

Event: FY 2015 Financial Results Presentation
Date: 3rd March 2016
Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WE'D LIKE TO WELCOME YOU TO FULL YEAR 2015 IGD FINANCIAL RESULTS PRESENTATION. ALL PARTICIPANTS LINES HAVE BEEN MUTED...DURING MANAGEMENT'S PRESENTATION, THERE WILL BE A Q&A SESSION. TO BE ASSISTED BY AN OPERATOR DURING THE CONFERENCE CALL, PLEASE PRESS "*" FOLLOWED BY "0" ON YOUR TELEPHONE KEYPAD.

THE FLOOR IS NOW TO THE CEO OF IGD, CLAUDIO ALBERTINI. PLEASE, SIR.

CLAUDIO ALBERTINI: GOOD AFTERNOON. FIRST OF ALL, OUR DEEPEST APOLOGIES FOR STARTING OUR CALL WITH SUCH DELAY, I HOPE THAT YOU HAVE ALWAYS SAVED THE MATERIAL, WHICH IS AVAILABLE ON OUR WEBSITE, SO THAT YOU CAN FOLLOW OUR CONFERENCE CALL. WE HAVE JUST ENDED OUR BOARD MEETING. SO THAT'S WHY WE ARE LATE AND AGAIN, OUR DEEPEST APOLOGIES.

OKAY, LET START FROM PAGE 3, THE DOCUMENT I HOPE YOU HAVE ALL RECEIVED IT. WE ARE ON PAGE 3, SO THE TITLE ALREADY GIVES YOU A RECAP OF THE KEY THEME OF 2015, THAT IS TO SAY WE HAVE PROLONGED PERFORMANCE, WHICH HAS BEEN LESS IN ABOUT FEW YEARS. I LIKE TO DRAW YOUR ATTENTION ON THE RESULTS. THESE ARE RESULTS THAT ARE BASED ON LONG-TERM STRATEGY, WHICH WAS STARTED SOME YEARS AGO, A STRATEGY, WHICH IS PIVOTING AROUND OUR TENANTS, OUR SHOPPING CENTERS, AS WELL AS ON OUR HUMAN RESOURCES, THE PEOPLE WHO WORK AT IGD. AND ALL THIS WAS ALSO BACKED FINALLY BY A POSITIVE ECONOMIC BACKDROP. AND HENCE THE RESULTS I'M HERE TO PRESENT YOU.

SO, LET'S START FROM PAGE 3. SO WE HAVE FOUR MAIN BOXES AND THERE IS A CIRCLE AT THE CENTER OF THE SLIDE, WHICH RESTATES THE FACT THAT WE ARE BEHAVING CONSISTENTLY WITH OUR BUSINESS PLAN. SO EXCELLENT OPERATING RESULTS, WITH TENANT SALES THAT ARE UP CONSIDERABLY BY 6.7% ON A FULL YEAR BASIS. EVEN Q4, SAW A POSITIVE PERFORMANCE AND THIS IS THE EIGHTH QUARTER WITH A POSITIVE PERFORMANCE IN A ROW ACCORDING TO THE FOUR QUARTERS IN 2014 FOLLOWED BY THREE QUARTERS IN 2015.

FOOTFALLS ARE POSITIVE, IT WAS SLIGHTLY NEGATIVE AT THE BEGINNING, BUT THEN IT TURNS TO THE POSITIVE AND WE ENDED THE FISCAL YEAR 2015 WITH POSITIVE TRENDS. SO WE THINK THAT THE SHOPPING CENTER FORMAT IS STILL A WORKING MODEL. OCCUPANCY IS GOING UP IN

ITALY IN WHICH WE ARE CLOSE TO 97%, NOT YET TO THE PRE-CRISIS LEVEL, BUT WE ARE VERY CLOSE TO IT. OCCUPANCY WAS ALSO GROWING IN ROMANIA IN WHICH WE ARE VERY CLOSE TO 94% WITH 2016 FORECAST OF A FURTHER GROWTH THAT WILL TAKE OCCUPANCY LEVELS CLOSE TO THE ITALIAN ONES.

AND ON THE OTHER HAND, LET'S ALSO SEE HOW WE ACHIEVED FINANCIAL RESULTS. SO TOTAL REVENUES WENT UP 5% AND MOST OF THIS GROWTH IS DRIVEN BY CORE BUSINESS REVENUE THAT IS THE RENTAL BUSINESS REVENUES. EBITDA IS UP 7%, AND TO FURTHER RECONFIRM OUR GROWTH TREND THAT WE HAVE WITNESSED IN THE PREVIOUS YEAR. ALSO THE FFO INCREASED BY 28.5% WITH AN OVERALL VALUE IN EXCESS OF €45 MILLION.

OUR PORTFOLIO IS A VERY SOLID ONE WITH MARKET VALUE THAT FOR THE FIRST TIME IN IGD'S HISTORY EXCEEDS €2 BILLION, REACHING €2.08 BILLION, THANKS TO THE TRANSACTIONS WE CARRIED OUT IN 2015, THE OPENING OF THE RETAIL PARK WE PERFORMED AND THE ACQUISITION OF THE PUNTA DI FERRO SHOPPING MALL, WE COMPLETED IN DECEMBER. AND THEN LET ME MENTION A VERY SATISFACTORY DISPOSAL WE COMPLETED IN 2015. THE DISPOSAL OF THE CITY CENTER RIZZOLI IN BOLOGNA CARRIED OUT IN MAY 2015 WITH A CAPITAL GAIN VERSUS THE HISTORICAL VALUE AND THE BOOK VALUE.

AND LAST BUT NOT LEAST THE ACCELERATED BOOK BUILDING FOR THE ACQUISITION OF THE PUNTA DI FERRO SHOPPING MALL AND THE SWAP OF THE EXISTING BOND WE MADE IN MAY WITH THE ISSUE OF A NEW SEVEN-YEAR BOND. AND ALL THIS LEADS TO THE HIGHLIGHTS OF PAGES 4 AND 5. SO THE REVENUES ARE SLIGHTLY LESS THAN €126 MILLION, SO FROM CORE BUSINESS UP 4.5% VERSUS 2014. EBITDA FROM CORE BUSINESS, AGAIN €84.7 MILLION, UP ALMOST 7 PERCENTAGE POINTS AND THE EBITDA MARGIN 67.3%, IT'S UP 1.5% PERCENTAGE POINTS. EBITDA MARGIN FROM FREEHOLD THAT IS OWNED SHOPPING CENTER STOOD AT 77.2%. THE GROUP NET PROFIT RECONFIRMED WHAT WE HAVE SEEN THROUGHOUT THE YEAR. SO WE LAND AT €45.6 MILLION VERSUS THE €7.3 MILLION WE HAD IN 2014.

FUNDS FROM OPERATION IS IN EXCESS OF €45 MILLION, €45.1 MILLION TO BE PRECISE. SO GROWTH IS UP 28.5% AND WE ARE ALSO MENTIONING FFOs PER SHARE FROM CORE BUSINESS. AND THERE AGAIN, THIS PIECE OF INFORMATION LED TO AN INCREASE IN THE OUTSTANDING SHARES, 813 MILLION ARE THE OUTSTANDING SHARES TO THE PRESENT DATE, FFO PER SHARE AND CALCULATED ON ALL SHARES IS €0.056 PER SHARE. DIVIDEND PER SHARE YOU ALREADY HAVE THE INFORMATION LISTED ON THE SCREEN IT'S €0.04 VERSUS THE ADJUSTED DIVIDEND WHICH WAS €0.035 PER SHARE, AGAIN GROWING VERSUS LAST YEAR OF ABOUT 14%.

