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Speakers:	**Mr. Claudio Albertini, CEO**

OPERATOR: Good afternoon, this is the Chorus Call operator. We'd like to welcome you all to the IGD's Q1 2013 Financial Results Presentations. After management's presentation, there will be a Q&A session.

Now, I would like to turn the call over to Claudio Albertini, CEO of IGD. Please, sir.

CLAUDIO ALBERTINI: Good afternoon everybody. As you've probably read in the press release that we have just made public, this morning IGD's Board approved Q1, 2013 financial results. I think you have all received the copies of the presentations and therefore, I will start with the first slide. But before doing so, I'd like to make a few short preliminary remarks. Clearly, the numbers I am about to comment on, have to be put into the macroeconomic context of Q1, 2013. Unlike other quarterly result presentations, we are not here to provide all the major macroeconomic indicators, but I think that it is clear to all of you that the scenario in the context we as well as other players are currently operating in is still critical. We have received data about retail sales that went down 4.8%, which is minus 4 by food, about the food sector and the rest instead is represented by the non-food. And in addition to this, we have also seen numbers, which are probably a little bit less pessimistic, sales are down 4.2%.

The only positive number is the strong slowdown of inflation with approximately unexpected 1% as expected trend, but we have already reached April, so we are talking about 1.2%. The numbers were overall considered as showing the good resilience of the Group and therefore, they have been considered by our Board as satisfactory, so you have to put them into this perspective.

Let's now start on Page 3, on Slide 3 of the handout, as usual, you can find the key economic and financial ratios or indicators. So revenues from core business amounted to €30.4 million, down on Q1, 2012, or minus 1.1%. Our EBITDA closed at €21.3 million or minus 3.9% compared to the end of Q1, 2012. And then we will see the major drivers leading this drop. EBITDA margin from our core business is slightly above 70%, 70.1%, or down 2 percentage points compared to the same period last year. The Group net profit is basically flat compared to Q1, 2012, €8.2 million against €8.3 million last year, or minus 1.4%. Funds from operations stood at €9.5 million, basically flat against the first quarter in 2012. Our gearing ratio is down, compared to the number of last year to 1.36 against 1.38. So this year, as we did at year-end last year, we are reporting our financial occupancy, which is 1 percentage point down, 96.6%, that's the average in Italy against 97% at year-end. The decline has been hitting more severely in malls, whilst it remained really flat in the hypermarket segments. Occupancy remained stable in Romania, slightly below 90%. This was the macroeconomic scenario, so just to speak or the big picture numbers.

If we now go to Page 5, you can see the consolidated income statement, comparing Q1, 2013 with that of 2012, we go down from the top-line to the EBITDA, so you can see that after that we have the Livorno project, the Porta a Mare Project. As you can see, revenues were down from approximately 1% from core business, amounting to €30.440 million, while direct cost, as I mentioned earlier in the presentation are up, reaching €23.634 million or up 3.6% overall. EBITDA amounted to €21.216 million or down 4.4% as I mentioned earlier, while if we look at depreciation and devaluation, and incidentally devaluations will be made at the end of June, so when we will be presenting our media results, we will release the number. So in the current quarter, we are only to report CAPEX on our real estate portfolio, which leaves us to 3.8% decline in EBIT compared to Q1, 2012. The performance of our financial activities improved in the sense that we are here to report quite a drop, but we benefited from a drop in both the base rate as well as slow down so to speak of spreads within other ancillary effects all leading to €900,000 or 7.3% compared to the same period last year. Pre-tax income is slightly €9 million, down 1.8% and the tax rate remained slightly below 8% against 8.1%, which was reported in Q1 last year. So we then get to the bottom line, which is our net profit. As I mentioned is down 1.4%, approximately, slightly less than €100,000 last time in Q1, 2012. On the right hand side in the box, you can see the breakdown of revenues from rental activities, with a split between shopping malls and an additional split between Italian and Winmarkt malls and then we have the other component from Hypermarkets. Then we have the numbers about the City Center Project, basically the V. Rizzoli building at €345,000.

