

**Event:** 2014-2016 business plan presentation  
**Date:** 19th December 2013  
**Speakers:** Mr. Claudio Albertini, CEO  
Mr. Roberto Zoia, Asset management  
and development Director  
Mr. Daniele Cabuli, COO

**OPERATOR:** GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WE'D LIKE TO WELCOME YOU TO IGD 2014-2016 BUSINESS PLAN PRESENTATION. AFTER MANAGEMENT'S PRESENTATION, THERE WILL BE A Q&A SESSION. NOW, I'D LIKE TO TURN THE CALL OVER TO CLAUDIO ALBERTINI, CEO OF IGD. PLEASE SIR.

**CLAUDIO ALBERTINI:** GOOD AFTERNOON EVERYBODY. AS YOU PROBABLY KNOW, THIS MORNING IGD'S BOARD OF DIRECTORS HAS APPROVED THE 2014-2016 BUSINESS PLAN, A COPY OF WHICH YOU HAVE ALL RECEIVED ONLINE ALONG WITH THE PRESENTATION OR THE SLIDES THEY WILL BE USING AND TALKING YOU THROUGH AS WELL AS THE PRESS RELEASE.

LET'S START ON PAGE 3, WITH THE CAPTION THAT YOU SEE THERE THAT SAYS. WHY A BUSINESS PLAN UPDATE? WELL, AS YOU KNOW, BACK IN 2009 WE INTRODUCED WHAT BECAME A WELL ESTABLISHED TIME HONORED PROCEDURE TO HAVE A ROLLING PLAN WITH AN ANNUAL UPDATE. THE ANNUAL UPDATE WILL PROVIDE US WITH MEDIUM TERM STRATEGIC PLAN. LATELY AND MORE SPECIFICALLY STARTED IN 2009, WE HAVE BEEN SEEING UPHEAVALS AND MAJOR CHANGES AFFECTING BOTH, THE DOMESTIC AS WELL AS THE INTERNATIONAL SCENARIO AND MORE SPECIFICALLY, AFFECTING ITALY. AND THEREFORE, AS A CONSEQUENCE OF THIS BEING A REAL ESTATE COMPANY, IT IS OUR DUTY WE FEEL TO PROVIDE YOU WITH SUCH A FORECASTING TOOL. IN ADDITION, AND AS YOU CAN SEE IN THE SECOND BULLET POINT ON THIS PAGE, WE WITNESSED DRAMATIC WORSENING OF THE SCENARIO AS WE OUTLINED IT ON PRIOR OCCASION. WE PRESENTED THE PREVIOUS BUSINESS PLAN IN OCTOBER 2012, WHICH IS A LITTLE BIT EARLIER THAN THE CURRENT PERIOD OF TIME. AND WE SAW AS I SAID WORSENING OVER THE COURSE OF 2013, BUT ALSO AFFECTING THE WAY FORWARD, AND THAT'S EXPLAINED BY THE GDP INFLATION AND CONSUMPTION TRENDS.

YOU WILL SEE ON THE NEXT PAGE THE MACRO ASSUMPTIONS, AS THEY HAVE BEEN REVISED COMPARED TO LAST YEAR. HOWEVER, HAVING SAID THIS, NONETHELESS THERE ARE A FEW POSITIVE SIGNS. WHAT I MEAN IS THAT, IGD'S RESILIENCE AND ITS PERFORMANCE HAVE RESTATED AND CONFIRMED THE BEAUTY AND THE EFFECTIVENESS OF OUR BUSINESS PLAN DESPITE THE NEGATIVE SCENARIO. AS A MATTER OF FACT, WE HAVE BEEN SEEING RENEWED INTEREST ON THE PART OF INSTITUTIONALS, THAT ARE ATTRACTED TO ITALY. WE HAVE SEEN ESPECIALLY FOREIGN INSTITUTIONALS COMING BACK TO THE SECTOR, BUT ALSO A FEW TIMID

WEAK SIGNS OF INTEREST ON THE PART OF DOMESTIC INVESTORS AS WELL. IF WE COMPARE THE FINANCIAL POSITION SO TO SPEAK OR THE WEALTH OF ITALIAN HOUSEHOLDS AND WE COMPARE THAT TO THE REST OF EUROPE OR THE WORLD. WE SEE THAT THERE ARE SOME FEW WEAK TIMID SIGNS OF RECOVERY AND PICK UP, BOTH IN TERMS OF GDP AND ALSO IN TERMS OF CONSUMPTION TRENDS IF WE LOOK AT THE LONGER TERM. NOW, ALL THAT I'VE MENTIONED IS REFLECTED IN THE NUMBERS AND FACTS SHOWN ON PAGE 4; THAT SLIDE, WHICH IS ABOUT THE MACRO ASSUMPTIONS SPANNING 2014 AND 2016, AND SPANNING NOT JUST ITALY, BUT ROMANIA AS WELL. SO YOU CAN SEE THE NEW ASSUMPTIONS UNDERLYING THREE KEY INDICATORS I.E. INFLATION, GDP AND CONSUMPTION AS REVIEWED. AND AS FOR INFLATION, WE SAW A SORT OF COOLING OFF SO TO SPEAK, AND BASICALLY WE ARE EVEN BELOW 1.5%, BECAUSE INFLATION IS CURRENTLY STANDING AT A LEVEL BELOW 1%, BUT WE HAVE USED THE FORECAST THAT HAVE BEEN RELEASED BY INTERNATIONAL AS WELL AS DOMESTIC FORECASTING INSTITUTE, AND WE HAVE PICKED THE MID POINT, AND THEREFORE WE HAVE RELEASED THE NUMBER WHICH IS 1.5%. AS YOU KNOW OUR ACCOUNTS ARE DIRECTLY AFFECTED BY INFLATION, SINCE OUR RENTAL CONTRACTS ARE INFLATION INDEXED. IF YOU LOOK BACK AT OUR PREVIOUS INDUSTRIAL OR BUSINESS PLAN, WE HAD A HIGHER INFLATION ASSUMPTION, AND WE WERE TALKING ABOUT 2% IN THE PREVIOUS EDITION OF OUR BUSINESS PLAN FOR 2014 AND 2015. NOW, WE HAVE OBVIOUSLY PROLONGED OR EXTENDED THE NEW BUSINESS PLAN UPDATE INCLUDING 2016. LOOKING AT GDP, WE SAW QUITE A WORSENING IN 2013, THAT'S STILL THERE IN 2014, ALTHOUGH TO A LOWER EXTENT 0.5%, 0.6%, AND WE SHOULD BE BACK IN LINE WITH 2015 SLIGHTLY ABOVE 1%, WHILST THE PREVIOUS BUSINESS PLAN HAD INCLUDED AN ASSUMPTION OF 1.2%, AND IN 2016, THERE SHOULD BE A PICK UP REACHING 1.7%. CONSUMPTION HAS AGAIN A DIRECT IMPACT ON OUR BUSINESS AND ESPECIALLY ON OUR OPERATORS BUSINESS. WE SAW AGAIN QUITE A WORSENING ALMOST MORE THAN THE DOUBLE OF WHAT WE HAD EXPECTED AT THE END OF 2012, 2.4% VERSUS 1.1%, WHILST THE 2014 IS FLAT. THE FIRST HALF OF 2014 WILL STILL BE IN THE NEGATIVE AS FAR AS CONSUMPTION TRENDS ARE CONCERNED WITH THE GROWTH EXPECTED TO TAKE PLACE IN THE SECOND HALF. WE ARE EXPECTED 1% IN 2015; WE EXPECT A POSITIVE SIGN IN 2014 ALTHOUGH BELOW 1%. SO WHEN IT COMES TO CONSUMPTIONS, THEY WILL STILL BE LOWER. AS FAR AS INFLATION IN EUROLAND IS CONCERNED; PLEASE REMEMBER, FIRST OF ALL THAT ROMANIAN CONTRACTS ARE INDEXED, WE SAW QUITE A SHRINKAGE OVERALL TO A LESSER EXTENDED THAT IN ITALY. AS FAR AS ROMANIA IS CONCERNED, WE SAW A DECLINE IN THESE INDICATORS, ESPECIALLY OF THE GDP. ALTHOUGH THIS DECLINE WILL STILL SEE GDP IN THE POSITIVE 2.3%, 2.5%, AND 2.9% IN 2014, 2015 AND 2016, RESPECTIVELY, THEREFORE WITH STRONGER PICKUP SIGNS THAN IN ITALY, AND WE ALSO EXPECT A MORE ROBUST GROWTH. IN 2013, WE ARE GOING TO SEE A GROWTH OF 2.1% IN 2014 TO 3.2% IN 2015 AND 2016 AND THAT WAS CONSUMPTION. THAT WAS THE MACRO ASSUMPTIONS WE HAVE MADE.

