

Event: 9M 2018 Results and 2019-2021 Strategic Plan Presentation

Date: 7th November 2018

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S CONFERENCE CALL REGARDING THE RESULTS AS AT 30 SEPTEMBER 2018 AND THE 2019-2021 STRATEGY PLAN. LET ME REMIND YOU THAT ALL OUR PARTICIPANTS ARE IN LISTEN-ONLY MODE. AFTER THE PRESENTATION, A Q&A WILL BE HELD. IF YOU WISH TO BE ASSISTED BY AN OPERATOR DURING THE CONFERENCE CALL, PRESS "*" FOLLOWED BY "0" ON YOUR PHONE KEYPAD.

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

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. GOOD AFTERNOON TO ALL OF YOU AND I AM HERE AT IGD'S OFFICES IN BOLOGNA TOGETHER WITH THE COLLEAGUES FROM THE MANAGEMENT TEAM, AND OUR CHAIRMAN MR. ELIO GASPERONI, WHO JUST RECENTLY JOINED US. AS YOU PROBABLY READ IN THE PRESS RELEASE THAT WAS ISSUED A FEW MINUTES AGO, THIS MORNING THE BOARD OF IGD APPROVED BOTH 9M RESULTS AND THE STRATEGIC PLAN, SPANNING 2019-2021. AND I'LL START FROM THE 9M RESULTS.

THIS TIME, WE PREFERRED TO COME UP WITH A VERY LEAN PRESENTATION ON THE Q3 RESULTS TO LEAVE MORE ROOM TO THE DISCLOSURE OF OUR STRATEGIC PLAN AND THE QUESTIONS YOU WILL BE ASKING OR WILLING TO ASK. LET'S START FROM THE 9M RESULTS AND AS USUAL WE START FROM THE HIGHLIGHTS ON PAGE 3 OF THE PRESENTATION. AND AS YOU CAN SEE, BASICALLY 9M RESULTS ARE IN LINE WITH THE THE FIRST HALF OF 2018. THE EUROCOMMERCIAL PROPERTY ACQUISITION HAS ALREADY BEEN EMBEDDED IN THE ACCOUNTS AND WE'VE HERE INCLUDED ALL OF THE THE ACQUIRED PORTFOLIO; REVENUES LAND AT €113 MILLION, UP 9.2%, WHILST THE NET RENTAL INCOME NET OF DIRECT COST WENT UP 10.7% LANDING AT €92.3 MILLION, WHILST THE CORE BUSINESS EBITDA IS SPEEDING UP GROWTH-WISE LANDING AT €85.1 MILLION, UP 12.1% WITH A MARGIN FROM CORE

BUSINESS LANDING AT €72.3 MILLION, UP 210 BASIS POINTS VERSUS THE FIRST 9 MONTHS OF 2017 AND THE MARGIN FROM FREEHOLD THAT IS REAL ESTATE AND PROPERTY DIRECTLY MANAGED BY US IS IN EXCESS OF 80.7%, UP A 100 BASIS POINTS VERSUS LAST YEAR.

THE 2016-2018 BUSINESS PLAN OBJECTIVES WERE TO EXCEED THE 70% BAR, WHEN IT COMES FROM MARGIN FROM CORE BUSINESS AND 80% AFTER THE MARGIN FROM FREEHOLD, AND WE DEFINITELY CAN SAY THAT WE HIT THE TARGETS IN BOTH CASES.

FUNDS FROM OPERATIONS ARE CLOSE TO €60 MILLION, 59.5, UP 21.5%, SO HIGHER THAN THE GUIDANCE WE PROVIDED YOU WITH WHEN WE DISCLOSED THE FIRST HALF RESULTS. AND THE GROWTH FOR THIS YEAR WILL BE AT LEAST UP 20% AND HOPEFULLY WE CAN OUTPERFORM THAT BY THE END OF DECEMBER. THE GROUP NET PROFIT IS DOWN 19% AND LET ME REMIND YOU THAT AT END OF SEPTEMBER, WE DID NOT ENGAGE IN PORTFOLIO VALUATION. WE NORMALLY ENGAGE IN THAT EXERCISE TWICE A YEAR, END OF JUNE END OF DECEMBER, AND THIS IS THE INTERIM SITUATION. SO WE STILL HAVE IMPAIRMENTS AS OF END OF JUNE, SO THEY WERE NET 918, SO UP 2% VERSUS LAST YEAR. THAT'S THE WRITE-DOWN. THAT IS THE IMPAIRMENT WE APPLIED ON THE PORTFOLIO, LEADING TO THIS MINUS 19%, WHILST THE FUND FROM OPERATIONS ARE UP 21.5%.

LET'S NOW DIVE INTO THE OPERATING PERFORMANCE, BOTH FOR ITALY AND ROMANIA. LET ME REMIND YOU THAT ITALY ACCOUNTS FOR ALMOST 94% OF OUR TOTAL RENTAL REVENUES, WHILE ROMANIA ACCOUNTS FOR 6.4%. OCCUPANCY FOR ITALY IS FLAT, SLIGHTLY ON THE UPTREND VERSUS THE FIRST HALF 97.2% AND THE TENANT SALES INCLUDING EXTENSIONS ARE UP 2.1%, WE ARE PARTICULARLY REFERRING TO THE RAVENNA EXTENSION WHERE WE DOUBLED THE ESP SURFACE. THEY WOULD BE OTHERWISE FLAT, SO WE OUTPERFORMED THE MARKET.

SO THE AVERAGE UPSIDE, WE ARE ALWAYS TALKING ABOUT ITALY, ABOUT 62 SIGNED CONTRACT AND 95 TURNOVER IS UP 1.7 %. SO I THINK IT'S A GOOD RESULT AND THE ROTATION RATE LANDS AT 4.3%.

AS FOR ROMANIA, OCCUPANCY IS FLAT; IT'S IN LINE WITH H1 2018 RESULTS, 97.5% AND THE AVERAGE UPSIDE ON RENEWALS, 128 TURNOVER CONTRACTS AND 168 RENEWALS, SO THE AVERAGE UP SIDE WAS UP 2.5%. IT'S COMFORTING THIS INFORMATION FOR THE YEARS TO COME. ROTATION RATE OF NEW CONTRACTS IS 21.8%. NEW TENANTS ON THE TOTAL OF NEW CONTRACTS.

PAGE 5, WE HAVE MORE DETAILS ON REVENUES AND NET RENTAL INCOME. LET ME REMIND YOU THAT ON A LIKE-FOR-LIKE BASIS, THE GOAL FOR ITALY WAS 1.4%, €1.3 MILLION WITH A MUCH MORE MARKED GROWTH IN THE SHOPPING MALLS CLASS, 0.7% AND 0.9% IN HYPERMARKETS, WHERE INFLATION PLAYED A ROLE. ALL CONTRACTS ARE INDEXED AND TAGGED TO INFLATION FOR

SHOPPING MALL; IT'S 75%, EQUAL TO 85 BASIS POINTS. SO WE CAN ALREADY SEE THE EFFECTS OF THE CONTRACT INDEXATION.

AND RENTAL REVENUES WENT THROUGH TO €130 MILLION, UP FROM THE €103 MILLION OF LAST YEAR DRIVEN BY THE POSITIVE CONTRIBUTION OF THE ECP PORTFOLIO AND WHERE WE SIGNED A NOTARY DEED LAST APRIL AND THEN GROSS €8 MILLION WHICH IS NOT BAD, NOT COMPARABLE TO ITALY BUT 3.8% UP AND THAT'S THE ROMANIAN PORTFOLIO. THE REVENUE BREAKDOWN IS IN THE PIE CHART TO THE RIGHT €130 MILLION, TWO-THIRDS, THAT IS TO SAY 66.5% OF THE ASSET CLASS MALLS WITH HYPERMARKET 26.6%, ALSO BECAUSE WE INCLUDED THE 4 NEW ASSETS IN THE CONSOLIDATIONS. I NEARLY FORGOT TEMPORARY REBATES, OVER THE 9 MONTHS ARE ABOUT €600,000, THEY ARE FLAT VERSUS LAST YEAR.

THE NET RENTAL INCOME WENT FROM €83.4 MILLION IN THE FIRST 9 MONTHS OF 2017 TO €92.3 MILLION, UP 10.7%.

LET'S MOVE ON TO THE NEXT PAGE, PAGE 6 IN THE PRESENTATION. OUR FFO FIGURE IS STILL GROWING. WE STARTED, WELL; UP FROM €49 MILLION FIRST 9 MONTHS OF 2017, WE EXPERIENCED A 21.5% GROWTH MAINLY DRIVEN BY THE €9.1 MILLION CHANGE IN THE CORE BUSINESS EBITDA AS A DELTA, AND THEN A REDUCTION IN THE FINANCIAL INCOME AND MORE DELTAS EQUAL TO €0.4 MILLION, CHANGING TAXES AND OTHER. AND SO WE RECONFIRM THE GUIDANCE THAT WE HAVE ALREADY REVISED IN AUGUST WHEN WE DISCLOSED THE H1 2018 RESULTS, SO IF WE COMPARE THAT TO THE FEBRUARY GUIDANCE WHERE WE GAVE A GROWTH RANGE BETWEEN 18% AND 20%, WE'D DONE AWAY WITH THE LOWER PART OF THE GUIDANCE AND CONFIRMED 20, SO WE SAY AT LEAST 20%, SO WE THINK THAT TARGET IS DEFINITELY WITHIN OUR REACH, AND SO I AM VERY CONFIDENT WE CAN REACH THAT.

AS TO THE LAST SLIDE, THE FINANCIAL STRUCTURE, WE OF COURSE RECONFIRM OUR SOUNDNESS. LOAN-TO-VALUE LANDING AT 45.8%, ICR COVERING AND HEDGING OUR FINANCIAL COSTS THAT IS IN EXCESS OF 3.5 TIMES AND AN AVERAGE COST OF DEBT THAT IS DECLINING TO 2.67%.

LET ME ALSO REMIND YOU AS YOU CAN READ TOP RIGHT ON THE SLIDE THAT ON OCTOBER 16TH. IGD HAS BEEN UNDERWRITING WITH A POOL OF A BANKS HEADED BY BNP PARIBAS AN AGREEMENT EQUAL TO €200 MILLION WITH THE POSSIBILITY TO EXTEND UP TO 5 YEARS WITH A LOWER COST, WITH AN AVERAGE LOWER COST THAN THE TOTAL COMPANY DEBT. SO COST OF DEBT IS GOING TO FURTHER DECLINE GOING FORWARD AND AS WE ALSO WILL ECHO IN OUR STRATEGY PLAN. SO, WE ARE WELL BALANCED BETWEEN MARKET AND BANKING SYSTEM. AND WITH THE DEBT MATURITY THAT IN THE LIGHT OF THE THREE FINANCING THAT WERE SIGNED ON OCTOBER THE 16TH ENABLED US TO HAVE 2 YEARS AHEAD OF US FIRST MATURITY IN 2021, IN MAY TO BE PRECISE, BUT WE WILL HAVE TO

REFINANCE OUR €300 MILLION BOND THAT IS DUE IN FOR 2021. IF YOU HAVE ANY QUESTIONS ON THIS, I AM HERE TOGETHER WITH THE COLLEAGUES TO ANSWER THOSE QUESTIONS; OTHERWISE I AM GOING TO MOVE ON TO THE STRATEGY PLAN.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. LET US NOW START THE Q&A SESSION. WHOEVER WISHES TO ASK A QUESTION, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. TO BE REMOVED FROM THE Q&A QUEUE, PRESS "*" FOLLOWED BY "2" ON YOUR PHONE KEYPAD. PLEASE ASK YOUR QUESTION USING YOUR HANDSETS. IF YOU WISH TO ASK A QUESTION PLEASE PRESS "*" FOLLOWED BY "1" NOW.

FIRST QUESTION FROM THE LINE OF ROBERTO RANIERI WITH BANCA IMI. YOU HAVE THE FLOOR, SIR.

ROBERTO RANIERI: YES, GOOD AFTERNOON, JUST A COUPLE OF CLARIFICATIONS, A COUPLE OF QUESTIONS, PLEASE. THE FIRST CONCERNS THE WRITE-DOWNS AND BASICALLY WHAT ASSETS DO THEY REFER TO? AND THEN THE SECOND QUESTION IS A BIT MORE STRATEGIC, PROBABLY YOU WILL BE ANSWERING TO THIS WHEN YOU WILL BE PRESENTING THE STRATEGY PLAN AND THIS CONCERNS ROMANIA, ROMANIA AND EXCELLENT RESULTS WE'VE SEEN ON THE TOP LINE WITH A GOOD GROWTH BUT LET'S SAY DOES IT REMAIN A CORE ASSET OR COULD IT BE PART OF LET'S SAY THOSE ROTATION PORTFOLIO ASSETS? THANK YOU VERY MUCH.

CLAUDIO ALBERTINI: YES, DO YOU WANT ME TO ANSWER QUESTION-BY-QUESTION, AS FAR AS WRITE-DOWNS ARE CONCERNED, THE EFFECT OF THE WRITE-DOWNS PRACTICALLY THERE IS THE FAIR VALUE OF THE 30TH OF JUNE AS I REMINDED YOU AT THE BEGINNING. SO THE NEXT APPOINTMENT WILL BE AT THE END OF THE YEAR WITH THE VALUATION OF THE ENTIRE PORTFOLIO BY 4 INDEPENDENT LET'S SAY APPRAISERS. AND IN THESE 9 MONTHS, WE HAVE LET'S SAY THIS DRAG ON EFFECT WITH THE CONSOLIDATED EFFECT PLUS A COUPLE OF CAPEX THAT WE HAD IN THE PERIOD WHICH HAS LED UP TO THIS EFFECT AT THE 30TH OF SEPTEMBER.

BUT I WOULD LIKE TO REFER TO WHAT WE HAVE SAID ALREADY AT THE HALF YEAR REPORT AT H1 FOR 2018, FOR AS WELL AS THE CAPEX EFFECT AND THEN OBVIOUSLY WE WILL SEE AT THE END OF THE YEAR IF THEY WILL BE TAKEN INTO CONSIDERATION IN TERMS OF INCREASING THE VALUE OF THOSE ASSETS ON WHICH THE CAPEX HAVE BEEN MADE, BUT FROM THE ACCOUNTING PRINCIPLE THESE CAPEX THAT ARE COUPLE OF MILLION HAS BEEN PUT TO AN INCREASE SAY OF THE WRITE-DOWNS ALREADY PRESENT AT THE 30TH OF JUNE THAT REMAIN THERE AS THEY ARE CRYSTALLIZED THESE IMPAIRMENTS.

AS FAR AS ROMANIA IS CONCERNED, I WOULD HAVE OBVIOUSLY SPOKEN ABOUT THIS LATER ANYWAY, SO ITS PART OF THE STRATEGIC PLAN, ROMANIA AS HAS BEEN SAID ALREADY KEEPS ON PERFORMING WELL. AND IT WILL BE PERFORMING EVEN BETTER IN THE NEXT FEW YEARS IN THE MACROECONOMIC SCENARIO AND CONTEXT THAT KEEPS ON BEING POSITIVE TO THAT COUNTRY. IT IS NO LONGER A CORE ASSET IN OUR PORTFOLIO, I CONFIRM THIS, IT COULD BE PART OF THE ROTATION ASSETS THAT I AM ANTICIPATING SOMETHING THAT TOO MANY OF YOU I AM SURE HAVE ALREADY READ AND CERTAINLY THIS WOULD BE A TOPIC FOR THE PRESENTATION AT THE STRATEGIC PLAN AND THE ASSET ALLOCATION, THIS COULD BE PART OF IT. THERE WHERE WE COULD FIND THE RIGHT COMBINATION LET'S SAY VERY CLEARLY, WE WANT TO SELL IT BUT NOT TO SELL IT OFF BECAUSE THEY DON'T EVEN HAVE €1 DEBT, IT PRODUCES CASH CONSTANTLY, IT IS INCREASING ITS RESULTS.

