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Oggetto : Results for 1st quarter 2024 - Solid operating performances confirm the good health of IGD's shopping centers

Testo del comunicato

Vedi allegato

PRESS RELEASE

RESULTS FOR 1ST QUARTER 2024 – SOLID OPERATING PERFORMANCES CONFIRM THE GOOD HEALTH OF IGD'S SHOPPING CENTERS

- **Italian malls: retailers' sales +2.1%; footfalls +2.6% (vs 1Q2023)**
- **Net rental income: €31.1million (+7.1%; +6.5% like for like)**
- **Funds from Operations (FFO): €10.3 million (-34.8%)**
- **Disposal of a real estate portfolio finalized with net proceeds earmarked entirely for debt reduction**
- **Loan to Value at 48.0%; Loan to value pro forma, including the impact of the disposal, 44.4%**

Bologna, 7 May 2024 Today the Board of Directors of **IGD - Immobiliare Grande Distribuzione SIIQ S.p.A.** ("IGD" or the "Company") examined and approved **the Interim financial report as at 31 March 2024** during a meeting chaired by Antonio Rizzi.

Message from the Chief Executive Officer, Roberto Zoia

*"The positive results recorded in the first quarter of 2024 confirm the good health of our shopping centers" **Roberto Zoia, IGD's Chief Executive Officer, commented.** Due to the elevated cost of the most recent loans, attributable to higher interest rates, financial charges rose considerably which caused a decrease in Funds from Operations. The disposal finalized in April moves precisely in the direction of significantly reducing debt. This transaction marks an important step along the path we have undertaken to reduce overall financial debt, contain financial expenses and extend maturities, while also improving our core business, in order to create value for all the stakeholders. Toward this end, in the coming weeks we will begin work on a structured phase-in process with the aim of presenting the new Business Plan by the end of the year".*

OPERATING PERFORMANCES

Italy

Consistent with the 2023 results, in the first three months of 2024 the malls continued to report **solid operating performances: mall retailers' sales rose +2.1%, while footfalls posted a higher increase of +2.6%**. Looking at the performance of the different merchandise categories, all of them were higher with respect to the prior year, except for electronics which was down at the end of the quarter (-4.7%).

Occupancy for malls reached 94.2% at 31 March 2024, while average occupancy for the Italian portfolio (hyper + malls) came to 95.3%; both remained at high levels and stable with respect to 31 December 2023.

In the quarter **52 leases** (which represent around 3% of the Group's rent) were signed, comprising renewals (29) and turnover (23), with an average downside of -3.7%, explained mainly by the significant increases incorporated in rents in 2023 due to inflation indexing.

Rent collection reached approximately **91.5% in the first quarter of 2024**.

Romania

The occupancy rate at the Winmark malls remained high at 31 March 2024, coming in at 95.5% (the decrease of 70bps against year-end 2023 is due mainly to the exit of a tenant occupying around 600 square meters, for which pre-letting is already underway).

118 leases were signed, including renewals (69) and turnover (49), **with an average upside of approximately +6.5% on rents** (calculated on rents net of expenses).

Rent collection came to approximately **90% in the first quarter of 2024**.

ECONOMIC-FINANCIAL RESULTS

Rental income came to €36.2 million, an increase of 4.3% compared to the same period of the prior year. More in detail, this change is attributable to:

- for around €1.1 million, higher revenues like-for-like in Italy. Malls were higher (+2.6%), due to the positive impact of inflation indexing and decreased discounts partially offset by a few turnovers, as were hypermarkets (+6.5%) due to inflation indexing;
- for around €0.4 million, higher revenues not like-for-like explained primarily by the opening of Officine Storiche in Livorno in September 2023.

Net rental income amounted to €31.1 million, an increase of +7.1% compared to the same period of the prior year, while **like-for-like the figure is +6.5% higher**.

Core business Ebitda rose +6.6% to €28.6 million, with the EBITDA margin at 75.1%. The freehold margin (relative to freehold properties) reached 77.3%.

Financial charges amounted to -€18.5 million (+100.6%), while net of the accounting impact of IFRS 16 and non-recurring expenses they amounted to -€15.7 million, showing an increase of 82.7% compared to the same period of the prior year due to the higher average cost of the most recent loans.

Funds from Operations (FFO) reached €10.3 million, 34.8% lower with respect to 31 March 2023 due to the increased financial charges described above.

ASSET MANAGEMENT

Investments amounted to around €4.1 million in the first quarter of 2024, explained mainly by capex in Italy (€3.7 mn) where work on the restyling of Centro Leonardo in Imola continues and fit-outs for the Primark store, which will open inside Officine Storiche in Livorno, were almost completed.

