

**Event: 1Q 2015 Financial Results and 2015 – 2018 Business Plan presentation**  
**Date: 8<sup>th</sup> May 2015**  
**Speakers: Mr. Claudio Albertini, CEO**

OPERATOR: GOOD MORNING. THIS IS THE CHORUS CALL OPERATOR. WE'D LIKE TO WELCOME YOU TO IGD'S 1Q 2015 FINANCIAL RESULTS AND 2015 -2018 BUSINESS PLAN PRESENTATION. AFTER MANAGEMENT PRESENTATION, THERE WILL BE A Q&A SESSION.

I'D LIKE TO TURN THE CALL OVER TO CLAUDIO ALBERTINI, CEO OF IGD. PLEASE, SIR.

CLAUDIO ALBERTINI: GOOD MORNING, EVERYBODY. AS YOU'VE PROBABLY READ LAST NIGHT, OUR BOARD OF DIRECTORS MET YESTERDAY. IT REVIEWED AND APPROVED THE Q1 2015 FINANCIAL RESULTS AS WELL AS THE NEW BUSINESS PLAN SPANNING 2015-2018. THIS MORNING I THINK ALL OF YOU RECEIVED A COPY OF THE PRESENTATION I'D LIKE TO WALK YOU THROUGH. SO I WILL ADDRESS FIRST THE Q1 2015 FINANCIAL RESULTS AND THEN I WILL ILLUSTRATE OUR BUSINESS PLAN.

LET'S START FROM Q1 RESULTS PRESENTATION. THE RESULTS HAVE BEEN OVERALL POSITIVE AND YOU CAN ALREADY APPRECIATE THIS IF YOU GO TO PAGE 4. SO REVENUES AMOUNTED TO €31 MILLION, UP 4.6% COMPARED TO Q1 2014, EBITDA AMOUNTED TO €21 MILLION, UP 4.2%. WE ARE TALKING ABOUT THE CORE BUSINESS EBITDA IN ABSOLUTE NUMBERS. AND IF WE LOOK AT THE FREEHOLD EBITDA MARGIN, THE NUMBER IS 77.5%, SLIGHTLY DOWN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR. NET PROFIT IS UP, QUITE A BIG JUMP, €9.2 MILLION UP ALMOST 50% COMPARED TO Q1 2014.

ALSO FFO OF THE CORE BUSINESS WERE ON THE UPPER TREND AND QUITE MATERIALLY, €10.5 MILLION OR UP 20.8%. WHEN WE PRESENTED OUR 2015 BUDGET, THE GUIDANCE IS BETWEEN €42 MILLION AND €43 MILLION OF FULL YEAR 2015 FFO. SO THE NUMBER THAT YOU SEE FOR Q1 SAYS THAT WE ARE QUITE IN LINE WITH THAT ESTIMATE. OCCUPANCIES ARE EQUAL TO 96% FOR ITALY AND 86.2% ROMANIA, QUITE IN LINE WITH LAST YEAR NUMBERS.

WE ARE NOW ON PAGE 6 AND I CAN GIVE YOU A DRILL DOWN LINE-BY-LINE. REVENUES FROM THE CORE BUSINESS ARE UP 4.6% OVERALL. WE HAVE JUST 1.2% GROWTH, SO A LESS SHARP INCREASE, BUT THAT DEPENDS ON THE SALES VOLUMES OF THE PORTA A MARE PROJECT. MORE THAN €1.2 MILLION THAT WAS THE EQUIVALENT OF SALES, FIVE UNITS LAST YEAR AND ONLY ONE THIS YEAR, AND WE SOLD ANOTHER UNIT IN THE PAST FEW DAYS AND WE ARE ABOUT

TO ENTER SOME PRELIMINARY AGREEMENTS, SO I THINK THAT OVER THE COURSE OF THE YEAR, WE WILL MANAGE TO INCREASE THE NUMBER THAT YOU SEE FOR Q1.

BREAKDOWN OF REVENUES BY ASSET CLASS, YOU CAN SEE THE IMPACT OF THE CAPITAL INCREASE, WE HAVE A QUITE A DIFFERENT MIX ALTHOUGH THE GENERAL TERMS ARE MORE OR LESS THE SAME, APPROXIMATELY 33% OR ONE THIRD IS REPRESENTED BY HYPER MARKET, 58.1% INSTEAD IS SHOPPING MALLS AND 7% IS STILL ON THE DOWNWARD TREND, AND THAT'S THE CONTRIBUTION FROM ROMANIA.

LET'S NOW MOVE ON TO PAGE 7 AND LET'S HAVE A LOOK AT RENTAL INCOME DRIVERS. WE HAVE A FIRST POSITIVE NOTE; ON A LIKE-FOR-LIKE BASIS, GROWTH AMOUNTED TO 0.3%. IN Q1, INFLATION EQUALED ZERO, SO THE NUMBER THAT YOU SEE THERE, €66,000, IT IS NOT MATERIAL. BUT I THINK THAT IT HAS TO BE CONSIDERED AS A POSITIVE NOTE.

THE HYPER MARKET ASSET CLASS PERFORMED IN LINE WITH THE Q1 2014, WHILE THE GROWTH RATE OF THE SHOPPING MALL ASSET CLASS WAS UP BY 0.5%. SO WE HAD GOOD PERFORMANCE IN RENEWALS AND TURNOVER. THE MAJOR DRIVER UNDERLYING THIS INCOME GROWTH IS THE ENLARGED CONSOLIDATION SCOPE, SO €1.862 MILLION AND THAT'S THANKS TO THE CAPITAL INCREASE AND THE ACQUISITION OF REAL ESTATE PORTFOLIO, AND ALSO TO THE EXPANSION OF THE CENTRO D' ABRUZZO PROPERTY PLUS OTHER PROPERTIES.

STRATEGIC VACANCIES AMOUNTED TO €185,000. HOWEVER, THE MOST MEANINGFUL NOTE IS ROMANIA WITH A REVERSE SIGN PERFORMANCE. SO WE HAVE AN INCREASE OF 3.8%. IF WE READJUST IT FOR INSTRUMENTAL VACANCY, WE WILL SEE WHAT WE HAVE ALREADY MENTIONED WHEN WE PRESENTED FY 2014 RESULTS: IN 2014 ROMANIA REACHED THE TROUGH, BUT STARTING FROM EARLY 2015, THERE HAS BEEN A TREND REVERSAL WITH THE FIRST SIGNS OF PICKUP. SO WE ARE TALKING ABOUT A 5% OR SO RENTAL INCOME GROWTH.

AT PAGE 8, WE HAVE DIRECT COST AND G&A EXPENSES. AS FAR AS DIRECT COST, THEY GREW, BUT THAT WAS DRIVEN BY A LARGER ASSET PORTFOLIO WITH AN INCREASE OF THE IMU TAX. SO THE BULK OF THE INCREASE HAPPENED BETWEEN 2013 AND 2014 BECAUSE OF THE INTRODUCTION OF THE NEW IMU PROPERTY TAX REPLACING THE FORMER ICI TAX, WITH THE FLANKING OF THE TASI TAX. THIS INCREASE ALSO DEPENDED ON FEES TO RUN THE PROPERTY OR CONDOMINIUM EXPENSES AS THEY ARE MENTIONED. AND THEN WE HAD LESS ALLOCATION TO THE PROVISION FOR BAD DEBT, A TREND ALREADY STARTED LAST YEAR, AND CONFIRMED THIS YEAR TOO. SO THESE WERE THE MAJOR DYNAMICS UNDERLYING DIRECT COST. GENERAL EXPENSES UP €100,000 OR 8.1% PERCENTAGE WISE, AS A SHARE OF THE TOTAL EXPENSES. AND I THINK THAT THAT'S REALLY IN LINE WITH 2014.

REGARDING THE NET PROFIT FOR THE GROUP WE MOVE FROM €6.1 MILLION IN 2014 TO €9.2 MILLION BECAUSE OF €812 MILLION THAT'S CHANGING IN CORE BUSINESS EBITDA. SO ALL THE

BLUE BOXES HAVE PLUSSES BEFORE THE NUMBERS, AND THEN WE HAVE €1.8 MILLION, THAT'S ANOTHER POSITIVE. AND THEN WE HAVE OTHER DRIVERS REACHING THE €9.2 MILLION, WHICH IS THE GROUP NET PROFIT OR UP 48.8%.

WE ARE NOW ON PAGE 10; THIS IS THE FUNDS FROM OPERATIONS OF OUR CORE BUSINESS, WHICH WAS UP APPROXIMATELY BY 21 PERCENTAGE POINTS. ON THE RIGHT HAND SIDE YOU SEE A BOX WITH THE BIGGEST DELTAS, APPROXIMATELY €900,000 WHICH IS THE EBITDA INCREASE OR €1.3 MILLION WHICH IS THE IMPROVEMENT IN FINANCIAL MANAGEMENT, AND THEN WE HAVE €400,000 WHICH IS THE DELTA IN CURRENT TAXES, THAT'S TO SAY THE DECREASE IN CURRENT TAXES. SO THAT'S WHY WE SEE SUCH AN IMPROVEMENT IN OUR FFO.

LET'S HAVE A LOOK AT OUR COMMERCIAL HIGHLIGHTS ON PAGE 12 AND LET'S GET MORE OPERATIONAL IN OUR ACCOUNT ANALYSIS. YOU CAN SEE THAT SHOPPING MALLS ARE ALMOST FLAT COMPARED TO THE SAME PERIOD LAST YEAR MINUS 0.3%, WHILST THERE IS A QUITE A MUCH INCREASE OF SALES OF OUR TENANTS AND SHOPPING MALLS, UP TO 6.8% WHICH IS QUITE REASSURING. I THINK THIS IS ANOTHER SIGN OF THE ECONOMIC PICKUP. LAST YEAR, WE PRESENTED ACCOUNTS WITH FOUR QUARTERS IN SEAMLESS AND ONGOING GROWTH. SO I THINK THAT THIS IS THE FIFTH SUCH GROWING QUARTER.

SALES IN THE HYPERMARKET SEGMENT, WELL THIS IS THE NATIONAL NUMBER OF COOP ITALIA SAW A DECLINE OF 1.8% TO BE MORE SPECIFIC. BUT NONETHELESS, IF WE BENCHMARK WITH LAST YEAR, THERE HAS BEEN SOME RECOVERY. THEN IF WE CONSIDER IGD'S HYPERMARKET AND SUPERMARKET SALES, WE CAN SEE 1.4 AGAINST 1.8, BOTH IN THE NEGATIVE BUT WITH IMPROVEMENT.

ROMANIA, FOOTFALLS UP 2%, BUT WE DON'T HAVE ANY SALES NUMBER FOR ROMANIA BECAUSE THAT'S NOT A STATUTORY REQUIREMENT, SO IT'S EQUALLY DIFFICULT FOR US TO GET THESE NUMBERS.

