



# First Half 2018 Results

## Conference call 3 August 2018

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# Highlights

↗ **€74.1 mn**  
Rental Income  
**+8.4%**

↗ **€60.7 mn**  
Net Rental Income  
**+9.9%**

↗ **€55.6 mn**  
Core business Ebitda  
**+11.3%**  
Margin 72.1% +230bps  
Margin from Freehold 80.6% (+110 bps)

↗ **€34.8 mn**  
Group Net Profit  
**-28.9%**

↗ **€38.9€mn**  
Funds From Operations (FFO)  
**+22%**







## Operating performances

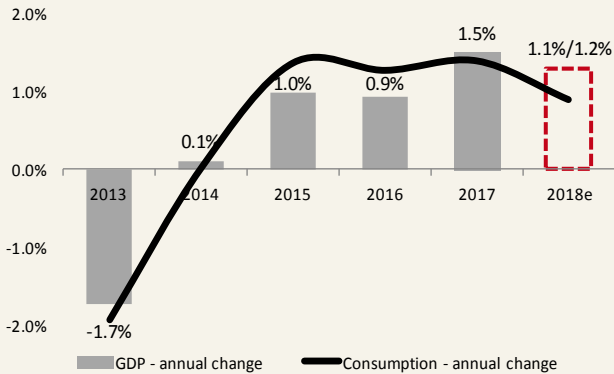


# Macroeconomic context updates 1H2018



ITALY

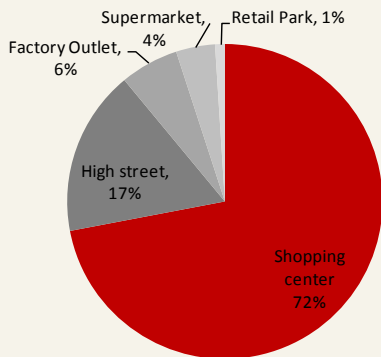
## Economy still growing but at a slower pace



## Unemployment and consumer confidence are better than the 4 years average



## Retail real estate



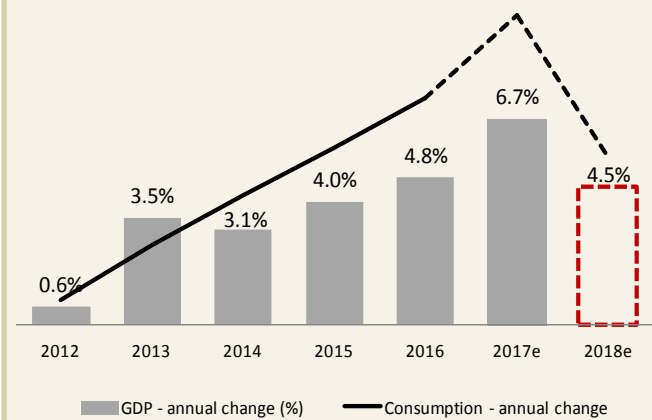
Investments 1H2018:  
**> €1 bn**

- Investments show a slight decrease (-13% vs 1H2017) but they were mainly focused on shopping centers
- Closing of some deals have been delayed
- High demand from retailers that plan to expand or enter for the first time in Italian market



ROMANIA

## Slight decrease compared to 2017 but growth remains strong



## Retail real estate

- Main trends: rents are increasing and yields are decreasing
- New retailers entered in the Romanian market



# Italy 1H operating performance



**97.1% occupancy**  
increasing vs FY17 (96.8%)



**+3.8 % tenant sales**  
incl. extensions



**+ 1.4% average upside**  
101 signed contracts  
of which 34 turnover and 67 renewals



**2.4% Rotation rate**  
% new tenants on total contracts



# Romania 1H operating performance



**97.5% occupancy**

Increasing vs FY17 (96.4%)



