



# COMMITTED TO CHANGE

## 2025-2027 BUSINESS PLAN

Milan, 21st November 2024

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# Italian retail real estate is back on investors' radar...

**Renewed confidence and attractive yields brought back investor interest in Europe**



**Europe:** while volumes were stable over the last few quarters (~ 13.5 €bn total retail real estate investment in 1H24), an **upswing in shopping malls transactions** was recorded (UK, France, Spain, Finland...)

**Italy:** the European country with **the highest growth in retail investment volume in 1H 24**  
**3.2 €bn**  
**+35% vs 1H23\***



**Main transactions of the 1H in the hypermarket and shopping center sector**

Igd vende  
13 immobili  
per un valore  
di 258 milioni  
Real estate  
A Sixth Street e Starwood  
Capital il pacchetto, che  
entra in un fondo Prelios  
Paola Dezza

**igd**  
SIG

chitto nel suo complesso genera  
circa 17 milioni di euro di ricavi  
d'affitto annuali netti.  
Igd continuerà a gestire le  
attività di project, property & facility  
management sull'intero

gruppo detiene 14 centri com-  
merciali e un edificio a uso ufficio  
ubicati in 13 città del Paese,  
dopo l'acquisizione di Winmarket  
Magazine nel 2008.

**K**  
KLEPIERRE

fondo di Singapore Gic cede Roma  
st a Klépierre

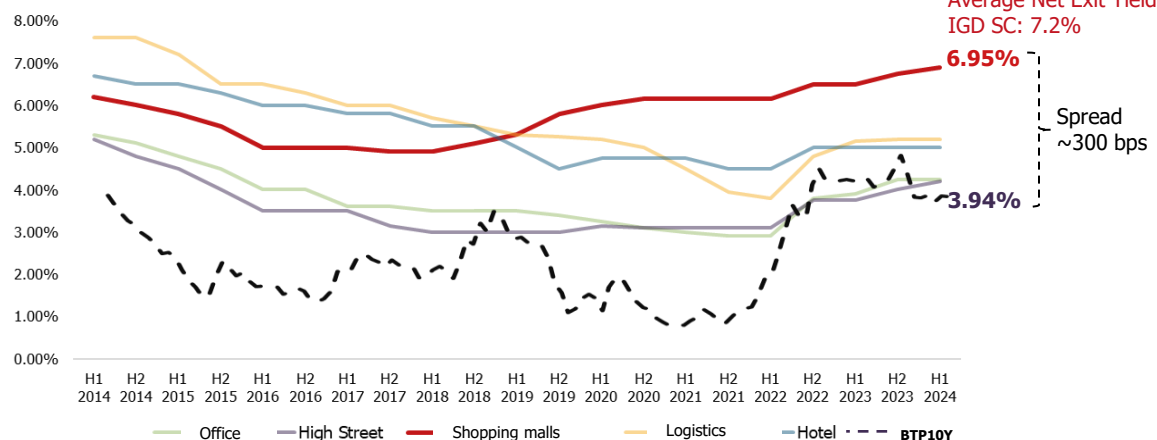
alore di vendita del centro commerciale si aggira intorno ai 220-230 milioni. Lo shopping  
ter torna nel radar degli investitori, ma è presto per parlare di ripresa

1024 Paola  
luglio 2024



**Forum Palermo, la  
cessione a Kryalos  
dinamizza il  
mercato italiano**

## Italy's prime yields



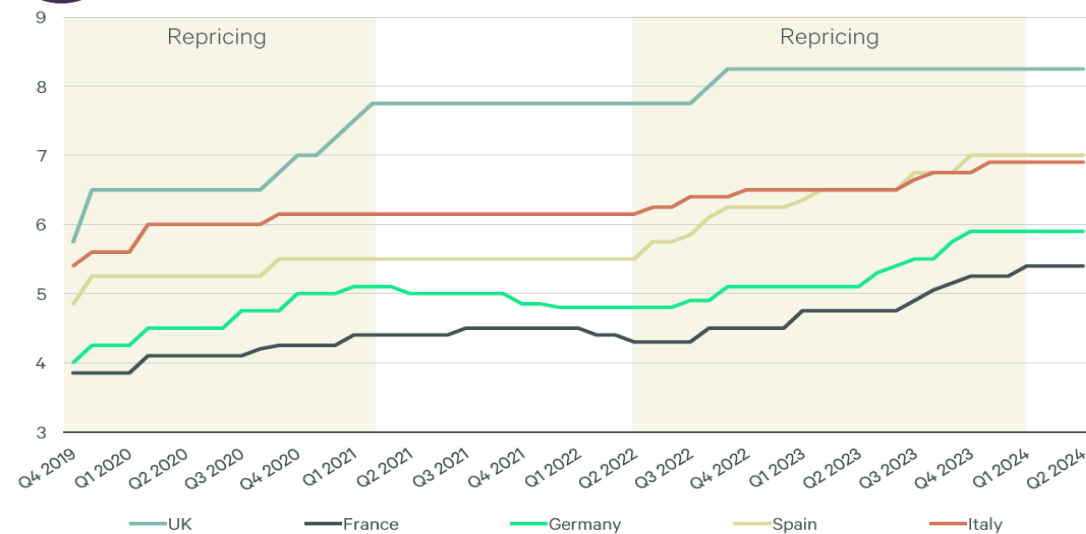
**Shopping centers  
are the asset class  
with a higher spread  
than Italian 10y BTPs  
and are thus better positioned  
in a scenario of gradually  
decreasing interest rates.**

