

Event: 9M 2013 result presentation
Date: 7th November 2013
Speakers: Mr. Claudio Albertini, CEO
Mr. Roberto Zoia, Asset
management and
development Director
Mr. Daniele Cabuli, COO

OPERATOR: GOOD MORNING. THIS IS THE CHORUS CALL SPEAKER. AFTER THE INITIAL PRESENTATION, YOU WILL HAVE THE OPPORTUNITY TO ASK QUESTIONS. NOW, I WOULD LIKE TO LEAVE THE FLOOR TO DR. CLAUDIO ALBERTINI, CEO OF IGD. THE FLOOR TO YOU, MR. ALBERTINI.

CLAUDIO ALBERTINI: GOOD AFTERNOON, LADIES AND GENTLEMEN. AS YOU COULD SEE FROM THE PRESS RELEASE WHICH WAS RELEASED A WHILE AGO THIS MORNING, THE IGD BOARD APPROVED THE QUARTERLY RESULTS WHICH I AM ABOUT TO PRESENT THROUGH THE DOCUMENT WHICH WAS CIRCULATED VIA THE INTERNET.

STARTING FROM PAGE 3; WE HAVE THE FIRST FINANCIAL AND ECONOMIC HIGHLIGHTS. REVENUES STOOD AT LITTLE MORE THAN 90 MILLION, 90.4 MILLION MINUS 1.9% COMPARED TO THE 30 OF SEPTEMBER 2012. WHILE EBITDA FROM CORE BUSINESS WHICH IS ALMOST THE TOTAL OF OUR EBITDA ACCOUNTS FOR 62.3 MILLION, MINUS 3.6% COMPARED TO SEPTEMBER 2012, EBITDA MARGIN DECREASED BY 1.2 PERCENTAGE POINTS TO 68.9%. THE GROUP NET PROFIT AS AT 30 OF SEPTEMBER ACCOUNTS FOR €11.1 MILLION MINUS 31.1% WHEREAS FUNDS FROM OPERATIONS ACCOUNTS FOR €26 MILLION DECREASING BY 4.1% COMPARED TO SEPTEMBER LAST YEAR. GEARING RATIO STANDS AT 1.37 SLIGHTLY DECREASING, BUT OTHERWISE SUBSTANTIALLY UNVARIED COMPARED TO THE 30 OF JUNE 2013. FINANCIAL OCCUPANCY AS AT SEPTEMBER THE 30, 2013 ACCOUNTS FOR 96.6% IN ITALY. HERE THE WEIGHTED AVERAGE BETWEEN THE SHOPPING AND HYPERMARKET ASSET CLASSES IS REPORTED, WHEREAS THE OCCUPANCY RATE IS 85% IN ROMANIA, 85.6% SLIGHTLY DECREASING COMPARED TO THE 30 OF JUNE WHEN IT WAS AROUND 89%, BUT AS WE WILL SEE LATER THIS VACANCY IS MAINLY INSTRUMENTAL DUE TO THE PENDING ENTRY OF NEW TENANTS.

ON PAGES 5 AND 6, WE DECIDED TO OUTLINE THE MACROECONOMIC CONTEXT IN ITALY WHICH YOU ARE ALL FAMILIAR WITH, BUT AS FAR AS SOME INDICATORS ARE CONCERNED DIRECTLY IMPACTS IGD'S OPERATION AND WE DID THE SAME FOR ROMANIA. STARTING WITH ITALY, THE GENERAL CONSENSUS ESTIMATES GDP DECREASE BETWEEN MINUS 1.7 AND 1.9% WITH INFLATION RATE AT 1.5% WHEREAS LAST YEAR IT WAS 3%. THE INCREASE IN THE VAT RATE WHICH WAS ENFORCED ON OCTOBER 1 HAD A VERY MARGINAL IMPACT ON THE INCREASE IN INFLATION 0.5 PERCENTAGE POINTS AND IT IS VERY LIKELY THAT THIS INCREASE WILL BE ABSORBED AT SALES LEVEL, SO ITS EFFECTS WON'T BE DRAMATIC. UNEMPLOYMENT IS A SORE

POINT AND IT ACCOUNTS FOR 12.5%, WHEREAS CONSUMPTION RATES, WHICH IS VERY RELEVANT FIGURE FOR US IS ESTIMATED AT MINUS 2.4%, BUT WE WILL SEE LATER THAT THIS ESTIMATE IS VERY CLOSE TO THE DECREASE WE HAVE RECORDED SO FAR AS AT THE 30 OF SEPTEMBER IN SALES WITH OUR SHOPPING MALLS WHICH IS MORE OR LESS IDENTICAL. AS FAR AS RETAIL INVESTMENTS ARE CONCERNED, THERE WAS A DRAMATIC RECOVERY ESPECIALLY IN THE LATEST QUARTER AS YOU CAN SEE FROM THE CHART ON THE RIGHT. MOREOVER, THIS MORNING, I LEARNED ABOUT THE PENDING CLOSING OF AN IMPORTANT DEAL WITH [INDISCERNIBLE] AND IF THIS DEAL IS CLOSED BY THE END OF THE YEAR, IT WILL HAVE A STRONG IMPACT ON THIS INDICATOR.

AS FAR AS ROMANIA IS CONCERNED, AS IN PREVIOUS QUARTERS THE SITUATION IS BETTER THAN IN ITALY BOTH IN TERMS OF GDP AND IN TERMS OF CONSUMER TRENDS. GDP IS ESTIMATED AT ABOUT 2 PERCENTAGE POINTS WHEREAS CONSUMPTION INCREASED COMPARED TO 2012 BY 0.9%.

