



1Q 2017 Results
Conference call 9 May 2017



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Highlights 1Q 2017

 **€35.4 mn**
Core business revenues
+ 4,6%

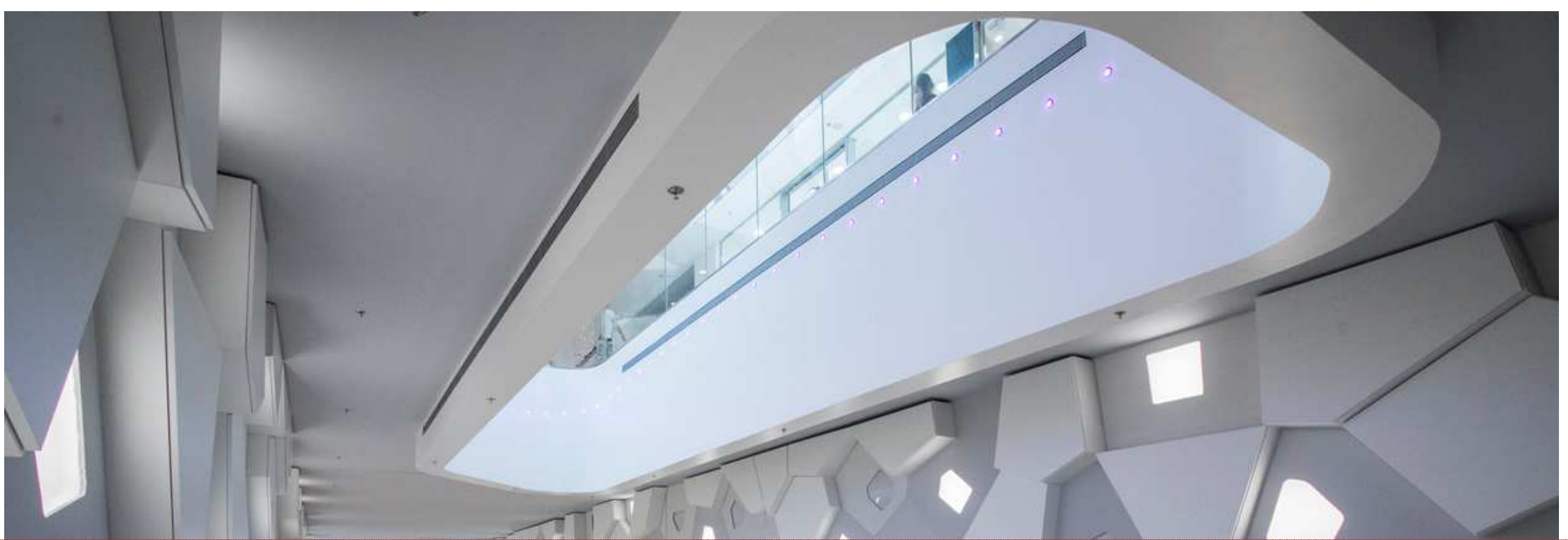
 **€25.0 mn**
Core business Ebitda
+ 5.8%
margin 70.7% + 80 bps

 **€14.3 mn**
Group Net Profit
+ 13%

 **79.9%**
Ebitda margin from Freehold
+ 70bps

 **€15.6 mn**
Funds From Operations (FFO)
+ 10.2%
(+18/19% guidance fy2017)

 **€1.29** per share
Epra NNAV 31/12/2016



Operating performance



The macroeconomic context: outlook 2017



↗ **GDP +1.0%**
(2016 Official data: +1.0%)

↗ **Consumption +1.0%**
(2016 Official data: +1.3%)



- April 2017: firms confidence index has reached the highest level since 2007
- GDP 1Q 2017: growth at the pace of the previous quarter (approx. +0.2%)
- Inflation 1Q 2017: +1.3%, highest value since 2013



↗ **GDP +4.0%**
(2016 Official data: +4.8%)

↗ **Consumption +5.9%**
(2016 Official data: +8.9%)

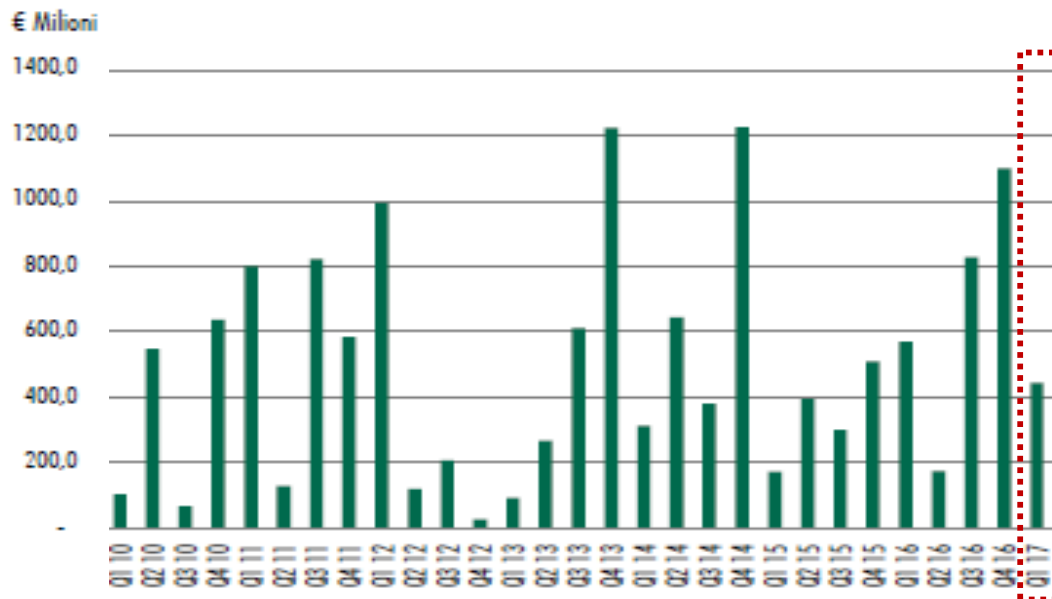
- New set of fiscal measures to sustain growth is expected in 2017
- Growth will be driven by strong domestic demand that will remain sustained despite an expected acceleration in consumer prices.

Sources: Istat, Banca d'Italia, European Commission, International Monetary Fund. Forecast: IGD internal processing on research institutes panel

Real Estate evolution in Italy 1Q 2017

- Real Estate investments: €1.9 bn (+12% vs 1Q 2016).
- 67% of the total investments of the period (approx. €1.3 bn) came from **foreign investors**.

Retail investments evolution



Fonte: CBRE Research, Q1 2017.

- Retail investments: **approx. €445 mn, -12% vs 1Q 2016** (but the most relevant transaction on a prime asset - Le befane shopping center in Rimini - was closed in April for approx. €300mn).

Source: CBRE, "Italia Retail Q1 2017", April 2017

Operating performance



+1.1%

Tenant sales shopping malls



-2.7%

Footfalls

Particularly negative in January.