THE INVESTMENT PLAN THAT WE HAVE STARTED 4 OR 5 YEARS AGO IN ROMANIA HAS PRACTICALLY BEEN COMPUTED THERE, AND SO WE HAVE SOME CAPEX LEFT, VERY LITTLE COMPARED TO THAT THE €20 MILLION INVESTED IN THE PAST FEW YEARS. SO ROMANIA IS ACTUALLY READY TO BE VALUED AND THEN IT WILL DEPEND OBVIOUSLY ALSO ON THE DEMAND THAT WE WILL HAVE ON THE PORTFOLIO. IF WE WILL HAVE AN ADEQUATE ONE, OKAY, IF WE DON'T HAVE ONE WHICH IS ADEQUATE, WE WILL KEEP IT. AS I SAID ALREADY IN THE PRESENTATION OF THE FIRST QUARTER, 6.4%, 6.5% OF THE PORTFOLIO IS NOT A BIG PROBLEM. I MEAN WE WILL KEEP IT, THE EBITDA MARGIN THAT IT PRODUCES I HAVE TO SAY IS ALSO SLIGHTLY SUPERIOR TO THAT OF ITALY. SO I MEAN IT'S JUST A STRATEGIC EVALUATION, THE 150, 200 IS PART OF THE PLAN OF ASSET ROTATION, IT CAN ACTUALLY OR CAN'T EVEN INCLUDE ROMANIA. I THINK WE WILL BE ABLE TO OBTAIN THE ASSET ROTATION OBJECTIVE EVEN WITHOUT SELLING ROMANIA OBVIOUSLY WHEN THE ASSET ROTATION WILL BE DONE IN ONE SHOT.

ROBERTO RANIERI: THANK YOU VERY MUCH.

OPERATOR: MR. ALBERTINI, AT THE MOMENT THERE ARE NO FURTHER QUESTIONS FOR THIS PART.

CLAUDIO ALBERTINI: VERY WELL. SO AT THIS PART I THINK IT'S OF GREAT INTEREST TO EVERYBODY TO PASS ON TO THE ILLUSTRATION OF THE STRATEGIC PLAN. SO LET ME START OFF FROM THE COVER BECAUSE EVEN THE TITLE THAT WE HAVE GIVEN TO IT IS IMPORTANT AND IT'S VERY EMBLEMATIC "STRENGTHENING OUR LEADERSHIP WITH A SUSTAINABLE GROWTH". SO THE STRENGTHENING OBJECTIVE AND ALSO THE OBJECTIVE SUSTAINABLE IS REALLY VERY IMPORTANT FOR US AND THEY HAVE GUIDED US IN FORMULATING THIS PLAN. A PLAN THAT WE HAVE STARTED TO THINK ABOUT AFTER THE CLOSING OF ECP PORTFOLIO LAST APRIL, WHEN WE ALSO SAID WHAT WILL HAPPEN IN THE NEXT FEW YEARS AS WE WERE BEGINNING TO SEE THAT THE OBJECTIVES OF THE PREVIOUS PLAN AND THE CURRENT

ONE, 2016-2018, HAD PRACTICALLY BEEN ACHIEVED. SO WE STARTED REALLY, YOU KNOW, THINKING LOOKING AHEAD BEYOND THE PLAN LET'S SAY.

THE PLAN WAS OBVIOUSLY WORKED OUT BY A TEAM WITH ALL THE MANAGERS OF THE COMPANY AND THEN WAS THEN APPROVED BY THE BOARD. AND I WOULD DEFINE IT AS A PLAN THAT HAS A GOOD LEVEL OF COURAGE TOO BECAUSE IN THESE MOMENTS TO PRESENT A STRATEGIC PLAN WITH A MACROECONOMIC CONTEXT AND SCENARIO THAT WE COULD DEFINE COMPLEX, I DON'T WANT TO USE THE WORD CRITICAL, I WOULD DEFINE IT AS CERTAINLY COMPLICATED FOR ITALY. I MEAN IT'S NOT FOR EVERYBODY, SOMETIMES I READ ABOUT COMPANIES THAT HAVE SENT FOR THE APPROVAL OF THE 2019 PLAN OR EVEN THEY DON'T EVEN PRESENT IT SOMETIMES.

WE'VE ALWAYS BEEN VERY COURAGEOUS, WE'VE ALWAYS BEEN VERY BOLD AND WE ARE USED TO CONSTANTLY PRESENT THE BUSINESS PLANS TO THE MARKET, TO THE ANALYSTS AND TO OUR BOARD. AND OBVIOUSLY WE WANT TO CONTINUE LIKE THIS. THEN WE DRAW OUT THE ELEMENTS TO MODIFY THE PLAN WHERE WE SHALL DO SO OBVIOUSLY LATER ON. SO THE DOCUMENT IS DIVIDED INTO THREE MAIN CHAPTERS. IN THE FIRST ONE, WE JUST WANTED TO OFFER LET'S SAY A VERY BRIEF BACKGROUND OF THE PAST 10 YEARS, SO THE TRACK RECORD, SO WITH 2018 WE HAVE CONCLUDED A VERY IMPORTANT CYCLE IN THE COMPANY'S LIFE WITH A LISTING IN 2005 AND HAS GROWN LET'S SAY IN THE SUBSEQUENT YEARS TO RELEVANT EXTENT ESPECIALLY IN THE DECADES GOING FROM 2009 TO 2018, THUS CREATING A PORTFOLIO THAT WAS A LEADING PORTFOLIO IN ITALY, A VERY IMPORTANT ONE.

AND THEN THE SECOND CHAPTER WILL ILLUSTRATE THE DEAL WITH THE MACRO AND ALSO THE SECTORIAL CONTEXT, SO WE ARE GOING TO BE SEEING, TALKING ABOUT THIS TRANSFORMATION OF SHOPPING CENTERS FOR THE NEXT FEW YEARS, AND WE WILL ALSO SET THESE STRATEGIC TARGETS UP TO 2021.

AND THEN THE LAST CHAPTER, WHICH I'M SURE THAT MANY OF YOU WILL BE INTERESTED IN, ESPECIALLY FOR ANALYSTS. WE SHOULD BE PROVIDING SOME FINANCIAL DETAILS OF THE STRATEGIC PLAN. SO WE SHOULD BE SEEING SOME FIGURES AND NUMBERS EVEN THOUGH THIS IS MAINLY CENTERED AROUND A STRATEGY EVEN THOUGH IT'S ALSO RICH IN NUMBERS. LET'S START OF FROM THE SLIDE #5; THIS IS THE GROWTH THAT WE'VE SEEN FROM THE END OF 2008 TO THE FIRST HALF OF 2018. THIS DATA IS UPDATED TO 30 SEPTEMBER.

WE HAVE INCREASED OUR PORTFOLIO BY ABOUT €1 BILLION NET BECAUSE THERE HAS BEEN INVESTMENTS AND ACQUISITION FOR €1.2 BILLION IN SALES AND OTHER IMPAIRMENTS FOR €200 MILLION, SO OBVIOUSLY IN 10 YEARS, IGD HAS SEEN A VERY, VERY STRONG GROWTH THAT HAS ALLOWED US, AS YOU CAN SEE AT THE BOTTOM OF THE PAGE TO PRACTICALLY REACH AND ACHIEVE

A SIZE WHICH WE CONSIDER TO BE OPTIMAL AND LEADERSHIP IN THE SHOPPING CENTER SECTOR IN ITALY, ALL OF THIS GROWTH OVER 10 YEARS.

IF WE THINK ABOUT THE CHALLENGING YEARS THAT WE'VE HAD, IF YOU THINK ABOUT 2009, 2010, BUT ALSO 2011 UP TO 2013, YOU KNOW WHAT DIFFICULTIES THERE HAD BEEN. WE HAVE A COMPANY, NEVERTHELESS, WITH THIS GROWTH, WITH ECONOMIC RESULTS THAT HAVE ALWAYS BEEN POSITIVE AND I'D LIKE TO POINT THEM OUT VERY BRIEFLY ON THE LEFT PART OF SLIDE 6. WE HAVE MORE THAN DOUBLED RESULTS OF THE FFO IN 4 YEARS FROM ABOUT €35 MILLION OF FFO IN 2014 TO A BIT LESS THAN 80 FOR THIS YEAR. SO YOU JUST NEED TO OBVIOUSLY CLICK ON THE FFO OF LAST YEAR, IT'S ABOUT 20% AND WE WERE ABOUT 70% NOW, AND SO WE HAVE MORE THAN DOUBLED THIS WITH THE DIVIDEND, WHICH HAS ALWAYS CONSTANTLY GROWN, WITH A CONSIDERABLE AND CONSTANT DECREASE IN THE AVERAGE COST OF DEBT. AND DESPITE THE FACT THAT WE HAVE INVESTED SO MANY RESOURCES WE HAVE ALL SO OBVIOUSLY DECREASED BY 10 POINTS. THE LTV WAS NOW 57% AND NOW IT IS APPROXIMATELY BELOW THE 46%. SO THE OBJECTIVE OF THE BUSINESS PLAN AT THIS POINT IS ALMOST CONCLUDED WITH THE END OF 2018.

SO THE BUSINESS PLAN'S OBJECTIVES HAVE ALL BEEN ACHIEVED, AND THANKS TO THE ACQUISITION OF ECP PORTFOLIO, THEY HAVE EVEN BEEN EXCEEDED. BUT THEY WOULD HAVE BEEN REACHED EVEN NET OF THE EURO COMMERCIAL ACQUISITION. I'M TALKING HERE ABOUT REVENUES. I'M TALKING ABOUT EBITDA MARGIN. I'M TALKING ABOUT FFO HERE. I'M TALKING ABOUT FINANCIAL INDICATORS SUCH AS ICR, THE COST OF DEBT AND THE THE LOAN-TO-VALUE.

SO I'M NOW PASSING ONTO PAGE 7. AND WE HAVE COMPLETED THIS TO CREATE A PORTFOLIO OF HIGH QUALITY ASSETS WHICH ARE DOMINANT IN THEIR CATCHMENT AREA. WE THINK THAT ABOUT 75% OF THE MARKET VALUE OF ITALIAN MALLS AND HYPERMARKETS ARE DOMINANT IN THEIR CATCHMENT AREAS. AND HERE WE HAVE A REPRESENTATION OF THE 29 ASSETS FROM THE NORTH GOING TO THE CENTER UP TO THE SOUTH AND OBVIOUSLY HERE THE LAST PICTURE, YOU CAN ALSO SEE THE FUTURE OPENINGS, THE NEXT OPENING OF OFFICINE STORICHE IN LIVORNO.

ALL OF THESE ASSETS ARE LOCATED IN THE MOST ATTRACTIVE ITALIAN REGIONS WHERE THERE ARE PER CAPITA GDP AND UNEMPLOYMENT RATE, WHICH ARE AMONG THE BEST IN ITALY AND ALSO IN EUROPE: SO 75% OF OUR PORTFOLIO IS LOCATED IN REGIONS THAT HAVE A PER CAPITA GDP HIGHER THAN THE ITALIAN AND THE EUROPEAN AVERAGES AND AN UNEMPLOYMENT RATE WHICH IS LOWER THAN THE ITALIAN AND EUROPEAN AVERAGE.

AND SO WE ARE LOCATED IN VERY, VERY PERFORMING AND ATTRACTIVE REGIONS AND AND OUR OCCUPANCY RATE HAS ALWAYS BEEN VERY HIGH, STABLE, AND RESILIENT OVER TIME.

IN TERMS OF LIKE-FOR-LIKE GROWTH WE'VE OVER-PERFORMED THE ITALIAN GDP GROWTH AND WE'VE ALSO OVER-PERFORMED IN TERMS ALL RETAIL RENTAL INCOME ALSO VERSUS HOUSEHOLD CONSUMPTION.

SO WE'VE ALWAYS PROVEN THAT OUR PORTFOLIO HAS NOT ONLY RESISTED, BUT HAS ALSO PERFORMED BETTER COMPARED TO THESE IMPORTANT INDICATORS, WHICH ARE THE ITALIAN GDP AND ITALIAN HOUSEHOLD CONSUMPTION.

ON PAGE 10, YOU SEE THE WORK DONE IN ROMANIA, A COUNTRY THAT AFTER YEARS OF CRISIS IN THE PAST YEARS HAS FINALLY SEEN A VERY STRONG RECOVERY. POST-ACQUISITION IN 2008, WE HAVE RECOVERED SURFACES, REPOSITIONED TENANTS, INVESTING, ABOUT €20 MILLION IN CAPEX AND RESTYLING. WE ARE NOW IN A PHASE OF CONSOLIDATION. OCCUPANCY IS EQUAL TO 97.5% AND HAS EXCEEDED ITALY AND WE HAVE ZERO FINANCIAL LEVERAGE, ZERO DEBT. WE HAVE THE SELF-FINANCING OF THE INVESTMENTS CARRIED OUT, THERE ARE VERY FEW THAT THEY WILL HAVE TO COVER FOR THE NEXT FEW YEARS.

BUT ABOVE ALL, WE CAN SAY THAT IT HAS GENERATED ABOUT 60 MILLION DIVIDENDS, SINCE THE ACQUISITION IN 2008 AND I THINK THAT THIS IS VERY, VERY IMPORTANT. SO THE ROMANIAN PORTFOLIO IS CONSIDERABLY REPOSITIONED. CURRENTLY GENERATING IMPORTANT FREE CASH FLOW AND READY TO BE OBVIOUSLY MONETIZED, BUT AT THE RIGHT CONDITIONS. WE WANT TO SELL IT BUT SELL IT ADEQUATELY AT ITS VALUE. SO THIS IS A PICTURE OF THE WORK THAT'S BEEN DONE BECAUSE BEFORE LOOKING BEYOND THE NEXT THREE YEARS, WE NEED ALSO ALWAYS TO LOOK BACK AND SEE WHAT HAS BEEN DONE IN THE PAST.

IF WE PASS ON NOW TO CHAPTER #2, THIS IS THE REFERENCE CONTEXT, AND THE STRATEGIC TARGETS UP TO 2021. OBVIOUSLY, THE CONTEXT IS IMPORTANT. THE PLAN HAS BEEN CREATED FOR THE ITALIAN MACROECONOMIC CONTEXT, SO WE'VE MADE AN EFFORT OF BEING OPTIMISTIC AND WE'VE TRIED TO HIGHLIGHT THOSE INDICATORS THAT ARE VERY IMPORTANT TO HAVE A DIRECT IMPACT ON US, ON OUR BUSINESS ACTIVITIES AND SO CONSUMER CONFIDENCE OVER THE PAST 5 YEARS. IT'S ALWAYS BEEN GROWING, AS YOU CAN SEE, THE TREND HAS BEEN IN A BIT OF AN UP AND DOWN, BUT OVERALL, IT HAS GROWN AND THIS IS ALSO TRUE FOR UNEMPLOYMENT YOU SEE FROM THE PEAK OF 2014, IT HAS CONSTANTLY DROPPED, EVEN IF RECENTLY THERE HAS BEEN A SLIGHT YOU KNOW, UPRAISE AGAIN.

MAYBE EVEN THE FINANCIAL MANEUVER THAT HAS BEEN VERY MUCH DEBATED ALSO BY THE EUROPEAN COMMISSION AND THIS HAS BEEN HIGHLIGHTED ALSO BY MOODY'S, IT COULD HAVE A POSITIVE EFFECT ON CONSUMPTION BECAUSE MONEY IS BEING PUT IN THE POCKETS OF MILLIONS OF ITALIANS.

MOODY'S AS YOU KNOW, HAS GIVEN ITALY A DOWNGRADING BY ONE NOTCH, BUT PRESERVED A STABLE OUTLOOK. AND OBVIOUSLY WE WERE WAITING FOR THIS VERY ANXIOUSLY BECAUSE WE DO HAVE A RATING BY MOODY'S THAT HAS BEEN CONFIRMED AS THE LEVEL OF RATING AND ALSO WITH AN OUTLOOK, WHICH HAS BEEN BASICALLY CONFIRMED AS FAR AS WE'RE CONCERNED. INSTEAD A BIT MORE POSITIVE HAS BEEN S&P, IT HAS PREFERRED THE SAME RATING LEVEL, TWO NOTCHES ABOVE THE JUNK RATING, BUT THE OUTLOOK IS NEGATIVE.

WE WOULD LIKE TO HIGHLIGHT AND WE'VE HAD A CONFIRMATION OF THIS IN THE PAST, HOW THE EUROPEAN STRESS TESTS THAT HAS BEEN PASSED BY THE MAIN ITALIAN BANKS AND WERE PASSED ESPECIALLY BY THE FIRST 2 ITALIAN BANKS, ALSO THANKS TO THE FACT THAT NET NPL HAVE DECREASED BY ABOUT HALF, BY 53% IN THE LAST 20 MONTHS. THIS IF WE WANT TO SEE THE GLASS HALF FULL OBVIOUSLY. WE NEED TO ALSO TO HIGHLIGHT THE POSITIVE ASPECTS IN PARTICULAR.