LET US NOW LOOK AT OUR CONSOLIDATED INCOME STATEMENT ON PAGE 8, WHICH PROVIDES KEY HIGHLIGHTS. AS USUAL IN THE FIRST TWO COLUMNS WE SHOWED GOOD CONSOLIDATED DATA AND DOWN TO EBITDA MARGIN THERE IS ALSO A BREAKDOWN INTO CORE BUSINESS AND PORTA A MARE PROJECT IN LIVORNO. AS I SAID OPERATING REVENUES DECREASED BY 1.8%, THE DECREASE IN CORE BUSINESS IS MORE OR LESS SIMILAR. THIS YEAR WE POSTED THE REVENUES ON THE 30 OF JUNE FROM RENTAL OF SOME OFFICE PORTIONS IN PORTA A MARE PROJECT WHEREAS THE BIGGEST EFFECT ON SALES WILL BE IN THE FOURTH QUARTER THAT IS NEXT QUARTER. WE ARE ORGANIZING THE SALE OF ABOUT 21 UNITS WHICH HAVE BEEN SOLD AND WHOSE SALE WILL BE FINALIZED BY THE END OF THE YEAR. SO WE WILL HAVE A SIGNIFICANT CHANGE FOR PORTA A MARE DURING NEXT QUARTER. IN TERMS OF DIRECT COST THERE WAS AN INCREASE BY ABOUT 2 PERCENTAGE POINTS, WE WILL SEE THE CAUSES LATER, BUT THE CAUSES FOR THIS QUARTER ARE DUE TO THE INCREASE IN THE PROPERTY TAX AND THE INCREASE IN SERVICE CHARGES WHICH ARE HIGHER THAN EXPECTED. AS FOR G&A, THERE WAS A SLIGHT DECREASE AT A CONSOLIDATED LEVEL OF 1.8% AND HQ PERSONNEL COSTS ON THE OTHER HAND MODESTLY INCREASED IN LINE WITH THE INFLATION RATE. PLEASE CONSIDER THAT THIS YEAR THERE WAS A STEPPING UP IN THE CONTRACTS, IN THE LABOR CONTRACTS SO THIS WAS TO BE EXPECTED. IN THE LOWER PART OF THE INCOME STATEMENT UNDERNEATH EBITDA FIGURES, IN THIS QUARTER NO FAIR VALUE ADJUSTMENTS WERE DONE BECAUSE THEY ARE DONE ON THE 31 OF DECEMBER AND THEREFORE THESE FIGURES ARE JUST RELATED TO CAPEX WHICH ARE PUT TOGETHER WITH AND EVALUATIONS AS AT THE END OF JUNE THIS MEANS THAT EBIT IS 43,444 MILLION MINUS 15.2% COMPARED TO THE 31 OF SEPTEMBER 2012. THIS GOOD NEWS IN TERMS OF NET FINANCIAL INCOME WHICH WE HOPE WILL BE CONFIRMED ALSO IN THE NEXT FEW MONTHS. WE JUST LEARNED ABOUT THE DECREASE IN THE ECV RATE 5.25 AND THE LONG-TERM LOAN RATES HAS ALREADY HAD A SIGNIFICANT DECREASE, SO ALL NEW VALUES HAVE BEEN ABSORBED IN THE PAST FEW WEEKS SO NET FINANCIAL INCOME STANDS AT 34,731 MILLION. PRE-TAX INCOME IS 8.2 MILLION AND TAXES CAUSE NET PROFIT TO BE 10.7 MILLION

AND BY ADDING THIRD-PARTIES STAKES THE TOTAL IS 11.076. IN THE BOX ON THE RIGHT YOU CAN SEE TOTAL REVENUES FROM RENTAL ACTIVITIES FROM SHOPPING MALLS IN ITALY AND ROMANIA AND FROM HYPERMARKET CITY CENTER PROJECT AND OTHER.

ON PAGE 9, AS USUAL WE REPORTED MARGINS FOR ACTIVITIES BROKEN DOWN BY LEASEHOLD AND FREEHOLD. IN THE BOTTOM BOX FREEHOLD MARGIN STANDS AT 84.2% SLIGHTLY DECREASING COMPARED TO SEPTEMBER 2012 WHEREAS MARGIN FROM LEASEHOLD PROPERTY STANDS AT 15.8% COMPARED TO 18.1% THE 30 OF SEPTEMBER, 2012.

LET US LOOK AT THINGS MORE IN DETAIL ON PAGE 10 YOU WILL FIND SOME BREAKDOWNS OF CORE BUSINESS REVENUES WHICH AS I SAID ARE DOWN 1.9%. FROM 87,721 MILLION TO 88,253 MILLION WHEREAS REVENUES DECREASED BY 1.9%. THE BREAKDOWN OF TOTAL REVENUES BY ASSET CLASS SHOWS THAT THE SHOPPING MALL COMPONENTS ACCOUNT FOR 60.3% OF REVENUES, HYPERMARKETS 29.3% AND 8.7% FROM ROMANIA. AS FAR AS RENTAL INCOME GROWTH DRIVERS, THERE IS A CHART AT THE BOTTOM OF PAGE 10 WE HAD A DECREASE IN LIKE-FOR-LIKE REVENUES BY 1.3%. HOWEVER THIS DATA SHOULD BE INTERPRETED. THERE WAS A DECREASE BY 3.5% IN THE SHOPPING MALL ASSET CLASS COMPONENT WHEREAS THE COMPONENT OF THE HYPER COMPONENT IS POSITIVE AND INCREASED BY 2.5%. TOGETHER THESE LEAD TO A NEGATIVE FIGURE OF 1.3%. ANOTHER SIGNIFICANT CHANGE TOOK PLACE IN ROMANIA. IN ROMANIA, THERE WAS A DECREASE BY 6.2% WHICH IS DUE TO A HIGHER VACANCY BOTH DUE TO BUILDING WORK IN PROGRESS AND ALSO DURING THE INCREASE IN TURNOVER TIME. IN ADDITION TO THIS, THERE WAS A DETERIORATION IN MARKET CONDITIONS ESPECIALLY AT SOME SITES WHERE THERE IS A HIGHER COMPETITIVENESS COMPETITION.

