

2016 Results: *the best in IGD's history*
Conference call 28 February 2017

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2016 Results...

 **€ 136.8 mn**
Core business revenues
+8.4%

 **€ 94.9 mn**
Core business Ebitda
+11.6%
margin 69.3% + 200bps

 **€ 68.3 mn**
Group Net Profit
+49.7%

 **78.7%**
Ebitda margin from Freehold
+ 150 bps

 **€ 2,178 mn**
Portfolio Market value
+4.6%

 **€ 1.29** per share
Epra NNAV
+3.2%

...exceeding expectations!!!

↗ € 53.9 mn

Funds From Operations (FFO)

+18.9% (+15/16% guidance)

↗ € 0.066

FFO per share

↗ € 0.045 per share

Proposed dividend

+12.5%



Operating Performance

A positive scenario, also in 2017...

ITALY



- 8° economy in the world and 3° in the Euro Area
- **GDP 2016: €1,569 mld (+0.9%)**
- **Consumption 2016: +1.2%**

ROMANIA



- Among the economies that are growing faster in Europe
- **GDP 2016: approx. €176 mld (+4.8%)**
- **Consumption 2016: + 8,9%**

OUTLOOK 2017

GDP + 0.9%

Consumption + 0.9%

GDP + 3.9%

Consumption + 5.9%

Sources: World Bank, Istat, Raiffeisen Research and European Commission and IGD internal processing on research institutes panel

..which results in good operating performances



  **+2.6%**

Tenants sales shopping malls

Better results in shopping centers recently restyled/refurbished

  **Slight decline**

Footfalls

But comparison with a strong 2015:

Δ IGD/CNCC 2015 +1.4%

Δ IGD/CNCC 2016 -0.8%



  **+2.5%**

Footfalls

Increase in the commercial offer, reduction of works inside the assets

Effective commercial performances



206 signed contracts
of which 89 turnover and 117 renewals



+1.8% upside



9% rotation rate
26 new brands



97.3% occupancy
+ 40 bps



Marema (GR) – New brand: Zara and Pull&Bear

ZARA
PULL&BEAR

AMY B.
est. 2010
FLÖREIZA
styled in Florence

FOOD STYLE
100
MONTADITOS
FROM SPAIN



the  **athlete's foot**

 **supermedia**
tecnologia a portata di mano

Merchandising: physical vs virtual

Implementation of the food court's offer and services



CENTRO SARCA (Milan)

Food court: 2,550 m² (11% tot. malls)



MAREMA' (Grosseto)

Food court: 1,550 m² (9% tot. malls)



Merchandising: physical vs virtual

Personal care services to enhance visits to the shopping centers and customers loyalty

3 CLINICS
OPENED IN 2016



DENTALPRO
CENTRI DENTISTICI PROFESSIONALI



11 TOTAL



@identicoop
preziosi.cura.sorridi



3 NEXT OPENINGS
(2017)



DENTALPRO
CENTRI DENTISTICI PROFESSIONALI



Innovation and technologies



- Book online and collect in the shopping mall
- First pilot project in a Shopping Center in Italy



- A common strategy for all the Centers
- Reinforcing the link with visitors:
 - ✓ Increase in likes +31%
 - ✓ engagement rate +73%
 - ✓ total no. of contacts: 11.5 milion

Restyling results



Centro Borgo (Bo)
October 2015 – Total restyling and remodeling
Footfalls: + 3.6%*
Sales: +16.6%
Occupancy: 97% (+ 3.5 perc. pts.)

* May, June and July are not included



Centro Sarca (MI)
October 2015 – Total restyling and remodeling
Footfalls: +5.9%*
Sales: +17.5%
Occupancy: 100% (+ 13.6 perc. pts.)

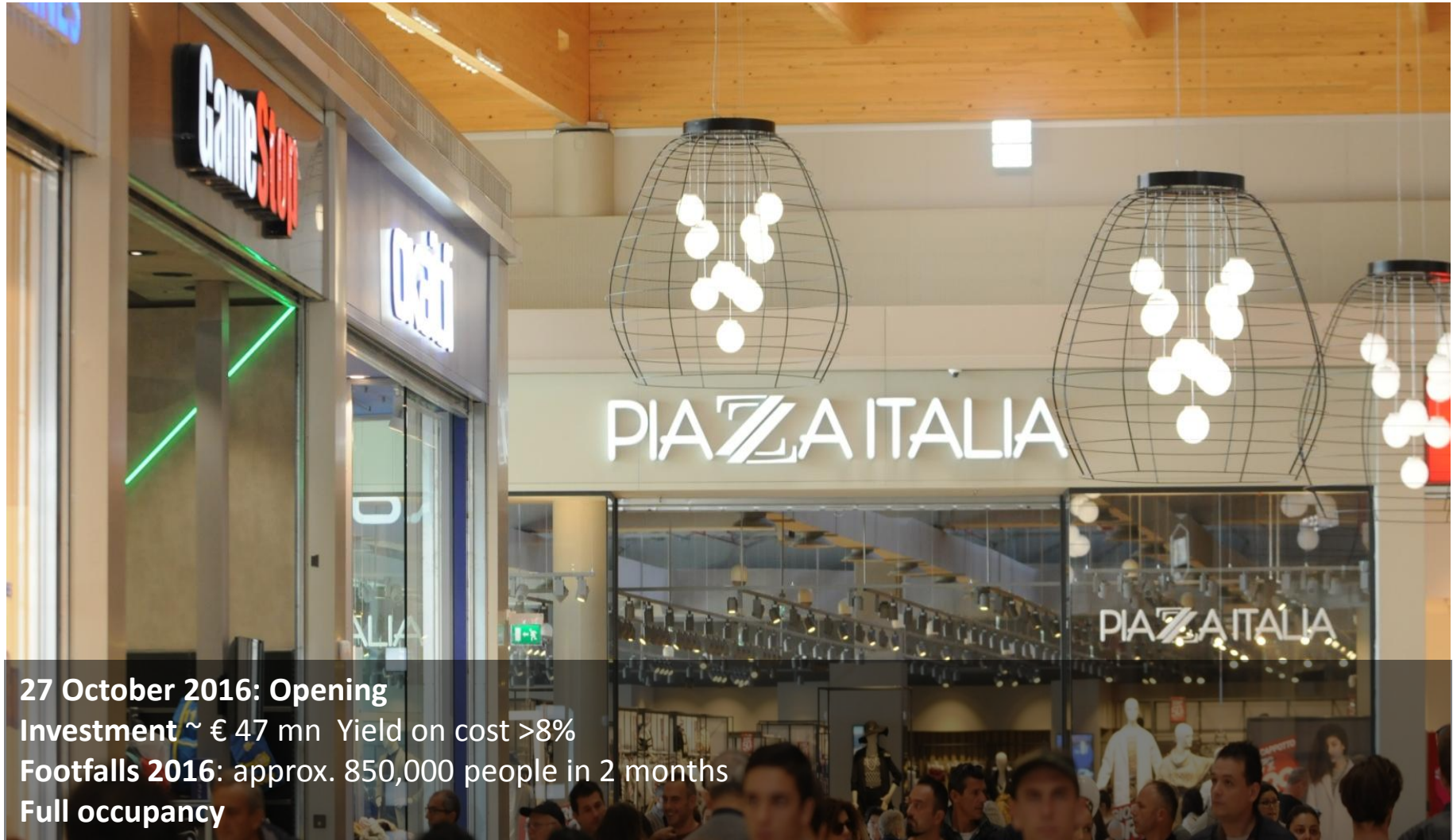
* Data from June to December

Work in progress: Città delle Stelle (Ascoli-Piceno)



2017 – Second step
Hypermarket reduction and creation of a new court in progress
Hyper from 14,400 m² to 9,350 m²
New mall GLA approx. 4,150 m² (shops, stands)
IGD investments: € 1.4 mn
End of work: 2H2017

2016 news: Maremà (Grosseto)



27 October 2016: Opening
Investment ~ € 47 mn Yield on cost >8%
Footfalls 2016: approx. 850,000 people in 2 months
Full occupancy

Positive results also in Romania



454 contracts signed

Of which 207 turnover and 247 renewals



+1.1% upside



34.3% rotation rate

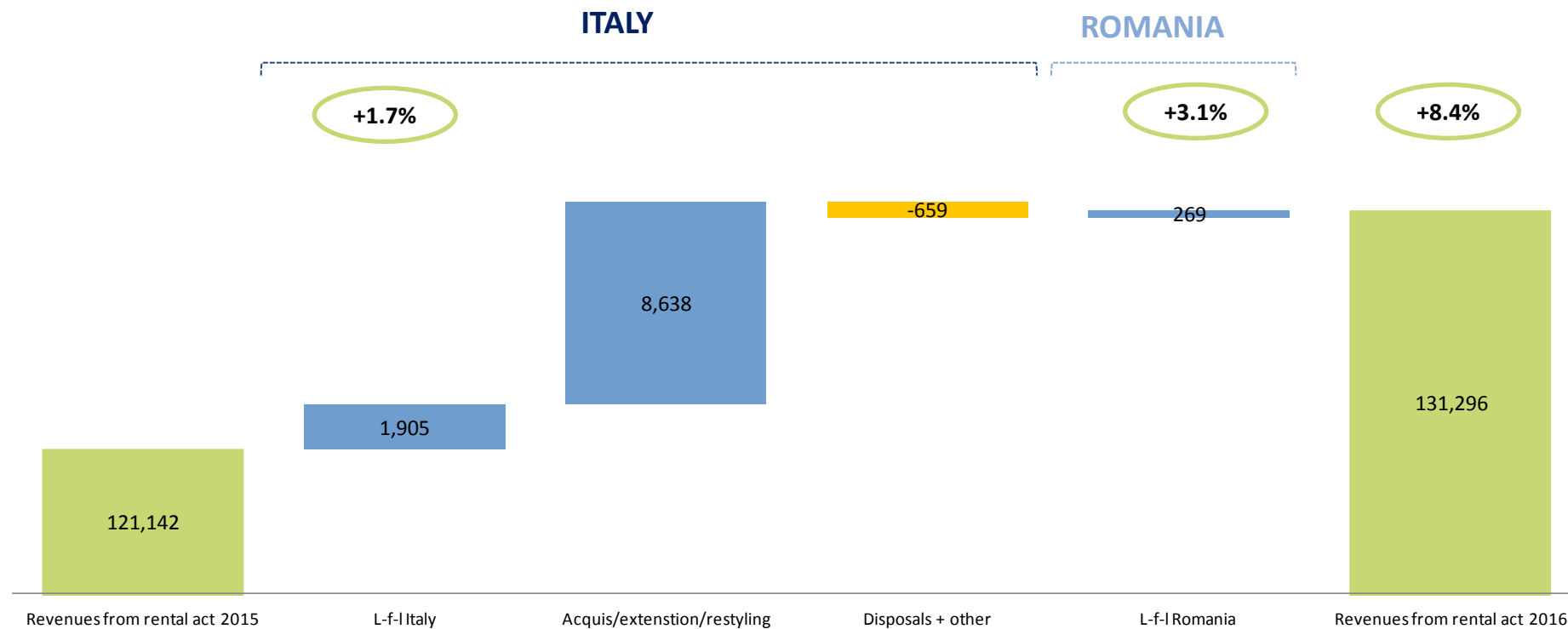


96.1% occupancy

+ 220 bps



The results: rental revenues +8.4%



↗ Like for like Italy +1.7%: malls (+2.7%) and hypermarkets are stable;