**+1.1% average upside** on renewals

231 signed contracts

of which 111 turnover and 120 renewals

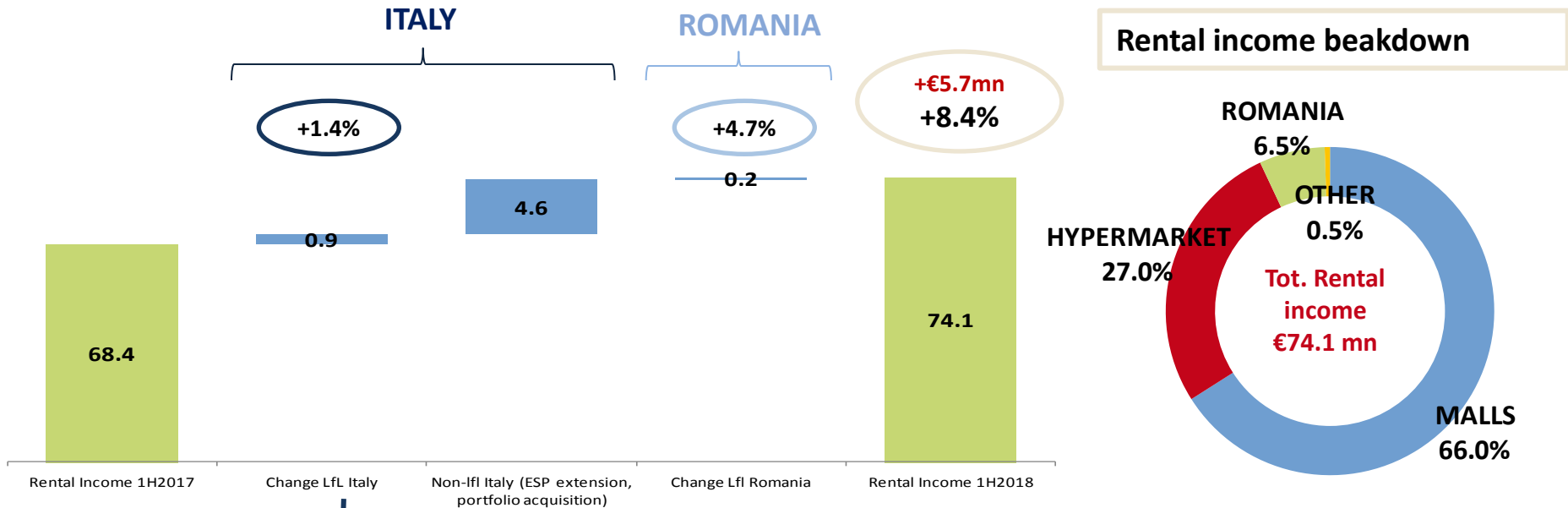


**18.4% Rotation rate**

% new tenants on total contracts

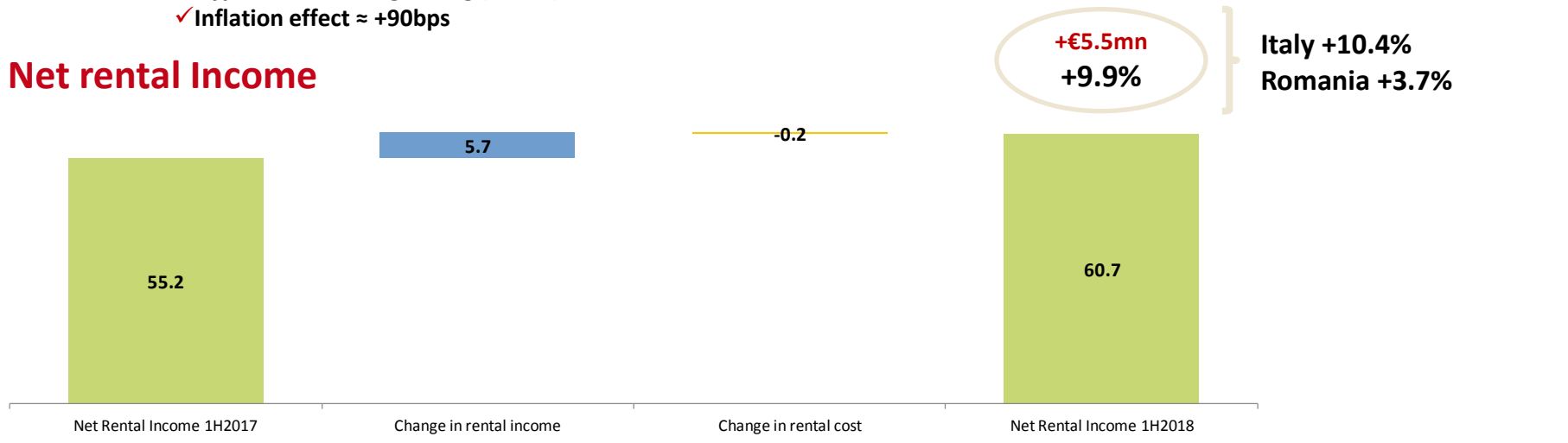


# Income and net rental income (€mn)



- ✓ Malls are growing (+1.7%)
- ✓ Hypermarkets are growing (+1.0%)
- ✓ Inflation effect ≈ +90bps

## Net rental Income





# Commercial activity: 2 fields of action

## 1. Trend and innovation

Greater attention to trends and understanding consumers habits.

↓

Insertion of high performing **brands** that led to good results in terms of total tenant sales.



↓

**Lockers** have been placed in 2 Shopping Centers thanks to a partnership with Poste Italiane for a pilot project.



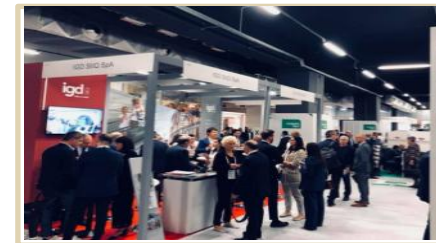
## 2. Tenant engagement

**Magic Italy**



**133** meetings of which:

- 20 new tenants
- 25 specific on food court, entertainment and services



# Integrated marketing approach

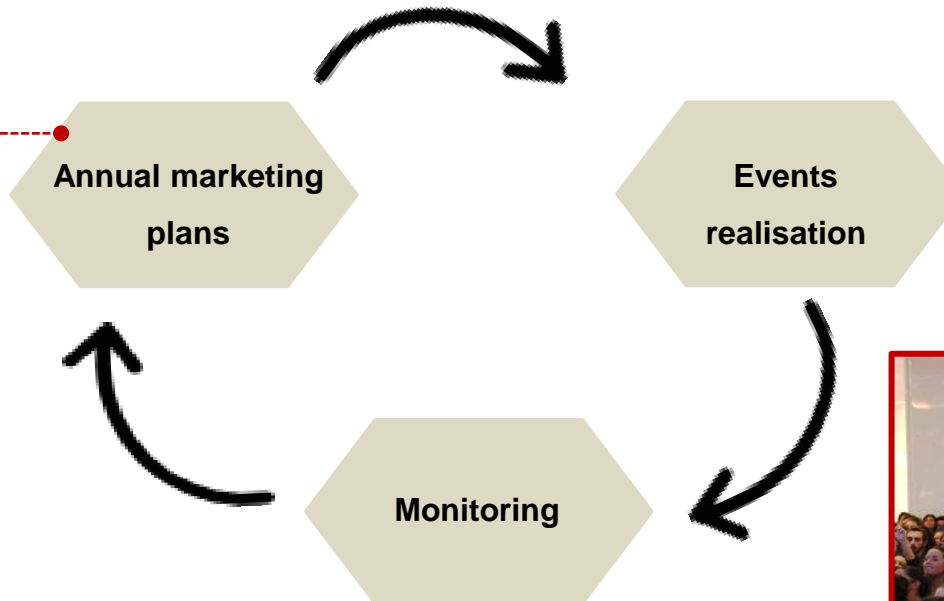
In the first half of 2018 the marketing planning cycle is completed

**CONTENUTI** igd

COMPONENTI DEL PIANO DI MARKETING

- Finalità del Piano di Marketing
- 1) Analisi del Contesto Competitivo
- 2) Analisi della Domanda
- 3) Gli Obiettivi
- 4) Definizione delle iniziative per il Piano Marketing
- 5) Programma delle attività
- Governo e Controllo

2



- Half yearly, on the Plan's targets
- Periodically, through customer and event satisfaction surveys

CENTRO COMMERCIALE X											
Obiettivi Smart	Indicatori	Risultati		Eventi per raggiungere obiettivi SMART	Come viene valutato l'evento?					Eventi da realizzare nel secondo semestre	
		2018	2017		calcolo Δ	Comunicazione online	Comunicazione tradizionale	Organizzazione	Attrattività		Qualità
1 Sviluppo presenze nel Centro Commerciale +2% rispetto al 2017	NR ingressi gen-giu 2018 vs gen-giu 2017	982482	1043470	-6%	Pasqua con D'avena	●	●	●	●	●	
					Top Cake	●	●	●	●	●	●
					sfilata/miss Italia	●	●	●	●	●	●
					Amedeo Preziosi	●	●	●	●	●	●

Legend: ● valutazione positiva (green), ● valutazione media (yellow), ● valutazione negativa (red)

# Sustainability: news of the first half

## ISO 14001

3 more centers certified.  
17 the total number of IGD centers certified



## ISO37001

Winmarkt is the first Romanian company to obtain the anti corruption certification



## EPRA SUSTAINABILITY COMMITTEE

First IGD participation (23 May, Bruxelles)



## BREEAM-IN USE

2 Key assets certified: Katanè and Tiburtino.  
Work are in progress to certify 2 more centers within 1Q 2019



## CNCC DESIGN AWARD

Obtained for the extension of ESP Shopping Center thanks to the architectural quality, technical merits and sustainability focus of the project



## WASTE2VALUE

First results of the circular economy experimental project in a shopping center: a prototype of fertilizer using coffee waste and orange peel has been realized.



# New Board of Directors

On 1 June 2018 the Shareholders Meeting appointed the new Board of Directors (in office until the FY2020 results approval)

- Chairman and Chief Executive Officer confirmed
- Number of directors further reduced (from 13 to 11)
- Independence - professional competence - international profile
- Expertise in the real estate, retail, legal and financial fields

<b><u>EXECUTIVE</u></b>	<b>CHAIRMAN</b> <b>Elio Gasperoni</b>	<b>CEO</b> <b>Claudio Albertini</b>		
<b><u>INDEPENDENT</u></b>	<b>VICE CHAIRMAN</b> <b>Rossella Saoncella</b> <i>Granarolo</i> <i>Former General Manager</i>	<b>Eric Jean Veron</b> <i>Vailog - General Manager</i>	<b>Sergio Lugaresi</b> <i>Consultant - ABI, EBA, IMF</i>	<b>Timothy Santini</b> <i>Eurocommercial</i> <i>Former Head of Italian activities</i>
	<b>Luca Dondi Dall'Orologio</b> <i>Nomisma - CEO</i>	<b>Elisabetta Gualandri</b> <i>Università di Modena - Professor</i>	<b>Livia Salvini</b> <i>Lawyer</i> <i>Università LUISS di Roma - Professor</i>	
<b><u>NON EXECUTIVE</u></b> <b><u>NON INDEPENDENT</u></b>	<b>Gian Maria Menabò</b> <i>Coop Alleanza</i> <i>Head of Asset Management and Development</i>		<b>Alessia Savino</b> <i>Unicoop Tirreno</i> <i>Head of Finance and Asset Management</i>	