PAGE 11 SHOWS DIRECT COST AND G&A EXPENSES FROM CORE BUSINESS. HERE THERE WAS AN INCREASE BY 3% FROM 20,755 MILLION TO 21,385 MILLION. THIS INCREASE IS JUSTIFIED BY THE CHANGES LISTED IN THE BOX TO THE RIGHT. THAT WAS AN INCREASE BY ABOUT €300,000 PLUS 5.7% DUE TO THE IMU TAX AND THE INCREASE IN CALCULATION CO-EFFICIENCY SORRY COEFFICIENT FOR THE D8 CADASTRAL CATEGORY. WE BELIEVE THAT WE WON'T GET ANYMORE EXPENSES FROM IMU THIS YEAR. IT IS EXPECTED THAT IMU WON'T RISE ANY FURTHER, BUT WE ARE ALL AWAITING MORE NEWS ABOUT HOW THIS TAX IS GOING TO BE TREATED BY THE GOVERNMENT. OTHER COSTS ARE PLUS 1.7% DUE TO AN INCREASE IN SERVICE CHARGES DUE TO A HIGHER AVERAGE VACANCY WHICH IS STILL HIGH ABOUT 95% IN SHOPPING MALLS AND THE AVERAGE COMPARED INCLUDING SUPERMARKETS AND HYPERMARKETS IS ABOUT 96%. PROVISIONS, WELL THIS ITEM IS AFFECTING US, BUT THE INCREASE WAS MARGINAL AROUND €100,000 PLUS 5.8% AND THIS IS ALSO DUE TO THE FACT THAT OUR PROVISION POLICY HAS BEEN VERY PRUDENT SO FAR. IN TERMS OF LITIGATIONS WE STAND AT ABOUT 80% PROVISIONS AND IN TERMS OF LEGAL CONSULTING BY 30% AND THESE PERCENTAGES ARE IN LINE WITH THOSE OF THE BEST AND MOST WERE JUST BANKS. IN TERMS OF G&A FROM CORE BUSINESS AS I SAID PREVIOUSLY, THERE WAS A DECREASE BY 1.5% AND THIS ATTRACTED OUR ATTENTION ON

THE LEVERS WE CAN USE, OBVIOUSLY WE CANNOT ACT ON IMU AND THE INCIDENCE ON CORE BUSINESS REVENUES IS STABLE AT 7.4%.

PAGE 12 THE FOLLOWING PAGE SHOWS IN DETAIL THE COMPONENTS WHICH CHANGED EBITDA STARTING FROM THE 30 OF SEPTEMBER 2012 AT 64,653 MILLION WHICH NOW STAND AT 61,675 SOME OF IT IS DUE TO A CHANGE IN OPERATING REVENUES. THERE WAS AN INCREASE IN DIRECT COSTS ACCOUNTING FOR €652,000 AND THE CHANGE IN INCREASES COST OF SALE AND OTHER ACCOUNTING FOR €599,000 DUE TO THE SALES WE ARE FINALIZING IN THESE WEEKS AND THAT WE WILL BE FINALIZING UNTIL THE END OF THE YEAR. EBITDA MARGIN DECREASED FROM 70.1% TO 68.9%. FOR THE FIRST TIME EBITDA MARGIN IS NET OF THE SO CALLED LEASEHOLD AND THIS FIGURE IS LITTLE LESS THAN 73%. WE DID THIS IN ORDER TO COMPARE OUR EBITDA MARGIN WITH OUR PEERS WHO IN MANY CASES HAVE NO MANAGEMENT OR OPERATIONAL CENTERS AND THIS WAY IT IS EASIER TO COMPARE EBITDA MARGIN FROM DIFFERENT COMPANIES.

ON PAGE 13, YOU WILL SEE A BREAKDOWN OF GROUP NET PROFIT DECREASING FROM €16 MILLION TO €11.1 MILLION. ON THE RIGHT, THE CHART SHOWS THAT FROM 16 MILLION IN 2012, THERE WAS A DECREASE BY 2.293 MILLION DUE TO CHANGE IN EBITDA CORE BUSINESS, €685,000 FOR EBITDA IN THE PORTA A MARE PROJECT THERE WAS A FURTHER INCREASE AS RECORDED ON THE 30 OF JUNE IN DEPRECIATION, DEVALUATION AND FAIR VALUE SO 4.8 MILLION IS THE CONSEQUENCE OF THIS DEVALUATION. THERE IS AN ADDITION OF 1 MILLION OF CAPEX WHICH HAVE BEEN EXPENSED, BUT NOT ACCOUNTED FOR. THERE WAS A POSITIVE INCREASE IN FINANCIAL CHARGES AND INVESTMENT AND A POSITIVE TAX DELTA DUE TO TAXES ON DEVALUATIONS LEADING TO 11.076.

PAGE 14 SHOWS FIGURES RELATING TO FUNDS FROM OPERATIONS WITH A DECREASE OF 2.1% MINUS 4.1%. THE BOX TO THE RIGHT SHOWS THE KEY CHANGES THAT HAVE LED TO THIS NEGATIVE, TO THIS DECREASE MINUS 3 MILLION DUE TO DECREASE IN EBITDA PLUS 1.1 MILLION DUE TO IMPROVEMENT IN NET FINANCIAL RESULT AND 0.8 MILLION DUE TO OTHER CHANGES. THIS CHANGE IS MINUS 4.1% IS THE DECREASE THAT'S SLIGHTLY LESS THAN THE DECREASE OF EBITDA WHICH AS I SAID WAS 4.6%. THE CASH FLOW GENERATED FROM OPERATING ACTIVITIES IS BETTER THAN THAT OF FUNDS FROM OPERATION ACCOUNTING FOR ABOUT 80.1 MILLION, WHICH SHOWS THAT WORKING CAPITAL HAS IMPROVED AND WE ARE GENERATING MORE CASH THAN SHOWN BY THE FFO INDICATOR.

