

Event: 1Q 2018 Financial Results Presentation

Date: 9th May 2018

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S Q1 RESULTS PRESENTATION, Q1 FOR 2018. AND LET ME REMIND YOU THAT ALL ATTENDEES ARE IN LISTEN-ONLY MODE. AFTER THE PRESENTATION, A Q&A SESSION WILL BE HELD.

LET ME TURN THE CONFERENCE OVER TO MR. CLAUDIO ALBERTINI, CEO OF IGD. MR. ALBERTINI, YOU HAVE THE FLOOR.

CLAUDIO ALBERTINI: GOOD AFTERNOON TO ALL OF YOU. I AM CONNECTED FROM THE IGD'S HEADQUARTERS TOGETHER WITH OUR COLLEAGUES AND WITH OUR CHAIRMAN, MR. ELIO GASPERONI. AS YOU CAN SEE FROM THE PRESS RELEASE AND FROM THE DOCUMENT WE UPLOADED ON OUR WEBSITE IN THE MORNING. IN THE MORNING, THE BOARD OF DIRECTORS APPROVED THE FIRST QUARTERLY REPORT FOR 2018, AND LET ME TELL YOU BY WAY OF INTRODUCTION THAT IT DOES NOT FACTOR-IN THE EFFECTS OF THE STRATEGIC PORTFOLIO ACQUISITION OF 4 SHOPPING MALLS AND THE RELEVANT RIGHTS ISSUE THAT WAS COMPLETED ON APRIL THE 18TH. SO THESE ARE STANDALONE RESULTS.

STARTING FROM PAGE 3, HAVING INTRODUCED THE SUBJECT, WE HAVE THE MAIN HIGHLIGHTS, THE FOR THE FIRST QUARTER. TOTAL REVENUES ARE UP BY 4.9%, WE ARE TALKING ABOUT TOTAL REVENUES AND LANDING UP €37.2 MILLION AND THEN RENTAL INCOME IS LANDING AT €35.6 MILLION, UP 5.2%. AND THEN FOR THE FIRST TIME, WE ARE ALSO DISCLOSING THE NET RENTAL INCOME LANDING AT €29 MILLION, UP 6%, THAT IS TO SAY THE INCREASE IS HIGHER THAN THE GROSS RENTAL INCOME.

CORE BUSINESS EBITDA LANDED AT €26.5 MILLION, UP 6%, WITH THE EBITDA MARGIN THAT WENT UP 70 BPS, COMING IN AT 71.4 AND EBITDA FROM FREEHOLD IS IN EXCESS OF 80 PERCENTAGE POINTS, 80.4 THAT IS TO SAY UP 50 BASIS POINTS. THE GROUP NET PROFIT WENT UP 16.7% AND IN ABSOLUTE TERMS IT'S €16.7 MILLION. FUNDS FROM OPERATION, FFOs ARE €18.3 MILLION, UP 17.5% WITHOUT FACTORING-IN THE IMPACT STEMMING FROM THE ACQUISITION AND THE RIGHTS ISSUE ENDED IN MID-APRIL. SO WE ARE VERY CLOSE TO THE LOWER BRACKET OF THE GUIDANCE PROVIDED AT YEAR END 2017 THAT WAS OUR 2018 FFO PROVIDED AT 2017 YEAR END.

WE WILL NOW MOVE ON TO PAGE 5. LOOKING AT ITALY, FROM THE MACROECONOMIC VIEWPOINT, HERE WE HAVE OUR 2018 OUTLOOK BASED ON THE LATEST GDP AND CONSUMPTION ESTIMATES, THUS ITALY SHOWING A 1.5% GROWTH. IT'S A VERY SIMILAR TREND TO WHAT WE WITNESSED LAST YEAR AND CONSUMPTION IS UP 1.2%, SLIGHTLY DOWN VERSUS THE 2017 FIGURE. AND WITH THE Q1 FOR 2018 THAT WITNESSED A 0.3% GDP INCREASE, WITH A DELTA THAT HAD ALREADY BEEN ACQUIRED FOR 2018, UP 0.8%, INFLATION RATE STILL LOW 0.7%, BUT THE BACKDROP IS QUITE DYNAMIC FROM THE REAL ESTATE AND RETAIL INVESTMENTS WITH €600 MILLIONS. THAT IS TO SAY UP 35% VERSUS Q1 2017 OF WHICH 52% INVESTED IN THE SHOPPING CENTER SEGMENT.

