

Event: FY 2019 Financial Results Presentation

Date: 27th February 2020

Speakers: Mr. Claudio Albertini, CEO

OPERATOR:

GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO THE CONFERENCE CALL PRESENTING IGD'S 2019 FULL YEAR RESULTS. LET ME REMIND YOU THAT ALL PARTICIPANTS ARE IN LISTEN-ONLY MODE. AFTER THE PRESENTATION A Q&A SESSION WILL BE HELD. IN ORDER 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. THANK YOU.

CLAUDIO ALBERTINI:

THANK YOU. GOOD AFTERNOON TO ALL OF YOU. I AM CONNECTED FROM BOLOGNA. TOGETHER WITH ME, THERE ARE IGD CHAIRMAN, MR. ELIO GASPERONI, AND OUR COLLEAGUES FROM THE HEADQUARTERS AND WE ARE ALL HERE TO ADDRESS THE PRESENTATION. THIS MORNING, IGD'S BOARD OF DIRECTORS APPROVED 2019 FULL YEAR RESULTS, AND ALSO LOOKED INTO THE SITUATION THAT HAS COME ACROSS OVER THE LAST FEW DAYS. AND WE THEN ADDED A COMMENT, A SPECIFIC DISCLOSURE, OVER THE LAST FEW HOURS, AND IT WILL BE PROVIDED DURING THE CALL AS WELL.

I WILL TRY TO BE VERY BRIEF BECAUSE I AM SURE YOU WILL HAVE PLENTY OF QUESTIONS. AND LET'S START FROM PAGE 3 IN OUR PRESENTATION. LET ME REMIND YOU THAT IN NOVEMBER 2018, IN IGD, WE APPROVED A STRATEGIC PLAN, COVERING A 3-YEAR TIME SPAN: 2019-2021, AND 2019 IS THEREFORE, THE FIRST YEAR IN THE STRATEGIC PLAN. THE FIRST 2 PAGES IN THE PRESENTATION ARE DEVOTED TO PROVIDING YOU A GENERAL OVERVIEW OF WHAT WE HAVE DONE WITHIN THE RANGE OF THE STRATEGIC PLAN.

FIRST OF ALL, ASSET MANAGEMENT. AS YOU KNOW, IGD HAS ALWAYS BEEN VERY PRO-ACTIVE IN RESTYLING, REMODELING AND EVEN MORE SO OVER THE LAST FEW MONTHS. YOU SEE THEM ON PAGE 3. AND MORE SPECIFICALLY, IN THE FIRST BOX, IN 2019, WE COMPLETED THE RESTYLING OF 2 SHOPPING MALLS. I'M TALKING ABOUT CASILINO IN ROMA AND GRAN RONDÒ IN CREMA. AND WE'RE ALSO COMPLETING THE RESTYLING AND HYPERMARKET REDUCTION OF FONTI DEL CORALLO IN LIVORNO. WE'VE REDUCED THE HYPERMARKETS IN 3 OUT OF 5 MALLS THAT WE HAD IDENTIFIED IN THE STRATEGIC PLAN, AND WE'RE HOPING TO START THE WORK IN THE OTHER 2 BY 2020. AND WE ARE SOMEHOW ALSO PROUD BECAUSE THIS IS SOMETHING THAT THE MANAGEMENT REALLY RELIED UPON AND ALSO OUR COUNTERPART AS WELL. WE SUCCESSFULLY COMPLETED THE REFURBISHMENT OF THE CENTRO SARCA CINEMA. WE WILL GIVE YOU MORE DETAILS ABOUT THIS OVER THE PRESENTATION.

AND THEN LET'S MOVE ON TO THE BOX AT THE CENTER. WE HAVE A LOT OF WORK-IN-PROGRESS. WE HAVE RESTARTED THE WORK IN OFFICINE STORICHE. WE HAVE RESUMED WORK STARTING FROM MARCH 2019 TO REALLY COMPLETE THIS VERY IMPORTANT MALL. THANKS TO THE REDUCTION OF THE HYPERMARKET SURFACE IN CONÈ, LE MAIOLICHE AND PORTOGRANDE, WE HAVE COME UP WITH NEW RETAIL UNITS. AND WE ARE ALSO MOVING ON TO CREATING A NEW MEDIUM SURFACE IN GRAN RONDÒ.

WHEN IT COMES TO ASSET ROTATION, WE COMPLETED THE SALE OF PALAZZO ORLANDO IN LIVORNO WITH A PRIMARY COUNTERPART. AND THEN WE ACQUIRED FURTHER 50% OF THE DARSENA CITY SHOPPING MALL IN FERRARA. NOW WE OWN 100% OF THE ASSET THERE.