63.6% Independent (7)

36.4% Non Independent (4)



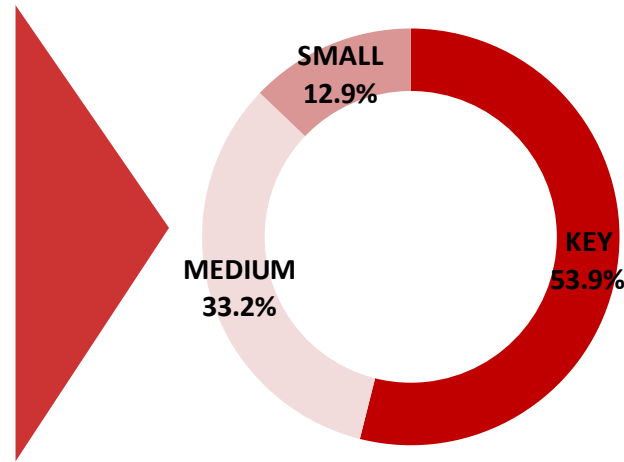
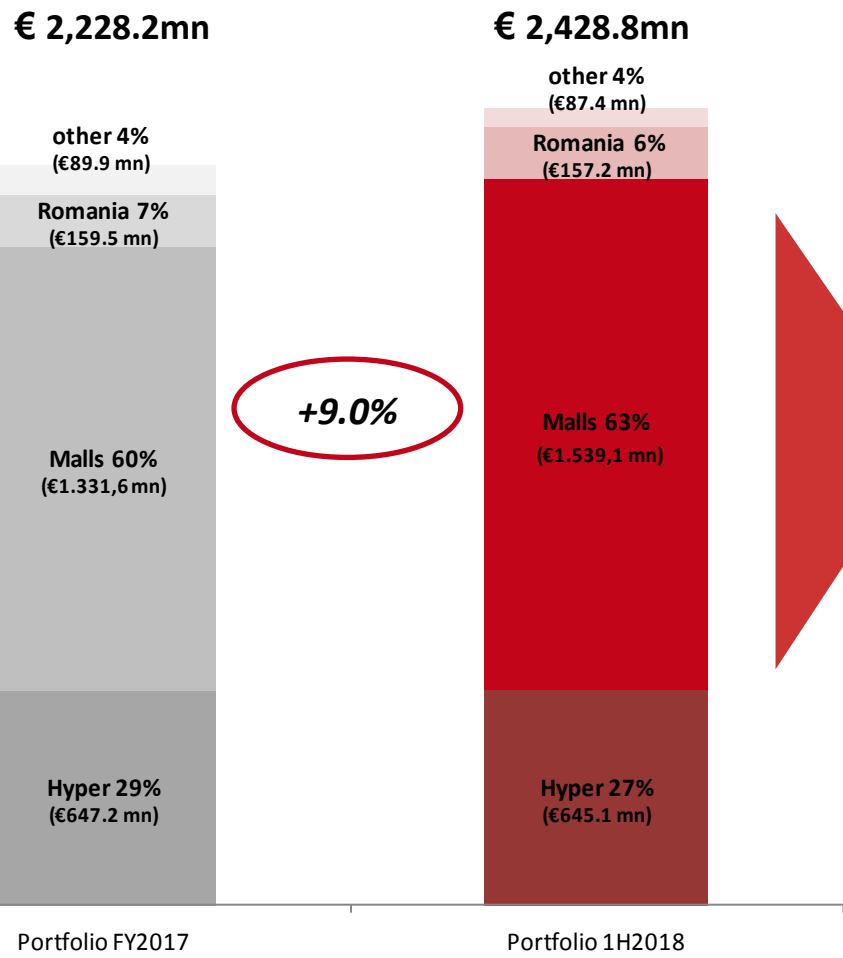
63.6% Male (7)

36.4% Female (4)



# Portfolio

# A consistent evolution of our portfolio...



Full ownership of  
16 Shopping Center  
in Italy  
(63.4% of Italy core market value)

- Katanè
- Porte di Napoli
- Tiburtino
- ESP
- puntadiferro
- Conè
- C. Sarca
- C. Leonardo
- NEW**

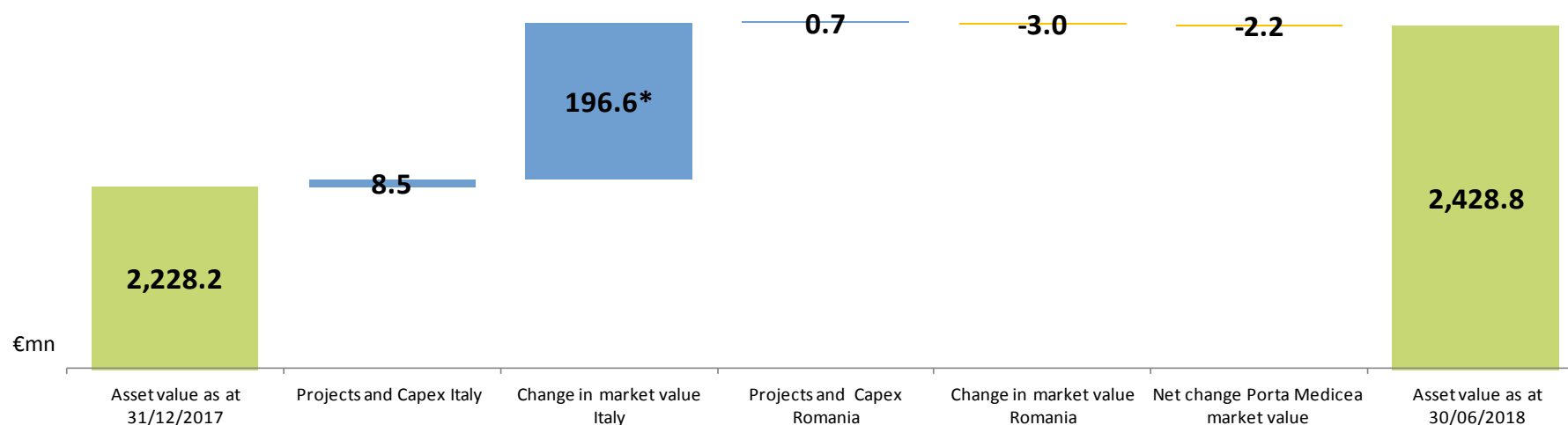
Key Malls: mkt value > €70mn; Medium Malls: mkt value >€30mn <€70mn; Small Malls: mkt value < €30mn