LET'S NOW MOVE TO MORE FINANCIAL HIGHLIGHTS: OCCUPANCY IN ITALY IS CLOSE TO 97% VERSUS 96.2% END OF 2014. THAT WAS ITALY, ROMANIA IS GROWING MORE THAN 7 PERCENTAGE POINTS, 7.5% AND IT LANDS AT 93.9%, MARKET VALUE GOES FROM €1.951 BILLION TO €2.82 BILLION IN 2015.

LOAN TO VALUE IS DOWN 1 PERCENTAGE POINT VERSUS LAST YEAR DESPITE THE VERY STRONG CAPEX AND INVESTMENTS THAT I HAVE ALREADY MENTIONED, THAT IS TO SAY THE OPENING OF CHIOGGIA AND THE ACQUISITION WE PERFORMED AT YEAR END. GEARING DEBT TO EQUITY IS ALSO DECLINING, 0.93 VERSUS POINT 0.95 WE HAD RECORDED AT THE END OF 2014. NAV IS 1.25, AGAIN WE RECALCULATED EPRA (PH) ADJUSTED 2014 AND IT WAS 1.23 IN 2014 AND IT WAS A TWO DIGIT GROWTH. THE RESULTS WERE INDEED DRIVEN BY A MUCH MORE FAVORABLE ECONOMIC ENVIRONMENT IN ITALY.

LET'S HAVE A LOOK AT THE MAIN INDICATORS FOR 2015. WE HAD THE FINAL DATA ON GDP, UP 0.8% VERSUS AN ESTIMATE OF 0.7% AND THE ESTIMATE WAS FROM A FEW WEEKS BEFORE. AND THEN CONSUMPTION; THAT IS SOMETHING THAT MOSTLY AFFECTS OUR BUSINESS, IT'S UP 0.9%, FINALLY A POSITIVE SIGN FOR CONSUMPTION AS WELL WITH INFLATION, WHICH IS VERY LOW, THAT HAD A VERY MINOR IMPACT OR ALMOST NEGLIGIBLE IMPACT ON OUR REVENUES THAT ARE TAGGED TO THE INFLATION.

AND ITALY'S OUTLOOK IS VERY HARD TO A MAKE FORECAST IF YOU WISH, BUT WE TRIED TO MAKE A FORECAST. GENERAL CONSENSUS IS STILL POSITIVE AS FAR AS GDP GROWTH IS CONCERNED, WHICH GOES FROM 1% TO 1.4% IF YOU ARE VERY OPTIMISTIC AND CONSUMPTION SHOULD ALSO GROW FURTHER. HOUSEHOLD CONSUMPTION SHOULD GROW TO 1.3%, SO IT'S A FAVORABLE ECONOMIC ENVIRONMENT FOR ITALY. IN ROMANIA, WE HAVE A STILL OR AN EVEN BETTER ECONOMIC ENVIRONMENT IN 2015. GDP WENT UP 3.6% IN ROMANIA IN 2015. AND THIS YEAR, IT SHOULD RECORD A 5% GROWTH IN HOUSEHOLD CONSUMPTION, THANKS TO SOME GOVERNMENTAL ACTIONS THAT ARE UNDERTAKEN TOO, FOR INSTANCE, CUT VAT FROM 24% TO 20% AND INCOME INCREASED FOR PUBLIC OFFICERS, THEREFORE THIS SHOULD FURTHER HELP THE ECONOMIC ENVIRONMENT AND CONSUMPTION.

PAGE 8, LET'S HAVE A LOOK AT THE REAL ESTATE PICTURE AND HERE, AS YOU KNOW, 2015 WAS A RECORD YEAR, IN EXCESS OF €8 BILLION WORTH OF INVESTMENTS. AND OF, WHICH €1.4 BILLION OR SLIGHTLY LESS THAN IN THE PREVIOUS YEAR WAS INVESTMENTS IN THE RETAIL BUSINESS. BUT THE PIPELINE DEAL-WISE IS STILL AROUND €2 BILLION FOR THIS YEAR AND THIS IS TO FURTHER RECONFIRM THAT FOREIGN INVESTORS STILL HAVE A STRONG INTEREST. AND WHEN IT COMES TO YIELD SHRINKING, YIELD COMPRESSION IS MOVING ON AND THAT HAD A POSITIVE IMPACT FOR US. WE WERE AFFECTED LESS THAN OUR PEERS, 20 TO 25 BPS FOR OUR PEERS COMPARED TO THEM THERE WAS A MUCH MORE MARKED IMPACT, UP TO 50 BPS. AND THEN, VALUATIONS ARE FINALLY SHOWING A POSITIVE SIGN FIRST TIME IN SEVEN YEARS, SO FINALLY, A POSITIVE SIGN THERE TOO.

FOLLOWING PAGES, FROM PAGE 10, LET'S HAVE A LOOK AT THE MAIN P&L ITEMS STARTING FROM REVENUES. AS I SAID, THEY ARE UP 5%, €128.5 MILLION AND THEN IT'S CORE BUSINESS GROWTH OF 4.7%. ON THE OTHER SIDE OF THE CHART, YOU CAN SEE THE BREAKDOWN OF

RENTAL REVENUES BY TYPE OF ASSETS. LET ME SAY RIGHT AWAY THAT THIS IS THE SNAPSHOT AT YEAR END, AND IT WILL CHANGE DRAMATICALLY OVER THE COURSE OF THE CURRENT YEAR. AS A CONSEQUENCE OF THE ACQUISITION OF PUNTA DI FERRO SHOPPING MALL. SO THE HYPER COMPONENT WILL DECREASE REACHING APPROXIMATELY 30% OR MAYBE SLIGHTLY BELOW THAT LEVEL. AND ALL THESE TO THE BENEFIT OF THE SHOPPING MALL COMPONENT THAT SHOULD REACH INSIDE 60%.

PAGE 11, HERE YOU CAN SEE THE MAIN RENTAL INCOME DRIVERS. LET'S START FROM €115 MILLION IN 2014; THEY REACHED €121 PLUS SOMETHING IN 2015, UP 4.8%. AGAIN, WE SAW SOME GROWTH, REVENUES ON A LIKE-FOR-LIKE BASIS 0.3%, 0.4% SHOPPING MALLS, AND HYPERMARKET MORE STABLE TREND WISE AND THAT'S ATTRIBUTABLE TO THE REDUCTION OF TEMPORARY DISCOUNTS WHICH IS THE PROLONGATION OF THE POLICY, WE STARTED TWO YEARS AGO WHEN THERE WAS A PEAK OF €3 MILLION IN TEMPORARY DISCOUNTS. BUT WE ARE PHASING THEM OUT AS I SAID DURING PREVIOUS FINANCIAL RESULT PRESENTATION. THE GREATEST CONTRIBUTION TO GROWTH IS REPRESENTED BY EXTENSION IN REVENUES €6 MILLION THAT'S PROBABLY THE CONTRIBUTION, CONVERSELY €1.1 MILLION THAT WAS THE DECREASE DUE TO DISPOSAL. IN PARTICULAR, THE DISPOSAL OF THE APPLE STORE IN VIA RIZZOLI IN BOLOGNA. POSITIVE ON THE ROMANIAN FRONT SIDE ON A LIKE-FOR-LIKE BASIS, THE GROWTH IS OVER 6 PERCENTAGE POINTS. AS YOU WILL SAW HERE ALSO THE UPSIDE OF RENEWALS GAVE A POSITIVE CONTRIBUTION OF ALMOST €0.1 MILLION OR UP 4.8% YEAR-ON-YEAR.