IN ROMANIA, THINGS ARE DOING MUCH BETTER AS WE PROBABLY SAW IN 2017 AS WELL. GDP IS UP, IT'S EXPECTED TO GROW 4.8% AND CONSUMPTION IS EXPECTED TO GROW 4.9%. DOMESTIC CONSUMPTION IS GOING TO BE THE MAIN GROWTH DRIVER DESPITE AN EXPECTED INCREASE OF CONSUMER PRICES.

IF WE MOVE ON TO OUR OPERATING PERFORMANCE, MOVING TO PAGE 6 OF THE PRESENTATION, WE HAVE SPLIT THE PAGE BETWEEN ITALY AND ROMANIA, WHERE ITALY ACCOUNTS FOR MORE THAN 93% OF TOTAL RENTAL REVENUES AND ROMANIA SLIGHTLY LESS THAN 7%. OCCUPANCY FOR ITALY IS FLAT AT 96.8% AND LET ME ALSO MAKE A COMMENT ON THE FIGURE FOR ROMANIA FOR THE FIRST TIME ROMANIA IS OUTPERFORMING ITALY WITH AN OCCUPANCY RATE AT 97.1% GROWING VERSUS FULL YEAR 2017.

TENANT SALES IN ITALY INCLUDING EXTENSIONS WITNESSED NEARLY 3% GROWTH AND FOOTFALL IS UP TO 1%, ALSO INCLUDING EXTENSIONS. THAT IS BASICALLY THE OPENING EXTENSION OF RAVENNA, STARTING JUNE THE 01ST 2017, AND THIS CONFIRMS THE TREND WE WITNESSED LAST

YEAR A 3% INCREASE IN THE AVERAGE UPSIDE ON A LIMITED NUMBER OF CONTRACTS BUT IT'S STILL A POSITIVE SIGN, THAT WE TAKE STOCK UP 3% AVERAGE, UPSIDE AT CONTRACT EXPIRY. AND FOR ROMANIA THE AVERAGE UPSIDE IS 1.5%, ON RENEWALS. THE ROTATION RATE FOR ITALY WAS 1% MUCH HIGHER FOR ROMANIA LANDING AT 11.6%.

LET'S MOVE ON TO PAGE 07 IN THE PRESENTATION AND HERE WE DISCLOSE BOTH REVENUES AND GROWTH IN THE RENTAL INCOME. TOTAL REVENUES ARE UP 5.2% AND THEY LAND AT €35.65 MILLION WITH LIKE-FOR-LIKE GROWTH OF ALMOST 2% FOR ITALY AND 4.1% FOR ROMANIA, WHERE ITALY WE HAVE MALLS GROWING 2.5%, WHILST HYPERMARKETS ARE FLAT BASICALLY. THE INFLATION EFFECT ON ITALY WAS A LIMITED ONE AND IT IS ABOUT 80 BASIS POINTS.

NET RENTAL INCOME IS UP 6%, LANDING AT SLIGHTLY LESS THAN €29 MILLION. ITALY IS GROWING A BIT MORE 6.4% AND ROMANIA IS SLIGHTLY LESS 2.2%; REVENUE BREAKDOWN: THE SHOPPING MALLS ACCOUNTING FOR TWO-THIRDS OF TOTAL REVENUES AND HYPERMARKETS ACCOUNT FOR 28%, AND ROMANIA SLIGHTLY LESS THAN 7%, THESE LAST FEW ASSET CLASSES ARE GOING TO FURTHER DECLINE POST ACQUISITION, LANDING RESPECTIVELY AROUND 26% FOR HYPERMARKETS IN FAVOR OF AN INCREASE IN MALLS INSTEAD, OF COURSE. AND ROMANIA WILL GO DOWN TO AROUND 6% AND THIS WILL BE AFTER THE PORTFOLIO ACQUISITION THAT WAS COMPLETED IN APRIL THAT IS CONSISTING OF FOUR SHOPPING MALLS PLUS A RETAIL PARK.