LET'S MOVE ON TO PAGE 4 NOW. WE HAVE ALSO MADE A BIG STEP TOWARDS THE ACCOMPLISHMENT OF OUR FINANCIAL STRATEGY, THE ONE THAT IS EMBEDDED IN THE BUSINESS PLAN. AND WE HAVE REFINANCED OUR DEBT. IN JANUARY, WE REPAID THE BOND THAT WAS DUE. IT WAS €155 MILLION. AND WE HAVE COMPLETED A DEAL IN NOVEMBER, AND WE'VE ISSUED A NEW BOND AT RECORD CONDITIONS AND WE HAD, AT THE SAME TIME, PARTIALLY REPAYED 2 MORE BONDS, FOR A TOTAL AMOUNT OF €237 MILLION. I'M TALKING ABOUT A VERY LOW COUPON, 2.125% COUPON, FOR A 5-YEAR BOND. ALSO, WE ACHIEVED 2 INVESTMENT-GRADE RATINGS OVER THE YEAR. I'M TALKING ABOUT THE S&P AND FITCH RATINGS THAT WE WERE AWARDED. JUST TO GIVE YOU A BRIEF OVERVIEW OF HOW WE HAVE BEEN PERFORMING IN VIEW OF OUR STRATEGIC BUSINESS PLAN.

NOW LET'S MOVE ON TO THE FINANCIAL HIGHLIGHTS. WE ARE ON PAGE 5 OF OUR PRESENTATION. RENTAL INCOME WAS UP 2.3%, AND ALL THE FIGURES PRESENTED ARE IN LINE WITH WHAT WE HAVE SEEN IN THE FIRST 3 QUARTERS OF THE YEAR. SO OUR RENTAL INCOME, UP 2.3%, AND THEN NET RENTAL INCOME, WE ARE GIVING BOTH EX-IFRS 16 FIGURES. IN 2019, AS YOU KNOW, THAT WAS THE FIRST-TIME ADOPTION, OF IFRS 16 STANDARD.

SO THIS YEAR, WE HAVE THE DOUBLE FIGURE FOR THE GROWTH, 1.8% NET RENTAL INCOMES. IT WOULD BE 10.1% IF WE WERE TO ADOPT THE NEW ACCOUNTING PRINCIPLES. SAME THING FOR CORE BUSINESS EBITDA, €125.2 MILLION, UP 10.1% OR 1%, DEPENDING ON WHETHER WE LOOK AT IT OR ADJUST IT FOR IFRS 16 OR NOT. AND THEN WE HAVE A MARGIN OF 77.5% AND MARGIN FROM FREEHOLD 79.7%. SO WE ARE BASICALLY IN LINE WITH LAST YEAR.

BUT THE MOST MEANINGFUL PART OF INFORMATION IS THE FFO, FUNDS FROM OPERATION, LANDING AT €83.3 MILLION. THAT IS TO SAY, €0.75 PER SHARE, THAT IS TO SAY, UP 4.5% VERSUS LAST YEAR, IN-LINE WITH THE MEDIAN OF THE GUIDANCE WE PROVIDED IN AUGUST AFTER THE INTERIM FIGURES, THAT WAS EXACTLY 4.5%. THE DIVIDEND THAT WILL BE PROPOSED TO THE AGM BY THE BOARD IS EQUAL TO €0.50 PER SHARE, UNCHANGED VERSUS THE PREVIOUS YEAR. SO FOR 3 YEARS IN A ROW NOW, WE ARE CONFIRMING A €0.50 DIVIDEND, WITH A DIVIDEND YIELD, UNFORTUNATELY, WITH THE CURRENT PRICES, WHICH IS ABOVE 8%.

IF WE MOVE ON TO PAGE 7 NOW. WE HAVE A BREAKDOWN OF OUR GROSS RENTAL INCOME, GOING FROM €151.8 MILLION TO €155.3 MILLION. LIKE-FOR-LIKE GROUP GROWTH OF 0.5%, 0.3% ACCOUNTED FOR BY ITALY AND 3.2% ACCOUNTED FOR BY ROMANIA. THIS IS SOMETHING WE ALSO RECORDED IN THE FIRST 3 QUARTERS OF 2019. THE GROWTH WAS MUCH MORE MARKED IN ITALY IN SHOPPING MALLS, UP 0.4%, AND HYPERMARKETS, UP 0.1%, WHILST THE IMPACT OF THE INFLATION WAS ABOUT 50 BASIS POINTS.

AFTER THE REVENUE BREAKDOWN, LET ME HIGHLIGHT THE FACT THAT MORE THAN TWO-THIRDS, THAT IS TO SAY 67.6%, ARE REVENUES FROM MALLS, WHILST THE HYPERMARKET COMPONENT WENT DOWN TO 25.4% VERSUS THE 26.6% OF LAST YEAR. SO WE WENT DOWN MORE THAN 1 PERCENTAGE POINT, ALWAYS IN LINE WITH OUR STRATEGIC PLAN, THAT WILL HAVE THIS ASSET CLASS FROM HERE TO 2021, ENTERING A RANGE OF 21.2% TO 22%. ROMANIA ACCOUNTS FOR 6.4%, THAT IS TO SAY FURTHER DOWN, FURTHER REDUCED.