AND THEN ON PAGE 5, WE WANTED FOR THE FIRST TIME, EMBED OUR SUSTAINABILITY CRITERIA IN THE BUSINESS PLAN. YOU KNOW THAT FOR A NUMBER OF YEARS WE HAVE BEEN PRESENTING TO THE FINANCIAL COMMUNITY OUR SUSTAINABILITY REPORT AS WELL, AND THAT'S

ONE MORE STEP FORWARD WE HAVE BEEN DOING TOWARDS SUSTAINABILITY. ON THIS SLIDE, WE PROVIDE YOU WITH THE SUMMARY OF THREE STRATEGIC GOALS; THE FIRST BEING AN INCREASE IN THE QUALITY AND EFFICIENCY OF OUR SHOPPING CENTERS. AND WE HAVE A ROLL OUT PLAN OF ISO 14001, IN ORDER TO GET THE FIRST BREEAM CERTIFICATION OF OUR PORTFOLIO AS SUCH. THEN WE WILL HAVE SPECIFIC ACTIONS TO CUT DOWN ON ENERGY CONSUMPTIONS. WE SAW ALREADY AN 8% DECLINE IN CONSUMPTIONS OF SHOPPING CENTERS DURING THE CURRENT YEAR. AND ON TOP OF THIS, AND INCIDENTALLY THIS TOO IS QUALITATIVELY VERY IMPORTANT. WE ARE APPLYING USE ABILITY GUIDELINES FOR DISABLED PEOPLE. IN ADDITION, WE HAVE BEEN SETTING ALSO THE TARGET FOR OURSELVES TO INTERPRET THE INTEREST AND DESIRES OF OUR CUSTOMERS. AND AT THE SAME TIME, WE WANT TO MAINTAIN AN ONGOING SYSTEM FOR MONITORING THE CUSTOMER SATISFACTIONS OF TENANTS, VISITORS, BANKS AND INVESTORS AND EMPLOYEES BECAUSE THEY HAVE BEEN INVOLVED IN OUR SUSTAINABILITY GOALS. LAST BUT NOT LEAST, WE WOULD LIKE TO REINFORCE THE CONCEPT OF SPACES TO BE LIVED IN. WE STARTED THAT TWO YEARS AGO, SO WE WANT TO INCREASE THE FOCUS ON INTEGRATED COMMUNICATION STRATEGIES OF OUR CENTERS, AND WE WANT TO USE 2.0 COMMUNICATION TOOLS. ALL OUR CENTERS HAVE BEEN EQUIPPED; HAVE BEEN WIRED WITH WIFI, THEY ALL HAVE THEIR OWN FACEBOOK PAGE, BUT, AND THIS IS SOMETHING WHICH WE WILL TEST IN THE NEXT FEW MONTHS. AT OUR SHOPPING CENTERS WE WILL ADOPT FULLY DEDICATED APPS, WHEREBY IF YOU HAVE A SMARTPHONE, YOU WILL ACCESS THAT SHOPPING CENTER. AND THEREFORE, THE WHOLE WORLD OR THAT SHOPPING CENTER WILL BE AVAILABLE ON YOUR MOBILE PHONE.

WE ARE NOW ON PAGE 6, AND HERE YOU CAN FIND THE HIGHLIGHTS OF OUR BUSINESS PLAN. NOW, AS YOU CAN SEE, IN THE BOXES AT THE TOP AND ON THE BOTTOM WE HAVE PUT THE TARGETS FOR THE 2014-2015 BUSINESS PLAN. WE EXPECT HOMOGENEOUS, THAT TO SAY LIKE-FOR-LIKE CAGR CORE BUSINESS REVENUES 2.9% WITH RENTAL REVENUES UP 2.6%, WHILE SERVICE REVENUES ARE EXPECTED TO INCREASE AT A HIGHER RATE BETWEEN 7% AND 8%. WELL ON A LIKE-FOR-LIKE BASIS, RENTAL REVENUES WILL GROW AT THE SAME PACE AS INFLATION. WE THINK IT'S NECESSARY AND QUITE APPROPRIATE TO STRESS A POINT, THAT TO SAY THIS WILL BE MAINLY A BACK-LOADED GROWTH THAT TO SAY WITH A STRONG CONCENTRATION AT THE END OF THE BUSINESS PLAN HORIZON. SO WE WILL SEE MODEST GROWTH BELOW 1% AT THE BEGINNING, WHILST THE BULK OF THE GROWTH WILL BE CONCENTRATED IN 2016. AS YOU WILL SEE LATER, WE EXPECT TO INVEST A €195 MILLION OVER THE COURSE OF THE BUSINESS PLAN, AND THE RETURN ON THAT WILL BE AS I SAID BACK-LOADED, BY THAT MEANING THE SECOND PART OF 2016. THEREFORE, WITH AN AVERAGE 2.9% AVERAGE GROWTH RATE, WHICH IS NOT A GOOD PROXY, BECAUSE AS I SAID, THERE WILL BE A STRONG CONCENTRATION IN THE SECOND PART OF THE BUSINESS PLAN. AS FAR AS THE EBITDA MARGIN ON OUR FREEHOLD MANAGEMENT IS EXPECTED TO BE UP 3% COMPARED TO WHAT WE EXPECTED TO SEE AT YEAR-END 2013. WE ARE TALKING ABOUT STARTING POINT OF 77%, WHICH IS HIGHER THAN IN 2013 THE GEARING RATIO AT THE END WAS 1.37% AT THE END OF 2013 AND IT'S EXPECTED TO GO DOWN TO 1.2%. LOAN-TO-VALUE, AGAIN AT THE END OF THE BUSINESS PLAN WILL BE AT ABOUT 54%. INTEREST COVER RATIO, AGAIN AT THE END OF

THE BUSINESS PLAN PERIOD WILL GET BACK ABOUT ABOVE 2% TWO-TIMES COVERAGE OF EBITDA. AND FFO WILL BE IN LINE WITH REVENUES TRENDS, SO WE WILL SEE MORE MODEST GROWTH IN THE FIRST TWO YEARS OF THE BUSINESS PLAN THAT TO SAY TILL 2015 WITH STRONGER GROWTH IN THE SECOND HALF OF THE BUSINESS PLAN REACHING ABOUT €35 MILLION. LET'S NOW HAVE A LOOK AT THE HIGHLIGHTS. AS YOU CAN SEE, EXTENSIONS AND CAPEX TOTALING A €110 MILLION, AND THE BULK OF THAT WILL BE FUNDED BY DISPOSALS EXPECTED TO REACH APPROXIMATELY €190 MILLION, AGAIN A GREAT PART OF THAT CONCENTRATED IN 2014. TALKS AND NEGOTIATIONS HAVE REACHED AN ADVANCED STAGE, AND WE ARE THINKING THAT IN ONE MONTH, ONE MONTH-AND-A-HALF OR SO WE WILL BE IN A POSITION TO ANNOUNCE DISPOSAL FOR A TOTAL WORTH OF €50 MILLION. AND THEN WE HAVE OTHER NEGOTIATIONS FOR WHICH WE FEEL EXTREMELY CONFIDENT.