LET'S MOVE ON TO PAGE 08, AS YOU CAN READ IN THE TITLE FUND FROM OPERATIONS KEEP GROWING, IT'S THE FIFTH YEAR IN A ROW WHERE THE FFO HAS BEEN GROWING, STARTED GROWING IN 2014, 2015, 2016 AND THEN 2017. SO THIS IS THE FIFTH YEAR IN A ROW WHERE WE WITNESS A DOUBLE-DIGIT FFO GROWTH.

AS YOU CAN SEE, IT'S UP 17.5% AS I MENTIONED IN THE INTRODUCTORY HIGHLIGHTS. AND WITHOUT FACTORING IN, LET ME SAY IT FOR THE THIRD TIME, THE IMPACT OF STEMMING FROM THE CLOSING OF THE PORTFOLIO ACQUISITION THAT IS EFFECTIVE STARTING FROM APRIL 15TH, THE CASH FLOW IS STARTING TO RUN FOR IGD FROM APRIL THE 19TH, AND WE BELIEVE THAT THE GUIDANCE WE DISCLOSED TO THE MARKET WHEN WE PRESENTED OUR 2017 FULL YEAR RESULTS THAT WAS ENDING AN FFO GROWTH WITHIN A RANGE BETWEEN 18% AND 20% TO BE CONFIRMED AS YOU KNOW, WE ARE ALWAYS VERY CAUTIONARY IN OUR FINANCIAL DISCLOSURE.

WE THINK IT'S NOW TIME TO UPDATE THE GUIDANCE, AND IT SHOULD BE IN THE HIGHER PART OF THE RANGE MAYBE EVEN MORE AND EVEN BETTER ONCE WE WILL BE APPROVING H1 RESULTS, AND THAT WILL THEN BE DISCLOSED EARLY IN AUGUST THIS YEAR.

LET'S NOW MOVE ON TO PAGE 10 OF THE PRESENTATION, WE BRIEFLY SUMMARIZE THE MAIN STEPS, THE MILESTONES OF THE ACQUISITION DEAL OF THE FOUR SHOPPING MALLS AND ONE RETAIL PARK FROM EUROCOMMERCIAL PROPERTIES. ON APRIL THE 18TH, THE CLOSING WAS COMPLETED, AND AS WE CAME TO A CONCLUSION, AFTER THAT WAS DECEMBER THE 15TH AFTER THE CLEARANCE FROM THE BOARD, AND THEN THE RIGHTS ISSUE, IT WAS THE FIRST THAT WENT ON FOR FOUR MONTHS. THIS IS THE TIMEFRAME FOR ITALY, WHEN WE TALK ABOUT THIS KIND OF DEALS.

AND HERE YOU SEE THE MAIN MILESTONES THAT HAVE CHARACTERIZED THE ROUTE. IT WAS QUITE A LONG ROUTE, 19TH OF FEBRUARY, WE HAD THE SHAREHOLDERS MEETING THAT RESOLVED UPON THE TRANSACTION, AND THEY ALSO RESOLVED UPON THE REVERSE STOCK SPLIT OF ORDINARY SHARES. THE CLEARANCE FROM CONSOB COMES FROM MARCH THE 22ND. ON MARCH THE 26TH, WE STARTED THE OPTION PERIOD FOR THE RIGHTS WITH A SUBSCRIPTION RATE WHICH WAS CLOSE TO 98%, AND ON THE 18TH OF APRIL, WE HAD THE AUCTION FOR UNEXERCISED AUCTION RIGHTS AND THEY WERE SOLD, AS SOON AS, THE AUCTION WAS OPEN, AND SO WE HAD 100% RIGHTS ISSUE UNDERWRITING.