↗ Like for like Romania +3.1%

Seventh Sustainability Report: significant achievements in 2016



Integrity in business and management



Legality rating obtained

Quality and efficiency of the shopping centers



Electricity consumption reduced by 13% from 2011 (-3,200 ton into the atmosphere)

A changing context



All tenants involved in order to reduce the energy consumption

The concept of space to be lived in



Organized events with a strong social and cultural value (ie. Happy hand in Tour)

Employees

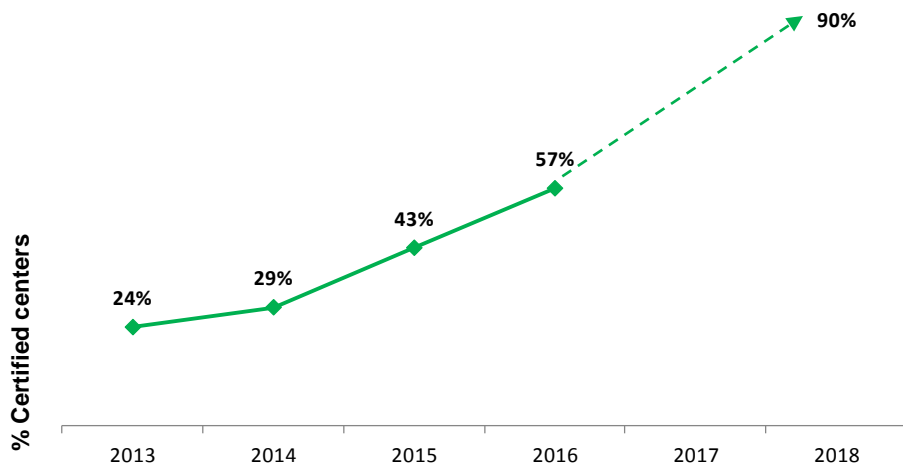


Defined first corporate Welfare plan

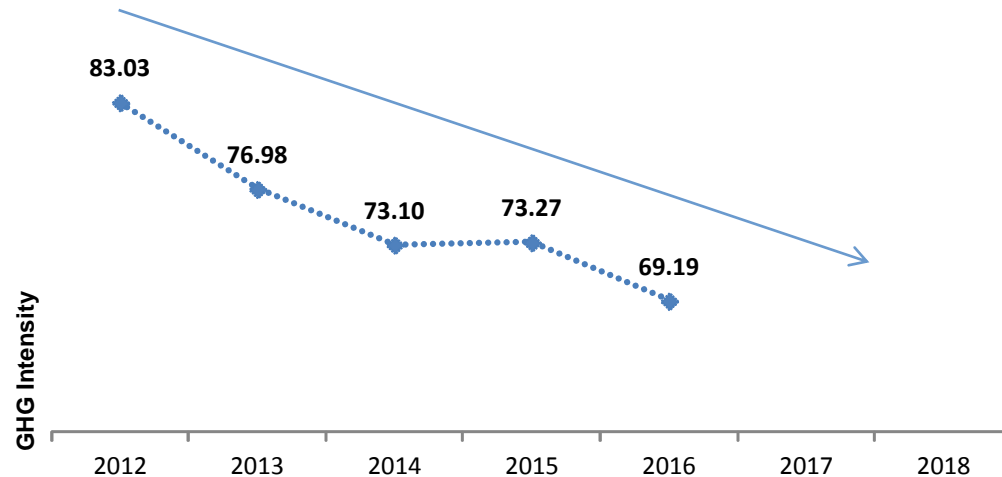
Seventh Sustainability Report: environmental committment continues...



CERTIFICATION ISO 14001
2016: 57% Italian malls
TARGET 2018: 90% Italian malls



GHG INTENSITY*
2016: -5.6%
TARGET 2018: progressive reduction



Starting from 2017, the supply of electricity to all the shopping centers will come from renewable energy sources

Important national and international awards

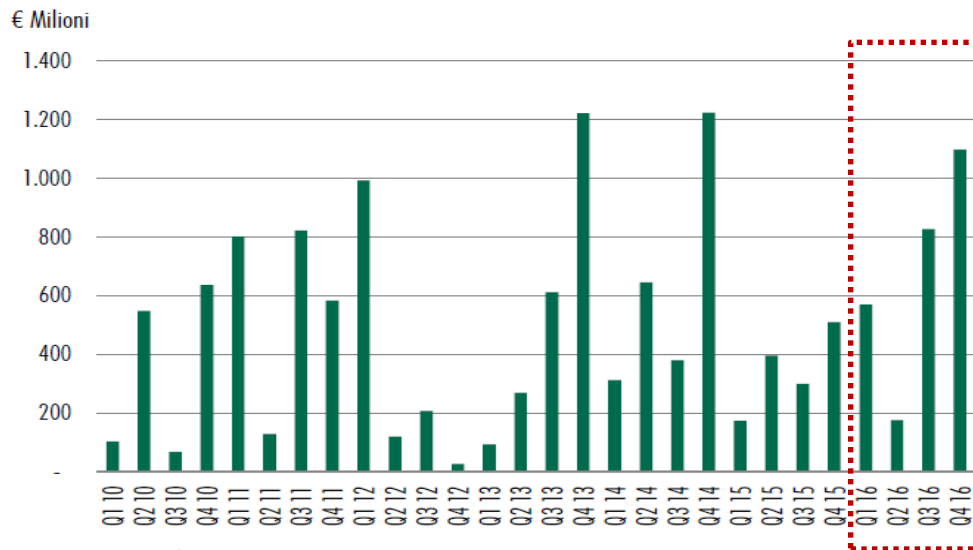




Portfolio

Retail real estate in Italy: an interesting market...

Retail investment evolution in Italy



Fonte: CBRE Research, Q4 2016.

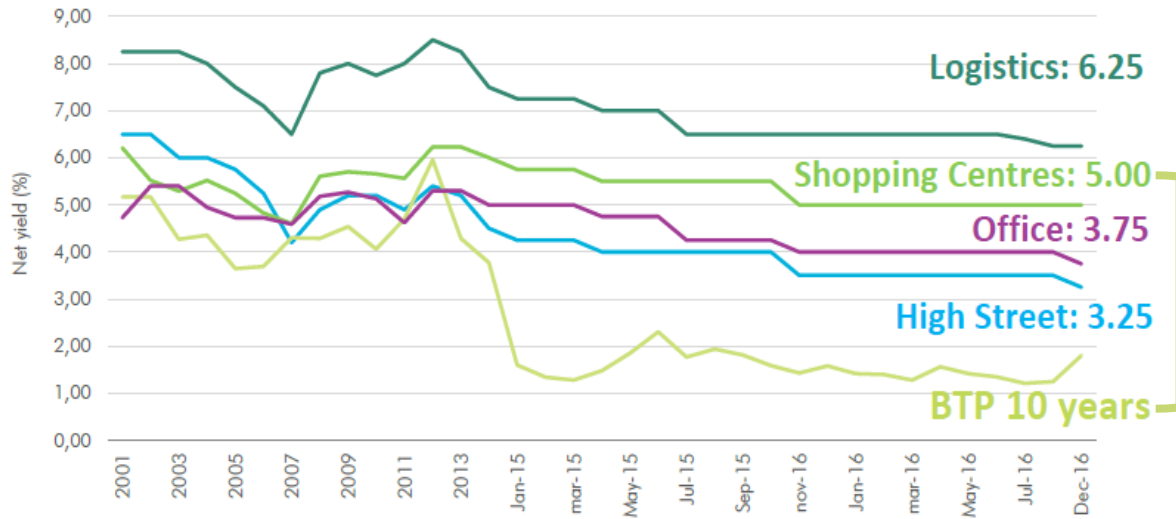
- Real estate investments in 2016: **€9.1 mld (+13% vs 2015)**

- Retail investments in 2016: **approx. €2.6 mld, +80% vs 2015**

- Slight **yields compression** on good secondary shopping centers.

Source: CBRE, "Italia Retail Q4 2016"

...also from the yields point of view



Source: CBRE Research, Q4 16

Spread Record
>300 bps
Prime shopping centers
Vs
BTP 10 years



ITALY
5%

VS



SPAIN
4.50%



GERMANY
4%



FRANCE
3.50%



IRELAND
4%

Average net yields
prime shopping centers

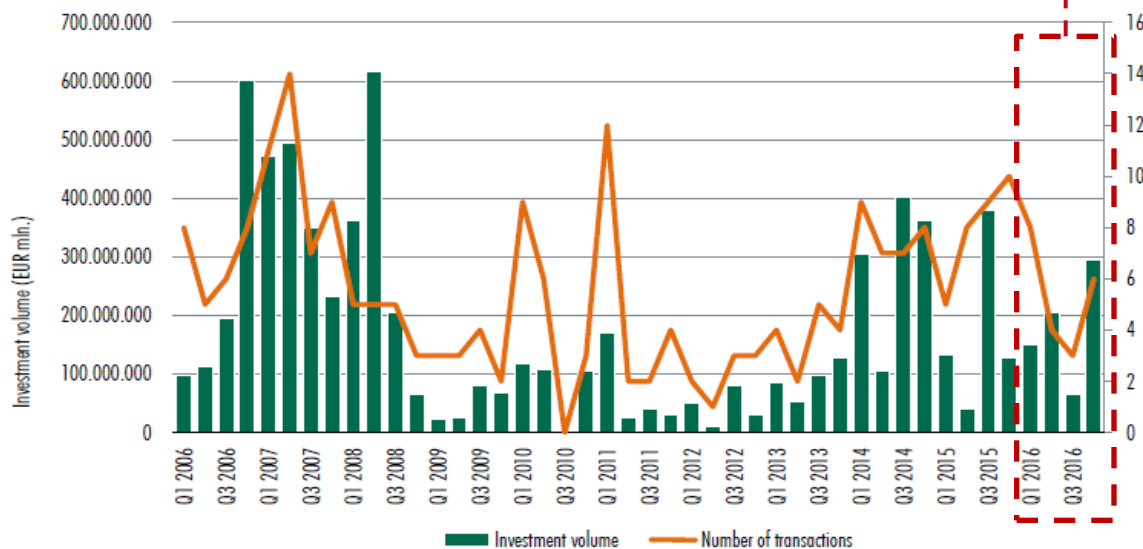
Significant gap
between Italy and other European
countries**

*Source: Treasury Minister

**Source: CBRE (the data for France is referred to the Ile de France region)

Progress continues in Romania

Real estate investment evolution in Romania



Fonte: CBRE Research, Q4 2016.

