

2017 Financial Results

Another year of great achievements

Conference call 22 February 2018

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2017 in brief...

Openings

ESP – Ravenna

Città delle Stelle - Ascoli



Malls gla \approx + 23,200 m²

Rents \approx + €4.9mln

Operating performance

Positive operational and commercial results in a supportive environment



Tenant sales	Italy	+ 4.3%
Upside	Italy	+ 4.9%
	Romania	+ 2.1%

Financial profile

Lowered cost of debt
Improved Loan to Value



Rating BAA3 confirmed
outlook stable (Dec 2017)

Consistent with 2016-2018 Business Plan

...another year of great achievements

↗ **€145.1 mln**

Core business revenues
+ 6.0%

↗ **€101.2 mln**

Core business Ebitda
+6.7%
Margin 69.7% (+40bps)
Margin from Freehold 79.2% (+ 50bps)

↗ **€86.5 mln**

Group net profit
+26.5 %

↗ **€65.6 mln**
Fund From Operations (FFO)
+21.7% vs 2016
0.81€/share*

↗ **€2,228 mln**

Portfolio market value
+2.3%

↗ **€13.67 per share ***
Epra NNAV
+6.3% vs 12.9€ FY2016*

igd SPAZI DAVIVERE
SiQ

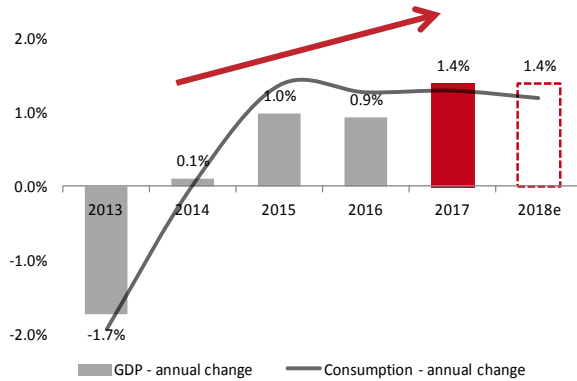
* Calculated on no. of shares as at 31.12.2017 post reverse stock split



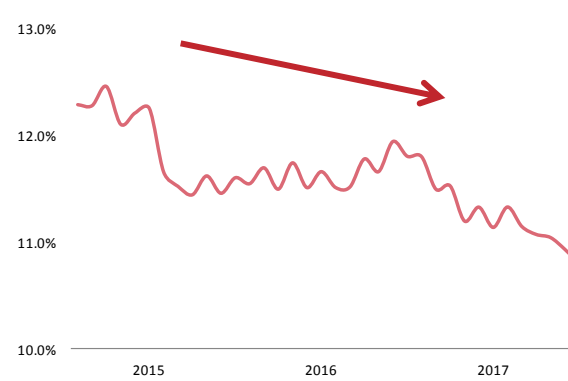
Operational performances

Italy: a more solid and growing environment...

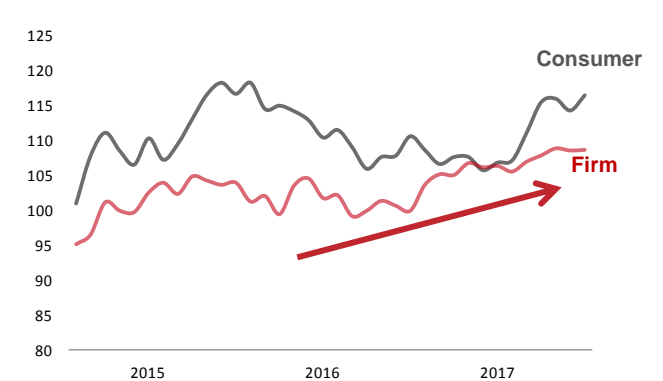
GDP and consumption



Unemployment rate



Consumer and firm confidence indexes



- ✓ Standard & Poor's raised Italy rating to BBB/A-2 (Oct. 2017, first promotion since 2002)
- ✓ The weight of NPLs on the total amount of loans of Italian banking system continued to fall

Italy is on the right path to confirm these positive trends in 2018 and beyond

... and a record year for real estate

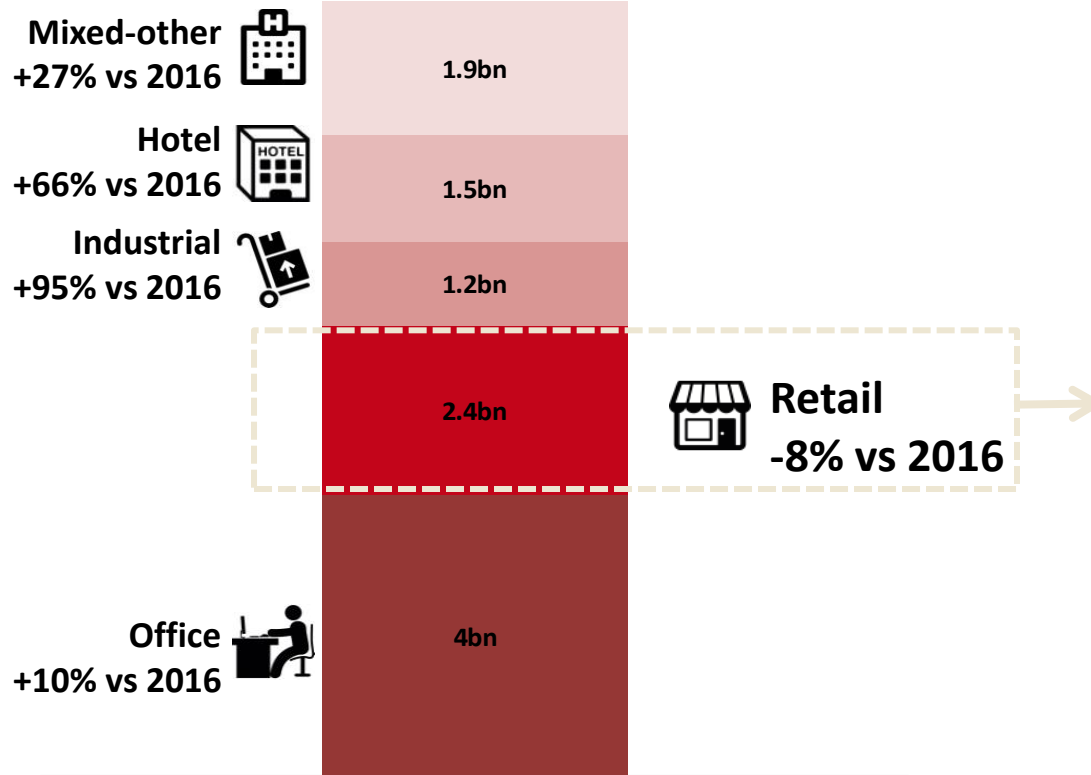
Total 2017 real estate investment

€ 11 bn

+21% vs 2016

✓ More than 70% of invested capital came from foreign investors

✓ Expected boosting effect of PIRs on real estate

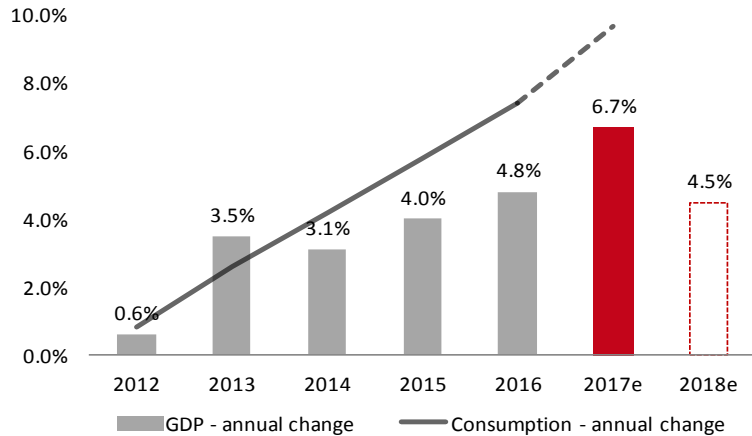


✓ Strong demand from international retailers: many brands not previously present in Italy opened new shops

