

Event: FY 2017 Financial Results Presentation

Date: 22th February 2017

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD MORNING. THIS IS THE CHORUS CALL OPERATOR. WELCOME AND THANK YOU FOR JOINING THE CONFERENCE CALL TO PRESENT IGD'S FULL YEAR 2017 FINANCIAL RESULTS. AS A REMINDER, ALL PARTICIPANTS ARE IN LISTEN-ONLY MODE. AFTER THE PRESENTATION, THERE WILL BE AN OPPORTUNITY TO ASK QUESTIONS. SHOULD YOU NEED ASSISTANCE DURING THE CONFERENCE CALL, PLEASE PRESS "*" AND "0" ON YOUR TELEPHONE. AT THIS TIME, I'D LIKE TO TURN THE CONFERENCE OVER TO MR. CLAUDIO ALBERTINI, CEO OF IGD.

MR. ALBERTINI, YOU HAVE THE FLOOR.

CLAUDIO ALBERTINI: THANK YOU AND GOOD AFTERNOON TO YOU ALL. AS YOU WILL HAVE READ IN THE PRESS RELEASE THAT WAS PUBLISHED SHORTLY AGO, THIS MORNING THE BOARD OF DIRECTORS OF IGD APPROVED THE 2017 ACCOUNTS, WHICH I WILL NOW WALK YOU THROUGH. ATTENDING THIS CONFERENCE, MYSELF, THE MANAGEMENT OF THE COMPANY AS WELL AS THE CHAIRMAN, GASPERONI.

2017 ACCOUNTS LET ME START FROM A COVER PAGE AND LET ME DO THIS, BECAUSE WE BELIEVE THIS IS A YEAR OF GREAT ACHIEVEMENTS WHICH FOLLOWS UPON ANOTHER RECORD HERE IN 2016. BUT I BELIEVE WE MANAGED TO IMPROVE ON THE ALREADY GOOD RESULTS WE HAD OBTAINED IN 2016.

ON PAGES 3 AND 4, YOU WILL FIND A BRIEF SUMMARY THE HIGHLIGHTS OF OUR YEAR AND OUR FIGURES. LET ME START WITH PAGE 3, 2017 SAW TWO OPENINGS. THE MOST IMPORTANT ONE IN 2017 WAS THE EXTENSION OF THE ESP IN RAVENNA AND THERE WILL BE A SPECIFIC SLIDE LATER ON TO GIVE YOU FURTHER DETAILS ON THIS. THIS OCCURRED EARLY IN JUNE WITH AN EXTENSION OF THE EXISTING MALL AND IT WAS GREATLY SUCCESSFUL IN TERMS OF BOTH TENANT SALES AND FOOTFALL.

EARLY IN NOVEMBER WE DID OUR SECOND EXPERIENCE WITH A REMODELING. WE EXTENDED ANOTHER MALL, THIS WAS A SECOND SUCCESSFUL EXPERIENCE AFTER THE ONE MADE IN 2015 IN AFRAGOLA. THE TOTAL MALLS GLA THIS YEAR INCREASED BY 23200 SQUARE METERS, RENTS ARE UP BY ABOUT €5 MILLION. OPERATING PERFORMANCE AND OF COURSE I WILL GIVE YOU FURTHER DETAILS ON THIS TOO ON FOLLOWING SLIDES.

OUR OPERATING PERFORMANCE WAS REMARKABLE. TENANT SALES IN ITALY WENT UP 4.3% ON A TOTAL BASIS AND WITHOUT THE EXPANSIONS THIS WOULD GO TO 1.3% SO STILL A POSITIVE FIGURE, AND UPSIDES ON CONTRACT RENEWALS THAT AMOUNTED TO 4.9% IN ITALY ON A CONSIDERABLE SIZABLE BASE OF RENEWALS AND 2.1% IN ROMANIA ON A WIDER BASIS.

AND LASTLY AGAIN ON PAGE 3 ON OUR FINANCIAL PROFILE IN 2017, WE LOWERED OUR COST OF DEBT BELOW 3% CONFIRMING WHAT WE HAD SEEN DURING THIS YEAR AND OUR LOAN-TO-VALUE IMPROVED TO BY ABOUT 1 POINT AND ABOVE ALL, AT YEAR END IN DECEMBER 2017 MOODY'S WHICH GAVE AN INVESTMENT GRADE RATING BAA3 IN 2016 CONFIRMED THIS RATING WITH AN OUTLOOK THAT REMAINS STABLE FOR IGD. ALL THIS GOES TO SAY, AS MENTIONED AT THE BOTTOM OF THE SLIDE, THAT WE ARE FULLY CONSISTENT WITH WHAT WE HAD SAID IN OUR 2016-2018 BUSINESS PLAN. SO IN 2017 IS THE SECOND YEAR OF OUR BUSINESS PLAN.

COMING BACK TO PAGE 4, LET ME TELL YOU SOMETHING MORE ABOUT THE RESULTS IN 2017. OUR TOTAL REVENUES ABOUT €150 MILLION BUT CORE BUSINESS REVENUES ACCOUNT FOR €145.1 MILLION PLUS 6% YEAR-ON-YEAR. WHEREAS EBITDA FROM CORE BUSINESS FOR THE FIRST TIME EVER IN IGD IS ABOVE €100 MILLION, MORE SPECIFICALLY A €101.2 MILLION UP 6.7% WITH THE EBITDA MARGIN CLOSE TO OUR TARGET AT THE END OF THE PLAN 69.7 AND YOU SEE THAT WE HAVE A 40 BASIS POINTS INCREASE. WHEREAS MARGIN FROM FREEHOLD NOT INCLUDING LEASEHOLD IS 79.2% UP SLIGHTLY MORE 50 BASIS POINTS. WE ARE NOT FAR AWAY FROM THE TARGET FOR THE END OF THE PLAN WHICH IS 80%.

NET PROFIT GOES UP CONSIDERABLY €86.5 MILLION WITH A 26.5% INCREASE AND FUNDS FROM OPERATIONS IS €65.6 MILLION PLUS 21.7% VERSUS 2016 SO WE ARE IMPROVING ON OUR STATED GUIDANCE AS WE MENTIONED EARLY IN AUGUST WHEN WE APPROVED THE HALF YEAR RESULTS WHERE WE MENTIONED 20%, FFO PER SHARE IS €0.81 PER SHARE. SO EARNINGS PER SHARE OR FIGURES PER SHARE CONSIDER THE SITUATION AS OF MONDAY THE 19TH OF FEBRUARY WHERE WE GROUP TOGETHER 10 OLD SHARES INTO A NEW ONE.

THE MARKET VALUE OF OUR REAL ESTATE PORTFOLIO IS AT ABOUT OVER €2.2 BILLION, 2.3% UP VIS-À-VIS LAST YEAR AND ONE LAST PIECE OF GOOD NEWS ON THIS SLIDE, WITH AN INCREASE OF OUR TRIPLE NET ASSET VALUE BASED ON EPRA CRITERIA WHICH WAS AT €13.7 PER SHARE UP 6.3 PERCENTAGE POINTS VERSUS 12.9 LAST YEAR. SO IGD GROWTH IN CAPITAL TERMS TO ALSO NET OF THE DIVIDEND PAID OUT LAST YEAR, WHICH WAS 45 CENTS AGAIN INCLUDING AND CONSIDERING THE REGROUPING OF OUR SHARES.