I'M GOING NOW TO PAGE 16. THE RETAIL REAL ESTATE SECTOR IN ITALY REMAINS STRONG, LIQUID, AND DYNAMIC. THE INVESTMENTS IN THE FIRST NINE MONTHS HAVE BEEN €1.7 MILLION GROWING UP BY 22% COMPARED TO THE FIRST NINE MONTHS OF 2017. AND I WOULD SAY, ONLY ASSET CLASS THAT PROBABLY HAS GROWN COMPARED TO OTHER ASSETS CLASSES IN THE FIRST NINE MONTHS AND THIS PROVES THAT, IT'S STILL VERY DYNAMIC AND INVESTORS, ESPECIALLY FOREIGN INVESTORS ARE STILL VERY DYNAMIC IN THIS SECTOR.

IN ITALY, WE STILL HAVE A LOW DENSITY OF SHOPPING CENTERS, AND IF YOU SEE ALSO, FRANCE, SPACE IS DEFINITELY INFERIOR TO THE DENSITY THAT WE HAVE OVERSEAS. IN THE US FOR INSTANCE THERE IS A DENSITY OF 218 SQUARE METERS PER 10,000 INHABITANTS AND THEN CANADA A BIT LESS, BUT WE ARE TALKING ABOUT DENSITY WHICH ARE MUCH HIGHER. MOREOVER THERE IS A LOW PRESENCE OF E-COMMERCE IN ITALY, THIS IS GROWING FOR SURE, YOU CAN SEE THIS ON THE GRAPH ON THE RIGHT WE ARE EXPECTING BY 2022 A GROWTH OF E-COMMERCE TO THAT 7% COMPARED TO THE CURRENT 3%, BUT DEFINITELY WE ARE VERY DISTANT AND NOT BECAUSE OF THE CULTURAL DELAY, BUT BECAUSE STRUCTURALLY IN ITALY WITH A LOT OF MEDIUM SIZE CITIES, THE ITALIAN PROPENSITY, YOU KNOW, AS OF GOING OUTSIDE OF VISITING SHOPS, OF GOING TO THE SHOPPING AND VISITING THEM AND SO THAT, YOU KNOW, THIS EXPLAINS MY MEDIUM SLOWER PENETRATION OF E-COMMERCE.

LET'S NOW MOVE ONTO PAGE 14 AND 15 HOW DO YOU SEE THE WORLD OF SHOPPING MALLS GOING FORWARD. WE HAVE A SLIDE SHOWING WHAT MAY HAVE HAPPENED OVER THE LAST 50 YEARS, LET'S SAY, FROM THE 70'S UNTIL NOW. AND SO, THE FIRST HYPERMARKETS WERE SETUP BASED ON THE FRENCH MODEL. THE HYPERMARKET WAS A POLE OF ATTRACTION WITH SOME STORES, WITH STORES SURROUNDING THE HYPERMARKET AND THEN LITTLE BY LITTLE SHOPPING CENTERS WERE BUILT,

WHERE YOU HAVE A MALL WHICH IS EQUIVALENT IN SIZE TO THE HYPERMARKET AND NOTHING HAPPENS IN THE 90S. AND THEN MORE RECENTLY WE HAVE SHOPPING AND SERVICE CENTERS FROM A PLACE WHERE YOU SIMPLY BUYS, IT'S A SOCIAL GATHERING LOCATION. AND FOR THE FUTURE GOING FORWARD, WE SEE THESE SHOPPING MALLS BECOME A PLACE TO MAKE A SHOPPING EXPERIENCE WHERE THERE WILL BE A SEARCH TO INTERACT WITH VISITORS, THERE WILL BE AN INTEGRATION WITH E-COMMERCE AS WELL, AND AS HOW WE SEE THE MALLS EVOLVING OVER TIME, AND WE ARE ALREADY WORKING ON IT, BY THE WAY IT'S NOT THAT WE WAITED FOR THIS PLAN TO BE DISCLOSED TO START ACTING ON IT.

WE HAVE TALKED ABOUT THE RISK OF OBSOLESCENCE THAT SHOPPING CENTERS MAY HAVE OR ENCOUNTER OVER THE NEXT FEW YEARS IN THE TOP PART, THE GREEN BOXES WE ARE RE-POSITIONING AND WE HAVE A LONG-TERM COMMITMENT FOR RE-POSITIONING SO THERE WILL BE LOWER RISK FOR OBSOLESCENCE. WE ARE ALREADY WORKING ON IT, AS I SAID, AND THAT IS SUPPORTED BY STRATEGIC RELATIONSHIPS AND STRATEGIC PARTNERSHIPS WITH RETAILERS, HERE WE ARE MENTIONING SOME BRANDS THAT ARE PARTNERS FOR OUR SHOPPING CENTERS AND THEY ARE GLOBAL BRANDS AND WE HAVE VERY GOOD RELATIONSHIPS THAT WE HAVE BUILT OVER TIME WITH THEM AND THEIR MISSION STATEMENT.

WHAT'S OUR MISSION STATEMENT? AFTER A DECADE OF GROWTH AS WE SAID IN THE FIRST CHAPTER OF THIS PRESENTATION, WE NOW COME UP WITH THE PLAN THAT IS FOCUSING ON STRENGTHENING THE NEXT PHASE OF SOUND AND SUSTAINABLE GROWTH. WE WANT TO RECONFIRM OUR LEADERSHIP IN THE SHOPPING CENTERS AND THEIR RESPECTIVE CATCHMENT AREA AND BE PREPARED TO FACE UP THE FUTURE CHALLENGES. AND OUR STRATEGIC PLANS SPANNING 2019-2021 IS BASED ON THREE PILLARS AS YOU SEE ON THE SLIDE. FIRST PILLAR IS INNOVATION AND OPERATIONAL EXCELLENCE. SECOND PILLAR IS ASSET MANAGEMENT AND THE THIRD PILLAR IS FINANCIAL STRATEGY. I WILL ELABORATE ON THESE THREE PILLARS FIRST, AND THEN I WILL MOVE ONTO THE LAST CHAPTER IN THE PRESENTATION, WHICH WILL BE THE FINANCIAL HIGHLIGHTS THE FIGURES TO BE CRUNCHED IN OUR PLAN.

LET'S TALK ABOUT INNOVATION AND OPERATIONAL EXCELLENCE, HERE WE HAVE SIX KEY WORDS AND EACH OF THEM, OF COURSE, HAS AN EMBEDDED CONTENT, SO ITS EXPERIENCE AND MORE AND MORE WE WANT OUR SHOPPING CENTERS TO BE EXPERIENCED ORIENTED, WE WANT TO INVOLVE VISITORS. AND AS I SAID, WE WANT TO BE EXPERIENCE ORIENTED AND WE STARTED SOME PROJECTS AND SOME MORE WILL BE STARTED IN 2019.

OUR SHOPPING CENTERS WILL BECOME MORE AND MORE SOCIAL SHOPPING CENTERS, MORE AND MORE ROOTED LOCALLY AND BUILDING RELATIONSHIPS WITH THE SURROUNDING AREA AND LET ME GIVE YOU AN EXAMPLE, IN BOLOGNA, IT'S VERY WELL KNOWN NOT SO MUCH MAYBE IN OTHER ITALIAN

CITIES OR INTERNATIONAL CITIES THAT IS TO SAY WE HAVE THE SO-CALLED SOCIAL STREET PHENOMENON IN BOLOGNA. AND A LOT OF PEOPLE ARE INVOLVED, SO THE SHOPPING CENTER IS REALLY PERCEIVED AS A PLACE WHERE PEOPLE CAN GATHER AND SOCIALIZE AND THEN PERSONALIZATION, CUSTOMIZATION OF THE SHOPPING CENTERS TO VISITORS AND WE ARE GOING TO INTRODUCE THE CHAT BOT TECHNOLOGY, REAL TIME CHAT 24X7 AND CRM STRATEGY INSIDE OUR SHOPPING CENTERS AND THEN SERVICES AND OTHER BUZZWORD, WE ARE GOING TO INTRODUCE MORE SERVICES INTO OUR SHOPPING CENTERS. WE ARE INDEED MAKING SOME EXPERIMENTS, ELECTRIC RELOADING FOR ELECTRIC CARS AND ELECTRIC BIKES, AND MORE AND MORE WE WILL BE USING SOCIAL CHANNELS SUCH AS INSTAGRAM FOR INSTANCE AND DIGITAL COMMUNICATION THROUGH THE INTRODUCTION OF KIOSK AND TOTEMS, WITHIN THE SHOPPING CENTERS.

AND THEN BEING OMNI-CHANNEL FOCUS, MORE AND MORE WE ARE GOING TO CONNECT TO THE SHOPPING EXPERIENCE BOTH ON AND OFF LINE, AND YOU SEE WE HAVE THE INSTALLATION OF AMAZON LOCKERS, BUT WE ARE NOT JUST WORKING WITH AMAZON BUT ALSO WITH POSTE ITALIANE, WE ARE INSTALLING LOCKERS AND WE HAVE AN EXPERIMENT BEING RUN, ON OUR SHOPPING CENTERS. AND THEN OF COURSE, WE ORGANIZE HUNDREDS OF RECREATIONAL EVENTS WITHIN OUR SHOPPING CENTERS. SO ENTERTAINMENT WE ARE GOING TO FURTHER INCREASE THE NUMBER OF EVENTS ORGANIZED AND THERE WILL BE MORE AND MORE INNOVATIVE AND INCLUSIVE AND POSSIBLY ALSO EXCLUSIVE ONE OF A KIND, SO TO SAY. AND OUR SHOPPING CENTER IS A PLACE WHERE TO MAKE A SHOPPING EXPERIENCE AND A NUMBER OF EXPERIENCES INCLUDING SOCIAL EXPERIENCE.

LET'S GIVE YOU SOME PRACTICAL EXAMPLE OF THE SERVICES THAT WILL BE PROVIDED DENTAL SERVICES SHOWING A RECOVERY HERE, ENTERTAINMENT AREAS, CO-WORKING AREAS, LET ME TELL YOU THAT IN RAVENNA WE HAVE IN OUR INVESTMENT PIPELINE IT IS AN AVERAGE SIZED CENTER AND WE ARE GOING TO HAVE ENTERTAINMENT EVENTS MAINLY DEVOTED TO TEENAGERS AND THEN KIOSKS FOR ONLINE PURCHASES. WHERE WE HAD VACANCY WE INTRODUCED OUTLETS AND THAT WAS AN EXPERIMENT IN LIVORNO FOR INSTANCE. AND WE ARE TRYING TO PICK TENANTS WITH THE WIDER AND MORE COMPLIMENTARY OFFER, DEEPER OFFER SO TO SAY. AND THEN THE FOOT COURT, THE FOOD COURT IS GOING TO BECOME MORE AND MORE IMPORTANT WITHIN THE SHOPPING CENTER ALMOST AS IMPORTANT AS THE SUPER MARKET WITH A STRONG FOCUS ON MARKET TRENDS. AND THEN, TENANTS WILL URGE THEM TO GO ONLINE AS WELL TO BE ACTIVE ON THE ONLINE SALE AND TO INTERACT WITH VISITORS MORE AND MORE, NOT ONLY THAT.

I AM MOVING TO PAGE 21 AND 22, WE WANT TO BE MORE AND MORE SUSTAINABLE, WE HAVE AN ACRONYM HERE IT IS GREAT, AND ITS FIVE KEY WORDS, GREEN, RESPONSIBLE, ETHICAL, ATTRACTIVE, TOGETHER. WE ARE MAINLY FOCUSING HERE ON THE GREEN SIDE, ON THE

ENVIRONMENTAL SIDE, WE HAVE TARGETS AND GOALS THERE AND WE ARE LISTING THEM ON THE SLIDE. WE WOULD LIKE TO HAVE 95% OF OUR PORTFOLIO TO BE ISO 14001 CERTIFIED.

WE ARE GOING TO INCREASE THE BREEAM IN USE LEVEL OF CERTIFICATION. WE WANT TO BE AT LEAST AT VERY GOOD LEVEL FOR 5 MORE SHOPPING CENTERS. MEASURES TO REDUCE ENERGY CONSUMPTION, €5 MILLION EXPECTED FOR ENERGY EFFICIENCY, €6 MILLION WERE ALREADY SPENT IN THE LAST 3 YEARS AND WE WANT TO INTRODUCE PHOTOVOLTAIC SYSTEMS ON ROOFS, ON ROOFTOPS AND IN PARKING LOTS, SUSTAINABLE MOBILITY, ELECTRIC MOBILITY AND THEN THERE WILL BE RECHARGING TOTEMS AND THEN BIKE MOBILITY, CYCLING MOBILITY AND THERE IS A FEASIBILITY STUDY BEING RUN ON BIKE AND CAR SHARING AND THEN CIRCULAR ECONOMY.

WE WILL MOVE FROM AN EXPERIMENTAL PHASE TO AN OPERATING PHASE OF THE SO-CALLED WASTE-TO-VALUE PROJECT, JUST TRY AND RECYCLE DIFFERENT TYPES OF WASTE. AND LET'S LOOK AT THE OTHER KEY WORDS IN OUR GREAT ACRONYM AS RESPONSIBLE: WE WANT TO BE ETHICAL, ATTRACTIVE AND TOGETHER. WE WANT TO INVOLVE PEOPLE, INVOLVE ALL OF OUR STAKEHOLDERS.

LET'S MOVE ON TO PAGE 23 IN OUR PRESENTATION AND HERE WE TALK ABOUT ASSET MANAGEMENT. WE HAVE 4 MAIN OPERATING LEVELS. FIRST OF ALL, AS WE ARE TALKING ABOUT A BUSINESS PLAN THAT IS NOT FOCUSING ON STRONG GROWTH AND ACQUISITIONS, BUT RATHER ON CONSOLIDATING OUR EXISTING PORTFOLIO. WE ARE GOING TO INVEST IN THE EXISTING PORTFOLIO AND THE SECOND PILLAR IN OUR ASSET MANAGEMENT STRATEGY IS THE STRATEGIC AGREEMENT. YOU PROBABLY WILL READ THAT IN THE PRESS RELEASE AS WELL, SO STRATEGIC AGREEMENT WITH COOP ALLEANZA 3.0 WHICH WE SEE AS AN OPPORTUNITY AND THEN COMPLETION OF THE CURRENT PIPELINE. THERE IS NOT MUCH TO BE COMPLETED AND MORE SPECIFICALLY THE OFFICINE STORICHE PROJECT IN LIVORNO AND I ALREADY MENTIONED ESP ENTERTAINMENT IN RAVENNA, AVERAGE SIZED CENTER AND THEN MULTI-YEAR STRATEGY WHEN IT COMES TO ASSET ROTATION.

WHEN IT COMES TO REQUALIFYING AND RESTYLING OUR EXISTING PORTFOLIO, RESTYLING AND REFURBISHING IT, LET ME TELL YOU THAT BETWEEN 2014 AND 2018, WE HAVE AN IMPORTANT TRACK RECORD IN RESTYLING AND REFURBISHING FROM NORTH CENTRO SARCA TO LA TORRE IN PALERMO GOING THROUGH BOLOGNA, RAVENNA, ASCOLI PICENO, ROME AND NAPLES. YOU SEE THAT THERE ARE 8 PROJECTS AND ALL OF THESE PROJECTS HAD A VERY POSITIVE OUTCOME REVENUE WISE, TOP LINE WISE. IN RAVENNA WE DOUBLED THE SHOPPING MALL BUT WE ALSO RESTYLED THE OLD MALL, AND IT HAD A POSITIVE IMPACT ON REVENUES. AND THEN ALL THE OTHER PROJECTS WHERE WE RESTYLED OR REMODELED OR REFURBISHED OR REDUCED THE HYPERMARKET SERVICE IN FAVOR OF THE SHOPPING MALL AS IN LE PORTE DI NAPOLI AND CITTÀ DELLE STELLE , THEY ALL HAVE VERY POSITIVE IMPACT FOR TENANT SALES. AND SO WE WANT TO KEEP ON MOVING ALONG THIS PATHWAY BECAUSE WE THINK IT IS THE RIGHT WAY TO GO ALSO GOING FORWARD.

