



# SPAFID CONNECT

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Oggetto : IGD RESULTS AT 31 DECEMBER 2019

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### RESULTS AT 31 DECEMBER 2019

- **FFO: €83.3 million (+4.5%)**
- **Rental income: €155.3 million, +2.3% (LFL +0.5%)**
- **Net rental income: €136.6 million, +10.1% (+1.8% adj. ex IFRS16<sup>1</sup>)**
- **Sales of retailers in Italian malls +0.5%; financial occupancy Italy 96.9%; Romania 97.6%**
- **Average cost of debt 2.35%; ICR 3.8X<sup>2</sup>**
- **EPRA NNAV per share €10.92**
- **Proposed dividend of 50 euro cents per share, in line with FY2018**
- **The tenth corporate sustainability report approved**

**Bologna, 27 February 2020.** Today, in a meeting chaired by **Elio Gasperoni, the Board of Directors of IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** ("IGD" or the "Company"), a major player in Italy's retail property market and listed on the STAR segment of the Italian Stock Exchange, examined and approved the **draft separate and consolidated financial statements at 31 December 2019.**

"2019 was the first year of the 2021 Business Plan during which we believe we laid the solid foundation needed to successfully achieve our main targets. The positive operating performance of our portfolio proves that our typical model based on a well-positioned, modern shopping center with deep local roots, works even in a lackluster market and provides the flexibility needed to change continuously based on the needs of retailers and shoppers. This is why we moved ahead with our intense investment plan focused on remodeling and renewing the properties, improving the social and environmental impact while, at the same time, increasing our core results. The 4.5% increase in FFO is in line with our guidance and allowed the Board of Directors to propose a dividend of €0.5 per share which confirms our ability to provide our shareholders with a compelling return" **stated Claudio Albertini, IGD's Chief Executive Officer.** "The solidity of the results and their consistency with the strategic guidelines were also recognized by the capital markets as the new EUR 400 million bond, the lowest coupon ever, was well received. This allowed the Group to refinance debt well in advance and strengthen the financial structure."

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<sup>1</sup> Adj ex IFRS16: for the sake of comparability, some 2019 figures were restated excluding the impact of applying IFRS 16, in effect as of 1 January 2019

<sup>2</sup> Excluding the effects of the last financial transaction; with the effects the figure reaches 3.4X (adj. Ex IFRS16 around 3.3X)

## **OPERATING PERFORMANCE**

### ***Italy***

**Retailers' 2019 sales** in the Group's Italian malls **were higher than in the same period of the prior year (+0.5%)**. Sales, particularly after a negative first quarter, recovered and remained positive in subsequent quarters. Even though the figure was lower than in the prior year, the trend for footfalls was similar, with a particularly negative first quarter and partial recovery in subsequent quarters which continued in January 2020 when footfalls were up 1.4%. Footfalls were also impacted by the negative performance of a few hypermarkets, particularly those where remodeling and restyling was underway.

First quarter sales were, overall, affected by unfavorable weather conditions which weren't in line with seasonal averages (above all in February and, subsequently, in May), while the second quarter was impacted by a calendar effect linked to the Easter holidays. This was offset during the year by the good results of consumer electronics (+5.8%), food and beverage (+3.2%) and services (+8.2%) including dental offices, as well as the introduction of performing tenants and the positive performance of the centers restyled in 2019 (Fonti del Corallo and Casilino).

During the year 243 leases (138 renewals and 105 new leases) were signed with **an average upside of 1.1%<sup>3</sup>**.

**Occupancy** remained at a high level (**96.9%**).

### ***Romania***

In Romania, the economy continues to perform brilliantly with GDP and consumption on the rise; these factors, along with careful and effective asset management, had a positive impact on the operating performance recorded in the year: the **occupancy rate (97.6%)** was higher compared to the 97.1% recorded in 2018. The pre-letting and renegotiations carried out during the year resulted in **significant upside (4.0%)** on new leases. The combination of these factors contributed to the good performance of **rental income** which was **3.2% higher** than in 2018.

## **FINANCIAL-ECONOMIC RESULTS (FFO +4.5%)**

**Rental income rose 2.3% to €155.3 million explained by:**

- for around €2.8 million, higher revenue not like-for-like attributable to the 4 malls and retail park acquired in April 2018 and the opening of the expanded Gran Rondò Shopping Center in

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<sup>3</sup> Excluding the lease for the multiplex cinema at Centro Sarca.

Crema in May 2018, partially offset by strategic vacancies linked to fit out work (Cinema Sarca and Super Aquileia);

- for around €0.4 million, higher revenue like-for-like in Italy (+0.3%). Malls were up (+0.4%), while hypermarkets were basically in line with the prior year (+0.1%);
- for around €0.3 million, higher revenue like-for-like in Romania (+3.2%).

**Net rental income amounted to €136.6 million, an increase of 10.1%** against the prior year (€126.3 million adj ex IFRS16; +1.8%).

Net revenue from services came to €0.9 million, slightly lower than in the prior year.

The Porta a Mare project generated revenue from trading of €0.4 million attributable to the sale of 1 residential unit.

**Core business Ebitda amounted to €125.2 million** (€114.9 million adj ex IFRS16), **an increase of 10.1%** compared to 31 December 2018. **The core business Ebitda Margin came to 77.5%**, while the **freehold core business Ebitda** (relative to freehold properties) **came to 79.7%**.