ON APRIL 23RD, WE FORMALLY COMPLETED THE SHARE CAPITAL INCREASE WITH AN OVERALL CASH IN OF €151 MILLION, INCLUDING ONE-OFF PROCEEDINGS AND ABOUT €1.5 MILLION STEMMING FROM THE SELLING OF UNEXERCISED OPTION RIGHTS THROUGH AN AUCTION.

LET'S NOW MOVE ON TO PAGE 15, WHAT HAPPENS NOW, WHAT CAN WE EXPECT NOW? NOW WE HAVE FURTHER CONSOLIDATED OUR LEADERSHIP IN ITALY IN MANAGING MEDIUM-SIZE SHOPPING MALLS THAT ARE PREDOMINANTLY IN MEDIUM SIZE ITALIAN CITIES WHICH HAVE A HIGH-SPENDING CAPACITY. THE PORTFOLIO WE ACQUIRED IS LOCATED IN CENTRAL AND NORTHERN ITALY AND THE REAL ESTATE THAT WILL BE IN EXCESS OF €2.5 BILLION IN JUNE 2018 AND END OF 2018, AS WELL AS, OTHER REAL ESTATE PORTFOLIO AND WE ARE IMPROVING OUR FINANCIAL PARAMETERS.

LTVs, WILL BE UP 46% WHILE THE ICR, INTEREST COVERAGE RATIO, IS THREE TIMES ALREADY IN THE Q1. WE ARE IN EXCESS OF THREE TIMES AS ICR RIGHT NOW, SO IN EXCESS OF THE REQUIREMENTS. AND WE ARE FURTHER IMPROVING OUR PROFITABILITY RATIOS, NOI, EBITDA AND FUNDS FROM OPERATIONS. SO WE THINK WE CAN SAY THAT WE ARE OPENING UP A NEW PHASE IN IGD'S LIFE. WE ARE STARTING UP A NEW PHASE.

LET'S MOVE ON TO PAGE 12, NEWS TO DISCLOSE TO YOU, LIVORNO FIRST OF ALL. ON APRIL 3RD, THE LIVORNO MUNICIPALITY APPROVED THE AMENDED PROJECT OF THE VARIANTE THAT WE SUBMITTED SOME TIME AGO. HERE, AGAIN THE RED TAPE IN ITALY TAKES A LONG TIME, BUT WE ACQUIRED THE CLEARANCE FOR THIS AMENDMENT FOR THIS VARIANTE OR MODIFICATION AS YOU MAY WANT TO CALL IT. SO THAT WE CAN SET A TIME AND MUCH MORE PRECISE TIME FOR THE OPENING OF THE OFFICINE STORICHE TO COME OUT IN THE SECOND HALF OF 2019 AND WE ARE ALREADY STARTING TO SELL SOME OF THE SPACES, FOR INSTANCE, THE GYM. WE ALREADY HAVE FINAL AGREEMENT WITH TONICA FOR MORE THAN 4,000 SQUARE METERS THERE IS GOING TO BE A BEAUTIFUL GYM ON THE FIRST FLOOR OF THIS MALL, AND IT WAS PART OF THE AMENDED PROJECT. WE ARE IN EXCESS OF 90% OF THE FLAT SOLD, 69 OUT 73. WE HAVE EXISTING PRELIMINARY AGREEMENTS ALREADY; THE FINAL DEEDS WILL BE COMPLETED.

NOTARY DEEDS WILL BE SIGNED IN 2018, SO WE HOPE THAT BY NEXT YEAR TO FULLY COMPLETE THE SALE, AND THEN IT IS NOT A REALLY NEW OPENING BUT IT WAS A PROJECT WE HAD IN OUR BUSINESS PLAN PIPELINE. ON MAY 3RD, WE HAVE OPENED A NEW MEDIUM SURFACE IN CREMA IN A SHOPPING MALL CALLED GRAN RONDÒ AND WE HAVE COMPLETED THE RESTYLING OF THE SHOPPING MALL, EXTERNAL AND MULTI-STOREY CAR PARKS, AND A SMALL EXTENSION AS WELL FOR A TOTAL INVESTMENT OF ABOUT €7 MILLION.