THESE RESULTS ARE TO BE SEEN AGAINST A BACKGROUND OF AN ITALIAN ENVIRONMENT WHERE GROWTH IS SOUND COMPARED WITH 2016 WITH GDP AT ABOUT 1.4%, UNEMPLOYMENT RATE IS DOWN AND CONSUMER AND FIRM CONFIDENCE INDEX ARE UP. WE ALSO ADDED A FEW FURTHER FIGURES. STANDARD AND POOR'S RAISED ITALY'S RATING AFTER 15 YEARS, THE LAST PROMOTION WAS IN 2002, AFTER THAT WE ONLY HAD DOWNGRADES, SO THERE WAS A PROMOTION OR AN UPGRADE AFTER 15 YEARS. AND BANKS ARE REDUCING THEIR NPLS. LAST YEAR THERE WAS A DECLINE BY 25.8% OF THIS INDICATOR AND WE ARE GRADUALLY ALIGNING OURSELVES TO THE EUROPEAN AVERAGE. THERE ARE OTHER FIGURES, BANKRUPTCIES FOR EXAMPLE IN 2017 SO DEFAULT RATES WENT BACK TO THE LEVELS OF 2015 DOWN 11.3 BETWEEN 2016 AND 2017. AS MOST SPECIFICALLY FOR THE REAL ESTATE INDUSTRY ON PAGE 7 LAST YEAR WE SAW TOTAL INVESTMENT IN ITALY EXCEEDING €10 BILLION AT ABOUT €11 BILLION UP 21% VERSUS 2016. HERE YOU WILL FIND GROWTH IN THE SEVERAL ASSET CLASSES ONLY THE RETAIL BUSINESS IS DOWN. BUT WITH A FEWER DEALS IN THE PIPELINE OF SOME PLAYERS WITH AN OUTLOOK WHICH IS POSITIVE FOR THIS YEAR. NOT LAST, OUR OWN DEAL, OUR OWN ACQUISITION THE PRELIMINARY CONTRACT WAS SIGNED SHORT AGO SO THIS WILL GO IN 2018.

FOLLOWING PAGE, IN 2017 ROMANIA SAW A BOOM IN ITS ECONOMY WITH GDP THAT ACCORDING TO THE LATEST ESTIMATES WILL REACH 7%. I BELIEVE IT IS THE EUROPEAN COUNTRIES WITH THE HIGHEST GROWTH RATE SIMILAR TO CHINA I SHOULD SAY. AND 2018, THE OUTLOOK FOR 2018 IS STILL GOOD WITH VERY POSITIVE GROWTH RATES. OVERALL INVESTMENT IN THE REAL ESTATE BUSINESS AND AGAIN THESE ARE SMALLER FIGURES THAN IN ITALY, BUT IT WAS A 24% GROWTH IN REAL ESTATE INVESTMENT ABOUT €1 BILLION WITH GROWING INTEREST FROM NEW PLAYERS ON THE ROMANIAN MARKET.

COMING NOW TO PAGE 9, WHERE YOU CAN FIND A FEW FIGURES CONCERNING OUR PORTFOLIO WHICH AS THE TITLE SAYS REMAINS SOLID, SOUND. ITALY ACCOUNTS FOR OVER 93% OF TOTAL

RENTAL REVENUES WITH 1,253 EXISTING OR OUTSTANDING CONTRACTS AND OCCUPANCY RATES FOR ITALY WHICH IS MORE OR LESS IN LINE WITH LAST YEAR'S 96.8%. AVERAGE RESIDUAL MATURITY FOR OUR MALLS CONTRACTS IS ALMOST 5 YEARS WHILE MATURITY FOR HYPER IS 8 YEARS. THE TOP 10 TENANTS ACCOUNT FOR SLIGHTLY MORE THAN 20%, WHEREAS ON THE RIGHT HAND SIDE OF THE SLIDE YOU HAVE ROMANIA, 6.8% OF OUR TOTAL RENTAL REVENUES WITH ABOUT 600 CONTRACTS WITH AN OCCUPANCY RATE WHICH IS UP AT 96.4% AND AVERAGE RESIDUAL MATURITY OF OUR MALLS OF 5.6 YEARS AND THE TOP 10 TENANTS ACCOUNT FOR ABOUT 27%.

STILL ON OUR PORTFOLIO, AND WE ARE ON PAGE 10 NOW, TENANT SALES, AS WE SAID IN THE OPENING SLIDE, WERE UP BY 4.3% INCLUDING EXTENSIONS. WITHOUT EXTENSIONS, WE ARE STILL AT ON A LIKE-FOR-LIKE GROWTH OF 1.3%. THE AVERAGE UPSIDE OF ALMOST 5% BASED ON ALMOST 200 SIGNED CONTRACTS, 195 TO BE MORE PRECISE. AND A ROTATION RATE OF NEW TENANTS ON TOTAL CONTRACTS OF 5.4%. WHEREAS FOR ROMANIA, THE FIGURES ARE RESPECTIVELY 2.1% AVERAGE UPSIDE ON RENEWALS, IN THIS CASE THE NUMBER OF SIGNED CONTRACTS WHICH WERE RENEWED IS MUCH LARGER 459 OUT OF A TOTAL 600 SO 2.1% MORE AND A ROTATION RATE AT 32.7%.

PAGE 11, HERE YOU CAN FIND THAT SEVERAL COMPONENTS OR DRIVERS OF OUR GROWTH FOR RENTAL REVENUES FROM €131 MILLION IN 2016 TO ALMOST €139 MILLION AT THE END OF 2017. GROWTH WAS DRIVEN BY TWO DRIVERS, THE FIRST BEING RENTAL OR REVENUE GROWTH FROM A LIKE-FOR-LIKE BASIS PLUS 5.4% FOR ROMANIA AND PLUS 1.5% FOR ITALY AND A DELTA OF €5.6 MILLION RELATED TO ACQUISITION, EXTENSIONS AND RESTYLING. RENTAL REVENUES BREAKDOWN, WE SEE THAT MALLS STILL ACCOUNT FOR THE LION SHARE OF 63.8%, HYPERMARKETS ARE DOWN BELOW 30% TO 28.9% AND ROMANIA 6.8%. LET ME TELL YOU SOMETHING ABOUT THESE FIGURES AFTER THE ACQUISITION. AFTER THE ACQUISITION, WE WILL HAVE A PERCENTAGE OF MALLS WHICH WILL GO UP TO ABOUT 67%, HYPERS WILL GO DOWN FURTHER BY ANOTHER 2.5 PERCENTAGE POINTS AT ABOUT 26.4%. AND ROMANIA WILL GO DOWN TO SLIGHTLY MORE THAN 6%. AGAIN, THIS IS AFTER THE ACQUISITION OF PORTFOLIO WHICH WE ARE EXPECTED TO COMPLETE BY THE END OF THE FIRST HALF OF THIS YEAR.

