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Speakers:	**Mr. Gilberto Coffari, Chairman**
	Mr. Claudio Albertini, CEO

OPERATOR: This is the Chorus Call Operator. Welcome to the IGD's 2012-2015 Business Plan Presentation. All participants' lines have been put in the listening only mode. After management's presentation, participants will have the chance of asking questions to be assisted by a Chorus Call operator, during the conference call, please press "*" followed by "0" on your telephone keypad.

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

CLAUDIO ALBERTINI: Good morning, everybody. Before starting, I would like to stress one thing. In addition, to the management team and the members of the IR team of IGD, we also have our Chairman, Gilberto Coffari, who will be glad to take any question you may have for him. As you are probably aware of, yesterday our Board has reported in the press release approved our 2012-2015 Business Plan. And this is what I am going to illustrate to you. We will be following the presentation.

We are now on Slide 3. The headline contains a question, why a new Business Plan? We started with the presentation of the 2009-2013 Business Plan back in November 2009. And we we presented it on a yearly basis with yearly updates. This is what happened in November 2010, there were not big changes. We were seeing the first signals of an economic crisis although not as severe as the current one. And so, we set the target for the Business Plan extension. In the second half of 2011, we were working on the update of the 2009-2013 with a possibly extension by one year or two. And then you will see these grey area, which starts mid-2011 and full year 2012 and that's the description, the graphic description of the economic crisis that has hit the Eurozone in the first half of the current year. The Board of Directors of IGD had to be reappointed, because their term of office has come to an end. And therefore, we had decided to renew the Plan, with the renewal of the Board of Directors. On this chart, you can see the performance of our stock price, compared to the Italian stock exchange FTSE MIB and also compared to the EPRA European Index. As you can see, when we presented our excellent media results, our stock had outperformed the FTSE MIB Index and it has also outperformed the European stocking (Ph) that's starting second half 2011, there was the onset and the breakout of the economic crisis. So Italian and European Stock Price Index went down, actually that happened to the Italian Stock Index, whilst the EPRA Stock Index declined and then stabilized. So the recurring question that has been put to us during conference calls or one-on-one meetings, is why can we see these discounts, why is the stock price at a discount? You can see pretty clearly, we are discounting our country specific risk, but for sure, we have been underperforming compared to the EPRA stock index because of the onset of the crisis starting mid-2012.

Let's now go to Page 4, and again the headline is why a new industrial or Business Plan? Well, as I have told you, there have been major changes affecting the economic macro scenario. Hence, the need for a review of the Business Plan or the existing Business Plan. In general, all lending and financial institutions has been asking for a reduction of our gearing, which is dictated by sovereign states and by other entities. So therefore, we have tried to comply with it. In addition, I think we have decided not to increase our leverage. We have decided to have a stronger focus on our pipeline and on our asset portfolio or enhancing its value. So we have reviewed our strategic guidelines with a strong focus on the sustainability of the Group. So, the headline or the recurring theme of the new Business Plan is the sustainability of the Business Plan. So sustainability will be a recurring term or recurring theme. In terms of cost of capital, asset value, revenues and also dividends, the recurring theme in all these four areas is sustainability. We have involved all the corporate functions that are represented (Ph) here today by all their heads, they have all worked with a bottom-up approach drafting this Business Plan.