# ...with a growing value



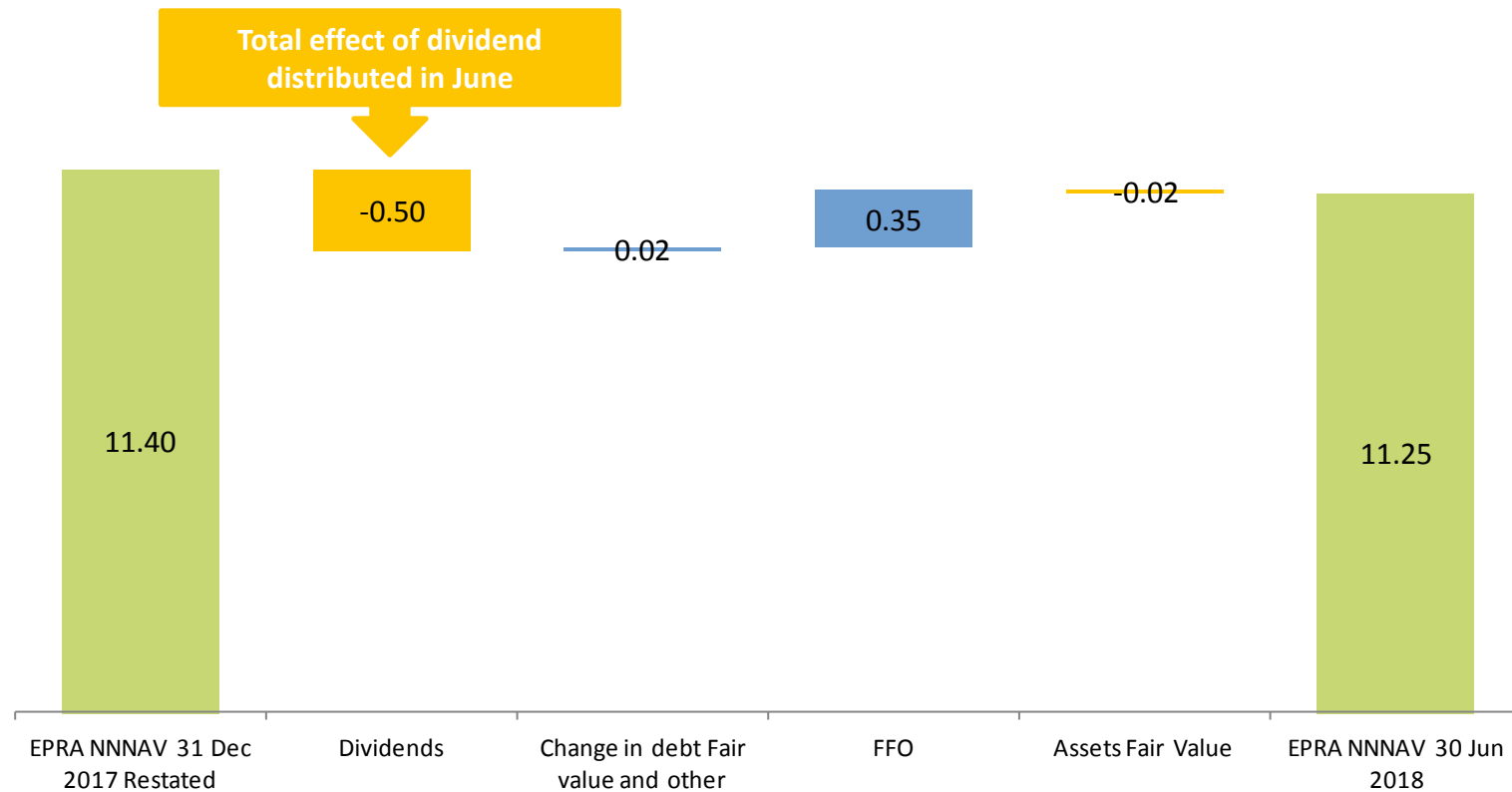
	FV2017	1H2018	Δ %	Δ% Like for Like	Gross Initial Yield	Net Initial Yield	Net Initial Yield topped up	Financial occupancy	
Malls Italy	1,331.60	1,539.07	+ 15.58%	-0.26%	+ 6.3%	5.5%	5.6%	95.9%	} Tot. Italy 97.1%
Hypermarkets Italy	647.20	645.14	-0.32%	-0.32%	+ 6.2%			100.0%	
Romania	159.53	157.22	-1.45%	-1.45%	+ 6.6%	5.5%	5.9%	97.5%	
Porta a Mare + developments + other	89.90	87.39							
<b>Total IGD portfolio</b>	<b>2,228.23</b>	<b>2,428.82</b>	<b>+ 9.0%</b>						



\* Substantially due to the increase related to the portfolio acquisition for a total investment equal to €195.5 mn

# NNNAV

€ per share	31/12/2017* Restated	30/06/2018	Δ
NAV	11.87	11.65	(-1.9%)
NNNAV	11.40	11.25	(-1.3%)



\*Values at 31 December 2017 have been adjusted in order to include the capital increase effects (cash in and new number of shares)

The image shows a multi-level modern building interior. The upper portion features a striking red, curved ceiling with several large, white, spherical pendant lights hanging from a wooden truss structure. Below this, a glass-enclosed walkway or balcony is visible, with people walking on it. The lower level shows a white wall and a glass display case with the letters 'JFC' on it. The overall atmosphere is bright and contemporary.

# Asset management and development



# 18 April 2018: acquisition of 4 malls and 1 retail park from Eurocommercial Properties...

## ACQUISITION'S RATIONALE

- Dominant malls in their catchment area
- Excellent operating performances
- Attractive Initial yield
- Reconstitution of full site ownership (on 2 assets)
- Value creation potential



*Mall*  
**CENTRO LEONARDO - Imola**



*Mall*  
**CENTRO LUNA - Sarzana**



*Mall + Retail Park*  
**LA FAVORITA - Mantova**



*Mall*  
**CENTRO LAME - Bologna**

<b>GLA (acquired)</b>	Approx. 37,500 sqm	<b>Gross passing rent</b>	€13.3M
<b>N. of units</b>	190	<b>Net operating income (NOI)</b>	€12.5M
<b>Footfalls (31/12/2016)</b>	14.4M	<b>Total price</b>	€187M
<b>Occupancy rate</b>	99%	<b>Gross / Net yield</b>	6.8%/6.4%

Gross passing rent, Net operating income, gross/net yield are calculated on the basis of stabilised and annualised lease contracts/stranded costs (at the time of acquisition).  
Total price of the portfolio (at the time of acquisition) does not include transfer taxes and ancillary costs approx. equal to €8.5mn

# Update on the pipeline



## **OFFICINE STORICHE: *heart of the retail initiative***

***03/04/2018 Approved variation by the City Council. Work in progress***

Sqm allocated to retail: > 15,000 sqm; 43 flats seafront

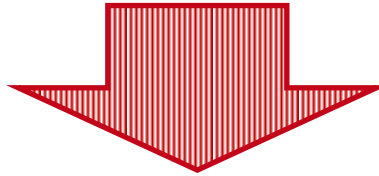
## **PIAZZA MAZZINI**

***Sale of the residential area almost completed*** 69 flats sold/pre-sold out of 73 total; total sold/pre-sold: **90.7%**

***15 preliminary agreement already signed at the end of 2017 of which 9 deeds signed in 1H2018.***

# Other news: spaces remodeling...

Following the success of **Le Porte di Napoli** and **Città delle Stelle** the strategy of **hypermarket remodeling** to favor a **mall extension** continues



## Remodeling and Restyling at Le Fonti del Corallo shopping center



Facade



Mall



Mall

**Hypermarket reduction** and **creation of new units** inside the shopping malls (new GLA approx. 5,400 sqm) in which services can be inserted  
At the same time Unicoop Tirreno will sign an addition to the rental contract with expiration date 2037

**Project of internal and external restyling** of the shopping mall (co-financed by BNP Paribas, the current owner of the mall)

**End of work: by the end of 2019**



# ...and restyling



External facades - pre and post



Ground floor - pre and post



First floor – pre and post

## CASILINO Internal and external restyling

Architectural restyling of the external facades and internal areas coordinated with **(voluntary) intervention for seismic improvement** at the ground floor and first floor.