LET'S MOVE ON TO COMMERCIAL HIGHLIGHTS. ON PAGE 15, AS FOR FOOTFALLS IN ITALY THEY HAVE GROWN TO AS OF 30 OF SEPTEMBER THIS GROWTH WAS BETTER IN JUNE STANDING AT AROUND 1.4% AND NOW ITS 0.9%. SO THERE ARE INCREASING FLOWS OF VISITORS IN OUR SHOPPING MALLS WHICH IS COMFORTING. THE DECREASE WHICH WAS ALREADY RECORDED ON THE 30 OF JUNE AND WHICH IS IN LINE WITH AS ANTICIPATED THE DECREASE IN CONSUMPTION IN ITALY IS THE DECREASE IN TENANT SALES OF ABOUT 2.6% WHICH AS I SAID IS IN LINE WITH THE

DECREASE IN CONSUMPTION. IN ROMANIA, WE HAVE NO FIGURES ON SALES, BUT FOOTFALLS FIGURES ARE VERY POSITIVE AT MINUS 0.4%.

ON PAGE 16, THERE IS A DETAILED DESCRIPTION OF THE PERFORMANCE OF SHOPPING MALLS AND SOME DYNAMICS WITHIN OUR OWN SHOPPING MALL. AUGUST WAS A GOOD MONTH BOTH IN TERMS OF FOOTFALLS AND IN TERMS OF SALES.

AND IF YOU LOOK AT PAGE 17 AND 16 TOGETHER YOU WILL SEE THAT THERE IS A CORRELATION SHOWN BY THE CHART. IN THE MONTH OF JULY, AUGUST AND SEPTEMBER, THERE WAS A VERY STRONG CORRELATION BETWEEN FOOTFALLS AND SALES. AS YOU CAN SEE THE LINE FROM THE CHART ARE ALMOST OVERLAPPING. IN SEPTEMBER, WE RECORDED A DECREASE IN FOOD AND HOUSEHOLD GOODS ESPECIALLY IN THE DIY SECTOR WHICH IS STILL CONTINUING. THIS IS DUE TO THE DECREASE IN BUILDING PRACTICES THAT THERE ARE LOTS OF CRAFTSPEOPLE AND PEOPLE WHO WANT TO MAKE REPAIRS THAT GO TO DIY SHOP AND STORES BUT THEY HAVE STOPPED DOING SO. VIDEO GAMES ARE STRONGLY INCREASING. ROMANIA IS RATHER STABLE. THERE IS STILL A STRONG DECREASE IN THE SALE OF CONSUMER ELECTRONICS WHEREAS MAKEUP PRODUCT HAS A GOOD PERFORMANCE AT PLUS 12%.

PAGE 17 AS I SAID SHOWS A VERY INTERESTING CHART SHOWING BOTH REVENUES AND FOOTFALLS. IN MARCH, THERE WAS A DISCREPANCY BETWEEN THE INCREASE IN FOOTFALLS 3.6% AND A DECREASE IN SALES MINUS 5.9%, BUT FOLLOWING THAT THE CORRELATION HAS BEEN PRETTY STRONG UNTIL THE MONTH OF AUGUST WHEN BOTH FOOTFALLS AND SALES INCREASED AND THEN IN SEPTEMBER WHEN BOTH FOOTFALLS AND SALES DECREASED.

AS USUAL, WE WOULD LIKE TO SHOW YOU BENCHMARKING OF SALES IN THE COOP SYSTEM ON PAGE 18. YOU CAN SEE MAINLY FIGURES FROM HYPERMARKET SALES AS YOU KNOW, OUR SHOPPING MALLS MOSTLY HAVE HYPER COOP EXCEPT IN ONE CASE WHERE WE HAVE A HYPER. AS YOU CAN SEE THE DECREASE THERE HAS BEEN 2.5% IN LINE WITH A DECREASE IN CONSUMPTION. AS FOR COOP ADRIATICA AS YOU KNOW, THERE ARE 13 SHOPPING MALLS OUT OF 19 WHICH HAS A COOP ADRIATICA HYPERMARKET AND HERE THE DECREASE HAS BEEN LESS STRONG AT 0.6%. AND AS YOU CAN SEE FIGURES ARE SIMILAR BOTH FOR TOTAL TRENDS AND LIKE-FOR-LIKE FIGURES FOR THE UNICOOP THE FIGURES MINUS 2.9% AND THE DECREASE IS EVEN STRONGER AT 5.9%.

PAGE 19 SHOWS THE TOP RANKING OF TENANT PERFORMANCES IN OUR SHOPPING MALLS. THERE IS LESS THAN 20% CONCENTRATION IN THE FIRST RANKINGS WITH 34107319 (PH) CONTRACTS THE BREAKDOWN BY BRANDS SHOWS A STRONG PREVALENCE OF NATIONAL BRAND 70%, 16% IS ACCOUNTED FOR BY LOCAL TENANTS THE TENANTS WHO ARE SUFFERING MOST FROM THE CRISIS AND WHO ARE SHOWING THE HIGHEST RATE OF DEFAULT, THERE IS 15% WHICH IS ACCOUNTED FOR BY INTERNATIONAL BRANDS.