\* Led by a high street transaction in Milan

# ...thanks to yield stabilisation and slowing of e-commerce penetration



Prime shopping centre yields (%)

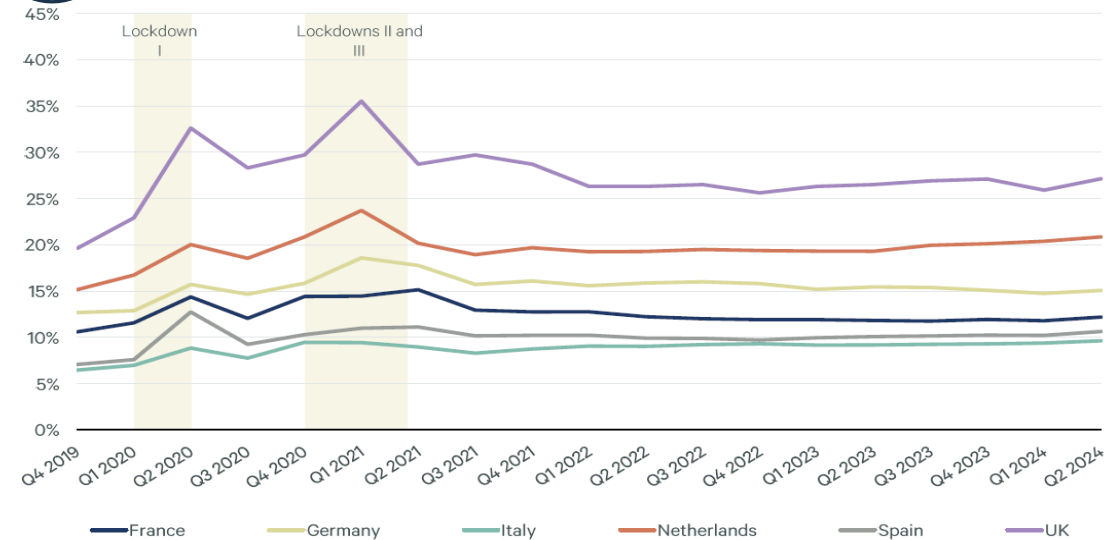


Source: CBRE Research

**Yields have stabilized in all European markets, and Italy is now aligned with Spain** offering higher yields than France and Germany



E-commerce penetration rates, selected European markets



Source: CBRE Research Q3 2024, Euromonitor, Eurostat, ONS, Forrester

Major European markets have seen a **slowdown in the penetration of the e-commerce share of total retail sales** since the end of the pandemic-related lockdowns

## What about IGD?

**Over the next three years  
our main focus will be  
to optimize our financial profile  
and  
improve our operations to deliver  
*best in class* performance**