IF WE NOW MOVE ON TO PAGE 14, WE FIND SOME INTERESTING CHARTS ON OUR FINANCIAL STRUCTURE, WITHOUT FACTORING IN THE RIGHTS ISSUE IS STILL IMPROVING. LOAN TO VALUE IS BELOW 47% AT END OF MARCH 2018; THE COST OF DEBT HAS ALSO BEEN DECLINING TO 275% AGAINST 282% ON AVERAGE THAT WE HAD ENVISAGED IN 2017 WITH ICR IN EXCESS OF 3.3 TIMES VERSUS 2.9 TIMES LAST YEAR.

NET FINANCIAL POSITION IS VERY SOUND AND IT'S MAINLY CONSISTING OF MEDIUM TO LONG-TERM DEBT WITH TWO-THIRDS OF THE DEBT CONSISTING OF BONDS. SO, FIXED INCOME MARKET AND SLIGHTLY MORE THAN ONE-THIRD FUNDED BY THE BANKING SYSTEM WITH THE DEBT MATURITY IN EXCESS OF 4 YEARS RESIDUAL AVERAGE MATURITY, THE FIRST MATURITIES, THE CLOSEST ONES ARE FOR THE €125 MILLION BONDS AT 3.875% THAT WE WILL COMPLETE THANKS TO A NEW ISSUE IN THE H2 THIS YEAR OF ABOUT €300 MILLION OVERALL SIZE.

NEXT STEP IS GOING TO BE THE ANNUAL GENERAL MEETING, THE AGM TO BE HELD ON JUNE THE 1, 2018. IN ADDITION TO CLEARING THE ACCOUNTS GIVING AUTHORIZATION OF THE ACCOUNTS, WE WILL ALSO HAVE TO LOOK AT THE DIVIDEND PROPOSAL, \$0.50 PER SHARE. WE HAVE DECIDED DURING THE BOARD MEETING TO GRANT TO BOTH OLD SHAREHOLDERS AND NEW SHAREHOLDERS, THE UNDERWRITES OF THE SHARE CAPITAL INCREASE, THE EX-DIVIDEND DATE IS 11TH OF JUNE AND THE PAYMENT DATE IS THE 13TH OF JUNE. AND THEN YOU SEE A CHART WITH THE PERFORMANCE OVER THE LAST 4 YEARS HOW WE PERFORMED DIVIDEND-WISE.

WE EXPERIENCED A CONSTANT GROWTH OVER TIME MOVING FROM €0.375, THE REVERSE SPLIT IS ALREADY INCLUDED, AND THEN €0.4 IN 2015, €0.45 IN 2016 AND €0.50 OR €0.50 PROPOSED FOR 2017 THAT WILL MAKE US ONE OF THE COMPANIES THAT HAVE THE HIGHEST DIVIDEND YIELDS IN THE MARKETS. AND THE BOARD, IS EXPIRING AND THAT WE HAVE ALREADY DISCLOSED OFFICIALLY, 4 LISTS FOR THE NEW BOARD OF DIRECTORS, THE MAJORITY LIST, COOP ALLEANZA3.0, UNICOOP TIRRENO SECOND SHAREHOLDER INTO MINORITY LIST, ONE ORGANIZED BY ASSOGESTIONI AND THE SECOND ONE BY OUR MINORITY SHAREHOLDERS, GWM.

I THINK THAT'S IT AS FAR AS I AM CONCERNED AND THEN YOU HAVE ATTACHMENTS OF COURSE. BUT OF COURSE WE ARE HERE TO YOUR QUESTIONS NOW TOGETHER WITH THE COLLEAGUES WHO ARE HERE IN ATTENDANCE WITH ME TOGETHER WITH OUR CHAIRMEN. WE ARE READY TO TAKE YOUR QUESTIONS.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. WE ARE NOW OPENING THE Q&A SESSION. OUR FIRST QUESTION COMES FROM THE LINE OF SIMONETTA CHIRIOTTI WITH MEDIOBANCA. YOU HAVE THE FLOOR, MADAM.