**Net financial expense** reached €36.8 million in 2019; this figure, net of the accounting impact of the last bond issue and restated in accordance with IFRS16 (€31.4 million), was 3.4% lower than in 2018. The negative carry linked to the refinancing of future maturities also had an impact of around €0.3 million.

**The Group's portion of net profit amounted to €12.6 million in the year**, lower than in 2018 due mainly to the change in writedowns and fair value adjustments which were negative for more than €72.8 million in 2019, versus negative €30.3 million in 2018.

**Funds from Operations (FFO) rose 4.5%** against 31 December 2018 **to €83.3 million**.

### **ASSET MANAGEMENT AND DEVELOPMENT PIPELINE**

During the year IGD continued with its asset management activities at an intense pace, in line with its 2019-2021 Business Plan: in the fall two restyled centers were inaugurated, **Casilino Shopping Center** in Rome and **Fonti del Corallo** in Livorno: in both instances work was done on the interior and exterior of the centers in order to give them a new vitality and make them even more appealing, welcoming and comfortable for visitors. Remodeling work was also completed inside **Le Maioliche** (Faenza), **Conè**

(Conegliano Veneto) and **Porto Grande** (San Benedetto del Tronto), while work continued on creating new retail units in the space previously occupied by the hypermarkets, which the Company is in the process of pre-letting; restyling of the Porto Grande center will also be finished.

Restyling of the interior and exterior of the Gran Rondò Shopping Center (Crema) was also completed and an extension, which will be used for a midsize store, is underway.

With regard to the **Porta a Mare** project, IGD's most important mixed-use development project, in September the sale of Palazzo Orlando (an office building that is part of the Mazzini section) was finalized. Work continues on the **Officine Storiche** section, the heart of the project. This section comprises an area of around 20,000 square meters, 15,000 square meters of which will be dedicated to retail with 30 stores, 10 restaurants and 1 fitness center; work is expected to be completed by the end of 2020.

The **Piazza Mazzini** section is basically finished: in the residential section 72 out of 73 units are sold/pledged. Work is also being done on defining the enhancement project for the **other three sub-sections** where the focus will be on **entertainment, leisure time, services and tourism/accommodations** (a 4 star hotel is expected to be built).

## **PORTAFOLIO AND ASSET VALUATION**

The market value of the **IGD Group's real estate portfolio** reached **€2,381.41 million, a decrease of 1.27% compared to December 2018**. More in detail:

- **malls** fell 1.16 % (-€18.3 million), with a **gross initial yield of 6.52%**. The difference is explained by, for around 50%, different DCF assumptions (rates, inflation, ERV) and for around 50%, changes in cash flow with regard particularly to variable revenue and caps on operating expenses;
- **hypermarkets** were basically unchanged, showing a slight drop (- €2.0 million), with a **gross initial yield of 6.06%**.

In **Romania** the value of the real estate portfolio reached **€150.3 million** at 31 December 2019, lower than the €154.8 million posted at 31 December 2018, **with a gross initial yield of 7.09%**.

**The Net Initial Yield, calculated using EPRA criteria, reached 5.4% for the Italian portfolio (5.5% topped up) and 6.1% for the Romanian portfolio (6.3% topped up).**

**The EPRA NNAV reached €1,205.4 million or €10.92 per share. The figure is 4.6% lower** with respect to 31 December 2018. This result reflects the drop in fair value and increased debt.

## **FINANCIAL STRUCTURE**

In 2019 we worked intensely also on the Group's financial structure: in January IGD used the EUR 200 million senior unsecured facility (rate of 2.1%) granted year-end 2018 to repay a EUR 125 million bond (coupon 3.875%). IGD also obtained two investment grade ratings from two different agencies: in April S&P Global Ratings assigned IGD a rating of "BBB-" (currently with a negative outlook) and then in October Fitch Ratings Ltd assigned IGD a "BBB-" rating with a stable outlook. In November, lastly, IGD issued a €400,000,000 bond, expiring 28 November 2024, payable yearly in arrears at a fixed rate of 2.125%. The proceeds from the issue were used, in part, to repurchase part of a €300 million and a €162 million bond issue, expiring in 2021 and 2022, respectively, and, in part, to fully repay the bond expiring in 2021, as well as for general corporate purposes. The issue was well received by the market and initially oversubscribed by important, accredited domestic and foreign investors. The main purpose of the above transaction was to reduce the cost of debt and extend current financial maturities. The **average cost of debt** at year-end 2019 was **2.35%** versus 2.65% at year-end 2018, while the **interest cover ratio** or ICR came to **3.8x<sup>4</sup>** versus 3.5x at year-end 2018.

The IGD Group's net financial debt was €1,162.6 million at 31 December 2019, (€1,108.1 million adj. ex IFRS16), higher with respect to December 2018 (€1.108 million) due entirely to application of the new IFRS16. The loan-to-value came to 47.6% (46.4% adj. ex IFRS16), while the gearing ratio was 0.95x (0.91x adj. ex IFRS16). These indicators were also affected by the decrease in the properties' fair value.

## **DIVIDEND**

The Board of Directors proposed that shareholders approve, subject to the approval of the financial statements for the year ending 31 December 2019 and the Board of Directors' Report, **a dividend of 50 euro cents per share (the distribution of a total of €55.2 million or 66.3% of the FFO)**. The dividend yield on the stock price recorded at 26 February 2020 would be equal to approx. 8.6%.