**1° phase:** Ground floor, facades and external restyling together with intervention of seismic improvement *by the end of 2018*

**2° fase:** first floor restyling *by the end of 1H2019*

**End of work phases 1 and 2: by the end of 1H2019**

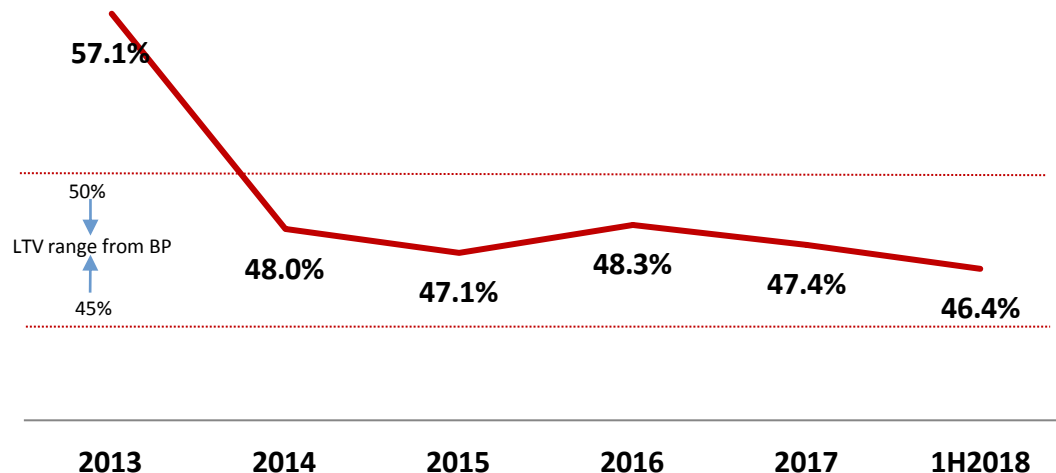




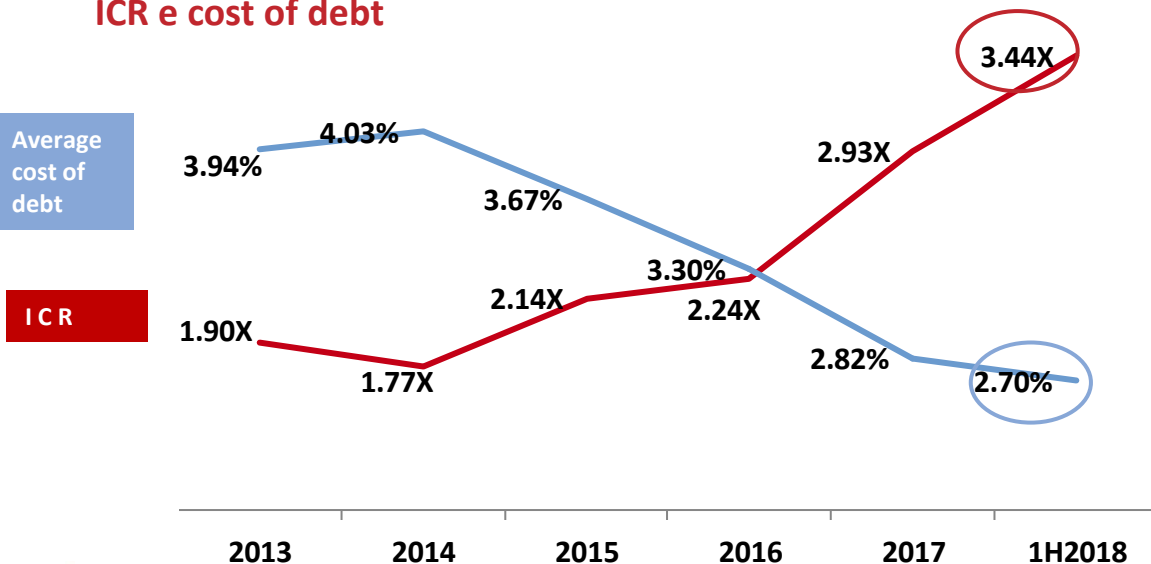
Financial results and outlook

# Financial structure

## Loan to Value



## ICR e cost of debt



Thanks to the results of the liability management activities carried out in 2017 and the end or decrease of some Irs notional, **Financial management decreased by €1.5mn.**

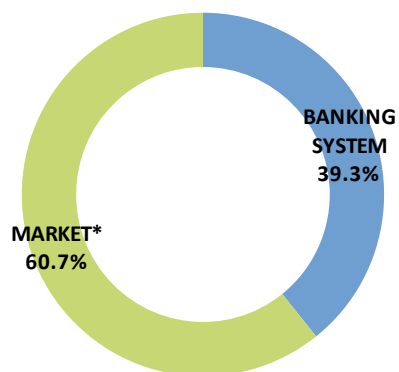
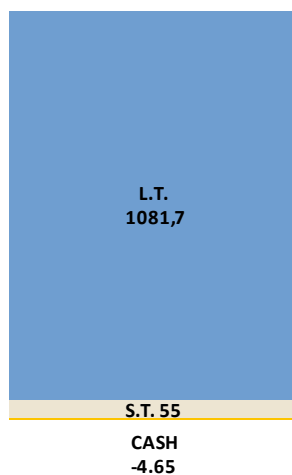
Moreover, financial ratios improved (also thanks to the capital increase):