SIMONETTA CHIRIOTTI: GOOD AFTERNOON TO ALL OF YOU. I HAVE A QUESTION ON THE REDUCTION OF COST OF DEBT THAT HAS BEEN GOING ON DURING THIS QUARTER TOO AND THEN FINANCIAL CHARGES SEEMS TO BE DOING WELL AND OPERATING PERFORMANCE IS ALSO DOING WELL CONTRIBUTING TO THE IMPROVEMENT IN FFO? SO, COULD YOU ELABORATE ON THE UPCOMING DEADLINES, WHAT ARE YOU GOING TO DO FOR THE DEBT THAT IS ABOUT COME TO MATURITY AND WHERE YOU SEE THE AVERAGE COST OF DEBT AT YEAR END.

CLAUDIO ALBERTINI: AVERAGE COST OF DEBT IS NOT GOING TO DECLINE SIZABLY. WE ARE GOING TO BE AROUND 2.7% BETWEEN YEAREND, SO THE GREAT BULK OF THE WORK WAS PERFORMED OVER THE LAST 24 MONTHS AND THERE COULD BE A FURTHER SMALL DECLINE NEXT YEAR AS YOU SEE ON PAGE 14 OF THE PRESENTATION, THE LARGEST CHUCK OF THE DEBT AT 3.875% IT'S THE BOND ISSUED IN 2014, NOW COMING TO MATURITY. AND THERE, WE EXPECT TO OFFSET IT WITH A BOND ISSUE OF ABOUT €300 MILLION BETWEEN, WELL, SAY IN THE SECOND HALF OF 2018.

AND THEN, WE ARE LOOKING AT MARKET OPPORTUNITY WINDOWS, IT COULD BE A FAVORABLE OPPORTUNITY WINDOW IN THE SECOND HALF. IT DEPENDS ON HOW THE MARKET MOVES OVER THE NEXT FEW MONTHS, BUT THIS IS WHY WE WANT TO BE CONSERVATIVE WHEN WE DISCLOSE THE FFO GROWTH. 18 TO 20 SEEM TO BE WITHIN REACH, BUT WE HAVE A VARIABLE, IT'S A CRITICAL VARIABLE WHICH DEPENDS ON THE TIMING OF THOSE ISSUANCE. IT'S GOING TO BE €300 MILLION AND HAVE A POSITIVE IMPACT ON 2018. WE CLOSED THE DEBT AT 3.875%, WE WILL HAVE TO ISSUE AT MUCH LOWER COST, AND HOW MUCH LOWER WE WILL ASSESS AND THEN SWAPPING SPREADS ARE A BIT BROADER NOW AND HAS BEEN EXPANDING OVER THE LAST COUPLE OF MONTHS. SO, THIS REALLY MAKES US TO BE CONSERVATIVE. THIS IS THE LARGEST MATURITY.

AND THEN WE WILL BE CLOSING SOME OF THE DEBTS THAT ARE STILL OUTSTANDING. AND THEN SOME MORTGAGE LOANS AND THEN SOME FUNDING THAT WE ACQUIRED BECAUSE OF THE ACQUISITION. THE ISSUE SHOULD BE €300 MILLION, €325 MILLIONS, AND ISSUANCE SHOULD BE IN

THE SECOND HALF OF 2018. WE ARE TALKING OF OCTOBER OR NOVEMBER. COST WILL VERY MUCH DEPEND ON THE MARKET SITUATION.

SIMONETTA CHIRIOTTI: THANK YOU.

CLAUDIO ALBERTINI: YOU ARE WELCOME.

OPERATOR: NEXT QUESTION IT'S A FOLLOW-UP FROM MS. CHIRIOTTI WITH MEDIOBANCA.