LET ME MENTION A FEW PROJECTS THAT ARE INCLUDED IN THE PLAN: CASILINO ROMA, FONTI DEL CORALLO LIVORNO, GRAN RONDÒ CREMA, LA FAVORITA IN MANTOVA, THESE HAVE ALREADY BEEN...WE ARE ALREADY FOCUSED ON THEM, THERE YOU SEE THE DEADLINES WE HAVE FOR END OF WORK AT THE BOTTOM OF THE PAGE, AND SO IT IS GOING TO BE INTERNAL AND EXTERNAL RESTYLING AND REFURBISHING AND WE EXPECT TO GET THE SAME RETURNS FOR TENANT SALES AND ALSO HOPEFULLY A RENT GROWTH FOR ALL OF THESE SHOPPING CENTERS, SO THE TOTAL CAPEX, AND WE ARE TALKING ABOUT ALSO INVESTMENT FOR FIT OUTS AND SUPPORTING THE SALES ACTIVITIES.

TOTAL CAPEX IS €35 MILLION OVER THE PLANNED TIME SPAN AND THEN STRATEGIC AGREEMENT WITH COOP ALLEANZA; THEY ARE FOOD ANCHOR FOR US. WE ARE TALKING ABOUT THE HYPERMARKETS, WE THINK THAT THEIR ROLE WILL BE FUNDAMENTAL ALSO IN THE FUTURE TO ATTRACT VISITORS. WE ALREADY UNFOLD SYNERGIES BETWEEN IGD AND COOP, BUT WE WANT TO FURTHER STRENGTHEN THAT SYNERGY AND IMPROVE THE RELATIONSHIP AND COOPERATION. WE MADE A STATISTICAL STUDY SO THE HYPERMARKET WITHIN SHOPPING CENTERS IS THE REASON FOR GOING TO THE SHOPPING CENTER FOR 7 VISITORS OUT OF 10, SO THE HYPERMARKET ACCORDING TO US IS STILL A STRONG ATTRACTING FACTOR.

CURRENTLY WE ALREADY COOPERATE AND COLLABORATE WITH COOP IN A NUMBER OF AREAS. ON THE RIGHT HAND SIDE, PAGE 26, YOU SEE THE YELLOW BOX. THIS IS WHAT WILL HAPPEN GOING FORWARD. WE WANT TO ENHANCE RELATIONS FOR MARKETING PURPOSES. WE WANT TO FOCUS ON PROTECTING THE PRIVACY OF VISITORS, SO CRM, CUSTOMER RELATIONSHIP MANAGEMENT. ORGANIZATIONS OF CONTESTS AND EVENTS AND TAKE ADVANTAGE OF THE UNIQUE OWNERSHIP TO MAKE THE USE OF THE GLA AND THAT LED TO AS YOU READ IN THE PRESS RELEASE, THAT LED TO SIGNING ANOTHER AGREEMENT AFTER THE BOARD THIS MORNING, A FRAMEWORK AGREEMENT WITH COOP ALLEANZA THAT WAS APPROVED BY BOTH OUR BOARD AND THE BOARD OF COOP ALLEANZA 3 DAYS AGO.

AFTER THE RELATED PARTIES COMMITTEE STATED THAT IT WAS A SUITABLE AGREEMENT ACCEPTABLE AND COMPLIANT, SO THAT HAPPENED FOR BOTH PARTIES. RELATED PARTIES COMMITTEES LOOKED INTO THAT AND IT'S €520 MILLION WORTH OF MARKET VALUE IN OUR PORTFOLIO, SO 21% OF IGD'S TOTAL MARKET VALUE OF €2,428 MILLION. AND SO WE FIND THIS FRAMEWORK AGREEMENT THAT'S GOING TO LEAD TO THE REVIEW OF ABOUT 18 CONTRACTS WITH COOP ALLEANZA OUT OF A TOTAL OF 20, AND IN THE FRAMEWORK AGREEMENT, WE REVIEW THE CONTRACTUAL TERM, EXPIRY DATES WERE EXTENDED FOR ALL CONTRACTS INCLUDED IN THE AGREEMENT AND ALSO RENTS WERE LOOKED IN TO MAKE THE MOST STABLE AND SUSTAINABLE OVER TIME FROM HERE TO 2037 AND ALSO WE MADE A QUALITATIVE REVIEW OF ASSETS.

IN THE LIGHT OF THE EXPERIENCE WE HAVE ACCRUED IN THE PAST IN NAPLES AND IN CITTÀ DELLE STELLE, WE IDENTIFIED 5 SHOPPING CENTERS THAT REQUIRED TO INCREASE THE NUMBER OF STORES IN THE MALL AS AGAINST A REDUCTION OR A SCALING DOWN OF THE HYPERMARKET'S SURFACE IN ORDER TO ENHANCE THE ATTRACTIVENESS OF THE CENTER, SO THE GOALS ARE STABILIZATION OF LEASE AGREEMENT IN THE LONG TERM, INCREASE THE SUSTAINABILITY OF RENTS AND FUTURE CASH FLOW AND REQUALIFICATION AND ADAPTATION OF THE ROLE OF THE HYPERMARKET IN THE SHOPPING CENTERS.

HERE YOU SEE THE AFFECT OF THIS AGREEMENT. PRIOR THE AGREEMENT, WE HAD AN AVERAGE MATURITY OF OUR CONTRACTS OF ABOUT BIT MORE THAN 7 YEARS, SO HERE YOU CAN SEE THE MATURITY YEAR-BY-YEAR; WITH THIS AGREEMENT INSTEAD ALL OF THE CONTRACTS EXPIRY, EXCLUDING THE TWO THAT I WAS MENTIONING BEFORE, HAVE BEEN REPOSITIONED AT 2037, SO THERE COMES TO 95% PRACTICALLY OF THE COOP ALLEANZA PERIMETER. WHAT ARE THE EFFECTS? YOU CAN SEE THEM AT THE BOTTOM ON THE LEFT. THERE IS A REDUCED AND UNIFORM EFFORT RATE AS AT THE LEVEL COOP WHICH IS OBVIOUSLY, AS YOU SAID MORE CONSISTENT AND REDUCE THE GLA FOR HYPERMARKETS AND IT'S DROPPED BY 21,400 SQUARE METERS WILL DROP OBVIOUSLY BECAUSE THEN THIS AGREEMENT WILL FIND IT'S EXECUTION IN THE NEXT THREE YEARS. CONVERSELY A GROWTH OF GLA MALLS WITH A PLUS 18,600 AND NOT ALL OF THE SPACE OF THE HYPER WILL BE CONVERTED INTO MALLS, WE HAVE SOME SPACES, WHERE TWO OF THESE CENTERS, SQUARES WILL BE CREATED NOT ALL OF THE SPACES CAN BE USED FOR SAY, OUR SALE SURFACES OBVIOUSLY, THERE IS A DIFFERENCE WHICH IS NOT VERY HIGH AND NET RENTAL IMPACT WILL BE BETWEEN THE OLD RENTS AND THE NEW ONES THAT WE WILL BE OBTAINING FROM THE MALLS AND FROM THE REMODELING OF THE DEADLINES, LET'S SAY IS ABOUT €1.9 MILLION BUT THE NEW RENTS WILL BE THIS TIME IN LINE WITH ERV, AND SO THE EFFECT ON APPRAISALS OBVIOUSLY SHOULD BE BASICALLY FLAT.

WITH THIS OPERATION, ON THE RIGHT, YOU CAN SEE THE BREAKDOWN BY RENTAL INCOME FOR THE IGD GROUP IN THE PLANNED PERIOD, LET'S SAY AS IGD GROUP, AS I SAID WE WILL PASS FROM AN INCIDENCE OF HYPERMARKETS. SO THE 27%...IT WAS 26.6%, THE 30TH OF SEPTEMBER UP TO THE END OF THE PLAN INSTEAD WHICH WILL BE...WHEN IT WILL BE 21% OR 22%. SO WE ARE DROPPING OUT OUR STRONG DEPENDENCE ON THE HYPERMARKET COMPONENT WITH LET'S SAY A GREATER SUSTAINABILITY AND ALSO VISIBILITY OF THE RENTS UP TO 2037, SO ON OUR PART THE OPERATION, THAT THE BOARD HAS CONSIDERED THIS OPERATION VERY POSITIVELY, IT'S A TYPICAL WIN-WIN OPERATION WHERE COOP ALLEANZA ON THE ONE HAND WILL BE ABLE TO RELY ON LONG-TERM RENTS AND AS MANAGEMENT FOR THE NEXT 18 YEARS OF THIS HYPERMARKET AND CONVERSELY WE WILL BE ABLE INSTEAD TO RELY ON THE POSSIBILITY OF, LET'S SAY, OF ACTING ON THESE FIVE

SHOPPING CENTERS WITH A VERY LIMITED EFFECT IF NOT A NEUTRAL EFFECT IN TERMS OF EVALUATION WHICH IS IN LINE WITH THE RENTS.

SO THIS, AS FAR AS THIS STRATEGIC AGREEMENT WITH COOP ALLEANZA IS CONCERNED, AS FAR AS THE PIPELINE COMPLETION IS CONCERNED, WE SAID THAT WE HAVE TWO PROJECTS IN PARTICULAR ONE IS MORE IMPORTANT MANY OF YOU ALREADY KNOW THIS, IT'S THE OFFICINE STORICHE IN LIVORNO. TODAY, WE HAVE SIGNED THE CONDITIONS BUT AS USUAL, WE STILL HAVE TO GO TO THAT LAST LITTLE STEP TO COMPLETE IT. WE'RE ALMOST THERE WITH THE RELEASE, LET'S SAY OF THE PERMIT TO BUILD THE VARIANT. THIS HAS ALREADY BEEN APPROVED BY THE MUNICIPAL BOARD, SO WE SHOULD ACCELERATE AT THIS POINT THE WORKS ESPECIALLY ON THE CORE PART OF THIS PROJECT, IT'S BEEN 10 YEARS BUT UNFORTUNATELY THESE ARE THE DEVELOPMENT TIMES IN ITALY.

FINALLY WE SHOULD HAVE THESE 15,000 SQUARE METERS, SO THIS WONDERFUL BUILDING WHICH WILL BE DEVOTED TO RETAIL WITH THESE NEW 43 SEA FRONT FLATS AND WE WILL CONTINUE SELLING THE RESIDUAL FLATS IN PIAZZA MAZZINI WHERE 69 FLATS HAVING BEEN SOLD OUT OF 73, AND WHILE WE SHOULD HAVE FINISHED BY THE END OF THE YEAR. SO HERE WE CAN SAY THAT THE SALES OF THE PIAZZA MAZZINI FLATS IS PRACTICALLY BEING COMPLETED AND BELOW HERE YOU CAN SEE PRACTICALLY THE ENTERTAINMENT ESP, THE NEW PROJECT OF RAVENNA, AND SO THE SURFACE WHICH IS CONNECTED PRACTICALLY TO THE SHOPPING CENTER AT RAVENNA; THE CREATION OF AN ENTERTAINMENT AREA WE ARE INVESTING 4 MILLION AT THE END OF WORK IS ENVISAGED BY 2021.

LET'S HAVE A LOOK AT ASSET ROTATION, IT IS THE FIRST TIME THAT WE TALK ABOUT ASSET ROTATION, EVEN IF IN THE OTHER YEARS WE HAVE DONE SOME ASSET ROTATION, IN PARTICULAR WE'VE HAD THREE POSITIVE EXPERIENCES OF SALES OF ASSETS, I'M REFERRING HERE TO THE GALLERIA COMMERCIALE OF LIVORNO, FONTI DEL CORALLO AND ALSO THE STAKE 50% THAT WE HAD, ALL OF THESE OPERATIONS THAT WE HAVE DONE IN THE PAST HAVE ALL BEEN DONE AT BOOK VALUE. AND THEY'VE BEEN DONE WITH A SIGNIFICANT CAPITAL GAIN.

AND SO, WE'VE HAD SOME EXPERIENCE ON THIS, AND IT IS ALWAYS BEEN POSITIVE NOW WE WANT TO INTRODUCE THIS ASSET ROTATION STRATEGY AT THIS POINT IN THIS BUSINESS PLAN EVEN TO CONTRIBUTE TO THE REDUCTION IN THE LOAN TO VALUE. WE SHALL SEE IN THE NEXT FEW SLIDES THAT WE WOULD LIKE TO DECREASE OUR LTV FROM THE LEVEL THAT WE HAVE ALREADY ATTAINED SO REVENUES, LET'S SAY, DERIVING FROM THIS ASSET ROTATION WILL BE TESTING TO REDUCE THE LTV AND THE REST WILL BE REINVESTED.

IN TERMS OF FINANCIAL STRATEGY, WE'VE ALREADY SPOKEN ABOUT THE PRINCIPLES THAT WILL BE INSPIRING US: WE WANT TO KEEP ON PRESERVING A VERY RIGOROUS FINANCIAL DISCIPLINE WHICH HAS TO BE IN LINE WITH THE INVESTMENTS GRADE PROFILE. WE WOULD LIKE TO MAINTAIN THE

INVESTMENT GRADE RATINGS, THAT MEANS, EVEN THOUGH IT'S NOT ALWAYS CONNECTED, TO IMPROVE AND FURTHER REDUCE THE LTV. WE SHALL SEE SOME NUMBERS LATER ON THIS EFFORT THEN TO IMPROVE THE LIQUIDITY PROFILE MAINTAINING AT THE SAME TIME ITS SIGNIFICANT SHARE OF OUR MEDIUM LONG-TERM DEBT. TODAY IT'S EQUAL TO ABOUT 80% BUT WE WANT TO INCREASE IT AND THEN ALSO WE WANT TO PRESERVE THIS DOUBLE ACTION OF FUNDING AND MARKET, AND SO ON AND OUR BONDS. SO OUR BALANCED DEBT STRUCTURE BETWEEN BANK DEBT, BOND DEBT, LET'S SAY AND THEN BROADEN ALSO THE INVESTOR BASIS IS VERY IMPORTANT TO LOWER THE EXPOSURE TO FINANCIAL RISKS. ALL OF THESE MEASURES WILL ALLOW LOWERING THE EXPOSURE TO FINANCIAL RISK WHICH ARE INCREASINGLY PRESENT TO COMPANIES SUCH AS OURS AND THE BUBBLE FOR ITALIAN COMPANIES. .

NOW, LET'S PASS ON TO SOME FINANCIAL DETAILS AND FIGURES, THESE ARE THE TRUE FINANCIAL FIGURES FOR OUR STRATEGIC PLAN. AND THEREFORE, AFTER FOUR YEARS, OF A VERY STRONG GROWTH DRIVEN IN PARTICULAR BY NEW OPENINGS AND ACQUISITIONS, HERE YOU CAN SEE THAT IN THE LAST FOUR YEARS, WE'VE SEEN AS CAGR OF ABOUT 6% AND THIS YEAR INSTEAD, WE ARE EXPECTING TO REACH 9.5%.

AND IN THE NEXT FEW YEARS, THANKS TO THIS PLAN, WHICH AS I SAID IS A CONSOLIDATION PLAN WITH A SUSTAINABLE TYPE OF GROWTH OF ABOUT, WE ESTIMATED A GROWTH ON A LIKE-FOR-LIKE BASIS OF ABOUT 1.7% OVER THE PLAN. THIS IS THE CAGR FOR THE PLAN PERIOD, OBVIOUSLY THE CAGR REFERS TO 2% OF GROWTH, JUST AS THE FUNDS FROM OPERATIONS HERE THEY SHOULD BE GROWING, THIS IS ALL THE EXPECTATIONS THEY SHOULD BE GROWING BY APPROXIMATELY 3%.

AND OBVIOUSLY THIS IS ALSO CONSIDERING THE CURRENT MARKET CAPITALIZATION, WHICH IS ABOUT €700 MILLION THAT WE ARE CAPITALIZING LESS THAN 10 TIMES THE FFO. OBVIOUSLY, THE GROWTH OF FFO CONSIDER ALSO THE ASSET ROTATION POLICY, AS WELL AS, THE EFFECTS OF THE AGREEMENT WITH COOP ALLEANZA. €19 MILLION INVESTMENTS ARE ENVISAGED WHICH ARE QUITE A LOT OBVIOUSLY, HERE YOU CAN SEE THE THREE PILLARS OF THE INVESTMENTS. THE RESTYLING REFURBISHMENT THAT WE'VE SEEN BEFORE, THEN INVESTMENTS FOR THE COMMERCIAL ACTIVITY \$35 MILLION AND THE COMPLETION OF THE PIPELINE. THE PIPELINE COMPLETION OFFICINE STORICHE IN PARTICULAR AND THE ENTERTAINMENT ESP €26 MILLION AND THEN WE HAVE OTHER CAPEX TO LET'S SAY KEEP TO MAINTAIN THE ASSET QUALITY VERY HIGH AND TO HAVE SAFETY FOR OUR PORTFOLIO.