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<sup>4</sup> Excluding the effects of the last financial transaction; with the effects the figure reaches 3.4X (adj. Ex IFRS16 around 3.3X)

## **OUTLOOK 2020**

In 2020 the Company will proceed confidently with the implementation of its investment plan. Officine Storiche in Livorno, the heart of the most important development project in the pipeline, will be inaugurated in 2020. This investment will provide new revenue to support the FFO growth forecast in the Plan, which the Company estimates currently should be around +2% in 2020.

In light of the recent events relating to the Coronavirus emergency, the Company is monitoring the situation carefully and will fully comply with any ordinances issued by the authorities, both national and local.

The Group's executives are carefully assessing the potential impact on the company's performance and will provide an update on the FY 2020 FFO guidance when the 1Q results are announced (7 May 2020).

## **THE TENTH CORPORATE SUSTAINABILITY REPORT APPROVED**

The Board of Directors also approved the Corporate Sustainability Report which was subject to Limited Assurance by PricewaterhouseCoopers which certified compliance with the most important international standards (the GRI Standards).

The report provides a better look at the sustainability strategy, particularly with regard to its three pillars: the material topics, specific sustainability risks, and the short/medium-term targets. With regard specifically to climate change and related risks, in 2019 IGD decided to address the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in the CSR.

In 2017 the Company launched the strategy «Becoming Great», which summarizes the company's commitment to growth that is «Green, Responsible, Ethical, Attractive, Together». The performances of the company during the year described in the CSR are divided into chapters based on these categories:

- **Green:** reduced consumption of electricity by 7.1%, thanks also to the solar panels installed (active in 7 shopping centers) and the use of LED lighting (found in 19 shopping centers); BREEAM IN USE certification for 2 more key assets (Esp in Ravenna and Puntadiferro in Forlì) for a total of 5 certified shopping centers; continued with the UNI EN ISO 14001 environmental certification process (20 centers are certified, in addition to the headquarters or 88% of IGD's portfolio); the use exclusively, as of 2017, of renewable energy; support of sustainable mobility with the installation of 10 charging stations for electric cars in 5 shopping centers (and will reach 32 in 18 shopping centers by the end of 2020) and a solar powered charging station for electric bicycles at the Clodi Retail Park.
- **Responsible:** number of employees increased 3.1% with the introduction of a new role, Digital Strategist; the third year of the Corporate Welfare Plan, with the participation of all employees;

continued implementation of voluntary measures at shopping centers focused on shopping center safety involving earthquake proofing and the installation of anti-intrusion bollards in Italy and fire proofing in Romania.

- **Ethical:** after receiving UNI ISO 37001 anticorruption certification in Romania, the process for obtaining the same certification in Italy was begun; a «whistleblowing» procedure was adopted; the Compensation Policy was updated.
- **Attractive:** restyling was completed at Centro Casilino in Rome, Fonti del Corallo in Livorno and Gran Rondò in Crema (CR) which focused on increasing the appeal of the structures and the sustainability of the buildings; 716 free events were organized in the year for a total investment by the shopping centers of €3.8 million; further work was done on the innovation project with the systematic use of Instagram and the introduction of Amazon Lockers in 21 shopping centers.
- **Together:** the “Social Borgo” project was launched at Centro Borgo in Bologna in order to understand and respond to local needs by working together as a team within the shopping center; the more than 16,600 jobs offered, the partnerships with approximately 895 local suppliers, the fact that local brands account for 43% of the brands found in the malls and the involvement of 367 local associations all confirm IGD’s social role within the community.

### Operating income statement at 31 December 2019

GROUP CONSOLIDATED	(a)	(b)	(c)	Δ (b)/(a)	Δ (c)/(a)
	FY_CONS_2018	FY_CONS_2019	FY_CONS_Adj_2019*		
Revenues from freehold rental activities	139.3	142.7	142.7	2.4%	2.4%
Revenues from leasehold rental activities	12.5	12.6	12.6	0.8%	0.8%
<b>Total income from rental activities</b>	<b>151.8</b>	<b>155.3</b>	<b>155.3</b>	<b>2.3%</b>	<b>2.3%</b>
Rents and payable leases	-10.3	0.0	-10.3	-100.0%	0.4%
Direct costs from rental activities	-17.5	-18.7	-18.7	7.0%	7.0%
<b>Net rental income</b>	<b>124.0</b>	<b>136.6</b>	<b>126.3</b>	<b>10.1%</b>	<b>1.8%</b>
Revenues from services	6.3	6.4	6.4	1.2%	1.2%
Direct costs from services	-5.2	-5.5	-5.5	6.4%	6.4%
<b>Net services income</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>-22.2%</b>	<b>-22.2%</b>
HQ Personnel expenses	-6.7	-6.8	-6.8	1.6%	1.6%
G&A expenses	-4.7	-5.5	-5.5	14.9%	14.9%
<b>CORE BUSINESS EBITDA (Operating income)</b>	<b>113.7</b>	<b>125.2</b>	<b>114.9</b>	<b>10.1%</b>	<b>1.0%</b>
<i>Core business Ebitda Margin</i>	<i>71.9%</i>	<i>77.5%</i>	<i>71.1%</i>		
Revenues from trading	4.4	0.4	0.4	-90.9%	-90.9%
Cost of sale and other costs from trading	-5.5	-1.0	-1.0	-81.1%	-81.1%
<b>Operating result from trading</b>	<b>-1.1</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-41.5%</b>	<b>-41.4%</b>
<b>EBITDA</b>	<b>112.6</b>	<b>124.6</b>	<b>114.3</b>	<b>10.6%</b>	<b>1.4%</b>
<i>Ebitda Margin</i>	<i>69.3%</i>	<i>76.9%</i>	<i>70.5%</i>		
Impairment and Fair Value adjustments	-30.3	-72.8	-60.9	n.a.	n.a.
Depreciations and Provisions	-1.1	-1.4	-1.7	28.9%	57.0%
<b>EBIT</b>	<b>81.2</b>	<b>50.3</b>	<b>51.6</b>	<b>-38.0%</b>	<b>-36.5%</b>
FINANCIAL MANAGEMENT	-32.5	-36.8	-34.8	13.1%	7.1%
EXTRAORDINARY MANAGEMENT	-0.1	0.0	0.0	n.a.	n.a.
<b>PRE-TAX PROFIT</b>	<b>48.7</b>	<b>13.6</b>	<b>16.8</b>	<b>-72.0%</b>	<b>-65.5%</b>
Taxes	-2.3	-1.0	-1.8	-55.6%	-19.0%
<b>PROFIT FOR THE PERIOD</b>	<b>46.4</b>	<b>12.6</b>	<b>14.9</b>	<b>-72.9%</b>	<b>-67.8%</b>
(Profit/Loss) for the period related to third parties	0.0	0.0	0.0	n.a.	n.a.
<b>GROUP NET PROFIT</b>	<b>46.4</b>	<b>12.6</b>	<b>14.9</b>	<b>-72.9%</b>	<b>-67.8%</b>