• Total Real Estate investments: €714 mn (in line with 2015)

• Trend 2017-2018: national and international retailers are moving to medium-size regional cities

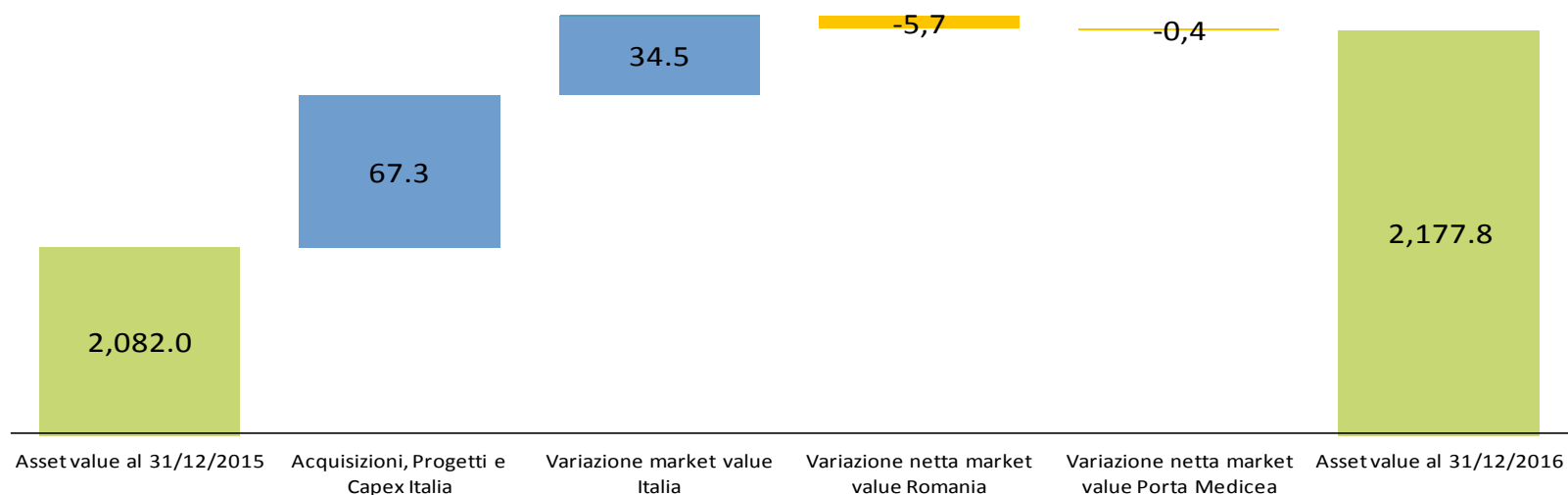
• Investments in quality refurbishment or in development activities in medium-size regional cities

• Yields compression

Source: CBRE, "Romania Investment, H2 2016", "Romania Retail, H2 2016"

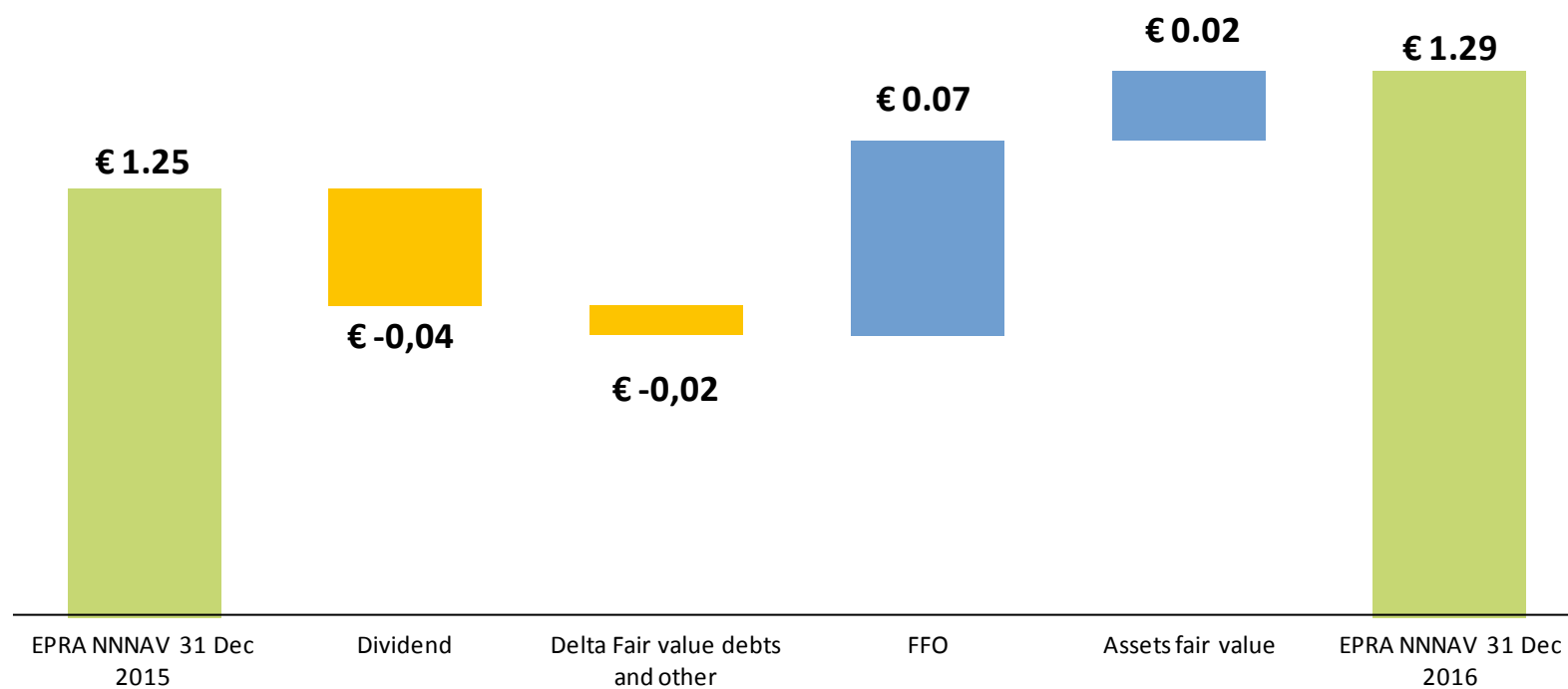
IGD Portfolio is growing...

€ mn	FV 2015	FV 2016	Δ %	Δ % Like for Like	Gross Initial Yield
Malls Italy	1,136.81	1,211.60	+ 6.6%	+ 1.5%	6.23%
Hypermarkets Italy	633.63	646.09	+ 2.0%	+ 2.0%	6.17%
Romania	170.60	164.91	-3.3%	-3.3%	6.51%
Porta a Mare + developments + other	140.97	155.17			
Total IGD portfolio	2,082.01	2,177.77	+ 4.6%		



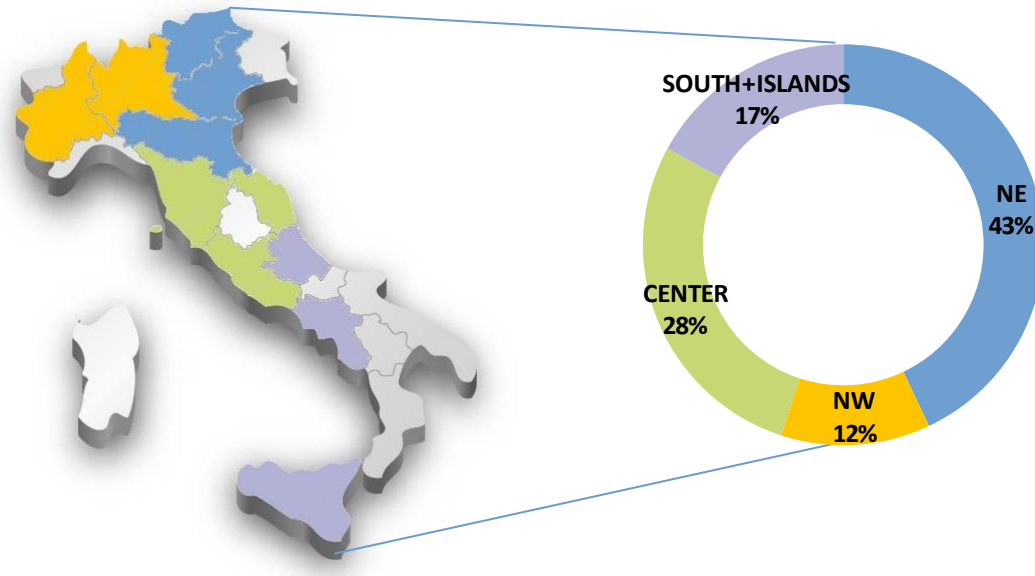
...and so is the value created

€ p.s.	31-Dec-15	31-Dec-16	Δ%
EPRA NAV	1.32	1.37	+ 3.4%
EPRA NNAV	1.25	1.29	+ 3.2%



Balanced portfolio

from a geographical point of view



- Leader in their catchment area
- Present in 11 Italian regions, from North to South, mainly in medium/large size cities



MILAN – C. Sarca



BOLOGNA – C. Borgo



RAVENNA - ESP



ROME -Tiburtino



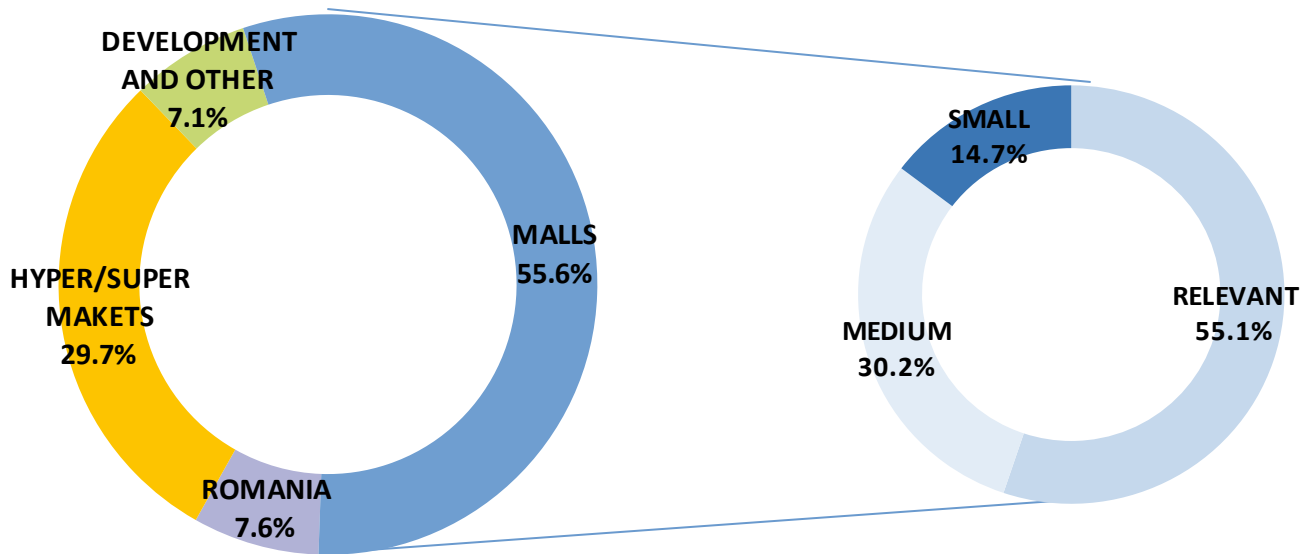
NEAPLES –Porte di Napoli



CATANIA - Katanè

Balanced portfolio

from a market value point of view



7 Relevant Malls

(mkt value >€70mn):