We are now on Page 6, and here too you can find the breakdown of margins by activity or business line. As it is customary in our conference calls, we make the split between quarterly and annual figures. Margins of freehold is slightly below compared to 86.3% in March 2012, whilst margins from leasehold properties remained pretty much stable compared to the same period last year, slightly below 23%.

Now, on Page 7, we can find some additional numbers to supplement the key highlights, which I have already given to you. As you can see, on the left hand side in the bar chart, revenues from core business went down 1.1%, so €29,190 thousand compared to €29, 442 thousand, whilst overall the decline was approximately 1%. As we will see later, service provisions and related income was slightly on the upward trend. On the right hand side, you can see the split of revenues by type of assets. And again, you can see that over 60% of our overall revenues are generated by malls, therefore by third parties' assets. So that's followed by 29% accounted for the 19 Hypermarkets which we have rented, 17 have been rented to our shareholders and the other two have been rented to so-called mixed company. So we can see that slightly below 9%, 8.9% is the share of revenues generated by our leasehold or the leasing of malls in Romania. At the bottom of this page, you can see the growth driver of our rental activities. You can see that on a like-for-like basis, growth was in the negative, 0.4%. So you have to consider on the one hand, Hypermarkets, which were quite resilient and held well as you can see. They were up 4.17%, thanks to the positive impact of a few step rents that were outstanding envisaging gradual step ups of rentals especially for newly opened Hypermarkets. When it comes to malls instead, we have 3.2% in the negative due to higher average vacancy and also due to a decline in variable revenues. As you will see later, the overall decline in consumptions and sales as released had an impact on our malls. So this is the number which we are presenting to you, showing basically that we have been resilient and there has only been a slight decline on a like-for-like basis. €140,000 is the temporary decline reported in Romania. As you can see on the right hand side box, and that's a comment which we have put on this slide, we had a largest strategic vacancy underlying this decline; we are in the process of revamping and refurbishing certain shops slightly more than 4,000 square meters. So we think that we will catch up this sort of delay in the next few quarters.

We are now on Page 8, and here you can see the breakdown of G&A and direct cost, again we are talking about the core business. Direct cost; as I said at the beginning they are up 7.1%, and as you can see on the right hand side box with the highlights and comments and bullets, and we have approximately €300,000 or 24% is represented by the new property tax IMU. Last year if you remember, in Q1, the computation of IMU was based on the rates that were set by the government 7.6% per 1,000 only later during the year the various municipal authorities introduced and implemented the tax with increasing rates. And as far as we are concerned, the average was 1.3% per 1,000**,** that's the rate applicable to our portfolio. So we had used the latest or the newest rates that to say the once set at the local levels, and we have used that as the basis for Q1. As for other direct costs, there has been an almost negligible increase in costs for direct service charges; in particular these were concentrated in Mondovi and Millennium at these two shopping centers. Now, I'd like to comment on the bottom of the slide, general expenses of the core business, a slight increase 3.3%, but as you can see if you look again on the right hand side percentage wise the share of general expenses of the core business remained stable at 7.6% of the share of our revenues.

We are now at Page 9, and we are not going to talk about our €21.2 million total consolidated EBITDA, here you can see the drivers underlying the bridge of our EBITDA, which moved from €22.193 million to €21.216 million, the split is €305,000 change in operating revenues, €528,000 that's a change in direct cost, then we have changes in cost of sales and in G&A and at least to €21.216 million. As you can see at the bottom of the slide, there has been decline, 2% decline in EBITDA margin. We had 69.6 in one of the previous years. So we have recovered half percentage points compared to full year 2012. We feel comfortable about maintaining this level above 70% although this will not be an easy thing to be achieved given the negative economic backdrop.

We are now on Page 10; Group net profit €8.2 million as mentioned earlier slightly down 1.4% compared to the end of March 2012. Again here too, we have a list of the drivers that let our net profit from the level at the end of Q1 last year, so to this year. So we had a decrease in EBITDA of the core business €856,000 then a change in EBITDA €121,000, we also had lower provisions and depreciations €173,000 and then an improvement in NFP as well as in our equity investments. Tax rate amounted slightly below 8% as mentioned earlier, which led us to €8,237,000. At the bottom of the slide you can see some detailed highlights about points that I will drill down in the next few slides.