ON PAGE 7, WE CAN SEE OTHER IMPORTANT VARIABLES FOR OUR BUSINESS PLAN, OUR EXPECTED CHANGE IN THE FAIR VALUE WHICH WE HAVE ADOPTED AS AN ASSUMPTION. PLEASE BEAR IN MIND THAT, BY THE END OF 2013 OUR PORTFOLIO WILL REACH ABOUT €1.9 BILLION. IT WILL SLIGHTLY GO DOWN IN 2014-2015, DRIVEN ALSO BY DISPOSALS, BUT ALSO BECAUSE OF THE FACTOR THAT PLANNED INVESTMENTS WILL BE FULLY ON-STREAM. SO AS YOU CAN SEE OUR EXPECTATIONS POINTS TOWARDS SLIGHT DECLINES FOR THE FIRST THREE YEARS INCLUDING ALSO 2013. AS YOU KNOW, WE STOPPED OR FROZE OUR VALUATIONS AT THE END OF JUNE THIS YEAR. WE ARE STILL WORKING WITH APPRAISERS TO COME UP WITH THE NUMBERS FOR FULL YEAR 2013, BUT FOR 2014 AND 2015, WE EXPECT AGAIN A DECLINE OR SHRINKAGE OF OUR PORTFOLIO REACHING THEN STABILITY IN 2016. SO WE EXPECT AN OVERALL CHANGE IN FAIR VALUE AMOUNTING TO APPROXIMATELY €70 MILLION, WHICH ROUGHLY SPEAKING AMOUNTED TO THE CAPEX THAT WILL NOT BE REVALUATED BY OUR APPRAISERS, BECAUSE RENTAL REVENUES WILL REMAIN PRETTY STABLE.

NOW, LET'S HAVE A LOOK AT OUR COMMERCIAL STRATEGIES ON PAGE 8. WE ARE HERE TO RESTATE WHAT'S CURRENTLY UNDERWAY IN ORDER TO SUPPORT THE TOP-LINE AS WELL AS TO REDUCE VACANCY. OCCUPANCY RATES ARE GOOD, ESPECIALLY GOOD AGAINST THE BACKDROP OF THE NEGATIVE ECONOMIC DOWNTURN 97% THAT'S THE NUMBER ALMOST A FULL OCCUPANCY ON HYPERMARKET ASSET CLASS. WHILST THE OCCUPANCY RATE IS 95%, I AM TALKING ABOUT ITALY ITSELF, BECAUSE OBVIOUSLY THAT'S FOCUSED ON ITALY AS A SLIDE, 95% FOR SHOPPING MALLS AND THE NUMBER AGAIN ON AVERAGE AT 97%. AS RETURN ON MIX, WE WILL NOT JUST HAVE SHOPS, BUT ALSO SERVICES, SUCH AS MEDICAL AND DENTAL CLINICS, FITNESS CENTERS, SPAS AND THIS ALSO IS AIMED AT BALANCING NEW TRENDS RESULTING FROM THE SPREAD OF E-COMMERCE WHICH IN ITALY WILL NEVER REACH THE SAME LEVEL AS IN THE ANGLO SAXON COUNTRIES. IN ADDITION, WE WILL TRY TO REACT TO THE ONGOING CHANGES IN CONSUMPTIONS PATTERNS. FOOD WILL REMAIN KEY ANCHORS AT OUR SHOPPING CENTERS. HOWEVER, THEY WILL PLAY A SMALLER ROLE THAN IN THE PAST. SO WE ARE SPECIFICALLY TAKING ACTIONS IN ORDER TO REDUCE THAT. WE WILL LEVERAGE ON TEMPORARY SHOPS, SO WE WILL INTRODUCE ALSO FOOD AND DESIGN SPECIALTY SHOPS, AND WE WILL FOCUS ON DESIGN PRODUCTS BOTH IN

ELECTRONICS, AS WELL AS IN FASHION, AND INCIDENTALLY ON THIS SLIDE YOU CAN FIND A FEW PHOTOGRAPHS DEPICTING THAT. STRONG FOCUS ON OUR TENANT SUSTAINABILITY GOING FORWARD; SO WE WILL STILL KEEP OUR POLICY TO GRANT TEMPORARY DISCOUNTS OR REBATE, IF POSSIBLE WE WILL REDUCE THE CREDIT RISK FURTHER. WE WILL THEN ROLLOUT COORDINATED MARKETING PLANS FOR OUR SHOPPING CENTERS IN ORDER TO MAINTAIN A SHARED COMMON IDENTITY AT OUR SHOPPING CENTERS AND IN ORDER TO REDUCE ALSO MARKETING COST. AND LAST BUT NOT LEAST, ADJUSTMENT OF LAYOUT TO REARRANGE THE MIX OF MEDIUM-SIZED AREAS AND NEIGHBORHOOD SHOPS. THIS IS AS FAR AS ITALY IS CONCERNED.

LET'S NOW TURN TO COMMERCIAL STRATEGIES ADOPTED IN ROMANIA. HERE ON PAGE 9, YOU CAN SEE ALSO SUMMARY OF WHAT WE ACHIEVED IN THE PREVIOUS YEARS, WITH A LIST OF FEW INTERNATIONAL BRANDS AND THESE ARE BASICALLY THE FOOD ANCHORS WHICH WE INTRODUCED A COUPLE OF YEARS AGO. TODAY, WE CAN COUNT ON 10 SUCH FOOD ANCHORS WITH CARREFOUR AND BILLA. AND IN 2014, WE EXPECT OUR NEW MARKET EXPERTS AT RĂMNICU TO BE INTRODUCED MANAGED BY CARREFOUR. AND AGAIN FOOD REMAINED THE KEY FACTOR AT OUR SHOPPING CENTERS IN ROMANIA. DESPITE THIS, WE HAVE SEEN THE IMPACT OF NEW OPENINGS BY COMPETITORS WHICH HAD QUITE AN IMPACT ON TWO OF OUR CENTERS. THIS CAN BE OFFSET BY THE FORMAT OF OUR SHOPPING CENTERS BY CONSOLIDATING OUR LEADERSHIP IN CLOSE PROXIMITY TO WINMARKT. AND WE WILL ALSO LEVERAGE THE RESTYLING OF THE SIZE OF SEVERAL SHOPPING CENTERS. SO THAT'S CAPEX, BUT ALSO THE ADDITION OF NEW BRANDS, WHICH YOU CAN SEE HERE H&M, WHICH IS FOR SURE MAJOR MAGNET AND WILL DRAW TRAFFIC TO OUR SHOPPING CENTERS. AND THEN, BETWEEN 2014 AND 2015 WE EXPECT FOUR NEW OPENINGS. MOREOVER, WE SHALL KEEP ON FOCUSING ON FASHION AND INTERNATIONAL BRANDS. AND AS FAR AS VACANCY IS CONCERNED WE WANT TO KEEP THE LEVELS LOW. IN ROMANIA IT'S MAINLY ON THE TOP FLOORS THAT WE HAVE VACANCY AT FULL. AND WE WILL KEEP ON PROCEEDING ALONG THOSE LINES FOR OUR PLANS GOING FORWARD.

AS FAR AS OUR PORTFOLIO STRATEGY IN ITALY; WE ARE ON PAGE 10 OF THE PRESENTATION. WE DO RECONFIRM AS IN THE PAST WITHIN A FOCUS ON THE SO-CALLED COMMITTED PIPELINE OR THEN TO RESTYLE AND EXTEND OUR PRIME SHOPPING CENTERS ACCORDING TO THE COMMERCIAL TARGETS THAT WE HAVE SET. AND WE WANT TO OPEN NEW CENTERS WITH HIGH POTENTIAL IN THE RELEVANT GEOGRAPHY, AS WE HAVE DONE SO FAR, FOR INSTANCE FOR PORTA A MARE. AND IN THE SHORT-TERM WE ARE GOING TO SUPPORT NEWLY OPENED CENTER TO MAINTAIN HIGH LEVELS OF OCCUPANCY, SO AS TO BE ABLE TO BREAKEVEN AND ACHIEVE A FULL PROFITABILITY AS SOON AS POSSIBLE. A VERY IMPORTANT NOVELTY IN THIS BUSINESS PLAN IS THE ASSET MANAGEMENT WE ARE GOING TO BE MUCH MORE DYNAMIC IN OUR ASSET MANAGEMENT. SO WE ARE GOING TO FOCUS ON ASSET ROTATION AND DISPOSAL. I'M GOING TO FOCUS ON DISPOSAL, AS I WILL TELL YOU LATER ON. AND THEN, ENVIRONMENTAL SUSTAINABILITY, WE WANT TO STRONGLY FOCUS ON ENERGY EFFICIENCY, NEW PLANTS, TO BE ABLE TO LIMIT COSTS AND ATTRACT TENANTS THAT ARE MORE AND MORE AWARE OF THESE ISSUES.