✓ **Positive Outlook** for 2018: 2 important transactions already concluded and other significant deals are planned for the year

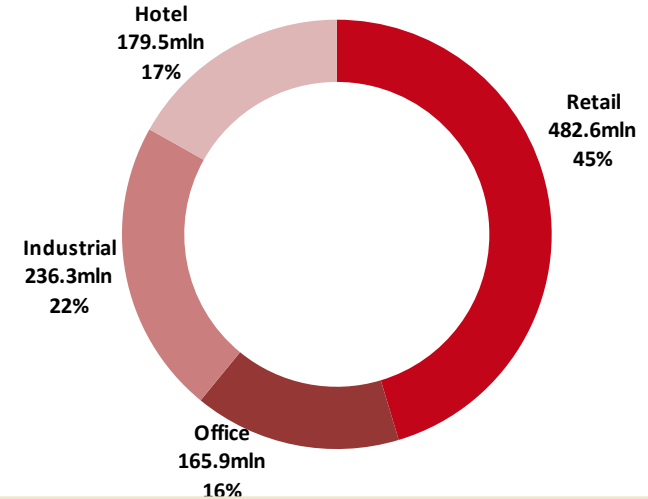
Romania: a booming economy

GDP and consumption



- ✓ Romanian economy is growing at a faster pace than the average of European countries
- ✓ The main driver of growth is private consumption, supported by an increased consumer spending power
- ✓ A strong growth rate is expected also in 2018

Retail real estate



- ✓ Total real estate investment in 2017: approx. €1bn (+24% vs 2016); retail accounted for more than 40% of the total investment volume
- ✓ Growing interest from new players: expected increase in liquidity and volume
- ✓ The real estate investment market is converging with the large CEE peers: Poland, Czech Republic and Hungary

A solid portfolio...

Italy

93.2%
of total rental
revenues



1,253 contracts
at 31/12/2017



96.8% occupancy
Substantially stable vs 97.0% FY16



4.6 years for malls
7.8 years for hyper
Average residual maturity



20.8 % revenues *
Weight of first 10 tenants (malls only)

Romania

6.8%
of total rental
revenues



597 contracts
at 31/12/2017



96.4% occupancy
Increased vs 96.1% FY16



5.6 years for malls
Average residual maturity



27.3 % revenues*
Weight of first 10 tenants (malls only)

... with strong operational performances

Italy

93.2%
of total rental
revenues



+4.3% Tenant sales
incl. extensions
+1.3% LFL



+ 4.9% average upside
194 signed contracts
of which 68 turnover and 126 renewals



5.4 % Rotation rate
% new tenants on total contracts

Romania

6.8%
of total rental
revenues

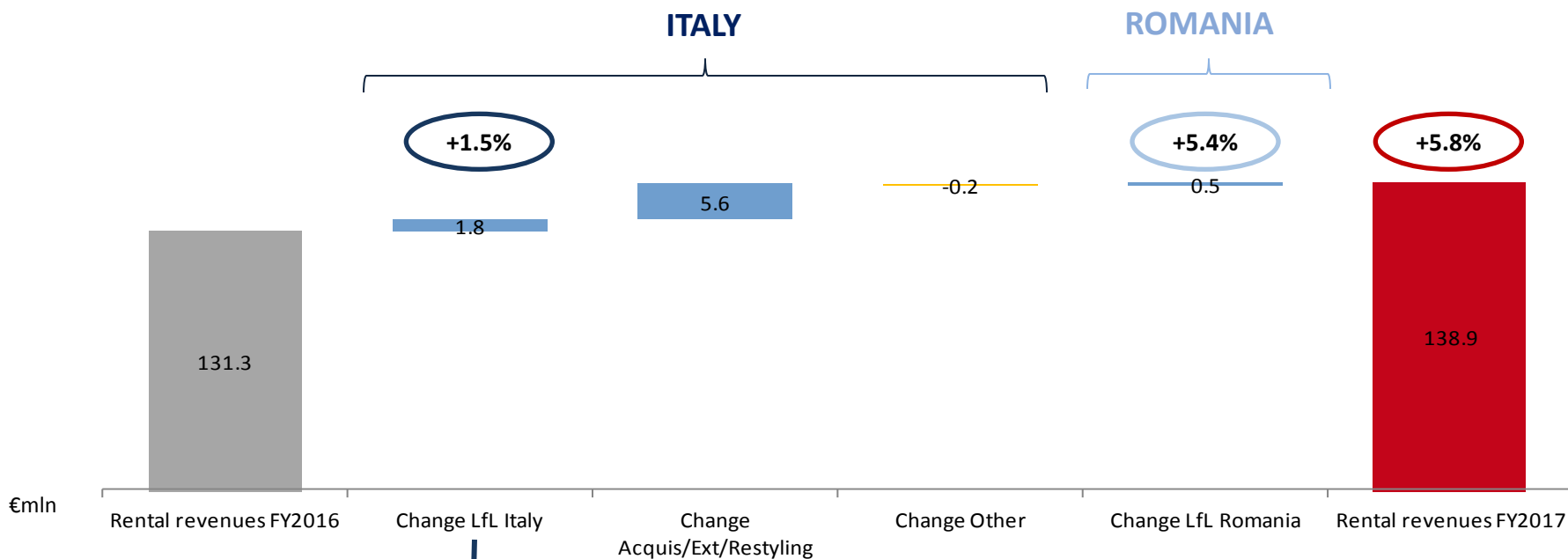


+2.1% average upside on renewals
459 signed contracts
of which 195 turnover and 264 renewals



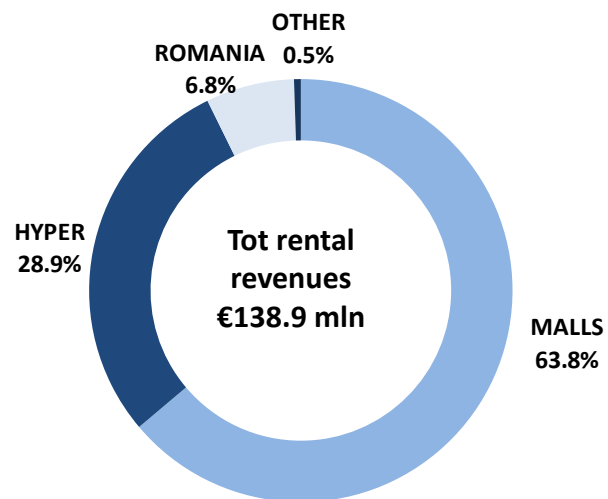
32.7% Rotation rate
% new tenants on total contracts

Increased rental revenues



- ✓ malls are growing (+2%)
- ✓ hypermarkets are stable
- ✓ inflation impact ≈ +60bps

Rental revenues breakdown



2017 Openings



Extension of the mall

Ended in June 2017

Additional GLA \approx 19,000 m²

Footfall: +34.5% (Jun-Dec 17)

Tenat sales: + 7.2%

existing mall (Jun-Dec 17)

Additional rents: + €4.6 mln

Gross yield on cost >8%



Hyper remodeling and reconversion in mall

Ended in November 2017

Additional GLA \approx 4.200 mq

Footfall: +17.8% (Nov-Dec 17)

Tenant sales: + 10.1%

existing mall (Nov - Dec 17)

Additional rent: €0.3 mln

Net yield on cost \approx 6.5%

Eighth Sustainability Report.