# Our priorities



# 2025-2027 Business Plan: Operating Targets

Figures as of 30 September 2024

## 2027 Targets

### Malls Occupancy



94.5%  
95.2%



~ 98%  
~ 99%

### Malls WALB\*



1.9 years  
2.2 years



~ 2.5 years\*\*  
~ 3 years

### Malls WALT\*\*\*



4.2 years  
3.7 years



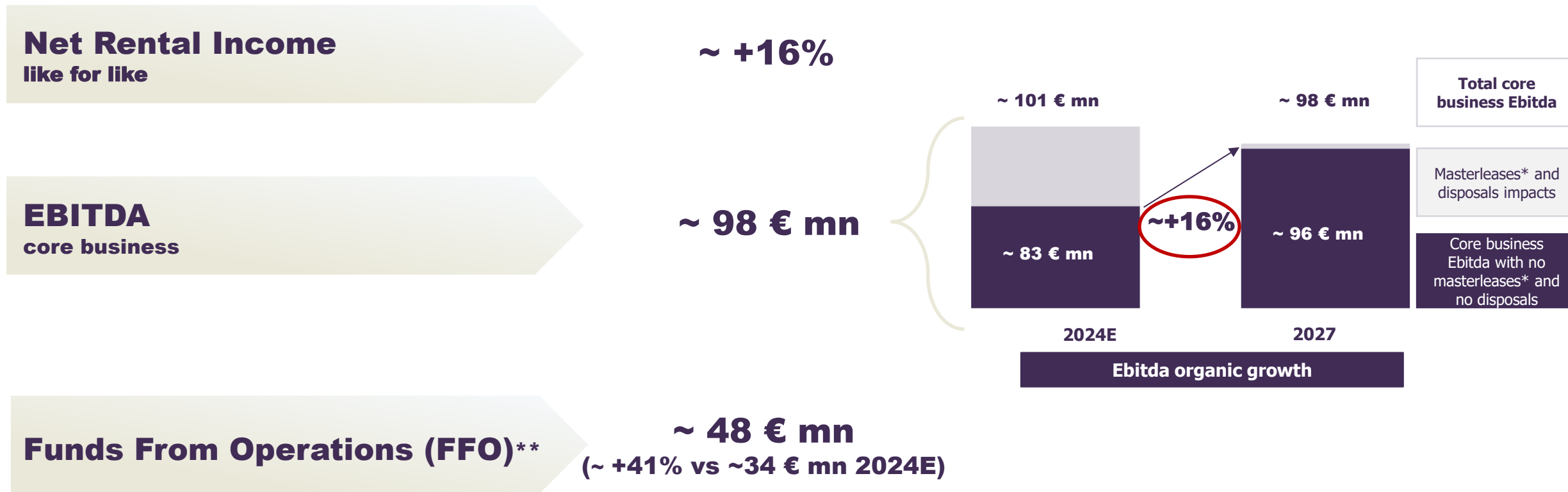
~4.2 years  
~5.4 years

\* Weighted Average Lease Break: remaining lease term until break option  
\*\* of which **NEW CONTRACTS 3.5 years; EXISTING CONTRACTS 1.5 years**  
\*\*\* Weighted Average Lease Term

# 2025-2027 Business Plan: Economic Targets

## 2027 Targets

Considering the impact of planned disposal of non-core assets and the conclusion of 2 masterleases\*



\*According to IFRS16, masterlease revenues are reported under total revenues, while the related payable leases are reported under financial charges and changes in fair value

\*\* Includes masterlease payable leases

# 2025-2027 Business Plan: Financial and Capital Targets



## 2027 Targets

**Investments**  
over BP timespan

**~ 50 € mn**

**Disposals of non-core assets**  
over BP timespan

**~ 100 € mn**

**Loan To Value**  
at 2027 YE

**~ 40%**  
(vs 44.8% at 9/30/24)

# Optimize our financial profile and reduce costs



**1**

**Redefine our financial maturities profile**

**2**

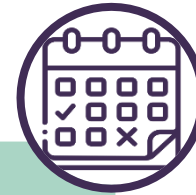
**Reduce cost of debt and improve financial KPIs in line with an investment grade profile (recently confirmed)**

**3**

**Reduce debt by completing non-core assets disposals**

# 1. Redefine our financial maturities profile

**Avoid financial maturities concentration** (as in 2027) and extend debt duration



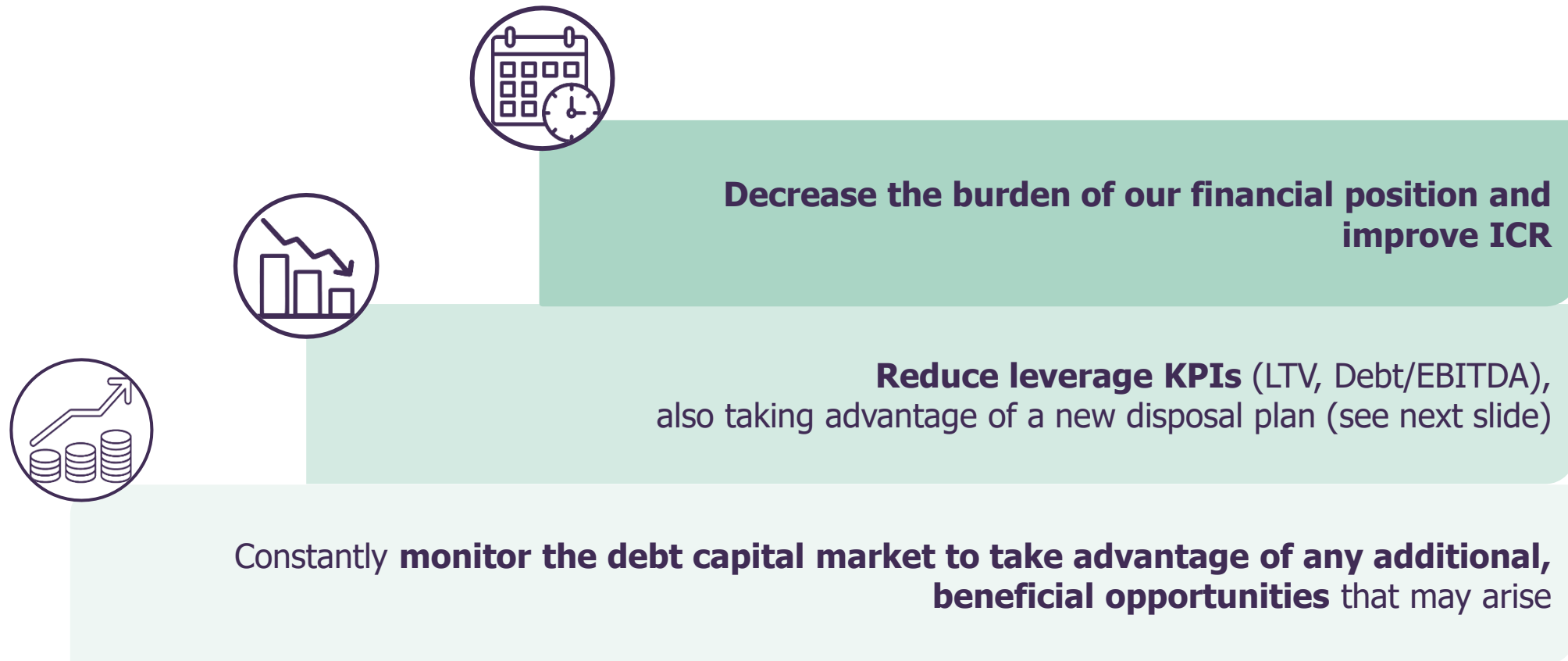
**Early repayment of bonds with burdensome contractual terms and clauses**