Punta di Ferro

Centro Sarca

Tiburtino

Le Porte di Napoli

Katanè

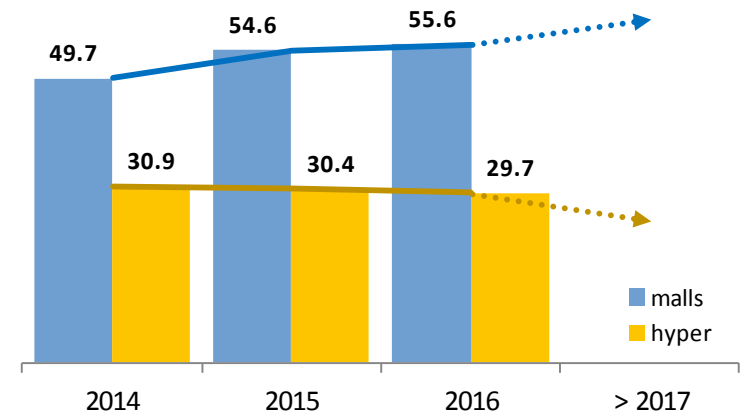
Conè

Esp

- Decrease in hypermarket and Romania
- Increase in malls
- Relevant and Medium malls equal to 85% of asset class

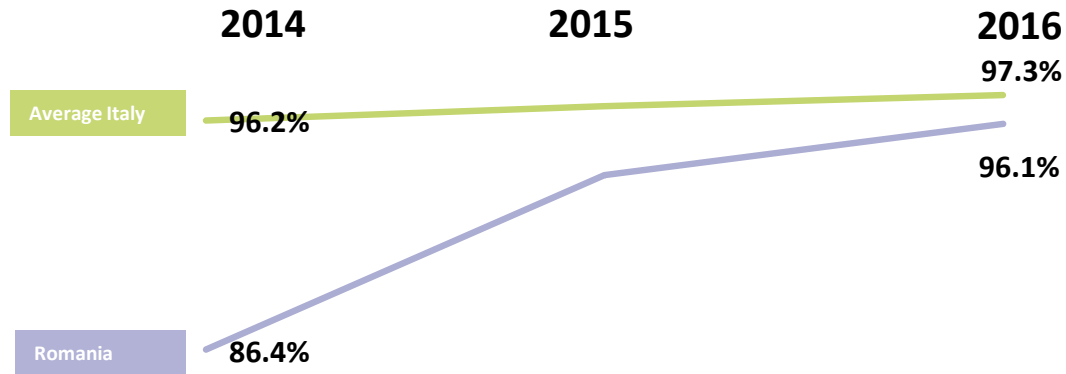
Medium malls: mkt value >€30mn <€70mn

Small malls: mkt value < €30mn



Performing and effective portfolio

Resilience in occupancy



Occupancy rate always high thanks to the restyling/extension/remodeling activities

Flexibility and adaptability

m²

Average mall dimension:
approx 15,000 m²



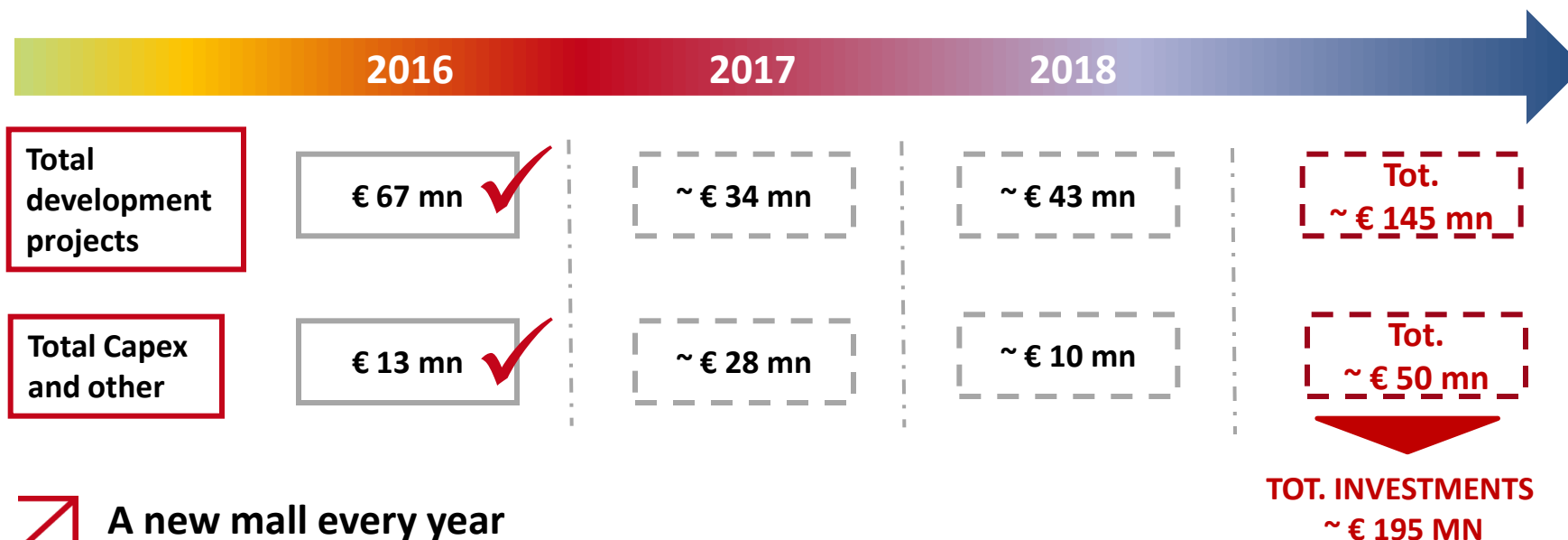
Average no. of shops:
55



No. of full ownership shopping center*:
14

Portfolio that can easily be remodeled/reconverted (ie. Le Porte di Napoli, Città delle Stelle)

Investment pipeline



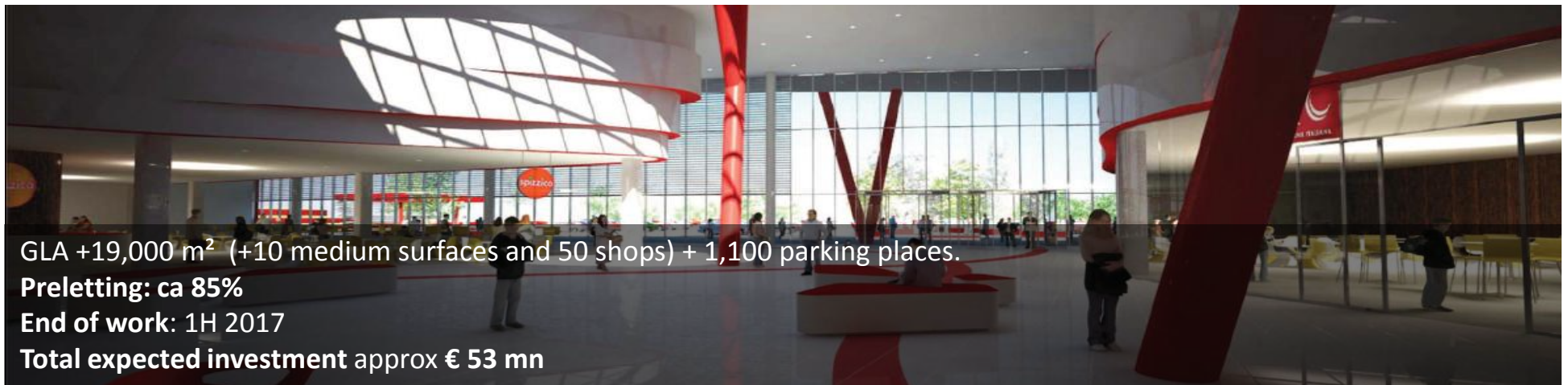
➤ A new mall every year

➤ Average yield on cost approx. 7%

➤ Attention on sustainability and energy saving

➤ Seismic improvement works: voluntary action plan to improve the safety of customers and employees

Esp extension (Ravenna)



Restyling and extension - Gran Rondò (Crema)



New medium surface (+ 2,850 m² of GLA) already rented
Total restyling of the outside of the shopping mall
End of work: 1H 2018
Total expected investment approx € 7 mn

Officine Storiche (Livorno)



LIVORNO
PORTA
A MARE

APPRODO DEL FUTURO.

Redevelopment of the former Cantieri Navali Orlando, a modern retail concept with personalcare services (fitness, leisure, food court)

Preletting: significant interests collected

Expected opening: 2H 2018

Total expected investment approx € 52 mn

Financial Results

“Record” activity with unprecedented results...