LET ME TAKE YOU NOW TO PAGE 12, I MENTIONED THE TWO SUCCESSFUL OPENINGS WE'VE HAD LAST YEAR. THE MOST IMPORTANT ONE AS I SAID WAS ESP IN RAVENNA, THE EXTENSION OF THE MALL WHICH WAS COMPLETED IN JUNE 2017 WITH THE OPENING ON THE 1ST OF JUNE. THE ADDITIONAL GLA IS 19,000 SQUARE METERS BAND BETWEEN JUNE AND DECEMBER 2017 WE SAW FOOTFALL INCREASE BY 24.5% AND TENANT SALES IN THE EXISTING MALL BEFORE THE EXTENSION

UP 7.2%. IT IS JUNE-DECEMBER 2017 WITH ADDITIONAL RENTS FOR THE EXTENDED PART BY €4.6 MILLION AND THE GROSS YIELD ON COST ABOVE 8%.

AS FOR CITTÀ DELLE STELLE, IT WAS A RECONVERSION OF PART OF THE AREA OF THE HYPERMARKET WHICH WAS TURNED INTO ADDITIONAL MALL SPACE FOR 4,200 SQUARE METERS. HERE TOO, WE HAVE A FIGURE CONCERNING TWO MONTHS BECAUSE THE OPENING WAS IN EARLY NOVEMBER, FOOTFALL 17.8% MORE AND TENANT SALES IN THE EXISTING MALL 10.1%, ADDITIONAL RENT OF €0.3 MILLION AND NET YIELD ON COST OF ABOUT 6.5%. SO AGAIN €300,000 ADDITIONAL RENT.

THIS MORNING, THE BOARD OF DIRECTORS APPROVED FOR THE SECOND CONSECUTIVE YEAR OUR SUSTAINABILITY REPORT WHICH FOR THE FIRST YEAR WAS SUBJECT TO AUDITING AND CERTIFICATION BY A COMPANY WHICH IS PRICEWATERHOUSECOOPERS OUR EXTERNAL AUDITORS SO, THIS IS THE FIRST REPORT SUBJECT TO ASSURANCE; MATERIALITY HAS CHANGED, YOU SEE OUR NEW LOGO BECOMING GREAT. WE ARE INDEED BECOMING GREAT; IT IS AN ACRONYM WHICH STANDS FOR GREEN, RESPONSIBLE, ETHICAL, ATTRACTIVE AND TOGETHER. AND HERE YOU WILL FIND A FEW HIGHLIGHTS OF MUCH GREATER RANGE OF ACTIVITIES AS MENTIONED IN OUR REPORT WHICH YOU CAN FIND ON OUR WEBSITE. CONCERNING GREEN, WELL OVER 60% OF THE PORTFOLIO HAS LED LIGHTING. ON CORPORATE SOCIAL RESPONSIBILITY WE HAVE A WELFARE PROJECT WHICH WE'VE IMPLEMENTED FOR ALL OUR EMPLOYEES FOR ETHICAL WAS IMPLEMENTED AND PUT IN PLACE AN ANTI-CORRUPTION CERTIFICATION PROJECT BOTH IN ITALY AND IN ROMANIA FOR ATTRACTIVENESS. AS WE WILL SEE LATER ON, BECAUSE THERE IS A SPECIFIC SLIDE DEVOTED TO THIS A VIRTUAL REALITY SYSTEM EXCLUSIVE FOR ITALY IN ALL OUR IGD SHOPPING CENTERS. AND AS FOR TOGETHER, FOR SOME YEARS NOW WE'VE BEEN ENGAGING ALL THE MAIN STAKEHOLDERS IN A WHOLE SERIES OF INITIATIVES AND ACTIVITIES.

MORE SPECIFICALLY, YOU FIND FURTHER DETAILS ON PAGES 14 AND 15, SPECIFICALLY ON ENVIRONMENTAL SUSTAINABILITY WHICH IS THE BEST KNOWN PART OF WHEN IT COMES TO SUSTAINABILITY YOU WILL FIND A FEW FIGURES AND DATA, WE'VE DEFINED A PROCEDURE TO CERTIFY WHAT IS KNOWN IS BREEAM IN NEWS IN FOUR KEY ASSETS FOR KEY MALLS AND THIS IS OUR TARGET FOR 2018. LET ME REMIND YOU THAT WE HAVE A BREEAM CERTIFICATION FOR THE CENTRO SARCA IN MILAN. WE HAVE 14 SHOPPING CENTERS WHICH ARE ALREADY CERTIFIED WITH ISO-14001 THIS CORRESPONDS TO ABOUT 70% OF THE OVERALL PORTFOLIO, ALL OUR CENTERS USE RENEWABLE SOURCES AND FIVE OF OUR CENTERS HAVE RECENTLY BEEN EQUIPPED WITH PHOTOVOLTAIC PLANTS.

ON PAGE 15, WE LIST SEVERAL INITIATIVES WHICH WE HAVE RECENTLY ADOPTED, ONE IS WASTE2VALUE, A FIRST PROJECT OF CIRCULAR ECONOMY IMPLEMENTED IN A SHOPPING CENTER, IT CONCERNS WASTE RECYCLING WE ENGAGED ALL OUR STAKEHOLDERS IN THIS PROJECT. HERE YOU WILL SEE VIRTUAL REALITY TOO, WE ARE UNIQUE IN ITALY AND THIS IS SOMETHING THAT WE WILL ACTUALLY OFFER IN ALL OUR SHOPPING CENTERS AND IT WAS ALREADY PRESENTED AT MAPIC LAST NOVEMBER. AND THEN IN ALL OUR SHOPPING CENTERS WE HAVE PLACED DIGITAL TOTEMS WHICH IN OUR OPINION ARE VERY USEFUL COMMUNICATION TOOLS TO SERVE OUR MALLS.

ON PAGE 17, GOING BACK TO FIGURES, MORE PROPERLY BUT SUSTAINABILITY IS ALSO TRANSLATED INTO FIGURES AS WE SAW BEFORE. OUR OVERALL PORTFOLIO IS €2,228 MILLION UP 2.3% WITH THE ASSET CLASS LISTED HERE OUR MALLS ACCOUNT FOR ABOUT 60% OF THE OVERALL PORTFOLIO, HYPERS 29% AND ROMANIA 7%. SO WE HAVE BEEN DOING FOR SOME TIME NOW, WE PROVIDE ALSO A BREAKDOWN OF THE MALL ASSET CLASS BROKEN DOWN INTO THREE CATEGORIES WHAT ARE KNOWN AS KEY MALLS WHERE IT'S MORE THAN €70 MILLION, WE HAVE SEVEN OF THEM AS SPECIFIED TO THE RIGHT HAND SIDE STARTING FROM CATANIA DOWN TO CENTRO SARCA AND THESE SEVEN WILL BE JOINED BY THE CENTRO LEONARDO IN IMOLA. WE HAVE ABOUT 31% OF MEDIUM SIZED MALLS WITH A UNIT VALUE RANGE OF BETWEEN €30 MILLION AND €70 MILLION AND AT LEAST 13% IS SMALL MALLS WITH A UNIT VALUE BELOW €30 MILLION.

PAGE 18, AS WE SAW BEFORE OUR PORTFOLIO GROWTH IN VALUE OVER €2.2 BILLION PLUS 2.3% HERE, YOU CAN FIND SOME YIELDS BROKEN DOWN BY ASSET CLASS. WE HAVE A GROSS INITIAL YIELD HERE. WE HAVE THE EPRA LOGO BECAUSE WE CALCULATED THE NET INITIAL YIELD FOR THE TWO MOST IMPORTANT CATEGORIES THAT YOU SAY ITALY AND ROMANIA, WHICH IS 5.4 FOR ITALY AND 5.5 ROMANIA AND NET INITIAL YIELD TOPPED UP IN ITALY IS SLIGHTLY A HIGHER 5.5%, AND 5.7% ROMANIA. THIS IS THE FIRST TIME THAT WE PROVIDE DISCLOSURE ALSO, I MEAN NOT ONLY OF GROSS INITIAL YIELDS, BUT ALSO OF OUR NET INITIAL YIELDS.