We are now on Page 11. Funds from operations as you can see here, we have our pre-tax profit, we have the various items leading our FFO to €9.468 million or down compared to 2012 by approximately €7000, so 0.1% decline, so that's my comment on our FFO.

Let's move onto Page 12; here to as it is our tradition we are releasing our commercial highlights, if you look at a footfalls, again on a like-for-like basis, we have pretty stable picture. We can confirm the numbers at the end of last year's Q1 and then we will see the absolute numbers. Sales as I said earlier, they were in the negative, approximately down 6%, and since we do not have data release by CNCC, which is the Trade Associations Grouping Shopping Centers, so this is not being available yet, we have taken estimates release by CBRE, which point to 5% decline compared to the end of Q1 last year, so more or less at the same level. As far as footfalls in Romanian Shopping Malls is concerned they are up and that's the consequence or the results of the new traffic generator introduced in the past few years, and of the few food anchors that too were included in the past few years. Therefore that's conducive to a positive trend in footfalls in Romania.

A drilldown of information is found on Page 13, and you can find also absolute numbers. In Italy on a like-for-like basis footfalls amounted 15.8 million people in

Romania; we are talking about 8 million or slightly up. If you look on the right hand side of the very same page, you can see that up until January there is a correlation between declines in footfalls, which is shown in blue with the change in sales, so minus 4.3 was the decline in footfalls, minus 5.7 was the decline in sales. In February we had 1.2% in the positives for footfalls and still a decline of 4.4% in sales. The broader delta was further exacerbated in March with 3.6% which was footfalls and minus 6.3% that was a decline in sales. So there was no correlation or sort of decoupling to a certain extent of footfalls and sales. The sharpest drops were recorded by the apparel business segments; it's something that we have been seeing for the past few years, that to say there have been, this sector has been less and less benefitting from the sales and of sales period. And on the other hand side, there has been a sort of improvement in the area of electronics, but that's probably strongly dependent on specific products that are released in a very wide and unpredictable way by manufacturers. So, it's very hard to make predictions or forecast about the market. There are two shopping centers that are growing, one is, Conè and Katanè in Catania so Katanè has been picking up after somewhat critical 2012.

On Page 14; you can see the benchmark among the various COOP organizations. As you can see in the slide as you can see shown in red, we are looking at supermarket and hypermarkets and we can see that, if we look at the national COOP level the decline was 1.1%, but please bear in mind that to a large extent or the bulk of this numbers are referable to spending in the food sector. Therefore they are better than malls sales numbers that are referred only to non-food consumptions, 0.7% that's COOP Italia whilst UNICOOP TIRRENO was doing even better 3.3%, and the number is more or less the same with negative number for IPERCOOP SICILIA, so we have a 19 hypermarkets, 13 COOP ADRIATICA, 4 COOP TIRRENO and rest IPERCOOP SICILIA. So overall, sales for these business segments amounted to 0.4%, so we have to compare 0.4% in the positive for directly owned IPERCOOPs and 5.9% in the negative, which was recorded as the decline in sales at our Malls.

We are now on Page 15; and there you can see the Top 10 tenants in Italy, and there is a new entry there, I am talking about the fifth position in the rating/ranking, which is represented by H&M, it recently entered our facilities and assets in Italy and it will even expand more it's business in Romania with us. So, we have a strong fragmentation, so 18.9% or 106 contracts account for 18.9% of our total sales. So, for the first time, we have also contracts of malls and not hypermarkets. And here you can see the breakdown by sales, the lions share is played by national brands slightly less than 70%, and then almost 16% international brands, and 69% local brands. Again on this page, at the bottom you can find the number, which I showed you when commenting on the highlights that our financial occupancy rates, so you can see 100% hypermarkets, 95% malls, with an average of 96.6% at the national level.