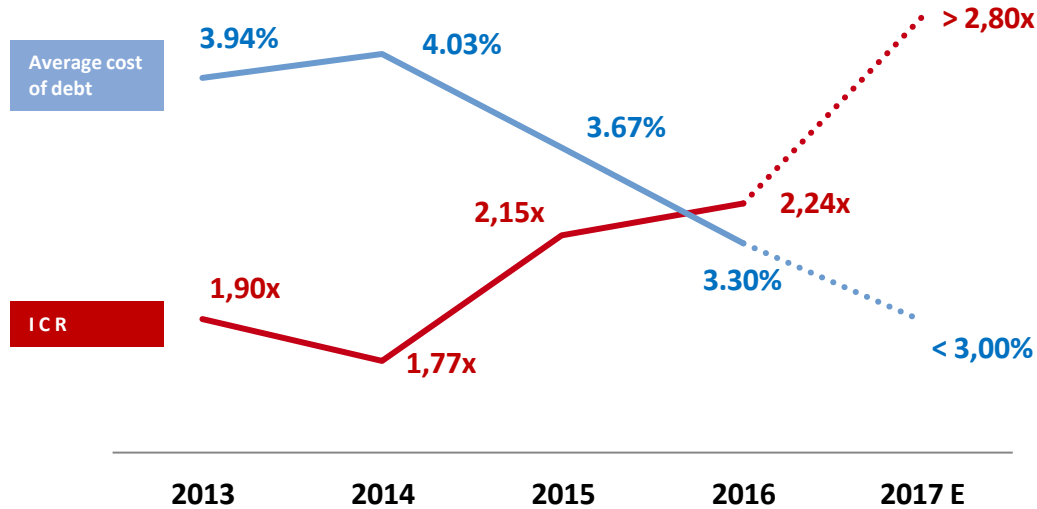
- Obtained the rating Baa(3) Outlook Stable* from Moody’s
- The context of low interest rates favored by the ECB has been fully exploited to:
 - ✓ Reduce the average cost of debt
 - ✓ Extend the maturity profile of the medium/long-term debt



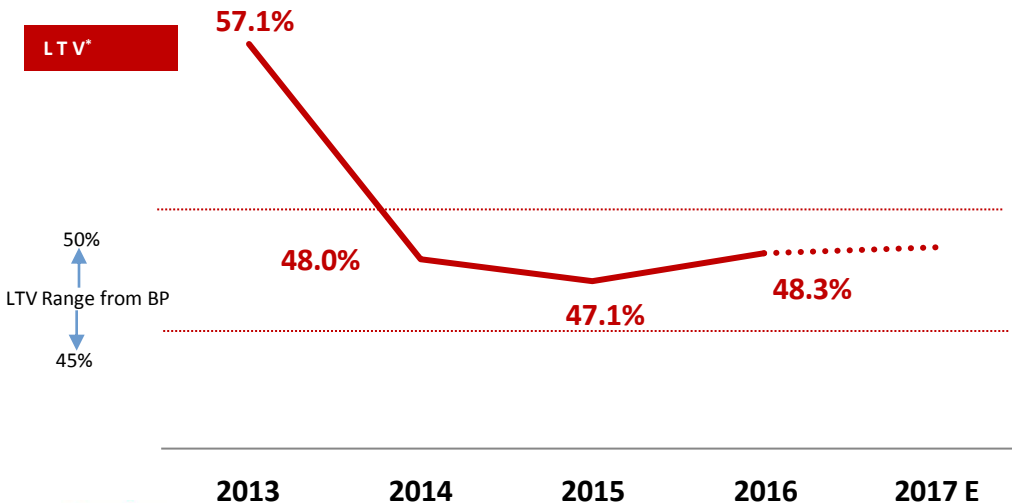
- Repayment of the € 135 mn CMBS, cost 5.2%

*outlook confirmed in December 2016

...which are the basis for further improvements



- Constant decrease in average cost of debt
- Increase in interest coverage

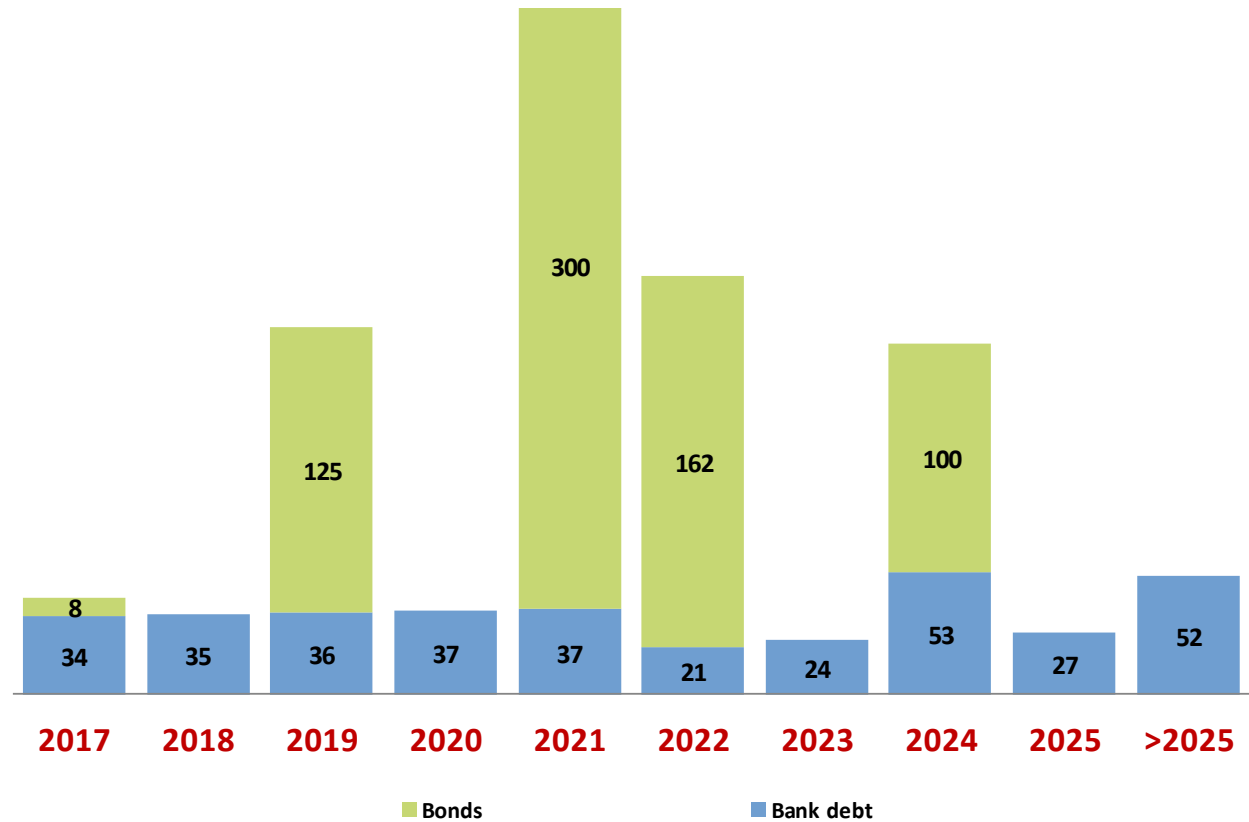
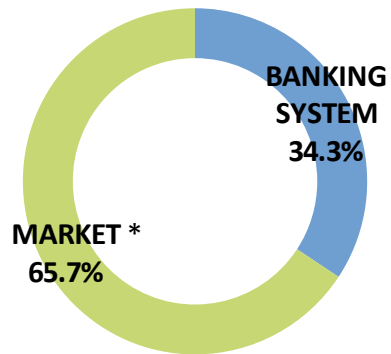
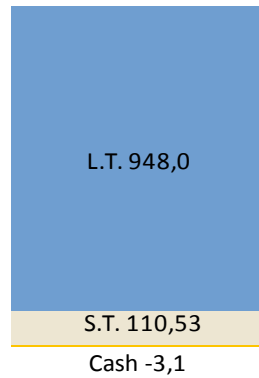


- Strict financial discipline respected

*Ratio between Net debt (which does not include financial leasing) and market value of the portfolio

A balanced debt structure

Net Debt 2016
€1,055.4mn

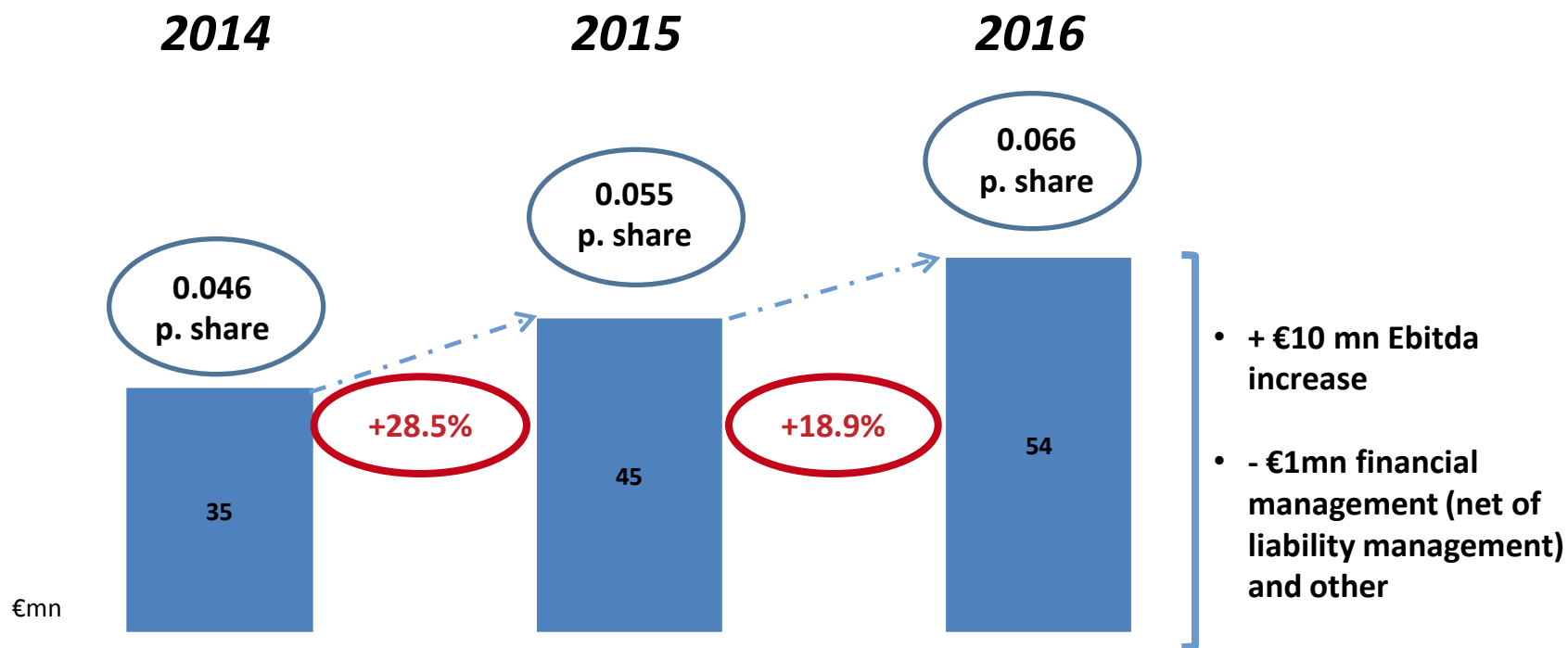


* USPP included

- Bank financing reduced... and “committed”