Negotiate **one or more refinancing transactions with the banking system** (which is currently more flexible and offers better terms) also leveraging on **a sizable portfolio of unencumbered assets (€1.1bn)**



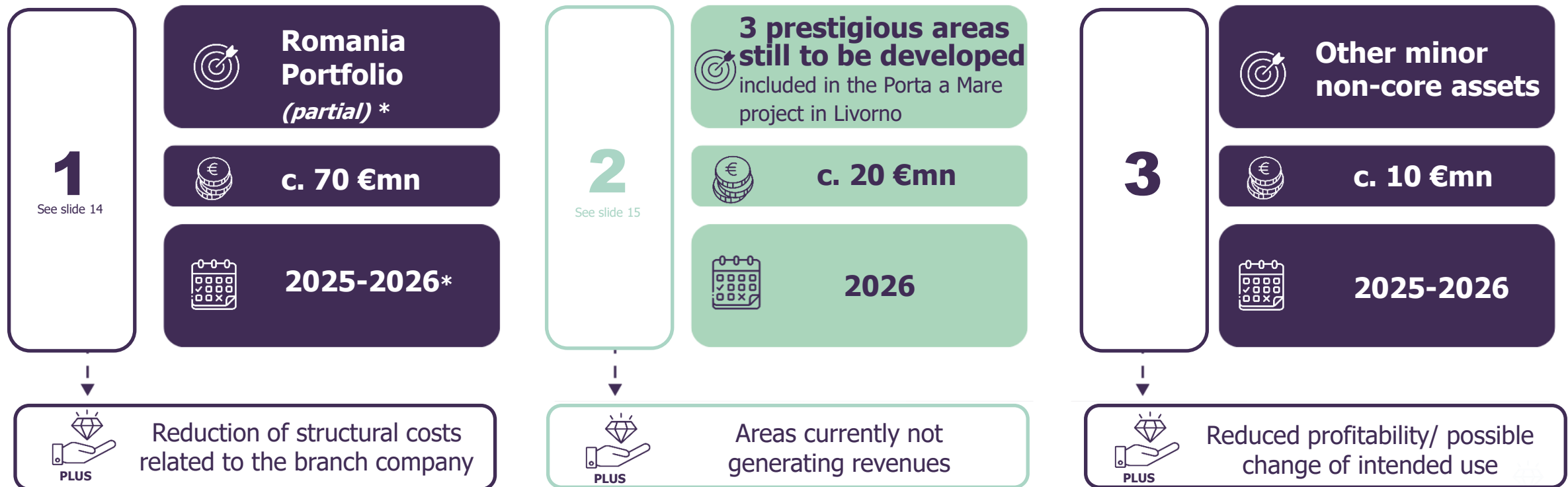
## 2. Reduce cost of debt and improve financial KPIs



**Actions and objectives in line with Investment Grade profile  
(recently confirmed)**

### 3. Reduce debt

**Approx. 100€ mn disposals of non-core assets planned over the Business Plan horizon entirely to reduce Group leverage**



\*The remainder of the Romanian portfolio could be sold after the Plan timespan

# Disposals – Focus on Romania

## Disposal strategy based on Portfolio Segmentation

	% Romania Market Value	HYPHOTETICAL TARGETS		
		Institutional investors	Domestic institutional investors	Family office/ private investors
<b>1 Premium asset</b> (Ploiesti MV* - 40€ mn)	<b>32.9%</b>	✓	✓	
<b>6 Medium size assets</b> (Unitary MV: 7-12€ mn)	<b>42.3%</b>	✓	✓	
<b>7 Minor assets</b> (Unitary MV: 2-7€ mn)	<b>22.4%</b>		✓	✓
<b>1 Office building</b> (Unitary MV: 2,9€ mn)	<b>2.4%</b>		✓	✓



# Disposals – Focus on Porta a Mare, Livorno



**Finalist in the  
BEST URBAN  
REGENERATION  
PROJECT  
category**

PRIMARK®

**RETAIL AREA OWNED BY  
IGD**

GLA 24,000 sqm

**3 PRESTIGIOUS AREAS STILL TO  
BE DEVELOPED**

(with mixed residential, tourist-hotel,  
services and nautica-related business  
use)

c. 26,000 sqm usable Gross Floor Area

**115 APARTMENTS** (104  
already sold and 11 expected in  
the coming months)

**TOURISTIC PORT**

**OFFICE BUILDING**

Sold to an institutional investor

# Maximize value creation from core business activities

**1** Increase Net Rental Income (NRI) through «IGD value proposition»

**2** Expand the landlord-tenant relationship, with a view to innovation, for the entire contract duration, by enriching and extending the collaboration areas