N.B.: Certain cost and revenue items have been reclassified or offset which explains the difference with respect to the financial statements.

## **OTHER RESOLUTIONS**

### **Calling of the Annual General Meeting in ordinary session**

IGD's Board of Directors also resolved to convene the Company's Annual General Meeting in ordinary session on 9 April 2020, in first call and, if necessary, in second call on 10 April 2020, to resolve on the following agenda:

1. Separate financial statements at 31.12.2019; Directors' report on operations; External auditors' report; Report of the Board of Statutory Auditors; Presentation of the consolidated financial statements at 31.12.2019; related and consequent resolutions.
2. Allocation of the net earnings for the year and distribution of the dividend to Shareholders; related and consequent resolutions.
3. Report on compensation in accordance with Art. 123-ter, paragraphs 3-ter and 6, of Legislative Decree n. 58/98:
  - 3.1 first section: report on the compensation policy. Binding resolution;
  - 3.2 second section: report on compensation paid. Non-binding resolution.
4. Authorization to buy and sell treasury shares; related and consequent resolutions.

IGD's Board of Directors will propose that the shareholders, meeting in ordinary session, approve the payment of a dividend of €0.50 per share which equates, based on the recent stock price of € , to a dividend yield of approximately 1%.

The dividend will be payable as from 6 May 2020, with shares going ex-div (detachment of coupon n. 4) on 4 May 2020. Pursuant to Art. 83-terdecies of Legislative Decree n.58 of 24 February 1998, the shareholders of IGD at the record date (5 May 2020) will be entitled to receive the dividend.

### **Approval of the authorization to buy and sell treasury shares**

The Shareholders will also be called upon to resolve on the authorization to purchase and dispose of treasury shares, after revoking the prior authorization granted by the shareholders on 10 April 2019, as follows:

**Motivation:** (i) support the stock's liquidity; (ii) invest liquidity; (iii) allow for the use of the treasury

shares in transactions pertaining to operating activities and business or financial projects consistent with the Company's strategic guidelines, in relation to which it is beneficial to trade, swap, contribute, or otherwise dispose of the shares.

**Maximum number of treasury shares which may be purchased:** the purchases may be made on one or more occasions up to the maximum allowed under the law.

**Expiration of the shareholders' authorization:** the authorization to purchase treasury shares is requested for a period of eighteen months as from the date of the shareholders' authorization; there is no time limit on the authorization to dispose of the shares.

**Methods and purchase price of the treasury shares:** the purchases shall be made in accordance with Art. 132 of the Uniform Finance Act (*TUF*) and Art. 144-bis of the regulation adopted by CONSOB as per resolution n. 11971 of 14 May 1999 (the Regulations for Issuers), or any other applicable laws and regulations, as well as any market practices recognized by CONSOB. More in detail, the purchases must be done in accordance with the methods referred to in Art. 144-bis, paragraph 1, letters a), b), c) and d-ter) of the Regulations for Issuers. The purchases may be made using other methods when allowed under Art. 132, paragraph 3, of TUF or other applicable norms in affect at the time of the transaction.

The shares may be disposed of, on one or more occasions, including before the maximum number of treasury shares allowed has been purchased. The disposal must be made in accordance with the law as well as, where applicable, any market practices allowed at the time of the transaction.

#### **Assessment of independent status**

IGD's Board of Directors verified, based on the information provided by the interested parties to the Company that the 7 (seven) independent directors (Luca Dondi dall'Orologio, Elisabetta Gualandri, Sergio Lugaresi, Livia Salvini, Rossella Saoncella, Timothy Guy Michele Santini and Eric Jean Véron) still qualify as independent in accordance with and pursuant to Art. 148, paragraph 3, of Legislative Decree n. 58/1998, the Corporate Governance Code promoted by the Italian Stock Exchange and Art. 16 of Consob Regulation n. 20249/2017.