WE ARE NOW ON PAGE 14. THESE ARE THE FINANCIAL HIGHLIGHTS, SO GEARING RATIO AND LOAN TO VALUE ARE MAINLY STABLE OR SLIGHTLY BETTER; 0.94 AGAINST 0.95 THAT'S GEARING RATIO, AND THAT'S MEANT TO BE INTERPRETED AS DEBT-TO-EQUITY, AND A SLIGHT DECLINE IN LOAN TO VALUE. AVERAGE COST OF DEBT WHICH IS A NET OF ANY ANCILLARY COST OR CHARGES. THEREFORE, COMPLYING WITH OUR BEST COMPARABLES IS 4.03%. WE ARE QUITE CONFIDENT TO BREAK THAT COST OF DEBT AND YOU WILL SEE ADDITIONAL INFO WHEN WE PRESENT THE BUSINESS PLAN. WE ARE QUITE CONFIDENT TO BRING THAT NUMBER BELOW 4%, BY THE YEAR-END.

FOR SURE, WE WILL SEE THE IMPACT OF THE BOND SWAP, WHICH HAS BEEN RECENTLY COMPLETED. BUT WE HAD NO IMPACT UNDER CURRENT QUARTER. SO WE THINK THAT THE COST OF DEBT OVER THE COURSE OF 2015 WILL BE BROUGHT DOWN TO 4%. INTEREST

COVERAGE RATIO, GREATLY IMPROVED AS YOU CAN SEE, WE ARE BACK ABOVE TWO TIMES. THAT'S MEANT AS EBITDA AND THE COST OF OUR FINANCE. AND THEN WE HAVE AVERAGE LENGTH OF A LONG-TERM DEBT 6 YEARS, SO QUITE A LONG MATURITY.

AT THE BOTTOM OF THE PAGE, YOU CAN SEE THAT THE EXCHANGE BOND WAS ISSUED FOR AN AMOUNT EQUAL TO €162 MILLION, WITH AN ANNUAL FIXED COUPON EQUAL TO 2.65% AND MATURITY IN 2022. THE IMPACT OF THIS BOND IN TERMS OF CURBING DOWN THE COST OF OUR DEBT WILL UNFOLD OVER THE NEXT QUARTERS.

WE ARE NOW ON PAGE 15, FINANCIAL HIGHLIGHTS, HEDGING ON LONG-TERM DEBT PLUS BOND, EQUALS 91%. SO OUR LONG-TERM DEBT IS FIXED RATE, WE HAVE HIGH CREDIT LINES WERE GRANTED, AND ALSO CREDIT LINES AVAILABLE WERE €272 MILLION AND €235 MILLION RESPECTIVELY. LIKEWISE, IF WE LOOK AT OUR MARKET VALUE OF DIRECTLY-OWNED OR FREEHOLD ASSETS, WE ARE IN LINE WITH LAST YEAR. WE HAVE RELEASED SOME NON-STRATEGIC PROPERTY OR ASSETS. WE WANT TO BRING THIS NUMBER IN THE REGION OF €1 BILLION BY THE END OF THE NEW BUSINESS PLAN.

SO THAT MARKS THE END OF THE Q1 2015 RESULTS. WE HAVE DELIBERATELY DECIDED TO KEEP IT SHORT AND SIMPLE. I THINK IT'S PROBABLY SHORTER THAN IN THE PAST. BUT I THINK THAT THIS YEAR WE DECIDED TO KEEP IT EVEN SHORTER BECAUSE WE WANT TO ALLOW MORE TIME FOR THE PRESENTATION OF THE BUSINESS PLAN. LET ME SAY SOMETHING RIGHT AWAY, THAT THE PRESENTATION OF THE BUSINESS PLAN IS BASED ON A VERY SOUND FOOTING, WHICH IS REPRESENTED BY THE POSITIVE RESULTS WHICH WE RECORDED IN Q1, 2015, AND WHICH ARE IN LINE WITH THE BUSINESS PLAN STRATEGIC LINE.

WELL, ON PAGE 17, LET'S TAKE A LOOK BACK, SEE WHAT HAPPENED A FEW YEARS AGO BOTH FROM THE MACROECONOMIC VIEWPOINT AND IN THE INDUSTRY. WE HAVE A CHART ON TOP LEFT OF THE SCREEN THAT SHOWS YOU IN A NET SHELL THE IMPACT OF THE CRISIS IN ITALY, BETWEEN 2007 AND 2014.

CONCERNING THE GDP THERE HASN'T BEEN A RECOVERY, THE RECOVERY IS ONLY STARTING THIS YEAR. WHEREAS, WE HAVEN'T RECOVERED YET, WE ARE MINUS 8.9% VERSUS 2007, AND CONSUMPTION AS WELL, IS STILL DOWN 7.7% FROM 2007. AND IT'S A COMPLEX SCENARIO, BUT WE HOPE WE WILL FINALLY SEE SOME LIGHT AT THE END OF THE TUNNEL, AS THE NATIONAL INSTITUTE FOR STATISTICS CONFIRMED YESTERDAY, AND WE ARE GOING TO SEE SOME LIGHT THIS YEAR AND STARTING FROM THE NEXT YEARS TOO.

DURING THESE YEARS OF CRISES, IGD MANAGEMENT TEAM HAS BEEN ALMOST UNCHANGED BETWEEN 2009 AND TODAY, AND WE THINK THIS IS EXTRA VALUE THAT HAS TO BE SOMEHOW ACKNOWLEDGED. THANKS TO THIS STABILITY, WE MANAGED TO ACHIEVE POSITIVE RESULTS DESPITE THE DIFFICULT BACKGROUND. SO WE'VE ALWAYS HAD FINANCIAL STATEMENTS IN

ACCOUNT CLOSING IN THE BLACK. EVER SINCE 2009, WE GENERATED PROFITS. WE HAVE MANAGED TO GENERATE CASH OVER THE YEARS, €237 MILLION FFOs FROM 2009, AND WE MANAGED TO RETAIN A HIGH LEVEL OF OCCUPANCY RATE KEEPING IT ALWAYS ABOVE 96%. WE'VE ALWAYS PAID OUR DIVIDENDS EVER SINCE 2009, €122.4 MILLION SINCE 2009. AND IN ADDITION TO THAT, WE CARRIED ON WITH AN INVESTMENT PIPELINE; MARKET VALUE ROSE FROM €1.4 BILLION TO €1.9 BILLION.

AND LET'S MOVE ON TO PAGE 18. HERE WE ARE TRYING TO SHOW YOU THAT IT'S TIME TO GROW. THIS IS WHAT WE ARE STATING IN OUR HEADLINE. WHY IS IT TIME TO GROW? FIRST OF ALL, LET'S HAVE A LOOK AT WHAT'S CHANGED IN THE MACROECONOMIC BACKDROP. FIRST CONCRETE SIGNS OF TREND REVERSALS ARE THERE TO BE SEEN, AND ALL GROWTH FORECASTS HAVE BEEN REVISED UPWARD AND AGAINST Q4 2014. WELL, THE LATEST FORECAST IS FROM YESTERDAY, FROM THE ITALIAN INSTITUTE FOR STATISTICS AND THE ITALIAN CONSUMER CONFIDENCE INDEX IS ALSO CONSTANTLY GROWING.

AS YOU SEE IN THE CHART ON THE RIGHT SIDE OF THE SCREEN. IF YOU COMPARE IT WITH THE PREVIOUS YEARS AND ALL THAT INDEED IS STRONGLY DRIVEN AND SUPPORTED THROUGH THE ECB MONETARY POLICY I.E. QUANTITATIVE EASING. YOU COULD READ THAT AS QUANTITATIVE EASING, THAT'S THE MACROECONOMIC SCENARIO.

WHAT DID IGD DO IN THE MEANTIME? WE FURTHER STRENGTHENED OUR FINANCIAL STRUCTURE, SO THE DRO DIVIDEND REINVESTMENT OPTION, OUR LOAN TO VALUE WENT FROM 55% TO ROUGHLY 48%, ALSO RECONFIRMED FOR Q1 2015. WE WENT ON UNFOLDING AND ROLLING OUT OUR INVESTMENT PIPELINE, AND ALSO WE OFTEN WENT TO THE CAPITAL THROUGH CAPITAL MARKET TRANSACTIONS. AND WE ALSO STARTED A PORTFOLIO TURNOVER STRATEGY. ON PAGE 18, ON THE RIGHT HAND SIDE, YOU CAN SEE A CHART, AND YOU CAN SEE THAT WE MANAGED TO OVERCOME A VERY DIFFICULT TIMEFRAME, AND WE LAID THE FOUNDATIONS TO BE IN A POSITION TO SEIZE FUTURE GROWTH OPPORTUNITIES.

AGAIN PAGE 19, AGAIN MACROECONOMIC INDICATORS. OVER THE NEXT FEW YEARS, WELL GOING FORWARD, GDP IS ASSUMED TO BE GROWING, BOTH IN ITALY AND IN A MORE MEANINGFUL WAY ALSO IN ROMANIA. IN ROMANIA, THE GDP TREND, WELL WE WOULD HOPE TO HAVE THE SAME TRENDS IN ITALY AS WELL, IT'S ABOVE 2.8%. AND AGAIN, CONSUMPTION IN THAT COUNTRY IS PICKING UP AGAIN, AND IN ITALY IT SHOULD BE AROUND 1%, PLUS 1.5% AT THE END OF THE BUSINESS PLAN 2018.

NOW, THE RETAIL REAL-ESTATE INDUSTRY IT'S GROWING, IT'S DEVELOPING. IN Q1, IT'S SHOWING A POSITIVE TREND THAT WE HAD STARTED TO SEE IN ITALY ALREADY AT THE END OF 2014, AND €2.1 BILLION WAS THE TOTAL AMOUNT OF REAL ESTATE TRANSACTIONS AND 10% OF THOSE INVESTMENTS WERE IN THE RETAIL SECTOR. AND ITALY RECONFIRMS ITSELF AS ONE

OF THE MOST INTERESTING APPEALING MARKET FOR INTERNATIONAL RETAILERS, AND THIS IS PROVED BY THE INTEREST THEY ARE SHOWING IN OUR SHOPPING CENTERS, SHOPPING MALLS.

AND WE HAVE ANOTHER CHART THAT WE SHOWED IN PREVIOUS PRESENTATION WHEN WE PRESENTED OUR YEARLY ACCOUNTS. ON THE RIGHT HAND SIDE, YOU SEE A COMPARISON BETWEEN 5-YEAR BTP YIELDS, WE ARE TALKING ABOUT ITALIAN GOVIES, AND NOW IT'S 0.8 ROUGHLY VERSUS THE GROWTH IN ISSUE YIELDS OF IGDs MAIN ASSET CLASSES. WE ARE TALKING ABOUT ITALIAN MALLS, AND IT'S REACHED ITS ALL TIME HIGH IS NOW AT 5.8%, SO THIS IS THE SPREAD BETWEEN THE 5-YEAR BTP AND THE GROSS INITIAL YIELD BY IGDs ITALIAN MALLS.