**3** Position ourself as the reference player in the retail real estate market for asset management and other advanced services



# 1. Increase NRI through «IGD value proposition» (1/2)

**2027 Net Rental Income like for like: ~+16% vs 2024e**

## TARGETS

- Increase occupancy of Italian and Romanian malls
- This will increase revenues, reduce the landlord's condominium expenses and thus generate greater NRI

FIGURES AS AT 09/30/2024

2027 TARGET

ITA



**94.5%**

**98%**



ROM



**95.2%**

**99%**



## ACTIONS

- Attract new traffic-generator brands and providing new offerings and experiences to retain/obtain the catchment area leadership
- Adjust merchandising mix also by promoting important turnover to expand the catchment area
- Test new format through pop up shop and/or temporary store
- Recover currently less attractive areas from assets Value Add (see slide 19)

# 1. Increase NRI through «IGD value proposition» (2/2)

## TARGETS

- Extend WALB and WALT
- Increase visibility and sustainability of cash flows
- Maintain COR\* at sustainable levels (11.9% in 2023)

## ACTIONS

- Strengthen partnerships and contractual flexibility (tailor-made approach for tenant and location)
- Exclude rolling break option
- Include longer deadlines and agreements on marketing analysis and common data in new contracts

FIGURES AS OF 09/30/2024

## 2027 TARGETS

W  
A  
L  
B

ITA	MALLS	1.9 years		2.5 years**
ROM	HYPERMARKETS	12.9 years		9.52 years
ROM	MALLS	2.2 years		3 years

W  
A  
L  
T

ITA	MALLS	4.2 years		4.2 years
ROM	HYPERMARKETS	12.9 years		9.52 years
ROM	MALLS	3.7 years		5.4 years

\* Cost Occupancy Ratio

\*\* Of which **NEW CONTRACTS 3.5 years; EXISTING CONTRACTS 1.5 years**

## Value added: enhance our portfolio by increasing occupancy and NRI



Isola d'Asti (AT)  
**5,000 sqm**



Conegliano (TV)  
**c. 800 sqm**



Faenza (RA)  
**c. 800 sqm**



S. Benedetto T. (AP)  
**1,000 sqm**

**TOTAL: c. 7,600 sqm**

**Areas set to change their intended use to services of shopping centers and tenants (e.g. logistics)**

Possible change of intended use, with a view to disposal in mind

Maximizing the value of warehouses, loading/unloading areas and offices resulting from hypermarket size reduction



## 2. Expand landlord-tenant relationship and attract anchor tenants

IGD aims to expand and enrich the landlord-tenant relationship with a view to innovation, going beyond the mere contractual approach of space renting; we want to offer a true «ecosystem»



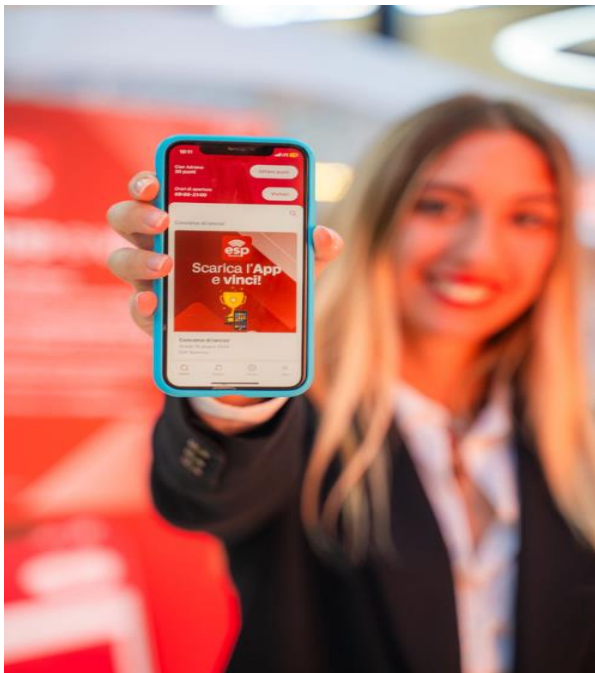
# «IGD shopping center ecosystem» at the service of tenants



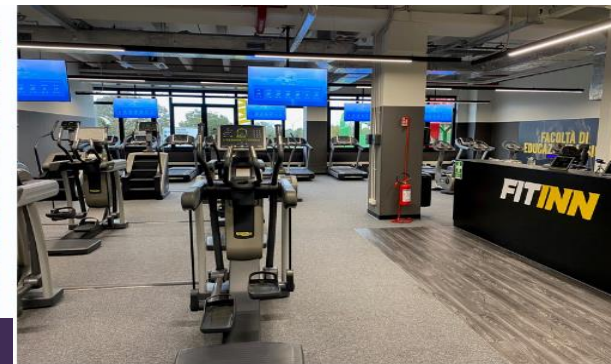
IGD no longer presents itself as a mere landlord,  
but as a **partner that offers**  
**a complete ecosystem,**  
with a **diverse range of opportunities**  
**for tenants**  
to improve their revenues