Different reasons:

- **calendar:** 1 less weekend and 1 less Sunday in January, 1 less working day in February.

- **climatic:** strong snowfall in January in the central regions.



+0.6%

Footfalls

Incremento dell'offerta commerciale e riduzione dell'attività cantieristica.

Commercial performances: Italy



36 signed contracts
of which 13 turnover and 23 renewals



+3.8% upside



1.1% rotation rate
new brands



97.2% occupancy
stable



Puntadiferro (FO)

Commercial performances: Romania



134 signed contracts
of which 59 turnover and 75 renewals



+2.8% upside



10% rotation rate

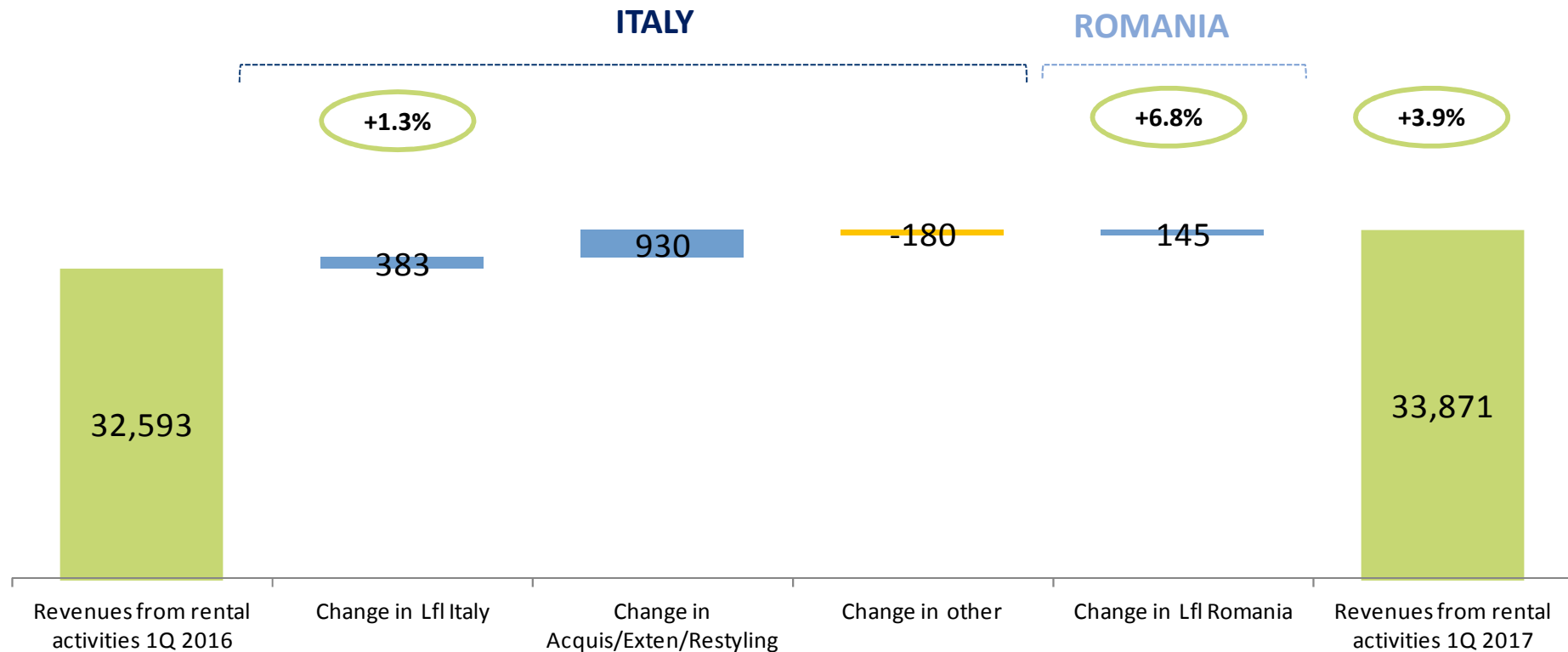


96% occupancy
stable



Piatra Neamt

The results: rental revenues + 3.9%



↗ **Like for like Italy +1.3%:** shopping malls are growing (+2.0%) and hypermarkets are stable; still marginal contribution from inflation over the period

↗ **Like for like Romania +6.8%**

Fund from Operations (FFO) €15.6 mn

Funds from Operations	1Q 2016	1Q 2017	Δ vs 1Q 2016	Δ%
Core Business EBITDA	23,674	25,049	1,375	5.8%
Adj financial management	-9,272	-9,153	120	-1.3%
Adj current taxes of the period	-255	-312	-57	22.2%
FFO	14,146	15,585	1,438	10.2%

- + €1.4 mn increase in Ebitda
- + €0.1 mn financial management (net of liability management)

Target stated for the full year: +18/19%

Target confirmed, considering the opening of the ESP extension (1 June 2017) and the financial management improvement that will accelerate in 2H 2017

1 June 2017 Opening of the ESP extension (Ravenna)



Bershka

JACK & JONES

PULL&BEAR

H&M

OVS

KIABI

PIAZZA ITALIA

bag
STORE



A photograph of a modern shopping mall interior. The ceiling is a striking feature with a geometric, stepped design in white and red. The floor is a light-colored, polished tile. In the foreground, a red and white ottoman sits on the floor. In the background, a glass storefront of a clothing store is visible, with a sign that reads "LOVEABLE". The store's interior is brightly lit, showing mannequins and clothing. A red banner with the text "Financial results" is overlaid across the center of the image.