First Report subject to *assurance*. Materiality changed

Becoming g.r.e.a.t.



2015 and 2016 Reports



GREEN



60% of the portfolio with LED lighting

RESPONSIBLE



Welfare project for all the employees

ETICAL



Anticorruption certification project in Italy and Romania

ATTRACTIVE



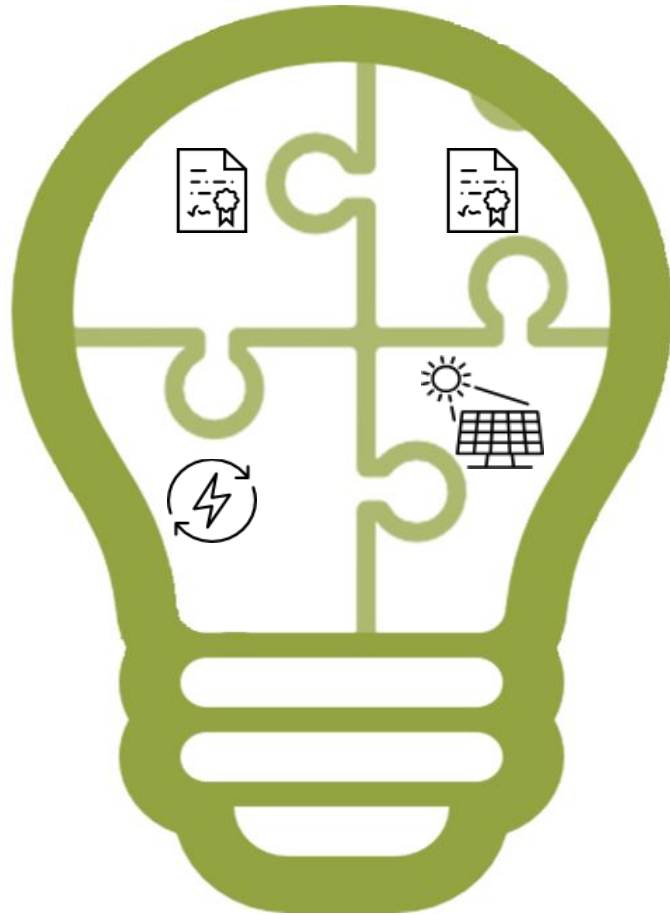
Virtual reality system for all IGD shopping centers (first in Italy)

TOGETHER



All the main stakeholders involved

Environmental sustainability: projects in progress



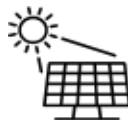
DEFINED THE PROCEDURE TO CERTIFY **BREEAM IN USE 4 KEY ASSET**
(TARGET 2018)



14 SHOPPING CENTERS ALREADY **UNI EN ISO 14001** CERTIFIED,
equal to the 70% of the portfolio that IGD del portafoglio che IGD ha deciso di certificare



ELECTRICITY FROM **RENEWABLE SOURCES** IN ALL THE SHOPPING CENTERS



PHOTOVOLTAIC PLANTS INSTALLED IN 5 SHOPPING CENTERS

Innovation – new projects

WASTE2VALUE



- First project of circular economy carried out in a Shopping Center
- Topic: add value to waste
- All stakeholders involved



VIRTUAL REALITY

- Purchased a virtual reality system, which in Italy is unique, to be brought in rotation in all Centers
- IGD Portfolio was presented through the virtual reality system at Mapic 2017



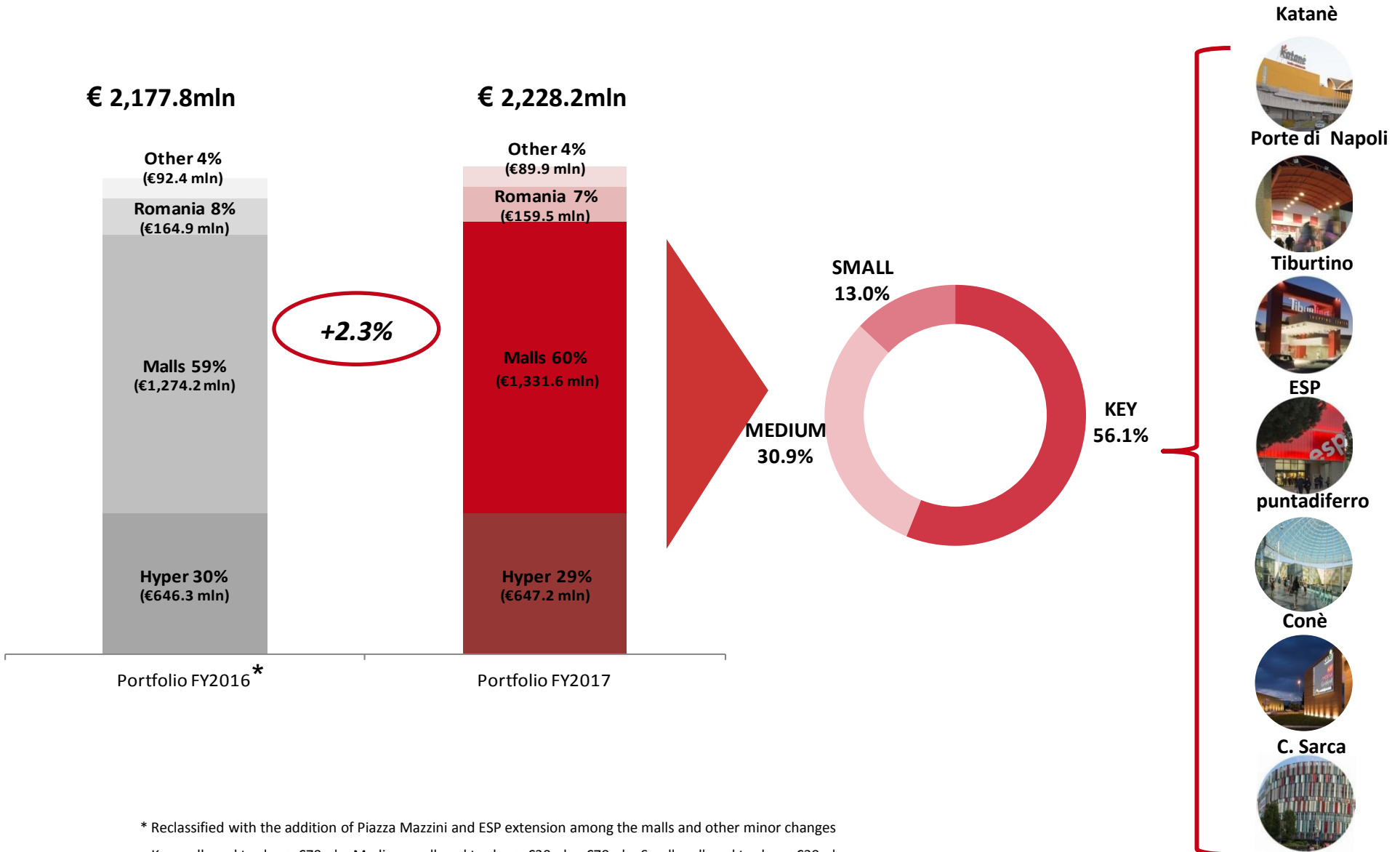
DIGITAL TOTEM

- Placed in **100%** of Shopping Centers
- Communication and marketing tool at the service of the mall

Property Portfolio



A consistent evolution of our portfolio....