AND AS FAR AS ROMANIA WE ARE NOW ON PAGE 11 OF THE PRESENTATION. AS I HAVE HEARD BEFORE WE HAVE BEEN FOCUSING ON CAPEX, WE HAVE BEEN INVESTING A LOT. AND ESPECIALLY IN THE PAST, BUT WE HAVE MORE IN THE PIPELINE. AGAIN SHOPPING MALLS, WE ARE FORESEEING CAPEX IN THE ORDER OF MAGNITUDE OF ABOUT €6 MILLION FORECASTED, BETWEEN 2012 AND 2015. AGAIN, WE WANT TO BE EFFICIENT, WE WANT TO LEVERAGE GLA RECOVERY. AND AGAIN ALSO FOR ROMANIA WE WANT TO STRONGLY FOCUS ON ENERGY AND SUSTAINABILITY AND ENERGY EFFICIENCY. AS TO DISPOSALS, IN ROMANIA WE WILL HAVE THE DISPOSAL OF SLATINA, AND IT HAD BEEN ALREADY FACTORED INTO THE PREVIOUS PLAN. AT THE SAME VALUE PREVIOUSLY ASSUMED THAT IS TO SAY €3.5 MILLION, WE SHOULD HAVE A LOOK AT CAPITAL GAINS THROUGH THIS DISPOSAL.

WE ARE NOW ON PAGE 12 OF THE PRESENTATION; AND HERE YOU SEE A SNAPSHOT OF OUR INVESTMENT TARGETS SO TO SAY 195 MILLION IS THE TOTAL INVESTMENT, WE ARE ASSUMING AND YOU SEE THIS IS AT THE END OF THE BUSINESS PLAN. AND YOU SEE A BREAKDOWN OF THE INVESTMENT. WE HAVE THE TOTAL, BUT WE DON'T HAVE A DETAILED BREAKDOWN. SO IT'S 101 TOTAL DEVELOPMENTS, 54 IN ITALY, 6 IN ROMANIA, AND WE KEEP ON INVESTING ALSO ON THE PORTA A MARE PROJECT. IN 2013, WHEN WE STARTED WITH THE FIRST DISPOSALS, AND WE ARE GOING TO KEEP ON INVESTING ALSO ON THE COMMERCIAL AREA AND THE SALES AREA FOR PORTA MEDICEA IT IS 34 MILLION, AND IT ALL ADDS UP TO TOTAL OF 195 MILLION.

IN THE FOLLOWING PAGES, STARTING FROM PAGE 13, YOU SEE A DESCRIPTION OF THE ONGOING PROJECTS. AS YOU SEE IN OUR BUSINESS PLAN, WE ARE GOING TO FOCUS ON THE EXISTED, COMMITTED PIPELINE, NO NEW INVESTMENTS, THESE ARE ALL EXISTING AND PROJECTS THAT ARE ALREADY KNOWN TO YOU PAGE 13 CHIOGGIA, AS YOU SEE WE STARTED WORKING ON IT EARLY NOVEMBER 2013, AND THE WORK IS ESTIMATED MARCH 2015 AND WITH RELEVANT OPENING. THE INVESTMENT IS €39 MILLION, €39 MILLION IS THE TOTAL, AND WE ARE GOING TO START WITH €21 MILLION, BECAUSE WE WILL INCLUDE THE INVESTMENTS WE MADE IN THE PREVIOUS YEARS AS WELL.

LET'S TALK ABOUT RAVENNA; WE ARE ON PAGE 14 OF THE PRESENTATION. WORK COMPLETED AT THE END OF 2011, AND WE ARE ALREADY WORKING TO FURTHER EXTEND, WE ARE PLANNING A MAJOR EXPANSION MAYBE THE MOST IMPORTANT EXPANSION, €51 MILLION WORTH OF THE EXPECTED INVESTMENT TO DOUBLE THE GLA PRACTICALLY, AND THAT FOR US, THIS IS A PRIME CENTER, AND IT IS REALLY A REFERENCE CENTER A BENCHMARK FOR THAT AREA.

AND THEN WE HAVE PORTO D'ASCOLI, PAGE 15, HERE AGAIN WE STARTED WORKING ON IT IN SEPTEMBER 2013 AND EXPECTED END IS SEPTEMBER 2015, IT'S A 5,000 SQUARE METER EXTENSION. AND THERE ARE GREEN AREAS OF 1,700 SQUARE METERS AND 10,500 SQUARE METERS OF NEW PARKING PLACES, TOTAL AMOUNT IS €10 MILLION, BUT WITHIN THE BUSINESS PLAN TIMEFRAME IT'S GOING TO BE €6 MILLION.

IN CENTRO D'ABRUZZO WE STARTED IN 2012, WE ARE ON PAGE 16 OF THE PRESENTATION. SOME OF THE FEW INVESTMENTS THAT WILL BE GENERATING PROFIT WITHIN A SHORT-TERM, HERE AGAIN IT'S AN EXTENSION OF THE SHOPPING MALL BUILDING, A PROPERTY WORTH 3,000 SQUARE METERS OF GLA.

SO €16 MILLION IS THE EXPECTED INVESTMENT, RESTYLING WE HAVE THE CENTRO SARCA, SESTO SAN GIOVANNI IN THE MILAN AREA. WE HAVE ONLY JUST STARTED TO WORK ON IT IN 2013, SO END OF WORK IS 2015.

PAGE 18, CENTRO BORGO IT'S A NEW ENTRY IN OUR INVESTMENTS. AND WE HAVE LOST MAJOR RESTYLING PROJECT IN THAT AREA. INSTEAD WE STARTED RESTYLING THIS SHOPPING CENTER WHICH IS THE MOST IMPORTANT ONE IN BOLOGNA, IT WAS OPENED IN 1979, SO IT WAS STARTING TO SHOW THE SIGNS OF TIME OF AGING. SO DESPITE THE TWO RESTYLINGS, IT WENT THROUGH OVER THE LAST 25 YEARS, THIS IS THE THIRD RESTYLING. BUT IT'S SORT OF A MORE IN-DEPTH RESTYLING IF WE MAY SAY SO. AND WE HAVE STARTED THE DESIGN AND WE SHOULD END THE WORK IN FIRST HALF OF 2015, INVESTMENT HERE IS €3.5 MILLION.

PAGE 19, WE HAVE THE GRAN RONDÒ-CREMA, AND THEN LE PORTE DI NAPOLI -AFRAGOLA, THAT'S TWO RESTYLING AND EXTENSIONS FOR GRAN RONDÒ. GRAN RONDÒ, WE HAVE ALREADY STARTED WORKING ALSO TO EXTEND THE GLA LE PORTE DI NAPOLI AND THIS IS A PILOT PROJECT IF YOU WISH. IN AGREEMENT WITH THE CURRENT TENANT, WHICH IS COOP TIRRENO WAS A SHAREHOLDER TOO, AND THEY HAVE STRONG REDUCTION OF THE HYPERMARKETS SALES 50% REDUCTION. SO WE GROW FROM 9,000 SALES SURFACES TO 4,000. SO HALF OF IT WILL BE USED FOR THE HYPERMARKET, AND THAT WILL BE FREED UP FOR OTHER USES. SO IT WILL BE LET TO NEW TENANTS.

PAGE 20, 21 AND 22, YOU WILL SEE OTHER DEVELOPMENTS; THE DEVELOPMENTS WE WILL SEE FOR THE MOST IMPORTANT PROJECT IN THAT PORTFOLIO, THAT IS SAY THE PORTA A MARE PROJECT IN LIVORNO. AND THIS YEAR, IN 2013, WE WILL SEE THE FIRST REVENUES GENERATED BY THE PROJECT, BECAUSE WE HAVE FINALIZED THE DEALS FOR SOME OF THE FLATS. WE HAD SOME PRELIMINARY AGREEMENTS IN 2012 AND 2013 AND 16 WILL BE COMPLETED IN THE COMING DAYS. TWO WILL BE PUT OFF TOO INSTEAD OF 2014 THE FINAL DEEDS WITH THE NOTARY PUBLIC. SO 25 UNITS WILL BE READY BY 2014, AND IN 2014 HALF WAY THROUGH THE YEAR, WE ARE THINKING OF OPENING THE FIRST SALES AREA, PART OF THE SALES AREA PIAZZA MAZZINI WITH THE OPENING OF THE COOP SUPERMARKET AND OTHER SALES AREAS TO OTHER TENANTS.