PAGE 20 SHOWS THE SAME BREAKDOWN FOR ROMANIA. HERE THE CONCENTRATION IS HIGHER FOR THE FIRST 10 BRANDS 31% WITH 64 TOTAL CONTRACTS, BUT THE BREAKDOWN OF THE THREE COMPONENTS, INTERNATIONAL, NATIONAL, LOCAL IS MORE BALANCED WITH 36, 33, AND 31% RESPECTIVELY. THE LOCAL COMPONENT WAS MUCH HIGHER WHEN WE TOOK OVER THE LOCAL SHOPPING MALLS THERE IN 2008 AND THE OF WINMARKT WILL REMEMBER THAT. THE INTERNATIONAL BRAND COMPONENT HAS GROWN STRONGLY OVER THE YEARS AND IS GOING TO GROW EVEN FURTHER AND NATIONAL BRANDS ALSO ACCOUNT FOR 33% WHICH IS A HIGH AMOUNT.

PAGE 21 SHOWS DETAILED VIEW OF ITALY AND ROMANIA CONTRACTS. IN THE FIRST NINE MONTHS OF THE YEAR A 128 CONTRACTS WERE UNDERWRITTEN IN ITALY OF WHICH THE 57 FOR TURNOVER AND 71 RENEWALS AND AVERAGE UPSIDE FOR RENEWALS IS LITTLE LESS THAN 1%. IN THE FIRST NINE MONTHS IN ROMANIA 187 CONTRACTS WERE RENEWED WITH A SIGNIFICANT DOWNSIDE OF MINUS 9.8% AND 190 NEW CONTRACTS WERE UNDERWRITTEN. THE DOWNSIDE IS MAINLY DUE TO THE RENEWALS AT PLOIESTI 28% OF TOTAL RENEWALS WHERE WE RECORDED A READJUSTMENT FROM MARKET RENTS FOR THE OPENING OF TWO NEW PROJECTS WHICH HAD BEEN PENDING FOR A LONG TIME AND WERE OPENED THIS YEAR, ONE OF THEM BY THE WAY IS RELATIVELY CLOSE TO OUR MALL AT PLOIESTI AND IS ALSO THE RESTRUCTURING OF SOME CONSUMER ELECTRONIC NETWORK WHICH LED TO A DOWNSIDE OF ABOUT 9% MINUS 9%.

PAGE 22 ACCOUNTS FOR THE SUSTAINABILITY ACTIONS WE HAVE BEEN UNDERTAKING FOR THE LAST FEW YEARS AND WE WOULD LIKE TO SHARE THIS WITH YOU. IN OCTOBER WE WORKED TO INTEGRATE CORPORATE STRATEGIES WITH SUSTAINABILITY APPROACHES AND THIS INVOLVED AROUND HALF OF THE CORPORATE POPULATION. THIS IS AN OVERVIEW OF THE ACTIVITIES DONE IN THIS RESPECT AND WHAT WE PLAN TO DO OVER THE NEXT FEW MONTHS AND YEARS ALSO ACCORDING TO THE BUSINESS PLAN, THERE IS A BREAKDOWN BETWEEN ENVIRONMENT TENANTS AND VISITORS AND THE FINANCIAL COMMUNITY AND INVESTORS.

MOVING ONTO THE FINANCIAL HIGHLIGHTS AND FINANCIAL STRUCTURE PAGE 24 SHOWS THE MAIN FINANCIAL HIGHLIGHTS GEARING RATIO STANDS AT 1.37 WHICH IS MORE OR LESS THE SAME AS 1.38 IN SEPTEMBER. COST OF DEBT SLIGHTLY INCREASED DUE TO OUR NEW BONDS, THE COST OF NEW BONDS IS 4.6 ALL IN COMPARED TO 3.5 OF THE BIGGEST BOND. INTEREST COVER RATIO IS MORE OR LESS STABLE AT 1.78 AND THE SAME APPLIES TO COVER RATIO...ADJUSTED COVER RATIO EXCLUDING FIGURATIVE CHARGES ON BONDS.

THE FOLLOWING PAGE SHOWS SOME MORE QUALITATIVE DATA ON OUR DEBT STOCK. THE AVERAGE LENGTH IS LONG TERM AT AROUND 10 YEARS. THE MEDIUM TO LONG TERM DEBT RATE IS 70.5%, BUT IF YOU CONSIDER THIS RATE ALSO INCLUDES 107 MILLION WHICH IS TO EXPIRE AT THE END OF THE YEAR AND WHICH WILL BE RENEWED WITH A DEAL I WILL TELL YOU ABOUT LATER. THE MEDIUM TO LONG TERM RATES GOES UP TO 80%, HEDGING ON LONG TERM DEBT AND BOND HEDGING IS AT 78.3% AND HEDGING ON LONG TERM DEBT 79.6%, BANKING

CONFIDENCE IS 283.5 MILLION, SOME BANKS GRANTED CREDIT, BANKING CONFIDENCE AVAILABLE SLIGHTLY DECREASED COMPARED TO JUNE DUE TO THE USE OF SHORT TERM LOANS AND MARKET VALUE OF MORTGAGE FREE ASSETS IS STABLE AT 547.2 MILLION.