- Extended debt maturity profile

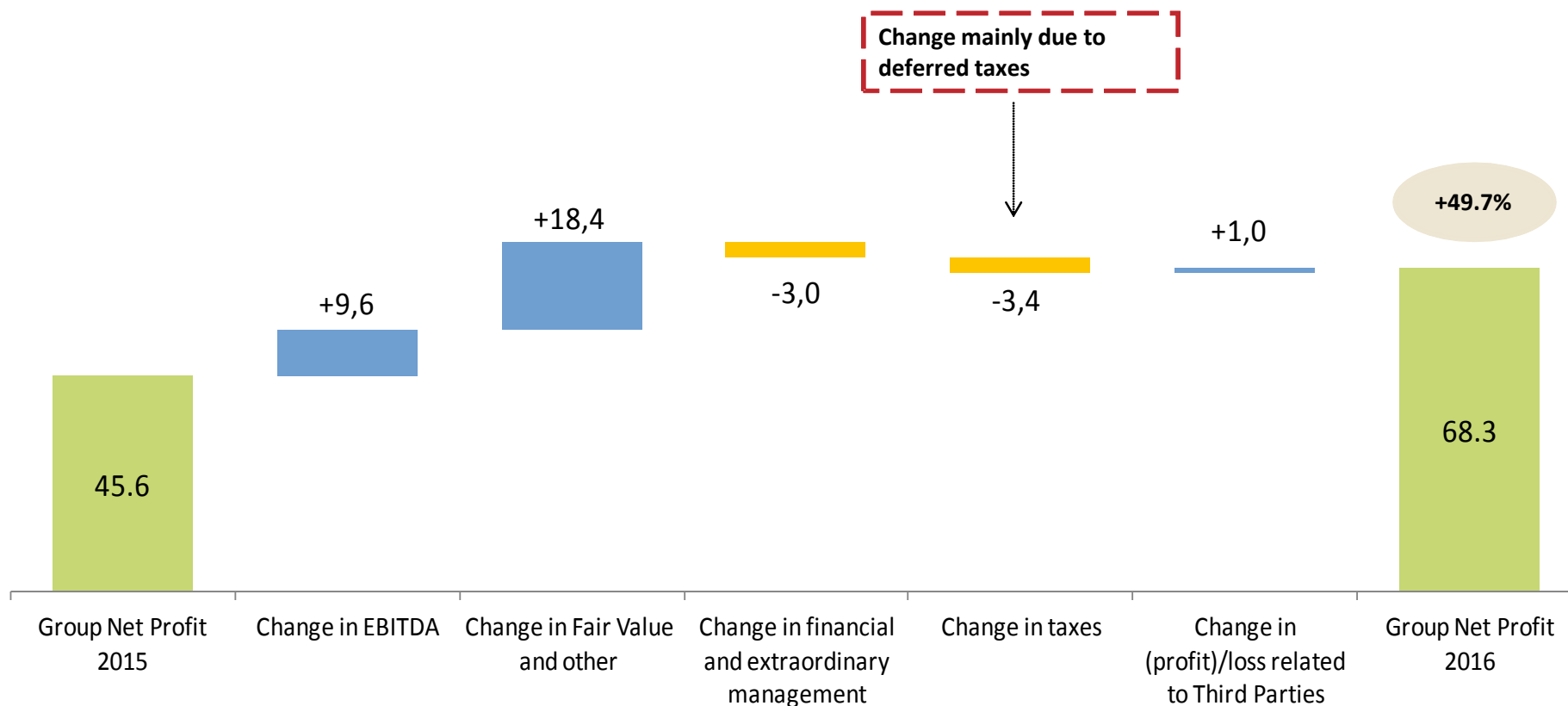
New target achieved: FFO € 54 mn



**Target announced (+15/16%):
EXCEEDED!!!**

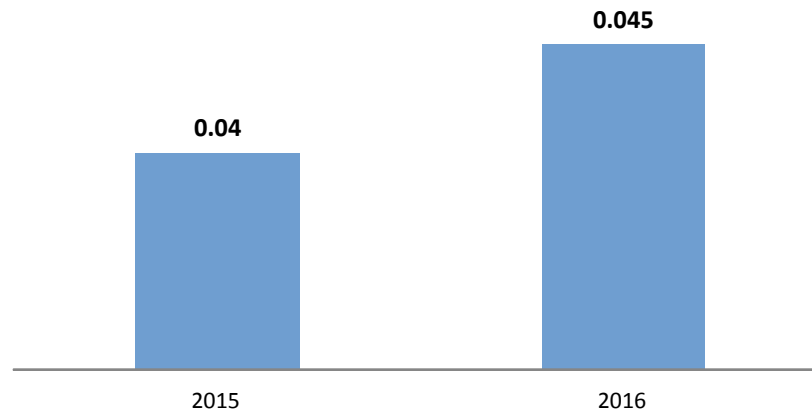
Group Net Profit: €68.3 MN

NET PROFIT EVOLUTION(€ 000)



Proposed dividend*

€ 0.045 per share (+12.5%)



- **Dividend yield 6.2%** (on both year end and 27th February price equal to approx. €0.72)
- **Amount of dividends equal to € 36.6 mn (68% of FFO)**
- ***Dividend Reinvestment Option will NOT be proposed this year***

*To the AGM on 12 April 2017

Outlook 2017

FFO expected for 2017

≈ + 18/19 %

Committed in maintaining an attractive dividend policy

and that is linked to the FFO evolution

(≈ 2/3 of the gross FFO)



Attachments

Consolidated Income Statement

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2015	31/12/2016	Δ%	31/12/2015	31/12/2016	Δ%	31/12/2015	31/12/2016	Δ%
Revenues from freehold real estate and rental activities	108,865	118,882	9.2%	108,865	118,882	9.2%	0	(0)	n.a.
Revenues from leasehold real estate and rental activities	12,277	12,414	1.1%	12,277	12,414	1.1%	0	0	n.a.
Total revenues from real estate and rental activities	121,142	131,296	8.4%	121,142	131,296	8.4%	0	(0)	n.a.
Revenues from services	5,085	5,529	8.7%	5,085	5,529	8.7%	0	0	n.a.
Revenues from trading	2,289	1,999	(12.7)%	0	0	n.a.	2,289	1,999	(12.7)%
OPERATING REVENUES	128,516	138,824	8.0%	126,227	136,825	8.4%	2,289	1,999	(12.7)%
COST OF SALE AND OTHER COST	(2,181)	(2,189)	0.4%	0	0	n.a.	(2,181)	(2,189)	0.4%
Rent and payable leases	(10,068)	(10,145)	0.8%	(10,068)	(10,145)	0.8%	0	0	n.a.
Personnel expenses	(3,771)	(3,914)	3.8%	(3,771)	(3,914)	3.8%	0	0	n.a.
Direct costs	(17,021)	(17,307)	1.7%	(16,730)	(17,032)	1.8%	(291)	(275)	(5.6)%
DIRECT COSTS	(30,860)	(31,366)	1.6%	(30,569)	(31,091)	1.7%	(291)	(275)	(5.6)%
GROSS MARGIN	95,475	105,269	10.3%	95,658	105,734	10.5%	(183)	(465)	n.a.
Headquarter personnel	(6,208)	(6,473)	4.3%	(6,134)	(6,402)	4.4%	(74)	(71)	(3.7)%
G&A expenses	(4,898)	(4,813)	(1.7)%	(4,512)	(4,477)	(0.8)%	(386)	(336)	(12.9)%
G&A EXPENSES	(11,106)	(11,286)	1.6%	(10,646)	(10,879)	2.2%	(460)	(407)	(11.4)%
EBITDA	84,369	93,983	11.4%	85,012	94,855	11.6%	(643)	(872)	35.6%
<i>Ebitda Margin</i>	<i>65.6%</i>	<i>67.7%</i>		<i>67.3%</i>	<i>69.3%</i>		<i>-28.1%</i>	<i>-43.6%</i>	
Other provisions	(411)	(154)	(62.5)%						
Impairment and Fair Value adjustments	1,538	19,582	n.a.						
Depreciation	(1,264)	(1,119)	(11.5)%						
DEPRECIATION AND IMPAIRMENTS	(137)	18,309	n.a.						
EBIT	84,232	112,292	33.3%						
FINANCIAL MANAGEMENT	(39,392)	(42,008)	6.6%						
EXTRAORDINARY MANAGEMENT	50	(336)	n.a.						
PRE-TAX PROFIT	44,890	69,948	55.8%						
Taxes	310	(3,044)	n.a.						
NET PROFIT FOR THE PERIOD	45,200	66,904	48.0%						
(Profit)/Loss for the period related to Third Parties	439	1,425	n.a.						
GROUP NET PROFIT	45,639	68,329	49.7%						

Total revenues from rental activities:

€ 131.3 mn

From Shopping Malls: € 89.9 mn of which:

Italian malls €81.0 mn

Winmarkt malls €8.9 mn

From Hypermarkets : €40.0 mn

From City Center Project – P.za Mazzini : €0.6 mn

From Other and Porta a Mare: €0.8 mn

Margins from activities

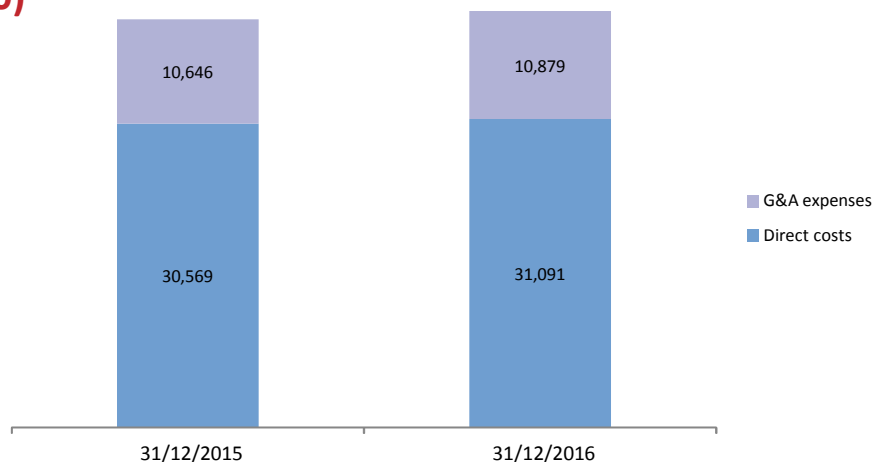
	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2015	31/12/2016	%	31/12/2015	31/12/2016	%	31/12/2015	31/12/2016	%
Margin from freehold properties	93,186	102,999	10.5%	93,186	102,999	10.5%	0	0	n.a.
Margin from leasehold properties	1,999	2,171	8.6%	1,999	2,171	8.6%	0	0	n.a.
Margin from services	473	564	19.2%	473	564	19.3%	0	(0)	n.a.
Margin from trading	(183)	(465)	n.a.	0	0	n.a.	(183)	(465)	n.a.
Gross margin	95,475	105,268	10.3%	95,658	105,733	10.5%	(183)	(465)	n.a.