AND THE VERY HARD INSTEAD THE STRENGTH OF THIS PROJECT, WHICH IS OFFICINE STORICHE, AND HERE YOU SEE A PICTURE OF THE OFFICINE STORICHE PART OF THE PROJECT, AND THERE WE ASSUME THEY WILL START WORKING ON THE PROJECT HALF WAY THROUGH THE NEXT YEAR.

AND 23, YOU SEE OUR PIPELINE, IN A NUTSHELL OUR PIPELINE IN ROMANIA. SO €6 MILLION WORTH OF INVESTMENTS OVER THE NEXT TWO, THREE YEARS, YOU SEE THE MAIN CITIES THESE ARE THE NEW DEVELOPMENTS, YOU SEE AND SOMEHOW YOU SEE THE NEW FAÇADE AND HOW THEY WILL BE DEVELOPED OR HOW THEY WILL BE EVEN ON. YOU SEE THESE FAÇADE BUZZLE, THE NEW FAÇADE; THEY REALLY CONVEY MORE SORT OF WESTERNIZED TYPE OF IMAGE. OTHERWISE, THE OLD FACADES HAD AN OBSOLETE TYPE OF FINISH. AND SO €195 MILLION TOTAL INVESTMENTS OVER THE BUSINESS PLAN TIMEFRAME, BUT THERE WE ARE QUITE RESILIENT IN THEIR DEPLOYMENT IN THE ROLE OUT, SO TO SAY. AS WE DID IN THE PAST ALREADY, THESE ARE ALL INVESTMENTS WE HAVE WITHIN OUR PORTFOLIO, AND IT'S NOT PROMISES WE HAVE MADE TO BUY FROM THIRD PARTIES, WE SUB CONTRACT THE DEVELOPMENT WORK AND WE ARE VERY RESILIENT AS I SAID IN OUR ACTIVITY. THESE INVESTMENTS ARE TOGETHER WITH OUR DISPOSAL PLAN.

IF YOU LOOK AT THE BUSINESS PLAN TIMEFRAME, IT'S GOING TO BE DISPOSAL FOR €190 MILLION, SO HIGHER AMOUNT THAN WE HAD FACTORED IN, IN THE PREVIOUS PLAN, WHICH WAS ABOUT €100 MILLION WORTH OF DISPOSALS. BECAUSE WE BELIEVE THAT, THANKS TO THE WORK WE DID IN THE PAST NOT JUST NOW, BUT IN THE PAST TOO WE MANAGED TO RETAIN A HIGH LEVEL OF QUALITY FOR OUR ASSETS, AND ALSO AS WE UNDERLINED AT THE VERY BEGINNING, WE HAVE THE REAWAKENING OF INTEREST BY FOREIGN INVESTORS, ALTOGETHER WITH ITALIAN INVESTORS ESPECIALLY IN THE RETAIL. SO WE ARE QUITE CONFIDENT TO BE ABLE TO HIT THE TARGETS WE HAVE SET, ACHIEVE THE GOALS WE HAVE SET, €190 MILLION WORTH OF DISPOSAL, OF WHICH €40 MILLION IS FOR THE SALES OF THE PORTA A MARE REAL ESTATE, THE PROPERTY IN THE PORTA A MARE PROJECT, AND IT'S VERY LIKELY THAT WE WILL BE ABLE TO SELL THEM BECAUSE IT'S RESIDENTIAL SO €150 MILLION INSTEAD. WE HAVE WELL ADVANCED NEGOTIATIONS IN PLACE, AND ONE OF THEM SHOULD BE CLOSED IN ONE-AND-A-HALF MONTHS. WE SHOULD BE ABLE TO ANNOUNCE THE SALE WORTH €150 MILLION, WE HAVE ANOTHER ONE FOR €50 MILLION THAT WILL BE PLACED IN 2014. SO OUR FORECASTS INDEED ARE MAINLY FOCUSING ON 2014 FOR THE BIGGEST CHUNK IN SALES, AND THE €40 MILLION OF THE PORTA A MARE PROJECT HAS SPREAD OVER THE ENTIRE BUSINESS PLAN TIMEFRAME. AND THERE IS A NOTE, THE DISPOSAL OF THE WINMARKT PORTFOLIOS ARE NOT EMBEDDED IN THE BUSINESS PLAN. AND WE CONFIRM THAT WE WILL KEEP ON INVESTING TO RETAIN THE QUALITY OF THE PORTFOLIO, BOTH IN THE REAL ESTATE AND FOR THE MERCHANDISING ADDING INTERNATIONAL BRANDS TO OUR PORTFOLIO, AND THIS IS SOMETHING WE HAD ALREADY HIGHLIGHTED IN THE PAST. WE THINK OUR WINMARKT IS STILL A CORE EQUITY STAKE, BUT WE THINK THAT WITHIN THE TIMEFRAME OF THIS PLAN WE WON'T HAVE THE CONDITIONS TO BEST ENHANCE THE VALUE SO TO SAY OF OUR WINMARKT PORTFOLIO. SO OUR OBJECTIVE IS, SALE AT BOOK VALUE, AND TODAY WOULD NOT BE POSSIBLE TO ACHIEVE IT.

FINANCIAL STRATEGY, LET'S HAVE A LOOK AT THE SLIDE. IN THIS SLIDE, WE HAVE A SNAPSHOT OF WHAT WE DID OVER 2013, AND IT WAS SIZABLE AMOUNT OF WORK, AND WITH VERY POSITIVE RESULTS. SO OVERALL, WE COLLECTED MORE THAN 309 MILLION OF NEW RESOURCES, AND WE



HAVE SOME RISK AREAS THAT WE HAVE TO COVER. FOR INSTANCE, WE ARE TALKING ABOUT THE CONVERTIBLE BOND EXCHANGE OFFER IN DECEMBER, SO IT'S DUE TO BE REIMBURSED PAYBACK END OF DECEMBER, SO HALF WAY THROUGH THE YEAR, WE OFFERED THE BONDHOLDERS THIS EXCHANGE OFFER. WE MADE THIS EXCHANGE OFFER, BUT AT A GOOD OUTCOME, SO WE MANAGED TO HAVE €123 MILLION EXCHANGE, THEN AT THE SAME TIME WE HAD NEW MONEY WORTH €22 MILLION, SO WE GOT TO ABOUT €145 MILLION. AS A WHOLE, YOU READ PROBABLY IN THE PRESS RELEASE, A FEW YEARS AGO, WE ALSO GOT A LOAN FROM BNP PARIBAS WORTH €135 MILLION, AND THE BALANCE BETWEEN NEW CREDIT LINES OBTAINED DURING THE YEAR AND THE OLD LINES, WE HAD A POSITIVE BALANCE OF €15 MILLION, AND THAT'S TO BE APPRECIATED BECAUSE THESE CREDIT LINES WERE OBTAINED BY US REAL ESTATE COMPANY. AND THEN LAST BUT NOT LEAST, THE TRANSACTION WE DID BETWEEN MAY AND JUNE, WE PROPOSED OUR SHAREHOLDERS WHO CASHED IN A DIVIDEND TO REINVEST THE DIVIDEND AND TURN IT INTO A CAPITAL INCREASE, THEY ARE SO-CALLED DIVIDEND REINVESTMENT OPTION €13.5 MILLION WITH AN ADHESION PERCENTAGE OF ABOUT 76%.