#### **Approval of the Report on Corporate Governance and Ownership Structure and the Compensation Report**

The Board of Directors approved the Report on Corporate Governance and Ownership Structure, which forms an integral part of the annual report, as well as, in accordance with the recommendation of the Appointments and Compensation Committee, the Compensation Report, the first section of which, pursuant to Art. 123-ter, par. 3-ter of Legislative Decree. 58/98, will be subject to a binding vote by the shareholders during the next shareholders' meeting, while, pursuant to Art. 123-ter, par. 6 of TUF, the

second section – which refers to the compensation paid – will be subject to an advisory vote during the same shareholders’ meeting.

The documents will be made available to the public – as well as published on IGD’s website <http://www.gruppoigd.it/Governance> - at the Company’s registered office, Borsa Italiana S.p.A. and on the authorized storage system [www.emarketstorage.com](http://www.emarketstorage.com) in accordance with the law and applicable regulations.

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*"Carlo Barban, IGD S.p.A.'s Financial Reporting Officer, declares pursuant to para. 2, article 154-bis of Legislative Decree n. 58/1998 ("Testo Unico della Finanza" or TUF) that the information reported in this press release corresponds to the underlying records, ledgers and accounting entries".*

*Please note that in addition to the standard financial indicators provided for as per the IFRS, alternative performance indicators are also provided (for example, EBITDA) in order to allow for a better evaluation of the operating performance. These indicators are calculated in accordance with standard market procedures.*

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## **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 €2,381.41 million at 31 December 2019, comprised of, in Italy, 25 hypermarkets and supermarkets, 27 shopping malls and retail parks, 1 plot of land for development, 1 property held for trading and 5 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](http://www.gruppoigd.it), in the Investor Relations section, and on the website [www.imagebuilding.it](http://www.imagebuilding.it), in the Press Room section.*

**Please find attached the IGD Group's income statement, statement of financial position, statement of cash flows and consolidated net financial position, along with the operating income statement, at 31 December 2019 and Income statement, statement of financial position and statement of cash flow of the parent company IGD SIIQ Spa at 31 December 2019.**

## Consolidated income statement at 31 December 2019

	31/12/2019	31/12/2018	Change
(in thousands of Euros)	(A)	(B)	(A)-(B)
<b>Revenue</b>	<b>155,259</b>	<b>151,760</b>	<b>3,499</b>
Revenues from third parties	113,375	109,105	4,270
Revenues from related parties	41,884	42,655	(771)
<b>Other revenue</b>	<b>6,383</b>	<b>6,309</b>	<b>74</b>
Other revenues from third parties	3,791	3,869	(78)
Other revenues from related parties	2,592	2,440	152
<b>Revenues from property sales</b>	<b>406</b>	<b>4,445</b>	<b>(4,039)</b>
<b>Operating revenues</b>	<b>162,048</b>	<b>162,514</b>	<b>(466)</b>
Change in inventory	1,288	(4,365)	5,653
<b>Revenues and change in inventory</b>	<b>163,336</b>	<b>158,149</b>	<b>5,187</b>
Construction costs for the period	1,729	564	1,165
Service costs	15,847	23,889	(8,042)
Service costs from third parties	12,587	20,684	(8,097)
Service costs from related parties	3,260	3,205	55
Cost of labour	10,217	9,810	407
Other operating costs	10,823	10,372	451
<b>Total operating costs</b>	<b>38,616</b>	<b>44,635</b>	<b>(6,019)</b>
Depreciations, amortization and provisions	(1,026)	(1,104)	78
(Impairment losses)/Reversals on work in progress and inventories	(992)	(234)	(758)
Provisions for doubtful accounts	(561)	(884)	323
Change in fair value	(71,796)	(42,902)	(28,894)
Net revaluation acquisition	-	12,857	(12,857)
<b>Depreciation, amortization, provisions, impairment and change in fair value</b>	<b>(74,375)</b>	<b>(32,267)</b>	<b>(42,108)</b>
<b>EBIT</b>	<b>50,345</b>	<b>81,247</b>	<b>(30,902)</b>
<b>Income/ (loss) from equity investments and asset disposal</b>	<b>11</b>	<b>(85)</b>	<b>96</b>
<b>Financial Income</b>	<b>86</b>	<b>92</b>	<b>(6)</b>
Financial income from third parties	84	89	(5)
Financial income from related parties	2	3	(1)
<b>Financial charges</b>	<b>36,840</b>	<b>32,590</b>	<b>4,250</b>
Financial charges from third parties	36,736	32,554	4,182
Financial charges from related parties	104	36	68
<b>Net financial income (expense)</b>	<b>(36,754)</b>	<b>(32,498)</b>	<b>(4,256)</b>
<b>Pre-tax profit</b>	<b>13,602</b>	<b>48,664</b>	<b>(35,062)</b>
Income taxes	1,011	2,276	(1,265)
<b>NET PROFIT FOR THE PERIOD</b>	<b>12,591</b>	<b>46,388</b>	<b>(33,797)</b>
Non-controlling interests in (profit)/loss for the period	-	-	-
<b>Profit/(loss) for the period attributable to the Parent Company</b>	<b>12,591</b>	<b>46,388</b>	<b>(33,797)</b>
Basic earnings per share	0.114	0.459	(0.345)
Diluted earnings per share	0.114	0.459	(0.345)