With regard to the Porta a Mare project 30 units in the residential section of Officine Storiche were sold and 5 more sales are expected to close over the next few months. Out of a total of 42 units, therefore, only 7 have yet to be sold.

DISPOSAL OF A REAL ESTATE PORTFOLIO FINALIZED

On 23 April 2024 IGD completed the final closing with Sixth Street and Starwood Capital (in execution of the preliminary agreement disclosed to the market on 23 February 2024) for **the sale of a portfolio** comprising 13 assets valued at **€258 million**, which generate net rental income of approximately €17 million per year.

The transaction was carried out through a closed-end real estate investment fund (an Italian REIF) called "Food Fund" established and managed by Prelios SGR S.p.A., into which IGD contributed the properties. Subsequent to the contribution, 60% of the fund units (class A shares with preferred returns) were sold by IGD to a Luxembourg vehicle (held 50% by Sixth Street and 50% by Starwood Capital) for **€155 million**. IGD maintained ownership of the remaining 40% (class B shares with subordinated returns).

The transaction's net proceeds were used entirely to reduce the Group's financial leverage which confirms IGD's commitment to accelerating repayment of the most onerous financial instruments. The Loan to Value pro forma at 31 March was lowered by 3.6 percentage points to 44.4%.

IGD also signed a contract with Prelios SGR to continue to manage the project, property & facility management activities across the entire portfolio with a view to further enhancing the portfolio over the next few years and selling it on the market at the best conditions possible. **IGD will, therefore, also benefit for an estimated €2 million annualized** from higher project, property & facility management revenue and lower operating costs. **This mandate, together with the one granted by Savills for the "Juice" portfolio sold in 2021, confirms IGD's ability to effectively manage third-party institutional assets which creates new business opportunities for the Company.**

FINANCIAL STRUCTURE

The **average cost of debt reached 6.04%** at the end of March 2024, significantly higher than the 3.86% recorded at year-end 2023, explained by the new loans obtained in 2023 and the new bond issued in November 2023. The **interest cover ratio or ICR came to 1.8x**. The **Loan- to-Value reached 48.0%**, in line with year-end 2022 (48.1%).

IGD decided, in fact, to use the proceeds of the transaction to:

- **partially redeem** the “€310,006,000 Fixed Rate Step-up Notes due 17 May 2027” issued on 17 November 2023, **for a nominal amount equal to €90 million**, reducing the outstanding value from € 310 million to €220 million;
- **make a partial early repayment of the €250 million green secured loan** signed in May 2023, for an amount equal to the ALA (allocated loan amount) of each mortgage property included in the sale perimeter and, therefore, **for a total amount equal to €62.5 million**;
- **make a partial early repayment of the €215 million green unsecured loan** signed in August 2022 **of €0.71 million**.

It is also estimated that financial charges will decrease by around €5.3 million in the current year (annualized this positive impact reaches more than €11 million).

Operating income statement at 31 March 2024

GROUP CONSOLIDATED	(a) Cons 2023	(c) Cons 2024	Δ (c)/(a)
Revenues from freehold rental activities	32.5	33.9	4.6%
Revenues from leasehold rental activities	2.2	2.4	5.6%
Total income from rental activities	34.7	36.2	4.3%
Rents and payable leases	0.0	0.0	n.a.
Direct costs from rental activities	-5.6	-5.0	-10.2%
Net rental income	29.1	31.1	7.1%
Revenues from services	1.9	1.9	-2.3%
Direct costs from services	-1.4	-1.5	7.1%
Net services income	0.5	0.4	-27.0%
HQ Personnel expenses	-1.9	-2.0	2.7%
G&A expenses	-0.9	-1.0	14.0%
CORE BUSINESS EBITDA (Operating income)	26.8	28.6	6.6%
<i>Core business Ebitda Margin</i>	<i>73.2%</i>	<i>75.1%</i>	
Revenues from trading	4.2	0.0	n.a.
Cost of sale and other costs from trading	-4.3	0.1	n.a.
Operating result from trading	-0.2	0.1	n.a.
EBITDA	26.7	28.7	7.3%
<i>Ebitda Margin</i>	<i>65.5%</i>	<i>75.3%</i>	
Impairment and Fair Value adjustments	-2.0	-5.4	n.a.
Depreciation and provisions	-0.3	-0.5	47.5%
EBIT	24.4	22.8	-6.6%
			n.a.
FINANCIAL MANAGEMENT	-9.2	-18.5	n.a.
EXTRAORDINARY MANAGEMENT	0.0	0.0	n.a.
PRE-TAX RESULTS	15.2	4.2	-72.1%
Taxes	-0.4	0.1	n.a.
NET RESULT OF THE PERIOD	14.8	4.3	-70.8%
(Profit/Loss) for the period related to third parties	0.0	0.0	n.a.
GROUP NET RESULT	14.8	4.3	-70.8%

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



"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.