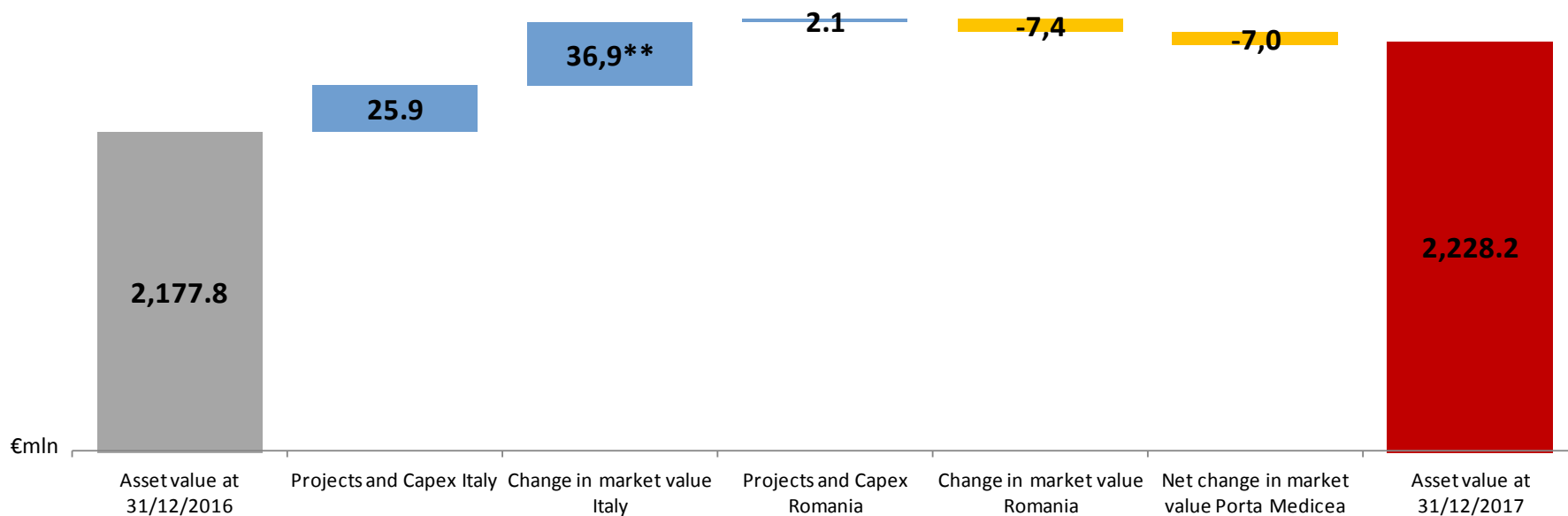
* Reclassified with the addition of Piazza Mazzini and ESP extension among the malls and other minor changes

Key malls: mkt value > €70mln; Medium malls: mkt value > €30mln <€70mln; Small malls: mkt value < €30mln

...with a growing value



	FV 2016*	FV 2017	Δ %	Δ % Like for Like	Gross Initial Yield	Net Initial Yield	Net Initial Yield topped up	Financial occupancy	
Malls Italy	1,274.2	1,331.6	+ 4.5%	+ 1.3%	6.3%	5.4%	5.5%	95.4%	} Tot. Italy 96.8%
Hyper Italy	646.3	647.2	+ 0.1%	+ 1.3%	6.2%			100.0%	
Romania	164.9	159.5	-3.3%	-3.3%	6.5%	5.5%	5.7%	96.4%	
Porta a Mare + development + other	92.4	89.9							
Total IGD portfolio	2,177.8	2,228.2	+ 2.3%						



* Reclassified with the addition of Piazza Mazzini and ESP extension among the malls and other minor changes

**Includes €2 mln increase related to the perimeter extension due to consolidation of Arco Campus

The pipeline continues

Gran Rondò (Crema)



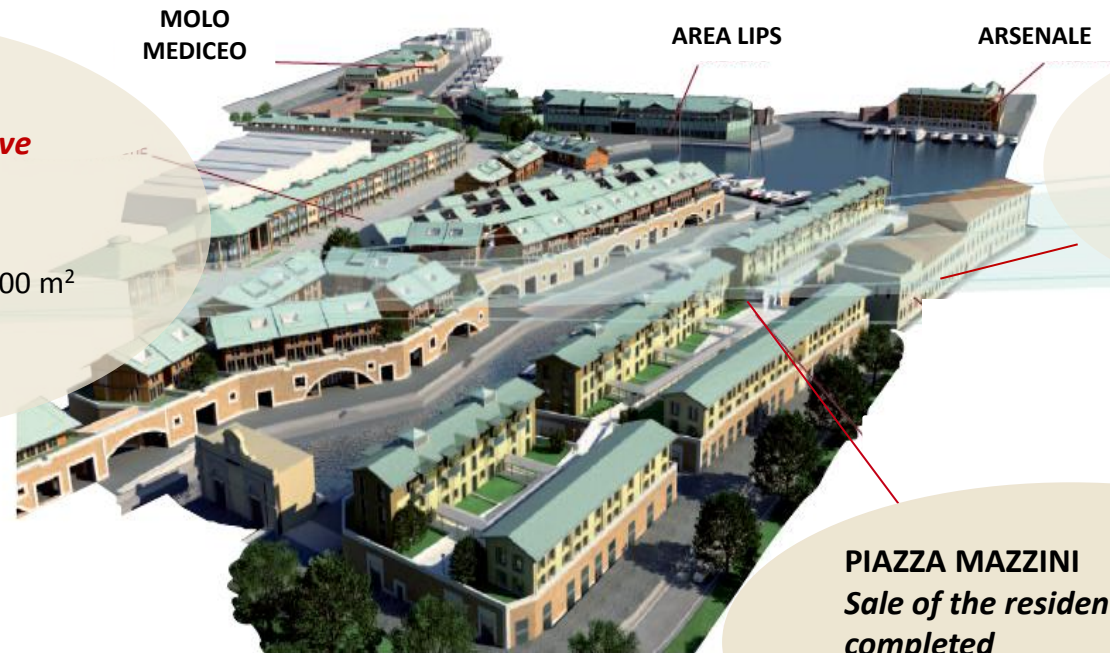
New medium surface (+ 2,850 m² GLA) **already rented**
Complete restyling of the outside of the shopping mall
Completion of works: 1H 2018
Total expected investment approx. € 7 mln

Officine Storiche (Livorno)



Redevelopment of the former Cantieri Navali Orlando, a modern retail concept with personal care services (fitness, leisure, food court)
Preletting: 4.500 m² + significant interest collected
Expected opening: 2H2019
Total expected investment approx. € 52 mln