SIMONETTA CHIRIOTTI: UNLESS THERE ARE OTHER QUESTIONS, I'D TAKE ADVANTAGE OF THIS OPPORTUNITY TO HAVE A FOLLOW-UP. FOR THE TIME BEING, WELL, RIGHT NOW, IF I AM NOT MISTAKEN, YOUR OUTSTANDING PIPELINE IS MADE UP EXCLUSIVELY OF LIVORNO, THE LIVORNO PROJECT AND THAT'S IT, IS IT CORRECT?

CLAUDIO ALBERTINI: WELL, IF LIVORNO IS NOT VERY MUCH CAPEX FOR RESTYLING PURPOSES. AND THAT IS ALREADY ONGOING. WE ARE LOOKING AT THE ACQUIRED PORTFOLIO AND WILL BE MORE ACCURATE IN THE DISCLOSURE IN THE COMING MONTHS. WE HAVE SOME IDEAS ABOUT THIS ACQUIRED PORTFOLIO. ALSO FROM THE POINT OF VIEW OF RESTYLING, SMALL EXTENSION, SO IDEAS, BUT NO AUTHORIZED PROJECT SO FAR. BUT IN THE PIPELINE, WE HAVE COMPLETED CREMA AS WELL, WHICH WAS ANOTHER SMALL PROJECT WE HAD IN OUR PORTFOLIO. AND NOW IT'S BEEN OFFICINE STORICHE IN THE PIPELINE. AND WE ARE TALKING 2019 TIME-WISE AND THEN AFTER THAT I SAID ALSO FROM LIVORNO YOU ARE COMPLETED.

SIMONETTA CHIRIOTTI: BUT YOU HAD IN THE PREVIOUS CALLS, YOU HAD HINTED AT THE POSSIBILITY TO DISPOSE WHAT REMAINS BECAUSE AS FAR AS THE LAND IS CONCERNED, YOU STILL HAVE AREAS.

CLAUDIO ALBERTINI: YES, BUT THERE IS NOTHING PRACTICAL, AND I THINK THERE ARE 2, 3 AND ANOTHER ONE. WELL, WE DON'T THINK WE ARE THE BEST SORT OF DEVELOPERS TO DEVELOP THE LAND. SO, WE ARE

LOOKING AROUND AND LOOKING UP THE MARKET TO SEE WHETHER THOSE AREAS CAN BE DISPOSED OFF. WELL, IF FORCED, MAYBE WE COULD BUILD A DEVELOPER; WE WOULD RATHER DISPOSE OF IT. OVERALL, IT'S ABOUT €20 MILLION WORTH OF BOOK VALUE ON THOSE AREAS IN THAT LAND. RESIDUAL VALUE I AM TALKING.

OUTSTANDING, AND AS I SAID, WHEN WE DISCUSSED AND DISCLOSED THE 2017 ACCOUNTS, SO THE BOARD'S MANDATE IS EXPIRING. SO AFTER THE SUMMER ONCE Q3 RESULTS WILL BE APPROVED, WE WILL COME UP WITH A NEW STRATEGY PLAN, MORE THAN A BUSINESS PLAN, IT'S GOING TO BE A STRATEGY PLAN, A VERY ACCURATE ONE GOING FORWARD FOR THE COMING YEARS. AND NOT ONLY A BUSINESS PLAN, BUT A STRATEGY PLAN FOR THE NEXT 3 YEARS, AS THE EXISTING ONE IS COMING TO AN END BECAUSE WITH 2018 WE CLOSED THE BUSINESS PLANS CORRESPONDING TO 2016-2018.

OPERATOR: ANY OTHER QUESTIONS? MR. ALBERTINI, THERE ARE NO MORE QUESTIONS.

CLAUDIO ALBERTINI: VERY WELL. THANK YOU VERY MUCH FOR ATTENDING OUR CONFERENCE CALL AND SEE YOU ONCE WE HAVE APPROVED THE FIRST HALF YEAR REPORTS IN EARLY AUGUST. THANK YOU VERY MUCH ALSO ON BEHALF OF THE COLLEAGUES WHO ARE SITTING HERE NEXT TO ME. THANK YOU. BYE.