OPERATING COST AND FINANCIAL MANAGEMENT CORE BUSINESS FIRST; THEY GROW BUT SHARE WISE THEY HAVE A LESSER WEIGHT, DIRECT COST ARE DOWN 2 PERCENTAGE POINT, ALL THIS ENTAILS ON EBITDA MARGIN IMPROVEMENT, BUT ALSO THANKS TO IMPROVED REVENUES WILL GIVE OUR CORE BUSINESS EBITDA MARGIN EQUAL TO 67.3% OR UP APPROXIMATELY 150 BPS COMPARED TO THE PREVIOUS YEAR. GREAT NEWS ALSO ON THE FINANCIAL MANAGEMENT FRONT, AS YOU CAN SEE APPROXIMATELY €5.4 MILLION DECLINE IN ABSOLUTE NUMBERS OR PERCENTAGE WISE 12.1%, THERE WE HAVE SEVERAL DRILLDOWN SLIDES. HOWEVER, WE BASICALLY CUT THE FAVORABLE MARKET WINDOWS AND THEREFORE WE HAD SUCH A GREAT ACHIEVEMENTS.

LET'S MOVE ON TO PAGE 13, OUR NET PROFIT, STARTING FROM €7.3 MILLION IN 2014. WE SAW A CHANGE IN CORE BUSINESS EBITDA, UP APPROXIMATELY €5.5 MILLION OF THE GROSS MARGIN. YET MATERIAL CONTRIBUTION APPROXIMATELY €60,000 THAT'S THE CHANGE IN EBITDA OF THE PORTA A MARE PROJECT. THE LION SHARE OR THE TRAINED REVERSAL IS THE CHANGE IN FAIR VALUE VALUATION, SO THAT GAVE A €24.5 MILLION CONTRIBUTION TO OUR NET PROFIT. AND LIKE WISE WE HAD AN IMPROVEMENT ALSO ON THE CHANGE IN FINANCIAL MANAGEMENT €5.4 MILLION. A POSITIVE CHANGE IN TAXES, WE NO LONGER SAW THE NEGATIVE ONE-OFFS, DUE TO THIS SBLOCCA ITALIA ACT, AND THEN WE HAVE THE POSITIVE EFFECT OF THIS SO-CALLED ACE OR ALLOWANCE FOR CORPORATE EQUITY TAX, GIVING US AN OVERALL

BENEFIT OF €2.6 MILLION. ALL THIS IS CONDUCIVE TO A GOOD PERFORM AND A GOOD RESULT. I WILL NOW ADD ANY HYPE ADJECTIVE WISE WITH THE GROUP NET PROFIT THAT YOU SEE LISTED ON THE CHART.

PAGE 14; CORE BUSINESS FUNDS FROM OPERATIONS, THAT'S ON THE UPPER TREND 28.5 PERCENTAGE POINTS. FFO PER SHARE WHICH IS SPREAD OVER ALL THE SHARES INCLUDING THOSE THAT WERE INCLUDED IN THE CAPITAL INCREASE IN DECEMBER; ITS €0.056 PER SHARE. WE HAVE €5.5 MILLION DUE TO THE INCREASE IN EBITDA. AND THEN WE HAVE LOWER FINANCIAL CHARGES €4.5 MILLION, THESE ARE THE TWO MAJOR DRIVER UNDERLYING THIS TREND, IF NOT THE ONLY TWO DRIVER UNDERLYING THE IMPROVEMENT IN FFO.

PAGE 16, POSITIVE HERE TOO; LET'S START FROM OUR TENANT SALES IN ITALIAN SHOPPING MALLS, THEY SAW 6.7% YEAR-ON-YEAR, ON A LIKE-FOR-LIKE BASIS THE GROWTH WOULD BE 4.6% AGAINST THE BENCHMARK RELEASED BY THE CONSIGLIO NAZIONALE DEI CENTRI COMMERCIALI WHICH IS THE TRADE ASSOCIATIONS OF SHOPPING CENTER OPERATORS IN ITALY WHICH GIVES A 2.8% GROWTH FIGURE, WHICH MEANS THAT IGD OUTPERFORMED THAT BY APPROXIMATELY 2 PERCENTAGE POINTS. FOOTFALLS EVEN BETTER, AGAINST THE BENCHMARK FOR THE REST OF THE INDUSTRY WHICH WAS EQUAL TO -0.2%, SO BASICALLY FLAT; WE GROW 1.6 PERCENTAGE POINTS CONCENTRATING TO THE SECOND HALF. WE HAVE AGAIN SUMMARY SLIDES ABOUT MARKETING ACTIVITY SPENDING IN TWO YEARS. ROMANIA AGAIN, POSITIVE WHEN COMES TO FOOTFALLS, UP 2.2% WE DON'T HAVE SALES FIGURES. THE MAJOR WORK ON THE RESTYLING AND RELATED CAPEX HAS BEEN BROUGHT TO COMPLETION WITH POSITIVE IMPACT ON FOOTFALLS, IN ABSOLUTE NUMBERS WE ARE TALKING ABOUT FOOTFALLS OVER €30 MILLION SORRY. HYPERMARKETS IN OUR SHOPPING CENTERS SAW SHRINKAGE OF 2 PERCENTAGE POINTS, BUT THEY IMPROVED COMPARED TO MINUS 3.9 AS OF LAST YEAR. IN THE FIRST FEW MONTHS OF THE CURRENT YEAR BASED ON MY KNOWLEDGE UP 3.0 WAS EVEN SLIGHTLY BETTER. SO WE THINK THAT IN NEGATIVE TREND AMONG HYPER HAS COME TO A HALT.