Porta a Mare project



OFFICINE STORICHE
Heart of the Retail initiative
WORK IN PROGRESS

Completion: 2H2019

M² allocated to retail: > 15,000 m²

43 flats waterfront

**PALAZZO
ORLANDO**

1 office sold and 6 rented

Total sold/rented: **53.4%**

PIAZZA MAZZINI

*Sale of the residential almost
completed*

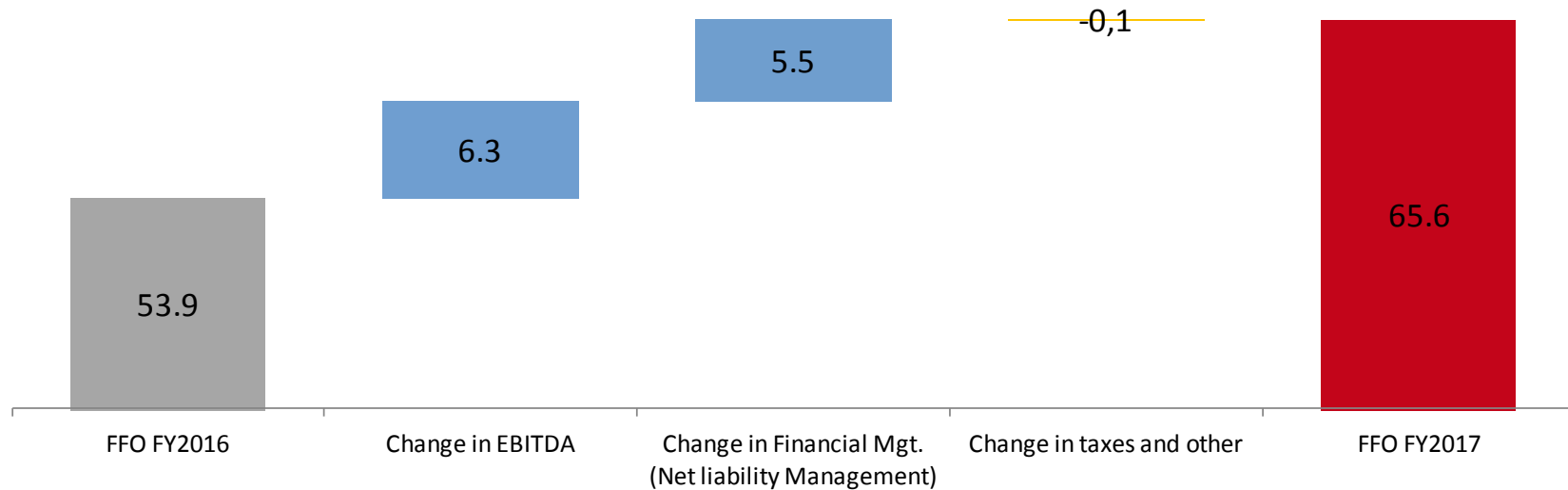
69 flats sold/pre-sold on 73 total

Total sold/pre-sold: **90.7%**



Financial results



A strong growth of Fund From Operations (FFO)...

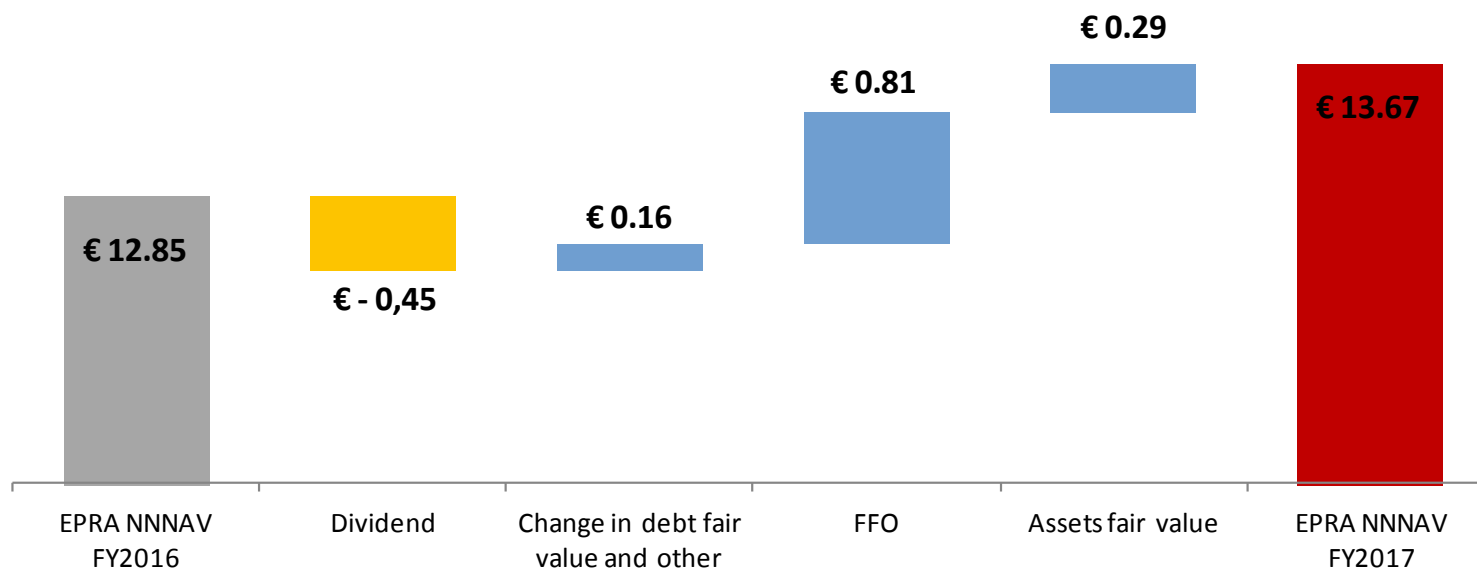


Exceeding expectations

Target communicated in August for the full year: +20%

... and the value created throughout the year

€ per share			31/12/2016	31/12/2017	Δ
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	NAV		13.69	14.3	+ 4.5%
 EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	NNNAV		12.85	13.67	+ 6.3%



No. of shares at the end of 2015 and 2016: 813,045,631

Proactive liability management strategy...

1^o Private Placement on US market

€100 mln
Coupon 2.25% - duration 7 years
Entirely subscribed by Pricoa
(January 2017)

Hedging policy confirmed a costi inferiori

Expired IRS cost 4.38%
(with no early closure costs)
Replaced with 2 IRS cost 0.59%
(April 2017)

Hedging level maintained at approx. 95%

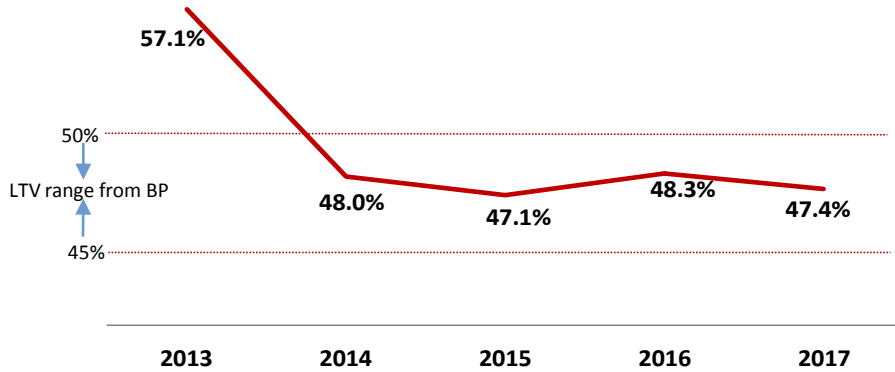
Rating Baa3 Outlook stable

Confirmed by Moody's
(December 2017)