The same chart can be found on Page 16, particularly it's about Romania, Top-10 is Carrefour with eight contracts 6.5%, and the picture is less fragmented with more diversified risk profile. So Top-10 tenants accounts for approximately 36.6% of our total rental income. On the right hand side, you can find the breakdown of 589 contracts, 35% is represented by local brands, 26% instead international brands, and 39% is accounted for by national brands.

We are now on Page 17, again some more numbers about our contracts in Italy and Romania, we give there the expiry dates and maturities in Italy. We expect 131 contracts to reach expiry, 48 expired in the first few months of 2013, 31 contracts, 17 were turned over. So, 31 of the 131, so the number is really a nice number because let me say right away that that's attributable to the renewal of tenant at the Centro d'Abruzzo are providing us with a plus 2%, which means that all the other renewals were at lower rates. If you look at Romania, you can see that we are slightly negative with 3.7% downside on a total of 59 contracts. This year overall in Romania, we will have over 200 contracts reaching to expiry, 242 contracts will reach expiry sometimes during the current year.

We are now on Page 18 and Page 19, so we have decided to include a few highlights about our sustainability report. So, this morning we presented our third sustainability report to our Board. This is quite an important tool which we have been investing on; we know that this is positively appreciated overseas where investors are not just measuring companies on the basis of their economic and financial performance, but also in terms of their support to environmental safeguard. So, we have decided to include sustainability planning and related measures also in our Business Plan. Next year, we will see whether we have been successful, if you look at the sustainability report, and especially if you look at the environmental segment of it, and as already written in our press release, that was made public one month ago. So, we ended the process to adopt an environmental management system in accordance with UNI EN ISO standard number 14001 and therefore, the shopping centers that you can find here, the CentroSarca and Gran Rondò in Crema, I Bricchi and Mondovicino. Well, we have been covering this with these systems, but we want to extend the EMS to achieve at least 58% of our entirely owned assets. I think that these two will be strongly appreciated by our shareholders.

Let's now move on to our financial structure, we are now on Page 21, here you can find the key financial highlights and as I mentioned at the beginning, our gearing ratio is slightly down compared to the end of last year's first quarter, 1.36. Loan to value pretty stable, 57% and this is a positive now in our opinion. We have at last recorded a decline in our cost of debt, so it's including also so-called figurative charges on bonds that was down approximately 25 bps whilst, if you look at in terms of the adjusted cost of debt, that's to say excluding our figurative charges on bonds that had purely an accounting impact, we are down from 3.91% to 3.82% so this is actual cash cost of our debt at the end of Q1 this year. Now, the decline in cost of debt can also be found at the bottom of this very same slide, if you look at the interest cover ratio which measures the ratio between EBITDA and our financial charges, you can see that this number has improved. We have an adjusted interest coverage ratio which has improved reaching 2.07.

We are now at Page 22, the average length of our debt is slightly below 10 years or so, it's longer. The share of medium/long-term debt is 51.1% with an improvement against 56.3%. But if you look at the right hand side box, and if you consider that we consider the €230 million due to expire end of this year as a short-term debt, so correctly we have included this debt as a short-term debt, but as you have probably seen, we have already refinanced the bulk of it, €144 million or €149 million, so if we include this, and incidentally, we closed this arrangement of few days ago, this number goes up to 74.4% which is presently two-thirds of our debt, which is medium/long-term. Hedged long-term debt plus bonds amounts to 76.3%, basically stable, whilst if we concentrate only on the hedging of our long-term debt, that's pretty much inline with the end of Q1 last year. Banking confidence granted as well as banking confidence available, they are both flat, we were granted some additional €5 million in additional credit lines quite recently, and our debt or banking confidence reaching expiry has been extended, our market value of mortgage free assets is really pretty stable.

We are now on Page 23, and we are now looking at the make up of our financial structure. €181 million of short term debts, €281 million, that's the current share or the short-term share of long-term debt. So, that's inclusive of the €230 million of the convertible bond that will expire at the end of the year. And then we have €620 million which is long-term debt. At the bottom of this very same slide, you can find a split or breakdown of our debt maturity. You can see that approximately €50 million of debt will reach maturity this year. We have already been working to renegotiate this and then we have €107 million which is the delta between €230 million and €222 million, that's the balance between these two numbers. That's the number of convertible bonds that were converted. And then we have the part of convertible bonds reaching the expiry at the end of this year. Between new credit lines as well as the rescheduled debts, we had €73 million that were granted by the Italian banking system to us.

