear achievable at present.

Given the uncertainties of the evolution of the macroeconomic scenario in two years from now and the multiple variables that could impact the generation of the FFO and the dividend, currently the Company does not believe to be able to provide updated targets for 2024.

However, all the strategic and operational guidelines set forth in the Business Plan in the areas of sales, marketing, sustainability, as well as the investment plan, to which the commitment to implementation is maximised, remain confirmed.

IGD also confirms its intention to continue to be a *dividend company* that offers an attractive remuneration to its Shareholders and remains strongly committed to deleveraging by 2024, believing, to this end, that it can implement the divestment strategies already presented in the Business Plan itself.

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 €2,143.5 million at 30 June 2022, comprised of, in Italy, 19 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.

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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.

¹ Cfr press release 14 December 2021: "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.

.....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."