Financial results

Financial highlights

 **47.9%**

Loan to Value

Fy 2016: 48.3%

 **0.95**

Gearing ratio

Fy2016: 0.97

 **3.10%**

Cost of debt

Fy2016: 3.30%

 **2.72x**

Interest Cover Ratio

Fy2016: 2.24x

 **5.4 years**

**Long-term debt average
residual maturity**

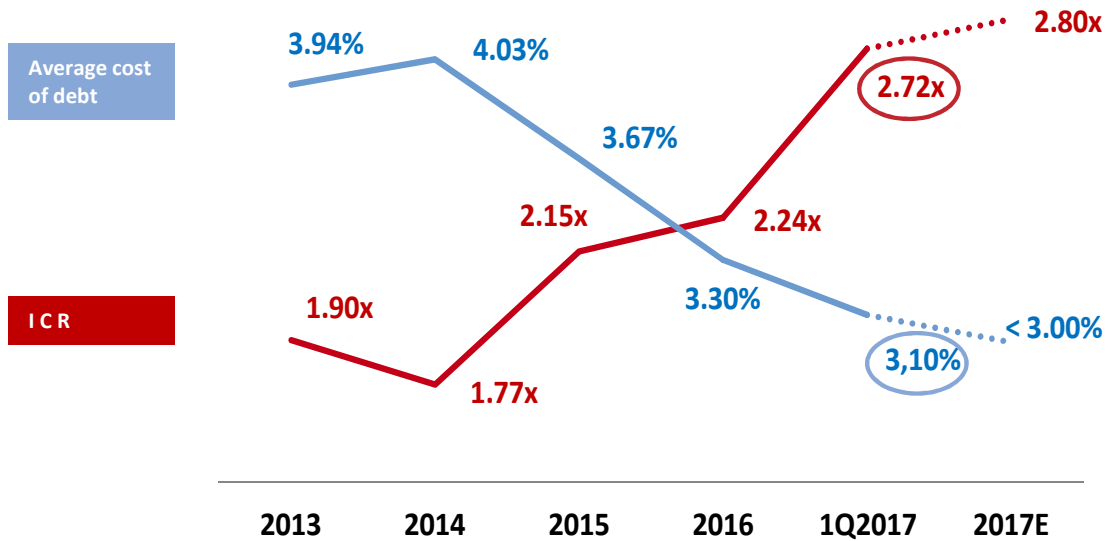
Fy 2016: 5.5 years

 **94.4%**

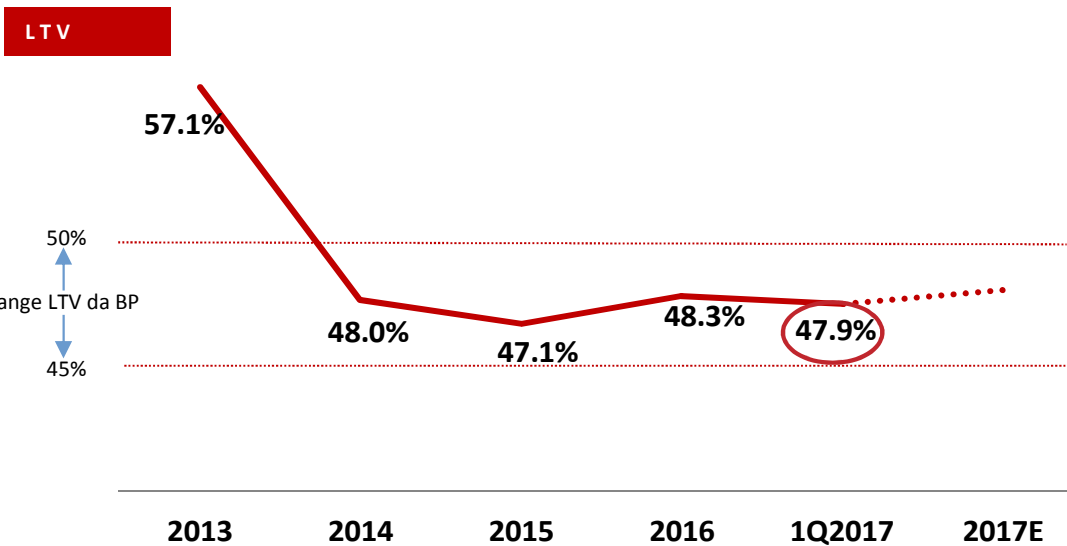
**Hedging on long-term debt +
bond**

Fy2016: +93.8%

Financial indicators



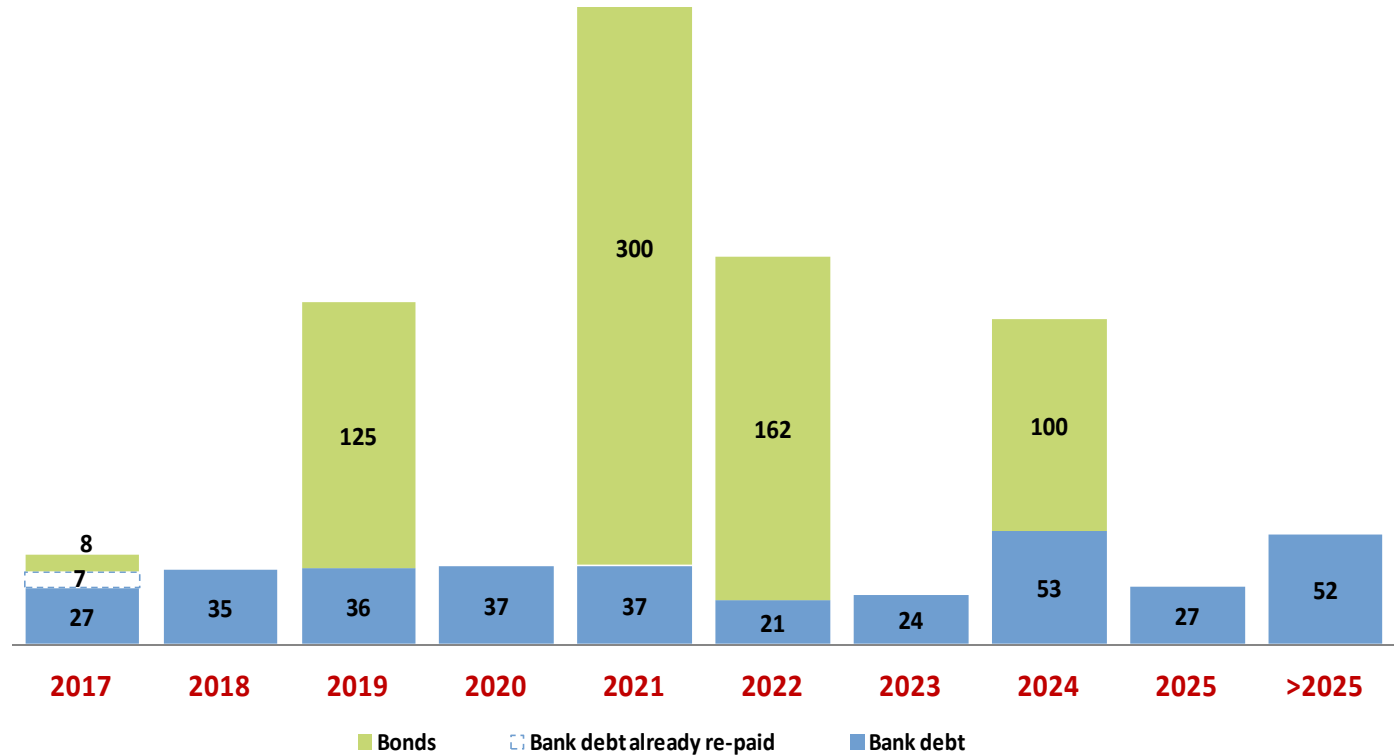
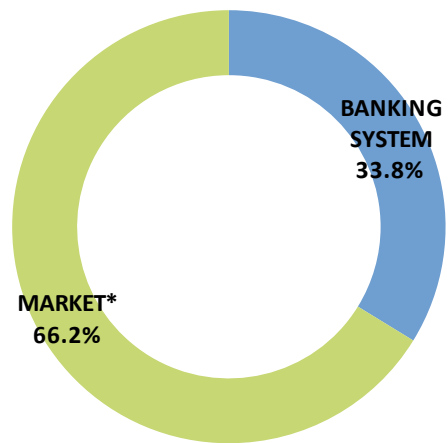
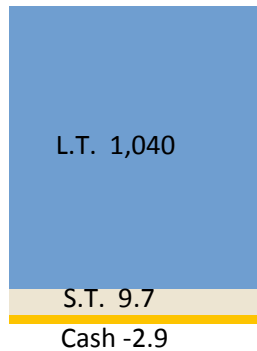
- Constant decrease in average cost of debt
- Increase in interests coverage