## Consolidated statement of financial position at 31 December 2019

(in thousands of Euros)	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
<b>NON CURRENT ASSETS:</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	50	34	16
Goodwill	12,485	12,662	(177)
	<b>12,535</b>	<b>12,696</b>	<b>(161)</b>
<b>Property, plant, and equipment</b>			
Investment property	2,365,214	2,346,527	18,687
Buildings	7,643	7,887	(244)
Plant and machinery	161	213	(52)
Equipment and other goods	1,166	968	198
Leasehold improvements	-	547	(547)
Assets under construction and advance payments	40,827	36,563	4,264
	<b>2,415,011</b>	<b>2,392,705</b>	<b>22,306</b>
<b>Other non-current assets</b>			
Sundry receivables and other non-current assets	118	111	7
Equity investments	223	277	(54)
Non-current financial assets	174	243	(69)
	<b>515</b>	<b>631</b>	<b>(116)</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2,428,061</b>	<b>2,406,032</b>	<b>22,029</b>
<b>CURRENT ASSETS:</b>			
Work in progress inventory and advances	33,602	33,213	389
Trade and other receivables	11,114	12,916	(1,802)
Related party trade and other receivables	921	2,024	(1,103)
Other current assets	3,084	5,438	(2,354)
Related parties financial receivables and other current financial assets	-	96	(96)
Cash and cash equivalents	128,677	2,472	126,205
<b>TOTAL CURRENT ASSETS (B)</b>	<b>177,398</b>	<b>56,159</b>	<b>121,239</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,605,459</b>	<b>2,462,191</b>	<b>143,267</b>
<b>NET EQUITY:</b>			
Share capital	749,738	749,738	-
Share premium reserve	30,058	31,504	(1,446)
Treasury share reserve	(198)	(492)	294
Other reserves	416,263	410,601	5,662
Group profit	15,153	60,987	(45,834)
<b>Total Group net equity</b>	<b>1,211,014</b>	<b>1,252,338</b>	<b>(41,324)</b>
Capital and reserves of non-controlling interests	-	-	-
<b>TOTAL NET EQUITY (C)</b>	<b>1,211,014</b>	<b>1,252,338</b>	<b>(41,324)</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	17,365	17,364	1
Non-current financial liabilities	1,232,669	884,197	348,472
Provisions for employee severance indemnities	3,057	2,567	490
Deferred tax liabilities	26,313	26,340	(27)
Provisions for risks and future charges	4,068	5,597	(1,529)
Sundry payables and other non-current liabilities	8,152	7,850	302
Related parties sundry payables and other non-current liabilities	13,721	11,892	1,829
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>1,305,345</b>	<b>955,807</b>	<b>349,538</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	58,820	226,475	(167,655)
Trade and other payables	15,960	14,301	1,659
Related parties trade and other payables	1,031	736	295
Current tax liabilities	2,601	2,373	228
Other current liabilities	10,688	10,161	527
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>89,100</b>	<b>254,046</b>	<b>(164,946)</b>
<b>TOTAL LIABILITIES (F=D+E)</b>	<b>1,394,445</b>	<b>1,209,853</b>	<b>184,592</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,605,459</b>	<b>2,462,191</b>	<b>143,268</b>

## Consolidated statement of cash flows at 31 December 2019

(in thousands of Euro)	31/12/2019	31/12/2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Pre-tax profit	<b>13,602</b>	<b>48,664</b>
<b>Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:</b>		
Financial charges/ (income)	36,752	32,590
Depreciation, amortization and provisions	1,026	1,104
Writedown of receivables	561	884
(Impairment losses)/reversals on work in progress	992	234
Changes in fair value - increases / (decreases)	71,796	42,902
Net (Revaluation) of the acquisition of 4 business divisions	0	(12,857)
Gains/losses from disposals - equity investments	0	85
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>124,729</b>	<b>113,606</b>
Financial charges paid	(35,385)	(30,040)
Income tax	(1,476)	(1,429)
<b>CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX</b>	<b>87,868</b>	<b>82,137</b>
Change in inventory	(1,309)	4,176
Net change in current assets and liabilities w. third parties	7,343	(4,160)
Net change in non-current assets and liabilities w. third parties	(1,368)	(1,188)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>92,534</b>	<b>80,965</b>
(Investments) in non-current assets	(40,236)	(20,279)
Disposals of non-current assets	12,800	36
(Investment) in 4 business divisions net of cash and cash equivalents	0	(104,640)
(Investments) in equity interests	(59)	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(27,495)</b>	<b>(124,883)</b>
Change in non-current financial assets	69	(8)
Change in financial receivables and other current financial assets	0	42
Disposal/ (purchase) of treasury shares	294	(366)
Capital increase net of costs	23	147,339
Distribution of dividends	(55,153)	(55,171)
Change in current debt	(177,391)	(7,271)
Change in non-current debt	293,379	(40,674)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>61,221</b>	<b>43,891</b>
Exchange rate differences on cash and cash equivalents	(133)	(10)
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>126,127</b>	<b>(37)</b>
<b>CASH BALANCE AT BEGINNING OF THE PERIOD</b>	<b>2,472</b>	<b>2,509</b>
<b>RGD Ferrara cash balance</b>	<b>78</b>	<b>0</b>
<b>CASH BALANCE AT END OF THE PERIOD</b>	<b>128,677</b>	<b>2,472</b>