AND IN THE FOLLOWING PAGE YOU SEE OUR TARGETS FROM A FINANCIAL VIEW POINT. OUR MAIN TARGET IS A GEARING RATIO WORTH OF 1.2 TIMES AT THE END OF THE BUSINESS PLAN. OUR HEDGING POLICIES ARE GOING TO BE COMPARED TO THE DEBT COVERAGE RATIO, THE HEDGING POLICIES ARE AIMING AT COVERING AND HEDGING ABOUT 65%, AND DEPENDING ON THE PERFORMANCE OF BENCHMARKS AND SPREADS, MORE ON THE VARIABLE PORTION AND ON THE FIXED PORTION ABOVE INTEREST. LOAN TO VALUE TARGET IS AROUND 54%, AND LET US HIGHLIGHT THAT WE ONCE AGAIN WILL MAKE A FURTHER OFFER WITHIN THIS BUSINESS PLAN TIMEFRAME. WE WILL MAKE A PROPOSAL FOR A NEW DIVIDEND REINVESTMENT OPTION, AND I WILL BE TALKING ABOUT THIS LATER ON AT THE END OF THE PRESENTATION. THEN TO WRAP UP, WELL WE WISH TO PROGRESSIVELY REDUCE OUR RELIANCE ON BANK LOANS WITHIN THE BUSINESS PLAN TIMEFRAME. WE WANT TO FOLLOW ALONG THOSE LINES, BECAUSE RIGHT NOW THE BANK LOANS WHETHER IT'S DIFFICULT, IT'S HARD TO ACCESS BANK LOANS, AND IT'S HARD TO ENJOY BANK LOANS. LUCKILY ENOUGH THE COMPANY HAS BEEN GRANTED BANK LOANS, BUT GOING FORWARD, THERE WILL BE A FURTHER SHRINKAGE OF LOANS TO CORPORATIONS. DESPITE THE FACT THAT WE HEAR FROM BANKING OFFICERS, THAT THEY WILL BE GRANTING LOANS TO CORPORATION, BUT WE DON'T THINK THAT GOING FORWARD THE REAL ESTATE BUSINESS WILL BE A MAJOR TARGET FOR BANK LOANS SO TO SAY. SO THAT'S WHY WE WANT TO REDUCE OUR RELIANCE ON BANK LOANS, AND WE WILL BE GOING THROUGH THE PRELIMINARY RATING STAGES AS OF JANUARY NEXT YEAR, TO SEE HOW WE ARE POSITIONED RATING WISE TO THEN BE ABLE TO POSSIBLY IMPROVE OUR RATING, AND GET TO INVESTMENT GRADE NOW WE ARE SLIGHTLY BELOW INVESTMENT GRADE RANKING, BUT WE WANT TO GET TO INVESTMENT GRADE TO BE ABLE TO ACCESS THE BOND ISSUE MARKET.

AND THEN ON PAGE 27 YOU SEE FINANCIAL SUSTAINABILITY, YOU WILL SEE THE SPREADS ON SHORT TERM BASE RATE, AND YOU SEE A SHRINKAGE ON SHORT TERM SPREADS 2.90% AVERAGE RATE AND QUITE HIGH, BUT WE WANT TO BE OPTIMISTIC AND WE ASSUME IT'S GOING

TO BE 2.5%, BOTH IN 2015 AND 2016. AND THEN IN THE TABLE YOU SEE OUR MAIN ASSUMPTIONS ON EURIBOR THREE MONTHS, EURIBOR SIX MONTHS ET CETERA. THE MAIN INDICATORS AND WE ARE CONFIDENT THAT THESE FORECASTS WILL BE MET, WILL BE ACTUALLY ACHIEVED, WE TOOK THE BLOOMBERG CURVES AS REFERENCE AND SHOULD THIS BE ACCORDING TO OUR FORECASTS. IT WOULD MEAN THAT OUR HEDGING RESERVE WHICH IS NOW NEGATIVE WOULD ALMOST BE ZERO.

AS WE SAID AT THE VERY BEGINNING, THIS IS A PLAN THAT EMBEDS SUSTAINABILITY CRITERIA INTO IT, AND WE WANT TO ENSURE, WE ARE ON PAGE 28 OF THE PRESENTATION. WE'VE ALREADY ACHIEVED SOME MEANINGFUL RESULTS IN TERMS OF SUSTAINABILITY, AND THEY WERE ACKNOWLEDGED BY THE INTERNATIONAL COMMUNITY, WE GOT AWARDS, WE OBTAINED AWARDS, THE ISO 14001 CERTIFICATION WAS AWARDED IN 2013 AMONGST LARGEST PORTION OF OUR ASSETS AND PORTFOLIO. AND AS WE SAID AT THE BEGINNING, WE MANAGED TO ACHIEVE A MORE EFFICIENT ENERGY USE; WE ARE TALKING ABOUT A LOWER ELECTRICITY CONSUMPTION OF MINUS 8.4% IN OUR BUILDINGS AND OUR SHOPPING CENTERS. AND THEN WE'D HAVE IMPRONTA ETICA WHICH IS AN AD-HOC VEHICLES THROUGH WHICH WE ARE CARRYING OUT TRAINING ACTIONS FOR SOCIAL RESPONSIBILITY, TO INCREASE SOCIAL AWARENESS.

LET ME WRAP UP WITH A FINAL REMARK. WE BELIEVE THAT AGAINST THIS DIFFICULT BACKGROUND AND DIFFICULT SCENARIOS, IT'S BEEN GOING ON FOR ALMOST FIVE YEARS SINCE 2009, BUT YET IGD HAS PROVEN TO BE ABLE TO ADAPT TO THE DEVELOPMENTS WE HAVE SEEN IN THE INDUSTRY, AND THE TAKEOVERS THAT HAVE BEEN TAKING PLACE IN THE INDUSTRY AROUND IGD. WE BELIEVE WE CAN FURTHER PROCEED ALONG THIS PATHWAY, AND WE WANT TO RETAIN THE PROFITABILITY WE'VE MANAGED AND IMPROVE THE PROFITABILITY WE'VE MANAGED TO ACHIEVE IN OUR CORE BUSINESS. WE WANT TO WORK IN AN EVEN MORE DYNAMIC THAN IN THE PAST THROUGH PORTFOLIO ROTATION, AND WE WANT TO IMPROVE AND INCREASE OUR SERVICE ACTIVITY AS WELL, BECAUSE THAT'S THE PART THAT GREW MOST, AND REVENUES THERE ARE UP 7.7% OR 8%. SO AND THEN, LAST BUT NOT LEAST, WE WANT TO OPTIMIZE THE COST OF DEBT WHICH IS PLAYING A PARAMOUNT ROLE IN OF COURSE AFFECTING THE RESULTS. COMPANIES ARE ACHIEVING NOT JUST IN THE REAL ESTATE BUSINESS, BUT IN ALL INDUSTRIES.

A FINAL REMARK, SO WE STILL WANT TO RETAIN AN ATTRACTIVE DIVIDEND POLICY AND THIS HAS TO BE RELATED TO THE FUNDS FROM OPERATIONS EVOLUTION. WE WANT TO USE 30%, 35% NET OF DRO, IT'S GOING TO BE 50% OF WHAT WE ARE GOING TO DISTRIBUTE, BECAUSE OUR SHAREHOLDERS HAVE BEEN JOINING THESE ACTIONS WE HAVE PROPOSED. SO MORE THAN 50% OF THEM HAVE JOINED, SO USING 30%, 35% OF OUR DIVIDENDS, AND NET OF DRO AND DISTRIBUTE THEM. SO AS I SAID, THIS HAS TO BE OF COURSE IN COMPLIANCE WITH THE EXISTING SIIQ REGULATIONS, BECAUSE HERE WE HAVE AT LEAST 85% OF THE EXEMPT REVENUES OF THE NET RENTAL INCOME AVAILABLE FOR DISTRIBUTION. AND THEN WE ALSO HAD ONE-OFF TRANSACTIONS, AND WE BELIEVE THAT UNDER MARKET CONDITIONS, WE WON'T BE PURSUING THEM BECAUSE OF NEGATIVE MARKET CONDITIONS.

I WOULD LIKE TO THANK YOU VERY MUCH FOR LISTENING TO US AND NOW WE OPEN THE Q&A SESSION.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR; WE ARE NOW OPENING THE Q&A SESSION. FIRST QUESTION COMES FROM THE LINE OF FEDERICO PEZZETTI WITH INTERMONTE. YOU HAVE THE FLOOR.