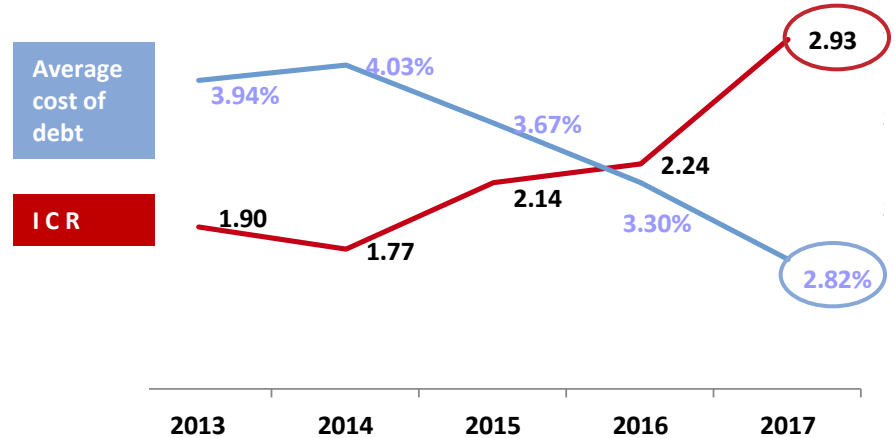
- ✓ The financial management activities and predictions of Business Plan have also been confirmed
- ✓ No relevant maturity in 2018, €125 mln at the beginning of 2019: we monitor the market to take advantage of any positive window for refinancing

... to strengthen the financial profile

Loan to Value

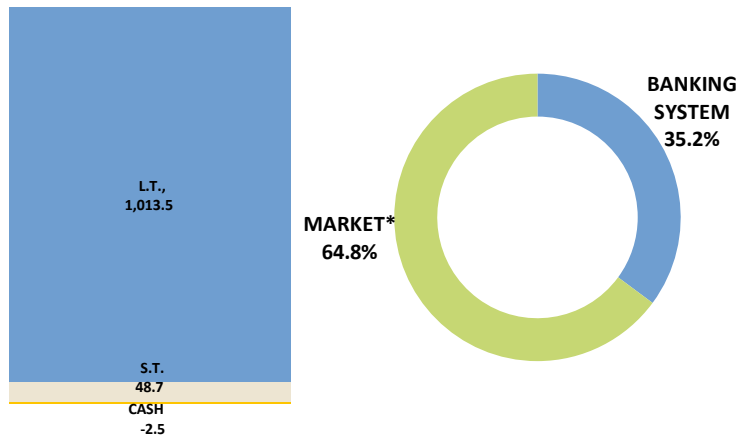


ICR and cost of debt



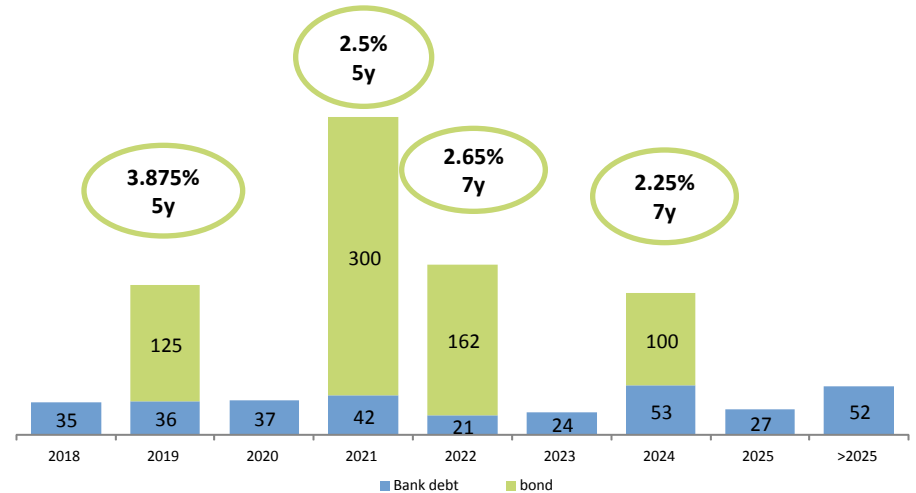
Debt break down

Net Debt at 31/12/2017



Debt maturity

4.7 years: average residual maturity of long term debt





Acquisition and capital increase

IPER
FOOD

esp
Ravenna

Acquisition and capital increase

15-Dec-17	Bod approves the acquisition and capital increase	
12-Feb-18	The extraordinary Shareholders Meeting approved the capital increase (votes in favor 99.95%)	
Next steps		
<i>by the end of April 2018</i>	Completion of the capital increase	
<i>by the end of the first half 2018</i>	Completion of the acquisition	



Dividend and outlook

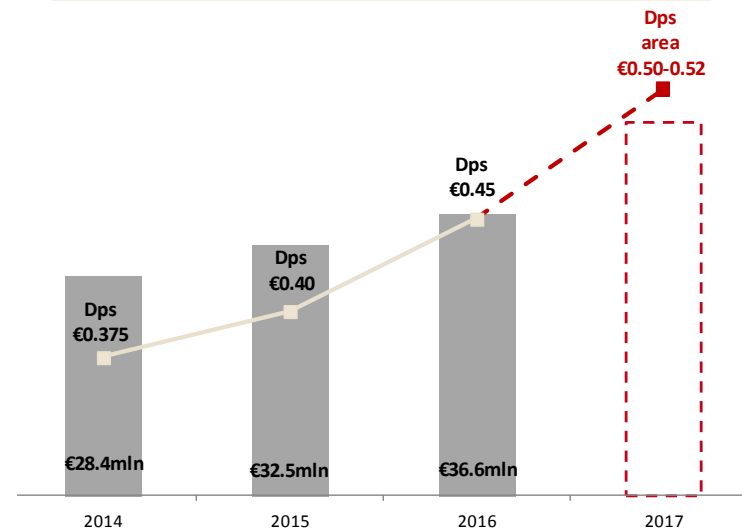
Dividend

The Board of Directors resolved to propose to Shareholders' Meeting:*

Minimum amount of dividends	€49.3 mln
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It could be raised in order to distribute	€ 50-52 cents per share**
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Evolution of total dividend and dps



*To the Annual General meeting of 11 May 2018

**To be determined once the final terms of the capital increase will be set defining the number of new shares being issued and using available reserves and accrued incomes