- **Loan to Value**
- **Average cost of debt**
- **Interest Cover Ratio**

# Debt maturity

## Debt break down

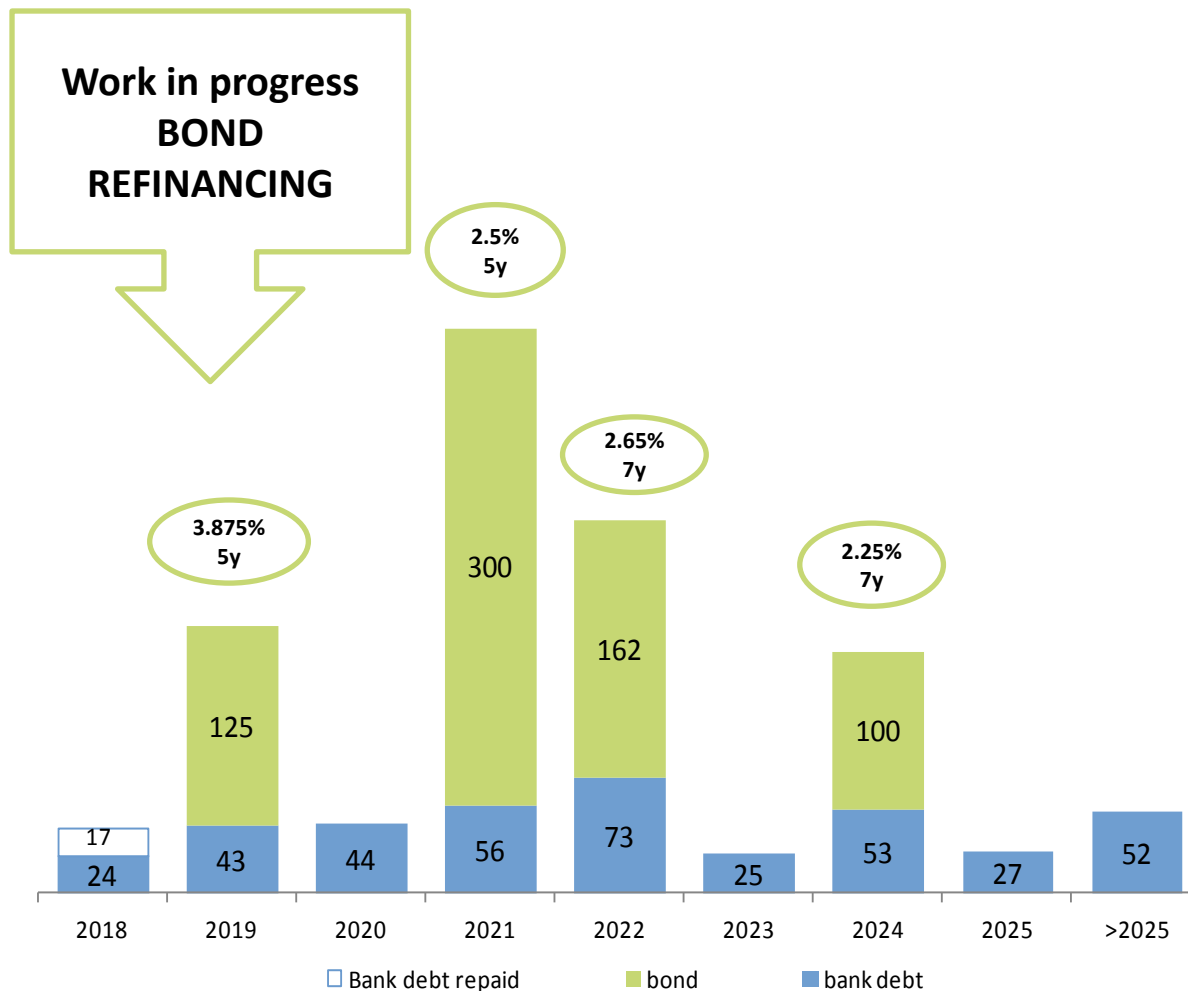
Net Debt at  
30/06/2018  
€1,132.1 mn



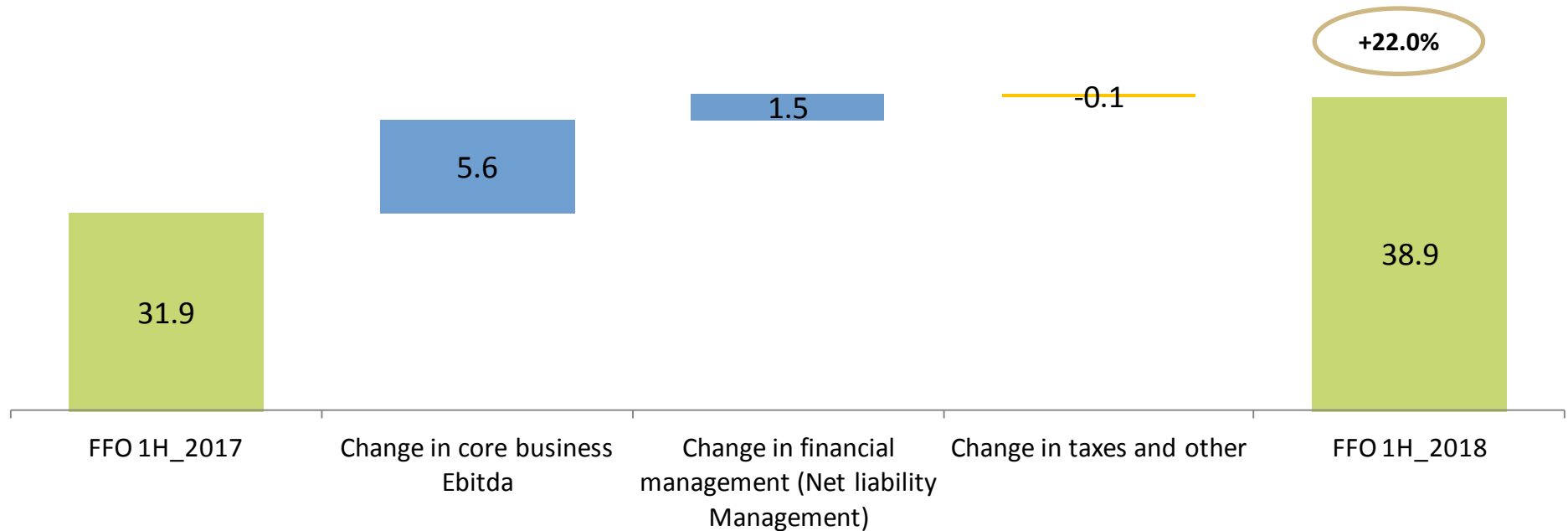
\*USPP Included

## Debt maturity

Average residual maturity of long term debt: 4 years



# The Funds From Operations (FFO) continues to grow





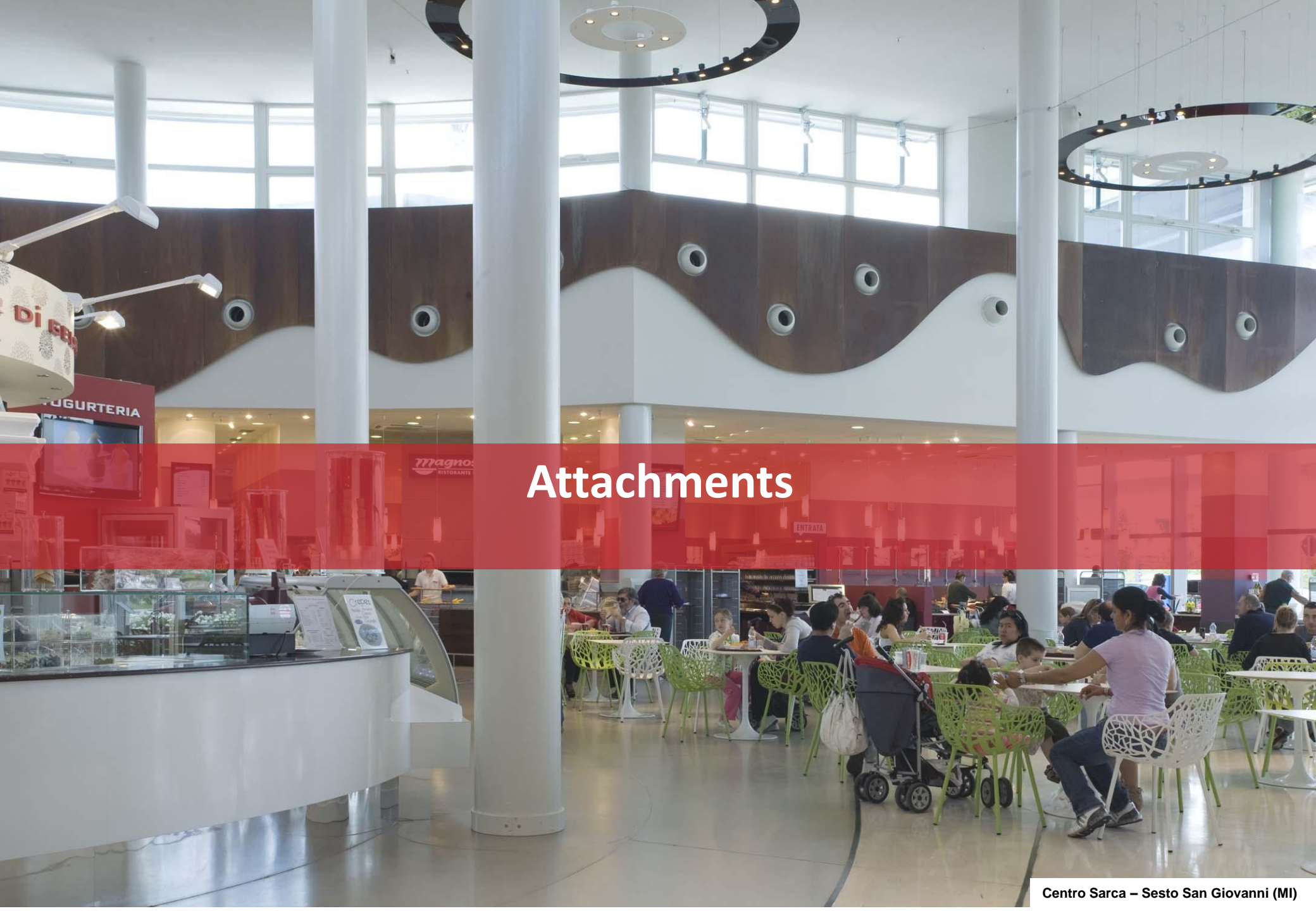
# Outlook

***Target stated in February FFO FY2018:***

***+18/20% vs 2017***

***OUTLOOK REVIEWED FFO FY2018:***

***at least +20% vs 2017***



# Attachments

# Consolidated Income Statement


GROUP CONSOLIDATED	(a) CONS_2017	(b) CONS_2018	Δ (b)/(a)
Revenues from freehold rental activities	62.1	67.8	9.2%
Revenues from leasehold rental activities	6.3	6.3	0.0%
<b>Total income from rental activities</b>	<b>68.4</b>	<b>74.1</b>	<b>8.4%</b>
Rents and payable leases	-5.1	-5.1	0.5%
Direct costs from rental activities	-8.0	-8.3	2.9%
<b>Net rental income</b>	<b>55.2</b>	<b>60.7</b>	<b>9.9%</b>
Revenues from service	3.2	3.1	-3.3%
Direct costs from services	-3.0	-2.6	-14.1%
<b>Net services income</b>	<b>0.2</b>	<b>0.5</b>	<b>n.a.</b>
Personnel expense	-3.4	-3.4	-0.4%
G&A expenses	-2.1	-2.2	6.6%
<b>CORE BUSINESS EBITDA (Operating income)</b>	<b>50.0</b>	<b>55.6</b>	<b>11.3%</b>
<i>Core business Ebitda Margin</i>	<i>69.8%</i>	<i>72.1%</i>	
Revenues from trading	4.0	2.7	-32.8%
Cost of sale and trading costs	-4.3	-3.2	-26.2%
<b>Operating result from trading</b>	<b>-0.3</b>	<b>-0.5</b>	<b>64.8%</b>
<b>EBITDA</b>	<b>49.7</b>	<b>55.2</b>	<b>11.0%</b>
<i>Ebitda Margin</i>	<i>65.7%</i>	<i>69.0%</i>	
Impairment and Fair Value adjustments	18.9	-2.6	n.a.
Depreciation and provisions	-0.6	-0.5	-21.9%
<b>EBIT</b>	<b>68.0</b>	<b>52.1</b>	<b>-23.4%</b>
FINANCIAL MANAGEMENT	-17.5	-16.0	-8.6%
EXTRAORDINARY MANAGEMENT	-0.1	0.0	-67.7%
<b>PRE-TAX PROFIT/LOSS</b>	<b>50.4</b>	<b>36.0</b>	<b>-28.5%</b>
Taxes	-1.4	-1.2	-14.5%