FEDERICO PEZZETTI: GOOD AFTERNOON EVERYBODY. I HAVE THREE FOUR QUESTIONS. MY FIRST QUESTION IS AS FOLLOWS. PART OF YOUR INVESTMENTS, APPROXIMATELY €60 MILLION OF YOUR CAPEX. AND IF I GOT YOU RIGHT, YOU DO NOT EXPECT TO GET OR TO EXTRACT ANY MARGIN OR SO TO SPEAK RENTAL INCOME FROM IT. SO THIS €60 MILLION SHOULD OFFSET THE DECLINE IN VALUATIONS THAT IN ACCORDING TO YOUR VALUATION ARE AT €60 MILLION, SO OVER €20 MILLION IN EXTRAORDINARY CAPEX. IS THIS LEVEL THAT IS SUSTAINABLE GOING FORWARD, BUT THAT'S NOT YEARLY NUMBER? NOW, CLAUDIO AS YOU SAID, €20 MILLION OVERALL, OR SHOULD WE CONSIDER THIS TO BE A RELATIVELY HIGH LEVEL THAT THEREFORE GOING FORWARD, MIGHT BE LOWER? THEN I HAVE A SECOND QUESTION, AND THE SECOND QUESTION IS ABOUT DISPOSALS. CAN YOU GIVE US MORE COLOR ABOUT THE POTENTIAL DISPOSAL THAT YOU MIGHT ANNOUNCE SHORTLY FOR A TOTAL AMOUNT OF €50 MILLION, AND WHEN YOU SAID THAT YOU EXPECT TO HAVE THE EQUIVALENT OF €150 MILLION IN DISPOSALS, EXCLUDING PORTA A MARE? WHAT WOULD BE THE AVERAGE EXIT YIELD, AND WHAT'S YOUR ASSUMPTION ABOUT THAT? AND THEN I HAVE ANOTHER QUESTION ABOUT YOUR FFO, YOUR TARGET, I BELIEVE IS PRETTY CONSERVATIVE 30%, 35%. SO YOU EXPECT, RENTALS TO BE UP APPROXIMATELY 2.5%, THAT SHOULD NOT INCREASE TOO MUCH PROVIDED CAPEX ARE EQUAL OR THE SAME AMOUNT AS DISPOSALS. SO WE SHOULD GET A €1 BILLION AT THE END OF THE PLAN, SO THE COST OF DEBT AND FINANCIAL CHARGES SHOULD NOT GO UP TOO MUCH. SO CAN YOU PLEASE HELP ME UNDERSTAND, WHAT WOULD TRIGGER THE MOST SEVERE NEGATIVE IMPACT, BECAUSE WE CAN EXPECT 34 MILLION TO 35 MILLION OF FFO, SO WHAT'S YOUR GUIDANCE ABOUT THAT? AND VERY FINAL QUESTION ABOUT DIVIDENDS, GIVEN THAT THE FFO MIGHT BE SLIGHTLY ON THE DOWNWARD TREND AND SINCE YOUR DIVIDEND POLICY IS LINKED TO FFO. SHOULD WE EXPECT THE DIVIDEND PER SHARE TO BE ADJUSTED DOWNWARD COMPARED TO LAST YEAR'S, OR IS €0.07 TO BE CONSIDERED AS THE TROUGH AS THE MINIMUM LEVEL?

CLAUDIO ALBERTINI: WELL, TAKING YOUR FIRST QUESTION ABOUT CAPEX, THEY ARE NOT EVENLY SPREAD THROUGHOUT THE PLAN; THEY SHOULD GO DOWN AT THE END OF THE PLAN. SO POST 2016, WE SHOULD SEE €8 MILLION TO €10 MILLION IN THE FOLLOWING YEAR, THAT TO SAY BEYOND THAT ON A YEARLY BASIS. SO WE HAVE SEEN MAJOR PROJECTS WHICH WILL ABSORB THE CAP AS SUCH CENTRO BORGIO. HOWEVER, WE DO NOT EXPECT TO RE-COOP THAT BY INCREASING RENTS, BECAUSE WE ARE NOT IN ANY CONDITION TO HAVE A DOUBLE-DIGIT RENTAL INCREASE.

SO WE ARE SLIGHTLY ABOVE 1%, 1.5%, SO WE DO NOT EXPECT TO OFFSET OUR CAPEX BY INCREASING OUR RENTAL INCOME.

AS FOR THE REST, I CANNOT DISCLOSE MORE THAN I SAID EARLIER, THAT TO SAY, WE ARE TALKING ABOUT NEGOTIATIONS UNDERWAY THAT WAS NON-BINDING DISPLAY OF INTEREST, AND WE SHOULD BE SEEING OUR DISPOSAL IN THE SHORT-TERM, THAT TO SAY OVER THE NEXT TWO MONTHS OR SO WE SHOULD BE IN A POSITION TO TELL YOU ABOUT THE CLOSING OF THIS DEAL, WITH VALUES PRETTY MUCH IN LINE WITH OUR BOOK VALUE, WHICH IS EVEN MORE IMPORTANT FOR US, NOT JUST FOR THIS DEAL, BECAUSE AS I SAID, WE WILL START OUR PROCESS OR A PIPELINE OF DISPOSALS. AND THE IMPORTANT THING IS THAT, THIS DEAL, THIS TRANSACTION WILL SIMPLY BE PROOF OF THE VALIDITY EFFECTIVENESS AND GOODNESS OF OUR APPRAISALS.

AS FOR THE EXIT YIELDS, YOU MENTIONED, WELL WE ARE TALKING ABOUT NON-AGGRESSIVE EXIT YIELD NUMBERS, COMPARED TO WHAT WE HAVE BEEN SEEING AROUND ON THE MARKET THESE DAYS. SO WE ARE TALKING ABOUT VALUES CLOSE TO BOOK VALUE, OUR PORTFOLIO HAS YIELD, AND INCIDENTALLY WE ARE TALKING ABOUT SHOPPING MALLS, WE HAVE NOT INCLUDED ANY HYPERMARKETS. SO WE ARE TALKING ABOUT MALLS, AND WE ARE TALKING ABOUT THE AVERAGE EXPECTED EXIT YIELD OF 6%, 6.7% FOR CERTAIN CASES, OTHERS HAVE A YIELD OF 6.5%. SO WE THINK THAT OUR EXIT YIELD SHOULD BE AROUND THOSE FIGURES.

SO YOU SAID THAT THE FFO IS CONSERVATIVE. I WOULD LIKE TO CONSIDER IT AS CONSERVATIVE, INSTEAD I THINK IT'S A REALISTIC ONE. WE HAVE SET A TARGET FOR THE NEXT TWO YEARS THAT TO SAY 2014-2015 AND A HIGHER NUMBER FOR 2016. WE HAVE PRETTY HIGH INVESTMENTS IN 2014-2015, €80 MILLION, AND THEN IN 2016 WE WILL SEE THE INCOME STREAM GENERATED BY THESE INVESTMENTS. SO FOR THE FIRST FEW YEARS WE WILL HAVE THE COST, BUT NOT THE CORRESPONDING REVENUES. AFTER THAT, WE WILL SEE SOMETHING SUCH AS THE REFINANCING OF OUR BOND WHICH IS SUCCESS, BUT IF YOU REMEMBER THE COUPON AMOUNTED TO 3.5%, WE CLOSED TWO DEALS BETWEEN 4.5% AND 5%. SO AT PRESENT FUNDING INTEREST RATES ARE PRETTY HIGH, AND WE EXPECT THE AVERAGE COST OF DEBT INCREASE THAT WILL BE BETWEEN 4.2%, 4.3% TO REACH LATER FOR 0.4%, 0.5% IN 2016.

AND WE'RE VERY COMMITTED TO WORK IN ORDER TO OBTAIN AN INVESTMENT GRADE RATING, BECAUSE ONCE WE GET THAT, EVEN FUNDING WILL BECOME MORE COST EFFICIENT FOR US. AND I HOPE I REPLIED IN A CLEAR MANNER TO YOUR QUESTION. AND THEN, OUR FFO IN THESE TWO YEARS WILL GO DOWN, BECAUSE IN THE PAST FEW YEARS WE HAVE CONCENTRATED OUR PLANS FOR DISPOSALS. IF WE EXECUTE ALL THE DISPOSALS THAN THE FFO LINKED TO €50 MILLION IN RENTAL WILL NO LONGER BE THERE, BUT AGAIN AS I SAID, WE HAVE CONCENTRATED THESE PLAN DISPOSALS. IN THE NEXT YEAR, BECAUSE WE THINK THAT THERE IS POSITIVE WINDOW OPPORTUNITY FOR DISPOSALS THAT AS MUCH AS I HAD TO STAY ABOUT OUR FFO.