SO WE ARE DOING HERE ACTIONS ALSO FOR SEISMICEVENTS, AND SO, WE ARE TAKING MEASURES THERE, WHICH ARE ACTIONS DEEMED INDISPENSIBLE NOT ONLY TO SAFETY BUT ALSO TO YOU KNOW PROVIDE A STRONG SIGNAL TO OUR TENANTS AND TELL THEM THAT, FOR US THEIR SAFETY, THE SAFETY OF OUR COMMERCIAL CENTERS IS VERY IMPORTANT. SO THE TOTAL OF INVESTMENTS IS OF

THE €90 MILLION IN OUR PORTFOLIO THAT WE HAVE OTHER INVESTMENTS ENVISAGED ON LIVORNO, THE VARIOUS RESIDENTS BUT OVER THE PLAN WE ARE THINKING OF INVESTING AND ALSO SELLING AT THE SAME TIME, BECAUSE HERE WE ARE TALKING ABOUT VERY ATTRACTIVE FLATS IN FRONT OF THE SEA.

SO HERE WE MOVE ON TO PAGE 35. THESE ARE THE FINANCIAL TARGETS. HERE WE HAVE ALREADY CLARIFIED THE PATH, I THINK; IT'S PRETTY MUCH WELL DEFINED. HERE YOU SEE THE DATE OF MATURITY FOR THE NEXT FEW YEARS. WE DON'T HAVE ANY SPECIFIC MATURITIES THIS YEAR AND ALSO FOR THE NEXT TWO YEARS, HAVING ALREADY REFINANCED THAT OPERATION OF €200 MILLION AT THE JANUARY 2019 DEADLINE. AND SO, THE NEXT MATURITY WILL BE IN MAY 2021, FOR THE €100 MILLION AND THE PUBLIC DEBT ISSUED IN MAY 2016 AND OBVIOUSLY DURING 2020 ALSO IN THE SECOND HALF WE WILL BE PREPARING THIS REFINANCING, FOR THE NEXT TWO YEARS NO IMPORTANT MATURITY IN SIGHT AND THE BREAKDOWN OF THE DEBT THAT YOU CAN SEE WILL BE CONFIRMED BALANCED, ALSO FOR THE NEXT TWO YEARS, THE MARKET AND THE BANKING SYSTEM YOU SEE THAT IT IS WELL BALANCED ACCORDING TO THE CONDITIONS THAT WE SHALL OBTAIN, FOR THE REFINANCING OF THIS BOND, HERE WE HAVE THE OPTION OF THE BOND AND BANK LOAN, THE BEST POSSIBLE CONDITIONS THAT HAVE BEEN OBTAINED WITH THE BANK LOAN. WE HAVE OBTAINED THEM WITH A BANK LOAN FOR THIS, AND SO WE HAVE SEIZED THIS OPPORTUNITY. AS FAR AS, THE OTHER OBJECTIVES ARE CONCERNED, INSTEAD THE FINANCIAL TARGETS AND THE LTV, WE ARE EXPECTING A FURTHER DROP ABOUT 45% EVEN SLIGHTLY BELOW 45%. I'D LIKE TO REMIND YOU, AS I SAID BEFORE IN THE INTRODUCTORY PART THAT WE HAVE CUT BY MORE THAN 10 POINTS THE LTV FROM 2014 TO 2018.

THE COST OF DEBT WILL DROP FURTHER ESPECIALLY IN THE NEXT TWO YEARS 2019, AND 2020 AND THEN WILL GO BACK UP AGAIN IN 2021 DURING THE REFINANCING OF THE BOND BECAUSE TO-DATE WE ESTIMATE THAT WE WILL CERTAINLY HAVE TO REFINANCE THE BOND AT CONDITIONS THAT WILL EXCEED THAT 2.5, SO WE ARE THINKING MORE ABOUT 3 WITH THE FORWARD RATES. AND SO, WE THINK THAT THE RANGE OF THE COST OF DEBT IS BETWEEN 2.4 PRACTICALLY MAYBE A BIT LESS TO 2.7 AT THE MAXIMUM OVER THIS PERIOD. BUT IN THE NEXT TWO YEARS WE'LL SEE, AS I SAID A FURTHER DROP IN THE COST OF DEBT.

FINALLY, THE ICR, AND WE'VE SEEN THIS HERE THE COST THIS YEAR WAS REACHING 3 TIMES, AND WE'VE REACHED IT PRACTICALLY THIS WAS THE TARGET. WE REACHED IT, WE THINK THAT WE ARE GOING TO GET CLOSE TO THE 4 TIMES AT THE END OF THE PLAN, MAYBE ALREADY NEXT YEAR WE WILL BE CLOSE TO THIS 4 TIMES.

AS FAR AS THE DIVIDEND POLICY IS CONCERNED, THE OBJECTIVE HERE IS VERY, VERY CLEAR. WE WOULD LIKE TO KEEP OFFERING OUR SHAREHOLDERS, BECAUSE THIS IS THE DUTY OF A COMPANY

LIKE OURS AND AN OBLIGATION TO KEEP ON, YOU KNOW, GIVING A DIVIDEND TO THE SHAREHOLDERS AND IT WILL BE AN ATTRACTIVE DIVIDEND AND SUSTAINABLE OVER TIME POSSIBLY ALSO AN INCREASING ONE WHERE WE WILL BE ABLE TO, I DON'T KNOW IF FOR THIS FINANCIAL YEAR BECAUSE OBVIOUSLY WE ARE TALKING ABOUT A VERY GOOD YIELD 8.1% ALREADY TODAY, SO IT IS A DIVIDEND WHICH IS ALREADY MORE THAN ATTRACTIVE AND SUSTAINABLE. I WOULD LIKE TO REMIND YOU THIS YEAR WE DECIDED TO REMUNERATE ALSO THOSE SHARES COMING FROM CAPITAL INCREASES, GIVING A LOT OF DIVIDENDS ABOUT €50 MILLION. WE ARE TALKING ABOUT €55 MILLION, AND THIS WOULD ALREADY BE IN ITSELF A STRONG SIGNAL, AND IT WOULD BE VERY POSITIVE TO PRESERVE THIS TYPE OF UNIT DIVIDEND IF POSSIBLE IN THE NEXT FEW YEARS ALSO TO INCREASE IT EVEN NOT AT THE GROWTH RATES OBVIOUSLY OF THE PAST FEW YEARS.

AND THEN FINALLY, AND THIS IS A MESSAGE THAT I WOULD LIKE TO MAKE EVEN MORE EXPLICIT THAN WHAT IS WRITTEN HERE MAYBE. SO I THINK YOU'VE ALREADY UNDERSTOOD THAT THIS STRATEGIC PLAN AIMS ABOVE ALL AT STRENGTHENING, CONSOLIDATING OUR LEADERSHIP POSITION ON THE ITALIAN MARKET FOR OUR SHOPPING CENTERS AND WITH THE VARIOUS CATCHMENT AREAS WITHOUT FURTHER ACQUISITIONS, WE ARE NOT EXPECTING TO HAVE FURTHER ACQUISITIONS IN THE NEXT THREE YEARS.

NOW, IT IS OBVIOUS THAT IGD HAS BECOME A PLATFORM, A PLATFORM WHICH IS VERY INTERESTING FOR MANY TENANTS. AND SO, IT COULD ALSO IN THE FUTURE, WE HAVE NO STUDY, AND I AM TELLING YOU STRAIGHTAWAY WE DON'T HAVE A STUDY AT THE MOMENT. WE HAVEN'T HAD ANY PROPOSAL, BUT IT COULD EVEN BECOME, YOU KNOW, POSSIBLE TO OBVIOUSLY TO INCREASE OUR MARKET SHARE AND TO LEVERAGE HIGHER AND GREATER ECONOMIES OF SCALE. AND I AM TALKING HERE ABOUT A GROWTH OF THE ASSETS IN GENERAL AND OF THE EQUITY IN GENERAL, BUT ALL THIS CLASHES AGAINST A PROBLEM WHICH IS QUITE BIG THAT HERE, WHO WANTS TO AGGREGATE, WHO WANTS TO CONTRIBUTE, WHO WANTS TO BRING NEW MARKET VALUE IN THIS CASE, OBVIOUSLY WHERE THERE IS A POSSIBILITY, AND OBVIOUSLY IGD WILL BE OFFERING SHARES AT THE NET ASSET VALUE. SO WE HAVE NO INTENTION OF DOING OPERATIONS TO THE DETRIMENT OF THE INTERESTS OF ALL THE SHAREHOLDERS BE THEY MAJORITY SHAREHOLDERS, MINORITY SHAREHOLDERS OR ANYBODY WHO SELLS FROM MORNING TO EVENING. SO IF THE MARKET CONDITIONS ARE THERE, WHERE THE NAV AGAINST NAV OPERATIONS ARE POSSIBLE WE SHALL ASSESS IT, OBVIOUSLY BECAUSE IGD IS AN ITALIAN PLATFORM WHICH IS VERY INTERESTING FOR ALL OF THOSE TENANTS WHO WANT TO ADD TO THIS SECTOR AGGREGATE THEIR PORTFOLIOS, BUT ONLY AT THESE AT THE ADEQUATE MARKET CONDITIONS AND THIS IS VERY IMPORTANT. NOW THE FINAL REMARKS.

SO BASICALLY WE HAVE COME UP BUT WE WORKED FOR YEARS TO BUILD A DOMINANT PORTFOLIOS IN THE DIFFERENT CATCHMENT AREAS VERY MUCH EMBEDDED IN THE URBAN FABRIC, SO WE WANT TO FOCUS ON NEW MARKET TRENDS, ON INNOVATION AND TECHNOLOGY, ON THE QUALITY OF THE

ASSETS OF OUR ASSETS TO ENHANCE THE LEADERSHIP OF OUR SHOPPING CENTERS. 75% OF THEM ARE DOMINANT, ARE PREVAILING AND PLAYERS IN THEIR AREAS, IN THE CATCHMENT AREA. SO THE STRATEGIC AGREEMENT WITH COOP ALLEANZA, IT'S A UNIQUE AND ONE OF A KIND OPPORTUNITY AND THERE IS A STRONG COMMITMENT ON OUR PART TO FURTHER REDUCE THE FINANCIAL LEVERAGE GOING FORWARD AND PLAN WITH A LOAN-TO-VALUE BELOW 45% AND WE WANT TO KEEP ON GROWING IN A SUSTAINABLE WAY. WE WANT OUR FFOS AND DIVIDENDS TO GROW AT A SUSTAINABLE PACE OVER TIME.

THANK YOU FOR YOUR ATTENTION. SORRY, IF I TOOK UP TOO MUCH TIME. WE HAVE TWO HOURS FOR THE CALL. SO WE STILL HAVE PLENTY OF TIME FOR YOUR QUESTIONS OR A REQUESTS FOR CLARIFICATION. YOU HAVE THE FLOOR.

Q&A

FEDERICO PEZZETTI: GOOD AFTERNOON AND THANK YOU FOR YOUR PRESENTATION. I HAVE A FEW QUESTIONS. FIRST ONE IS ON THE ASSUMPTIONS YOU MADE AS TO THE KPI AND INFLATION WHEN ESTIMATING RENTS. AS TO THE AGREEMENT WITH COOP COULD YOU ELABORATE ON THE NET NEGATIVE IMPACT ON RENT OF €1.9 MILLION, DOES THAT SOMEHOW FACTOR IN THE POSITIVE IMPACT THAT YOU INSTEAD COULD HAVE ON THE GROWTH OF THE 18,000 SQUARE METERS WHEN IT COMES TO THE SHOPPING MALLS. IS IT JUST THE NEGATIVE IMPACT COMING FROM THE REVIEW OF THE CONTRACTS ON THE HYPER MARKET COMPONENTS OR IT DOES NOT FACTOR IN ANY INCREASE OR GROWTH IN THE SHOPPING MALL AREA? AND THEN, THE €35 MILLION THE CAPEX YOU MENTIONED TIED IN WITH THE REFURBISHMENT PROJECTS, IF I UNDERSTAND CORRECTLY, YOU EXPECT THEM TO BE PASSING THROUGH THE ASSET VALUATIONS, SO ITS CAPEX THAT CAN BE SOMEHOW BE ACKNOWLEDGED BY THE APPRAISERS OR FACTORED IN BY THE APPRAISERS? AND THEN AS TO ASSET ROTATION, COULD YOU ELABORATE ON THE NON-CORE ASSETS, WHAT DO YOU MEAN BY NON-CORE ASSETS, COULD YOU GIVE US MORE DETAILS ON WHAT YOU CONSIDER TO BE NON-CORE ASSETS, YOU MENTIONED ROMANIA BUT IS THERE ANYTHING ELSE YOU WOULD LIKE TO MENTION? AND UNLIKE IN THE PAST COULD YOU ALSO ENVISAGE DISPOSALS UNDER BOOK VALUE? AND ONE LAST REMARK ON ACQUISITIONS THAT ARE NOT INCLUDED IN THE STRATEGIC PLAN. I THINK THE COMMENT WHEN YOU MENTIONED THAT YOU ARE RULING OUT POTENTIAL RIGHTS ISSUES OR CAPITAL INCREASES BELOW NAV VALUE, SO COULD YOU ELABORATE ON THAT? I WANTED TO BE SURE I UNDERSTOOD CORRECTLY. AND THIS IS QUITE A STRONG CHANGE, SO CAN YOU CONFIRM THAT IT'S VERY INTERESTING TO HEAR YOUR POINT OF VIEW THERE?

CLAUDIO ALBERTINI: THANK YOU VERY MUCH FOR YOUR QUESTIONS. I WILL ANSWER, INFLATION WAS ASSUMED AROUND 1.4% WITHIN THE TIMEFRAME OF THE BUSINESS PLAN. IT'S BELOW THE TARGET OF THE ECB BUT IN LINE WITH CONSENSUS OF THE MAIN RESEARCH INSTITUTE, 1.4% IS THE ESTIMATE WE MADE, THE

ASSUMPTION WE MADE. AS TO THE AGREEMENT WE COME TO THE €1.9 MILLION, IT'S THE DELTA BETWEEN THE LOWER RENTS WE WILL GET FROM COOP BECAUSE WE ARE REDUCING THIS 5 HYPERMARKETS AND WE ARE REMODELING THE REMAINING 13, BUT IN A LIMITED WAY. AND OUR FORECAST OF RENTING OUT THE FREED UP SPACE WHICH IS 2.4 MILLION ROUGHLY ACCORDING TO OUR ESTIMATES TODAY, WE WILL SEE NEXT WEEK ALREADY BECAUSE WE WILL BE LOOKING INTO THAT. WE WILL LOOK AND TALK TO THE TENANTS AS TO THE OPPORTUNITY TO RENT OUT THOSE AREAS, THOSE SPACES. RENTAL VALUES ARE NOT THE SAME AS IN THE PAST, BUT WE ESTIMATED THE €1.9 MILLION IMPACT, THAT IS TO SAY LOWER RENTS ON THE ONE HAND AND ASSUMING OF RENTING THE FREED UP AREAS.

ON CAPEX, THE €35 MILLION CAPEX, WHETHER THEY ARE TAKEN IN OR NOT, EMBEDDED OR NOT IN THE APPRAISALS, WE ARE STILL GOING TO ENGAGE IN THOSE INVESTMENTS BECAUSE WE THINK THEY ARE OF PARAMOUNT IMPORTANCE IN THE MEDIUM TERM AND THEY ARE FULL FIT OUT PROJECTS FOR THE MOST PART, SO WE HAVE TO RUN THEM. AND WHETHER OR NOT THEY WILL BE INCLUDED IN THOSE APPRAISALS, FOR US IT'S IMPORTANT TO MAKE THOSE INVESTMENTS. IT'S NOT A POLICY WE ARE STARTING RIGHT NOW, IGD HAS FOR A NUMBER OF YEARS BEEN INVESTING IN ITS OWN PORTFOLIOS THROUGH CAPEX. AND MAY BE IN THE SHORT TERM THESE VALUATIONS WON'T BE RETAINED ON A YEAR-BY-YEAR BASIS BUT IN THE LONG TERM, WE THINK THEY ARE IMPORTANT BECAUSE THEY WILL ENABLE US TO KEEP AN UPDATED PORTFOLIO. ROBERTO MAY BE YOU WOULD LIKE TO ADD SOMETHING.