OVER THE NEXT FEW YEARS WE SHOULD ALSO BE WITNESSING A COMPRESSION A SHRINKING OF THE YIELDS TO BE FOUND IN THE MARKET SINCE THAT OUR INITIAL YIELD VERSUS THE 5-YEAR BTP WHICH IS RISK-FREE BUT INDEED IT'S VERY, VERY COMPRESS. THIS IS SOMETHING WE WILL HAVE TO BEAR IN MIND GOING FORWARD. AND THIS IS REFLECTED SOMEHOW IN OUR BUSINESS PLAN, BECAUSE WE HAVE ALSO APPLIED A VERY CAUTIONARY TYPE OF APPROACH IN DRAWING IT UP. AND WE ARE ASSUMING THAT OUR CAPEX WILL NOT INCREASE OUR ASSET VALUE.

LET'S NOW MOVE ON TO PAGE 21; THAT'S THE STRATEGY WE ARE GOING TO ADOPT AND APPLY, WHERE IT'S FOUR INTEGRATED AREAS. WE WILL GIVE YOU MORE DETAILS FOR EACH AREA: COMMERCIAL END MARKETING, ASSET MANAGEMENT FINANCE, AND FOR THE FIRST TIME ALSO IN THE BUSINESS PLAN WE ARE INTRODUCING THE SUSTAINABILITY. SUSTAINABILITY, COMMERCIAL MARKETING, ASSET MANAGEMENT AND FINANCE ARE FULLY INTEGRATED IN OUR APPROACH.

WHAT IS OUR MISSION? WE WANT TO RECONFIRM OUR COMPANY AS A LEADING OWNER AND MANAGER OF SHOPPING MALLS IN ITALY. OUR SHOPPING CENTERS HAVE BECOME BENCHMARKS, REFERENCE POINTS IN THE INDUSTRY, AND THEY HAVE REINFORCED THEIR POSITIONING. AND ALSO AS WE'VE SEEN IN Q1, BUT ALSO OVER THE LAST FEW YEARS THEY HAVE A SOUND CUSTOMER BASE, AND THEY'VE MANAGED TO SOMEHOW HOLD GROUND EVEN OVER THESE YEARS OF CRISIS. SO THIS IS REALLY MAKING US CONFIDENT TO HAVE SUSTAINABLE GROWTH OVER THE COMING YEARS GOING FORWARD.

LET'S HAVE A LOOK AT THE INDIVIDUAL AREAS WE ARE RELYING OUR STRATEGY ON, SO COMMERCIAL AND MARKETING AREA. GOING FORWARD, WE WILL KEEP ON FOCUSING ON MEETING CONSUMERS EVER-CHANGING NEEDS. AND WHAT WE ARE GOING TO TRY AND DO IS, TO COME-UP WITH INNOVATION THROUGH RETAIL OFFERINGS. WE WANT TO TRY AND BE ABLE TO REACT TO CONSUMER TRENDS, AND ADAPT TO CONSUMER TRENDS TO. THERE'S ALWAYS A NEED FOR NEW FOOD ANCHORS.

AND LAST YEAR, WE LED AN EXPERIMENT IN AFRAGOLA, WE REDUCED THE HYPERMARKET SURFACE BY 50%, AND WE INCREASED THE SHOPPING MALL AREA INSTEAD, AND THAT WAS A

VERY SUCCESSFUL EXPERIMENT PROJECT. AND WE WILL BE INTRODUCING TRADITIONAL SHOPS, FOOD AND DESIGN SHOPS, AND THEN EVEN AN AREA DEVOTED TO SECOND HAND ITEMS, BOTH CLOTHING AND ELECTRONICS.

AND THEN OUR MERCHANDIZING MIX IS GOING TO BE HIGHLY DYNAMIC, WE WILL TRY TO CAPTURE NEW DOMESTIC AND INTERNATIONAL BRANDS THAT ARE STARTING TO SHOW AN INTEREST IN SHOPPING MALLS, AND WE WILL TRY AND MAKE A DISTINCTION TO STANDOUT. AS FAR AS OUR OFFER IS CONCERNED WE WILL TRY FOR INSTANCE, TO ROTATE BRAND.

LAST YEAR, WE HAD 4% OF BRANDS ROTATION IN OUR SHOPPING MALLS, AND WE HAVE 21 NEW BRANDS THAT HAVE RECENTLY BEEN INTRODUCED, NOT SHOPPING BRANDS, BUT SERVICES TO CUSTOMERS. FOR INSTANCE DENTAL CLINICS HAVE BEEN INTRODUCED IN SHOPPING MALLS. SO THE SHOPPING MALL IS NO LONGER JUST A SHOPPING CENTER, BUT ALSO A POINT OF REFERENCE IN WHICH INTEGRATED SERVICES ARE DELIVERED TO THE CONSUMERS.

NOW, LET'S HAVE A LOOK AT PAGE 23: SHOPPING MALLS SEEN AS A SPACE TO BE LIVED IN. 441 EVENTS WERE HELD IN OUR SHOPPING MALLS IN 2014, 10% UP VERSUS THE PREVIOUS YEAR. AND AGAIN, 10% VISITORS MORE WERE ATTRACTED BY IGD'S EVENTS. AND WILL KEEP ON ORGANIZING MORE AND MORE EVENTS, EVEN CHARITIES, RECREATIONAL, ALWAYS VERY MUCH ROUTED TO THE LOCAL AREAS, THE LOCAL GEOGRAPHIES. AND WE KEEP ON TRYING TO UNFOLD COST EFFICIENCIES AND WE HAVE 2.4 TENANT'S SAVINGS FOR FACILITY MANAGEMENT PURPOSES.

E-COMMERCE AND NEW TECHNOLOGIES, THIS IS SOMETHING WE WILL BE FOCUSING ON, BECAUSE WE BELIEVE THIS CAN BE FULLY INTEGRATED IN THE NEW SALES PROPOSALS. SO WE WILL HAVE AN INTEGRATION OF VIRTUAL AND PHYSICAL PLATFORMS THROUGH THOSE SPACE AREAS WHERE SHOPPING CENTERS SOMETIMES CAN BECOME SHOWROOMS FOR THOSE RETAILERS ACTIVE ON MULTICHANNEL SALES. WE ARE WORKING AND COOPERATING WITH SOCIAL NETWORKS MEDIA. WE'VE HAD SOME PROJECTS WITH APS TO INTERACT WITH SOCIAL MEDIA AND OUR SHOPPING MALLS WILL HAVE FACEBOOK PAGES AND THEY ARE ALSO INTRODUCING TWITTER.

ON PAGE 24 A VERY BRIEF FOCUS ON ROMANIA. THE MACROECONOMIC OUTLOOK FOR ROMANIA IS STILL A POSITIVE ONE. AND IT RECONFIRMS A TREND OF A POSITIVE BUT STILL MODERATE GROWTH. AND HOPEFULLY, THIS WILL HAVE A POSITIVE IMPACT ON CONSUMPTION AND THEREFORE ON THE SALES PERFORMANCE OF OUR ASSETS. WE WILL KEEP ON COMPLETING OUR REFURBISHING PIPELINE THAT WE STARTED IN 2010. WE ARE GOING TO INVEST ABOUT €6 MILLION FROM HERE TO 2018, HALF OF WHICH WILL BE SPEND IN 2015.

IN ROMANIA AS WELL, WE WILL KEEP ON LOOKING FOR NATIONAL AND INTERNATIONAL BRAND TO FURTHER STRENGTHEN THE MARKET POSITIONING OF OUR ASSETS. AND OUR OCCUPANCY TARGET IS IN EXCESS OF 95%, WITHIN THE TIME SPAN OF OUR BUSINESS PLAN.

AND LAST BUT NOT LEAST, WE WANT TO INCREASE CASH GENERATION AND, OF COURSE, THE DIVIDEND THAT WILL BE DISTRIBUTED OR PAID OUT BY OUR PARENT COMPANY.

WE MOVE ON TO PAGE 25, AND WE START TALKING ABOUT ASSET MANAGEMENT. THE GUIDELINES WE CAN PROVIDE HERE ARE THAT WE ARE GOING TO KEEP ON FULFILLING OUR REVISION AND REMODELING ACTIVITIES. WE WANT TO REFURBISH AND RESHAPE OUR INTERNAL SPACE. THAT'S GOING TO TAKE PLACE IN REAL TIME, BECAUSE WE WANT TO MEET CHANGING SALES, COMMERCIAL NEEDS AND CONSUMER TRENDS, WE GAVE YOU AN EXAMPLE OF AFRAGOLA, BUT WE COULD QUOTE MANY OTHER EXAMPLES.

SO WE WILL KEEP ON RESTYLING OUR PRIME SHOPPING MALLS, WE HAVE CENTRO BORGIO IN BOLOGNA AND CENTRO SARCA IN MILAN, SO THAT THEY REMAIN HIGHLY ATTRACTIVE. AND THEN WE WORK ON EXTENSIONS AS WELL, CENTRO D'ABRUZZO IS ONE EXAMPLE. WITHIN THE FRAMEWORK OF THE BUSINESS PLAN, WE WILL BE FOCUSING ON ENERGY EFFICIENCY, BOTH FOR MAINTENANCE PURPOSES AND IN THE NEW SHOPPING MALL, SO THAT COSTS CAN BE KEPT AT BAY AND NEW TENANTS CAN BE ATTRACTED.

WE ARE NOW ON PAGE 26, THIS IS OUR BUSINESS PLAN. IF YOU LOOK AT THE PAST, WE INVESTED €790 MILLION IN LESS THAN SIX YEARS. WE ARE TALKING ABOUT 13 NEW ASSETS THAT WERE INCLUDED IN OUR PORTFOLIO. WITH THE TOTAL GLA ADDED OF 227,000 SQUARE METERS. WE EXPECTED TO INVEST A TOTAL OF €260 MILLION, A €185 MILLIONS OF WHICH WILL BE DEVOTED TO DEVELOPMENT. THE REST INSTEAD WILL BE CAPEX FOR ROMANIA AND ITALY WITH AN AVERAGE YIELD ON COST OF APPROXIMATELY 7% AND WITH A NEW GLA OF APPROXIMATELY 80,000 SQUARE METERS. SO AT THE BOTTOM YOU SEE THIS CAPTION, NEW. WELL, WE MANAGED THROUGH LAST YEAR'S CAPITAL INCREASE TO HAVE ENOUGH FINANCIAL FIREPOWER TO CATCH ANY M&A OPPORTUNITY.