- Strict financial discipline respected

The debt structure

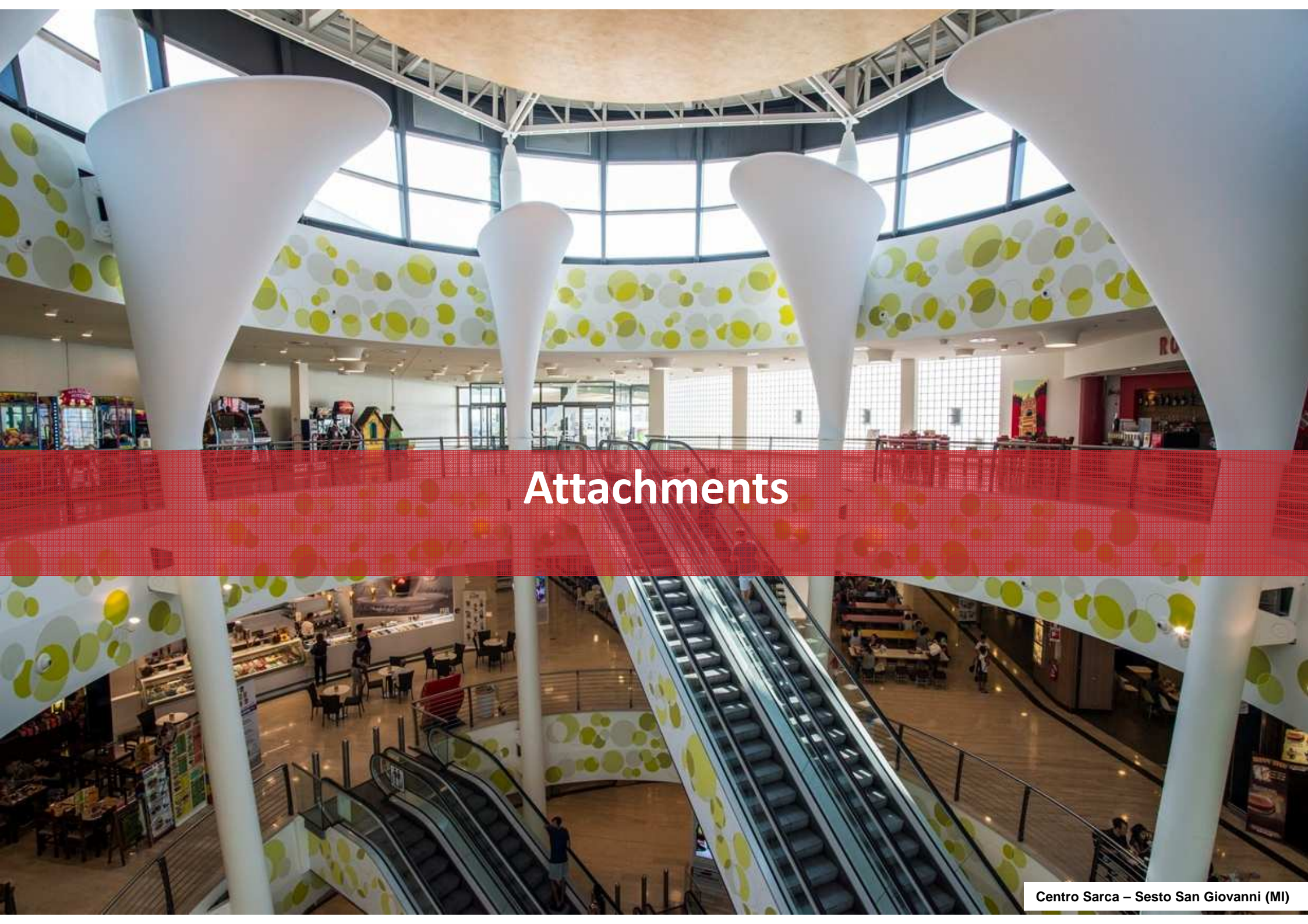
Net Debt
1Q2017
€1,046.8 mn



* USPP included

• Bank financing reduced... and “committed”

• Extended debt maturity profile



Attachments

Consolidated income statement

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%
Revenues from freehold real estate and rental act.	29,507	30,741	4.2%	29,507	30,741	4.2%	0	0	n.a.
Revenues from leasehold real estate and rental act.	3,086	3,130	1.4%	3,086	3,130	1.4%	0	0	n.a.
Total revenues from real estate and rental act.	32,593	33,871	3.9%	32,593	33,871	3.9%	0	0	n.a.
Revenues from services	1,269	1,540	21.4%	1,269	1,540	21.4%	0	0	n.a.
Revenues from trading	0	0	n.a.	0	0	n.a.	0	0	n.a.
OPERATING REVENUES	33,862	35,411	4.6%	33,862	35,411	4.6%	0	0	n.a.
COST OF SALE AND OTHER COST	(6)	(5)	(16.0)%	0	0	n.a.	(6)	(5)	(16.0)%
Rents and payable leases	(2,524)	(2,546)	0.9%	(2,524)	(2,546)	0.9%	0	0	n.a.
Personnel expenses	(951)	(1,072)	12.7%	(951)	(1,072)	12.7%	0	0	n.a.
Direct costs	(4,314)	(4,283)	(0.7)%	(4,249)	(4,221)	(0.7)%	(65)	(62)	(3.7)%
DIRECT COSTS	(7,789)	(7,901)	1.4%	(7,724)	(7,839)	1.5%	(65)	(62)	(3.7)%
GROSS MARGIN	26,067	27,505	5.5%	26,137	27,572	5.5%	(70)	(67)	(4.7)%
Headquarters personnel	(1,566)	(1,626)	3.9%	(1,549)	(1,608)	3.8%	(17)	(18)	9.0%
G&A expenses	(999)	(978)	(2.2)%	(915)	(915)	0.0%	(85)	(63)	(26.0)%
G&A EXPENSES	(2,565)	(2,604)	1.5%	(2,464)	(2,523)	2.4%	(101)	(81)	(20.2)%
EBITDA	23,502	24,901	6.0%	23,674	25,049	5.8%	(171)	(148)	(13.8)%
<i>Ebitda Margin</i>	<i>69.4%</i>	<i>70.3%</i>		<i>69.9%</i>	<i>70.7%</i>				
Other provisions	(49)	(99)	n.a.						
Impairment and Fair Value adjustments	(577)	(235)	(59.3)%						
Depreciations	(280)	(255)	(8.9)%						
DEPRECIATIONS AND IMPAIRMENTS	(906)	(589)	(35.0)%						
EBIT	22,596	24,312	7.6%						
FINANCIAL MANAGEMENT	(9,363)	(9,151)	(2.3)%						
EXTRAORDINARY MANAGEMENT	(20)	(38)	89.2%						
PRE-TAX PROFIT	13,213	15,123	14.5%						
Taxes	(587)	(829)	41.1%						
PROFIT FOR THE PERIOD	12,626	14,294	13.2%						
(Profit)/Loss for the period related to Third Parties	33	13	(60.6)%						
GROUP NET PROFIT	12,659	14,307	13.0%						