ROBERTO ZOIA:

YES, AND GOOD AFTERNOON TO ALL OF YOU. AS CLAUDIO WAS SAYING, THE €35 MILLION CAPEX CAN BE READ AND UNDERSTOOD LOOKING AT THE PREVIOUS SLIDE, SO WE'VE SEEN THAT BETWEEN 2014 AND 2018, EVERY TIME WE'VE INVESTED IN OUR ASSETS, WE'VE SPENT ON OUR ASSETS WHICH HAD A POSITIVE IMPACT ON THE TENANT SALES AND THEREFORE ALSO A POSITIVE IMPACT ON RENTS. IT'S A MEDIUM TERM PLAN, WE ARE TALKING ABOUT HERE CAPEX PLAN. AS WE MOVE ON WITH THE INVESTMENTS, WE HAVE SALES REMODELING AS WELL, BUT IF WE LOOK AT THE BALANCE BETWEEN THE ACTIONS WE'VE TAKEN IN THE PAST, THE INTERVENTIONS WE HAVE MADE IN THE PAST IN THE LAST 1, 2 YEARS, WE'VE ALWAYS RECOVERED THE INVESTMENTS WE HAVE MADE BECAUSE THE APPRAISERS LOOKS AT THE CAPEX FIRST BEFORE COMING UP WITH THE APPRAISAL. SO WE HAVE THE IMPAIRMENT FIRST AND THEN ONLY BEYOND THE PROPOSAL, ONCE I FINISHED MY WORK, ONCE I RENEWED MY CONTRACT, WHEN I SEE THE GROWTH IN REVENUES WHEN CAN I RECOVER THAT OR RECOUP THAT, THIS IS THE TREND.

IF YOU LOOK AT THE PREVIOUS SLIDES AND LOOK AT THE OCCUPANCY RATES AND REVENUES VERSUS GDP AND HOUSEHOLD CONSUMPTION, YOU CAN SEE THAT WE'VE ALWAYS OUTPERFORMED VERSUS WHAT WE HAD LOST. WE'VE GAINED MORE THAN WHAT WE HAVE SPENT. AND AS CLAUDIO WAS SAYING, BUT I WOULD LIKE TO ECHO WHAT HE SAID, INDEED WE CAN SOMEHOW RECOVER WHAT

WE HAVE SPENT AS CAPEX, BUT WE ALSO HAVE TO ASK OURSELVES, ASK THE QUESTION WHAT HAPPENS IF I NEVER ENGAGE IN REFURBISHMENT ACTIONS BECAUSE THE ASSET BECOMES OBSOLETE, THE TENANTS ARE TIRED, CLIENTS AND VISITORS ARE LOOKING FOR MODERNITY, SO I AM GOING TO LOSE IF I DON'T ENGAGE IN REFURBISHMENT ACTIONS. SO IN THE MEDIUM TERM, THE INVESTMENT IS PAID BACK SOMEHOW, WE'VE SEEN THAT, WE'VE WITNESSED THAT.

CLAUDIO ALBERTINI:

AS TO THE QUESTION ON ASSET ROTATION, I RECONFIRM THAT THE QUESTION THAT WAS ASKED FOR Q3 RESULTS, ASSET ROTATION, WE CAN INCLUDE INDEED ROMANIA WITH THE COMMENTS I MADE BEFORE, IF WE CAN DISPOSE OFF OF IT, WELL OTHERWISE THERE IS NO PROBLEM FOR US IN KEEPING IT. WE WOULD LIKE TO SELL IT AT BOOK VALUE. WE ARE TALKING ABOUT €150 MILLION, TODAY IF WE WERE TO SELL THE ROMANIA BOOK VALUE WE WOULD CASH IN ON THE FULL ASSET ROTATION STRATEGY PRACTICALLY, BUT IT'S NOT ONLY THAT, SOME OF THE ASSETS THAT WE CONSIDER NON-CORE ASSETS, SO I AM NOT MENTIONING NAMES BECAUSE WHEN NAMES, THEY ARE DEVALUED ABOUT 10%, SO WE HAVE SOME ASSETS THAT WE CONSIDER THEM TO BE NOT CORE ASSET, NOT NECESSARILY NON-PERFORMING SHOPPING CENTERS, SHOPPING MALLS, WHERE WE ARE THINKING AND WE'VE ALREADY MADE SOME CONTACTS. NO NEGOTIATIONS, BUT CONTACTS I SHOULD SAY. AND THEY ACCOUNT FOR ABOUT €70 MILLION, €80 MILLION OUT OF THE €150 MILLION, €200 MILLION, AND WE'VE MENTIONED.

SO IN THE FIRST HALF OF 2019, WE SHOULD START FEELING SOME THE EFFECTS OF THE ASSET ROTATION AS WE MENTIONED. AND EVERYTHING AT BOOK VALUE, MIND YOU. AND ON THESE ASSETS, WE'VE ALREADY MADE IMPAIRMENTS AND WE DID SO IN THE PREVIOUS YEARS, SO THEY ARE FULLY ALIGNED WITH THE MARKET VALUES.

LET ME SAY THE FOLLOWING, AS TO THE RIGHTS ISSUES, WE ARE NOT GOING TO ENGAGE IN THE RIGHTS ISSUE FOR THE PURPOSE OF ACQUISITIONS, AN ACQUISITION FOR INSTANCE AS WE MADE FOR THE LAST PORTFOLIO WE ACQUIRED THAT CALLED FOR A RIGHTS ISSUE BUT THAT IS NOT THE CASE WHEN IT COMES TO WHAT I TOLD YOU TODAY, WHAT I MENTIONED TODAY.

WE ARE NOT LOOKING FOR IT, BUT SOMETIMES WE ARE AREA CONTACTED TELLING US THERE IS A PORTFOLIO THAT IS UP FOR ACQUISITION, IF THERE IS A PORTFOLIO THAT COULD BE CONTRIBUTIVE TO OUR ASSETS, IF WE LIKE IT AND ITS IN LINE WITH OUR ASSETS, WE CAN SIT AROUND THE TABLE, BUT AT ONE CONDITION THAT THE IGD SHARES THAT WE GIVE AS SHARE EXCHANGE BECAUSE WE ARE NOT GOING TO BUY, IT WILL BE CONTRIBUTED, SO THEY WILL RECEIVE SHARES IN EXCHANGE AND THE SHARES WILL HAVE TO BE VALUED AT NAV SHOULD THERE BE AN INTEREST SHOWN BY US ON THE ASSETS, EITHER AT THE SHAREHOLDERS MEETING OR THE BOARD. WELL, THAT TRANSACTION WILL TAKE PLACE WITH THE VALUATION AT NAV. AND ACQUISITION IS A DIFFERENT THING THAT WILL TAKE PLACE THROUGH A SHARES RIGHTS ISSUE AND NO BANKING WHO COULD

UNDERWRITE THAT, WE ARE TALKING ABOUT TWO TOTALLY DIFFERENT DEALS. ON THE ONE HAND WE ARE TALKING ABOUT CONTRIBUTION AGGREGATIONS; WE ARE NOT TALKING ABOUT COOP OR ANYTHING ELSE. WE HAVE NEVER HAD ANY REQUEST FOR CONTRIBUTING ASSETS IN THE COOP WORLD, WE ARE TALKING ABOUT EXTERNAL PRIVATE ENTITIES, AS SOON AS THEY TALK ABOUT SHARE EXCHANGE WITH IGD'S SHARE ADD NAV VALUE THEY RUN AWAY. SO THANK YOU FOR THE CLARIFICATION.

FEDERICO PEZZETTI: IF I UNDERSTAND CORRECTLY WITHIN THE STRATEGIC PLAN TIMEFRAME, WE DO NOT EXPECT TO BE MAKING ANY ACQUISITION DO RULE OUT ACQUISITIONS. IF I UNDERSTAND CORRECTLY?

CLAUDIO ALBERTINI: NO, WE RULE THEM OUT, BUT YOU MAY BE TAKE IT INTO ACCOUNT A CONTRIBUTION IN EXCHANGE FOR SHARES AT MARKET CONDITIONS IF YOU WANT TO CONTRIBUTE AN ASSET TO OUR PORTFOLIO PROVIDED WE LIKE IT AND IT'S FULLY CONSISTENT WITH OUR PORTFOLIOS, AND THE SELLER IS READY TO HAVE ITS ASSET VALUED AT NAV, IN THAT CASE, I WOULD BE READY, IF I LIKED THE ASSET TO GIVE IGD SHARES VALUED AT NAV IN EXCHANGE. THE IGD SHARE AT NAV IS WELL IT IS ABOUT 4.5%. SO EVEN AT NAV IT'S NOT BAD AS AN INVESTMENT.

FEDERICO PEZZETTI: THANK YOU.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH.

OPERATOR: THE NEXT QUESTION COMES FROM THE LINE OF ROBERTO RANIERI WITH BANCA IMI. THANK YOU, SIR. YOU HAVE THE FLOOR.

ROBERTO RANIERI: GOOD AFTERNOON TO ALL OF YOU. ONCE AGAIN, A COUPLE OF QUESTIONS. FIRST ONE, ON THE ASSUMPTIONS YOU'VE MADE FOR THE COST OF DEBT WITHIN THE TIMEFRAME WORK OF THE STRATEGIC PLAN, YOU MENTIONED BETWEEN 2.4% AND 2.7%, COULD YOU ELABORATE ON THAT? AND TELL US NOW THAT THE ASSUMPTIONS YOU'VE MADE GIVEN THE CURRENT SPREAD, WHAT THE UNDERLYING ASSUMPTIONS YOU'VE MADE WHEN IT COMES TO THIS SIZABLE DECLINE IN THE COST OF DEBT? AND THEN THE CLARIFICATION, THE LOAN-TO-VALUE AT 45% DOES THAT INCLUDES THE DISPOSAL FOR THE €200 MILLION? AND THEN THE THIRD QUESTION ON COOP ALLEANZA. I UNDERSTAND THAT IT'S A NEW TOOL EFFECT WHEN IT COMES TO THE TOP LINE, BUT IS THERE AN OPPORTUNITY TO HAVE ANY COST CUTTING OPPORTUNITIES TO BE GRASPED? AND THE MARGIN CONTRIBUTION ON THE EBITDA?

CLAUDIO ALBERTINI: I'LL ANSWER THE FIRST TWO, AND THEN ON THE THIRD ONE I'M NOT CLEAR ABOUT WHAT YOU SAID EXACTLY. AND ON THE COST OF DATA OVER THE NEXT TWO YEARS, WE HAVE NO FINANCIAL NEEDS, NO NEED TO FINANCE OUR DEBT IF EXCEPTION MADE FOR THE SHORT-TERM DEBT WHICH IS A VERY

SMALL PORTION OF OUR DEBT STOCK. SO THE COST OF THAT HAS BEEN FROZEN, CRYSTALLIZED SO TO SAY. AND AS I MENTIONED IN THE FINANCIAL PART OF THE PRESENTATION, SO WE EXPECT A FURTHER REDUCTION IN THE COST OF DEBT. THANKS TO THE NEW FINANCING MADE BY THE €200 MILLION LOAN ISSUED BY THE POOL OF BANKS ON OCTOBER, 16TH. SO NEXT YEAR, WE EXPECT COST OF DEBT TO BE AROUND 2.4%, BECAUSE WE HAVE NO NEW DEBT TO BE INCURRED. AND SO, WE REFINANCE ALL SHORT-TERM DEBT FOR 2019 AND WE REFINANCED THE BONDS FOR UNTIL 2020. SO 2.4% IS EXPLAINED, WHICH IS THE LOWER PART OF THE RANGE, THE 2.7% IS CAUTIONARY MEASURE TO A POSSIBLE GROWTH OF THE COST OF DEBT IN 2021, BECAUSE IN MAY, WE HAVE A €300 MILLION BOND COMING TO MATURITY, WHICH HAS A 2.5% COST. WE WILL START WORKING ON THE REFINANCING IN H2 2020 NOT BEFORE THAT. BUT TODAY THE REFINANCING WILL BE AT NO LESS THAN 3%, SO I'M REPLACING A 2.5% LOAN, WITH ANOTHER ONE WHICH WILL BE AROUND 3%. AND THEN THE AVERAGE COST TO DEBT SHORTER TERM WHICH IS A SMALL PORTION BELOW €50 MILLION IS ALSO EXPECTED TO GROW. TODAY, WE ARE GETTING FINANCED AT ZERO RATE, SHORT-TERM FACILITIES COST ZERO NOW. SO THAT'S WHY WE RETAINED THIS RANGE BETWEEN 2.4% AND 2.7%, 2.4% INDEED THE FIRST COUPLE OF YEARS AND THEN 2.7% ON THE LAST YEAR OF THE PLAN ON LOAN.

AND THEN QUESTION ON THE LOAN-TO-VALUE. IN OUR FORECAST, INDEED WE SEE A POSITIVE IMPACT STEMMING FROM THE ASSET ROTATION AS ANNOUNCED ON THE PAGE DEVOTED TO ASSET ROTATION; IT WILL BE MAINLY DEVOTED TO REDUCING THE LOAN-TO-VALUE. NOT THE ENTIRE €150 MILLION THOUGH, BUT ABOUT 50%-60% OF ASSET ROTATION, SO OF DISPOSALS ARE AIMED AT REDUCING LOAN-TO-VALUE STRAIGHTAWAY AS A PRIORITY. AND THEN WHEN WE GET TO 150 TO 100, THEY WILL PARTLY BE REINVESTED, BUT WITH THE IDEA IN MIND TO REDUCE THE LEVERAGE.

CAN YOU ELABORATE ON THE THIRD QUESTION BECAUSE IT WAS NOT CLEAR?

ROBERTO RANIERI: SO IT WAS ACTUALLY TWO QUESTIONS. SO IS THERE ROOM FOR FURTHER COST REDUCTION?

CLAUDIO ALBERTINI: IGD, COST PERCENTAGE WISE, SHOULD DECLINE IN ABSOLUTE TERMS THEY ARE INCREASING, THE INFLATION RATE ARE SLIGHTLY MORE. WE HAVE A COST STRUCTURE WHICH IS SIZED SO IF YOU MEAN COSTS FOR THE COMING YEARS, WE DON'T EXPECT NEW COSTS, WE ARE VERY CAREFUL NOT TO SPEND MORE THAN NECESSARY. SO WE DON'T THINK THERE IS ROOM FOR FURTHER SHRINKING COSTS. SIZABLY, I MEAN OR IF THEY ARE RAW WE ARE TALKING ABOUT P/NAV VERSUS THE SIZE OF THE ORGANIZATION.

ROBERTO RANIERI: AND THE LAST QUESTION ABOUT THE AGREEMENTS YOU'VE MADE WITH COOP ALLEANZA, HAVE YOU EVER GIVEN A BREAKDOWN OF EBITDA AND WHAT IS THE CONTRIBUTION ON CONSOLIDATED EBITDA OF THIS AGREEMENT HAS?