SO WE ALREADY MADE NEW INVESTMENTS, ALTHOUGH THE CASH OUT WILL TAKE PLACE AT THE END OF 2016, I AM TALKING ABOUT GROSSETO. HOWEVER, OVER THE COURSE OF THE PLAN, WE MIGHT MAKE AN ADDITIONAL INVESTMENT FOR A TOTAL OF €50 MILLION. ALL THIS MIGHT BE ACHIEVED SIDE-BY-SIDE WITH A PLAN OR A SCHEME OF DISPOSALS; YOU CAN SEE THE DETAILS THEREOF ON PAGE 27.

SO BY THE END OF THE BUSINESS PLAN, WE WILL COMPLETE THE DISPOSAL SCHEME OF THE PREVIOUS BUSINESS PLAN. WE HAVE ALREADY COMPLETED OR EXECUTED TWO THIRDS OF SUCH DISPOSALS FOR A CORRESPONDING VALUE OF €150 MILLION. WE THINK SO FAR WE HAVE DISPOSED AT BOOK-VALUE OR SLIGHTLY HIGHER AND WE THINK WE WILL GO ON IN THE FUTURE



AS WELL. THE PREVIOUS PLAN ENVISAGED APPROXIMATELY €40 MILLION WORTH OF DISPOSALS PLANNED FOR THE PORTA A MARE PROJECT, THAT'S TO SAY OFFICE AND RESIDENTIAL SPACE.

NOW CLEARLY THE PROCEEDS OF THESE DISPOSAL WILL BE USED TO FUND THE PIPELINE THAT ARE ENVISAGED, BUT THIS WILL BE ALSO USED WITH THE TURNAROUND OF OUR PORTFOLIO, SOMETHING WHICH WAS STARTED LAST YEAR BY DISPOSING THE LIVORNO SHOPPING MALL AND THAT WILL BE ALSO ACHIEVED THROUGH THE DISPOSAL OF THE APPLE STORE IN BOLOGNA IN VIA RIZZOLI.

SO WE WILL KEEP MONITORING THE MARKET IN ORDER TO SEE HOW TO BEST IMPLEMENT OUR TURNAROUND POLICY. THE FIRST EXAMPLE WAS THE SHOPPING MALL IN GROSSETO. SO THAT WAS QUITE A GOOD OPPORTUNITY WHICH WE TOOK. THIS PLAN AS IT WAS THE CASE IN THE FUTURE IS QUITE CONSERVATIVE. WE HAVE NOT INCLUDED ANY M&A'S INVOLVING ASSETS SUCH AS THE SALE OF THE ENTIRE ROMANIAN PORTFOLIO. SO WE WILL CARRY ON AS WE DID, IN THE FUTURE. WE WILL KEEP OUR PORTFOLIO. WE WILL KEEP IT WITH A HIGH STANDING AND A HIGH PROFILE AND AS FAR AS DISPOSALS ARE CONCERNED, WE WILL CONSIDER IT ON A CASE-BY-CASE BASIS.

WE ARE NOW ON PAGE 28, I WILL VERY BRIEFLY COMMENT ON IT. THIS IS A SLIDE ON THE INVESTMENT PIPELINE GOING FORWARD. WE HAVE A MORE DETAILED SLIDE ABOUT THIS, BUT WE ARE TALKING BASICALLY ABOUT CHIOGGIA, PORTO GRANDE, THE EXPANSION OF CREMA; THE WORKS AT OFFICINE STORICHE. AND BASICALLY WE ARE TALKING ABOUT THE DEVELOPMENT OF THE CORE PORTION OF THE LIVORNO PROJECT AND THEN GROSSETO, WHICH IS SLATED FOR 2016 AND THEN THE INVESTMENT X, WHICH WILL CORRESPOND TO A TOTAL OF €50 MILLION. SO WE ARE TALKING ABOUT €258 MILLION OF WHICH €184 MILLION IS DEVELOPMENT CAPEX, €54 MILLION CAPEX, AND PURE CAPEX AND THEN WE HAVE THE NON-COMMERCIAL PORTION, NON-RETAIL PORTION OF PORTA MEDICEA, €20 MILLION SO.

LET'S NOW HAVE A LOOK AT INVESTMENTS ON PAGE 29. SO NEXT PRESENTATION OR NEXT CONFERENCE CALL WILL NO LONGER INCLUDE THESE RENDERING PICTURES, THIS IS SIMPLY TO SAY THAT CHIOGGIA WILL BE OPENED AS SCHEDULED ON MAY 14TH. YOU SEE THE LOGO THERE AND THAT REALLY MARKS THE COMPLETION OF A VERY LONG PROCESS WITH THE ACQUISITION BY IGD OF A PIECE OF LAND THREE YEARS BEFORE THE IPO. AND AFTER 10 YEARS OR SO, WE ARE FINALLY TO ANNOUNCE THE OPENING OF THIS STRUCTURE, THIS RETAIL PARK. WITH A TOTAL EXPECTED INVESTMENT OF ABOUT €36 MILLIONS.

THEN NEXT PAGE GROSSETO, A FEW PICTURES, THIS IS STILL IN PROGRESS, BY THE WAY, ALL THE PROJECTS THAT WE ARE PRESENTING HERE, ARE MAINLY WORK IN PROGRESS. LET ME DIGRESS BY SAYING THAT OBVIOUSLY WE HAVE TO BEAR OUR INTRINSIC RISK, THAT'S TO SAY MARKETING THE SPACES. BUT AS FOR THE REST, WE ARE QUITE CONFIDENT ABOUT FULL OCCUPANCY. SO VISIBILITY OVER OUR REVENUES, IS SOMETHING FIRM, IT'S A FACT. BACK TO

GROSSETO, WORKS ARE IN PROGRESS, IN Q4, 2016 WE WILL MAKE OUR LAST ACQUISITION, BUT THE ENVISAGED INVESTMENT IS €47 MILLION.

ON PAGE 31, YOU CAN SEE LIVORNO OFFICINE STORICHE. WE JUST STARTED WORKS AND COMPLETION OF WORKS WILL LEAD TO SHOPPING CENTER THAT WILL BE LOCATED IN A SORT OF COUNTRY SIDE AREA. TOTAL EXPECTED INVESTMENT IS ABOUT €52 MILLION AND YOU CAN SEE THE PICTURES THERE.

LET'S GO TO RAVENNA. WORKS HAS STARTED A FEW MONTHS AGO, COMPLETION DATE IS APRIL 2017. YOU CAN SEE THE PICTURES THERE AND WE THINK THAT THIS IS ONE OF THE BEST PERFORMING CENTERS. WE DID SOME RESTYLING IN A PORTION OF IT, TOTAL EXPECTED INVESTMENT APPROXIMATELY €54 MILLION.

PALERMO, PAGE 33, WE WILL START SOON WITH THE REMODELING OF SOME SPACES, SLIGHTLY LESS THAN €2 MILLION, THAT'S THE TOTAL EXPECTED INVESTMENT. THE IDEA IS THERE TO PROVIDE SPACE FOR NEW TENANTS. THERE WILL BE A MOVIE THEATRE AND THEN THE ESTABLISHMENT OF A FOOD COURTS.

PAGE 34, AS WE SAID, TWO MAIN RESTYLING PROJECTS, ONE IS CENTRO SARCA IN MILAN, TOTAL EXPECTED INVESTMENT €8 MILLION. WE THINK THAT THIS IS THE SECOND LARGEST INVESTMENT IN OUR PORTFOLIO. THEN WE HAVE CENTRO BORGIO WHICH IS THE OLDEST ASSET IN OUR PORTFOLIO AND IT IS LOCATED IN BOLOGNA, THE SHOPPING CENTER BADLY NEEDS RESTYLING, TOTAL EXPECTED INVESTMENT €3.5 MILLIONS, END OF WORK 2015.

THEN PAGE 35, OTHER EXTENSIONS. THESE ARE MINOR PROJECTS, GRAN RONDO IS THE FIRST ONE, AND YOU CAN SEE A FEW PICTURES HERE. AND THEN, WE HAVE PORTO GRANDE IN D'ABRUZZO. I THINK THAT THIS IS THE BULK OF THE PROJECTS I HAD TO EXAMINE. YOU CAN FIND A FEW PICTURES OF THE PORTA A MARE PROJECT WHICH IS MEANT TO SAY WITH US AS A PROJECT FOR THE NEXT FEW YEARS. ON PAGE 38 AND 39, YOU WILL FIND MORE FACTS ABOUT THE PORTA A MARE PROJECT.

ON PAGE 39, PALAZZO ORLANDO, WE EXPECT TO COMPLETE THE RENTING OF THE SPACES. WE ARE TALKING ABOUT 14 REMAINING OFFICE BUILDINGS TO BE RENTED. SO WE THINK WE WILL RENT ALL OF THE SPACE BY THE END OF THE BUSINESS PLAN. PIAZZA MAZZINI, WE ARE TALKING ABOUT 28 FLATS, BUT ACTUALLY THE NUMBER IS 29 AND THERE ARE SOME PRELIMINARY PRE-LETTING OF THE RETAIL AREA. AND WE THINK THAT WE WILL SELL A TOTAL OF 10 FLATS YEARLY, COMPLETING THEREFORE THE SALE PROCESS BY THE END OF THE BUSINESS PLAN. OFFICINE STORICHE, WE EXPECT THAT SPACE TO BE OPENED BETWEEN 2017 AND THE EARLY 2018.

IN ADDITION, WE ARE NOW ON PAGE 40, AS YOU KNOW, WE ENTERED A MAJOR JV WITH THE UNIPOL GROUP ACQUIRING A STAKE OF 20% OF UNIPOLSAI INVESTIMENTI SGR; TOGETHER

WITH THE FRIENDS OF UNIPOL WE ARE TRYING TO PUT TOGETHER A FUND ESPECIALLY SET UP FOR INSTITUTIONAL'S. CONTRIBUTIONS ARE BEING CONSIDERED, SGR AND THE PARTNER'S ARE ENVISAGING CONTRIBUTIONS TO THE FUND, WE ARE STILL CONSIDERING THIS AS AN OPTION. FOR SURE, THIS WILL GIVE US A LOT OF OPPORTUNITIES.

THE FUND WILL PROVIDE US WITH LARGER AND LARGER MARKETING AND SALES NETWORK. WE WILL BECOME THE SERVICE PROVIDER OF THIS FUND, AND THEREFORE, WE WILL CONTRIBUTE THE BULK OF TENANT CONTRACTS. WE WILL INCREASE REVENUES FROM OUR SERVICE PROVISION ACTIVITIES AND THEN WE WILL ENHANCE SOME IN-HOUSE PROFESSIONAL COMPETENCIES. SO THIS IS AN INITIATIVE WHICH WE WANTED TO PURSUE SINCE THIS IS NOT CAPITAL INTENSIVE. WE INVESTED APPROXIMATELY €4 MILLION TO BUY THE 20% STAKE.