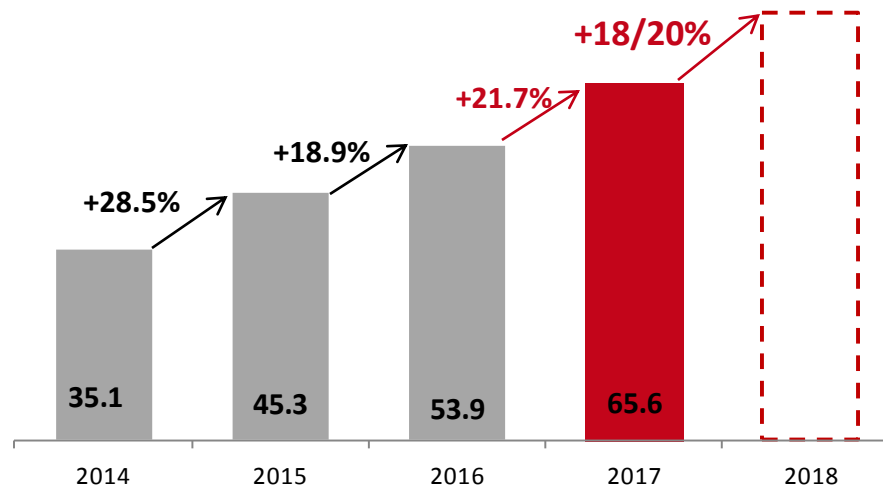
Outlook 2018

FFO expected for 2018*

≈ + 18/20% vs FFO 2017

FFO Evolution

€mln





FOOD COURT
BANCOMAT
KIDS ZONE
MAIL
TOILETTE

SWAROVSKI

Annexes

Consolidated Income Statement

€/000	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2016	31/12/2017	Δ%	31/12/2016	31/12/2017	Δ%	31/12/2016	31/12/2017	Δ%
Revenues from freehold real estate and rental act.	118,882	126,276	6.2%	118,882	126,276	6.2%	0	0	n.a.
Revenues form leasehold real estate and rental act.	12,414	12,639	1.8%	12,414	12,639	1.8%	0	0	n.a.
Total revenues from real estate and rental act.	131,296	138,915	5.8%	131,296	138,915	5.8%	0	0	n.a.
Revenues from services	5,529	6,176	11.7%	5,529	6,176	11.7%	0	0	n.a.
Revenues from trading	1,999	5,116	n.a.	0	0	n.a.	1,999	5,116	n.a.
OPERATING REVENUES	138,824	150,207	8.2%	136,825	145,091	6.0%	1,999	5,116	n.a.
COST OF SALE AND OTHER COST	(2,189)	(5,258)	n.a.	0	0	n.a.	(2,189)	(5,258)	n.a.
Rents and payable leases	(10,145)	(10,218)	0.7%	(10,145)	(10,218)	0.7%	0	0	n.a.
Personnel expenses	(3,914)	(4,333)	10.7%	(3,914)	(4,333)	10.7%	0	0	n.a.
Direct costs	(17,307)	(18,544)	7.1%	(17,032)	(18,289)	7.4%	(275)	(255)	-7.2%
DIRECT COSTS	(31,366)	(33,095)	5.5%	(31,091)	(32,840)	5.6%	(275)	(255)	-7.2%
GROSS MARGIN	105,269	111,854	6.3%	105,734	112,251	6.2%	(465)	(397)	-14.6%
Headquarter personnel	(6,473)	(6,715)	3.7%	(6,402)	(6,642)	3.7%	(71)	(73)	2.9%
G&A expenses	(4,813)	(4,677)	-2.8%	(4,477)	(4,422)	-1.2%	(336)	(255)	-24.2%
G&A EXPENSES	(11,286)	(11,392)	0.9%	(10,879)	(11,064)	1.7%	(407)	(328)	-19.5%
EBITDA	93,983	100,462	6.9%	94,855	101,187	6.7%	(872)	(725)	-16.8%
<i>Ebitda Margin</i>	<i>67.7%</i>	<i>66.9%</i>		<i>69.3%</i>	<i>69.7%</i>				
Other provisions	(154)	(153)	-0.7%						
Impairment and Fair Value adjustments	19,582	23,886	22.0%						
Depreciations	(1,119)	(1,027)	-8.2%						
DEPRECIATIONS AND IMPAIRMENTS	18,309	22,706	24.0%						
EBIT	112,292	123,168	9.7%						
FINANCIAL MANAGEMENT	(42,008)	(34,343)	-18.2%						
EXTRAORDINARY MANAGEMENT	(336)	(95)	-71.7%						
RISULTATO ANTE IMPOSTE	69,948	88,730	26.9%						
PRE-TAX PROFIT	(1,116)	(1,356)	21.5%						
Taxes	(1,928)	(920)	-52.3%						
PROFIT FOR THE PERIOD	66,904	86,454	29.2%						
(Profit/Loss) for the period related to third parties	1,425	0	n.a.						
GROUP NET PROFIT	68,329	86,454	26.5%						

Margin from activities

	CONSOLIDATED			CORE BUSINESS			PORTA A MARE PROJECT		
	31/12/2016	31/12/2017	%	31/12/2016	31/12/2017	%	31/12/2016	31/12/2017	%
Margin from freehold properties	102,999	109,668	6.5%	102,999	109,668	6.5%	0	(0)	n.a.
Margin from leasehold properties	2,171	2,219	2.2%	2,171	2,219	2.2%	0	0	n.a.
Margin from services	564	364	(35.5)%	564	364	(35.5)%	(0)	0	n.a.
Margin from trading	(465)	(397)	(14.6)%	0	0	n.a.	(465)	(397)	54.3%
Gross margin	105,268	111,854	6.3%	105,733	112,251	6.2%	(465)	(397)	(14.6)%


**Margin from freehold properties:
very relevant (86.8%) and increasing compared to the previous year
(higher revenues and stability of the related cost)**

**Margin from leasehold properties:
slight increase at 17.6% from 17.5% of 2016**

Fund from Operations (FFO) €65.6 mln (+21.7%)

Funds from Operations	FY 2016	FY2017	Δ vs FY2016	Δ %
Core business EBITDA	94,855	101,187	6,332	6.7%
Adj. Financial Management	-39,817	-34,350	5,466	-13.7%
Gestione Partecipazione/Straordinaria Adj	-125	0	125	n.a.
Adj. Current taxes for the period	-1,004	-1,204	-200	19.9%
FFO	53,910	65,633	11,723	21.7%

EPRA NNAV per share

 EPRA <small>EUROPEAN PUBLIC REAL ESTATE ASSOCIATION</small>	31-Dec-16		31-Dec-17		Δ%
	€'000	€ p.s.	€'000	€ p.s.	
Number of total shares*	81,304,563		81,304,563		
1) Group shareholders' equity	1,060,701	13.05	1,115,753	13.72	5.2%
<i>Excludes</i>					
Fair value of financial instruments	28,748		20,397		-29.0%
Deferred taxes	23,633		26,517		12.2%
Goodwill as a result of deferred taxes					
2) EPRA NAV	1,113,083	13.69	1,162,667	14.30	4.5%
<i>Includes</i>					
Fair value of financial instruments	(28,748)		(20,397)		-29.0%
Fair value of debt	(15,749)		(4,713)		-70.1%
Deferred taxes	(23,633)		(26,517)		12.2%
3) EPRA NNAV	1,044,952	12.85	1,111,040	13.67	6.3%

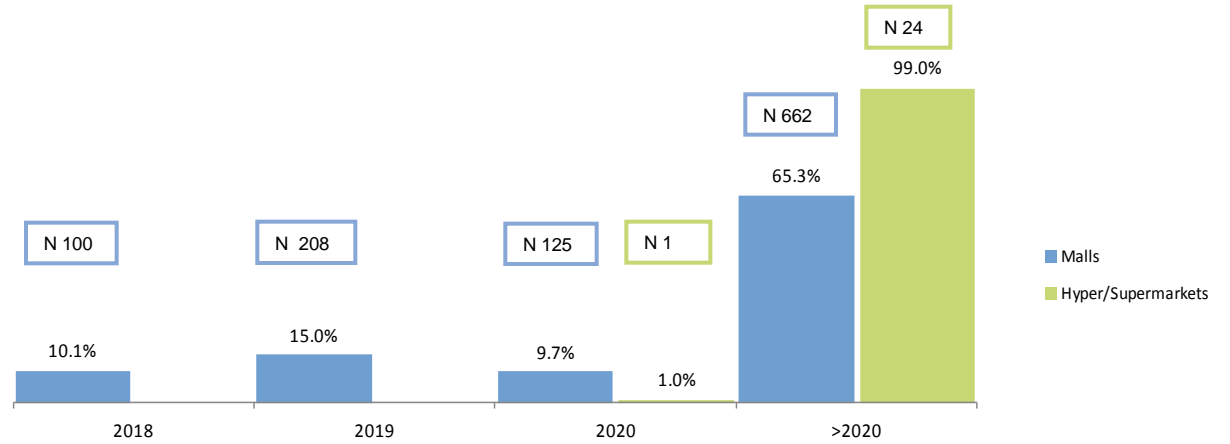
no. of shares at the end of 2015 and 2016: 813,045,631

Contracts in Italy and Romania

Expiry date of hypermarket and mall contracts (% of value)

