



Bloomberg
April 4th 2014

IGD CEO Sees New Italy Mall Sale by 2014, Prepares Romania Exit

2014-04-14 05:00:00.0 GMT

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April 14 (Bloomberg) -- IGD working on property sale in Italy by 2014, will consider exiting Romania at end of 2015-beginning 2016, CEO Claudio Albertini says in phone interview.

- * Italy asset for sale located in center-north of country, smaller than recent disposal; while not in hurry to sell, co. incentivized by possibility to dispose at book value
- * NOTE: co. sold Fonti del Corallo Shopping Center in Livorno in Feb. for EU47m

ROMANIA STRATEGY

- * IGD strategy for Romanian properties implemented through refurbishment (fronts, LED lightning, escalators), improving merchandising mix (addition of international brands, currently 30% of total)
- * Process aimed at weighing potential disposal in 2-3 yrs though Romania cash generative
- * Romania representing <10% of total assets, 2014 capex to be <EU5m, all self-financed
- * Romania exit not included in 2014-2016 business plan

ACHIEVABLE PLAN, DIVIDEND

- * 2014-2016 plan achievable, says 1Q in line with plan (May 8)
- * NOTE: CAGR for income from rental business of +2.6% (+1.5% LFL), investments of ~EU195m (EU110m for capex and expansion of current perimeter and ~EU85m for development of pipeline), disposals for ~EU190m among plan targets
- * Current div. sustainable also in coming yrs with Dividend Reinvestment Option
- * Board proposing option for 3rd consecutive yr (had 76% positive response last yr, 67% yr earlier)

OUTLOOK/DEBT

- * Sees several positive signs, also from within co. including lower cost of debt
- * Also cites Jan.-Feb. footfalls up 3.5%, tenants' sales +1.4% compared with +0.9% and -1.6%, respectively in full-yr 2013 (with 1H very negative especially for sales)
- * Sees trend of slow, gradual improvement in consumer spending this yr
- * Says there is "the feeling we're close to a turning point"
- * Optimistic on consumer spending in 2H, more cautious on 1H as doesn't expect major macroeconomic changes
- * Sees debt stock at end of plan "substantially stable," loan-to-value at ~54%
- * Sees cost of debt this yr at ~4%



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SENIOR UNSECURED NOTES

- * Co. had previously considered to issue bonds next yr, took advantage of window of opportunity because of “extremely positive context for mkts”
- * Feedback regarding senior unsecured notes “already very positive”
- * NOTE: on April 11, IGD announced private placement of senior unsecured notes for aggregate principal amount of EU150m; issue and settlement date expected to be May 7; Morgan Stanley to act as sole underwriter
- * Financial needs now covered through 2015, partially also 2016
- * 2014 was already covered by disposals for EU60m (EU47m from mall sale, EU12m from treasury stock, rest from minor sales)
- * NOTE: Plan envisages reduction of financial leverage with gearing ratio of <1.2x at end of plan

SOROS/INVESTORS

- * “Very happy” about investment by Soros fund (Quantum Strategic Partners Ltd acquired 5% of IGD last month) as about all other foreign shareholders
- * Says strong interest from international funds for Italian real estate
- * Doesn't have specific project with Soros fund, no request from it to change strategy