## Consolidated net financial position at 31 December 2019

	31/12/2019	31/12/2018	Change
Cash and cash equivalents	(128,677)	(2,472)	(126,205)
Financial receivables and other current financial assets vs. related parties	-	(96)	96
<b>LIQUIDITY</b>	<b>(128,677)</b>	<b>(2,568)</b>	<b>(126,109)</b>
Current financial liabilities	-	42,763	(42,763)
Mortgage loans - current portion	44,090	45,340	(1,250)
Leasing - current portion	9,070	334	8,736
Bond loans - current portion	5,660	138,038	(132,378)
<b>CURRENT DEBT</b>	<b>58,820</b>	<b>226,475</b>	<b>(167,655)</b>
<b>CURRENT NET DEBT</b>	<b>(69,857)</b>	<b>223,907</b>	<b>(293,764)</b>
Non-current financial assets	(174)	(243)	69
Leasing - non-current portion	49,074	3,594	45,480
Non-current financial liabilities	473,289	323,298	149,991
Bond loans	710,306	557,304	153,002
<b>NON-CURRENT NET DEBT</b>	<b>1,232,495</b>	<b>883,953</b>	<b>348,542</b>
<b>Net debt</b>	<b>1,162,638</b>	<b>1,107,860</b>	<b>54,778</b>



**Draft income statement of the Parent Company IGD SIIQ S.p.A. at 31 December 2019**

(in thousands of Euros)	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
<b>Revenue</b>	<b>127,633,926</b>	<b>123,743,501</b>	<b>3,890,425</b>
Revenues from third parties	82,451,366	78,140,522	4,310,844
Revenues from related parties	45,182,560	45,602,979	(420,419)
<b>Other revenue</b>	<b>874,580</b>	<b>1,145,188</b>	<b>(270,608)</b>
Other revenues from third parties	421,399	547,182	(125,783)
Other revenues from related parties	453,181	598,006	(144,825)
<b>Revenues from property sales</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating revenues</b>	<b>128,508,506</b>	<b>124,888,689</b>	<b>3,619,817</b>
Change in inventory	-	-	-
<b>Revenues and change in inventory</b>	<b>128,508,506</b>	<b>124,888,689</b>	<b>3,619,817</b>
Construction costs for the period	-	-	-
Service costs	11,845,204	13,221,587	(1,376,383)
Service costs from third parties	9,194,428	10,442,195	(1,247,767)
Service costs from related parties	2,650,776	2,779,392	(128,616)
Cost of labour	5,693,735	5,324,283	369,452
Other operating costs	9,228,998	8,828,144	400,854
<b>Total operating costs</b>	<b>26,767,937</b>	<b>27,374,014</b>	<b>(606,077)</b>
Depreciations, amortization and provisions	(928,607)	(693,226)	(235,381)
(Impairment losses)/Reversals on work in progress and inventories	(71,710)	(189,526)	117,816
Provisions for doubtful accounts	(465,857)	(666,137)	200,280
Change in fair value	(56,226,719)	(35,557,460)	(20,669,259)
Net revaluation acquisition	-	12,857,270	(12,857,270)
<b>Depreciation, amortization, provisions, impairment and change in fair value</b>	<b>(57,692,893)</b>	<b>(24,249,079)</b>	<b>(33,443,814)</b>
<b>EBIT</b>	<b>44,047,676</b>	<b>73,265,596</b>	<b>(29,217,920)</b>
<b>Income/ (loss) from equity investments and asset disposal</b>	<b>4,539</b>	<b>(76,738)</b>	<b>81,277</b>
<b>Financial Income</b>	<b>139,245</b>	<b>197,947</b>	<b>(58,702)</b>
Financial income from third parties	14,417	21,917	(7,500)
Financial income from related parties	124,828	176,030	(51,202)
<b>Financial charges</b>	<b>34,753,258</b>	<b>31,697,182</b>	<b>3,056,076</b>
Financial charges from third parties	34,646,059	31,659,035	2,987,024
Financial charges from related parties	107,199	38,147	69,052
<b>Net financial income (expense)</b>	<b>(34,614,013)</b>	<b>(31,499,235)</b>	<b>(3,114,778)</b>
<b>Pre-tax profit</b>	<b>9,438,202</b>	<b>41,689,623</b>	<b>(32,251,421)</b>
Income taxes	(32,366)	447,459	(479,825)
<b>NET PROFIT FOR THE PERIOD</b>	<b>9,470,568</b>	<b>41,242,164</b>	<b>(31,771,596)</b>
Non-controlling interests in (profit)/loss for the period	-	-	-
<b>Profit/(loss) for the period attributable to the Parent Company</b>	<b>9,470,568</b>	<b>41,242,164</b>	<b>(31,771,596)</b>