LET ME TAKE YOU NOW TO PAGE 19, ON TOP OF THOSE OPENINGS THAT WERE MENTIONED FOR 2017 CITTÀ DELLE STELLE AND ESP. WE ARE CURRENTLY WORKING ON OUR PIPELINE THIS YEAR IN EARLY MAY WE EXPECTED TO OPEN ANOTHER MIDDLE SIZED MALL ALREADY RENTED IN CREMA. IT'S A €7 MILLION INVESTMENT WHICH IS SLIGHTLY LESS THAN 3,000 SQUARE METERS OF ADDITIONAL GLA WHEREAS THE BULK OF OUR WORK WILL BE FOCUSED ON OFFICINE STORICHE THIS YEAR. WE ARE WAITING FOR THE GO AHEAD BY THE MUNICIPAL ADMINISTRATION OF LIVORNO WHICH SHOULD COME SHORTLY SO THAT WE CAN START WORKING ON OFFICINE STORICHE, BUT THE GO AHEAD IS FORTHCOMING.

LET ME REMIND YOU, AND WITH THIS I WOULD LIKE TO GO ON PAGE 20, THAT WE HAVE FIVE AREAS THAT WE WANT TO DEVELOP, ONE HAS ALREADY BEEN COMPLETED, I AM REFERRING TO PIAZZA MAZZINI AND THIS IS A GOOD NEWS FOR EVERYONE. INCLUDING BOTH SOLD AND PRE-SOLD FLATS, WE HAVE EXCEEDED 90% OF THE TOTAL AVAILABLE. SO, 69 FLATS HAVE EITHER BEEN SOLD AND PRE-SOLD VIS-À-VIS 73 WHICH IS THE TOTAL AVAILABLE. SO, WE ARE CLOSE TO TOTAL SALES TO SELLING THEM ALL. WELL AS FOR WHAT PALAZZO ORLANDO WE ARE AT 53% IN TERMS OF TOTAL SOLD AND RENTED ON A MUCH SMALLER SURFACE, BUT AS MENTIONED 2018 AND 2019 WILL SEE US FOCUS OUR EFFORTS ON OFFICINE STORICHE IN PARTICULAR, WHICH SHOULD OPEN IN THE SECOND HALF OF 2019. WITH THE CONSTRUCTION OF 43 WATERFRONT FLATS, WHICH SHOULD BE EASIER TO SELL COMPARED WITH THE EXISTING STOCKING IN PIAZZA MAZZINI WHICH HAS ALREADY BEEN ALMOST FULLY SOLD THOUGH.

COMING TO PAGE 22, FUNDS FROM OPERATIONS, HERE YOU FIND OUR STARTING FIGURE IN 2016 ALMOST €54 MILLION, THE TWO MAJOR GROWTH DRIVERS WHICH WERE THE CHANGE IN EBITDA €6.3 MILLION AND THE REDUCTION IN THE COST OF OUR FINANCIAL ACTIVITY OF €5.5 MILLION AND THE FULL YEAR 2017 IS €65.6 MILLION PLUS 21% WHICH AS MENTIONED IN THE INITIAL SLIDE IS ABOVE OUR EXPECTATIONS AS INDICATED IN THE GUIDANCE WE PROVIDED IN AUGUST WHERE WE HAD EXPECTED 20% GROWTH.

FOLLOWING SLIDE, ON THE VALUE CREATED SO THE NET ASSET VALUE AND THE TRIPLE NET ASSET VALUE AGAIN CALCULATED BASED ON EPRA CRITERIA LAST YEAR THE IGD SHARE WENT UP BY 4.5% FOR SINGLE NET ASSET VALUE AND BY 6.3% FOR TRIPLE NET ASSET VALUE. I BELIEVE THAT THE IGD SHARE HAD NOT PERFORMED SO WELL FOR MANY YEARS, THIS IS THE BEST PERFORMANCE IN MANY YEARS, YOU SEE THE BAR CHART WE START FROM €12.85 PER SHARE LAST YEAR, LET ME REMIND YOU AGAIN THESE ARE THE SHARES THAT HAVE ALREADY BEEN REGROUPED MINUS THE DIVIDEND PAID OUT WHICH WAS \$0.45 PLUS \$0.16 FOR A CHANGE IN DEBT FAIR VALUE PLUS \$0.81 FOR SS ALL PER SHARE AND POSITIVE IF ASSET FARE VALUE BY \$0.29 TO GET TO €13.67 AT THE END OF 2017.

FINANCIAL INCOME AND FINANCIAL MANAGEMENT, LAST YEAR TOO WE ACTIVELY HANDED OUR DEBT; THESE ARE THE FOUR MILESTONES FOR LAST YEAR. IT MIGHT APPEAR TO HAVE HAPPENED A LONG-TIME AGO BUT IN FACT IN JANUARY WE DID THE FIRST US PRIVATE PLACEMENT FOR €100 MILLION WITH A 2.25 COUPON ENTIRELY SUBSCRIBED BY THE PRUDENTIAL GROUP, DURATION SEVEN YEARS, WE CONFIRMED OUR HEDGING POLICY AT LOWER COST. WE CLOSED A IRS, WE HAD IN OUR DEBT, WHICH HAD A COST OF 4.38% WITH NO EARLY CLOSER COSTS GIVEN THAT, IT WAS CLOSED AT EXPIRY WAS REPLIED WITH TWO IRS AT A COST OF 0.59%, MUCH LOWER THAT IS TO SAY, SO WE MAINTAINED A VERY HIGH LEVEL OF HEDGING AT 95% AS MENTIONED BEFORE.

MOODY'S CONFIRMED ONCE AGAIN RATING OF BAA3 WITH STABLE OUTLOOK IN DECEMBER 2017 AND WE CONFIRMED ALL THE PREDICTIONS WE HAD MADE IN THE BUSINESS PLAN FOR OUR FINANCIAL MANAGEMENT ACTIVITIES. FOR 2018 WE HAVE NO MAJOR MATURITIES, THE FIRST ONE WILL COME IN JANUARY 2019 WITH A BOND, WHICH IS THE MOST GENEROUS WE HAVE 3875 WHICH GIVES US AN OPPORTUNITY TO REFINANCE OURSELVES AT LOWER RATES.