If you go to the next page, you can see the major elements of the European and Italian macroeconomic scenario. We concentrated and focused on the retail commercial business segment, and in particular on Italy the specificities, despite quite a drop in investments recorded in the first half 2012, a decline that will remain as the dominant trend in the second half of the year too. But despite this, Italy still has a strong upside, both in terms of investors, as well as in terms of retailers. All the opinions and the assessments of the major Italian and foreign listed companies operating in the industry have adjusted value of their assets. There was a black sky scenario outlined by a few sources, there have been write-down's of few thousands and millions euros, but overall our asset portfolio equivalent value has held quite well. To the best of our knowledge, there are major development plans in the real estate industry. However, there is a stronger focus that has been narrowed down on what we consider as the prime shopping centers located in major cities and also in major shopping areas that really are the reference point for their adjoining catchment areas. I think that there will be again a strong wave of stronger focus on these areas. And, as I said, there is a strong interest on the part of potential investors as well as retailers. New consumption trends have emerged, again there is quite a critical situation in Italy, but there have been a new consumption patterns combined with the new mobility patterns. On the right hand side of the slide, you can see that the retail business segment and the shopping mall centers is affected by Italy country specific risk or slow down in consumption and uncertainties on the fiscal and legislative front. However, that's still very attractive and palatable sector for both investors and retailers.

We are now on Page 5; we are committed to improve the value of our portfolio with greater component of prime properties, flexible properties to adjust them to requirements expressed by consumers. We are well poised to take any opportunities that might come up following the evolution of so-called food anchors, attracting therefore traffic builders and meeting the press and the hardships affecting the context and the business scenario.

We are now on Page 6, let's see how IGD is positioned and what's the impact of this new positioning on the Business Plan? Our Business Plans sees us managing directly shopping malls, shopping centers both leasehold as well as freehold. We have quite a number of shopping centers owned by third parties. They are all located conveniently they can be easily accessible on the outskirts of cities. We have a strong presence on 11 regions, so we are well spread out. And all our shopping centers have a food mall or a food center, which acts as the anchors. We are the leader or the leading player in all our catchment areas or we are the so-called prime center. There are also exogenous or external factors that going forward will have an impact on our business. But we do not consider them as threats. First of all, let's have a look at the new shopping centers or commercial centers. E-commerce has still a limited moderate penetration in Italy. And within the time horizon, we do not expect this to be a challenging factor or a threat. For sure, we have to closely watch innovations adopted by the retailers and then a strong focus on competition. This is not really a real threat, because of the slowdown or standstill that has been affecting major projects in Italy.
So, we think that we will retain the leadership which we have obtained through our shopping centers. We also want to strengthen them and we want to boost the growth and development of centers to turn them into prime centers. We will be watching very carefully innovations in terms of merchandizing, tenant mix and savings in order to increasingly improve the quality of our assets. We will deploy all these actions because we believe that our business model is sound and should not be massively affected by any external factors.

On the next page, you can see the macroeconomic assumptions; we have based our Business Plan on. It has not been very easy to get assumptions from the major research centers beyond 2015. We have selected a panel made by 6 to 7 major sources. And here you can see the assumptions underlying our Plan. First of all, inflation, that should be about 3% - 3.2%. According to the major surveys, there should be a drop in 2013, and then the number should stabilize in the year following 2013. We are talking about an assumed 2% in 2014 and 2% again in 2015. GDP should be on the declining trend, minus 2.3% or even more than that at year end 2012. There should be then a pick up in 2013, although still with the number in the negative and a stronger growth in 2014 and 2015, strong slowdown or severe slowdown in consumptions in 2013, minus 3.1% expected to be again in the negative in 2013 and then a pick up in 2014 and 2015. A few words about Winmarkt, our controlled company in Romania. Inflation is slightly lower than in Italy, 2.2% in 2012, 1.7% over the next three years to 2015. GDP was better in the positive, 0.5%, whilst GDP is expected to grow steadily between 2013 to 2015, from 2.2% to 4%. Consumption a slowdown, but they are still in the positive, which you can see were approximately 1 percentage point or so. And they are expected to grow 3 percentage points in 2013. Data are not available for 2014 and 2015.