- CLAUDIO ALBERTINI: AS FAR AS I KNOW THIS REMODELING ESPECIALLY ON THE RENTS MEANING REDUCTION OF RENTS. THE STORES WILL HAVE AN EBITDA THAT WILL BE BALANCED BELOW.
I'M MORE FOCUSING ON THE EFFECTED HALF ON THE COOP STORES THAT ARE IN THE SHOPPING CENTER, SO THAT THEY ARE SUSTAINABLE OVER TIME. WE THINK THAT THANKS TO THIS DEAL, THESE HYPERMARKETS, THE STORES WILL HAVE A BALANCED EBITDA, HOPEFULLY ALSO A GROWING EBITDA. TODAY, IT'S FLAT. THAT WAS THE QUESTION.
- ROBERTO RANIERI: YES. I WANTED TO KNOW IF SOMETHING WAS CHANGING EBITDA WISE STEMMING OR DRIVEN BY THE AGREEMENT, THANK YOU.
- OPERATOR: NEXT QUESTION IS FROM SIMONETTA CHIRIOTTI FROM MEDIOBANCA. THANK YOU.
- SIMONETTA CHIRIOTTI: YES, GOOD EVENING. MY QUESTION REFERS ONCE AGAIN TO THE AGREEMENT WITH COOP, HOW MANY ARE THE CAPEX CONNECTED PRACTICALLY TO THIS PROJECT AND IF THEY ARE INCLUDED IN THE ITEM, OTHER CAPEX. AND THEN ANOTHER QUESTION AMONG THE PLAN ASSUMPTION, SO WHAT HAVE YOU INCLUDED IN TERMS OF THE LET'S SAY APPRAISAL OF THE ASSETS. AND FINALLY, I ALSO WANTED TO ASK YOU, BECAUSE YOU ARE FOLLOWING ALL OF THIS WITH GREAT ATTENTION, I SUPPOSE IF YOU HAVE ANY UPDATES CONCERNING THE PROPOSAL THAT IS CIRCULATED BY MEMBERS OF THE GOVERNMENT OF LET'S SAY CLOSING SHOPS ON SUNDAYS, WHAT IS YOUR REACTION TO THIS?
- CLAUDIO ALBERTINI: AS FAR AS THE FIRST QUESTION IS CONCERNED, WHICH IS THE ESTIMATE OF THE CAPEX, I AM GOING TO ASK ROBERTO ZOIA TO PLEASE ANSWER THIS BECAUSE OBVIOUSLY HE HAS WORKED MORE ON THIS. BUT, WE HAVE NO OTHER PRECISE FIGURES ON THIS.
- ROBERTO ZOIA: GOOD AFTERNOON, SIMONETTA, AS FAR AS THE HYPER AGREEMENT IS CONCERNED FOR THE 13, OBVIOUSLY THIS IS AN EXTENSION THAT DOESN'T ENVISAGE CAPEX FOR THE ONES OBJECT OF REDUCTION, INSTEAD IT HAS BEEN ENVISAGED THAT ALL OF THE SEPARATION WORKS, SO BASICALLY REDUCTION IN THE SURFACE, THESE SHOULD BE BORNE BY COOP, THE SAME GOES FOR THE PLANS TO MAKE IT INDEPENDENT BETWEEN THE HYPER PART AND THE PART WHICH IS INSTEAD RELEASED. AND WE HAVE A ENVISAGED A CAPEX, LET'S CALL THEM OF FIT OUT, SO I TAKE THE HYPER PRICE AND I TAKE THE HYPER PRICE AND I MAKE IT USEFUL FOR THE NEW MALLS OR THE NEW MEDIUM SURFACES, AND IN THESE CAPEX, OR PRACTICALLY WITHIN INSIDE OF THE 35 MILLION OF RELATING TO THE PREVIOUS QUESTIONS. AND WE'VE PUT THEM AS COMMERCIAL INVESTMENTS.
- WE SHOULD BEAR IN MIND, AS CLAUDIO WAS SAYING IN THE INTRODUCTION, THAT IN 3 OF THESE, WE ARE TALKING AVERAGE SURFACES. AND THEREFORE, THE CAPEX IMPACT IS VERY LIMITED. INSTEAD

FOR THE 2, IT'S A BIT MORE OF THE VERY TOTAL OF THESE CAPEX, IT'S €6.5 MILLION THAT WE HAVE INTRODUCED IN THE 35 THAT WE WERE TALKING ABOUT BEFORE. SO, €6.5 MILLION IS TO MAKE THE FORMAL HYPER A MALL, WHILST ALL THAT WHICH CONCERNS THE REDUCTION OF THE HYPER AND THE REFURBISHMENT REMAINS PRACTICALLY BORNE BY THE TENANT, SO COOP ALLEANZA IN THIS CASE.

YES, OUT OF THE QUESTIONS INSTEAD, I KNOW WE HAVEN'T DONE SOME ESTIMATES ON THE EVALUATION EFFECT OF THE NEXT YEAR, CERTAINLY WE ARE...WE HAVE AHEAD OF US A PERIOD NOT OF REEVALUATIONS I WOULD SAY, WE ARE HOPING FOR A SUBSTANTIAL STABILITY EVEN IF IT'S NOT GOING TO BE EASY FOR THE YEARS TO COME AND WE HAVE A SENSITIVITY TO AN INCREASE OF RATES, SO CAP RATING AND SO ON. AND ALL THIS YOU CAN FIND WITHIN THE SENSITIVITY DETAILS THAT CAN GIVE YOU LET'S SAY AN IDEA.

AS I SAID, THE ACTION THAT WE HAVE DONE AND WE ARE PLANNING FURTHER IN THIS PLAN MOVE IN THE DIRECTION OF KEEPING ALSO THANKS TO THE OCCUPANCY RATE WHICH IS STILL VERY HIGH, 97%, SO INVESTMENTS ON THE QUALITY OF THE LETS SAY SHOPPING CENTER TO KEEP OUR EVALUATION STABLE. AND THEN OBVIOUSLY, IF RATES WERE TO GO UP BY LET'S SAY 10-15, 20 BASIS POINTS, OBVIOUSLY THERE WILL BE NEGATIVE EFFECT ALSO. BUT, I EXPECT MORE NEGATIVE EFFECTS THAN POSITIVE ONES, BUT AT THE MOMENT, WE ARE NOT ABLE TO QUANTIFY THEM AT ALL, WE ARE NOT IN A POSITION. IGD HAS A SIZE WHICH EVEN ONLY THE VARIATION OF 10 TO 15 BASIS POINTS ON POSITIVE OR NEGATIVE, IF YOU DO THE SENSITIVITY, IT CAN REALLY MEAN TENS AND MILLIONS IN POSITIVE OR NEGATIVE ACCORDING TO THE CASES.

ON THE SUNDAY CLOSINGS, WE HAVE SPOKEN ABOUT THIS MORNING TOO, ACTUALLY THE BOARD OF DIRECTORS MENTIONED THIS, DISCUSSED THIS. A QUESTION WAS ALSO ASKED BY A JOURNALIST DURING THE BOARD BY REUTERS. AND TODAY, THE TOPIC IS A BIT OF IN THE BACKGROUND OF THE GOVERNMENT'S PRIORITIES AT THE MOMENT, THEY ARE HAVING PRIORITIES TO DEAL WITH, BUT EVERYDAY THERE IS SOMETHING NEW THAT OBVIOUSLY COMES UP TO OUR ATTENTION.

SO, OBVIOUSLY, THIS IS BEING DEBATED, YOU KNOW, WITH THE GOVERNMENT, BY THE GOVERNMENT. AND AS CNCC WITH MASSIMO MORETTI WE ARE PROVIDING OUR CONTRIBUTION TO THIS. IF WHAT HAS COME OUT WERE TO BE CONFIRMED, THERE COULD BE NEGATIVE EFFECT FOR THE SUNDAY CLOSURES, AS SUNDAY IS THE SECOND LET'S SAY BEST SHOPPING DAYS IN TERMS OF FOOTFALL AND FOR US, AFTER SATURDAY, IT'S THE MOST IMPORTANT DAY OF THE WEEK WITH ABOUT 17% SALES ON SUNDAYS AND EVEN IF ONE COULD THINK THAT SOME SALES MAYBE ANTICIPATED OR MOVED TO ANOTHER DAY, WHICH IS NOT A SUNDAY, I MEAN WHY NOT BECAUSE THERE ARE SOME PEOPLE WHO, YOU KNOW, GO TO SHOPPING CENTERS, BUT IN THE WEEK AND OBVIOUSLY THEY SAW THE DATE DOUBLE, BECAUSE THEY HAVEN'T BEEN THERE ON THE SUNDAY.

AND SO, THEY DOUBLE THE TUESDAY. SO OBVIOUSLY THIS IS SOMETHING THAT...OR YOU KNOW, IT'S NOT THAT ALL POINTS OF SALES WILL BE CLOSED AND THIS IS IMPORTANT. THE MEASURE IS VERY TARGETED TOWARDS THE SHOPPING CENTERS UP UNTIL NOW AT LEAST, SO OBVIOUSLY WE CAN ESTIMATE IN THIS CASE, A DROP, A SIGNIFICANT DROP OF SALES IF THIS WERE TO BE TRUE, OR IT'S CORRELATED, A FUTURE SUSTAINABILITY PROBLEM FOR OUR TENANTS. AND UNFORTUNATELY, ALSO A NEGATIVE EFFECT AND THIS IS AN ESTIMATE THAT'S BEING DONE ALSO BY OUR ASSOCIATION WITH A PRESS RELEASE THAT ESTIMATES FROM 40,000 TO 50,000 PEOPLE LET'S SAY AS COMPARED TO THE 500,000 OVERALL IN THE SHOPPING CENTERS.

SO THESE ARE VERY RELEVANT FIGURES. AND SO, THESE MEASURES I THINK THEY DON'T REALLY MOVE IN THIS DIRECTION OF GROWTH AND THE FINANCIAL MANEUVERS OF THE GOVERNMENT THAT AIMS AT GROWTH. BUT THIS SMALL MEASURE, IT DOES NOT REALLY GO IN THAT DIRECTION, IT WOULD CERTAINLY HAVE A NEGATIVE EFFECT FOR US, THAT'S FOR SURE, INDIRECTLY OBVIOUSLY, NOT DIRECTLY, IT'S NOT THAT THE RENT IS CONNECTED BY A CONTRACT TO THE DAYS WHEN IT'S OPEN, BUT IF THERE WERE TO BE A SIGNIFICANT DROP IN THE SALES, OBVIOUSLY THE TENANTS WOULD ASK FOR A REDUCTION IN COSTS, THAT'S FOR SURE, WHEREAS IT'S NOT POSSIBLE POTENTIAL REDUCTIONS.

OPERATOR: HENRI QUADRELLI FROM SOCIETE GENERALE. THANK YOU.

HENRI QUADRELLI: GOOD EVENING TO YOU ALL. I HAVE SOME QUESTIONS, I AM SORRY TO BE LATE. I WILL TRY TO PROCEED QUITE FAST.

CLAUDIO ALBERTINI: NO, WE STILL HAVE TIME, WE HAVE TAKEN 2 HOURS.

HENRI QUADRELLI: YES, RIGHT THANK YOU. SO, I WILL TRY TO PROCEED IN ORDER, NOW I SEE ON PAGE 26, I SEE THE FUTURE SITUATION WITH THE STRATEGIC AGREEMENT. I SEE HERE THAT IN OUR IN DEPTH ANALYSIS ON THE BEHAVIOR OF CONSUMERS AND VISITORS. IS THERE A POSSIBILITY FOR YOU OF ACTUALLY USING THE DATA BANK OF COOP MAYBE, SO AS TO BE ABLE TO CARRY OUT THESE ANALYSIS AND CARRY OUT MORE TARGETED MARKETING OPERATIONS, I DON'T KNOW IF YOU WANT TO ANSWER QUESTION-BY-QUESTION MAYBE YOU ALWAYS WANT ME TO PUT THEM ALTOGETHER?

RAFFAELE NARDI: RAFFAELE NARDI, NOW OBVIOUSLY THIS IS THE PART AS YOU WERE UNDERLYING WHICH IS A BIT MORE INOFFENSIVE MAYBE AND COOP IS WORKING ON THIS ITSELF TO PUT TOGETHER ALL OF THE INFORMATION AND DATA. AS MR. ALBERTINI WAS SAYING, YOU KNOW, COMPATIBILITY WITH THE PRIVACY LEGISLATION, SO IT'S CONNECTED IN TERMS OF THE ANALYSIS OF BEHAVIORS OF VISITORS AND ALSO THEIR PARTNERS, LET'S SAY AND THEIR SHAREHOLDERS. AND OBVIOUSLY WE WILL TRY

AS MUCH AS POSSIBLE TO WORK, YOU KNOW, IN SYNERGY WITH THE COOP PARTNER, SO THE WILL IS THERE. WE WANT TO DO IT AND WE SHALL SEE IN THE NEAR FUTURE HOW THIS INTENTION CAN BE MADE CONCRETE.

CLAUDIO ALBERTINI:

SO THE ANSWER IS, YES, BASICALLY. WE WILL WORK IN COMPLIANCE WITH THE PRIVACY OBVIOUSLY LEGISLATION, AND BY CLASS VISITORS', AGE, HABITS AND SO ON. I AM SURE THAT THIS CAN BE DONE BEARING IN MIND THAT WE ALSO HAVE AN IT SYSTEM TOGETHER WITH COOP, AND SO THERE IS A MAXIMUM INTEGRATION IN THE RESPECT OBVIOUSLY OF BOTH PRIVACY.

SECOND QUESTION PAGE 28, THIS IS STILL THE AGREEMENT. THE IMPACT OF €1.9 MILLION ON THE RENTS. NOW, CONSIDERING THAT IT IS A BIT MORE THAN 1.3% NEGATIVE IMPACT. NOW, CONSIDERING THAT WE HAVE 1.4 OF LIKE-FOR-LIKE POSITIVE ON Q3 ON THE NINE MONTHS, WE CAN SAY THAT LIKE-FOR-LIKE AND THE IMPACT IN THE END WILL BE 0% FOR 2019 DUE TO THIS. NO, WE DIDN'T ONLY HAVE THE COOP AGREEMENT.

WE ALSO HAVE OUR COMPONENTS. WE HAVE AN EXPECTED GROWTH FOR ALL OF THE OTHER ASSET CLASSES. WE HAVE THE POSITIVE EFFECT ALSO OF THE ECP PORTFOLIO SO WE ARE ENVISAGING AS OF 2019 A LIKE-FOR-LIKE GROWTH OF 1.1%-1.2% LIKE-FOR-LIKE. YES, CONSIDERING ALSO THE AGREEMENT EFFECTS, WHICH IS OBVIOUSLY SPREAD OVER THE PERIOD OF A PLAN, IT'S NOT THAT FROM THE 1ST OF JANUARY, WE ARE CLOSING ALL OF THE OLD HYPER'S OBVIOUSLY. NO WE HAVE MADE AN AGREEMENT AND I WOULD LIKE TO REFER TO THE...TO THE DOCUMENT THAT WE HAVE TO DEPOSIT BY THE 14TH OF FEBRUARY...14TH OF NOVEMBER...NOW I SAID FEBRUARY, SORRY. AND I AM REFERRING YOU TO THE PERSPECTIVE THAT HAS TO BE DEPOSITED BY NOVEMBER 14, SO AT THE MOMENT OF THE RELEASE WE WILL HAVE A RENT GUARANTEED FOR A PERIOD OF TIME, AND AS FAR AS THE HYPER IS CONCERNED WHICH IS NOT AN OBJECT OF THE EQUATION OF SQUARES SO MEDIUM SURFACES.

WE INSTEAD HAVE FOUR MONTHS OF GUARANTEED RENT AT THE PREVIOUS LEVELS. AND WE WILL NOT START, I MEAN ON THE 1ST OF JANUARY, WE HAVE ALREADY...WE WILL START LITTLE-BY-LITTLE, AND IT WILL BE AN EFFECT WHAT WE FELT OVER THE PLAN. OUR LIKE-FOR-LIKE ESTIMATE THAT WE DISCUSSED THIS MORNING APART FROM THE Q3 AND THE STRATEGIC PLAN AND CONSIDERING ALSO THE BUDGET FOR 2019 WHICH IS MUCH MORE TIMELY BUDGET WITH ALL OF THE INDICATORS AND GROWTH ENVISAGED. WE EXPECT A GROWTH NEXT YEAR OF 1.1-1.2 LIKE-FOR-LIKE OVER THE PLAN.

I AM SORRY I DIDN'T HAVE THIS INFORMATION THAT IS SPREAD OVER THIS PERIOD. IF WE GO TO PAGE 30 INSTEAD, WE HAVE THE ASSET ROTATION.

HENRI QUADRELLI: SO DO YOU HAVE AN IDEA WHO COULD BUY THESE TYPES OF ASSETS? I SUPPOSE NOT THE BIG PLAYERS WHICH YOU SAID PROBABLY LOOKING FOR BIG SHOPPING CENTERS, MAYBE COULD IT BE OFFICE FAMILIES, DO YOU HAVE ANY CANDIDATES?