Total revenues from rental activities:

€33.9 mn

From Shopping Malls: €23.5 mn of which:

Italians malls €21.2 mn

Winmarkt Malls €2.2 mn

From Hypermarkets : €10.0 mn

From City Center Project – P.za Mazzini: €0.2 mn

From Other and Porta a Mare: €0.2 mn

Margins from activities

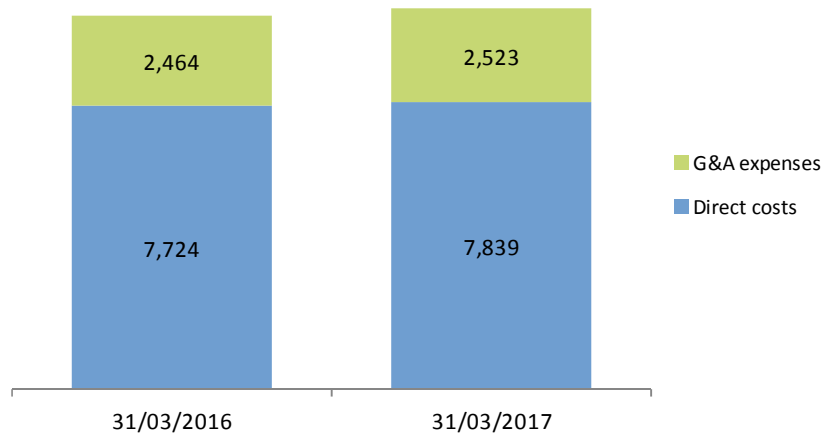
	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT			
	€/000	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%	31/03/2016	31/03/2017	Δ%
Margin from freehold properties		25,487	26,755	5.0%	25,487	26,755	5.0%	0	0	n.a.
Margin from leasehold properties		518	574	10.9%	518	574	10.9%	0	0	n.a.
Margin from services		132	242	83.5%	132	242	83.5%	0	0	n.a.
Margin from trading		(70)	(67)	(4.3)%	0	0	n.a.	(70)	(67)	(4.3)%
Gross margin		26,067	27,505	5.5%	26,137	27,572	5.5%	(70)	(67)	(4.3)%

**Margin from freehold properties:
87%, increased compared to te previous year (86.4%)**

**Margin from leasehold properties:
18.4% increased compared to the previous year (10.9%), mainly thanks to higher revenues
and decrease of the related costs.**

Operating cost and financial management

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

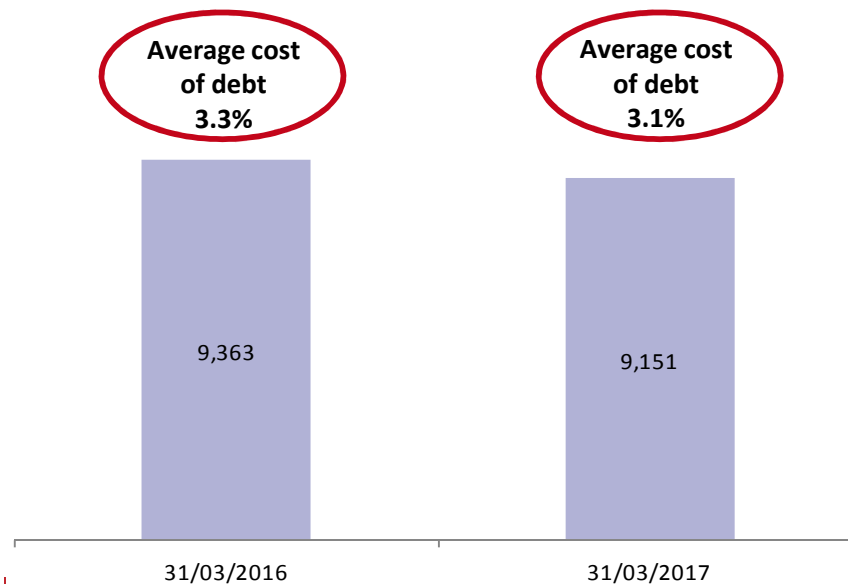


Lower impact of operating costs on revenues

Ebitda margin core business is growing (70.7%): + 80bps

Ebitda margin Freehold: 79.9%

FINANCIAL MANAGEMENT (€ 000)



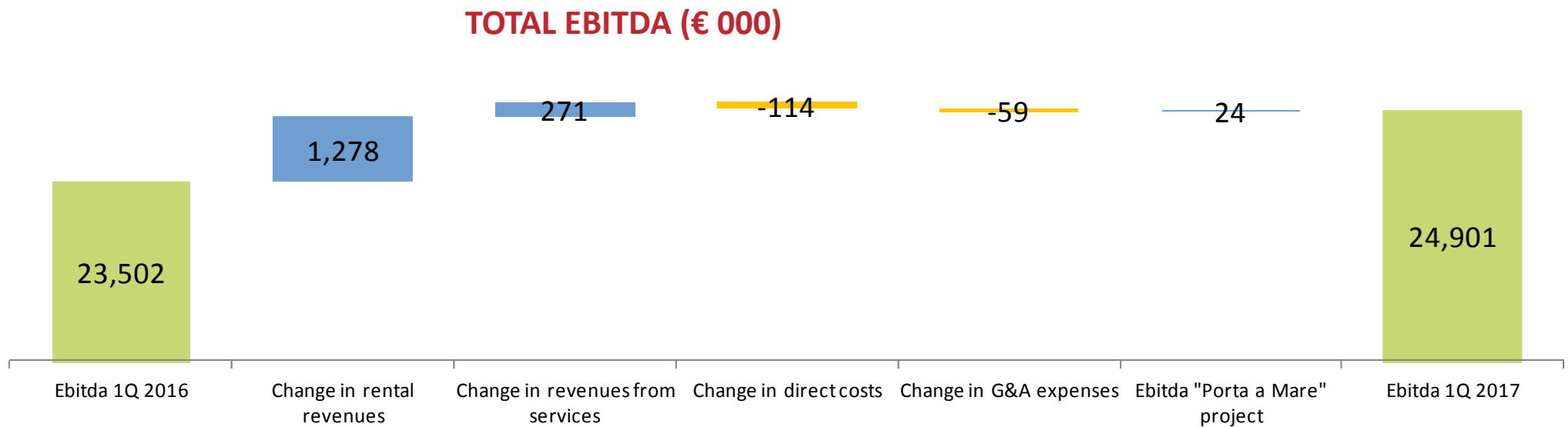
The decrease of the cost of debt continues