# «IGD shopping center ecosystem» at the service of visitors



**The «IGD Shopping Center Ecosystem» offers shopping, services, entertainment and dining experiences together with events and initiatives to build customer loyalty and strengthen interaction with the local area and community**



# Increase digitalization to support the «IGD shopping center ecosystem»

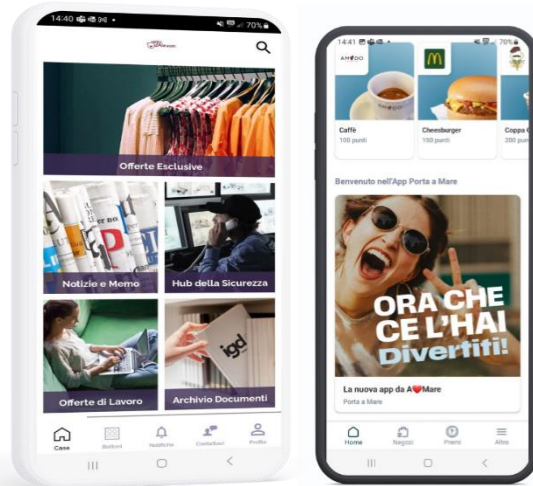
## DIGITAL SOLUTIONS FOR TENANTS

### New technology platform

To simplify/ streamline information exchange and landlord-tenant dialogue

In order to

- Reinforce synergies with tenants
- Seize opportunities for more powerful collaboration at both physical and digital level
- Improve visitor experience



## DIGITAL SOLUTIONS FOR VISITORS

### Data consolidation

Adoption of more powerful profiling touch points to increase user awareness

### Automation and customer relationship improvement

Constant dialogue with users

### Building a unique relationship

Customer experience to be increasingly customized and engaging

2025

2026

2027

**Target: 10% of catchment area contacts fully profiled within CRM by 2027**

### 3. Position ourself as the reference player in the retail real estate market

**Annual expected margin: ~€ 2 mn (non-capital-intensive activity)**

**TARGET:**

**Increase the pool of assets under management  
to capture «new opportunities»**

#### CURRENT SITUATION



**62**

**ASSETS DIRECTLY OWNED  
ITALY + ROMANIA**



**2**

**MASTERLEASE  
CONTRACTS\***

**28**

**ASSETS OWNED BY THIRD  
PARTIES\*\***

Including 2 real estate funds in which  
IGD is a minority partner:

- **JUICE FUND** →  **sgr**
- **FOOD FUND** →  **sgr**

#### 360° MANAGEMENT



**MARKETING**

**FACILITY  
MANAGEMENT**

**LEASING**

**PILOTAGE, PROJECT  
and CONSTRUCTION**

IGD offers **ASSET MANAGEMENT** services  
with the vision of a property company  
that aims to **maintain assets** as **functional and flexible** as possible  
in order to preserve their value over time and extend their life cycle.  
**IGD's strength are highly skilled, dedicated teams**

\*The masterlease contracts will naturally expire in 2026 for Le Fonti del Corallo, Livorno and in 2027 for Centronova, Bologna

\*\*Including: 6 assets Juice fund + 13 assets Food fund + Le Bolle + Poseidon + Andrea Costa + San Ruffillo + Colleferro + Centro Piave + Montebelluna+ I Portici + Perlaverde

# **Enhance attractiveness of our portfolio through targeted and ESG compliant investments**

**1**

**Support transformation of shopping centers into innovative ecosystems,** through investments in technology, digital and the quality of spaces to attract tenants

**2**

**Invest in ESG-specific interventions,** to foster energy transition, reduce the portfolio carbon footprint, and improve wellbeing, safety and experience for visitors

**3**

**Reduce exposure to climate change risks**



# 1. Support the transformation of shopping centers into innovative ecosystems

**Maximum flexibility in the management of spaces through re-sizing, re-modelling and re-shaping**

**RE-MODELLING in PORTA A MARE (LI)**  
Conversion of a car park into a warehouse serving the new PRIMARK store

**WAREHOUSE**



**STORE**

**RE-SIZING and RE-SHAPING in CENTROBORGO (BO)**  
Creation of 1,500 sqm FIT-INN gym on the first floor

**BEFORE**



**AFTER**

**HYPERMARKET REMODELLING in LA TORRE (PA)**  
creation of 3 new medium-sized areas and kiosks in the shopping malls

**BEFORE**



**AFTER**

## 2. ESG-specific investments...



### 2027 TARGETS



#### BREEAM Certifications

**>95%\***

Shopping centers in Italy certified with minimum «Very Good» evaluation



#### Photovoltaic

**+50%**

Installed power of photovoltaic systems (baseline 2024)



#### Purchasing energy from renewable sources

**94%**

Energy from renewable sources purchased at Group level for the Italian portfolio\*\*