CLAUDIO ALBERTINI: JUST TO GIVE YOU AN EXAMPLE, SO MAYBE WE CAN UNDERSTAND EACH OTHER BETTER. WE HAVE SOME AREAS IN LIVORNO, WE HAVE FOR INSTANCE, WE HAVE THE PROJECT, WE HAVE DEVELOPED CERTAIN SECTOR. NOW, WE ARE DEVELOPING ANOTHER ONE WHICH IS THAT OF THE OFFICINE, BUT WE HAVE OTHER THREE AREAS WHICH HAVE BEEN DEVALUED IN THE PAST OR WITH THE POSSIBILITY OF BUILDING OUR RTAS AND HOTELS, BOOK VALUE AROUND €20 MILLION NOW. ON THIS OBVIOUSLY, WE ARE ALREADY THINKING ABOUT THIS WITH SOME TENANTS THAT MAY BE INTERESTED IN DEVELOPING HOTELS OR EVEN RESIDENCE...TOURIST RESIDENCE. RTAS, SO WE ARE TALKING ABOUT €20 MILLION. THIS IS JUST TO GIVE YOU AN EXAMPLE. SO AS I ALREADY SAID BEFORE IN MY ILLUSTRATION, THESE ARE NOT NON-PERFORMING ASSETS, SO WE WOULD LIKE TO SELL NON-STRATEGIC ASSETS, AND WE KNOW THAT THE MARKET TODAY IS MADE UP BY TENANTS THAT ARE EXPECTING RETURNS WHICH ARE DOUBLE-DIGITS ON THESE ASSETS. SO THIS IS NOT THE TYPE THAT WE...SUBJECT THAT WE WOULD LIKE TO ADDRESS OURSELVES TO, AND THEN WE SOME OTHER IDEAS MAYBE ON SOME OTHER ASSETS, BUT NO LONGER STRATEGIC FOR OTHER REASONS, BUT I CANNOT GIVE YOU NAMES HERE, OTHERWISE, WE RISK THAT THEY ARE...TOMORROW THEY ARE DEVALUED BY 10% ALREADY TOMORROW MORNING, BUT I COULD JUST MENTION THIS BECAUSE THEY ARE QUITE LATERAL COMPARED TO OUR CORE BUSINESS.

NOW, PAGE 36, THE DIVIDEND POLICY. I WOULD LIKE TO MAKE A COMMENT HERE, BECAUSE I SEE DIVIDEND FFO IN CONSTANT GROWTH. YOU ARE TALKING ABOUT THE PAST OR POSSIBLY...AND DIVIDENDS GROWTH? YES AND POSSIBLY ALSO THE FUTURE. YES, THE DIVIDEND IS VERY ATTRACTIVE AND IS THIS CONSIDERED THAT THE LEVEL OF THE YIELD AND SO CONSIDERING THE PRICE OF THE STOCK OR SIMPLY AT THE LEVEL OF THE PRICE OF THE DIVIDEND ITSELF. SO...HERE WE HAVE TO REFER TO TWO THINGS. CERTAINLY, THERE IS LEVEL OF YIELD, AS I SAID BEFORE AND THE DIVIDEND YIELD IS AROUND 8%, MAYBE EVEN A BIT MORE. YES, BUT THAT IS AT RISK. YOU CAN SAY YOU CAN CUT THE DIVIDEND IN SOME CASES. WELL, THE RATIO OF THE AMOUNT OF DIVIDENDS AND THE FFO IS ANOTHER IMPORTANT INDICATOR WHICH IS INDICATED ON PAGE 36 HERE ON THE SLIDE.

ON THE FINANCIAL YEAR 2017 AT JUNE OF THIS YEAR, WE HAVE A DIVIDEND POOL WHICH WAS EXCEPTIONAL IN TERMS OF PERCENTAGE, 84% IN FACT, BUT THIS BECAUSE WE MADE A VERY CLEAR CHOICE, THE CLEAR CHOICE OF GIVING DIVIDENDS EVEN FOR THE NEW ISSUANCE. SO THOSE WHO HAVE UNDERWRITTEN THE SHARE AND PAID THEM ON THE 1ST OF MAY FOR INSTANCE. THEY HAD A €0.50 DIVIDEND AFTER SLIGHTLY MORE THAN ONE MONTH, BUT OBVIOUSLY THIS IS AN

UNREPEATABLE SITUATION, LET'S SAY, EVEN PRESERVING ONLY FOR THIS YEAR, SO WITH IMPACT ON THE 2018 FINANCIALS EVEN KEEPING THIS €0.50 ON AN FFO WHICH IS ESTIMATED ON €79 MILLION.

WELL, THIS ALREADY IS DIVIDEND AS WE SAID WHICH IS VERY ATTRACTIVE AND SUSTAINABLE AT THE SAME TIME TO KEEP THIS €0.50 IS ALREADY GOOD. IT IS AN IMPORTANT FINE THIS €0.50 CONSIDERING THE..HOW EXCEPTIONAL THE DIVIDEND FOR 2017 HAS BEEN THEN. SO THE NEXT FEW YEARS, IF WE SAW...SUCCEED IN INCREASE IN THE DIVIDEND, WE SHALL DO SO OBVIOUSLY DEPENDING ON THE GROWTH OF THE FFO AND LOOKING AT THE STOCK ON THE MARKET BECAUSE OBVIOUSLY...BECAUSE THE COMPANY ALREADY OFFERS A DIVIDEND OF 8% VERSUS THE PRICE. I THINK THAT THIS ALREADY HAS A CERTAIN LEVEL OF SATISFACTION FOR UNDERWRITERS. BUT IF THEY WERE POSSIBLE, WE SHALL BE INCREASING IT.

HENRI QUADRELLI: YOU DON'T GIVE GUIDANCE FOR FFO, I SEE FOR NEXT YEAR.

CLAUDIO ALBERTINI: NO, WE DID GIVE GUIDANCE. WE GAVE A 3% GROWTH IN FFO. WE DID GIVE IT. IF YOU GO TO PAGE 33, YOU CAN SEE IT.

HENRI QUADRELLI: YES, I AM SORRY.

CLAUDIO ALBERTINI: OKAY. YOU SEE HERE RENTAL 2%, LIKE-FOR-LIKE 1.7%, AND THE GROWTH OF FFO APPROXIMATELY PER ANNUM, SO CAGR IS 3%.

HENRI QUADRELLI: YES, OKAY.

CLAUDIO ALBERTINI: OKAY. SO, TO-DATE, THE SUSTAINABILITY REQUIREMENT VERSUS THE OLD DIVIDEND, I THINK IS ABSOLUTELY IN LINE. NO, I WAS TALKING ABOUT FFO. FFO, WE SAID THIS YEAR WE CONFIRMED THE GUIDANCE. I SAID IT WHEN WE PRESENTED THE FIRST NINE MONTHS SO WE BASICALLY CONFIRM THE GUIDANCE AT LEAST PLUS 20%. WE ARE HOPING A BIT MORE DERIVING FROM THE GROWTH OF FFO IN THE NINE MONTHS HAVE BEEN 21.5%, AND WE HOPE THAT WE WILL BE ABLE TO EXCEED THIS, WE ARE CONFIDENT THAT WE WILL BE ABLE TO BEAT THE GUIDANCE, AS WE DID LAST YEAR. SO HAVING A GUIDANCE WHICH IS EVEN SUPERIOR TO 20%. YES, CERTAINLY. THIS WOULD TAKE US AT AN ABSOLUTE VALUE FOR FFO OF €79 MILLION, IF I CALCULATED THINGS CORRECTLY.

HENRY QUADRELLI: AND PER SHARE, YOU CAN SAY? THERE'S NO CAPITAL INCREASE, RIGHT?

CLAUDIO ALBERTINI: YES. YES, I THINK SO. YES, IT COULD BE CONNECTED TO THE INCREASE OF A DIVIDEND.

- HENRY QUADRELLI: WITH AN IMPACT ON THE DIVIDEND OF 2020.
- CLAUDIO ALBERTINI: GIVEN IN 2020.
- HENRY QUADRELLI: OKAY, THANK YOU VERY MUCH.
- CLAUDIO ALBERTINI: WE HAVE ALWAYS HAD, IF YOU LOOK AT THE GRAPH, WE'VE ALWAYS HAD, AS YOU CAN SEE. NOW, SORRY, THE DIVIDEND, LET'S HAVE A LOOK AT THE DIVIDEND WHICH IS ON PAGE 36. IT'S ALWAYS, IT IS ALWAYS BEEN NO LESS THAN 68%, FROM 70% TO UPWARDS AND SO WE HAVEN'T PUT IT PRECISELY BECAUSE WE SHALL BE ASSESSING IT YEAR-BY-YEAR BUT THE COMMITMENT IS TO CONTINUE OFFERING A DIVIDEND LIKE THIS. THE DIVIDEND, WE KNOW IS ONE OF THE MAIN DRIVERS FOR THE IGD STOCK, SO TO TRY AND DECREASE THIS DISCOUNT THAT HAS REALLY REACHED TO LEVELS, WHICH ARE FAR TOO EXCESSIVE.
- FINALLY, PAGE 38, THE STRATEGIC AGREEMENT; WE ARE TALKING ABOUT ASSET CONTRIBUTION HERE, I DON'T THINK THAT WE CAN TALK ABOUT COOP IN THIS CASE. I DON'T KNOW WHAT YOU THINK ABOUT IT, BY CONSIDERING THE FINANCIAL SITUATION I THINK THEY'RE LOOKING MORE FOR CASH THAN FOR STOCKS AT LEAST AT THE MOMENT. WE'RE NOT DEFINITELY TALKING ABOUT ASSET BECAUSE WE DON'T SEE WITHIN THE PORTFOLIO, AND TALKING ABOUT COOP, WE DON'T SEE THE SHOPPING CENTERS OF OUR INTEREST, THE FEW THAT WE...THEY HAVE ARE NOT INTERESTING FOR US. AND SO THE PREMISES THAT THERE SHOULD BE TARGET OF COMMERCIAL CENTERS IN CONTRIBUTION OF OUR INTEREST, BUT WE DON'T SEE IT IN COOP'S CURRENT PORTFOLIO.
- HENRY QUADRELLI: ONE LAST COMMENT. AND I WOULD HAVE LIKED YOU TO HAVE WRITTEN BLACK ON WHITE THAT THERE WILL BE NO RIGHT ISSUES APART FROM ASSET CONTRIBUTION AND IN CASE OF ASSET CONTRIBUTION, IT WILL TAKE PLACE AT NAV.
- CLAUDIO ALBERTINI: BUT I CONFIRMED THAT. I CONFIRMED THAT.
- HENRY QUADRELLI: I WOULD HAVE WANTED IT WRITTEN IN BLACK ON WHITE, NO ACQUISITIONS AND NO RIGHTS ISSUE, NO CAPITAL INCREASES.
- CLAUDIO ALBERTINI: I...WELL, WE WRITE DOWN THAT WE EXPECT NO FURTHER GROWTH, IT'S EITHER REDUCING LOAN TO VALUES OR ASSET ROTATION OR HENRY, I CONFIRM THAT WE DO NOT FORESEE ANY CAPITAL INCREASES OR RIGHTS ISSUE, NOW IT WAS EITHER AT NAV OR DISCOUNT TO NAV.
- HENRY QUADRELLI: I WANTED IT BLACK ON WHITE, SO TO SAY, IN WRITING.

CLAUDIO ALBERTINI: YOU CAN REPORT IT AS A STATEMENT I MADE, IF YOU WISH.

HENRY QUADRELLI: I WILL. I WILL DO SO, THANK YOU VERY MUCH FOR YOUR ANSWERS.

CLAUDIO ALBERTINI: THANK YOU, HENRY.

OPERATOR: NEXT QUESTION COMES FROM THE LINE [TECHNICAL DIFFICULTY] YOU HAVE THE FLOOR. MS. GUEZI, YOU HAVE THE FLOOR.

VALERIE GUEZI: HELLO, HI. SO I THANK YOU. I THINK ALL OF MY QUESTIONS HAVE BEEN ANSWERED. THANK YOU VERY MUCH.

CLAUDIO ALBERTINI: THANK YOU, VALERIE, THANK YOU. IT'S ALWAYS A PLEASURE TO HAVE YOU ATTENDING OUR CALLS.

OPERATOR: THE NEXT QUESTION COMES FROM THE LINE...IT'S A FOLLOW-UP FROM SIMONETTA CHIRIOTTI WITH MEDIOBANCA. YOU HAVE THE FLOOR, MADAM.

SIMONETTA CHIRIOTTI: ON THE DIVIDEND POLICY, FROM MY POINT OF VIEW, CONNECTING TYING YOUR DIVIDEND POLICY TO THE STOCK HERE, SO THE SHARE YIELD COULD BE MISLEADING BECAUSE THE SHARE PRICE CAN BE SWINGING WHILST THE DIVIDEND POLICY APPLIES, WELL IS VALID FOR INVESTORS, IF IT'S TIED IN WITH SOMETHING THAT HAS TO DO WITH THE GROUP FUNDAMENTALS, BUT CAN WE ASSUME THAT THERE WILL BE NO DECREASES IN THE DIVIDEND PER SHARE, THAT THE DIVIDEND PER SHARE WILL BE AS FLAT OR GROWING?

CLAUDIO ALBERTINI: I CONFIRM THAT THE DIVIDEND WILL BE FLAT OR POSSIBLY GROWING. AND IF YOU HAVE COSTS, WELL WE WILL LOOK AT THE DIVIDEND YIELD AS WELL, CROSS-CHECK WITH THE DIVIDEND YIELD BECAUSE IT BEING NOW AT 8% EITHER WE HAVE TO PAY OUT A FLAT DIVIDEND OR GROWING DIVIDEND WITH A DIVIDEND YIELD LANDING AT 8%. SO IT'S A...IT SHOULD BE SATISFYING FOR SHAREHOLDERS.

AS YOU SAID, SIMONETTA, WE MAINLY LOOK AT THE FFO PERFORMANCE. BUT OF COURSE, DIVIDEND YIELD CAN HAVE AN IMPACT ON OUR DIVIDEND POLICY, BUT IT COMES SECOND IN THE LINE.

SIMONETTA CHIRIOTTI: SO YOU DON'T FORESEE DIVIDEND AS A PAYOUT ON FFO?

CLAUDIO ALBERTINI: NO, WE'RE NOT IN A POSITION TO GIVE A COMMITMENT, A PRECISE COMMITMENT ON THE PERCENTAGE, PAY OUT AS A PERCENTAGE OF FFO AS WE DID IN THE PAST. I CONFIRM THAT THE FUTURE DIVIDEND WILL BE FLAT, IT WILL BE STABLE OR GROWING, FOR SURE, FLAT OR STABLE OR

GROWING. LET ME REPEAT THIS YEAR, I SEE IT FLAT MORE THAN GROWING AS IT ALREADY HAS ACHIEVED WELL, LAST YEAR IT WAS 84% VERSUS THE...AS AGAINST THE FFO, BUT THAT WAS A ONE-OFF BECAUSE WE REWARDED THOSE WHO BOUGHT THE SHARE IN MAY THIS YEAR. SO THEY NEED NOT CONTRIBUTE TO THE GENERATION OF LAST YEAR'S FFO.

SO THIS YEAR, JUST RETAINING A FLAT DIVIDEND IS ALREADY A MAJOR ANSWER WE'RE GIVING, A MAJOR SIGN, IF WE CAN FURTHER INCREASE IT, WE WILL COMMIT TO INCREASE IT, BUT WE WILL INDEED KEEP AN EYE ALTHOUGH IT WON'T BE OUR FIRST THING TO DO. BUT WE WILL KEEP AN EYE ON THE DIVIDEND YIELD AS WELL FROM 8.1%, WHICH IS THE DIVIDEND TO GO INTO 8.5% DOESN'T SEEM TO BE A VERY CONSERVATIVE POLICY TO ME.

SIMONETTA CHIRIOTTI: THANK YOU. THANK YOU.

OPERATOR: FOR FURTHER QUESTIONS, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR KEYPAD. MR. ALBERTINI, THERE ARE NO MORE QUESTIONS IN THE QUEUE.

CLAUDIO ALBERTINI: VERY WELL. THANK YOU ALL FOR JOINING US AT THIS CONFERENCE CALL AND SEE YOU NEXT TIME. THANK YOU.

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. THE CONFERENCE CALL HAS COME TO END. YOU MAY DISCONNECT YOUR PHONES. THANK YOU VERY MUCH.