Slight decrease of Financial Management despite the increasing Net Debt:

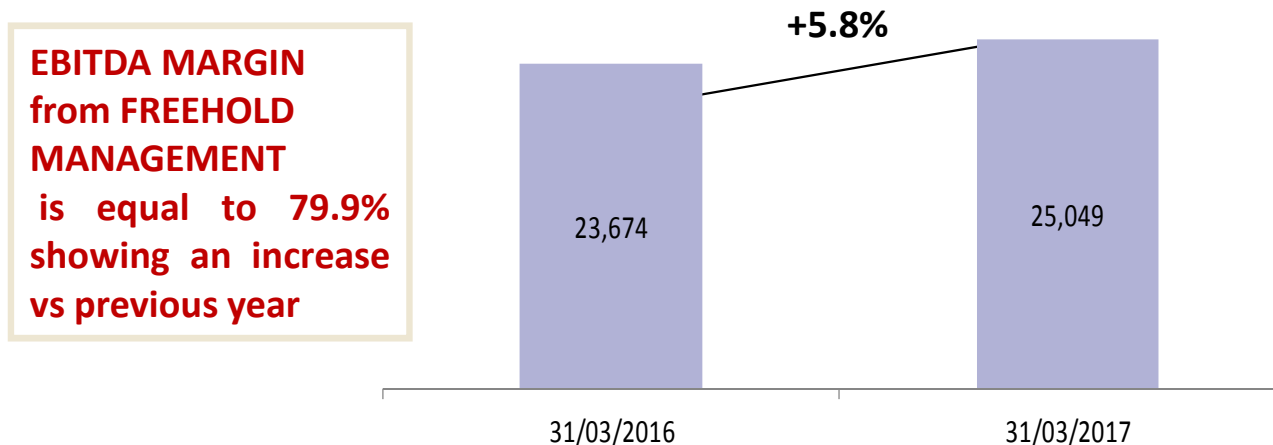
- loans substituted with other less expensive;
- IRS notional decrease

Total consolidated Ebitda: €24.9 mn

Ebitda (core business): €25.0 mn (+5.8%)

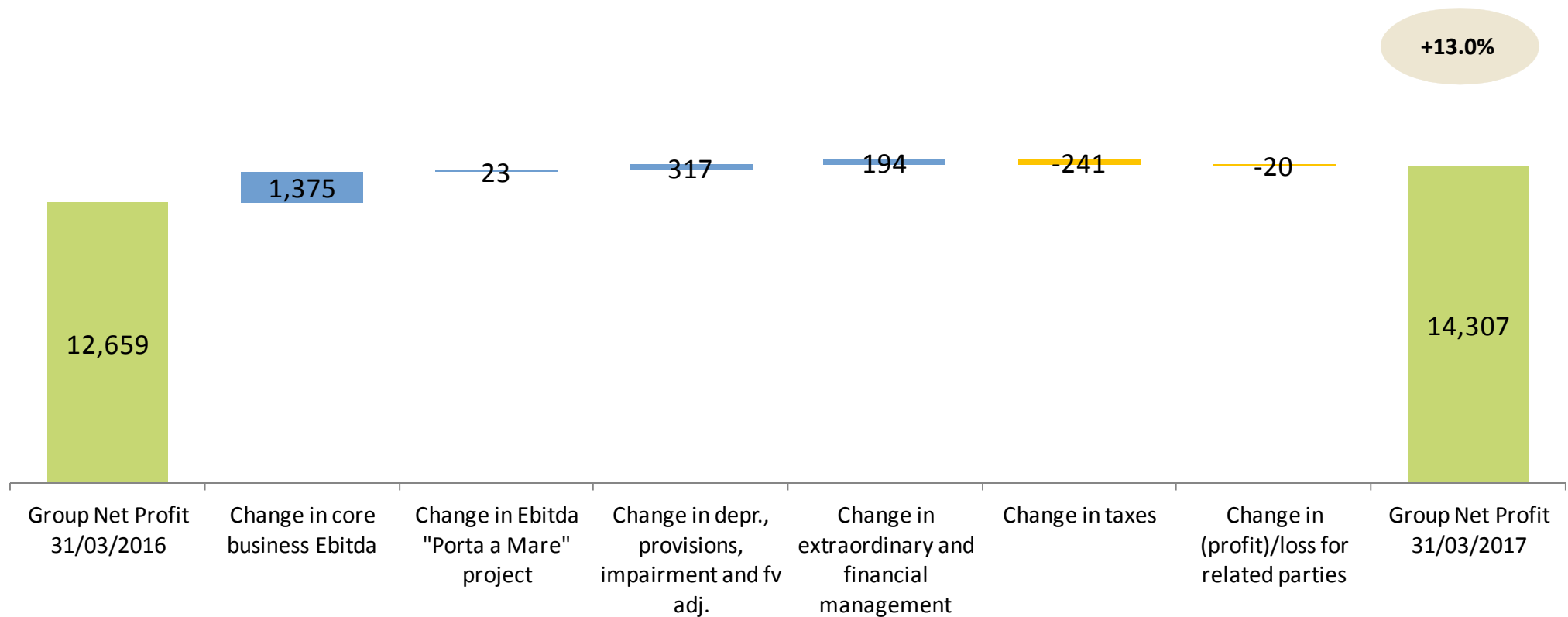


CORE BUSINESS EBITDA and EBITDA MARGIN (€ 000)



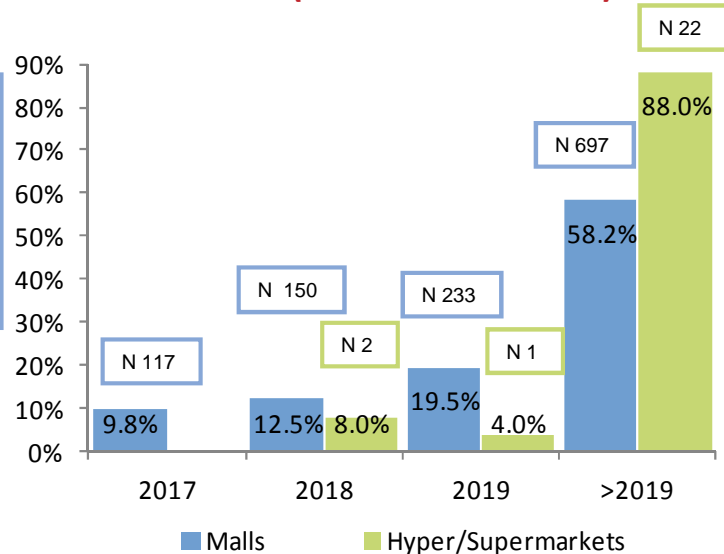
Group Net Profit: €14.3 mn

NET PROFIT EVOLUTION (€ 000)