YOU CAN FIND THIS ON PAGE 25, YOU SEE THE LOAN TO VALUE WHICH OVER THE PAST FOUR YEARS HAS ALWAYS REMAINED WITHIN THE RANGE WE HAD INDICATED IN THE PLAN 45 TO 50, IT IS SLIGHTLY DOWN THIS YEAR BY ABOUT 1 PERCENTAGE POINT DOWN TO 47.4%, 45.5 IS OUR COMFORT ZONE AS I HAD MENTIONED BEFORE. WE SEE THAT OVER THE PAST FOUR YEARS, THE COST OF DEBT WENT FROM A PEAK OF 4% IN 2014 DOWN TO BELOW 3%, AS NOW IT IS 2.82% WHICH IS THE AVERAGE COST OF DEBT, WHICH IS OUR TARGET IN THE PLAN, WHICH WE ATTAINED ONE YEAR AHEAD WITH AN INTEREST COVERAGE RATIO, WHICH CONVERSELY GRADUALLY GREW UP TO 2.93, WE ARE VERY CLOSE TO OUR END OF PLAN TARGET THAT OF 3. SO, IN 2018, I BELIEVE WE CAN ATTAIN THIS RESULT, OUR DEBT BREAKDOWN ON THE LOWER LEFT HAND SIDE, CONFIRMS THAT TWO-THIRDS OF OUR DEBT IS MARKET BONDS THAT IS TO SAY WHICH ACCOUNTS FOR 64.8% AND ONE-THIRD IS BANKING SYSTEM OF A TOTAL OF €1,068 MILLION, DEBT MATURITY IS TO BE FOUND TO THE LOWER RIGHT HAND SIDE.

AS I SAID, BEFORE IN 2018, WE HAVE VERY FEW MATURITIES SLIGHTLY MORE THAN €30 MILLION MOSTLY MORTGAGES EXPIRING, WHEREAS THE FIRST IMPORTANT DEADLINE IN 2019 IS WHEN WE WILL HAVE AN OPPORTUNITY TO REFINANCE OUR BOND EXPIRING IN JANUARY AND WHICH HAS A HIGH COST COMPARED WITH THE COMPANY'S CREDIT WORTHINESS AND THE REST IS BETWEEN 2021 AND 2024.

ON PAGE 27, YOU FIND A SUMMARY VIEW I CANNOT TELL YOU MORE THAN THIS AT THIS STAGE OF THE ONGOING CAPITAL INCREASE, THE ACQUISITION AND THE RELATED CAPITAL INCREASE. AS YOU WILL KNOW ON THE 15TH OF DECEMBER, THE BOARD OF DIRECTORS OF IGD APPROVED ON THE ONE HAND THE ACQUISITION OF THIS REAL-ESTATE PORTFOLIO FOR ABOUT €200 MILLION AND THE CAPITAL INCREASE, WHICH WAS THEN APPROVED BY €150 MILLION BY THE GENERAL MEETING ON THE 12TH OF FEBRUARY LAST.

LET ME EMPHASIZE THAT DURING THE SHAREHOLDERS MEETING WHICH WHERE WE SAW ABOUT 74% OF SHAREHOLDERS PRESENT, NOT ONLY MAJOR SHAREHOLDERS BUT ALSO OTHER SHAREHOLDERS AND THAT 99.95% OF SHAREHOLDERS ATTENDING THE MEETING APPROVED THIS NEXT STEPS BY

THE END OF APRIL AND PERHAPS EVEN SLIGHTLY EARLIER THAN THAT WE SHOULD COMPLETE OUR CAPITAL INCREASE. WE ARE NOW DISCUSSING WITH CONSOB THE LATEST DETAILS CONCERNING THE OPERATING PERSPECTIVE.

WE WILL CONFIRM TO SAY THE FIGURES IN THE FILING PRESENTED CONCERNING OUR ACCOUNTS FOR 2017 AND MORE OR LESS AT THE END AT THE COMPLETION OF THE CAPITAL INCREASE TRANSACTION, WE SHOULD COMPLETE THE ACQUISITION OF THE REAL-ESTATE PORTFOLIO FOR THE COMMERCIAL PROPERTY. IF WE MANAGE, WE WILL TRY AND HAVE A MINIMUM DELAY BETWEEN THE TWO TRANSACTIONS. THIS IS AS MUCH AS I CAN TELL YOU TODAY ON THE CAPITAL INCREASE.

DIVIDEND; I BELIEVE THIS IS A VERY IMPORTANT SLIDE, THIS MORNING THE BOARD OF DIRECTORS RESULT TO PROPOSE TO THE SHAREHOLDERS MEETING, WHICH HAS BEEN CONVENED FOR THE 11TH OF MAY 2018, A MINIMUM AMOUNT OF DIVIDEND OF €49.3 MILLION. THIS IS THE MINIMUM AMOUNT OF DIVIDEND WHICH WE HAVE TO PAYOUT BASED ON STRICT RULES BECAUSE 70% OF THIS PART HAS TO BE PAID OUT TO SHAREHOLDERS AND THIS CORRESPONDS TO €49.3 MILLION. BUT THIS MORNING, THE BOARD ALSO SAID THAT IT IS THEIR INTENTION TO INCREASE THIS AMOUNT OF DIVIDEND WITH THE TARGET OR THE OBJECTIVE OF DISTRIBUTING UP TO €0.50 TO €0.52 PER SHARE.

OF COURSE, WE CANNOT GIVE YOU THE EXACT AMOUNT BECAUSE THE SHARES TO BE ISSUED AFTER THE CAPITAL INCREASE ARE UNKNOWN IN NUMBER BUT THEY WILL CARRY ENTITLEMENTS STARTING FROM THE 1ST OF JANUARY 2017 AND OF COURSE THIS PROVIDED THE CAPITAL INCREASE IS COMPLETED BY BEFORE THE DIVIDEND DISTRIBUTION. SO THE IDEA WOULD BE THAT WE WOULD PAY OUR DIVIDENDS FOR ALL OUTSTANDING SHARES SO FOR THIS OVERALL AMOUNT WE CANNOT KNOW WHETHER IT WILL PROBABLY BE ABOVE €49.3 MILLION BUT THE DIVIDENDS WILL BE FROM A MINIMUM OF €0.50 TO A MAXIMUM OF €0.52 PER SHARE.

FOR THE DIVIDEND, LET ME ADD THAT ON THE 28TH OF MAY WE HAVE THE DIVIDEND PAYMENT AND ON THE 30TH OF MAY THE ACTUAL PAYMENT WILL TAKE PLACE. SO THE NEXT DIVIDEND DATE IS 28TH OF MAY AND PAYMENT ON THE 30TH. YOU SEE THAT THE DIVIDEND PER SHARE HAS BEEN GOING UP OVER THE PAST FOUR YEARS FROM €0.375 IN 2014 TO €0.40 IN 2015, €0.45 LAST YEAR AND THIS YEAR BETWEEN €0.50 AND €0.52.

FINALLY, OUR OUTLOOK; FOR SOME YEARS NOW WHEN WE COMMUNICATE THE RESULTS ON THE APPROVAL OF THE ACCOUNTS WE HAVE GIVEN OUTLOOKS FOR 2018, IN OUR BASIC SCENARIO, BASIC ASSUMPTION THAT THE ACQUIRED PORTFOLIO BECOMES PROPERTY OF IGD STARTING FROM THE 1ST OF MAY 2018 WITH EIGHT MONTHS OF REVENUES AND PROFITS FOR OUR COMPANY.

THEN WE INDICATE GUIDANCE FOR FFO GROWTH ON 2017 OF 18% TO 20%. THE SAME GROWTH WE EXPECTED LAST YEAR, AS MENTIONED WHEN WE PRESENTED OUR ACCOUNTS AND WHICH WAS THEN REVIEWED DURING THE HALF YEAR PRESENTATION BECAUSE EARLY IN AUGUST, THIS YEAR WE WILL KNOW EXACTLY WHEN WE WILL HAVE COMPLETED THE CAPITAL INCREASE AND ACQUIRED OUR PORTFOLIO FROM EURO COMMERCIAL PROPERTY AND ON THE CHART HERE YOU FIND THE PERFORMANCE OF THIS INDICATOR OF THE PAST FOUR YEARS AND THE OUTLOOK FOR 2018. WE WENT FROM ABOUT €35 MILLION IN 2014 TO €45.3 MILLION IN 2015 UP 28.5% IN 2016; THERE WAS AN 18.9% GROWTH YEAR-ON-YEAR UP TO ABOUT €54 MILLION.