LET'S NOW COVER THE FINANCIAL AREAS. SO FIRST OF ALL, LET ME START BY TELLING YOU WHAT WE DID IN 2014 AND IN THE PRIOR YEARS. WHEN WE PRESENTED OUR QUARTERLY RESULTS, WE REPEATEDLY AND QUITE FREQUENTLY TOLD YOU THAT WE TAPPED THE BOND MARKET. AND AS YOU CAN SEE ON THE LEFT HAND CHART, WE MANAGED TO STRIKE A NICE BALANCE BETWEEN BOND MARKET AND TRADITIONAL BANKING SOURCES. WE HAD RECEIVED SUPPORT FROM THE MARKET IN THE PAST, BUT WE WANTED TO DIVERSIFY OUR RISK AND GOING FORWARD WE AIM AT KEEPING A 50:50 SPLIT. THROUGH THE BOND SWAP, WE MANAGED TO EXTEND AND POSTPONE OR RESCHEDULE THE MATURITY PROFILE OF OUR DEBT. AVERAGE COST OF DEBT HAS IMPROVED SPREAD-WISE. THIS YEAR, WE EXPECT TO GO BELOW 4%, WITH A COST OF DEBT OF APPROXIMATELY 3% BY THE END OF THE BUSINESS PLAN.

LAST BUT NOT LEAST, WE HAD A CAPITAL INCREASE AND THE PROCEEDS WHICH WE GOT ALLOWED US TO FREE SOME ASSETS AND AND MAKE THEM MORTGAGE FREE. SO THE AIM IS THAT OF REACHING A GEARING OF €1 BILLION. SO €152 MILLION OF OUTSTANDING DEBT SAW ITS MATURITY EXTENDED TO 2022 THROUGH THE BOND SWAP. BY THE END OF THIS YEAR OR NEXT YEAR, WE WILL PROBABLY HAVE A MORTGAGE LOAN AND WE WILL PROBABLY RESORT TO ISSUING A BOND THAT SHOULD TAKE PLACE IN THE SECOND HALF OF 2016.

WE ARE NOW ON PAGE 42. LET'S HAVE A LOOK AT OUR TARGETS FOR THE FINANCIAL AREA IN BROADER TERMS. GOING FORWARD, WE WANT TO MAINTAIN QUITE A CONSERVATIVE CAPITAL STRUCTURE WITH A LOAN TO VALUE RANGING BETWEEN 45% AND 50%. THESE ARE THE TWO PEGS WHICH WE HAVE SET. AND WE WANT TO MAINTAIN A GEARING RATIO OF BELOW 1. THE GOAL IS THAT OF IMPROVING THE COST OF OUR FINANCE. AND THE ICR INTENDED AS THE EBITDA AND FINANCIAL CHARGES WILL BE EQUAL TO THREE TIMES, AT THE END OF 2015, WE'VE GOTTEN BACK TO 2 AND THE AVERAGE COST OF DEBT WILL BE ABOUT 3% AT THE END OF 2018.

THE OUTCOME OF ALL THIS WILL BE THAT OF GETTING A RATING. WE THINK WE CAN QUALIFY FOR INVESTMENT GRADE. AND IN THE SECOND HALF OF 2016, WE'LL PLACE A BOND AND AT THAT POINT OF TIME WE WILL ALREADY HAVE OR WE WILL ALREADY ENJOY INVESTMENT GRADE.

SUSTAINABILITY AREA ON PAGE 43, THAT'S A QUOTATION OF OUR CHAIRMAN, BETWEEN 2015 AND 2018, WE MADE MAJOR ACHIEVEMENTS AND YOU CAN SEE THE ACTIONS IMPLEMENTED ON THE RIGHT HAND SIDE. AND LET ME JUST SAY THAT WE PLAN TO INVEST €10 MILLION IN SUSTAINABILITY.

AND THEN ON PAGE 44, AS WE LIKE TO SEE SUSTAINABILITY AREA APPLIED TO MATERIAL TOPICS. HERE WE ARE SHOWING YOU SOME OF THE AREAS THAT WE ARE GOING TO FOCUS. WE HAVE REALLY SOMEHOW RESHAPED OUR SUSTAINABILITY REPORT TO MAKE IT MORE PRACTICAL IN TERMS. SO THERE ARE FIVE AREAS TO FOCUS ON, SO BUSINESS AND MANAGERIAL INTEGRITY, CORPORATE GOVERNANCE, TRANSPARENCY, LAWFULNESS AND ETHICAL CONDUCT, QUALITY AND EFFICIENCY OF OUR SHOPPING CENTERS, AND A CHANGING BACKDROP, A CHANGING ENVIRONMENT.

SO WE WANT TO BE MORE AND MORE INVOLVED AND WE WANT OUR STAKEHOLDERS TO BE MORE AND MORE ENGAGED. WE WANT TO RAISE THEIR AWARENESS. AND THEN WE WANT THE SHOPPING MALLS TO BE SPACES TO BE LIVED-IN, WE WANT THEM TO BE AT THE HEART OF OUR BUSINESS, AND THEN PEOPLE, OF COURSE. LAST BUT NOT LEAST, IS HUMAN CAPITAL: OVER THE YEARS, WE HAVE TRIED TO PROVIDE A STABLE JOB, AND APPEALING ATTRACTIVE JOBS TO OUR PEOPLE AND WE'VE TRIED TO PROVIDE EQUAL OPPORTUNITIES AND GENDER EQUALITY.

AND THEN AFTER ALL THIS FIGURES, AFTER TELLING YOU A STORY ABOUT OUR BUSINESS PLAN, MAKING OUR BUSINESS CASE, YOU'LL FIND KEY FIGURES ON PAGE 45. THESE ARE THE FIGURES WITHIN THE BUSINESS PLAN TIMEFRAME. AND SO RENTAL REVENUES, WHERE OUR VISIBILITY IS ALMOST FULL AS THEY ARE ALL INVESTMENTS THAT ARE ALREADY ONGOING AND THAT WILL START GENERATING INCOME OVER THE COURSE OF THE BUSINESS PLAN, IT SHOULD BE UP ABOUT 20% WITH A CAGR OF 5% AND ON A LIKE FOR LIKE BASIS A CAGR OF 2% PER YEAR.

EBITDA MARGIN FROM CORE BUSINESS WILL BE IN EXCESS OF 70% AT THE END OF THE BUSINESS PLAN. WE HAVE NOW REACHED 67% END OF MARCH 2015, WHILST EBITDA MARGIN FROM FREEHOLD WILL BE HIGHER THAN 80% AND END OF MARCH, IT WAS AROUND 77%. SO MUCH MORE MARKED GROWTH IN FACT FOR FFOs FROM CORE BUSINESS AGAIN, WE ESTIMATE ABOUT €70 MILLION APPROXIMATELY AT THE END OF 2018 WITH A CAGR IN EXCESS OF 15%. LTV IS NOW €43 MILLION, BUT IT WILL BE BETWEEN €45 MILLION AND €50 MILLION WITHIN THE TIME SPAN OF OUR BUSINESS PLAN.

AS YOU SEE IN THE BOX ON THE RIGHT HAND SIDE, WE WILL SEE A MORE MARKED GROWTH OVER THE LAST FEW YEARS OF THE PLAN. AND SOME OF THE INVESTMENTS WILL COME UP AND

RUNNING AND WE WILL START HAVING AN IMPACT ON OUR ACCOUNTS BETWEEN 2017 AND 2018, WHEN THEY WILL START GENERATING INCOME. SO LOAN TO VALUE OF BETWEEN 45% AND 50% MILLION WITHIN THE TIMEFRAME OF OUR BUSINESS PLAN, IT COULD BE 46% ONE YEAR OR 50% AT THE NEXT, DEPENDING ON THE INVESTMENTS, €260 MILLION WORTH OF INVESTMENTS, THAT'S THE PIPELINE WE FORESEE WITHIN THIS BUSINESS PLAN OF WHICH €185 MILLION FOR DEVELOPMENT.

SO DIVIDEND POLICY, WE ARE NOW ON PAGE 46 OF THE PRESENTATION. WE ARE GIVING YOU SOME GUIDANCE AS TO THE FIGURES AS WELL RELATED TO DIVIDENDS. WE ARE COMMITTING TO MAINTAIN AN ATTRACTIVE DIVIDEND POLICY GOING FORWARD, AS WE'VE ALWAYS DONE IN THE PAST, SO ALWAYS TIED-IN WITH CASH GENERATION, THAT IS TO SAY FFOs. WE WILL BE PAYING OUT ROUGHLY IT COULD BE SLIGHTLY MORE OR SLIGHTLY LESS. IT WILL BE TWO THIRDS OF THE GROSS FFOs GENERATED PER YEAR, EVERY YEAR. AND WE WILL BE VERY CAREFUL ALSO ON A YEARLY BASIS TO, MAYBE COME UP AGAIN, AND PROPOSE AGAIN OUR DRO DIVIDEND REINVESTMENT OPTION.

FOR THREE YEARS IN A ROW, WE'VE SUBMITTED TO OUR SHAREHOLDERS WITH MORE AND MORE SUCCESSFUL RESULTS OVER THE YEARS. THIS YEAR WE DID NOT PROPOSE IT AS ANNOUNCED AT THE TIME OF THE SHARE CAPITAL INCREASE BECAUSE IT WE DON'T THINK IT WAS SUITABLE TO PROPOSE IT AGAIN TO OUR SHAREHOLDERS, WHO HAD ALREADY SUPPORTED THE SHARE CAPITAL INCREASE. BUT WE DO NOT EXCLUDE OR RULE OUT THAT IT COULD BE AN OPTION OFFERED TO THEM OVER THE COMING YEARS, DEPENDING ON HOW THE FINANCIAL MARKETS AND THE MARKETS IN GENERAL WILL MOVE.

LET'S NOW MOVE ON TO THE FINAL REMARKS. AS YOU SEE, IGD WILL CONTINUE ROLLING OUT AT INVESTMENT PIPELINE. IT WILL INCREASE THE GENERATED CASH FLOWS, AND IT WILL FURTHER STRENGTHEN THE VISIBILITY OF THE DIVIDEND PAYOUT, AND AS I SAID, BEFORE BY FULLY LEVERAGING ON ORGANIC GROWTH. SO WE ONLY HAVE €50 MILLION INVESTMENTS THAT HAVE NOT YET BEEN FULLY IDENTIFIED. AND WE ALSO WILL BE COMPLYING WITH THE PRESENT FINANCIAL CONSTRAINTS THAT WE'VE DISCLOSED.