LET US LOOK AT THE LAST THREE SLIDES, SLIDE 26 SHOWS A BREAKDOWN OF NET DEBT WHICH IS 1.085 BILLION SHORT TERM DEBT IS ABOUT 200 MILLION, THE CURRENT RATE OF LONG TERM DEBT INCLUDES EXPIRING BONDS WHICH WILL BE RENEWED WITH A MEDIUM TO LONG TERM EXPIRY ACCOUNTED FOR ABOUT 45 MILLION, BUT THE LARGEST COMPONENT IS STILL LONG TERM DEBT ACCOUNTING FOR 736.913 MILLION. DEBT MATURITY AS SHOWN IN THE CHART BELOW AND YOU WILL FIND IT INTERESTING TO KNOW THAT WE ARE NOW ABOUT TO CLOSE A SECURED DEAL ACCOUNTING FOR 135 MILLION WE RECENTLY RESERVED CONFIRMATION BY A MAJOR EUROPEAN BANKING INSTITUTION ABOUT THE CLOSING OF THIS DEAL WHICH WILL BE DONE IN THE NEXT FEW WEEKS AND WILL ALLOW US TO CLOSE THE BOND REFINANCING OPERATION AND ALSO TO PARTLY REFINANCE OUR INVESTMENT PIPELINE FOR 2014.

PAGE 26 SHOWS THE CHANGES IN NET DEBT FROM THE BEGINNING OF THIS YEAR. IT MOVED FROM 1,089 TO 1085 BILLION AND THE BREAKDOWN IS SHOWN IN THE SLIDE. LET ME QUICKLY CLOSE BECAUSE AS YOU KNOW WE ARE NOW AVAILABLE AND I WOULD LIKE TO LEAVE THE ROOM FOR YOUR QUESTIONS BY SHOWING SLIDE 28 SHOWING OUR RECLASSIFIED BALANCE SHEET AS YOU CAN SEE SOURCES AND USES OF FUNDS MAINLY FIXED ASSETS 1.889 IN TERMS OF NET DEBT IT STANDS AT 1.085 AND TOTAL SOURCES AT 1.890. THANK YOU FOR YOUR ATTENTION AND I AM AVAILABLE FOR ANY QUESTIONS, REQUIREMENTS OR CLARIFICATIONS.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. THE Q&A SESSION IS ABOUT TO BEGIN. THE FIRST QUESTION FROM THE ITALIAN CONFERENCE FLOOR IS BY SIMONETTA CHIRIOTTI OF MEDIOBANCA.

SIMONETTA CHIRIOTTI: GOOD AFTERNOON. I WOULD LIKE TO KNOW WHETHER IT'S POSSIBLE TO HAVE SOME MORE INFORMATION REGARDING SALES EXPECTED FOR THE FOURTH QUARTER AT THE LIVORNO PORTA A MARE PROJECT AND I HAVE A MORE GENERAL QUESTION REGARDING THE LIVORNO PROJECT IN TERMS OF WHAT'S EXPECTED FOR 2014 REGARDING BOTH THE OFFICES SIDE HERE I WANT TO KNOW WHETHER THERE IS ANYTHING THAT IN TERMS OF OUTLOOK AND EXPECTATIONS THAT YOU WANT TO SHARE WITH US AND IN TERMS OF RESIDENTIAL UNIT. I ALSO HAVE ANOTHER QUESTION REGARDING THE FINANCING DEAL THAT YOU MENTIONED. SPEAKING WITH [INDISCERNIBLE] WE HEARD THAT CONDITIONS SET BY BANKS HAVE IMPROVED, BUT ARE STILL QUITE BURDENSOME I WOULD LIKE TO LISTEN TO YOUR VIEW ON THIS.

CLAUDIO ALBERTINI: AS PER YOUR QUESTION SIMONETTA I AM NOT SURE WHETHER YOU WANT TO KNOW ABOUT OUR OWN SALES OR OPERATOR SALES, THE PROJECT ON PORTA A MARE WOULD YOU LIKE TO KNOW ABOUT SALES FROM OUR REVENUE.

SIMONETTA CHIRIOTTI: YES I WOULD LIKE TO KNOW HOW MUCH YOU ARE THINKING OF GETTING IN TERMS OF REVENUES FROM SALES AT PORTA A MARE IN 2014.

CLAUDIO ALBERTINI: WE ESTIMATE BETWEEN 7 AND 8 MILLION IN TERMS OF SALES VOLUME WHICH CORRESPONDS TO ABOUT 20 UNITS, 20 FLATS WE ARE WORKING WITH OUR LAWYERS THESE DAYS AND WE EXPECT MORE SALES SHORTLY. THIS IS A RATHER DIFFICULT TIME FOR REAL ESTATE MARKET THOUGH AND THERE ARE LOT OF RUMORS REGARDING TAXES AND THE IMU PROPERTY TAX AND THE CRISIS WHICH ARE ESTABLISHING AN OSCILLATING FLUCTUATION SENTIMENT OF THE HAPPY AND POSITIVE TIMES AND NOW THE TIME IS A BIT LESS POSITIVE WE ARE KIND OF AT A STANDSTILL EVEN THOUGH WE'VE HAD A LOT OF REQUESTS FOR VISITS WE ARE NOW USING THE MAIN ITALIAN REAL ESTATE AGENCY GABETTI WHICH WE HAVE RECENTLY ADOPTED. I WOULD LIKE TO LEAVE THE FLOOR OUR REAL ESTATE MANAGER WHO WILL EXPAND FURTHER AND THEN I WILL TAKE THE FLOOR BACK TO REPLY TO THE OTHER QUESTIONS.