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 €1,7 billion (pro forma data as of 31 December 2023 to include the impact of the disposal finalized on 23/04/2024), comprised of, in Italy, 8 hypermarkets and supermarkets, 25 shopping malls and retail parks, 1 plot of land for development, 1 property held for trading and 6 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, including the management of third-party institutional assets and lastly 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, in the Investor Relations section, and on the website www.imagebuilding.it, in the Press Room section .



Please find attached the income statement, statement of financial position, statement of cash flows, and consolidated net financial position at 31 March 2024¹

¹The Interim Financial Report and the consolidated financial statements at 31 March 2024 of Gruppo Immobiliare Grande Distribuzione are unaudited.

Consolidated income statement at 31 March 2024

	31/03/2024	31/03/2023	Change
<i>(in thousands of Euros)</i>	(A)	(B)	(A)-(B)
Revenue	36,188	34,684	1,504
Revenues from third parties	29,585	28,413	1,172
Revenues from related parties	6,603	6,271	332
Other revenue	1,862	2,222	(360)
Other revenues from third parties	1,019	1,348	(329)
Other revenues from related parties	843	874	(31)
Revenues from property sales	0	4,190	(4,190)
Operating revenues	38,050	41,096	(3,046)
Change in inventory	306	(3,821)	4,127
Revenues and change in inventory	38,356	37,275	1,081
Construction costs for the period	(306)	(272)	(34)
Service costs	(3,910)	(4,629)	719
Service costs from third parties	(2,801)	(3,160)	359
Service costs from related parties	(1,109)	(1,469)	360
Cost of labour	(2,898)	(2,769)	(129)
Other operating costs	(2,377)	(2,387)	10
Total operating costs	(9,491)	(10,057)	566
Depreciations, amortization and provisions	(472)	(636)	164
Provisions for doubtful accounts	(208)	(189)	(19)
Change in fair value	(5,432)	(2,029)	(3,403)
Depreciation, amortization, provisions, impairment and change i	(6,112)	(2,854)	(3,258)
EBIT	22,753	24,364	(1,611)
Financial Income	56	64	(8)
Financial income from third parties	56	64	(8)
Financial charges	(18,569)	(9,221)	(9,348)
Financial charges from third parties	(18,504)	(9,093)	(9,411)
Financial charges from related parties	(65)	(128)	63
Net financial income (expense)	(18,513)	(9,157)	(9,356)
Pre-tax profit	4,240	15,207	(10,967)
Income taxes	88	(403)	491
NET PROFIT FOR THE PERIOD	4,328	14,804	(10,476)
Non-controlling interests in (profit)/loss for the period	0	0	0
Profit/(loss) for the period attributable to the Parent Company	4,328	14,804	(10,476)