PAGE 17, THERE IS A FOCUS ON ITALIAN SALES AND HOW THEY PERFORMED. TALKING ABOUT THE LAST QUARTER OF 2015, IT WAS THE EIGHTH QUARTER IN A ROW; WE HAVE BEEN SEEING ITALIAN SALES GROW. AND SO, POSITIVE TREND THIS YEAR TOO AND IT'S EVEN MORE MEANINGFUL BECAUSE IF COMPARED TO FOUR QUARTERS STILL GROWING LAST YEAR. SO IT'S EVEN MORE MEANINGFUL IN THE BOX NEXT TO IT JANUARY 2016 WE HAD A VERY EXCELLENT RESULT. SO ON LIKE-FOR-LIKE BASIS SALES WENT UP 7.6, SO THE BEST PERFORMANCE OVER THE LAST TWO YEARS WITH FOOTFALLS THAT WENT UP ALMOST 6%, SO THIS IS NOT BY CHANCE, WE WERE DEFINITELY HELPED BY THE MORE FAVORABLE ECONOMIC CONDITIONS ENVIRONMENT. BUT THE DECISIONS WE MADE TO STRONGLY FOCUS ON OUR SHOPPING CENTERS, TRYING TO IMPROVE THEM, RESTYLE THEM, THE CAPEX WE PUT IN, IN ORDER TO ACHIEVE THAT TENANT MIX, MARKETING ACTIVITIES ALL LED TO THIS EXCELLENT PERFORMANCE. AND IN A YEAR THAT WAS FINALLY SHOWING A POSITIVE SIGN.

ALL BUSINESS SECTORS SHOWN GROWTH, LET'S HAVE A LOOK AT THE BREAKDOWN OF THE MAIN PRODUCT CATEGORY. SO SERVICES, FINALLY EVEN RESTAURANTS SHOWING A POSITIVE SIGN, IT WAS NEGATIVE IN THE PREVIOUS YEAR, ELECTRONICS, CONSUMER ELECTRONICS, PERSONAL CARE, HEALTHCARE, CULTURE, LEISURE, GIFT ITEMS, HOUSEHOLDS GOODS AND CLOTHING, YOU SEE ON THE RIGHT HAND SIDE, CLOTHING IS A PREVAILING ITEM IN OUR SHOPPING CENTERS ACCOUNTING FOR ALMOST 47% OF SALES. SO THAT ALSO HAD AN IMPACT ON ALL OTHER ITEMS.

LET ME SPEED UP, COMMERCIAL ACTIVITIES PAGE 18 AND 19. SO MARKETING ACTIONS AND ACTIVITIES; LET ME SHOW YOU HOW WE WENT ABOUT THINGS. SO ROTATION RATE OF CONTRACTS AND TENANT CONTRACTS WAS 6.3% LAST YEAR, AND HERE WE ARE MENTIONING SOME NEW BRANDS THAT WE HAVE INCLUDED IN 2015. YOU SEE 71 CONTRACTS WERE SUBJECT TO TURNOVER, OUT OF TOTAL OF 1,131 AND THE TURNOVER IS NOW SUBSCRIBED WITH AN OPPORTUNITY WE SEE FOR IGD. SO ECOMMERCE IS AN OPPORTUNITY NOT A THREAT. WE CAN BE A TYPICAL PLATFORM FOR VIRTUAL PLATFORM, OUR RETAILERS SOME OF THEM LET ME MENTION FOR INSTANCE ELECTRONICS, CONSUMER ELECTRONICS; THEY ARE REALLY WORKING ON MULTICHANNEL SOLUTIONS. SO THE PHYSICAL PLATFORM THAT IS TO SAY, THE SHOPPING CENTER CAN BECOME A TOUCH POINT FOR VIRTUAL PLATFORMS AS WELL. AND IN THE MEANTIME, WE ARE FOCUSING ON OUR MERCHANDIZING MIX IN SHOPPING MALLS, AND WE ARE TRYING TO INTRODUCE AS MUCH AS POSSIBLE THOSE TYPES OF ACTIVITIES AND SERVICES THAT ARE NOT YET COVERED BY OTHER CENTERS, WHERE YOU HAVE TO GO TO THE SHOPPING CENTER. IT'S NOT ENOUGH TO DO THAT IN FRONT OF YOUR COMPUTER THROUGH ECOMMERCE CHANNELS, BUT YOU'VE GOT TO GO TO THE SHOPPING CENTER. I AM TALKING ABOUT LEISURE FOOD COURTS THAT ARE BECOMING INCREASINGLY MORE IMPORTANT. THE LAST ACQUISITION WE MADE IN PUNTA DI FERRO, WE HAVE FOOD COURT THAT IS VERY, VERY STRONG. SO THIS IS A TREND IT'S AN ONGOING TREND. AND THEN SERVICES, MORE SERVICES ARE RENDERED, MAKING THE SHOPPING CENTER MORE ATTRACTING BY PHYSICAL CONTACTS AND RELATIONSHIP WITH CONSUMERS ARE UTMOST IMPORTANT. WE ARE ALSO FOCUSING ON SOCIAL NETWORKS, FACEBOOK; WE HAVE AN INCREASE IN LIKES FOR OUR SHOPPING CENTERS UP 50%, AND ALSO OUR TWITTER SIDE OR PROFILE HAVE ENJOYED 13,000 VISUALIZATIONS SINCE NOVEMBER 2014.

PAGE 19 AND 20; THESE ARE OUR MARKETING ACTIVITIES, STARTING FROM LEISURE EVENTS TO ETHICAL SOCIALLY RESPONSIBLE EVENT, AND THEN CULTURALLY AND EDUCATIONAL EVENTS. AS MUCH AS, WE CAN, WE ARE TRYING TO ATTRACT VISITORS AND FOOTFALLS. THIS IS MIRRORED BY THE NUMBER OF FOOTFALLS WE ARE RECORDING, AND WE ARE TRYING TO INVOLVE. AS YOU SEE ON PAGE 20, WE ARE INVOLVING OUR TENANTS IN THESE ACTIVITIES AND EVENTS.

AND THEN PAGE 21, FOCUS ON ROMANIA, VERY POSITIVE RESULTS. ON THE LEFT HAND SIDE ON PAGE 21 YOU SEE THE MAIN RESULTS INVESTMENT CAPEX LANDING AT €3 MILLION, STRONG IMPROVEMENT IN OUR OCCUPANCY RATE ABOUT 7 PERCENTAGE POINTS HIGHER THAN IN 2014. ON A LIKE-FOR-LIKE BASIS, REVENUES ARE UP 6 PERCENTAGE POINTS, AND

RENEWALS UPSIDE UP 3.7% IN OUR ACCOUNTS OF RENEWAL. WE HAVE MORE AND MORE PARTNERSHIPS WITH INTERNATIONAL TENANTS, WE HAVE COMPLETED MOST OF THE INTRODUCTIONS OF H&M IN OUR ROMANIAN NETWORK. ONE NEW OPENING IS SCHEDULED FOR 2016. AND THEN WE HAVE ANOTHER INTERNATIONAL TENANT PEPKO, A POLISH RETAILER THAT OPENED 6 POINTS OF SALES IN 2015. AND THEN MORE ARE BEING NEGOTIATED AT THE MOMENT.