#### Building Energy Management System

**16**

Shopping centers equipped with AI technologies to reduce energy consumption

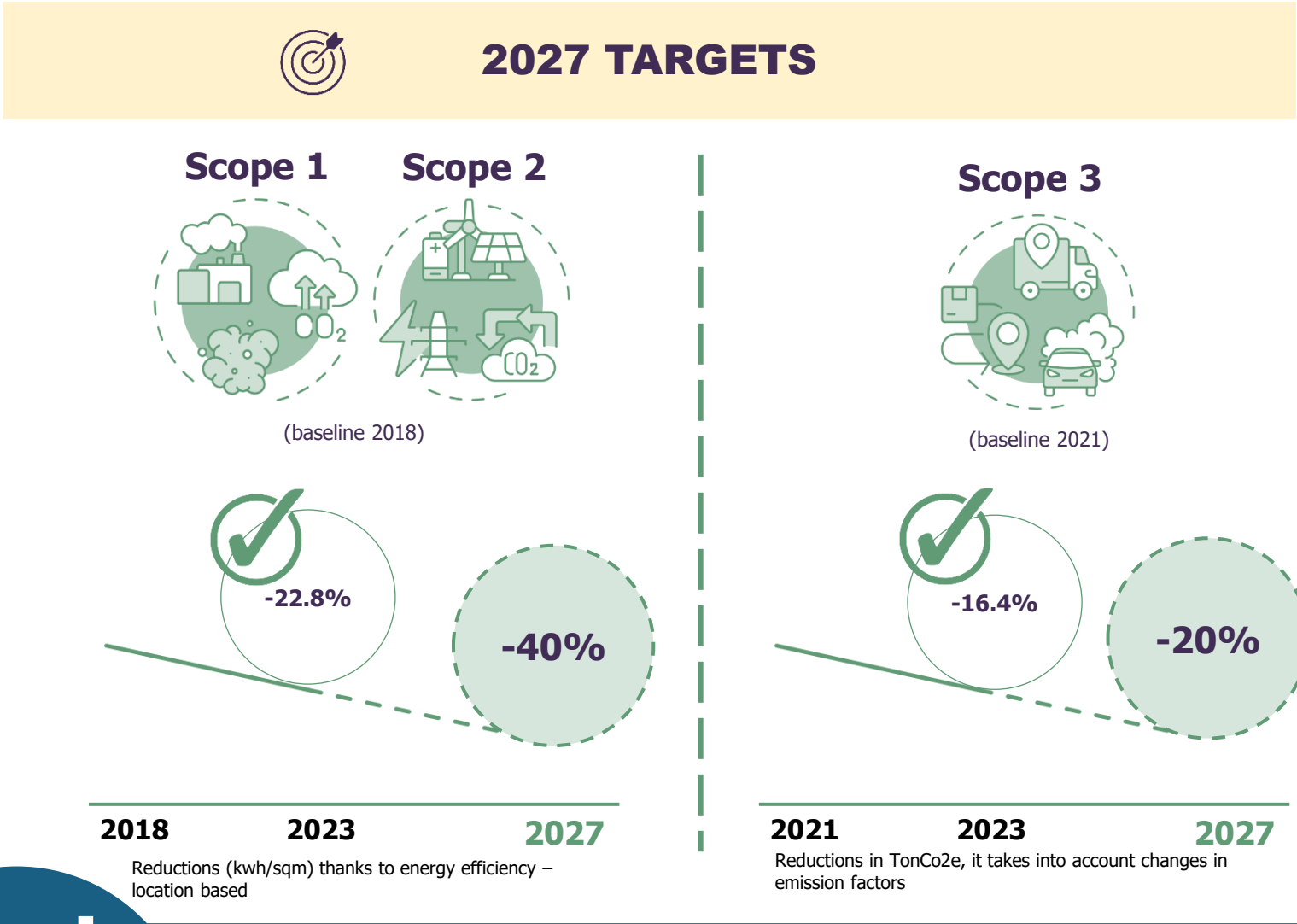


#### EV charging stations

**200**

Total installed EV charging stations (+33% vs 2024)

## 2. ...to reduce CO2 emissions



## 2. Enhance sustainability within the value chain

### TARGETS

- Mitigate ESG risks within the value chain
- Grow stakeholder involvement through partnerships (eg. with tenants)
- Increase positive social impact of corporate activities on communities and stakeholders
- Maintain high levels of standards and compliance in corporate governance

### TENANTS AND SUPPLIERS

The relationship between IGD and its tenants and suppliers is governed by two new policies that focus on **respect for people** (human rights, health and safety and ethical conduct) **and the environment** (energy efficiency, proper water use, waste disposal, sharing of consumption data).

The aim is to integrate these policies when signing new contracts or renewing existing ones.

Responsible  
tenancy  
policy



Responsible  
supply chain  
policy

### EMPLOYEES

- Create a «**Diversity & Inclusion Policy**»
- Build an integrated system around **UNI ISO 14001-45001-9001 certifications**



### 3. Reduce the exposure to climate change risks 1/2

#### Prioritize insurance coverage for climate change risks

Already in 2019, policies were improved with regard to catastrophic events. The insured value reflects the reconstruction value as new.