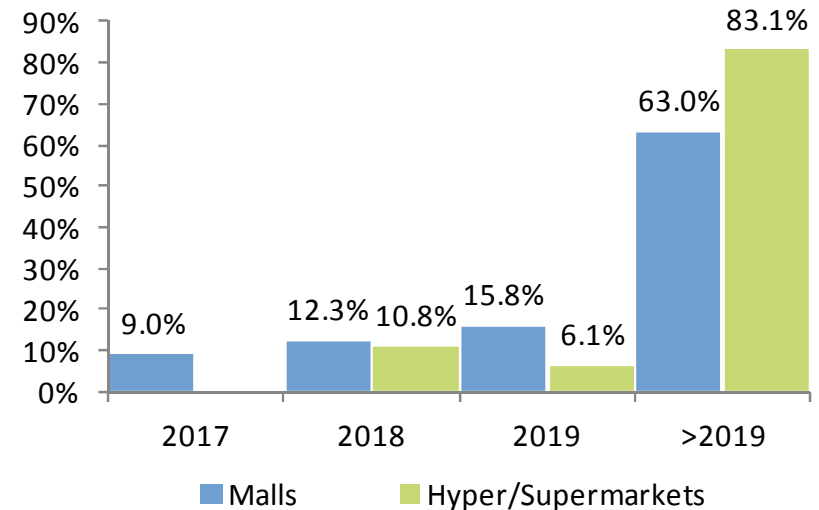
Contracts in Italy and Romania

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



Average residual maturity
Hyper 7.5 years
Malls 4.5 years

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



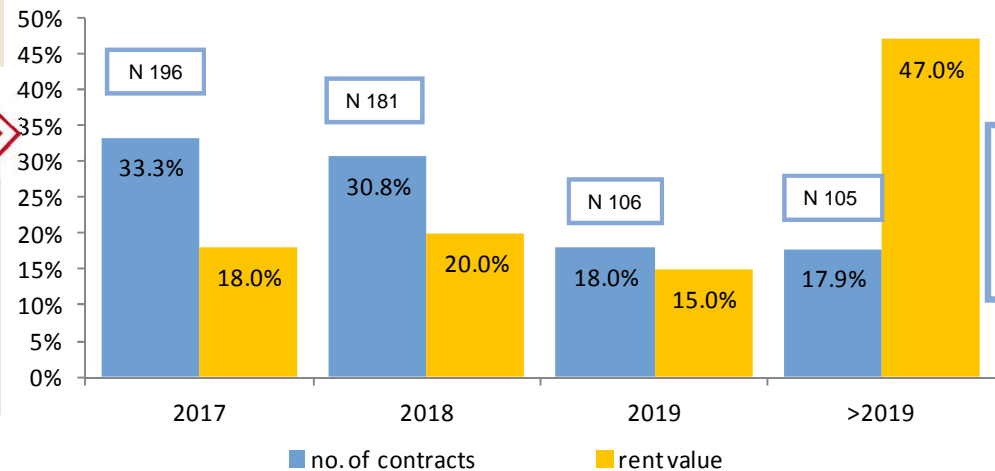
ITALY (Total mall contracts 1,197)

In 1Q 2017 **36 contracts** were signed, of which **13 turnover** and **23 renewals**. Renewals with upside **+3.8%**

ROMANIA (total contracts 588)

In 1Q 2017 **75 contracts** were renewed (upside **+2.8%**) and **59 new contracts** were signed. (Renewals and new contracts of 1Q 2017 represent 7.1% and 3.8% of Winmarkt total revenues)

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

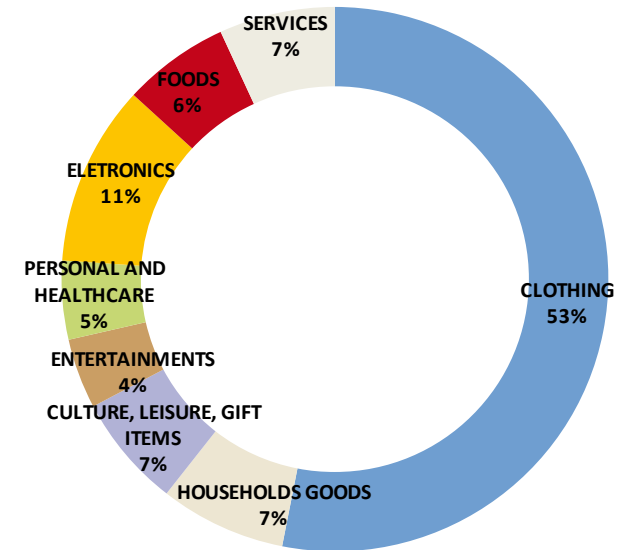


Average residual maturity
6 years

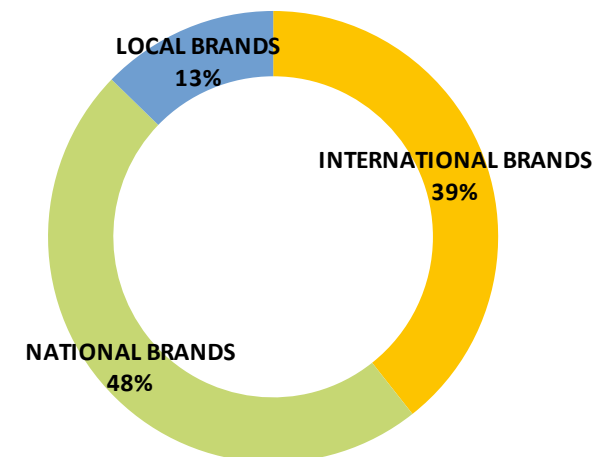
Tenants Italy

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
PIAZZA ITALIA	clothing	3.3%	12
H&M	clothing	2.8%	10
Gruppo Miroglio mötivi FIORELLA RUBINO oltre	clothing	2.6%	28
OVS	clothing	2.3%	7
unieuro	elettronica	2.0%	5
SCARPE & SCARPE	shoes	1.9%	6
CALZEDONIA	clothing	1.8%	24
ALCOTT	clothing	1.5%	11
DECATHLON	clothing	1.5%	4
KASANOVA® l'amante della casa	households goods	1.4%	16
Total		21.1%	123