We are now on Page 8, and here you can see the main targets for the 2012-2015 Business Plan. And on the left hand side, you can see the three years over which the Plan stretches. You can see operation results, sustainability on the financial front and the enhancements of the value of our asset portfolio and the expected growth of pipeline. As you can see, we see a 3.6% growth of our revenues from rents. CAGR is slightly above inflation, which is 2.2% in 2013, 2% going forward, and an EBITDA margin that should be slightly above 71% at year end. Our gearing ratio should go down during the Business Plan time horizon, between 1.2%. We will not exceed 1.4%, and we will be ending at 1.2%, loan-to-value, approximately 52%. Interest cover ratio above 2 times, and an FFO that should be ranging between €45 and €50 million at the end of the Business Plan time horizon. A few words about Capex extensions and Capex €120 million, new investments €80 millions, but again it's based on the pipeline, and then disposals for a total of €100 million. So, again the three areas are asset management, financial strategy and commercial strategy and marketing.

On Page 9, you can see them, grouped and clustered (Ph) according to the main theme, which is sustainable growth.

We are now on Page 10. And we will now be covering each of these action areas, strategic action areas. On Page 10, you can see how we plan to consolidate and strengthen revenues going forward. Well, first of all, we will increase our revenues through innovation. We are in the process of increasing the presence of international brands within our portfolio. We already have been taking actions in order to enhance the so-called excellence of the geographical area, we operate in. And we will increase efficiency. We will also take actions to understand the changes in the geographies we operate on increasing not only our areas or shopping mall areas, but also so-called temporary shops. We will give temporary discounts to our tenants; however we will be going down compared to the peak reached in 2011. There is approximately an estimated 1% average upside on contracts approaching renewal. We will try to give a unified common identity and vision to be shared by all our shopping centers. And we will increase our focus and control on potential bad debts. Direct costs, if we take 2012 as a base or a benchmark, which really peaked as a consequence of introduction of the new tax known as IMU or I.M.U, it was introduced in 2011, but the impact unfolded in 2012. So, we expect the direct cost to get more stable. And we expect a decline to 21.7% at the end of the Business Plan. The bulk of the impact of direct costs was represented by an introduction of the IMU tax, which amounts to 6% and that's inclusive of Romanian tax. So, it's the equivalent of 6 percentage points of our EBITDA. So, our EBITDA growth of IMU is 76 - 77 points and 6 percentage points are just absorbed by the property tax. So, if we have approximately 3 percentage points, if we [indiscernible] and IMU. So, we would probably have 74 or so at year end as…that's the CAGR. As for general expenses, we are talking about a 2% decline in absolute terms and as a percentage on revenues, overheads are declining. The aim or the target being that of going below 8%, at end of the Business Plan.

A few words about Winmarkt, our Romanian company. We had expected €1.5 million increase again starting from the base of 2012. That would be achieved through contract indexation, which is indexed to the Eurozone inflation. We will renew at market rent. We will renew contracts on market rents. And we will re-qualify our GLA. In addition to this, you can see the main areas where we operate in terms of our commercial policies. You can see what we did and achieved in the previous years between 2008 and 2011. And incidentally, we acquired Winmarkt at the beginning of 2008. So we concentrated in including agro business players. So 10 out of our 14 businesses, we have 2 Billa and then Carrefour Express. And as you can see on this slide, between 2012 (Ph) and 2011, we are introducing new traffic generators. You have probably read about the agreement, which we reached with H&M at our new shopping center. It was covered in a press release one month ago, and we think that we can expand this cooperation to include some additional 3 to 4 shopping centers. In the past few years, we worked massively in Romania in order to consolidate our asset portfolio, by gradually extending our contracts. And I would say that the bulk of our contracts has a term which exceeds 3 to 4 years.

Page 12, here you can see the other quite important action area underlying our new strategy which is basically finance or financial sustainability. In the box…in the upper part of the slide you can see our assumption on our debt stock. We expect a slight decline in spread, both the short-term as well as longer term spread. We will not get back to the levels of pre-crisis, but we have been quite conservative. If you look at the bottom chart, you can see our assumptions. So above you see spread, and then you can see the base rates. We have taken Bloomberg curve assumptions, on three month EURIBOR, six months EURIBOR and IRS 3 years and 5 years. Now, according to this scenario, our hedge reserve which is in the negative for over €40 million that should decline to reach approximately €10 million at the end of the Business Plan.