AND SO, AT THE END OF THE BUSINESS PLAN, WE WANT TO STATE OUR POSITION AS LEADERS OF THE SHOPPING MALL INDUSTRY IN ITALY WITH AN ASSET PORTFOLIO OF MORE THAN \$2 BILLION. IF WE ADD TO THIS PLAN ALSO EXTERNAL FACTORS THAT HAVE IMPACTED UPON, ONE IN A DIRECT WAY, ALTHOUGH WITH LIMITED AFFECT THAT IS TO SAY THE RECENT REFORM OF THE SIIQS IN ITALY. AND THAT WILL ENABLE NEW ENTITIES TO ENTER THE EXCHANGE MARKET, THROUGH THE SIIQ FORM. AND THE FACT THAT THE MARKET IS STILL HIGHLY FRAGMENTED, MAKES US SAY THAT THE EXTERNAL ENVIRONMENT WILL BE FAVORABLE TO LOOK INTO POSSIBLE CONTRIBUTION TRANSACTIONS AND DEALS FROM THIRD PARTIES AT MARKET CONDITIONS OR IT WILL FAVOR PARTNERSHIPS WITH EITHER INDUSTRIAL OR FINANCIAL PLAYERS PROVIDED, OF

COURSE WE ARE ENTERING INTO VALUE ACCRETIVE DEALS FOR THE BENEFIT OF OUR SHAREHOLDERS.

AND THAT'S IT, AS FAR AS I AM CONCERNED, THERE ARE ATTACHMENTS TOO. YOU CAN LOOK INTO THE ATTACHMENT AT A LATER STAGE. MYSELF AND THE COLLEAGUES WHO ARE HERE WITH ME FROM BOLOGNA, WE ARE FULLY AVAILABLE TO TAKE YOUR QUESTIONS NOW OR ANY REQUEST FOR CLARIFICATION.

## Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. WE ARE NOW STARTING THE Q&A SESSION. WELL, THE FIRST QUESTION COMES FROM THE LINE OF MARTINO DE AMBROGGI WITH EQUITA.

MARTINO DE AMBROGGI: GOOD MORNING TO ALL OF YOU. I HAVE THREE QUESTIONS, MAINLY FOCUSING ON THE CHANGE IN CONSOLIDATION SCOPE, IF YOU WISH. AND OF COURSE, YOU HAVE GIVEN US FIGURES AS WELL. AND FIRST SLIDE YOU COMMENTED, YOU TALKED ABOUT ASSET CONTRIBUTION, SO CHANGES IN ASSET PORTFOLIO. WHAT ARE THE THE MAIN FEATURES OF WHAT YOU ARE LOOKING FOR, OF YOUR POSSIBLE TARGET AS FAR AS CONTRIBUTIONS ARE CONCERNED? COULD THERE BE CONTRIBUTIONS FROM SHAREHOLDERS MAYBE? AND AFTER THIS QUESTION, MAYBE I WOULD LIKE TO TRY AND HAVE A GRASP ON WHERE YOU ARE HEADING SIZE-WISE, AS FAR AS YOUR ASSET PORTFOLIO IS CONCERNED WHEN YOU MENTIONED ASSET CONTRIBUTIONS, AND OF COURSE, YOU ALWAYS HAD 0.5 AS MAXIMUM STAKE FOR LOAN TO VALUE NOT FOR STAKES.

CLAUDIO ALBERTINI: YES, POSSIBLE CONTRIBUTIONS, COULD COME FROM SHAREHOLDERS AND FROM THIRD PARTIES AS WELL. WE DO NOT RULE OUT CONTRIBUTIONS BY THIRD PARTIES. AND THE SETTING UP OF A NEW ENTITY AND PUTTING TOGETHER THREE COOPERATIVES, ONE OF WHICH IS A SHAREHOLDER, THE EX-MERGER OF THE THREE CO-OPERATIVES, COOP ADRIATICA, COOP NORD EST AND COOP ESTENSE, COULD LEAD TO FURTHER CONTRIBUTIONS, BUT IT'S STILL A GENERAL STATEMENT. SO AS I SAID, THESE CONTRIBUTIONS COULD COME FROM THIRD PARTIES AS WELL. BUT AS FAR AS OUR ASSETS ARE CONCERNED, IT SHOULD BE ASSETS THAT ARE FULLY IN LINE WITH OUR PORTFOLIO. WE ARE TALKING ABOUT MEDIUM SIZED SHOPPING MALLS; WE ARE TALKING ABOUT UNITS WITH GOOD CATCHMENT AREAS. AND WE DO NOT WANT TO LOOK FOR ASSETS THAT HAVE FEATURES THAT ARE DIFFERENT FROM WHAT WE ALREADY HAVE IN OUR PORTFOLIO.

SO THERE ARE NO LIMITS, SKY IS THE LIMIT. IT COULD GROW BY €100 MILLION, €200 MILLION, AND €300 MILLION GOING FORWARD IN THE COMING YEARS. WE HAVE NO LIMIT AS FAR AS GROWTH IS CONCERNED. BUT OF COURSE, WE WANT TO RETAIN LOAN-TO-VALUE BETWEEN 45 AND 50 AS I SAID, IF POSSIBLE IMPROVE THE RANGE, SURELY, NOT WORTH IN IT IN ANYWAY. ANOTHER CONDITION WE ARE GOING TO SET, IS TO HAVE UTMOST FOCUS AND ATTENTION TO

THE VALUES THAT WE WILL BE GENERATING THROUGH THESE ADDITIONS. AND NOT JUST NAV, BUT THE ACCRETIVE IMPACT THEY MAY HAVE ON THE IGD SHARE PRICE. AND THEREFORE, GENERATING VALUE NOT JUST THE MAJOR SHREHOLDERS, AND INCREASING VALUE, EPS VALUE, CASH GENERATION AND ASSET VALUE AS WELL. WE ARE GENERATING VALUE FOR ALL SHAREHOLDERS.

MARTINO DE AMBROGGI: IF I MAY, I HAVE ANOTHER QUESTION.

CLAUDIO ALBERTINI: NO, I AM JUST GOING TO WRAP-UP AND THEN YOU CAN ASK YOUR QUESTION. SO NO FOR THE TIME BEING, WE HAVE NO PROJECT IN MIND.

MARTINO DE AMBROGGI: AND SO WITH THE SGI WHERE YOU HAVE A 20% STAKE, YOU COULD ALSO TAKE INTO ACCOUNT, CONTRIBUTING SOME OF YOUR ASSETS INTO THE SGR, IS THAT A POSSIBILITY?

CLAUDIO ALBERTINI: YES, IT COULD BE. WE ARE LOOKING INTO THAT SO FAR, AND WE ARE STILL AT THE STARTUP STAGE WITH MAYBE THE TWO SHAREHOLDERS IN THE SGR COULD CONTRIBUTE ASSETS INTO THE SGR. SO EACH ONE WILL CONTRIBUTE AN ASSET, AND WE WILL RECEIVE STAKES OR SHARES IN RETURN. BUT WE WANT TO DO FUND RAISING VIS-À-VIS THIRD PARTIES IN AS WELL, OTHERWISE IT'S GOING TO BE A CAPTIVE ENTITY AND THIS IS NOT WHAT WE MEAN. THIS IS NOT OUR GOAL BECAUSE FROM A TAX VIEW POINT YOU ARE WELL POSITIONED.

MARTINO DE AMBROGGI: SO WHAT WOULD BE THE RATIONALE BEHIND AND BEYOND MAKING IT EASIER TO RAISE FUNDS FOR NEW INITIATIVES?

CLAUDIO ALBERTINI: SO THE RATIONALE BEHIND IT AS WE SAID YOU IN THE PRESENTATION IS EXACTLY THAT OF STRENGTHENING AND EXTENDING OUR TENANT NETWORK, IT COULD BE FIVE, SIX, SEVEN OR MORE NEW SHOPPING MALLS. AND SO, WE WOULD BE MANAGING THOSE SHOPPING MALLS FOR THE SGR, AND WE WOULD BE MANAGING TENANT CONTRACT. WE WOULD HAVE BENEFIT REVENUE WISE AND REVENUE FROM SERVICES AS WELL WHICH ARE ALMOST RISK-FREE FROM THE CAPEX VIEWPOINT. AND SO, THERE ARE A LOT OF BENEFITS THAT WE COULD DRAW FROM THIS COOPERATION. WE ARE STILL LOOKING INTO THAT, STUDYING THAT. AND OVER THE NEXT FEW MONTHS WE WILL BE SEEING HOW TO ACTUALLY START THIS PROJECT BECAUSE THE SGR IS DOING SOMETHING ELSE AS WELL IN THE MEANTIME.

MARTINO DE AMBROGGI: ONE LAST THING. YOU TALKED ABOUT ROMANIA, AND ROMANIA IS STARTING TO SOMEHOW HAVE A TURNAROUND. I UNDERSTAND THAT YOU'VE BEEN THINKING ABOUT A POTENTIAL DISPOSAL OVER TIME. SHOULD YOU HAVE A POTENTIAL BUYER? BUT WITH THIS TREND REVERSAL, HAVE YOU HAD ANY EXPRESSIONS OF INTEREST SO FAR?

CLAUDIO ALBERTINI: SO FAR NO, BUT IT'S A TREND REVERSAL AS WE SAID, A CHANGING SIGN. FINALLY, WE HAVE A PLUS SIGN AND REVENUES ARE GROWING VERSUS LAST YEAR, AND THIS IS SOMETHING WE HAD

ALREADY WITNESSED AT YEAR-END WITH A PASSING RENT OVER THE LAST FEW MONTHS. SO WE ARE SEEING THIS GROWTH, WITNESSING THIS GROWTH. BUT WE HAVE TO FURTHER CONSOLIDATE THIS GROWTH FIRST, AND WE ARE CONFIDENT THAT THIS GROWTH WILL BE CONSOLIDATED OVER THE NEXT QUARTERS AND OVER THE NEXT YEARS, AND SO THAT THE RIGHT CONDITIONS WILL BE THERE FOR EXPRESSIONS OF INTEREST TO COME ALONG BUT NOT BEFORE 18 TO 24 MONTHS.

MARTINO DE AMBROGGI: IF I MAY, ONE LAST THING. ON THE DAY-BY-DAY BUSINESS, THE FEELING YOU MAY HAVE ON RENT RENEWALS AND ELABORATE MAYBE ON WHAT YOU ARE SEEING IN THE RECENT PAST, HOW THINGS WENT IN THE RECENT PAST AND GOING FORWARD AS WELL THROUGHOUT THE YEAR.

CLAUDIO ALBERTINI: WELL, WE ARE JUST AT THE BEGINNING, BUT WE SAW 0.3 A SLIGHT GROWTH AGAINST LAST YEAR. I BELIEVE THAT WE HAVE JUST RECEIVED FIRST SIGNS OF A TREND REVERSAL, THE GROWTH OF 6.8%. SO ALL THIS MAKES US CONFIDENT ABOUT NOT SEEING RENEWALS OR A TURNOVER OF ASSETS WITH VALUES IN THE NEGATIVE. SO BASICALLY, I WOULD SAY THE ANSWER IS STABILITY. AND WE ARE TALKING ABOUT A PLUS 2% ON A LIKE-FOR-LIKE BASIS DURING OUR BUSINESS PLAN. AND I THINK THAT ALSO THANKS TO THE CENTRAL EUROPEAN BANK MOVES. WE SHOULD GO BACK TO THE VALUE I MENTIONED YOU IN THE PRESENTATION, SO WE ARE TALKING ABOUT STABILITY RATHER THAN GROWTH. THE TIME HAS NOT COME FOR A LARGE UPSIDE ON THE RENEWAL FRONT, WE HAD 6 YEARS IN A ROW MERGED BY STRONG ECONOMIC CRISIS, SO IT'S A TOO EARLY STAGE TO ENVISAGE ANY UPSIDE.