MALLS MERCHANDISING MIX



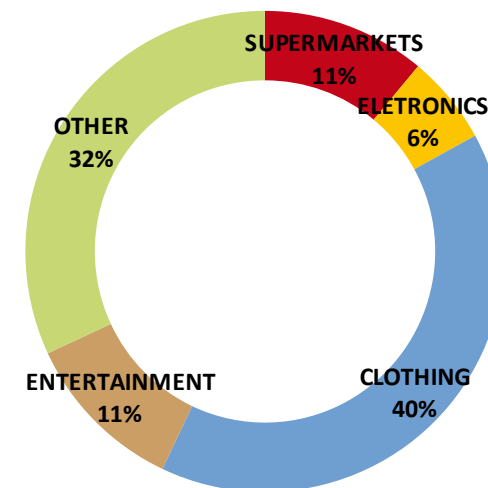
MALLS TENANT MIX



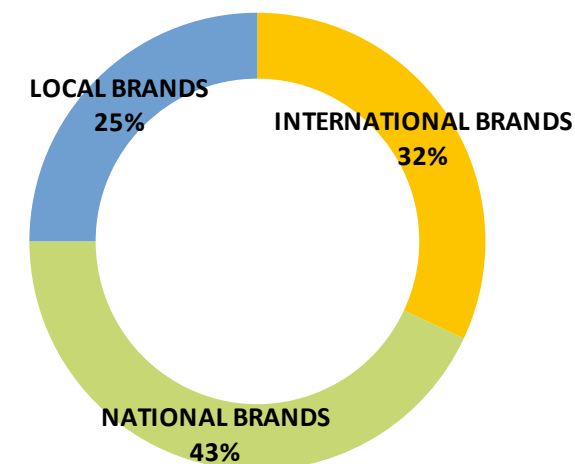
Tenants Romania

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
	food	9.2%	9
	clothing	8.1%	6
	clothing	3.2%	10
	electronics	2.9%	4
	jewellery	2.7%	7
	grocery	2.6%	5
	pharmacy	1.9%	4
Oficiul de Cadastru 	offices	1.8%	1
	food	1.3%	2
	clothing	1.3%	5
Total		35.0%	53

MALLS MERCHANDISING MIX



MALLS TENANT MIX

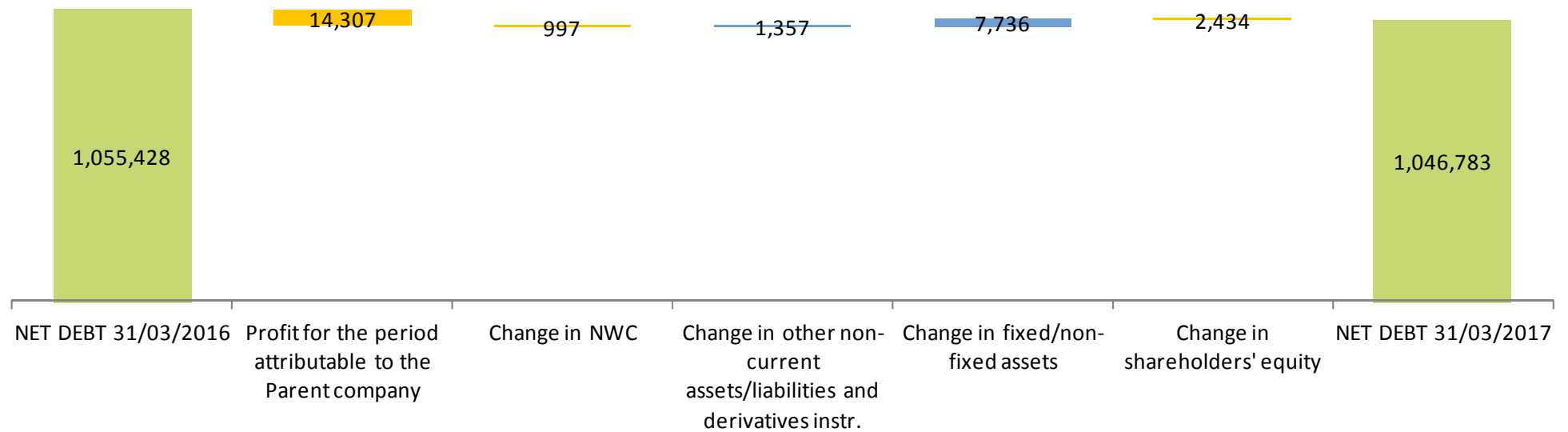


Further financial highlights

	2016	31/03/2017
SHARE OF MEDIUM/LONG-TERM DEBT	84.6%	94.1%
UNCOMMITTED CREDIT LINES GRANTED	€276 mn	€291 mn
UNCOMMITTED CREDIT LINES AVAILABLE	€164 mn	€280 mn
COMMITTED CREDIT LINES GRANTED AND AVAILABLE	€60 mn	€60 mn
UNENCUMBERED ASSETS	€1,406.9 mn	€1,406.9 mn

Net Debt

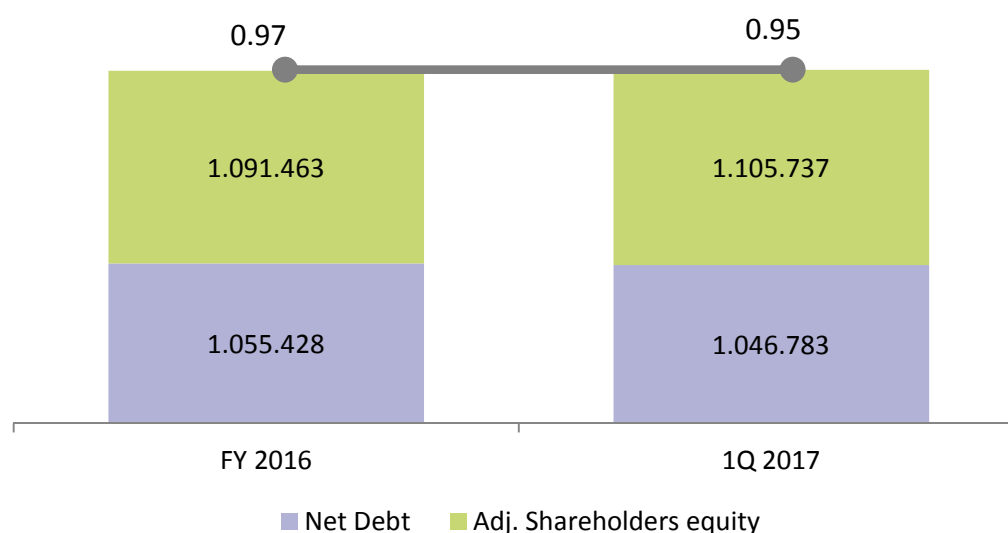
NET DEBT EVOLUTION (€ 000)



Re-classified Balance Sheet

Sources - Uses of funds	31/12/2016	31/03/2017	Δ	Δ%
Fixed assets	2,050,728	2,050,728	0	0.0%
Assets under construction	75,004	83,003	7,999	10.7%
Other non-current assets	25,543	25,322	-221	-0.9%
Other non-current liabilities	-32,150	-32,613	-463	1.4%
NWC	56,378	55,381	-997	-1.8%
Net deferred tax (assets)/liabilities	-21,901	-23,153	-1,252	5.7%
TOTAL USE OF FUNDS	2,153,602	2,158,668	5,066	0.2%
Net debt	1,055,428	1,046,783	-8,645	-0.8%
Shareholders' equity	1,069,426	1,086,167	16,741	1.6%
Net (assets)/liabilities for derivative instruments	28,748	25,718	-3,030	-10.5%
TOTAL SOURCES	2,153,602	2,158,668	5,066	0.2%

GEARING RATIO (€ 000)



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