Let's get into the more specific details that you can see on Page 13. Our gearing ratio will go down to below 1.2% at the end of the plan and the commitment is that of never go above 1.4 throughout the plan. As we speak plan now, our gearing is 1.36, if I recall correctly, a level that should stay there unchanged till the end of the current year. And so this is our assumption for the Business Plan. As far as our hedging policy is concerned, we want to have 65% coverage ratio, now obviously consistently with the development of spread values and loan-to-value should go down to 52% at the end of the plan from the current level of 56%. Let's have a look at Romania, Winmarkt will keep contributing to the performance of our Group with cash generated in the region of €20 million net across the plan and with a cash flow of approximately €200,000.

So, we know that there will be the convertible bond that will reach maturity at the end of December 2013. We are working with the major Italian as well as foreign banks in order to refinance these bonds. There are three possible scenarios. The issue of senior corporate scenario or non-convertible bond, that's option one. And/or a second option with a lending pool, including several banks, and a third option, a combination, that's to say of a convertible bond replacement, the current one, and/or a financing or lending pool, and/or a hybrid or a combination of these two options that's to say senior corporate bond for part of the amount and the rest covered by a pool of banks. We should have different tranches in any case, with staggered terms in order to be more flexible in refinancing them.

Let's pass on to the last leg or portion in our strategy, i.e. investments and Capex and enhancement of our portfolio value and development. On Page 15, you will find a description of our full pipeline starting from Chioggia going through the Porto Grande, Abruzzo, ESP Ravenna, Grand Rondò and Livorno. Total Capex, within the plan time horizon is €114 million with yield…average yield 6.5%, Capex Italy will account for €46 million and €12 million Capex Romania, always within the business downtime horizon and Porta Medicea €30 million. So, we add up to €203 million Capex, we are assuming of which €120 million extension and other…and the remaining portion other types of investments.

Page 16, as we said before, our investments will focus on the so-called committed pipeline. We are going to be restyling, refurbishing, extending prime centers, in view of increasing the attractiveness and the appeal of our centers. We are going to open up new centers with great upside as for instance Chioggia and other approved projects such as Porta a Mare, which we think is a project that is a retail center in high street, so to say, has the same feature as a high street retail center. We shall support the recently opened shopping center, so that they reach full profitability and through the asset manage (Ph) activity we are running. We are carrying out portfolio segmentation and we want to turnaround and dispose off non-core assets, €100 million disposal. This is what we assume over the next three years. We'll see a detail of this in the following page. And then to wrap up, as to Capex and investments, we will very much focus on energy efficiency and [technical difficulty] maintenance.

We are on Page 17, talking about divestments and further growth or development opportunities. In our plan, we assume so as to achieve the gearing target of 1.2 times after the end of the plan, and loan-to-value of 52% to dispose off €100 million worth of assets, it could be one or more assets. And at the same time, we are envisaging and we are working in order to achieve a turnaround in our portfolio. We are open to partnerships with the institutional financial investors. We are not looking for industrial investors, because we think we are the industrial player. We have the necessary know how, more than sufficient know how to carry on in our activity. And at the same time, we think we are appealing for investors, institutional investors to partner with them and it's going to be Italian investors and mainly European investors who are interested in investing in Italy through a partnership, which is a model that is growing more and more in the real estate industry in Italy. And having said all that, we shouldn't forget our aggregation or consolidation strategy as far as third-party retail portfolio is concerned. The timing is not yet compatible. So we have not…we were talking co-operatives or third parties.