ROBERTO ZOIA: GOOD AFTERNOON. AS CLAUDIO SAID PREVIOUSLY AT LIVORNO WE FINISHED THE FIRST SECTION WHICH INCLUDES AN OFFICE BUILDING ON PIAZZA MAZZINI SIDE THERE IS THE GROUND FLOOR WITH STORES AND THE UPPER FLOORS ARE COMPOSED OF FLATS. IN THE FIRST QUARTER AROUND 20 UNITS WILL BE SOLD AND THE STORE AREA WILL BE OPEN TILL MARCH NEXT YEAR AND IS BEING IN THE PROCESS OF BEING SOLD. NEXT YEAR WORKS FOR THE SECOND SUB COMPARTMENT IN OFFICINE STORICHE WILL START. THOSE WILL HOST MAINLY STORES OFFICINE ARE THE EXISTING STRUCTURE WHETHER IT'S A SHOPPING MALL WHICH WAS CREATED IN THE OLD MANUFACTURING STORE OF THE PALAZZO ORLANDO YARD. THE WORK, CONSTRUCTION WORK WILL LAST FOR TWO YEARS AND AS FOR OTHER SECTIONS IN COMPARTMENTS WE ARE NOW CONSIDERING THE PROPOSAL OF SOME PROJECT VARIANTS HOWEVER THE SUBSEQUENT INITIATIVES WILL START IN SUBSEQUENT YEARS SO FOR THE NEXT TWO YEARS WE ARE GOING TO BUILD AND SELL THE STORE PARTS OF THE PIAZZA MAZZINI AND THE OFFICINE STORICHE SECTIONS. AS PER YOUR QUESTIONS ON FINANCING OR LOANS, THE SITUATION ON THE DOMESTIC MARKET IS STILL IN OUR VIEW DIFFICULT I BELIEVE THIS IS ALSO TRUE OF COMPANY SUCH AS OURS THAT HAS A GOOD CREDIT RATING I DON'T THINK THE DATA AND BANKING SYSTEM WILL INTERVENE ON NEW OPERATION. HOWEVER THERE IS A VERY GOOD ATTITUDE WHEN IT COMES TO RENEWALS AND WE ALSO HAVE SOME CURRENT CREDIT LINES. THIS YEAR WE OBTAINED A FEW NEW LOANS, BUT THOSE CAME FROM SMALL BANKS, THIS IS A POSITIVE SIGNAL, BUT AS PER MAJOR BANKS I DO NOT SEE MUCH PROPENSITY TO DELIVER CREDIT EVEN THOUGH I HAVE RECORDED A VERY POSITIVE ATTITUDE IN TERMS OF REFINANCING WHICH HAS BEEN VERY GOOD THIS YEAR. SPREAD RATE IS TOO HIGH AND IN THE SHORT TERM I DON'T THINK THAT THE SPREAD RATE WILL BUDGE FROM 280 TO 300. IT IS DIFFICULT TO OBTAIN LONG TERM CREDIT PROBLEM IS NOT MUCH SIZE, BUT HERE FOR REFINANCING THE LEVEL IS 475

AS PER NEW CREDIT LINES THE DEAL THAT I MENTIONED TO YOU WILL HAVE A SPREAD RATE OF 400 SOMETHING BUT IT IS A VERY BIG DEAL THAT WILL INVOLVE A MAJOR EUROPEAN BANK WHICH IN TURN THROUGH SECURITIZATION WILL PLACE THESE BONDS ON THE INTERNATIONAL MARKET. SO THIS IS THE CURRENT SITUATION FOR US, BUT I THINK IT IS ALSO TRUE OF OTHER OPERATORS AT LEAST AS FAR AS CREDITWORTHY OPERATORS ARE CONCERNED BECAUSE OTHER OPERATORS IN THE REAL ESTATE SECTOR ARE ENTITLED TO NOTHING.

SIMONETTA CHIRIOTTI: AS FAR AS INVESTMENTS ARE CONCERNED, WHAT'S THE OUTLOOK FOR 2014 FOR CAPEX?

CLAUDIO ALBERTINI: I WILL BE MORE PRECISE AT CLOSING BUT THIS YEAR WE ESTIMATE INVESTMENTS, NEW INVESTMENTS OF ABOUT 135 MILLION THAT WILL BE POSTPONED TO NEXT YEAR AND ON NEXT YEAR AS FOR CAPEX THE ESTIMATE IS AROUND €15 MILLION FOR NEXT YEAR FOR CAPEX. IN TERMS OF MORE COMPREHENSIVE INVESTMENT SIDE FOR 2014 THIS AMOUNT WILL BE HIGHER SPENDING AT AROUND 40 MILLION, SO OUR TOTAL INVESTMENTS WILL RANGE BETWEEN €50 MILLION AND €60 MILLION INCLUDING BOTH NEW INVESTMENTS AND CAPEX. THIS IS THE REASON WHY BETWEEN THE DEAL WE CLOSED IN MAY OF EXCHANGE OF CONVERTIBLE BONDS AND THIS NEW DEAL WE RECOVERED, WE COLLECTED A TOTAL LOAN OF ABOUT 50 MILLION BECAUSE THE MAY DEAL BROUGHT ABOUT A 145 MILLION THIS DEAL THAT IS SPENDING WILL BRING A 135 THE EXPIRING BONDS 230 SO WITH THIS DEAL WE DIDN'T JUST REFINANCE THE EXPIRING BONDS WE ALSO HAVE ANOTHER 50 MILLION FOR FUNDING OUR 2014 INVESTMENTS. THANK YOU.

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

FEDERICO PEZZETTI: GOOD AFTERNOON. I HAVE TWO OR THREE SHORT QUESTIONS. THE FIRST ONE IS ABOUT IS THAT INDICES I WOULD LIKE TO KNOW WHAT THEY STAND OUT FOR RENTAL, I WOULD ALSO LIKE TO KNOW ABOUT DISCOUNTS, THE VALUE OF DISCOUNTS IN THE FIRST NINE MONTHS AND AS PER HYPERMARKET SALES AS FAR AS I UNDERSTOOD THEY DECREASED BY AROUND 1.4%, I WOULD LIKE TO MAKE SURE I UNDERSTOOD CORRECT AND FINALLY, REGARDING THE EXPIRY OF CONTRACTS IN 2014 IF I'M NOT MISTAKEN AROUND 20% OF THE VALUE OF SHOPPING MALLS WILL EXPIRE, SO I'D LIKE YOU TO UPDATE ME ON THIS AND WHAT YOU HAVE BEEN ABLE TO DO IN TERMS OF RENEWALS AND HOW CURRENT RENTS?