Let's now go back to the theme of refinancing our convertible bond due to expire at the end of the current year. On Page 24, you can see a wrap up of our achievements as well as of the work in progress. As you can see, we had a positive outcome by far outperforming our expectations, that's the result of the fact that €102 million instead of

€107.1 million which will reach maturity at year-end, at the end of December. So, the first number was actually exchanged. And we had a good placement; approximately €22 million of residual surplus notes to third parties investors, so we had new notes issued for €144 million, settlement date 7 May, the joint book runners were Banca IMI and BNP Paribas. Now, the features of these new notes are maturities four years before maturity 7 May 2017, issue price 100% of the principle amount, annual fixed rate coupon 4.335% or four year mid-swap rate at the end of April 2013 plus 375 bps. Redemption will at par and in one shot only. So, that suggest one aspect of the more complex refinancing, that's exactly we've been engaging in. We are currently working on two possible options. As we speak now, I am in no position to tell you what the actual outcome will be since we are still at the kind of fact finding or options creating phase. We are talking about either issuing a secured loan with a pool of banks and sorry or an issuance of a bond on the market, but we are most likely go for a secured loan with a pool of banks.

If we go to the next page, you can see our net debt which moved from €1 billion plus something to €1,085,899,000 at the end of the current year. You can see that here net profit was down €8.1 million, depreciations down €1.1 million, net working capital change €4.1 million, €2.3 million was the change in non-current assets & liabilities and then CAPEX €2.8 million.

Last slide, as it is our tradition, there is just a wrap up of our sources and use of funds, you can find the reclassified balance sheet, we have €1.890 billion that's fixed asset. Then you have net assets and liabilities, net debt and the other items. Our net debt amounted to 1.85 and we had 776 giving us a total of 1.9 billion gearing ratio, as I said went down from the beginning of the year.

So, that's the end of the presentation, and now I am quite glad to take any questions you may have. Thank you.

Q&A

OPERATOR: This is the Chorus Call operator. We will now start with the Q&A session. The first question comes from the line of Federico Pezzetti with Intermonte. Please sir.

FEDERICO PEZZETTI: Good afternoon everybody, can you all hear me loud and clear?

CLAUDIO ALBERTINI: Yes, we do.

FEDERICO PEZZETTI: Very well, good afternoon. I have three very quick and short questions; the first one is on your EBITDA 2.5% at the end of Q1, the impact of the IMU tax. Can we expect to see a sort of recovery, and do you expect to close year end to close 2013 in line with the previous year or not? Then I have a second question, what do we expect to see as a contribution sales wise from Porta Medicea tying back in with the guidance you gave during your last conference call. So €250 million that you are about to refinance. If I got you right, there should be secured loan. I did not understand what you said Mr. Albertini, so €150, so that's secured loan, so can you give us some guidance about the stress that you have been seeing recently?

CLAUDIO ALBERTINI: Now, I'll take your first questions. Now this year's EBITDA according to our forecast should be more or less in line with the end of the current quarter slightly below 70%. Typically, we see a highest EBITDA in Q1 in every year with somewhat flattening throughout the year. I am talking about EBITDA from the core business 69.5% and 70%, that's our target range. This year we will see a positive impact. And I would like just to address the second question. We will see positive income contribution coming from the Porta A Mare project. So sales and especially display of interest that we have been receiving so far have been pretty strong, pretty good. There have already been 20 assets or apartments that have been for which a preliminary agreements have been signed, and we expect some more to come. So this will have a positive reflection on our EBITDA. And I think that basically we will start to see positive contribution to our margins from this project. Basically all the rest is pretty much stable compared to Q1, we do not expect any other major growth sources.