NOW PAGE 22, IT'S ALSO VERY IMPORTANT TO US TO HAVE SUSTAINABILITY TARGET AND GOALS. LET ME SHARE WHAT WE ACHIEVED IN THE 2015. OUR INTERNATIONAL REPUTATION GREW: WE RECEIVED AN AWARD, THE EPRA GOLD AWARD FOR OUR SUSTAINABILITY REPORT. WE ARE THE ONLY ITALIAN COMPANY REPRESENTED IN THE INTERNATIONAL SUSTAINABILITY COMMITTEE. CONSUMPTION WAS DOWN 10%, THIS IS WHAT OUR TENANTS SAVED ENERGY-WISE, EQUAL TO €1.2 MILLION WORTH AND 61% OF OUR CENTERS HAVE BEEN CERTIFIED ACCORDING TO OR IN COMPLIANCE ISO 14001. AND THEN, OF COURSE, WE HAVE SUSTAINABILITY GOALS. WE HAVE 31 SPECIFIC SUSTAINABILITY GOALS THAT HAD BEEN INCLUDED AND EMBEDDED IN OUR MULTI-YEAR BUSINESS PLAN. AND WE TRY, AS WE SAID, MORE AND MORE TO APPLY THEM TO OUR SHOPPING CENTERS AND SHOPPING MALLS. LET'S DRILLDOWN, I DO APOLOGIZE IF I AM GOING TOO FAST, BUT PLEASE BEAR WITH ME. WE STARTED THE CONFERENCE CALL WITH A 15 MINUTE DELAY.

THEN PAGE 24, LET'S HAVE A LOOK AT OUR PORTFOLIO BROKEN DOWN BY ASSET CLASSES: HYPERMARKETS, MALLS AND AVERAGE, ITALY AND ROMANIA. AND WE ARE TRYING TO SHOW YOU A DIAGRAM AS WELL, ALWAYS ON PAGE 24. YOU CAN SEE THIS IS A SPREAD WE HAVE HERE THAT IS GETTING BROADER AND BROADER. THERE HAS BEEN WIDENING OVER THE LAST FEW YEARS BETWEEN THE AVERAGE YIELD WE HAVE, GROSS INITIAL YIELD IN ITALIAN SHOPPING MALLS IS 6.33% IN 2015, THE RED LINE ON TOP, COMPARED TO A BTP 5-YEAR YIELD, WHICH IS CLOSE TO ZERO OR THE ALL-TIME LOW, 0.73%. AND THE SPREAD IS WIDENING AND THIS MAKES US HOPE FOR THE BEST TO OVERCOME THE YIELD COMPRESSION WE'VE EXPERIENCED, AND ALMOST 5.5%, IT'S THE DELTA.

SO WE HAVE THREE INDEPENDENT APPRAISALS THAT YOU SEE LISTED THERE AND, SO WE HAD OUR PORTFOLIO, WHICH WAS UP FROM MORE THAN €1 BILLION AND THIS IS AN EXERCISE WHICH WE CARRY OUT TWICE A YEAR. THIS YEAR WE HAD QUITE A POSITIVE RESULT WHICH YOU CAN SEE ON A LIKE FOR LIKE BASIS FAIR VALUE, HYPERMARKETS WERE UP €16.6 MILLION OR UP 2.8%, ASSET CLASS MOVES UP €20.2 MILLION, LESS PERCENTAGE-WISE 2.1%. WHILE CITY CENTERS, THE MAZZINI RETAIL PORTION €4.2 MILLION AND THE ROMANIAN MALLS DOWN 2.7% OR DOWN €4.7 MILLION. ALL THESE GAVE US A BALANCED NET OF CAPEX AND OTHER ITEMS, WHICH IS IN THE POSITIVE. IT'S A PLUS SIGN WHICH WE SAW IN 2007 FOR THE LAST TIME, €1.5 MILLION.

NOW WE HAVE NEXT THREE SLIDES THAT SHOW YOU THE DETAILS OF CERTAIN ASSET MANAGEMENT ACTIVITIES STARTING FROM THE JANUARY 2015 DISPOSAL OF THE ASSET VIA RIZZOLI CORRESPONDING VALUE €29.4 MILLION, UBS WAS THE BUYER. THE PERFORMANCE WAS UP 17.6% VERSUS PURCHASE VALUE €25 MILLION IN 1/8/2011. SO THIS IS SOMETHING WE WERE VERY PLEASED WITH. IN DECEMBER 2015, WE HAVE A DIFFERENT POSITIVE SIGN. WE ACQUIRED THE PUNTA DI FERRO SHOPPING CENTER, CORRESPONDING VALUE €125 MILLION, GROSS THEORETICAL YIELD IS 6.2%. THE FIRST FEEDBACK WE GOT FROM TENANTS, I MEAN, TENANTS-WISE AND FOOTFALLS FOR THE FIRST MONTHS ARE POSITIVE. WE WENT ON WITH OUR ASSET MANAGEMENT ACTIVITIES.

WE COMPLETED TWO MAJOR RESTYLING PROJECTS, NAMELY CENTRO BORGIO. FIRST FEEDBACK FROM TENANTS EXTREMELY POSITIVE, TENANT SALES ARE UP BY 12.5% IN THE FIRST THREE MONTHS IN OPERATION COMPARED TO THE SAME PERIOD LAST YEAR. THE SAME GOES FOR THE RESULTS OF THE INDOOR AND OUTDOOR RESTYLING OF CENTRO SARCA, WORTH APPROXIMATELY €10 MILLION IN CAPEX. AGAIN, THE FEEDBACK WAS EVEN MORE POSITIVE. OCTOBER-DECEMBER GROSS TENANT SALES WERE UP OVER 20% AGAINST THE SAME PERIOD, THAT'S TO SAY LAST QUARTER IN 2014.

NEXT PAGE, PAGE 28, IN MAY 2015, WE OPENED THE CLODI RETAIL PARK, ALMOST FULL OCCUPANCY. AFTER A LONGER PROCESS, WE HAD BEEN HOLDING THE LAND FOR MANY YEARS. AGAIN, VERY GOOD FEED BACK IN TERMS OF SALES AND FOOTFALLS. AND AGAIN, ANOTHER GOOD EXAMPLE OF OUR ABILITY TO FOLLOW OR ANTICIPATE NEW TRENDS AT OUR SHOPPING CENTERS AT LA TORRE IN PALERMO. WE REMODELED A NEW AREA, THE FOOD COURT WAS MOVED MORE TOWARDS LET'S SAY THE OUTER PART OF THE SHOPPING CENTER. AGAIN VERY, VERY GOOD FEEDBACK WITH INCREASING FOOTFALLS OF 13.5% IN JANUARY COMPARED TO THE PREVIOUS YEAR.

FEW WORDS ABOUT OUR BALANCE SHEET DATA, SO WE HAVE OUR TRIPLE NET NAV PER SHARE. SO YOU SEE THAT WE ARE TALKING ABOUT 1.25 VERSUS 1.23 ON THE SAME PERIOD LAST YEAR. BUT WE STILL CONSIDER THE SHARES THAT WERE ISSUED AT THE END OF LAST YEAR WITH A EPRA NNNNAV ADJUSTED TO 2014. THE GROWTH WOULD HAVE BEEN OVER 10 PERCENTAGE POINTS, 10.4%. AND THE BRIDGE OF THIS GROWTH IS ON THE RIGHT HAND SIDE, SO €0.061 ARE FROM THE CAPITAL INCREASE DIVERSITIES FROM THE GROUP NET PROFIT WHICH CORRESPONDS TO THE GROUP NET FFO.