THIS YEAR €65.6 AS I MENTIONED BEFORE, GROWTH BY 21.7% AND WE PROVIDE A GUIDANCE FOR THE COMING YEAR OF ABOUT 18% TO 20%. IN THE FOLLOWING PART OF THE DOCUMENT, YOU FIND FURTHER DETAILS, WHICH I WILL NOT GO INTO. I KNOW THAT SOME OF YOU HAVE TO ATTEND OTHER CONFERENCE CALLS; WE HAVE ABOUT 20 MINUTES FOR THE Q&A SESSION. THANK YOU VERY MUCH.

Q&A

OPERATOR:

SHOULD YOU HAVE ANY QUESTIONS, PLEASE ASK THEM. THIS IS THE CHORUS CALL CONFERENCE OPERATOR. WE WILL NOW BEGIN THE QUESTION AND ANSWER SESSION. IF YOU WISH TO ASK A QUESTION, PLEASE PRESS “*” AND “1” ON YOUR TOUCHTONE TELEPHONE. IF YOU CHANGE YOUR MIND AND WISH TO REMOVE YOURSELF FROM THE QUESTION QUEUE THEN PRESS “*” AND “2”. PLEASE SPEAK INTO YOUR TELEPHONE. IF YOU HAVE A QUESTION, PLEASE PRESS “*” AND “1” AT THIS TIME. AND THE FIRST QUESTION IS FROM SIMONETTA CHIRIOTTI OF MEDIOBANCA, PLEASE MA'AM.

SIMONETTA CHIRIOTTI:

GOOD AFTERNOON. MY QUESTION CONCERNS YOUR VALUATIONS THIS YEAR. CAN YOU GIVE US SOME MORE COLOR CONCERNING THE APPROACH OF YOUR APPRAISALS THIS YEAR COMPARED WITH

JUNE; YIELDS APPEARED TO BE SUBSTANTIALLY FLAT FOR ITALY. SO WHAT DO YOU EXPECT GOING FORWARD GIVEN THE EXPECTATIONS THAT EXIST CURRENTLY ON INTEREST RATES, WHICH ARE FOR INTEREST RATES TO GO UP OTHER THAN DOWN GOING FORWARD? AND THEN, FOR THE PORTA A MARE DEVELOPMENT YOU DO NOT GIVE ANY INFORMATION ON THE LIKE-FOR-LIKE BASIS AND NET OF SALES HOW IS THE APPRAISAL OF THESE ASSETS EVOLVING, THE VALUATION OF THESE ASSETS EVOLVING?

CLAUDIO ALBERTINI: WELL, I BELIEVE THAT THE PERSON WHO IS BEST SUITED TO ANSWER YOUR QUESTION IS ROBERTO ZOIA AND I WOULD LIKE TO TURN YOU OVER TO HIM.

ROBERTO ZOIA: GOOD AFTERNOON. WHAT EVALUATIONS FOR THE FULL YEAR AS INDICATING IN THE PRESENTATION WE HAVE A 1.3 LIKE-FOR-LIKE INCREASE BOTH HYPER AND MALLS, WHICH AS YOU MENTIONED REFLECTS MOSTLY THE PERFORMANCE OF THE FIRST HALF YEAR PERIOD. THERE HAVEN'T INDEED MAJOR CHANGES APART FROM SOME LINGERING FACT RELATED TO THE ESP EXPANSION BECAUSE AS TIME GOES BY THERE CAN BE FURTHER INCREASES, THE SAME HOLDS TRUE FOR GROSSETO. THESE ARE THE TWO INITIATIVES, WHICH HAD YIELDS ON COST THAT WERE QUITE HIGH AND WHICH THEREFORE PRODUCED A BENEFIT.

THIS 1.3 INCREASE IS ALWAYS ON A LIKE-FOR-LIKE BASIS AND AS MENTIONED DURING THE PRESENTATION THIS DOES NOT INCLUDE CHANGES WHICH IN ABSOLUTE TERMS ARE POSITIVE AND WHICH CONCERN THOSE INITIATIVES WHERE WAS STILL HAVE WORK IN PROGRESS SO ESP IS NOT CONSIDERED IN THE LIKE-FOR-LIKE FIGURE. CITTÀ STELLE WHERE WE HAD THE RE-MODELING, THE REDUCTION OF THE HYPER FLOOR SPACE AND INCREASE IN THE MALL AREA AND THEN THE RONDO WHERE WE HAD AN EXPANSION OF THE MALL.

ASSET 2018, IT IS TOO EARLY FOR US TO SAY ANYTHING. I BELIEVE THAT IN TERMS OF RATE THERE WILL NOT BE MAJOR CHANGES GOING FORWARD. IT REMAINS TO BE SEEN WHETHER MARKET TRANSACTIONS IN THE SHOPPING CENTERS AREA WILL BE DONE AT GROWING RATES OR AT DECLINING RATES. THEN YOU HAD ANOTHER QUESTION ON PORTA A MARE. WELL FOR PORTA A MARE, OBVIOUSLY A LIKE-FOR-LIKE COMPARISON CANNOT BE MADE HERE BECAUSE WITH SALES, VALUE GOES DOWN.

IF YOU WILL DO THAT BASED ON ASSET VALUE, YOU CAN DO THAT BY EXTRAPOLATING SOME PLUS AND MINUSES. WE ARE TALKING OF €4.4 MILLION CHANGE WHICH...LESS IN THE INCOME STATEMENT WHICH IS MOSTLY DUE TO IMPAIRMENTS ON THE THREE SUB SEGMENTS WHICH WERE NOT THE SUBJECT OF WORK IN PROGRESS. MAZZINI HAS BEEN COMPLETED. OFFICINE STORICHE IS WORK IN PROGRESS, WE ARE WAITING FOR ONE LAST GO AHEAD IN ORDER TO COMPLETE WORKS AND THREE SUB AREAS. GIVEN THAT HAS BEEN PUT OFF, THEY LEAD TO AN IMPAIRMENT.

SO IF YOU WANT TO SAY SOMETHING GENERAL ON ASSET VALUE, WE SEE A STRONG INCREASE ON THE INCOME PORTFOLIO IN ITALY AND THIS IS THEN PRODUCED BY LIKE-FOR-LIKE PLUS OPENINGS IN GROSSETO AND ESP RAVENNA IN 2017. NEGATIVE FAIR VALUE CHANGES FOR ABOUT €4 MILLION ON PORTA A MARE AND AS YOU CAN SEE IN THE MARKET VALUE FOR ROMANIA WHICH WAS BELOW €160 MILLION, ABOUT 159.5 WHERE WE SAW AGAIN A DECREASE AND THE TOTAL IS THIS POSITIVE CHANGE €23.9 MILLION AT FAIR VALUE OF WHICH 19 ALREADY COMPLETED AT THE END OF JUNE. THANK YOU.