As far as our refinancing actions are concerned, I cannot disclose too much, we have to screen various options, various offers, and we have seen that there is a positive window to tap the bond market, and likewise for the private placement market on secured loans, I am talking about European markets. Now, our target is that of having 5% or so cost of refinancing our bond we have reached this target with the public offer because we had 4.6% against this 4.3% of financial borrowing considering all things including also the cost of the placement. Now, since the collateral for these refinancing will be represented by our portfolio. And I expect cost not to be higher than the cost of the bonds which were recently issued, so our final cost for sure is not in access of 5%, but possibly at the same level of the bond, which we placed recently 4%-5% during the PPO.

Now, during the Board Meeting, we saw that there are two issues in Italy. First of all is the tapping the credit market, and we are one of the very very few to have good credit ranking, the credit worthiness. The second issue is that of getting a good cost of debt, and if we benchmark against our European comps, the price, the cost is higher in Italy. A 150-200 bps less, that's what you can get in France or the Netherlands or elsewhere. Thank you.

OPERATOR: Next question comes from the line of Simonetta Chiriotti with Mediobanca. Please madam.

SIMONETTA CHIRIOTTI: Good afternoon everybody. I have a few questions; the first one is about your dividend. I wanted to hear what's your view on the 2013 dividend obviously it's very, very early, but in the light of your first quarter result, which has shown more thorns so to speak than expected, but which instead showed quite good resilience of cash flow. And then, I want you to elaborate on your vacancy, the stronger vacancy which you have reported, is that concentrated in among some certain classes of tenants, at certain assets or is everything very, very general? And then I have a question on the financial charges that you paid in Q1, and which were lower than I expected. Here is my question will the level of Q1 to remain also going forward for the rest of the year?

CLAUDIO ALBERTINI: Let me take your first question. If you remember, when we presented our Business Plan in early October, we had set a target which was a commitment for us, let us say, at least a dividend of €0.07 throughout the Business Plan. So we have serviced these promises so to speak in 2012, but to say when presenting our 2012 financial statements, and we want to do the same going forward. So, if our performance throughout the year will be in line with Q1, we will stick to these commitments. So €0.07 will be maintained also as a dividend in 2013. Now, the risk which we run, well let me rephrase this, I believe that our operations will held well also going forward, although the backdrop is very, very negative. But at the end of June and at the end of December we will have to revaluate our asset. So, if there are no surprises on that front and incidentally, we have been already in touch with the upraising companies in order to get a feel for their sentiment, so I don't think that write-downs should be higher than last year, and if that's the case, I think that we will be in a position to pay €0.07 eurocent dividend. Well, the vacancy rate increased 1 percentage points in one single quarter. We partly expected that maybe not to such large extent, actually the number is 1.3% compared to last year's, year end number. Well, the sectors that have been most hardly hit are basically the apparel business segment, because the end of season sales had not been giving good results. Let me give you just three examples, I Bricchi d'Asti as you know we have still some vacant average services Mondovi and Palermo. So these are basically the three shopping centers where we have the highest concentration or percentage of vacancy.

Let me take your last question on financial charges. Well, maybe we will not have the same decline quarter-on-quarter, but we have being seeing that base rates should more or less remain stable throughout the year, I am talking about EURIBOR rates. So, that should reveal no bad surprises, we have all been seeing that there is a strong base or a strong platform when it comes to spreads. We have 90% spreads and 10% is base rate. Now, the base rate remains stable, but the component, which will determine the end, the cost of money is the spread, and here we have a strong core of spread, which cannot be attacked. So, we are still keeping good spreads, especially good if we put them in the Italian context. And I think that this number is something, which we will stay with an improvement of our overall financial position at year end, but we do not expect the same degree of decline in the next few quarters. The decisive move will be the bond issue that will be the litmus paper test; so to speak, this will give us the cost of debt that we will have to bear over the next five years, and likewise the cost of bond for the recent swaps.

OPERATOR: There are no more questions.

CLAUDIO ALBERTINI: Very well, I would like to thank you all, also on behalf of the rest of the management team, and we'll get back to you for the release of the next quarters' results.