WELL FIRST OF ALL WE HAVE BEEN REDUCING REBATE. WE MOVED FROM €3 MILLION OF REBATES IN 2013 TO €2 MILLION LAST YEAR. THIS YEAR, WE WILL BRING THAT NUMBER FURTHER DOWN. SO THE FIRST TARGET IS THAT OF REDUCING FURTHER ANNUAL REBATES AND THEN WE WILL TRY TO GROW OFFSETTING INFLATION YEAR-AFTER-YEAR. THE IMPORTANT THING IS, I MEAN I'M SCARED BY WHEN I SEE THOSE SHOPPING CENTERS THAT HAVE VERY, VERY HIGH VALUATIONS, BUT ALSO VERY, VERY HIGH RENTS BECAUSE THEY ARE TYPICALLY EMPTY. SO I THINK WE HAVE TO STICK BETWEEN 95%, 96%, 97% AS THE AVERAGE VACANCY WHICH WE WANT TO STICK TO. TO ACHIEVE THAT, WE MUST OFFER SUSTAINABLE RENTAL, SO WE HAVE TO BE LESS OF A DRAG ON OUR TENANTS AND RETAILERS ACCOUNT, COST-WISE. SO WE MUST PROVIDE SPACES AT SUSTAINABLE COST. THANK YOU.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF FEDERICO PEZZETTI WITH INTERMONTE.

FEDERICO PEZZETTI: GOOD MORNING, EVERYBODY. AND THANK YOU FOR YOUR PRESENTATION. I HAVE A FOLLOW-UP QUESTION ON A POINT RAISED BY MARTINO; TO SAY THE ACQUISITION OF ASSETS THROUGH CONTRIBUTION OF ASSETS, AND I'M REFERRING TO YOUR SHAREHOLDERS. COULD YOU GIVE US A SENSE OR A FEELING FOR THE ORDER OF MAGNITUDE?



CLAUDIO ALBERTINI: NO, NO, NO. I HAVE NO VISIBILITY FEDERICO; IT'S A VERY MURKY SITUATION, HIGHLY DIVERSIFIED, HIGH VISIBILITY ON OUR LARGEST SHAREHOLDERS. AS TO THE TWO OTHER SHAREHOLDERS, I DON'T HAVE A CLEAR PICTURE. ONE OF THESE OTHER TWO SHAREHOLDERS HAS CONTRIBUTED SEVERAL OF ITS ASSETS TO A FUND RUN BY BNP BUT I DON'T KNOW DETAILS. THE OTHER ONE HAS CONTRIBUTED PROPERTY OR ASSETS, THEY ACTUALLY DID A SPINOFF AND THEY CONTRIBUTED IT TO A REAL ESTATE COMPANY SETUP WITH THIRD PARTIES. SO I THINK THAT THIS IS AN ISSUE WHERE WE HAVE NO VISIBILITY.

HOWEVER, THESE ASSETS MUST FIT TO OUR IDEAL PROFILE. I AM TALKING ABOUT SHOPPING MALLS PROFILES, AND MOST IMPORTANTLY THEIR YIELDS SHOULD BE FULLY IN LINE WITH OURS. WE WANT TO SEE ASSET CONTRIBUTED HAVING OR BEARING YIELDS THAT ARE WAY BELOW OURS. SO THIS IS A MESSAGE WHICH IS CONVEYED TO OUR SHAREHOLDERS, BUT NOT JUST OUR SHAREHOLDERS BUT TO ALL INDUSTRY INSIDERS AND PLAYERS. AS WE SPEAK NOW, IGD WILL COMPLETE ITS INVESTMENT PIPELINE THROUGHOUT THE BUSINESS PLAN. AND AFTER THAT WE MIGHT ENLARGE OUR ASSET PORTFOLIO. SO WE MIGHT EXPAND IT THROUGH CONTRIBUTION FROM OUR SHAREHOLDERS OR THIRD PARTIES.

FEDERICO PEZZETTI: VERY WELL. I HAVE A COUPLE OF OTHER SHORT QUESTIONS ON YOUR BUSINESS PLAN. IT'S A REQUEST FOR CLARIFICATION. WHAT'S THE ASSUMPTION FOR THE VACANCY RATE IN ITALY? AND WHAT ARE THE ASSUMPTIONS UNDERLYING YOUR ASSET PORTFOLIO AND THE LIKE-FOR-LIKE VALUATION OF YOUR ASSET PORTFOLIO? AN ADDITIONAL QUESTION ON REVENUES, WHAT'S YOUR ASSUMPTION ON REVENUES FROM SERVICE PROVISIONS? SHOULD WE EXPECT A MAJOR DELTA, A MAJOR MOVEMENT, OR HAVE YOU ASSUMED A KIND OF SEAMLESS TREND? AND A QUESTION ON OFFICINE STORICHE, DO YOU HAVE ANY GUIDANCE ON YOUR EXPECTED RENTAL INCOME? THEN I HAVE A QUESTION ON 2016, WHICH IS QUITE AN IMPORTANT YEAR FOR YOUR INVESTMENTS, AND IN PARTICULAR THE SO-CALLED INVESTMENT X. IS THERE ANY SPECIFIC REASON WHY YOU HAVE DECIDED JUST TO PLACE IT IN 2016, WHICH IS ALREADY QUITE, LET'S SAY, CAPEX OR INVESTMENT INTENSIVE YEAR?

CLAUDIO ALBERTINI: LET ME TAKE YOUR QUESTIONS. VACANCY RATE IN ITALY, AN IMPROVEMENT, NOT A MATERIAL IMPROVEMENT BUT WE DO EXPECT AN IMPROVEMENT. THE OCCUPANCY RATE IS ALREADY VERY HIGH, ABOVE 95%. HISTORICALLY AND TRADITIONALLY EVEN DURING GOOD YEARS, OUR OCCUPANCY RATE REACHED 97%, WE DO NOT EXPECT TO GO BEYOND THAT BECAUSE THIS IS SOMETHING WHICH IS IN INTRINSIC, I MEAN THERE IS A VACANCY RATE WHICH IS KIND OF INTRINSIC TO SHOPPING CENTER CONSIDERING TURNAROUNDS AND SO ON AND SO FORTH. SO THESE ARE THE NUMBER WE ARE THINKING. WHILST WE DO EXPECT A MATERIAL IMPROVEMENT IN THE VACANCY RATE IN ROMANIA, MAJOR TALKS ARE CURRENTLY UNDERWAY WITH IMPORTANT INTERNATIONAL PLAYERS AND BY THE END OF THE BUSINESS PLAN WE EXPECT TO HAVE A VACANCY RATE ABOVE 95%.

WELL, WE HAVE NOT DISCLOSED ANY NUMBERS WHEN COMING TO VALUATION, SO WE HAVE NOT DISCLOSED ANYTHING ABOUT VALUATION. GOING FORWARD, AND I DO HOPE ALREADY STARTING THIS YEAR, WE WILL SEE A COMPRESSION OF YIELDS REQUIRED BY THE MARKET. THIS IS SOMETHING WHICH IS ALREADY A FACTOR IN COUNTRIES, THAT'S WHY THOSE ARE QUITE COMPARABLE TO ITALY. I'M TALKING ABOUT SPAIN. SO THIS YIELD COMPRESSION GIVES US GOOD HOPES WHEN WE LOOK AT OUR PORTFOLIO. OUR PORTFOLIO HAD A STABLE YIELD, SLIGHTLY ON THE UPWARD TREND. WE ARE TALKING ABOUT 6.6% FOR CERTAIN ASSET CLASS AND MORE OR LESS THE SAME NUMBER FOR HYPERMARKET. SO ALL THIS LEADS US TO SAY THAT GOING FORWARD, WE SHOULD NOT SEE BIG NUMBERS WITH A MINUS SIGN BEFORE THEM.

AND SO WE SHOULD NOT SEE ANY REASON FOR MAJOR RAW MATERIAL WRITE-DOWNS. SO WE EXPECT TO SEE A YIELD COMPRESSION, BUT THIS IS INCIDENTALLY SOMETHING THAT HAS NOT BEING FACTORED-IN IN OUR BUSINESS PLAN. IT IS VERY DIFFICULT TO QUANTIFY, TO GIVE YOU A NUMBER. I MEAN HIGHER SERVICE INCOME OR REVENUE, THE GROWTH IS APPROXIMATELY ONE PERCENTAGE POINT HIGHER THAN THE ANNUAL REVENUE GROWTH WHICH IS 5%. SO WE ARE TALKING ABOUT SOMETHING BETWEEN 5% AND 6% ROUGHLY, 5.5%, 6%.

REVENUES OF OFFICINE STORICHE, WE ARE STILL SELLING SPACES. SO WE ARE IN NO POSITION TO GIVE YOU ANY ACCURATE OR SPECIFIC NUMBERS. WE ARE TALKING ABOUT THE OPENING SLATED BETWEEN LATE 2017, EARLY 2018. WE WILL PROBABLY BE MORE SPECIFIC IN THE NEXT FEW MONTHS. HAVING SAID THIS, OUR AVERAGE YIELD ON COST ON NEW INVESTMENTS IS APPROXIMATELY 7% AND IT MEANT TO STAY THERE EVEN IF WE LOOK AT OFFICINE STORICHE, SLIGHTLY ABOVE, SLIGHTLY LESS.

SO THE INVESTMENT X AND HOW IT WAS POSITIONED. WE CAN BE QUITE FLEXIBLE THERE, THAT INVESTMENT WILL BE MADE IF WE MANAGE TO COMPLETE THE DISPOSAL. WE'VE ALREADY COMPLETED TWO THIRDS OF THE DISPOSALS AND THERE ARE €50 MORE MILLIONS OF DISPOSALS THAT HAVE TO BE PERFORMED AND COMPLETED. WE KNOW THAT 2015 IS GOING TO BE A CHALLENGING YEAR, BUT ALSO THE FUTURE YEARS WILL BE CHALLENGING. AND OF COURSE, WE ARE GOING TO INVEST AS LONG AS WE CAN COMPLETE THE DISPOSALS WE HAVE WITHIN OUR BUSINESS PLAN. SO IT'S NOT THAT WE ARE GOING TO BE OBSESSED WITH INVESTING. SO FAR, WE HAVE NO FILE ON OUR TABLES THAT WE ARE LOOKING INTO.