As to Romania, on Page 18, again divestments and disposal, about €12 million, to really make sure our shopping centers are compliant to international standards, and so that their efficiency is further increased by refurbishing and re-qualifying GLA, and in order to be more and more attractive vis-à-vis, international retailers. There again, strong focus on sustainability and all that has the final objective target. As I've said many times during conference calls and more recently during the one-to-one meetings, and we are going to dispose off the Romanian portfolio. Romania is no longer core for IGD, although it's still an excellent cash producer. It's going to be generating about €20 million, within the Business Plan time horizon. So it's not a financial problem, this is just a strategic take we have when it comes to disposing of it. So in the next three years, we will be disposing eventually of this portfolio. And at the same time, we've identified two buildings that are no longer core, two properties and that's Ploiesti and Junior and dismissals or disposal will take place by the end of 2013 and Slatina by the end of 2013. The worth is about €8 million.

Page 19, you see some pictures of the work we are doing in Romania. Let me repeat, between 2008 and 2011, we are trying to recover GLA and enhance vertical flows. In Romania and many Northern and Eastern European countries, shopping malls have grown in a vertical way, not a horizontal way as it happened in Italy. And starting from this year until 2015, we will be developing our operations by redefining our core business parameters through disposals and refurbishment activities that will affect most of our shopping malls.

From Page 20 to Page 26/27, you will be able to see in detail some of our main investments over the next three years. Let's start with Chioggia. Chioggia works are due to start very soon, our tendering of works are about to start too, so end of the works is going to be March 2014. Total estimated Capex is about €40 million.

Ravenna, we've already completed a restyling activity end of 2011. There is another, even more important project that we are about to start, probably not before the end of this year. We are still working to get the necessary permits and authorization, but we should be starting in 2013 with a project, a major project, extension project that will lead to a GLA increase of 23,400 square meters of which €51 million Capex. ESP Ravenna is really an example of what we mean by prime center, although the surface is not very large. Indeed it is going to increase, thanks to the extension, but it's a benchmark for that catchment area already.

Another very important project it's Porto Grande d'Ascoli and we assume to start works halfway through 2013, end of work May 2014, and there we are going to run an extension to generate two new average (Ph) services with green areas and parking lots investment, while Capex estimates this €10 million.

And then Centro D'Abruzzo CH, we should start works in the second half of 2012, and then we are already tendering the necessary operations and extension of the shopping mall, this is what we envisage and the parking lots as well. Total Capex is about €18 million; €16 [indiscernible] misread the slide.

And Page 24, you see the main Capex we are going to embark in, in the next three years, and they will be focused on the Centro Sarca, San Giovanni, Gran Rondò, Crema and Le Porte di Napoli close to Naples. You will see the details of both the starting of the works and the expected completion date. You see Gran Rondò Crema by 2015, whilst Le Porte di Napoli project, it's a major project because we are going to reduce the GLA devoted to the hypermarket and that very surface will be instead allotted to extending the shopping center. So total Capex €2.7 million for Le Porte di Napoli project.

And then the next three slides will be covering in a detail way, the actions we have been undergoing in Livorno, the so-called Porta a Mare project. And as you can see in the top right box, we are working to really review the project, try to enhance the definition of use and the different functions that are to be adapted. And then completion should be by the end of 2013. Until then, we are going to finish the sub project called Mazzini and that shows 73 flats that are under construction, that will be delivered by the end of next year. So 16 there is a preliminary agreement signed for them, and by the end of the month we should have more sales to disclose.

And then Page 26, you see a rendering of the overall project at completion. And on Page 27, you see the sales trend and performance and construction performance on the other side for the Porta Medicea Porta a Mare project.

To wrap up, we believe that the 2012-2015 Business Plan is an evolution of the previous plans, so it's a consolidation plan of the tremendous growth we have achieved in the previous years. When we went public at the end of 2005, total assets were about €500 million, and we've now quadrupled them from then until 2011. So we now need to consolidate the strong growth we have experienced in the previous years. We are confident the plan is viable and doable. The execution risk is very low. And as it does not include any special or specific one-off deals, we have a €100 million worth of one-off assets disposal transaction, then that's not a major action in our plans. So we think we are going to achieve sustainability within the Business Plan time horizon, managing and operating at best, enhancing asset value and keeping cost of capital at bay.