**Margin from freehold properties:
86.3% increased compared to the previous year**

**Margin from leasehold properties:
17.5% increased compared to the same period of the previous year (16.3%), mainly thanks to
higher revenues and stability of the related costs.**

Operating costs and financial management

CORE BUSINESS G&A EXPENSES AND DIRECT COSTS (€ 000)

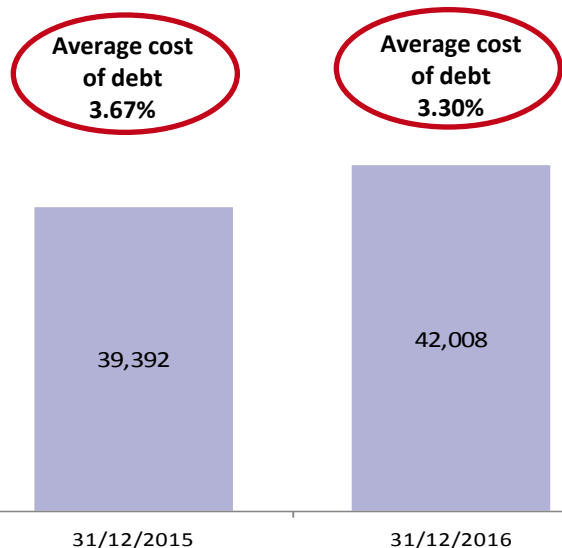


Lower impact of operating cost on Revenues

Ebitda margin core business is growing (69.3%): +200 bps

Ebitda margin from Freehold: 78.7%

FINANCIAL MANAGEMENT (€ 000)



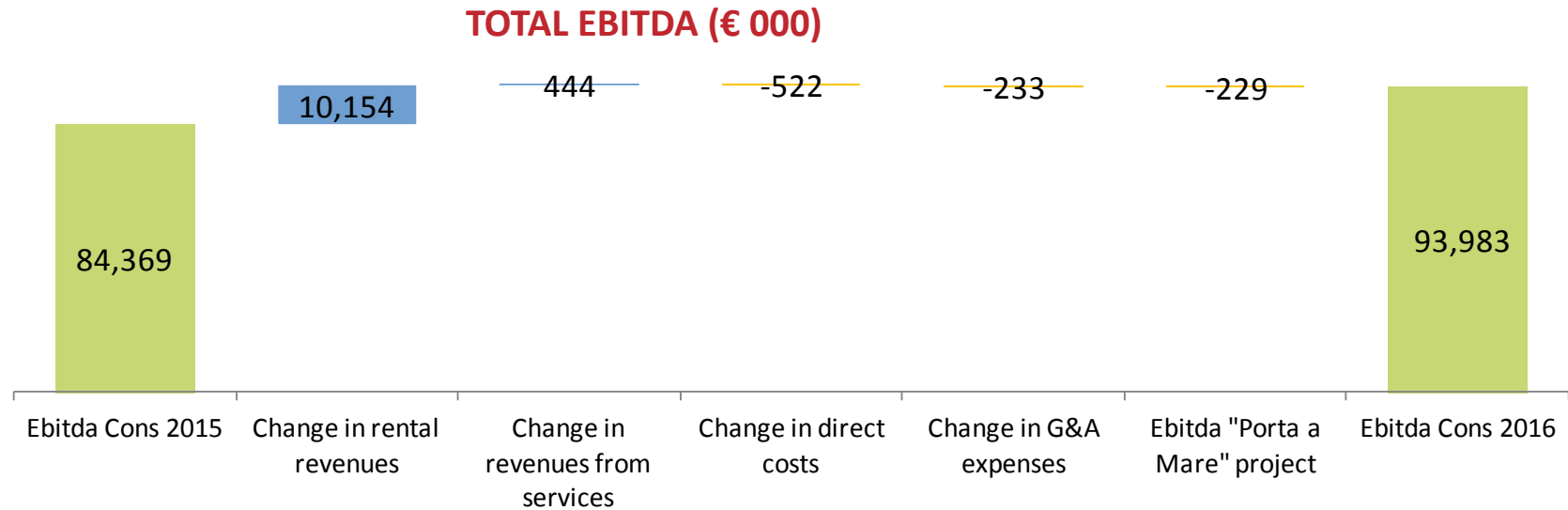
The cost of debt decrease continues

Slight increase in Financial Management due to:

- €2.1mn non-recurrent charges of the CMBS early settlement
- bond issue (short-term credit lines replaced with long-term debt)
- net debt increased by approx. €70mn

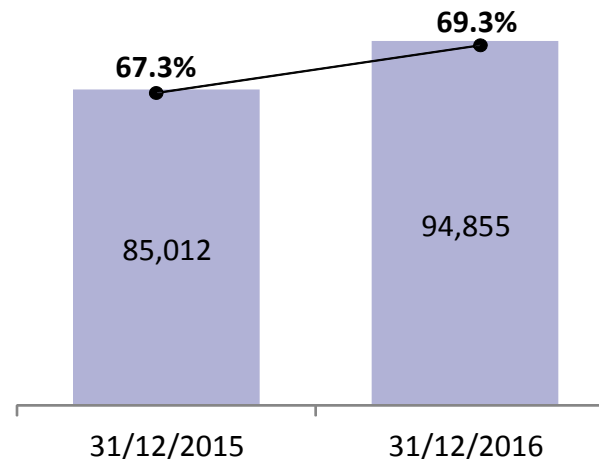
Total consolidated Ebitda: € 94.0 mn

Ebitda (core business): €94.9 mn (+11.6%)




CORE BUSINESS EBITDA and EBITDA MARGIN (€ 000)

The EBITDA MARGIN from FREEHOLD MANAGEMENT is equal to 78.7%, showing an increase vs previous year.



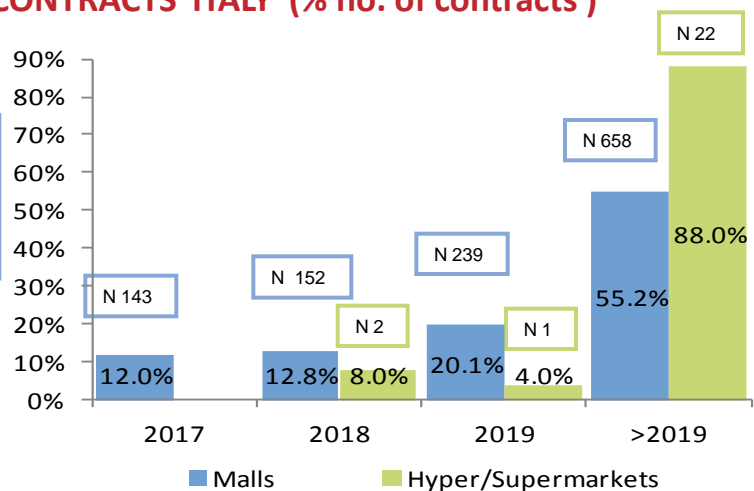
Funds From Operations

Funds from Operations	CONS_2015	CONS_2016	Δ vs cons 2015	Δ%
Core business EBITDA	85,011	94,855	9,844	11.6%
Adjusted financial management	-38,946	-39,817	-870	2.2%
Adjusted extraordinary management	218	-125	-343	n.a.
Adjusted current taxes of the period	-956	-1,004	-49	5.1%
FFO	45,328	53,910	8,582	18.9%

	31-Dec-15		31-Dec-16		Δ%
	€'000	€ p.s.	€'000	€ p.s.	
Total number of shares	813,045,631		813,045,631		
1) Group shareholders' equity	1,022,053	1.26	1,060,701	1.30	3.8%
<i>Excludes:</i>					
Fair Value of financial instruments	34,990		28,748		-17.8%
Deferred taxes	19,917		23,633		18.7%
Goodwill as a results of deferred taxes					
2) EPRA NAV	1,076,960	1.32	1,113,083	1.37	3.4%
<i>Includes:</i>					
Fair Value of financial instruments	(34,990)		(28,748)		-17.8%
Fair Value of debt	(9,560)		(15,749)		64.7%
Deferred taxes	(19,917)		(23,633)		18.7%
3) EPRA NNAV	1,012,492	1.25	1,044,952	1.29	3.2%

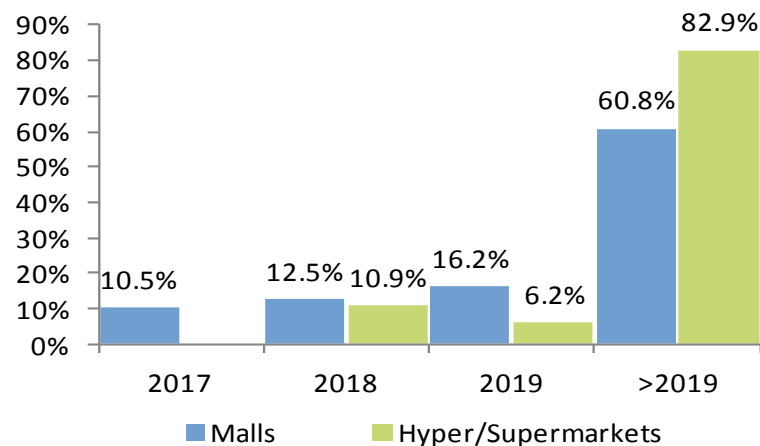
Contracts in Italy and Romania

EXPIRY DATE OF HYPERMARKETS AND MALLS CONTRACTS ITALY (% no. of contracts)



Average residual maturity
Hyper 7.8 years
Malls 4.5 years

EXPIRY DATE OF HYPERMARKETS AND MALLS CONTRACTS ITALY (% value)



RENEWALS ↑

ITALY (total mall contracts 1,192)

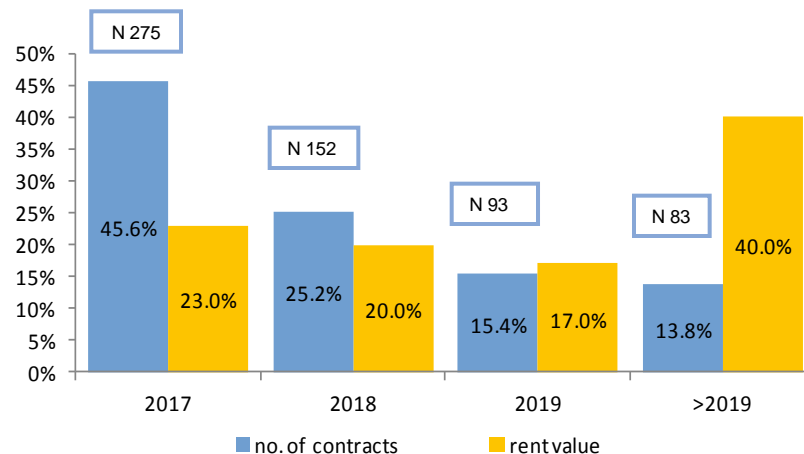
In 2016, 206 contracts have been signed of which 89 were turnover and 117 renewals.
Upside on renewals +1.8%

RENEWALS →

ROMANIA (total contracts 567)

In 2016, 247 contracts were renewed (upside +1.1%) and 207 new contracts were signed.
(Renewals and turnover of 2016 represent the 25.7% and 23% of Winmarket total revenues)

EXPIRY DATE OF MALL CONTRACTS ROMANIA (no. and % of contracts and % value)