### Draft statement of financial position of the Parent Company IGD SIIQ S.p.A. at 31 December 2019

(in thousands of Euros)	31/12/2019 (A)	31/12/2018 (B)	Change (A)-(B)
<b>NON CURRENT ASSETS:</b>			
<b>Intangible assets</b>			
Intangible assets with finite useful lives	31,464	24,648	6,816
Goodwill	1,000,000	1,300,000	(300,000)
	<b>1,031,464</b>	<b>1,324,648</b>	<b>(293,184)</b>
<b>Property, plant, and equipment</b>			
Investment property	2,016,326,762	2,019,215,281	(2,888,519)
Buildings	7,643,966	7,887,472	(243,506)
Plant and machinery	163,472	82,150	81,322
Equipment and other goods	407,861	280,893	126,968
Leasehold improvements	-	35,025	(35,025)
Assets under construction and advance payments	26,423,514	26,284,555	138,959
	<b>2,050,965,575</b>	<b>2,053,785,376</b>	<b>(2,819,801)</b>
<b>Other non-current assets</b>			
Deferred tax assets	5,300,362	5,191,614	108,748
Sundry receivables and other non-current assets	75,116	71,978	3,138
Equity investments	186,473,918	186,473,918	-
	<b>191,849,396</b>	<b>191,737,510</b>	<b>111,886</b>
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>2,243,846,435</b>	<b>2,246,847,534</b>	<b>(3,001,099)</b>
<b>CURRENT ASSETS:</b>			
Trade and other receivables	8,091,691	8,022,046	69,645
Related party trade and other receivables	237,239	1,439,057	(1,201,818)
Other current assets	1,615,686	4,277,082	(2,661,396)
Related parties other current assets	317,414	294,964	22,450
Related parties financial receivables and other current financial assets	91,923,773	98,767,426	(6,843,653)
Cash and cash equivalents	124,539,213	1,461,534	123,077,679
<b>TOTAL CURRENT ASSETS (B)</b>	<b>226,725,016</b>	<b>114,262,109</b>	<b>112,462,907</b>
<b>TOTAL ASSETS (A + B)</b>	<b>2,470,571,451</b>	<b>2,361,109,643</b>	<b>109,461,808</b>
<b>NET EQUITY:</b>			
Share capital	749,738,139	749,738,139	-
Share premium reserve	30,058,205	31,504,094	(1,445,889)
Treasury share reserve	(198,017)	(491,610)	293,593
Other reserves	419,472,787	415,171,690	4,301,097
Group profit	9,471,179	58,425,167	(48,953,988)
<b>Total Group net equity</b>	<b>1,208,542,293</b>	<b>1,254,347,480</b>	<b>(45,805,187)</b>
Capital and reserves of non-controlling interests	-	-	-
<b>TOTAL NET EQUITY (C)</b>	<b>1,208,542,293</b>	<b>1,254,347,480</b>	<b>(45,805,187)</b>
<b>NON-CURRENT LIABILITIES:</b>			
Derivatives - liabilities	14,835,796	17,110,619	(2,274,823)
Non-current financial liabilities	1,144,161,496	821,817,423	322,344,073
Provisions for employee severance indemnities	1,847,402	1,584,248	263,154
Provisions for risks and future charges	3,669,020	5,222,153	(1,553,133)
Sundry payables and other non-current liabilities	1,810,713	1,481,448	329,265
Related parties sundry payables and other non-current liabilities	13,721,967	11,892,499	1,829,468
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>1,180,046,394</b>	<b>859,108,390</b>	<b>320,938,004</b>
<b>CURRENT LIABILITIES:</b>			
Current financial liabilities	49,960,840	223,439,468	(173,478,628)
Related parties current financial liabilities	9,317,969	1,703,932	7,614,037
Trade and other payables	11,272,157	11,611,986	(339,829)
Related parties trade and other payables	1,012,001	693,184	318,817
Current tax liabilities	1,952,146	1,868,786	83,360
Other current liabilities	8,415,441	7,975,772	439,669
Related parties other current liabilities	52,210	360,645	(308,435)
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>81,982,764</b>	<b>247,653,773</b>	<b>(165,671,009)</b>
<b>TOTALE PASSIVITA' (F=D+E)</b>	<b>1,262,029,158</b>	<b>1,106,762,163</b>	<b>155,266,995</b>
<b>TOTAL NET EQUITY AND LIABILITIES (C + F)</b>	<b>2,470,571,451</b>	<b>2,361,109,643</b>	<b>109,461,808</b>

**Statement of cash flows of the Parent Company IGD SIQ S.p.A. at 31 December 2019**

	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>Change</b>
Cash and cash equivalents	(124,540)	(1,461)	(123,079)
Financial receivables and other current financial assets vs. related parties	(91,924)	(98,768)	6,844
<b>LIQUIDITY</b>	<b>(216,464)</b>	<b>(100,229)</b>	<b>(116,235)</b>
Current financial liabilities vs. related parties	9,318	1,703	7,615
Current financial liabilities	-	50,915	(50,915)
Mortgage loans - current portion	41,070	34,150	6,920
Leasing - current portion	3,231	335	2,896
Bond loans - current portion	5,660	138,040	(132,380)
<b>CURRENT DEBT</b>	<b>59,279</b>	<b>225,143</b>	<b>(165,864)</b>
<b>CURRENT NET DEBT</b>	<b>(157,185)</b>	<b>124,914</b>	<b>(282,099)</b>
Leasing - non-current portion	19,961	3,594	16,367
Non-current financial liabilities	413,894	260,919	152,975
Bond loans	710,306	557,304	153,002
<b>NON-CURRENT NET DEBT</b>	<b>1,144,161</b>	<b>821,817</b>	<b>322,344</b>
<b>Net debt</b>	<b>986,976</b>	<b>946,731</b>	<b>40,245</b>

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