<b>PROFIT FOR THE PERIOD</b>	<b>48.9</b>	<b>34.8</b>	<b>-28.9%</b>
(Profit/Loss) for the period related to third parties	0.0	0.0	n.a.
<b>GROUP NET PROFIT</b>	<b>48.9</b>	<b>34.8</b>	<b>-28.9%</b>

# Funds from Operations (FFO) €38.9 mn (+22%)

Funds from Operations	1H_2017	1H_2018	Δ vs cons 2017	Δ%
<b>Core business EBITDA</b>	<b>49,982</b>	<b>55,637</b>	<b>5,655</b>	<b>11.3%</b>
Adj Financial management	-17,548	-16,046	1,502	-8.6%
Adj extraordinary management	0	0	0	n.a.
Adj current taxes for the period	-563	-700	-137	24.3%
<b>FFO</b>	<b>31,871</b>	<b>38,891</b>	<b>7,020</b>	<b>22.0%</b>



# Epra NNNAV

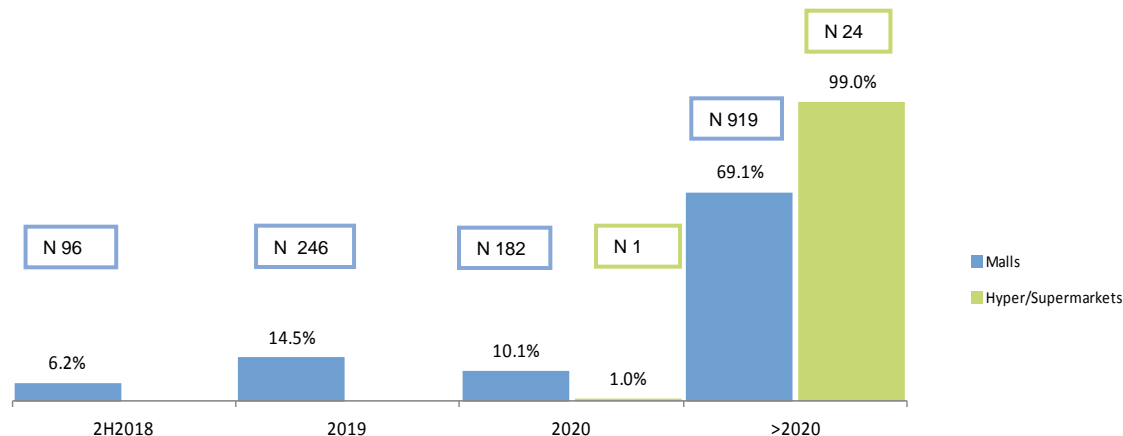
 <b>EPRA</b> <small>EUROPEAN PUBLIC REAL ESTATE ASSOCIATION</small>	NNNAV Calculation		31-Dec-17		31/12/2017 Restated (a)		30/06/2018 (b)		Δ% (a vs b)
	€'000	€ p.s.	€'000	€ p.s.	€'000	€ p.s.			
Total shares*		81,304,563		110,341,903		110,341,903			
<b>1) Group shareholders' equity</b>	<b>1,115,753</b>	<b>13.72</b>	<b>1,263,014</b>	<b>11.45</b>	<b>1,240,190</b>	<b>11.24</b>	<b>-1.8%</b>		
<i>Excludes</i>									
Fair Value of financial instruments	20,397		20,397		18,054		-11.5%		
Deferred taxes	26,517		26,517		27,446		3.5%		
Goodwill as a result of deferred taxes									
<b>2) EPRA NAV</b>	<b>1,162,667</b>	<b>14.30</b>	<b>1,309,928</b>	<b>11.87</b>	<b>1,285,690</b>	<b>11.65</b>	<b>-1.9%</b>		
<i>Includes</i>									
Fair Value of financial instruments	(20,397)		(20,397)		(18,054)		-11.5%		
Fair Value of debt	(4,713)		(4,713)		1,443		-130.6%		
Deferred taxes	(26,517)		(26,517)		(27,446)		3.5%		
<b>3) EPRA NNNAV</b>	<b>1,111,040</b>	<b>13.67</b>	<b>1,258,301</b>	<b>11.40</b>	<b>1,241,633</b>	<b>11.25</b>	<b>-1.3%</b>		

# Contracts in Italy and Romania

**Italy** No. of contracts : 1,443

**Average residual maturity**  
Hypermarkets 7.3 years  
Malls 4.5 years

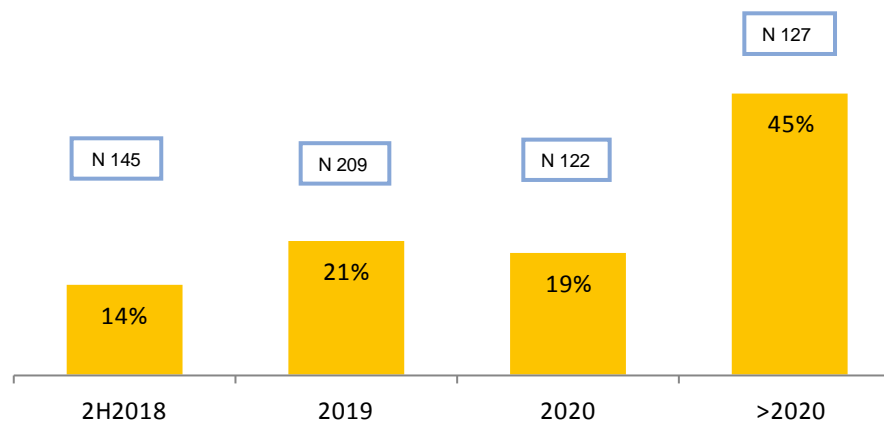
Expiry date of mall and hypermarket contracts (% value)