NEXT PAGE, PAGE 31, AGAIN, OUR FINANCIAL MANAGEMENT CAPABILITIES SUCCEEDED TO CATCH THE FAVORABLE CONDITIONS AVAILABLE ON THE MARKET IN 1/8/2015, SLIGHTLY LESS GOOD IN THE SECOND PART OF THE YEAR. SO YOU HAVE TO BE VERY TIMELY TO CATCH THIS OPPORTUNITIES THAN WE WERE. A FEW EXAMPLES, OF WHAT WE DID RANGING FROM RENEGOTIATING OUR MORTGAGE LOANS AND BONDS OUTSTANDING. WE LOWERED THE COST OF THE OUTSTANDING MORTGAGE LOANS APPROXIMATELY 5 BPS FROM 2.6% TO 0.05%.

OBVIOUSLY AND CLEARLY WE ARE TALKING ABOUT MORTGAGE LOANS OUTSTANDING €80 MILLION CORRESPONDING VALUE, BUT WE HAD OTHER INTEREST PAYABLE BARRING INSTRUMENTS. THE BOND SWAP €162 MILLION EXTENDING OUR DEBT MATURITY OF SEVEN YEARS. THE COST OF THE TWO PERSISTING BONDS OF THIS, THE €162 MILLION WAS 4.2% WITH NEW CONDITIONS GAVE US APPROXIMATELY 150, 160 BIPS LESS. WE HAVE GOT €35 MILLION IN SHORT-TERM CREDIT LINES VERY, VERY CHEAP. AND IF YOU CONSIDER ALSO THE STOCK OF CREDIT LINES, THERE TOO WE HAVE VERY FAVORABLE CONDITIONS, IN SOME CASES 25 BPS FOR SHORT-TERM CREDIT LINES OR CREDIT FACILITIES. ALL THESE ALLOWED US TO GO ON CUTTING DOWN OUR COST OF DEBT THAT YOU KNOW WENT DOWN BOTH PERCENTAGE-WISE AS WELL AS IN ABSOLUTE NUMBERS. ABSOLUTE NUMBERS IS APPROXIMATELY €5.5 MILLIONS TO BE MORE ACCURATE AGAINST LAST YEAR. AVERAGE COST OF DEBT FROM 4% LAST YEAR TO APPROXIMATELY 3.67% AT THE END. SO THE BENCHMARK IS AT 2014 AND 2015 YEAR-END. SO WE ARE HERE TO RESTATE OUR TARGETS OF AN AVERAGE COST OF DEBT OF APPROXIMATELY 3% AT THE END OF OUR BUSINESS PLAN.

PAGE 32, 33, SOME ADDITIONAL COLORS ABOUT OUR FINANCIAL STRUCTURE. GEARING RATIO AS DEBT TO EQUITY RATIO IS BELOW 1 AND WE ARE EVEN BELOW COMPARED TO LAST YEAR, 0.93 AGAINST 0.95, LOAN TO VALUE, WE RESTATE OUR TARGET TO BRING IT AND TO KEEP IT BELOW 50%, WE STAND AT 47.3%, APPROXIMATELY 1 PERCENTAGE POINT LOWER THAN LAST YEAR, WITH THE COST OF DEBT, WHICH AS I SAID EARLIER IS DOWN 20 BPS COMPARED TO THE PREVIOUS YEAR. WHAT'S ON THE UPPER TRENDS AND THAT'S A POSITIVE, IT'S OUR INTEREST COVERAGE RATIO OVER TO LET'S SAY 2.15%.

PAGE 33, AVERAGE LENGTH OF LONG-TERM BONDS INCLUDED, IT REMAINS UNCHANGED. THEN WE HAVE THE SHARE OF MEDIUM LONG-TERM DEBT, WHICH IS LOWER, 13 PERCENTAGE POINTS LESS THAN IN 2014, THANKS TO OUR LEVERAGING OF FAVORABLE MARKET CONDITIONS FOR SHORT TERM INDEBTEDNESS, SOMETHING WHICH WILL SEE THIS YEAR AS WELL. WE INDICATED IN OUR BUSINESS PLAN AND I'M HERE TO RESTATE IT THAT WE WILL BE ISSUING A BOND BETWEEN SECOND AND THIRD QUARTER THIS YEAR. WE WILL CATCH THE BEST MARKET WINDOW, €300 MILLION, SO LONG-TERM DEBT AND BOND, IT'S THE BULK OF OUR DEBT, BUT AS YOU CAN SEE PERCENTAGE-WISE, WE HAVE BEEN HEDGING 90% OR SO IN TERMS OF INTEREST RATE HEDGING.

MARKET VALUE OF OUR PORTFOLIO IS UP AND WE ARE TALKING ABOUT THE PORTION, WHICH IS MORTGAGE FREE, 618 AT THE END OF 2014, IT WENT UP TO 867 AT THE END OF 2015. AND SO TO SPEAK THIS IS QUITE IMPORTANT WHEN IT COMES TO OBTAINING A RATING. AS YOU KNOW, WE HAVE JUST STARTED A PROCESS TO GET A RATING, SOMETHING WHICH WE EXPECT TO GET AS INVESTMENT GRADE. SO NEXT YEAR, WE WILL HAVE TO RELEASE A FEW HUNDREDS OF MILLIONS OF ASSET IN ORDER TO BRING THE MORTGAGE FREE AS A PORTION BEYOND OR ABOVE €1 BILLION.

DEBT STRUCTURE AND DEBT MATURITY ON PAGE 34 AND A SPLIT BETWEEN BANK DEBT AND MARKET, SO THERE IS A BALANCING 43.7% MARKET, THAT'S TO SAY BONDS AND CMBS ON THE ONE END AND ON THE OTHER HAND, WE HAVE AT ITALIAN BANKS MOSTLY 56.3, THIS MAKE UP SHOULD BE REVERSED OVER THE COURSE OF THE CURRENT YEAR AS A CONSEQUENCE OF THE PLANNED BOND ISSUE.

AS FAR AS THAT MATURITY PROFILE IS CONCERNED, YOU SEE IN THE DOTTED LINE, THE OPTION FOR EARLY CLOSURE WE ARE GOING TO EXERCISE THAT OPTION, IT'S A TIME WINDOW WE HAVE IN NOVEMBER FOR EARLY CLOSURE, EARLY TERMINATION OF THIS €135 MILLION FINANCE THAT WAS SECURITIZED BY BNP AND THE COST FOR US IT'S MEANINGFUL, IT'S 5.1% VERSUS THE AVERAGE COST WE HAVE. SO THIS WILL ENABLE US TO FURTHER DECREASE COSTS. ALSO THANKS TO THE CLOSING OF AN IRS, THAT WE HAVE FROM THE NOTIONAL VALUES INCLUDED, YOU SEE THIS WILL LEAD TO A REDUCTION IN THE AVERAGE COST OF DEBT FOR NEXT YEAR.

AND NOW, LET'S LAND AT PAGE 35, THE BOARD OF DIRECTORS JUST RESOLVED UPON A PROPOSAL THAT WILL BE SUBMITTED TO THE AGMs MEETING ON THE 14TH OF APRIL TO PAY OUT A €0.04 DIVIDEND PER SHARE. AS I SAID IN THE INTRODUCTORY SLIDE, THIS GROWTH IS VERSUS €3.75 LAST YEAR, BUT AS WE HAVE ISSUED SHARES RIGHTS ISSUE AT YEAR END, THAT PARTLY CONTRIBUTED TO GETTING TO THESE RESULTS AND ADJUSTED FOR GROWTH WE STILL HAD A 14.3% PERCENTAGE POINTS. DIVIDEND YIELD 4.5% YEAR-ON-YEAR VERSUS IGD'S STOCK PRICE YEAR END, AND 5.2% ON THE 02ND OF MARCH STOCK PRICES. SO THE TOTAL DIVIDEND AMOUNTED €32.5 MILLION AND 72% OF THE GENERATED FFO.