Now Page 29, first and foremost, we commit not to go beyond €0.07 of dividends within the Business Plan time horizon, and at the end of the plan, we want to reach €0.10 as dividend that will be distributed, paid out in 2016. And should stock prices and market level allow for that, every year we would like to come back with a proposal of the so-called dividend re-investment option that was successfully proposed this year, successfully welcomed 75% of the shares proposed were subscribed. And so in the plan, we envisage an impact of about 50% of the gross dividend on a year-by-year basis, and that is in line with the European best practices of our peers that year-on-year they propose this type of deal to their shareholders.

Having said that, I am open to questions together with my colleagues.

Q&A

OPERATOR: This is the Chorus Call operator. Let's now start the Q&A session. The first question comes from the line of Francesco Sala with Banca Akros.

FRANCESCO SALA: Good morning to all of you. I have a couple of questions, if I may. First one, in the loan-to-value target, 52% loan-to-value target at the end of the Business Plan, can you elaborate on that talking about the assumptions you made as to the value increase for your assets that you took into account to come up with that figure. And because €200 million Capex and €100 million asset turnaround or asset rotation, I get to 60% and not 52% LTV? Second question, is on the dividend reinvestment option, on your last slide, you specified that it will depend on the stock price, and do you have a price in mind for this to happen so to say or the discounts to NAV (Ph) that these type of discounts to NAV before you can come up with a dividend reinvestment option? And one last question on the partnership assumptions you've made with financial investors, what are the assets that you identified that will be subject to that kind of partnership and about the time horizons for that?

COMPANY REPRESENTATIVE: Let me answer the three questions. And then Claudio may be he can give you greater details about this. As to the assumptions made on how we calculated the loan-to-value target. I reconfirm that we want to achieve the 52% target that's thanks to our calculations and we do not foresee a growth of this value, thanks to the fair value increase. We think they are going to be flat on that side as far as fair value is concerned within the Business Plan time horizon. But maybe we can get back to you to try and tell you more about the assumptions we have made. We made our calculations and that's the value we end up with, the 52% LTV.

And as to the dividend reinvestment options, the current price is the floor of €0.07 is the price that we had when we proposed this year's dividend reinvestment options. So €0.7, €0.8 is the floor somehow for us when it comes to transactions of this kind. And of course, we hope the stock price will further increase in the wake of a general increase in stock prices at large, and also thanks to the performance, we will be able to deliver over time. And it's still a strategic guideline. It's not yet work in progress. We have not yet made specific assumptions after this.

However, and for sure, partnerships will not be on the hypermarket side. They are excluded from the partnership assumptions we've made. We are talking about shopping centers, shopping malls and we are available to take into account possible disposals of parts or portions of some of our shopping malls. It could be 50% of one or more assets. And IGD remaining as the industrial partner somehow to make sure operations are fully delivered and guaranteed. As soon as we get more practical information, it will be disclosed, you will informed on the matter.

FRANCESCO SALA: Okay, thank you.

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

SIMONETTA CHIRIOTTI: Good morning to all of you. I would like to know how you factored in the Porta a Mare asset's disposals, are those included in the €100 million disposals or are they on top of the €100 million disposals you assume in the Business Plan. Secondly, if I understand correctly, the partnership assumptions are still being studied and investigated on, but this idea of disposing 50% of some shopping malls, did you assess that based on an appraisal value or do you assume you will be granting discounts?