**Romania** No. of contracts: 603

**Average residual maturity**  
4.8 years

Expiry date of mall contracts (% value)

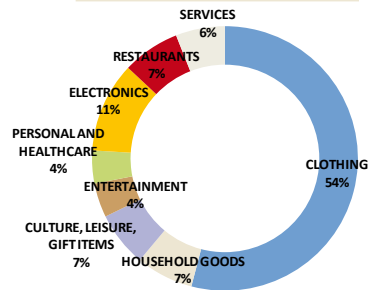


# Key tenants

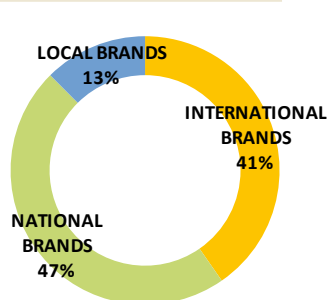
Top 10 Tenants Malls Italy			
TOP 10 Tenant	Product category	Turnover impact	Contracts
PIAZZA ITALIA	clothing	3.1%	14
OVS	clothing	2.7%	11
H.M	clothing	2.4%	11
FIORELLA RUBINO mötivi oltre	clothing	2.3%	32
SMITH FOOTWEAR	shoes	2.2%	9
unieuro	electronics	1.8%	7
CALZEDONIA	clothing	1.6%	27
CAMST LA RISTORAZIONE ITALIANA	restaurants	1.3%	15
Stroili	jewellery	1.3%	19
GameStop POWER TO THE PLAYERS	electronic games	1.3%	25
<b>Total</b>		<b>20.0%</b>	<b>170</b>

Top 10 Tenants Malls Romania			
TOP 10 Tenant	Product category	Turnover impact	Contracts
Carrefour market	food	10.0%	11
H.M	clothing	7.7%	6
PEPCO	clothing	4.0%	11
dm	grocery	2.6%	5
B&B BOUTIQUE	jewellery	2.3%	7
ALTEX	electronics	2.3%	3
SENSA	pharmacy	2.0%	4
OCPI OFFICINA CENTRALA DE PRODUCEREA	offices	1.7%	1
FLANCO	electronics	1.2%	1
BANCA BTI TRANSILVANIA*	bank	1.2%	2
<b>Total</b>		<b>35.0%</b>	<b>51</b>

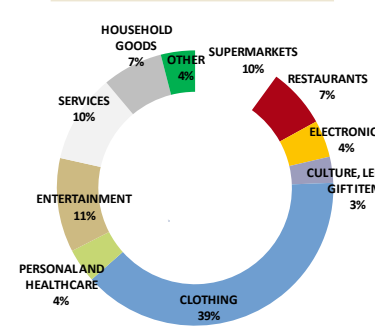
MALLS MERCHANDISING MIX



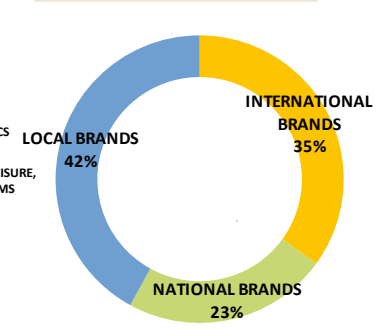
MALLS TENANT MIX



MALLS MERCHANDISING MIX



MALLS TENANT MIX



# More financial highlights

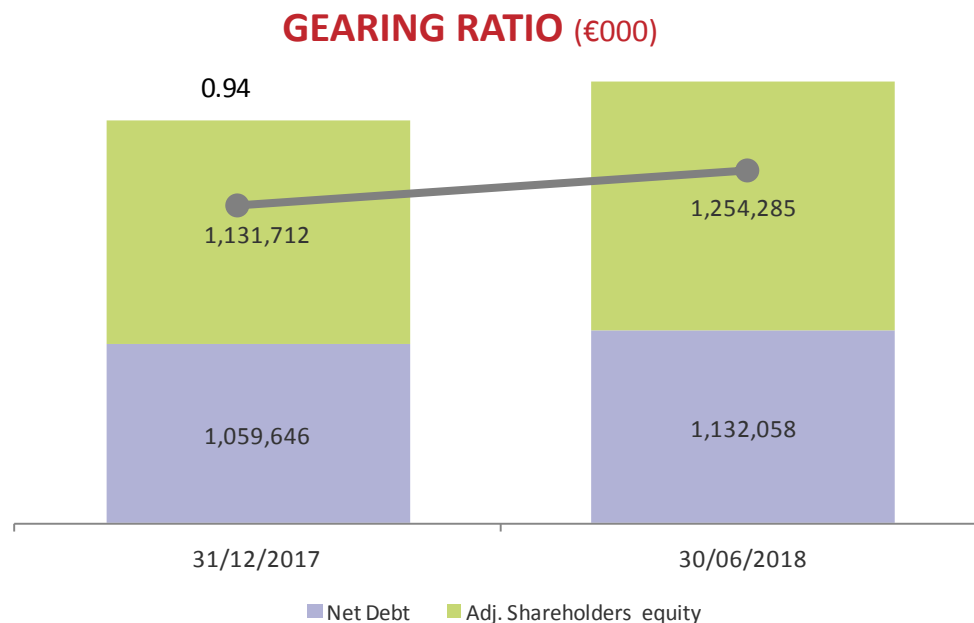
	FY2017	30/06/2018
SHARE OF MEDIUM/LONG TERM DEBT	91.1%	80.1% *
HEDGING ON LONG TERM DEBT + BOND	94.8%	87.1% *
UNCOMMITTED CREDIT LINES GRANTED	€276 mn	€286 mn
UNCOMMITTED CREDIT LINES AVAILABLE	€225.6 mn	€231 mn
COMMITTED CREDIT LINES GRANTED AND AVAILABLE	€60 mn	€60 mn
UNENCUMBERED ASSETS	€1,475.4 mn	€1,470.8 mn

\* Temporary decrease awaiting the Bond refinancing operation (€125mn maturity 01/2019)



# Reclassified Balance Sheet

Sources - Use of funds	31/12/2017	30/06/2018	Δ	Δ%
Fixed assets	2,157,176	2,358,369	201,193	9.3%
Assets under construction	40,466	39,137	-1,329	-3.3%
Other non-current assets	23,245	23,044	-201	-0.9%
Other non-current liabilities	-29,082	-27,375	1,707	-5.9%
NWC	28,768	22,949	-5,819	-20.2%
Net deferred tax (assets)/liabilities	-24,777	-25,822	-1,045	4.2%
<b>TOTAL USE OF FUNDS</b>	<b>2,195,796</b>	<b>2,390,302</b>	<b>194,506</b>	<b>8.9%</b>
Net debt	1,059,646	1,132,058	72,412	6.8%
Shareholders' equity	1,115,753	1,240,190	124,437	11.2%
Net (assets)/liabilities for derivative instruments	20,397	18,054	-2,343	-11.5%
<b>TOTAL SOURCES</b>	<b>2,195,796</b>	<b>2,390,302</b>	<b>194,506</b>	<b>8.9%</b>



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