AS A GUIDANCE IN OUR BUSINESS PLAN, WE HAD SAID TWO THIRDS OF FFO. AND, YES, HERE WE ARE SLIGHTLY ABOVE THAT. BUT THAT'S THE COMMITMENT WE UNDERTOOK, SO WE ARE REWARDING THAT AND WE'VE REWARDED ALSO THE SHARES THAT WAS COMING FROM THE CAPITAL INCREASE. IF WE HAD ONLY REWARDED THE PREVIOUS SHARES, PREVIOUS RIGHTS ISSUE, WE WOULD HAVE BEEN WITHIN THE GIVEN THRESHOLD. SO THIS YEAR, WE ARE NOT GOING TO PROPOSE THE DIVIDEND REINVESTMENT OPTION. IT WILL NOT BE PROPOSED.

TO SUM UP, FOR THE FIRST TIME, IGD PROVIDES A FORWARD-LOOKING OUTLOOK. SO IT'S 2016 OUTLOOK, GIVING YOU SOME GUIDANCE, IT'S ON THE LAST PAGE OF THE PRESENTATION. WE START FROM THE FIRST FOUR SLIDES. WE START FROM THE PIPELINE AS WE HAVE DISCUSSED, THAT WE ARE COMPLETING IN RELATION TO THE ADD-ON GROWTH WE HAD AT YEAR END. WE WILL KEEP ON GROWING, THANKS TO NEW OPENINGS. AND THIS IS WHAT WE ARE FOCUSING ON THIS YEAR; IT'S THE OPENING IN GROSSETO. WE WILL BE OPENING A NEW SHOPPING CENTER WHERE WE ACQUIRED THE SHOPPING MALL, WORKS BEGUN IN 1H OF 2015 AND THE OPENING IS EXPECTED TO BE IN THE 2H OF THIS YEAR. THE FIRST FEEDBACK WE'VE HAD IN GROSSETO IS VERY GOOD, 80% PRE-LETTING SO FAR, AND WE FORESEE FULL OCCUPANCY AT OPENING. BRANDS, WE CANNOT YET NAME DUE TO CONFIDENTIALITY REASONS, BUT WE HAVE VERY, VERY HIGH PREMIUM BRANDS WILL BE INCLUDED.

AND THEN WE ARE...PAGE 38, WE ARE COMPLETING THE ESP WORKS IN RAVENNA. WE ARE GOING TO COMPLETE THE WORK THAT WAS STARTED IN 2015, BY 2017. THE EXPECTED INVESTMENT WILL BE €54 MILLION, AND IT'S LIKE DOUBLING THE SPACE OF THE PREVIOUS SHOPPING MALL, IT'S GOING TO BE ABOUT 19,000 SQUARE METERS.

AND OFFICINE STORICHE, WE ARE COMPLETING THE RESIDENTIAL AND THE RETAIL AREA, THERE WE ARE GOING TO HAVE AN INVESTMENT OF ABOUT €50 MILLION. WORK TO BE COMPLETED IN FIRST HALF OF 2018. WE ALSO WANT TO ENGAGE IN A PROJECT FOR THE EXTENSION OF CENTRO PORTOGRANDE IN ASCOLI. WORK IS EXPECTED TO START IN SEPTEMBER 2016 AND THE EXPECTED INVESTMENT IS ABOUT 9 MILLION. SO THOSE ON A LIKE-FOR-LIKE BASIS AND ALSO THANKS TO THE CONTRIBUTION GIVEN BY THE NEW GROSSETO SHOPPING MALL AND THE CONTRIBUTION THAT WILL BE PROVIDED BY CHIOGGIA AND PUNTA DI FERRO REVENUES SHOULD INCREASE MEANINGFULLY. AND COST OF DEBT SHOULD ALSO DECLINE, BOTH PERCENTAGE WISE AND IN ABSOLUTE TERMS. AND I AM SAYING THAT TO BE FAIR AND TRANSPARENT.

THIS IS THE VERY LAST SLIDE, PAGE 44; THIS IS OUR GUIDANCE ON THE EXPECTED FFO FOR 2016. WE EXPECT GROWTH BETWEEN 13% AND 15%, SO MORE THAN €50 MILLION COMMITTED TO MAINTAINING, OF COURSE, RETAINING AN ATTRACTIVE DIVIDEND POLICY ALWAYS TIED IN WITH THE FFO TREND. SO MORE OR LESS, WE WILL BE DISTRIBUTING NO LESS THAN TWO THIRDS OF THE GROSS GENERATED FFO.

LAST PIECE OF INFORMATION, WHEN WE ARE PRESENTING THE Q1 REPORT, WE ARE GOING TO BE LEANER IN OUR PRESENTATION. WE ARE STILL WAITING FOR THE GREEN LIGHT FROM CONSOB AND BORSA ITALIAN. SO WE ARE GOING TO PROVIDE JUST INDICATORS NOT A FULL PRESENTATION IF WE GET THE GREEN LINE. WE WILL ALSO GIVE YOU AN UPDATE ON HOW WE ARE ROLLING OUT OUR BUSINESS PLAN. AND WE DREW IT UP AT THE BEGINNING OF LAST YEAR. IT WAS CHANGED, BUT MEANING IN A POSITIVE WAY WITH THE ACQUISITION OF PUNTA DI FERRO LAST YEAR. SO AFTER THE BOARD MEETING OF MAY THE 10TH, WE WILL GIVE YOU AN UPDATE ON OUR BUSINESS PLAN TARGETS, AND THEY ARE ALL EXPECTED TO BE UPDATED BUT ON THE UP SIDE ON THE IMPROVEMENT SIDE.

I THINK, THIS IS IT, AND TOGETHER WITH THE COLLEAGUES WHO ARE HERE WITH ME, WE ARE READY TO TAKE QUESTIONS FOR ANY CLARIFICATIONS OR QUESTIONS YOU MAY HAVE.

Q&A

OPERATOR:

THIS IS THE CHORUS CALL OPERATOR. WE ARE NOW STARTING THE Q&A SESSION. IF YOU WISH TO ASK A QUESTION, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. TO BE REMOVED FROM THE Q&A QUEUE, PLEASE PRESS "*" FOLLOWED BY "2" ON YOUR PHONE

KEYPAD. PLEASE ASK YOUR QUESTION USING YOUR PHONE. AND IF YOU WISH TO ASK A QUESTION, PRESS "*" FOLLOWED BY "1."

NOW THE FIRST QUESTION COMES FROM THE LINE OF MR. FEDERICO PEZZETTI WITH INTERMONTE. YOU HAVE THE FLOOR.