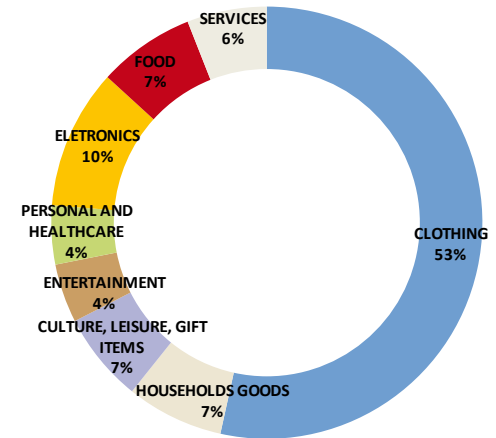


Average residual maturity
6.4 years

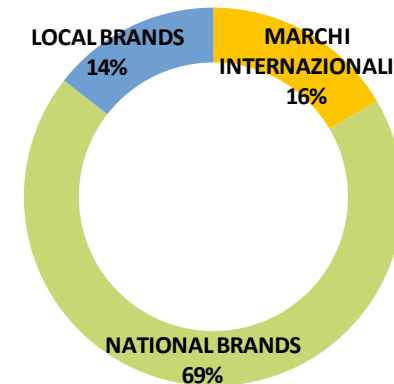
Tenants Italy

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
	clothing	3.3%	12
	clothing	2.8%	10
Gruppo Miracola 	clothing	2.7%	28
	clothing	2.2%	7
	electronics	2.0%	5
	shoes	1.9%	6
	clothing	1.8%	24
	clothing	1.6%	11
	clothing	1.5%	4
 l'amante della casa	households goods	1.4%	16
Total		21.1%	123

MALLS MERCHANDISING MIX



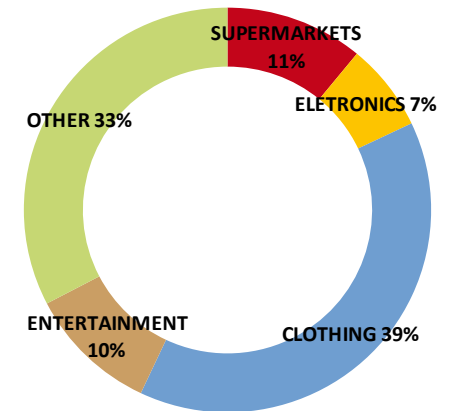
MALLS TENANT MIX



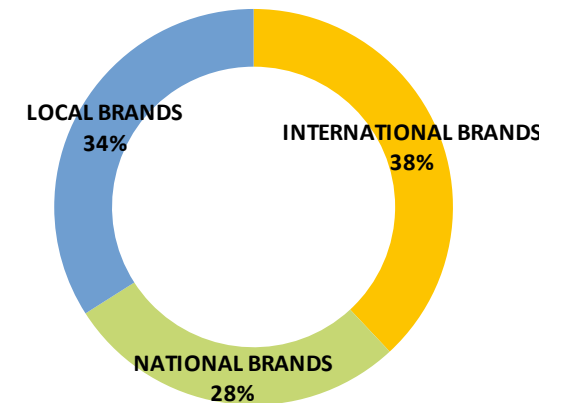
Tenants Romania

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
	food	13.7%	9
	clothing	6.5%	6
	jewelley	5.9%	7
	food	5.5%	2
	eletronics	4.6%	4
	clothing	2.5%	9
	grocery	2.3%	5
	pharmacy	1.5%	4
Oficiul de Cadastru 	offices	1.4%	1
	shoes	1.1%	9
Total		45.1%	56

MALLS MERCHANDISING MIX

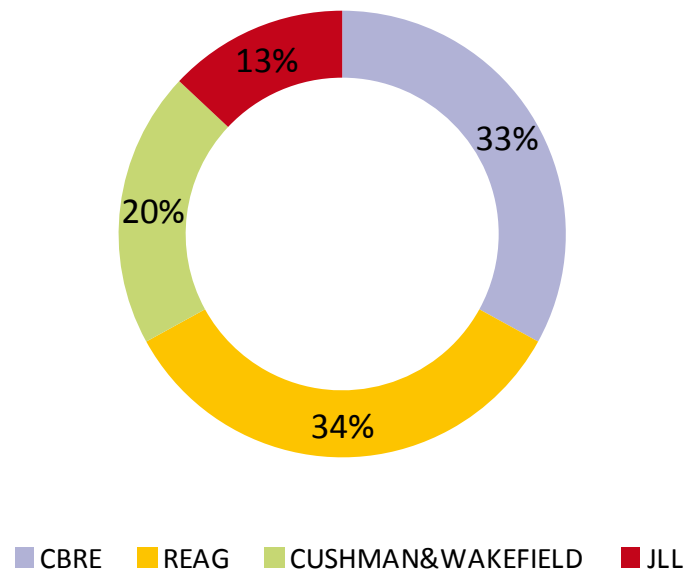


TENANT MIX



Breakdown of the portfolio's appraisals

IGD Group's real estate portfolio has been appraised by the following companies:
Cbre, Reag ,C&W and JLL



Financial Highlights 1/2

	31/12/2015	31/12/2016
GEARING RATIO (D/E)	0.93	0.97
LOAN TO VALUE adjusted	47.07%	48.25%
COST OF DEBT*	3.67%	3.30%
INTEREST COVER RATIO	2.15X	2.24X
LONG-TERM DEBT AVERAGE RESIDUAL MATURITY (bonds included)	6.3 years	5.5 years

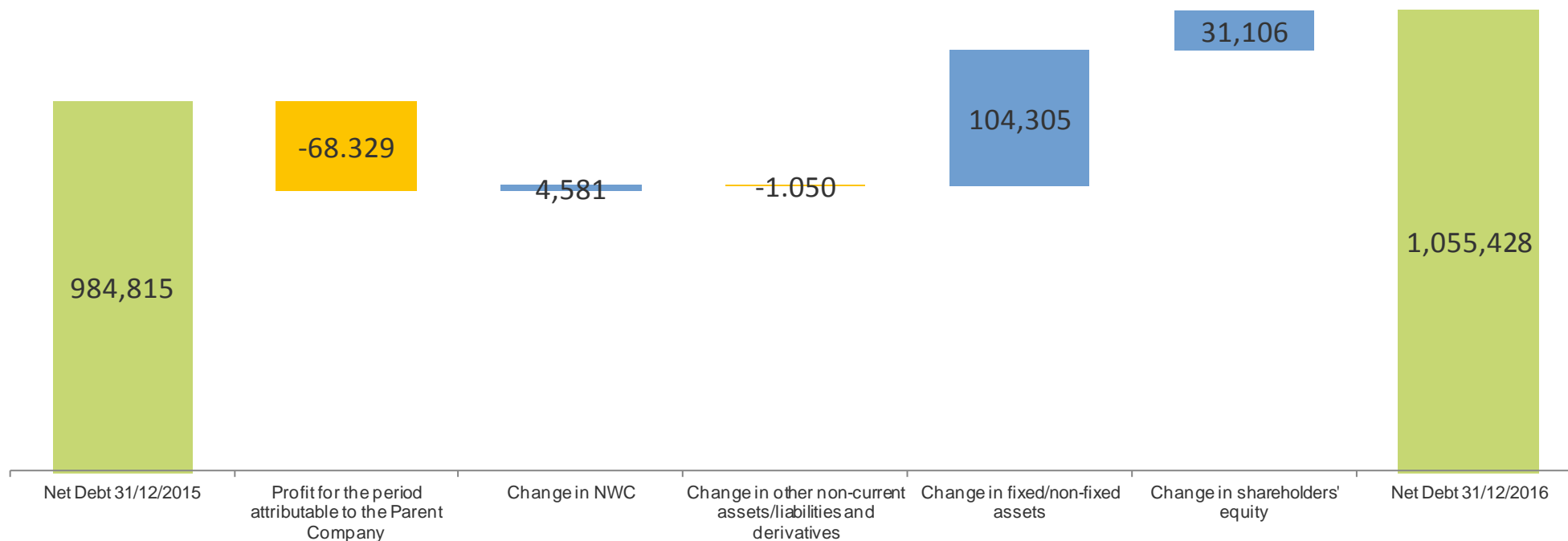
*Net of accessory charges on loan (both recurrent and not)

Financial Highlights 2/2

	31/12/2015	31/12/2016
SHARE OF MEDIUM /LONG-TERM DEBT	77.6%	84.6%
HEDGING ON LONG-TERM DEBT + BOND	91.6%	93.8%
UNCOMMITTED CREDIT LINES GRANTED	€ 302.5 mn	€ 276 mn
UNCOMMITTED CREDIT LINES AVAILABLE	€ 120 mn	€ 164 mn
COMMITTED CREDIT LINES GRANTED AND AVAILABLE	-	€ 60 mn
UNENCUMBERED ASSETS	€ 867.6 mn	€ 1,406.9 mn

Net Debt

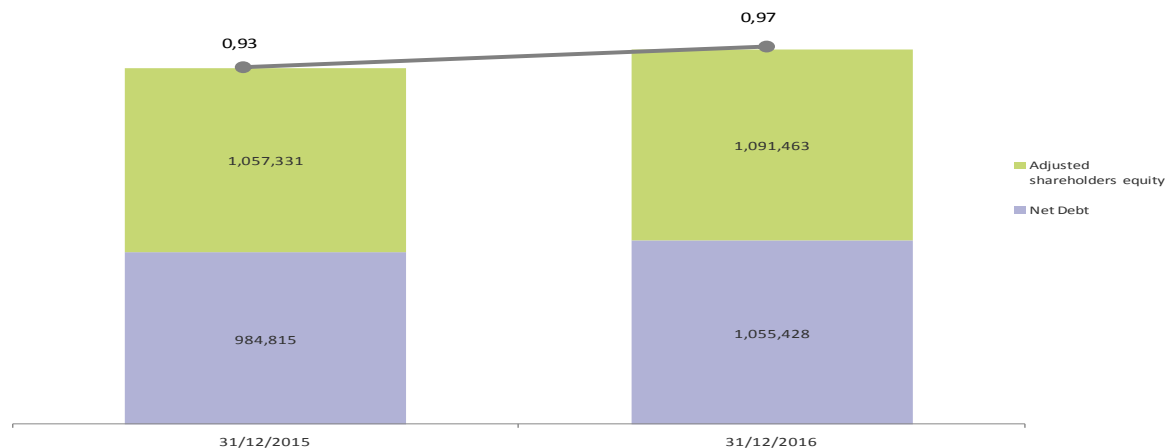
NET DEBT EVOLUTION (€ 000)



Re-classified Balance Sheet

Sources - Uses of funds	31/12/2015	31/12/2016	Δ	Δ%
Fixed assets	1,970,028	2,050,728	80,700	4.1%
Assets under construction	50,533	75,004	24,471	48.4%
Other non-current assets	31,091	25,543	-5,548	-17.8%
Other non-current liabilities	-33,194	-32,150	1,044	-3.1%
NWC	51,797	56,378	4,581	8.8%
Net deferred tax (assets)/liabilities	-18,247	-21,901	-3,654	20.0%
TOTAL USE OF FUNDS	2,052,008	2,153,602	101,594	5.0%
Net debt	984,815	1,055,428	70,613	7.2%
Shareholders' equity	1,032,203	1,069,426	37,223	3.6%
Net (assets)/liabilities for derivative instruments	34,990	28,748	-6,242	-17.8%
TOTAL SOURCES	2,052,008	2,153,602	101,594	5.0%

GEARING RATIO (€ 000)



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