SIMONETTA CHIRIOTTI: CONCERNING PORTA A MARE FOR THESE AREAS WHICH WERE NOT ACTIVATED, I SEEM TO UNDERSTAND THAT THERE IS NO MEDIUM-TERM PLAN TO ACTIVATE THEM IF I AM NOT MISTAKEN AND AT ANY RATE CAN WE ASSUME THAT THE VALUE IS ADEQUATE RIGHT NOW OR COULD THERE BE FURTHER DECLINES AS THE YEARS GO BY WITH DELAYS.

CLAUDIO ALBERTINI: LET ME TAKE THIS QUESTION. OUR CURRENT IDEA IS THAT OF DISPOSING OF THESE THREE SUB AREAS SO WE WILL NOT DEVELOP THEM. THIS IS CURRENT IDEA, SO WE BELIEVE THAT WITH THIS FURTHER IMPAIRMENT WE HAVE ALIGNED THEM WITH THEIR MARKET DISPOSAL VALUES. WE HAVE ALREADY STARTED TALKING WITH THE ULTIMATE IDEA OF PROBABLY DISPOSING OF THEM BECAUSE THESE ARE NOT AREAS WHICH ARE CONSIDERED TO BE CORE. OUT OF THE €90 MILLION, HOW MUCH IS REPRESENTED BY THEM.

ABOUT 20 WITH THE LATEST IMPAIRMENTS, 35,000 METRES ALREADY URBANIZED. LAND DUES IS NOT RETAIL, ONE OF THE THREE MOLO MEDICEO IS VERY APPEALING BECAUSE IT IS THE PIER BETWEEN THE TWO SEAS BETWEEN THE TOURIST HARBOR AND THE OPEN SEA. CLEARLY, RIGHT NOW WE HAVE FOCUSED ON COMPLETING THE OFFICINE AND BASED ON THE COMPLETION OF THAT, IT WILL BECOME EASIER FOR US TO HAVE GREATER VISIBILITY ON THE OTHER THREE AREAS, AGAIN WITH A VIEW TO DISPOSING OF THEM AS CLAUDIA WAS MENTIONING. THANK YOU.

OPERATOR: NEXT QUESTION COMES FROM MERIS TONIN OF INTESA SANPAOLO BANCA IMI.

MERIS TONIN: GOOD AFTERNOON. YOU GAVE SOME GUIDANCE ON FUNDS FROM OPERATION FOR THE CURRENT YEAR. I DO REALIZE THAT THERE IS A PENDING CAPITAL INCREASE HERE. CAN YOU GIVE US SOME GUIDANCE ALSO CONCERNING DIVIDENDS IN 2018 VIS-À-VIS 2017? TWO THIRDS OF FUNDS FROM OPERATION, CAN WE ASSUME THAT AS A STILL VALID POLICY BY THE COMPANY AND THEN I HAVE A MORE GENERAL QUESTION CONCERNING YOUR NEW BUSINESS PLAN, YOU SEE A RENEWAL OF THE BOARD. WHAT IS THE TIMEFRAME IN ORDER TO HAVE VISIBILITY OVER THE NEW PLAN? THANK YOU.

CLAUDIO ALBERTINI: DIVIDEND FIRST. GIVEN THAT WE DO NOT YET KNOW WHAT WILL BE THE NUMBER OF OUTSTANDING SHARES AFTER THE CAPITAL INCREASE, IT IS DIFFICULT FOR ME TO GIVE SOME GUIDANCE HERE. AS A MINIMUM, IT WILL BE A DIVIDEND IN LINE WITH 2018 HOPEFULLY AND WE WILL WORK ON THAT. IT WILL BE UP FROM THE PREVIOUS YEAR BUT UNKNOWN TODAY IS THE NUMBER OF SHARES TO BE ISSUED AFTER THE CAPITAL INCREASE WHICH IS WHY IT IS DIFFICULT FOR ME TO GIVE YOU GUIDANCE HERE. MAYBE, WHEN WE APPROVE THE FIRST QUARTERLY RESULTS, EARLY IN MAY AFTER HOPEFULLY THE CAPITAL INCREASE HAS BEEN COMPLETED, I CAN BE MORE ACCURATE, BUT TODAY, AND IT IS DIFFICULT FOR ME TO GIVE YOU SOME GUIDANCE EVEN GENERAL GUIDANCE.

IT WILL CERTAINLY BE A DIVIDEND WHICH WILL CONFIRM THIS YEAR'S DIVIDEND AND IF IT WERE TO BE AROUND €0.50 TO €0.52 WHO IS DIVIDENDS EXCEEDING €49.3 MILLION SO ABOVE €50 MILLION. WELL, THIS YEAR, WE ARE ALREADY PAYING OUT A DIVIDEND WHICH WILL BE CLOSE TO 80% OF THE FFO. LET ME ALWAYS REMIND YOU THE FACT THAT WE GAVE OURSELVES A GUIDANCE CONCERNING THE DIVIDEND WHICH IS ABOUT TWO-THIRDS OF THE FSO, SO IT IS EASY TO CALCULATE.

IF WE HAVE AN FFO WHICH WILL BE UP BETWEEN €78 MILLION AND €80 MILLION NEXT YEAR, TWO-THIRDS OF THAT WILL BE SLIGHTLY MORE THAN WHAT WE HAD IN 2017 BUT I CAN'T TELL YOU MORE TRULY BECAUSE WE ARE MISSING AN IMPORTANT ELEMENT HERE, THE NUMBER OF OUTSTANDING SHARES IN THE FUTURE. AS FOR OUR NEW BUSINESS PLAN, AS YOU WILL KNOW THE CURRENT BOARD IS ABOUT TO EXPIRE. THIS BOARD WILL APPROVE THE FIRST QUARTER RESULTS BUT IMMEDIATELY AFTER A FEW DAYS LATER THEN THERE WILL BE THE MEETING TO RENEW THE BOARD. AFTER THE BOARD HAS BEEN ESTABLISHED, SO AFTER THE SUMMER PROBABLY, RIGHT AFTER THE SUMMER, EITHER IN SEPTEMBER OR IN OCTOBER OR WHEN WE PRESENT THE THIRD QUARTER

RESULT, WE WILL PRESENT THE NEW BUSINESS PLAN TO THE MARKET. THIS IS MORE OR LESS THE TIME SCALE CONSIDERING THE ACQUIRED PORTFOLIO AS WELL AS OTHER POSSIBLE DEVELOPMENT, CERTAINLY THE PORTA A MARE PROJECT.

MERIS TONIN: ONE LAST QUESTION IF I MAY CONCERNING ROMANIA. ANY DEVELOPMENT IN THIS AREA IN TERMS OF YOUR PORTFOLIO, YOUR FOCUS ON ITALY ET CETERA.