FEDERICO PEZZETTI:

THANK YOU VERY MUCH, CLAUDIO. I HAVE TWO QUESTIONS FOR YOU. THE FIRST ONE IS ABOUT THE LIKE-FOR-LIKE GROWTH OF RENTALS. COULD YOU GIVE US EXTRA GUIDANCE AS TO WHAT YOUR EXPECTATIONS ARE, MAYBE WITH YOUR EXPECTATIONS AS TO 2016 RENEWALS AND DISCOUNT PERFORMANCE AS YOU MENTIONED THAT DISCOUNTS ARE DECREASING? SO COULD YOU ELABORATE ON THAT EXPECTATION FOR ITALY 2016? AND THEN ROMANIA, WE HAVE SEEN THAT YOU HAVE BEEN WORKING HARD AND THIS IS GIVING GOOD RESULTS, THE ECONOMIC ENVIRONMENT IS DEFINITELY BETTER. SO MAYBE 2016, COULD IT BE A YEAR THAT LEADS TO A GREATER INTEREST SHOWN BY INVESTORS IN THAT, OPENING UP ON YOUR SIDE TO POSSIBLE DISPOSAL OFFERINGS, ALREADY IN 2016? THANK YOU VERY MUCH.

CLAUDIO ALBERTINI:

LET ME ANSWER THE TWO QUESTIONS. SO ON A LIKE-FOR-LIKE BASIS WE EXPECT A GROWTH EQUAL TO 2 TO 3 PERCENTAGE POINT IN RENTAL INCOME, GIVE US THAT FLEXIBILITY AT LEAST. WE WON'T BE ENJOYING INFLATION DRIVEN GROWTH, BECAUSE INFLATION IS GOING TO BE VERY LOW. AND SO, EVEN ON CONTRACTS THAT ARE DUE, WE EXPECT AN UPSIDE WHEN RENEWING THEM SO THAT SHOULD ON A LIKE-FOR-LIKE BASIS SHOULD BE THIS GROWTH WE EXPECT TO BE BETWEEN 2% AND 3%, IT'S MUCH HIGHER THAN THE 0.3% WE EXPECTED IN 2015.

CONTRACTS DUE TO EXPIRE IN 2016 ARE 161, SO ON THAT TOTAL, WE SEE AN UPSIDE FOR RENEWALS, DUE FOR EXPIRY. AND IN ADDITION TO THIS DECLINE IN TEMPORARY DISCOUNTS, LAST YEAR WE REDUCED DISCOUNTS BY €600,000 THAT HAD REACHED A PEAK OF ABOUT €3 MILLION DURING THE TIME OF CRISIS. BUT THEY ENABLED US YEAR-AFTER-YEAR TO KEEP OCCUPANCY RATE HIGH. AND AT THE SAME TIME TO, OF COURSE, RETAIN OUR BEST TENANTS OVER TIME. SO WITH THESE TEMPORARY DISCOUNTS ARE BEING PROGRESSIVELY REDUCED. AND ON THE OTHER HAND WE EXPECT AN UPSIDE; WE CANNOT EXPECT A HUGE GROWTH IN THE RENEWALS. OF COURSE, WE ARE RECORDING A SIZABLE SALES INCREASE, BUT WE CANNOT YET EXPECT VERY HIGH UPSIDE WHEN IT COMES TO RENEWALS. BUT, YES, ON A LIKE-FOR-LIKE BASIS WE EXPECT 2% TO 3% GROWTH IN ROMANIA.

ROMANIA AS YOU COULD SEE HAS VERY GOOD FEEDBACK ON ALL INDICATORS. WE ARE BEARING THE FRUITS OF A COMMITMENT WE STARTED A FEW YEARS AGO, HARD WORK WE STARTED, AND WE WERE HOPING TO FINALLY BEAR THE FRUITS, AND REAP THE BENEFITS. IMPROVEMENTS WILL IT BE EVEN STRONGER THIS YEAR, OCCUPANCY WISE IT'S GOING TO BE EVEN STRONGER WHICH SHOULD BE AROUND THE ITALIAN LEVELS, EITHER THIS YEAR AND HOPEFULLY NEXT YEAR EVEN BE HIGHER THAN THE ITALIAN OCCUPANCY LEVELS. BUT, OF

COURSE, WITHOUT YET TOUCHING RENTS, WE ARE RENTING THE TOP FLOORS AT LEVEL OF RENTS NOT IN LINE WITH THE RENTS OF GROUND FLOOR AND FIRST FLOOR.

BUT GDP WISE AND GROWTH WISE, THEY SHOULD STILL BE GROWING ON A LIKE-FOR-LIKE BASIS AS THEY DID THIS YEAR, THAT IS TO SAY BETWEEN 5% AND 6% AT YEAR END BETWEEN YEAR END AND 2017. SO ROMANIA IS NOT CORE FOR US BUT IT'S NOT A PROBLEM, IF WE GET THE RIGHT FAVORABLE MARKET CONDITIONS WE MIGHT DISPOSE OFF IT, BUT WE ARE NOT FORCED TO DISPOSE OF ROMANIA. WE WANT TO SELL AND I SAID THAT A FEW MINUTES AGO WE WANT TO SELL BUT NOT SELL OFF SOMEHOW. WE EXPECT TO CASH IN A VALUE THAT'S ALIGNED WITH BOOK VALUE. WE ARE NOT THERE TO SELL AT OLD RATE AT ANY RATE SO TO SAY AT ALL COSTS.

THE ROMANIAN MARKET IS BUOYANT, AND IN BUCHAREST FOR INSTANCE WE ARE SEEING POSITIVE SIGNS, BOTH IN THE CAPITAL AND IN MEDIUM SIZED CITIES WHERE WE HAVE OUR SHOPPING MALLS. SO THIS YEAR TOO, WE WOULD LIKE TO SEE THE CONSOLIDATION OF 2015 GOOD RESULTS. SO FOR THE FIRST TIME WE SHOULD BE FACING UP TO A 2017 WITH A GROWTH STORY SOMEHOW BECAUSE, OF COURSE, YOU'VE GOT TO HAVE A GROWTH STORY TO BE APPEALING.

FEDERICO PEZZETTI: VERY WELL. THANK YOU VERY MUCH. JUST A SHORT QUESTION, IN ROMANIA, WELL, I THINK THAT INFLATION HAS BEEN GOING DOWN ALSO THANKS TO THE CUT IN VAT, SO DOES IT...

CLAUDIO ALBERTINI: NO, THEY ARE EUROPEAN INFLATION INDEXED. WE HAVE THE PROS AND CONS ALL OUR CONTRACTS ARE EURO DENOMINATED, AND THEY ARE EUROPEAN OR EUROPE INFLATION INDEXED. AS WE SPEAK NOW, THIS IS NOT PAYING... WE HAVE HERE CARLO BARBAN) OUR CFO IN OUR ROMANIAN OPERATIONS, AND HE SAID THAT THE IMPACT HAS BEEN VERY VERY CONTAINED. SO GROWTH WILL PROBABLY BE CONSTRAINED BY NATURAL GROWTH OF OUR RENT AND RENEWAL OF CONTRACTS. BUT WE ARE NOT PLANNING TO LEVERAGE ON INFLATION.

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

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. I'D LIKE TO THANK YOU ALL FOR FOLLOWING US. THANK YOU.