CLAUDIO ALBERTINI: AS PER THE ISTAT AVERAGE IN THE FIRST NINE MONTHS IT ACCOUNTED FOR 1.36%. THE DISCOUNTS WE APPLIED INITIALLY ARE 2.1 MILLION AT A CONSOLIDATED LEVEL THE VALUE IS 2.3, BUT INITIALLY 2.1. AS PER OUR HYPERMARKETS WE DO NOT HAVE A SPECIFIC FIGURE ABOUT THAT, BUT GENERALLY SPEAKING THE FIGURE FOR HYPERMARKETS IS 0.6 EVEN THOUGH I BELIEVE THAT WILL GO UP, ADRIATICA WILL BE ABOUT MINUS 1% WHEREAS GENERALLY SPEAKING THE DECREASE IN SALES IN HYPERMARKETS WILL BE BETWEEN 1 AND 1.5%. HOWEVER EXCEPT FOR GUIDONIA THIS HAS NOT LED TO REDUCTIONS DUE TO A DECREASE IN SALES WHEREAS THIS IS THE CASE FOR TENANTS IN SHOPPING MALLS ESPECIALLY SMALLER

ONES. NOW I'D LIKE TO LEAVE THE FLOOR TO DANIELE CABULI, OUR GENERAL OPERATIONS MANAGER WHO WILL ANSWER ABOUT OUR EXPECTATIONS FOR INCREASES IN RENTS.

DANIELE CABULI: GOOD AFTERNOON LADIES AND GENTLEMEN. IN 2014, THERE ARE 214 RENTAL CONTRACTS EXPIRING. IT IS A RATHER HIGH NUMBER, BECAUSE IT INCLUDES THE EXPIRY OF LATEST OPENINGS THAT IS THOSE OF 2009. SO AS I SAID IT'S RATHER A HIGH NUMBER OF CONTRACTS. IN TERMS OF WHAT WE EXPECT WELL WE EXPECT TO WITHSTAND THE PRESSURE AS I SAID IN THE BEGINNING AND WE DO NOT EXPECT ANY UPSIDE INCREASES FROM CONTRACT RENEWALS. WE ARE BASICALLY AIMING AT A STABLE PERFORMANCE SINCE WE ARE AWARE OF THE CURRENT DIFFICULTY. AND THEN IT ALL DEPENDS ON GEOGRAPHICAL LOCATION OF THE SHOPPING MALLS. SHOPPING MALLS GIVE US MORE LEEWAY, BUT FOR OTHERS IT WILL BE NECESSARY TO ACT IN A DIFFERENT WAY AND TO DIVERSIFY OUR ACTIONS IN ORDER TO MEET OUR PRIMARY OBJECTIVE WHICH IS MAINTAINING OUR OCCUPANCY RATE AT A LEVEL WHICH IN OUR REVIEW IS STILL VERY GOOD SINCE IT STANDS AT 96% COMPARED TO OUR COMPETITORS WHICH ARE MUCH LOWER SO WE THINK THAT THIS IS THE OBJECTIVE WE SHOULD CONTINUE PURSUING. THANK YOU.

OPERATOR: LET ME REMIND YOU THAT IF YOU HAVE A QUESTION YOU MAY PRESS "*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. FOR FURTHER QUESTIONS PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. NEXT QUESTION IS A FOLLOW UP QUESTION BY FEDERICO PEZZETTI OF INTERMONTE.

FEDERICO PEZZETTI: I HAVE A BRIEF QUESTION ABOUT ANY POTENTIAL SALES OF ASSETS ON YOUR PART AND WHETHER YOU HAVE ANY UPDATES ON THIS, PREVIOUSLY YOU SPOKE OF YOUR EXPECTED CAPEX FOR 2014 AND THE FIGURE IS QUITE HIGH SO I AM WONDERING WHETHER WE CAN EXPECT ANYTHING IN THE NEXT FEW QUARTERS AS FAR AS SALES ARE CONCERNED. THANK YOU.

CLAUDIO ALBERTINI: I CAN ONLY SAY THAT WE ARE WORKING ON THAT. LET ME REMIND YOU THAT WE SET OUR SALES IN THE SECOND HALF OF 2014 ACCORDING TO OUR BUSINESS PLAN SO WE ARE WORKING ON THAT, AND THERE ARE SOME OPEN DISCUSSIONS AND SOME OF THESE DISCUSSIONS SINCE NEGOTIATIONS MAY ACTUALLY BE CLOSED IN THE EARLY MONTH OF 2014 BUT I WOULD LIKE TO BE CAUTIOUS ON THAT, BECAUSE AS YOU KNOW OUR OBJECTIVE, OUR TARGET IS TO DISPOSE OF ASSETS AT VALUES WE ARE OPTIMISTIC ABOUT THIS. WE ARE AWARE THAT YOU DO NOT DESCRIBE KNOW HOW TO AS FAR AS DISPOSALS ARE CONFIRMED BECAUSE THERE IS NO SIGNIFICANT HISTORY FOR IGD AS FAR AS DISPOSALS ARE CONCERNED, BUT I BELIEVE THAT THIS IS AN OBJECTIVE THAT WE CAN INDEED ACHIEVE. THANK YOU.

OPERATOR: LET ME REMIND YOU AGAIN THAT IF YOU HAVE A QUESTION YOU MAY PRESS "*" FOLLOWED BY "1" ON YOUR PHONE. MR. ALBERTINI THE QUESTIONS ARE OVER.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. GOODBYE.