Consolidated statement of financial position at 31 March 2024

<i>(in thousands of Euros)</i>	31/03/2024 (A)	31/12/2023 (B)	Change (A)-(B)
NON CURRENT ASSETS:			
Intangible assets			
Intangible assets with finite useful lives	943	1,012	(69)
Goodwill	6,651	6,648	3
	7,594	7,660	(66)
Property, plant, and equipment			
Investment property	1,957,357	1,959,053	(1,696)
Buildings	6,730	6,790	(60)
Plant and machinery	103	110	(7)
Equipment and other goods	2,210	2,474	(264)
Assets under construction and advance payments	2,473	2,364	109
	1,968,873	1,970,791	(1,918)
Other non-current assets			
Deferred tax assets	3,815	4,469	(654)
Sundry receivables and other non-current assets	126	112	14
Equity investments	25,715	25,715	0
Non-current financial assets	176	174	2
Derivative assets	3,013	2,649	364
	32,845	33,119	(274)
TOTAL NON-CURRENT ASSETS (A)	2,009,312	2,011,570	(2,258)
CURRENT ASSETS:			
Work in progress inventory and advances	24,325	24,027	298
Trade and other receivables	8,841	9,676	(835)
Related party trade and other receivables	1,168	1,066	102
Other current assets	7,222	8,334	(1,112)
Cash and cash equivalents	10,011	6,069	3,942
TOTAL CURRENT ASSETS (B)	51,567	49,172	2,395
TOTAL ASSETS (A + B)	2,060,879	2,060,742	137
NET EQUITY:			
Share capital	650,000	650,000	0
Other reserves	454,723	453,079	1,644
Group profit (loss) carried forward	(102,546)	(20,814)	(81,732)
Group profit	4,328	(81,732)	86,060
Total Group net equity	1,006,505	1,000,533	5,972
Capital and reserves of non-controlling interests	0	0	0
TOTAL NET EQUITY (D)	1,006,505	1,000,533	5,972
NON-CURRENT LIABILITIES:			
Derivatives - liabilities	1,844	3,854	(2,010)
Non-current financial liabilities	938,771	937,297	1,474
Provisions for employee severance indemnities	2,930	2,863	67
Deferred tax liabilities	15,069	15,559	(490)
Provisions for risks and future charges	6,840	6,372	468
Sundry payables and other non-current liabilities	7,127	7,140	(13)
Related parties sundry payables and other non-current liabilities	10,442	10,460	(18)
TOTAL NON-CURRENT LIABILITIES (E)	983,023	983,545	(522)
CURRENT LIABILITIES:			
Current financial liabilities	38,713	37,371	1,342
Trade and other payables	14,628	22,405	(7,777)
Related parties trade and other payables	939	2,203	(1,264)
Current tax liabilities	3,239	1,353	1,886
Other current liabilities	13,832	13,332	500
TOTAL CURRENT LIABILITIES (F)	71,351	76,664	(5,313)
TOTAL LAIBILITIES (H=E+F)	1,054,374	1,060,209	(5,835)
TOTAL NET EQUITY AND LIABILITIES (D+H)	2,060,879	2,060,742	137



Consolidated statement of cash flows at 31 March 2024

<i>(In thousands of Euros)</i>	31/03/2024	31/03/2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) of the year	4,328	14,804
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities		
Taxes of the year	(88)	403
Financial charges / (income)	18,513	9,157
Depreciation and amortization	472	636
Writedown of receivables	208	189
Changes in fair value - increases / (decreases)	5,432	2,029
Changes in provisions for employees and end of mandate treatment	405	312
CASH FLOW FROM OPERATING ACTIVITIES:	29,270	27,530
Financial charge paid	(9,543)	(6,256)
Income tax	(228)	(193)
CASH FLOW FROM OPERATING ACTIVITIES NET OF TAX:	19,481	21,081
Change in inventory	(298)	3,821
Change in trade receivables	525	1,075
Net change in other assets	1,752	(553)
Change in trade payables	(9,041)	(8,606)
Net change in other liabilities	1,609	1,295
CASH FLOW FROM OPERATING ACTIVITIES (A)	14,028	18,113
(Investments) in intangible assets	(59)	(145)
Disposals of intangible assets	0	0
(Investments) in tangible assets	(3,736)	(4,457)
Disposals of tangible assets	0	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	(3,795)	(4,602)
Rents paid for financial leases	(2,320)	(2,097)
Loans repayments and other financing activities	(3,810)	(20,503)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(6,130)	(22,600)
Exchange rate differences on cash and cash equivalents (D)	(161)	(7)
NET INCREASE (DECREASE) IN CASH BALANCE (A+B+C+D)	3,942	(9,096)
CASH BALANCE AT BEGINNING OF THE PERIOD	6,069	27,069
CASH BALANCE AT END OF THE PERIOD	10,011	17,973



Consolidated net financial position at 31 March 2024

	31/03/2023	31/12/2023	Change
<i>(In thousands of Euros)</i>			
Cash and cash equivalents	(10,011)	(6,069)	(3,942)
LIQUIDITY	(10,011)	(6,069)	(3,942)
Mortgage loans - current portion	23,373	27,173	(3,800)
Leasing - current portion	7,963	7,879	84
Bond loans - current portion	7,377	2,319	5,058
CURRENT DEBT	38,713	37,371	1,342
CURRENT NET DEBT	28,702	31,302	(2,600)
Non-current financial assets	(176)	(174)	(2)
Leasing - non-current portion	13,438	15,492	(2,054)
Non-current financial liabilities	557,203	556,521	682
Bond loans	368,130	365,284	2,846
NON-CURRENT NET DEBT	938,595	937,123	1,472
NET DEBT	967,297	968,425	(1,128)

Fine Comunicato n.0746-24-2024

Numero di Pagine: 11