CLAUDIO ALBERTINI: NOT RIGHT NOW. AS YOU HAVE SEEN FROM THE FIGURES FOR 2017, ROMANIA IS DOING VERY WELL IN A VERY POSITIVE ENVIRONMENT. WE ARE MONITORING THE MARKET, WE ARE LOOKING AT THE MARKET, TO TRY AND SEE WHETHER THERE ARE OPPORTUNITIES, BUT AS I REPEATEDLY SAID, IN PREVIOUS MEETINGS AND CONFERENCE CALLS, WE ARE IN NO HURRY WHATSOEVER SELLING ROMANIA BECAUSE IT IS THE PORTFOLIO WHICH IS DOING VERY WELL IN A VERY POSITIVE ENVIRONMENT AND THE VALUE OF THE PORTFOLIO WITH THAT IMPAIRMENT IN 2017 AT THE END OF JUNE AND AT THE END OF THE YEAR IS AT MARKET VALUE. THIS IS A PORTFOLIO WORTH ABOUT €160 MILLION REPRESENTING A DECREASE IN SHARE OF THE TOTAL IGD PORTFOLIO. IT WILL GO DOWN TO ABOUT 6%. SO IF THERE ARE OPPORTUNITIES TO DIVEST WE WILL CONSIDER THEM. BUT RIGHT NOW THERE IS NOTHING. THANK YOU.

OPERATOR: OUR NEXT QUESTION COMES FROM LEONARDO COCCIA OF CLEARANCE CAPITAL. PLEASE SIR.

LEONARDO COCCIA: GOOD EVENING. I HAVE A QUESTION ON YOUR PORTFOLIO IN ROMANIA AND ON THE INTENTIONS OF THE COMPANY CONCERNING ASSET RECYCLING OF THAT PORTFOLIO BUT THIS HAS A REGULAR STATED ANSWER WHEN ANSWERING THE PREVIOUS QUESTION. SO I HAVE NO OTHER QUESTIONS APART PERHAPS FROM ONE. HAVE YOU EVER CONSIDERED ALSO POTENTIALLY USING SHARE BUYBACK OF YOUR SHARES TO ASSET RECYCLING? OR IS THERE ANYTHING THAT YOU MIGHT THINK IN THE FUTURE CONCERNING ROMANIA. APART FROM THAT I HAVE NO FURTHER QUESTIONS.

CLAUDIO ALBERTINI: I DIDN'T REALLY GET YOUR QUESTION, WHAT WERE YOU ASKING? SHARE BUYBACK IS THAT WHAT YOU MENTIONED? WELL WE HAVE NO INTENTION RIGHT NOW OF DOING ANY MAJOR BUYBACK TRANSACTIONS. WE HAVE SHARE MANAGEMENT ACTIVITY WHICH WAS SUSPENDED BY KEPLER BUT THAT WAS ONLY DONE TO STABILIZE, TO SMOOTH THE PEAKS OF DAILY OPERATION, BUT WE HAVE NO INTENTION OF DOING MAJOR BUYBACKS. AS YOU WILL KNOW BUYBACKS ABSORB LIQUIDITY

INCREASE THE DEBT STOCK. WE HAVE AN ABSOLUTE CONSTRAINT. WE WANT TO MAINTAIN OUR LOAN TO VALUE BELOW THE THRESHOLD OF 50% IN POINT OF FACT WE WANT TO GET CLOSER TO 45, BECAUSE THE POSSIBLE DOWNGRADE OF OUR RATING WHERE WE IF YOU GO ABOVE 50% WOULD IMPLY PENALTIES ON OUTSTANDING BONDS WHICH WOULD BE CONSIDERABLE. SO WE ARE NOT EVEN CONSIDERING THIS POSSIBILITY. WE HAVE NO INTENTION OF DOING ANY BUYBACK.

LEONARDO COCCIA: VERY WELL, THANK YOU.

OPERATOR: FOR FURTHER QUESTIONS, PLEASE PRESS “*” AND “1” ON YOUR TELEPHONE. AS A REMINDER, IF YOU WISH TO REGISTER FOR A QUESTION, PLEASE PRESS “*” AND “1” ON YOUR TELEPHONE. NEXT QUESTION IS FROM HENRY QUADRELI FROM SOCIÉTÉ GÉNÉRALE. PLEASE SIR.

HENRY QUADRELI: GOOD MORNING. I HAVE ONE QUESTION. YOUR PLUS 18% GUIDANCE, CAN YOU MENTION A FEW DRIVERS OF THIS GROWTH DEBT, RENTAL WHATEVER, THANK YOU.

CLAUDIO ALBERTINI: WELL GROWTH DRIVERS, WELL THIS IS MOSTLY DUE TO EBITDA GROWTH IN 2018 ON A LIKE-FOR-LIKE BASIS PLUS A SMALLER IMPROVEMENT OF OUR FINANCIAL MANAGEMENT AND THE BASIC ASSUMPTION AS MENTIONED BEFORE OF AN ADDITION TO OUR PORTFOLIO AS OF THE 1ST OF MAY WHICH WILL GIVE US FURTHER SIZABLE GROWTH IN 2018. SO BASICALLY THIS IS OPERATING GROWTH COMING FROM OUR EXISTING PORTFOLIO ON A LIKE-FOR-LIKE BASIS AND ALSO DRIVEN BY THE ACQUISITION OF THE PORTFOLIO OF EURO COMMERCIAL PROPERTY. AND THIS REPRESENTS AN IMPROVEMENT BUT WE HAVE ALREADY IMPROVED CONSIDERABLY OVER THE PAST TWO YEARS SO WE HAVE SMALLER ROOM FOR IMPROVEMENT IN OUR FINANCIAL MANAGEMENT.

HENRY QUADRELI: THANK YOU.

OPERATOR: NEXT QUESTION COMES FROM GIOVANNI OVI OF KEPLER. PLEASE SIR.

GIOVANNI OVI: GOOD AFTERNOON. CAN YOU CLARIFY SOMETHING ABOUT YOUR DIVIDENDS, IT APPEARS TO BE AROUND €40 MILLION WHEREAS YOU MENTIONED €49 MILLION, AND CAN YOU CLARIFY A LITTLE BIT?

CLAUDIO ALBERTINI: WELL €49.3 MILLION IS THE MINIMUM THAT CAN BE DISTRIBUTED BASED ON SICK RULES, SO 79% OF THE EXEMPT PART WHICH IS €49.3 MILLION. SHOULD THE CAPITAL INCREASE NOT GO THROUGH BY THE DATE WHEN WE CALCULATE DIVIDEND THAT MEANS THAT THERE WOULD BE A DIVIDEND OF €0.60 PER SHARE, BUT AGAIN THIS WILL NOT BE THE CASE. WE EXPECT TO CLOSE THE CAPITAL INCREASE WELL BEFORE THE DIVIDEND DATE. WE ASSUME MID APRIL IN FACT. SO, GIVEN THAT WE HAVE TO PAY DIVIDEND ON ALL OUTSTANDING SHARES AT THAT TIME STARTING FROM...WITH ENTITLEMENTS STARTING FROM THE 1ST OF JANUARY 2017, WE WILL HAVE TO INCREASE THE AMOUNT OF DIVIDENDS BY A FEW MILLION IN ORDER TO GET TARGET WHICH IS IN THE RANGE OF €0.50 TO €0.52 PER SHARE.

GIOVANNI OVI: VERY WELL.

CLAUDIO ALBERTINI: THANK YOU.

OPERATOR: MR. ALBERTINI, THERE ARE NO MORE QUESTIONS AT THIS TIME.

CLAUDIO ALBERTINI: VERY WELL, THANK YOU. THANK YOU ALL. WE WILL MEET AGAIN FOR THE RESULTS OF THE FIRST QUARTER 2018. I WOULD LIKE TO THANK YOU ALL ON BEHALF OF OUR COLLEAGUES HERE AND OF THE CHAIRMAN. THANK YOU.