FEDERICO PEZZETTI:

THANK YOU.

OPERATOR:

NEXT QUESTION COMES FROM THE LINE OF ANDREA BONFÀ, BANCA ALETTI.

ANDREA BONFÀ:

GOOD MORNING TO ALL OF YOU. I DON'T KNOW WHETHER YOU'VE MENTIONED IT DURING THE CALL, MAYBE I DIDN'T HEAR IT. 6.8% GROWTH IN SALES FOR SHOPPING MALLS; IS IT ON A LIKE-FOR-LIKE BASIS OR COULD YOU ELABORATE ON IT. AND SECOND QUESTION IS ABOUT THE SETTING UP OF THIS FUND. SO ARE YOU GOING TO MAYBE CONTRIBUTE YOUR ROMANIAN

BUSINESS INTO THIS FUND? AND THEN A QUESTION ON WHETHER OR NOT YOU ARE CONSIDERING OF PAYING DIVIDENDS ON A QUARTERLY BASIS, WHICH COULD REDUCE THE STOCK PRICE VOLATILITY, THERE WOULD BE A COST FOR CARRY, BUT IT WOULD NOT BE MATERIAL FOR YOU?

CLAUDIO ALBERTINI:

OKAY. I'M GOING TO ANSWER THOSE QUESTIONS. GROWTH, WE HAVE DISCLOSED 6.8%. IT DOES INCLUDE EXTENSIONS SUCH AS THE ABRUZZO EXTENSION AND NAPOLI. SO IT'S STILL GOING TO BE A DECENT GROWTH. WE ARE TALKING ABOUT EXISTING MALLS WITH EXTENSIONS. SO IT'S HARD TO COME UP WITH A LIKE-FOR-LIKE FIGURE. WE ARE NOT TALKING ABOUT NEW SHOPPING MALLS. SO ACQUISITIONS ARE NOT FACTORED IN. BUT THIS 6.8% INCLUDES EXTENSIONS, OTHERWISE IT WOULD BE 3% ON A LIKE-FOR-LIKE BASIS, BUT EXTENSIONS ARE EXTENSIONS ON EXISTING CENTERS.

LET ME STRESS THAT ROMANIA YOU KNOW, WE ARE NOT THINKING OF INCLUDING OR CONTRIBUTING OUR ROMANIAN ASSETS INTO A FUND, EVEN NOW BECAUSE THERE WOULD BE NO DIVESTING IN THAT CASE. SO WE ARE NOT THINKING OF INCLUDING ROMANIA IN ANY FUND.

THE DIVIDEND PAYOUT ON A QUARTERLY BASIS, THIS IS SOMETHING WE HAVEN'T YET THOUGHT ABOUT, WE WILL LOOK INTO IT. WE WILL CONSIDER IT. IF WE HAVE HIGH PROFITS, IF WE GENERATE HIGH PROFITS, WE MIGHT EVEN THINK OF PAYING DIVIDENDS OUT ON A QUARTERLY BASIS.

ANDREA BONFÀ:

THANK YOU.

OPERATOR:

NEXT QUESTION COMES FROM THE ENGLISH CONFERENCE CALL, EMMANUEL FIGUEIREDO, LBV ASSET MANAGEMENT.

JUAN IZAGUIRRE:

HELLO, GOOD MORNING. THIS IS JUAN IZAGUIRRE FROM LBV; EMMANUEL HAD TO GO BEFORE. JUST I HAVE THREE QUESTIONS, ALL OF THEM RELATED WITH HYPERMARKETS. THE FIRST ONE IS THE BIG DISCOUNTS THAT YOU HAVE VERSUS NAV. IS THIS BECAUSE THE PROPORTION OF HYPERMARKETS IS TOO BIG IN THE PORTFOLIO?

CLAUDIO ALBERTINI:

EXCUSE ME. COULD YOU PLEASE REPHRASE YOUR QUESTION?

JUAN IZAGUIRRE:

YES. THE FIRST ONE IS, IF THE BIG DISCOUNT THAT YOU HAVE VERSUS NAV, IS RELATED BECAUSE YOUR WEIGHT IN THE PORTFOLIO OF THE HYPERMARKET IS TOO BIG? AND THEN IF YOU THINK THAT IN YOUR ASSET ROTATION STRATEGY, ARE YOU THINKING TO SELL PART OF THAT HYPERMARKET THAT YOU HAVE, AS YOU DID IN LA PORTE DI NAPOLI? AND THE LAST QUESTION AGAIN RELATED WITH HYPERMARKETS; IF YOU CAN PROVIDE US WITH HISTORICAL DATA OF SALES DECLINING IN THE HYPERMARKETS?

CLAUDIO ALBERTINI: WELL, I DON'T SHARE YOUR POINT OF VIEW. THE INCIDENCE OR THE WEIGHT OF OUR HYPERMARKET IS 32% WITH A YIELD WHICH IS BASICALLY IN LINE WITH THE OTHER MAIN ASSET CLASS WHICH IS SHOPPING MALLS. THEY ARE BASICALLY IN LINE YIELD WISE, AND THERE IS NO PROBLEM IN TERMS OF LATE PAYMENTS, I MEAN PAYMENTS ARE MADE ON THE UPFRONT ON A QUARTERLY BASIS, AND WE ARE TALKING ABOUT LONG-TERM 18 YEARS OF CONTRACT. SO I DON'T AGREE ON YOUR POINT, WHEN YOU MENTIONED THAT THIS IS THE DISCOUNT ON OUR NET ASSET VALUE.

AS FOR NAPOLI, WELL WE REDUCED BY 50% THE SPACE DEVOTED TO HYPERMARKET TO THE BENEFIT OF SHOPPING MALLS. IT PERFORMED WELL AS A SOLUTION; MAYBE THIS IS A SOLUTION THAT IS APPLICABLE TO OTHER MARKETS. THIS IS SOMETHING WHICH IS IN PROGRESS IN EUROPE, IN ITALY EVEN TO A LESSER EXTENT. SO WHENEVER WE ARE REQUESTED TO DO SO, WHENEVER WE ARE REQUESTED TO DO SO BY THE COMPANY MANAGING THE HYPERMARKET. WELL, WE WILL CONSIDER IT ON AN INDIVIDUAL BASIS. THE HYPERMARKET ASSET CLASS IN THE PAST FEW YEARS MAINTAINED A YIELD IN LINE WITH THE YIELD OF SHOPPING MALLS, WITH NO PROBLEMS, NO ISSUES WITH THE TENANTS THAT TO SAY IN OUR CASE, THE TWO COOPS THAT WERE VERY TIMELY PAYERS. SO I THINK THAT THAT'S A VALUATION THAT LEFT TO FOREIGN INVESTORS. BUT AS I SAID, I DISAGREE WITH YOU.

AS FOR GIVING YOU HISTORICAL DATA AND NUMBERS ON SALES OF HYPERMARKET, WE WILL SEND THEM, CLAUDIA CONTARINI, OUR INVESTOR RELATION, WILL GET BACK TO YOU ASAP. AND AT THE END OF MARCH SHOW DECLINING RATE 1.4, WHICH IS QUITE AN IMPROVEMENT BECAUSE IT'S LESSER DECLINE THAN LAST YEAR.

JUAN IZAGUIRRE: THANK YOU.

OPERATOR: LET ME REMIND YOU THAT TO ASK A QUESTION, YOU MAY PRESS "\*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. NEXT QUESTION COMES FROM THE LINE OF FRANCESCO SALA WITH BANCA AKROS. YOU HAVE THE FLOOR.

FRANCESCO SALA: GOOD MORNING TO ALL OF YOU. I HAVE A QUESTION ON THE DRO, DIVIDEND REINVESTMENT OPTION. YOU MADE REFERENCE TO MARKET CONDITIONS. DO YOU HAVE IN MIND A DISCOUNT TO NAV THAT YOU MAY COME UP WITH IN CASE OF DRO OR WHAT OTHER CRITERIA YOU HAVE IN MIND TO EITHER PROPOSE DRO OR NOT?

CLAUDIO ALBERTINI: IT DEPENDS, IT DEPENDS ON THE MOMENT AND TIME AND HOW THE MARKET IS PERFORMING IN THAT MOMENT IN TIME. THERE ARE TIMES IN WHICH THE MARKET IS MORE PRONE OR REACTIVE, AND THERE ARE OTHER TIMES WHEN IT IS NOT AS REACTIVE, SO EVERYTHING IS MORE DIFFICULT. AND GOING FORWARD, WHEN IT COMES TO NAV GROWTH AND DISCOUNT REDUCTION, IT WILL ENABLE US TO RUN TRANSACTIONS THAT ARE CLOSER TO NAV VALUE. I CANNOT TELL YOU RIGHT NOW OR ESTIMATE RIGHT NOW WHAT THE IDEAL CONDITIONS WILL BE.

FRANCESCO SALA: THANK YOU VERY MUCH.

CLAUDIO ALBERTINI: I CAN ONLY SAY THAT, MR. SALA, THAT OVER THE THREE YEARS WHEN WE PROPOSED THE DRO OPTION LAST YEAR AND TWO YEARS BEFORE, WE HAVE SUPPORT FROM THE MARKET AND WE WENT FROM 67% HIT RATE IN 2012 TOWARDS 76% HIT RATE IN 2014, AND IN 2013 IT WAS IN EXCESS OF 70%. SO THE HIT RATE WAS MOSTLY FROM THE MARKET BECAUSE THE REFERENCE OR PRIMARY SHAREHOLDERS ALL BEHAVED IN THE SAME WAY ACCEPTED IT OR AND IGD HAD A DISCOUNT TO NAV THAT WAS HIGHER THAN THE ONE WE HAVE NOW. SO IT DEPENDS FROM THE MOMENT IN TIME. SO WE ARE CONFIDENT THAT OVER THE NEXT FEW YEARS WE CAN REDUCE THE DISCOUNT TO NAV, AND THEREFORE, WE CAN COME UP WITH THIS OPTION WITH BETTER CONDITIONS. IT'S AN OPTION AS I SAID, AND THE CLOSER THE IGD SHARE OR STOCK PRICE IS TO NAV, OF COURSE, THE EASIER IT IS TO COME UP WITH THE DRO. THE DILUTIVE EFFECT WAS BELOW 4%, LAST YEAR WAS IT WAS BETWEEN 3% AND 4% IN THE LAST YEAR WITH DISCOUNT CONDITIONS, DISCOUNT TO NAV THAT WERE MUCH BROADER THAN THE ONES WE HAVE NOW.

FRANCESCO SALA: THANK YOU.

OPERATOR: MR. ALBERTINI, THERE ARE NO FURTHER QUESTIONS.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. THANK YOU ALSO ON BEHALF OF THE REST OF THE MANAGEMENT TEAM. AND WE WILL BE BACK IN TOUCH WHEN PRESENTING THE NEXT QUARTERLY RESULTS.