Italy No. of contracts: 1,253

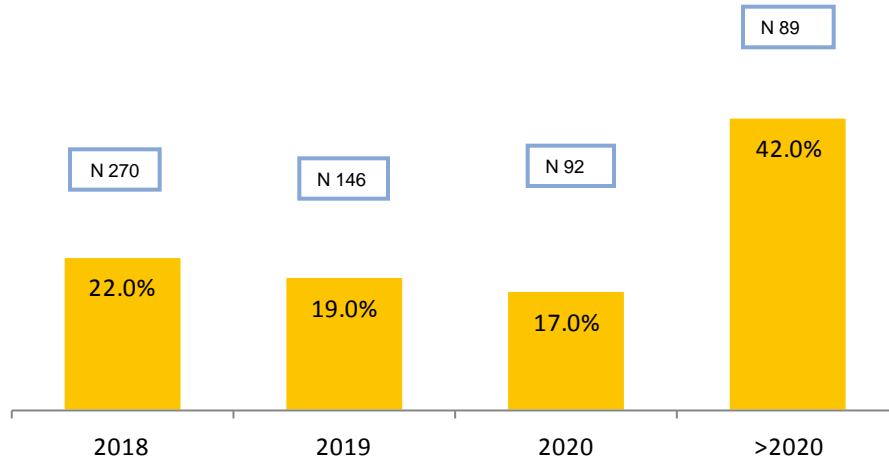
Average residual maturity
Hypermarkets 7.8 years
Malls 4.6 years



Romania No. of contracts: 597

Average residual maturity
5.6 years

Expiry date of mall contracts (% of value)

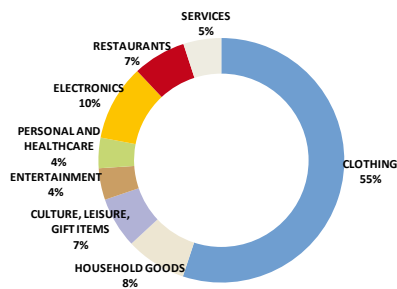


Key tenants

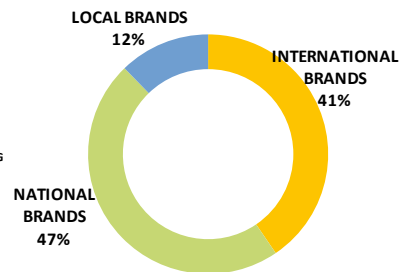
Top 10 Tenants Malls Italy

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
PIAZZA ITALIA	clothing	3.1%	12
H.M	clothing	2.8%	11
mötivi FIORELLA RUBINO oltre	clothing	2.5%	28
OVS	clothing	2.3%	8
unieuro	electronics	2.1%	7
SCARPA SCARPA	shoes	2.0%	7
CALZEDONIA	clothing	1.7%	25
ALCOTT	clothing	1.5%	11
DECATHLON	clothing	1.4%	4
KASANOVA® l'amante della casa	household goods	1.3%	16
Total		20.8%*	129

MALLS MERCHANDISING MIX



MALLS TENANT MIX

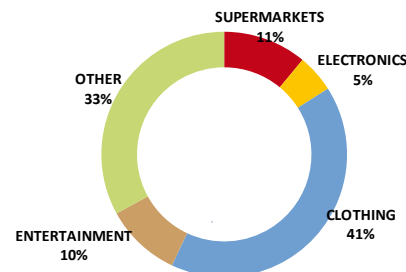


* On malls total turnover

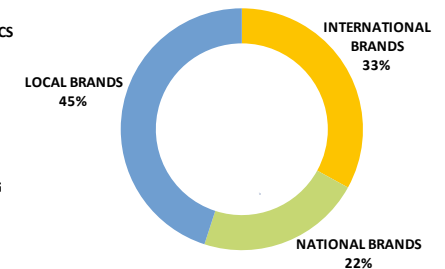
Top 10 Tenants Malls Romania

TOP 10 Tenant	Product category	Turnover impact	No. of contracts
Carrefour market	food	7.1%	9
H.M	clothing	4.9%	6
PEPCO	clothing	3.3%	11
ALTEX	electronics	2.3%	1
dm	grocery	2.1%	5
FLANCO	electronics	1.9%	3
B&B Jewellery	jewellery	1.9%	6
SENSA	pharmacy	1.6%	4
OCPL	offices	1.3%	1
BILLA	supermarkets	1.0%	2
Total		27.3%	48

MALLS MERCHANDISING MIX



MALLS TENANT MIX

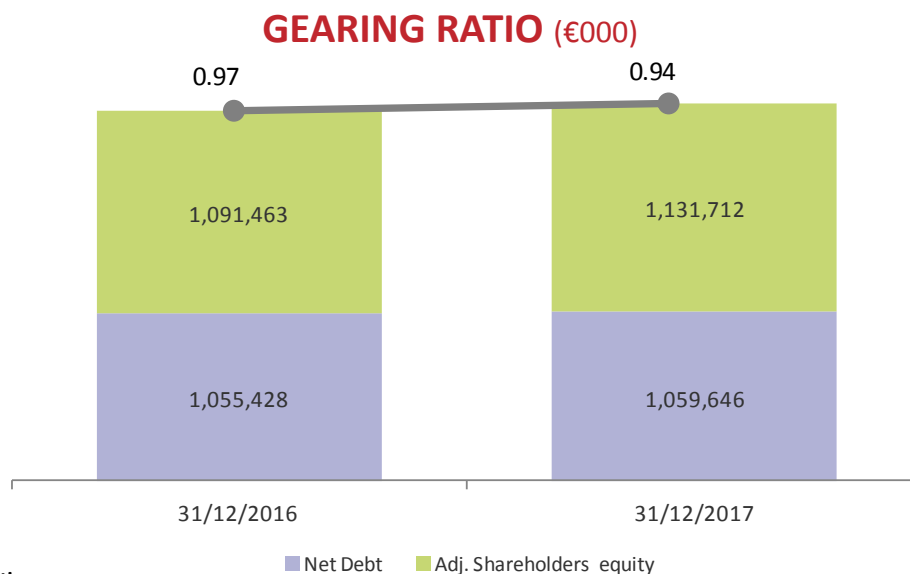


Further financial highlights

	FY2016	FY 2017
SHARE OF MEDIUM/LONG TERM DEBT	84.6%	91.1%
HEDGING ON LONG TERM DEBT + BOND	93.8%	94.7%
UNCOMMITTED CREDIT LINES GRANTED	€276 mln	€276 mln
UNCOMMITTED CREDIT LINES AVAILABLE	€164 mln	€164 mln
COMMITTED CREDIT LINES GRANTED AND AVAILABLE	€60 mln	€60 mln
UNENCUMBERED ASSETS	€1,406.9 mln	€ 1,475.4 mln

Reclassified balance sheet

Sources - Uses of funds	31/12/2016	31/12/2017	Δ	Δ%
Fixed assets	2,050,728	2,157,176	106,448	5.2%
Assets under construction	75,004	40,466	-34,538	-46.0%
Other non-current assets	25,543	23,245	-2,298	-9.0%
Other non-current liabilities	-32,150	-29,082	3,068	-9.5%
NWC	56,378	28,768	-27,610	-49.0%
Net deferred tax (assets)/liabilities	-21,901	-24,777	-2,876	13.1%
TOTAL USE OF FUNDS	2,153,602	2,195,796	42,194	2.0%
Net debt	1,055,428	1,059,646	4,218	0.4%
Shareholders equity	1,069,426	1,115,753	46,327	4.3%
Net (asstes)/liabilities for derivative instruments	28,748	20,397	-8,351	-29.0%
TOTAL SOURCES	2,153,602	2,195,796	42,194	2.0%



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