#### Timely warning systems

Introduction of Artificial Intelligence (IOT) solutions to identify environmental risks in real time and trigger containment measures



#### Management Improvement

Rollout of SLAs\* that integrate facility management contracts with procedures and services to be activated in case of an emergency



#### Maintenance Capex

Investments in property and plants to increase the resilience of buildings to exceptional events



\*Service Level Agreement

### 3. Reduce the exposure to climate change risks 2/2

#### Some of the interventions implemented:



**WHILRWINDS:** Anchoring of signs and external elements

**FLOODS and STORMS:** roof waterproofing and infiltration containment measures

#### LUNGOSAVIO (Cesena)

**PRIMA**



**DOPO**



Post-flood  
(May 2023):  
reconstruction of the  
flooded basement  
with relocation  
of a large part  
of the electrical  
components  
to the roof level



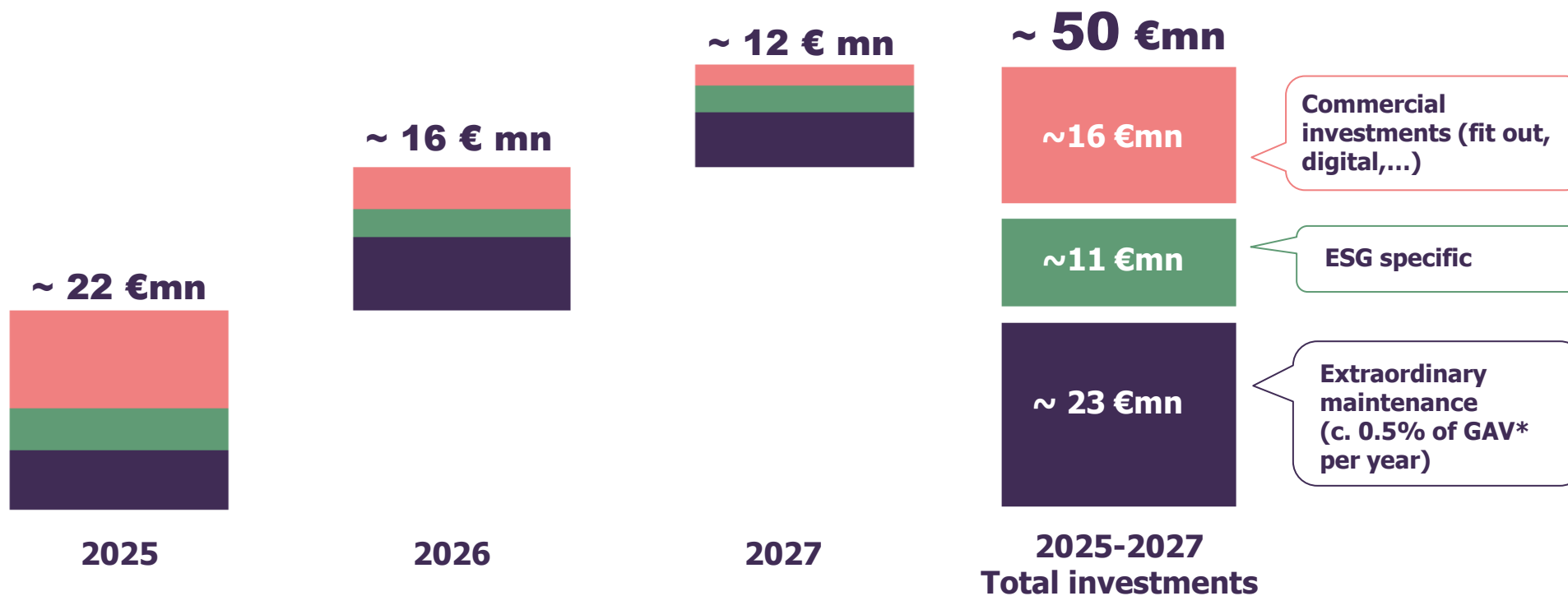
**EARTHQUAKE:** Already executed seismic improvement works on more vulnerable assets (Città delle Stelle, Portogrande, Centro D'Abruzzo)

#### Some of the interventions implemented:



## 2025-2027 Investment pipeline

Investments based on the distinctive features of locations and catchment areas, envisaging possible changes in planned interventions, also based on the results achieved



## Final remarks

**Embark on a growth path and create the conditions to catch up with the major players** in the European retail real estate market

**Handle challenges in our favour**, that have recently weighed on results, as well as the stock performance and **go back to consistent and sustainable dividend distribution**

**Take operating and financial performance (occupancy, LTV,...) to *best-in-class* levels**, leveraging on a new corporate organisation and a more favourable backdrop



# Committed to change...

**The change in governance and the subsequent organizational adjustments have already produced the first visible improvements in our operating results**

**Activities to optimize our financial structure are well under way and at an advanced stage, we are therefore confident that results will soon be visible**

**Both the Group's Board of Directors and Management are fully committed to deliver on the business plan goals**

**...We're going to make it!**



**THANK YOU  
FOR YOUR ATTENTION**

**Q&A Session**