COMPANY REPRESENTATIVE: Now, the disposals do not concern the Porta a Mare project. Porta a Mare you see on Page 27, where we foresee a growth in sales, €45 million, €45.9 million, €22 million in 2014, €52 million in 2015 and €27.9 million in 2014 intercompany, intergroup sales. The Porta a Mare legal entity will be selling that to IGD, so €18 million sales for the residential and office portion. We have already completed the first portion and that will be…the residential part will be sold. Its 16 preliminary contracts we have already signed and they will be accounted for as revenues in 2013. So we are confident we are going to get to sales between 20 and 40 properties flats with a very appealing margin indeed. This is on top of the €100 million that I mentioned before the assumptions of 50% disposal for some shopping malls. It's just an assumption. It could be 100% and still we would for instance be managing that asset.

We want to be partnering with institutional investors, not with our peers or with any other industrial partners, not with other people in our trade, just to be very clear. It's just an idea we are looking at and there is no open negotiation, but we've received signs of interest from international investors, concerning our portfolio. Renewed interest from the part of Northern European investors and many saying well that in Italy the situation is not as that as many people depicted. And so, we think we are going to dispose of those assets at appraisal value. We do not think of any transactions at discount, but rather at appraisal value.

OPERATOR: Next question comes from the English conference call, and it comes from Thames River Capital. Please, sir.

ANALYST: Good morning gentlemen. It's more of a general question from a corporate governance perspective and is of particular interest to your international investors, may be less so to your domestic. I think we are not alone in being intrigued as to why the non…a company the size of IGD requires 15 non-Executive Directors, a total bill of nearly €350,000 per annum. To us that many people sitting around the table attempting to agree strategy is far, far too many, would you care to comment, possibly the Chairman would care to comment?

CLAUDIO ALBERTINI: Yes, sir, I would like to turn your question to our Chairman, but let me say right away that the overall costs of IGD's Board does not reach €1 million and that's largely below the cost reported by the main Italian and European stock listed companies operating in our industry. So as for the 15 Board members, well, I am the CEO, but I cannot really take this question directly, because I cannot make this decision, the decision is left in the hands of the AGM. So here with us we have the Chairman which will speak on behalf of the shareholders. Please, sir.

GILBERTO COFFARI: Well, under the bylaws and the Act of Incorporation of the Company, we have a minimum and a maximum number of Board members. And please let me say that the majority of our Board members is represented by independent Directors. And we have complied with the statutory law with the participation of women who sits on the Board, so we have female Board members. We also avail ourselves of the expertise and know how and assistance of professionals that have built-up quite material know how, both working with IGD as well as with other clients.

And we believe that this Board, given its make up can give quite valuable or multifaceted contribution to the Group. We have mainly expertise in the retail and distribution business sectors, which is reflected in the make up of our Board, given the business we operate in. However, we have decided to supplement this expertise with the contribution of people coming or having a background in finance and real estate. If you look at the CVs and resumes of the new Directors, you will see that there is really a multifaceted world, which is contributing its expertise.

The relative level of remuneration is such, whereby it will not interfere with the operations and the effectiveness of the Board. And it will guarantee quite a good control over our activities and operations. May be this is something that can be discussed, but that does not interfere or jeopardize the quality and independence of our Board activities.

CLAUDIO ALBERTINI: Mr. Albertini speaking now. I'd like to fill-in by saying that the door to our AGM are open, so any shareholder or investors who would like to make alternative proposals or to propose a new slating vote, well, he or she is most welcome.

GILBERTO COFFARI: This is the Chairman speaking again. Well, I forget to say that the overall cost of governance is not the overall cost of the Board, its inclusive also of the remuneration of the members of all the committees, the Chairman and the CEO. So, please remember that we have to comply with the self-governance with self-discipline code and the legislation, with the code of conduct. And therefore, we have to comply with several committees and our overall cost is well below that of comparables.

ANALYST: Thank you very much.

OPERATOR: Next question comes from the line of [indiscernible] of Kempen. Please, sir.

ANALYST: Thank you. Two questions, on Slide 10 regarding the direct costs, you indicated you want to keep it steady in absolute levels, but also you want to invest in the portfolio and quite sure you have to also undertake maintenance spends. Are these not directly impacting your direct property costs in the P&L and do you not expect them to rise going forward? Secondly, I read in the slide that you expect upsides on renewals of around 1% annually. I think at a half year it was around plus 3%. Yet tenant sales are very much under pressure. I mean do you expect to increase the occupancy cost ratio too or are you trying to get the additional income from other measures? Thank you.