AS FAR AS OUR DIVIDEND IS CONCERNED, WE ARE TO RESTATE THE €0.07 AS A TARGET AT THE END OF THE BUSINESS PLAN. MAYBE WE WILL NOT REACH TO €0.07, BUT OUR RANGE IS BETWEEN €0.06 AND €0.07 THROUGHOUT THE PLAN. THANK YOU. AND AGAIN EVERY YEAR WE WILL GIVE THE OPTION TO OUR SHAREHOLDERS TO REINVEST DIVIDENDS IN A CAPITAL INCREASE. AND THAT WHAT MAKES OUR DIVIDEND SUSTAINABLE, BECAUSE AS YOU CAN SEE IN THE LEFT SLIDE OF THE PRESENTATION, WE ARE TALKING ABOUT ONE THIRD OF THE FFO. SO THAT'S THE MATHEMATICAL ADDITION OF DIVIDEND PAID AND THE POSITIVE IMPACT OF THE REINVESTED PORTION OF DIVIDENDS IN CAPITAL INCREASE.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF SIMONETTA CHIRIOTTI WITH MEDIOBANCA.

SIMONETTA CHIRIOTTI: GOOD AFTERNOON TO ALL OF YOU. MOST OF THE QUESTIONS HAVE ALREADY BEEN ANSWERED. MY QUESTIONS, SO I HAVE A COUPLE OF THINGS THAT I WOULD LIKE TO ELABORATE ON. FIRST OF ALL, DIVIDENDS, YOU SAID THAT IT'S €0.07 AT THE END OF THE PLAN, €0.06 OR €0.07, 2014-2015, BUT THE €0.07, ARE THEY ALSO APPLICABLE FOR 2013. SECOND QUESTION, CAN YOU ELABORATE ON SLIDE ON PAGE 22 ON PORTA A MARE, AND I AM PARTICULARLY REFERRING TO THE REVENUES YOU ARE MENTIONING. HOW MUCH IS GENERATED BY THE ACTUAL SALE OF THE RESIDENTIAL UNITS, AND HOW MUCH INSTEAD IS AT INCOME COMING FROM THE COMMERCIAL AREA?

CLAUDIO ALBERTINI: AS PER THE DIVIDEND, YES WE ESTIMATE ABOUT €0.06 FOR THIS YEAR TO BE PAID OUT. WE ARE STILL WAITING, HOWEVER FOR THE FINAL YEAR APPRAISAL. BUT FFO WISE WE ARE CONFIDENT, IF OUR ESTIMATES AND ASSUMPTIONS ARE GOING TO BE CONFIRMED, SLIGHTLY ON THE DECLINE AS WE SAID, BUT IT'S NOT A HEAVY DECLINE, SO I AM CONFIDENT THAT WE SHOULD BE AROUND 6%, OUR PROPOSAL OF COURSE THAT WE USED AS CAPITAL INCREASE. €0.06 SHOULD BE WITHIN OUR REACH SO TO SAY.

AS TO THE SALES, WE ARE ON PAGE 22 OF THE PRESENTATION. IF YOU SEE, WE SEE OUR SALES ESTIMATE IS €7.3 MILLION IN 2013, PROBABLY IT'S GOING TO BE A LITTLE LESS ABOUT €7 MILLION WORTH OF SALES FOR THE RESIDENTIAL UNITS. AND THEN YOU HAVE €36.6 MILLION IN 2014, OF WHICH €27.6 MILLION IS THE PORTION THAT WE ARE GOING TO RETAIN SO TO SAY, IT'S THE PURCHASES THAT IGD WILL PERFORMANCE OF THE COMMERCIAL AREAS FOR THE PIAZZA MAZZINI PART. SAME APPLIES TO 2016, 82 PORTA A MARE, 59.2 WILL BE SOLD TO IGD, AND THIS IS THE OFFICINE HISTORIC PROJECT, THE VERY HEART OF THE SALES PART OF THE PROJECT, OF THE COMMERCIAL PART OF THE PROJECT. SO €40 MILLION IS THE TOTAL WE MENTIONED BEFORE, DISMISSAL FOR €190 MILLION, OF WHICH €40 MILLION ARE GOING TO BE THE DISPOSAL OF THE RESIDENTIAL UNIT IN PORTA A MARE AND THE OFFICES AS WELL, BECAUSE WHEREAS PALAZZO ORLANDO WHICH WE ARE NOW RENTING, AND WE SHOULD REACH FULL OCCUPANCY RENT WISE, BETWEEN THIS YEAR AND NEXT YEAR AND THEN DISPOSE BY 2016. SO THAT'S PART OF THE 2016 PLAN...PALAZZO ORLANDO, YES ITS PART OF 2016 AS SUCH.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF HENRI QUADRELLI WITH SOCIÉTÉ GÉNÉRALE. YOU HAVE THE FLOOR.

HENRI QUADRELLI: GOOD AFTERNOON, EVERYBODY. DOES YOUR PORTFOLIO INCLUDE SHOPPING CENTERS THAT HAVE THE PRESENCE OF A SHOPPING MALL WHICH YOU DON'T OWN AND THAT COOP MIGHT BUY FROM YOU?

CLAUDIO ALBERTINI: SORRY HENRI I DON'T UNDERSTAND WHAT YOU SAID, CARREFOUR HAVING...WELL WE ARE SELLER OF CERTAIN SHOPPING MALLS, WHICH WE WANT TO CLOSE DOWN, BUT THE COUNTERPARTY TO THAT TRANSACTION WILL NOT BE COOP. AS WE SPEAK NOW, COOP AND ALL COOPS DO NOT BUY ARE NOT BUYERS OF SHOPPING MALLS QUITE OPPOSITE. THERE ARE SOME COOPS WHO ARE NOT SHAREHOLDERS, WHO ARE SELLERS NOT BUYERS OF SHOPPING MALLS, AND OUR SHAREHOLDERS ARE HAVING BACKED UPON DEVELOPMENT PLAN OR SCHEME, MAINLY IN REGIONS SUCH AS LAZIO, CAMPANIA, BUT THEY ARE NOT INTERESTED IN DEVELOPING THE REAL ESTATE BUSINESS, AND THEY ARE GOING TO CONCENTRATE ON THEIR CORE BUSINESS THAT TO SAY SUPERMARKETS, THEY ARE NOT INVESTING OR CIRCLES TO GOING FORWARD ON SHOPPING MALLS. BECAUSE IN OUR REGION, WE SEE THE REVERSE OR THE OPPOSITE STRATEGY, THAT TO SAY, WE SEE PLAYERS SUCH AS CARREFOUR, WHO HAVE SOLD THEIR OWN SHOPPING MALLS AND THAT HAD RETAINED THE HYPERMARKETS, NOW THEY ARE DOING THE OPPOSITE, BECAUSE THEY WANT TO HAVE A HOMOGENEOUS PORTFOLIO. WE ALL BEING ITALIANS, WE ARE ALWAYS LAGGARD, SOMETIMES WE ARE IN THE FOREFRONT, SOMETIMES WE ARE LAGGARD. BUT THE STRATEGY IS THE PREVIOUS ONE...PREVIOUSLY ADOPTED BY CARREFOUR THAT TO SAY TO SELL SHOPPING MALLS AND TO RETAIN SUPERMARKETS. SO I HAVE NOT HEARD ABOUT SUCH A REVERSE TRENDS OR REVERSE STRATEGY THAT APPLIES TO OUR SHAREHOLDERS, BUT ALSO TO OTHER PLAYERS. I DON'T THINK THAT ANY OF THEM HAS ANY PLANS TO BUY, THEREFORE TO COMPETE AGAINST IGD, AND AS WE SPEAK NOW, WE TOO ARE NOT EVEN BUYERS. SO THERE WOULD BE REALLY NO COMPETITION.

OPERATOR: AND THERE ARE NO MORE QUESTIONS.

CLAUDIO ALBERTINI: VERY WELL. SO WE WOULD LIKE TO THANK YOU AND ALSO ON BEHALF OF THE REST OF THE TEAM, WE WOULD LIKE TO SHARE OUR BEST WISHES FOR MERRY CHRISTMAS AND A HAPPY NEW YEAR. THANK YOU VERY MUCH.