CLAUDIO ALBERTINI: Albertini speaking let me take your first question on direct cost that includes only ordinary maintenance cost. But that's almost negligible and it's the fraction which has to be borne by owners because the bulk has to be borne by tenants. So in certain cases, we bear the cost of ordinary maintenance. As for extraordinary maintenance, details are specified within the caption of Capex reported, I think on page or Slide #15.

ANALYST: Apologies, if I have missed it, Albertini.

CLAUDIO ALBERTINI: If you go to Page 15, you can see Capex numbers as well as extraordinary numbers 46 and 12 for Italy and Romania respectively. As for the upside and growth, well at mid-year the growth was 3%, last year this growth was even more robust. I am talking about mid-year 2011. However, renewals were concentrated at well performing centers, so we think that the 3% will be still in the positive yet declining at year end this year. We think we have been quite conservative when releasing figures for the following years because we believe that despite the current market and consumption scenarios, growth above 1% is feasible. And I am talking about the growth of contract renewals that's a conservative figure I want to stress and I hope that actually the actual year end numbers will be higher.

Occupancy cost, well, the goal is that of maintaining it as such we want even to curb it down through some measures to be deployed to increase our energy efficiency. Occupancy cost is a ratio, which sees the cost of sales to our tenants, so two-thirds of that is rents and approximately one-third is represented by the cost, the overall management cost related to the running and managing of the cost. Now, we are working on this one-third, which includes security as well as other cost or maintenance costs. So we want to maintain the occupancy cost, and that combined we've hopefully increased sales, that number should go down.

OPERATOR: Next question comes from the line of Simonetta Chiriotti. She has a follow-up question.

SIMONETTA CHIRIOTTI: Could you give us some guidance about your assumptions on the increase in cost of debt or at least, could you give us some color or some guidance as I said on your sentiment, how do you feel, how do you view this as a consequence of the re-negotiation of the convertible bonds?

COMPANY REPRESENTATIVE: Well, I will take on the cost of debt is of an average 4.2, 4.3 overall. More specific assumptions on the cost of debt and spreads are listed on Page 12, both base rate, EURIBOR, and others. As for spreads, we expect them to be on the declining trend both on the short as well as longer term. So the 4.3 average value will raise a little bit the average of the cost of refinancing. We are thinking about cost of refinancing of the convertible bond that should be in line with the number that I've been giving you for sure higher than 4.3. The average is 4.3 and we are talking basically about 5 percentage points, so, 3 months EURIBOR, plus 4.8 or 6 months EURIBOR, plus 4.6 so that would give us 0.20.

So these are the assumptions we are working on. A lot will depend on the technicalities and a lot will depend on the time window we will pick to refinance this. Our CFO is sitting here with me and we expect a declining narrowing spread, last week after months and months of negotiations, we managed to negotiate a hot money line below 3 percentage points, 2.8. And we are finalizing 18 months credit lines slightly above 3%, so these are rates that for sure are different from what we saw in the first half of the current year.

However, I think that in the last part of the current year, we will see not a decline because as you know, at year end, lending is highly rewarded by banks and the opposite is true on deposits, so the important thing as I said is the timeframe. You have to stay on the market closely watch what's happening on the market. So, we want to end the refinancing between 2012 and 2013. We want to contractualize the refinancing stage so as to then execute this re-scheduling within the correct timeframe, and the deadline, the maturity of the convertible bond is 2013.

OPERATOR Again to ask a question, please press "*" followed by "1" on your telephone keypad. There are no further questions.

COMPANY REPRESENTATIVE: Very well, thank you very much. Thank you for listening and for being conferenced in. And we will talk to you during our next conference call.