PAGE 8, NET RENTAL INCOME FROM €124 MILLION TO €126.3 MILLION. GROWTH DRIVEN BY €3.5 MILLION IN THE CHANGE OF RENTAL INCOME AND COST DELTA, WHICH IS LOWER AND LESS THAN PROPORTIONATE, THAT IS TO SAY €1.3 MILLION. AND THERE, TOO, WE HAVE THE FIGURES WITH THE IFRS 16 EFFECT. AND I'M NOT GOING TO GIVE YOU THE IFRS16 EFFECT, OTHERWISE, WE ARE THERE NOT GOING TO HAVE CONSISTENT COMPARISONS. 1.8% GROWTH, AS YOU SEE IN THE BOX ON TOP OF THE COLUMNS AND IT'S SLIGHTLY HIGHER IN ROMANIA, 2.1%; 1.9% IS AT ITALY.

LET'S HAVE A LOOK AT OPERATING PERFORMANCE. ONCE AGAIN, IN 2019, WE SHOWED A SOUND PERFORMANCE. THESE ARE DATA FOR BOTH OF ITALY AND ROMANIA. ITALY ACCOUNTS FOR 93.6% OF OUR TOTAL RENTAL INCOME AND ROMANIA IS 6.4% OF OUR TOTAL RENTAL INCOME. TENANT SALES ARE UP 0.5% IN ITALY. AVERAGE UPSIDE IN CASE OF RENEWALS, IS UP 1.1% IN ITALY. OCCUPANCY RATE IS 96.9% WITH A ROTATION RATE OF 5.2%.

IN ROMANIA, THE AVERAGE UPSIDE IS UP 4% OCCUPANCY. AND THIS IS A CONSOLIDATED PERFORMANCE FOR 2019. OCCUPANCY IN ROMANIA IS HIGHER THAN OCCUPANCY IN ITALY. IN ROMANIA, WE LAND AT 97.6% WITH THE ROTATION RATE OF 27.1%. I DO UNDERSTAND THAT THE NEXT FEW SLIDES FOR YOU WILL BE PARTICULARLY INTERESTING.

LET'S START FROM PAGE 10, SO TO SAY. AND HERE, YOU SEE A SNAPSHOT OF THE PERFORMANCE OVER THE 4 QUARTERS OF LAST YEAR. WE STARTED WITH A RATHER POOR PERFORMANCE. YOU SEE, WE HAVE TENANT SALES AND FOOTFALLS, AND THEN THE PROGRESSIVE PERFORMANCE. Q1, WE STARTED WITH DOWN 0.4% SALES AND DOWN 6% FOOTFALLS, BOTH FOR A CALENDAR EFFECT BECAUSE OF EASTER COMPARED TO THE PREVIOUS YEAR WERE IN THE SECOND QUARTER INSTEAD OF THE FIRST QUARTER. SO IT HAD AN ADVERSE EFFECT VERSUS 2018 WHERE EASTER HAD BEEN IN THE FIRST QUARTER. AND THEN THERE WAS THE WEATHER CONDITION, A VERY HOT FEBRUARY THAT SOMEHOW CONFUSED THE CONSUMERS.

AND THEN, HOWEVER, AS WE MOVED THROUGH THE YEAR, THERE WAS A GRADUAL BUT CONSISTENT IMPROVEMENT. WE WENT TO POSITIVE SALES ALREADY IN Q2. WE WENT TO +0.6% SALES WITH FOOTFALLS THAT WENT UP FROM MINUS 6% TO -2.7%, BEAR IN MIND THAT ITS PROGRESSIVE DATA, IT'S OVER THE 6 MONTHS. AND THEN IF YOU WANT TO GO TO Q3, AGAIN, WE FURTHER IMPROVED SALES BY 0.2% AND FOOTFALLS, MINUS 2.3%, TO GET TO THE RESULTS I HAVE GIVEN YOU, SO UP 0.5% TENANT SALES AND FOOTFALLS ONLY DOWN 2%, THE TREND THAT WAS AFFECTED IN 2019 BY THE REMODELING OF HYPERMARKETS. SO THERE WERE ONE-OFFS AS WELL. BUT THIS IS SOMEHOW VERY MUCH IN LINE WITH THE TREND SHOWN BY OTHER PLAYERS IN ITALY. CNCC TOLD US THAT FOOTFALLS, GENERALLY SPEAKING, WENT DOWN 1.8%. WE HAVE MINUS 2%, SO WE ARE DEFINITELY CONSISTENT WITH THAT BEST PERFORMANCE.

AS YOU SEE IN THE BOX ON THE RIGHT, WERE CONTRIBUTED BY SERVICES. WE ARE TRYING TO IMPROVE SERVICES IN OUR SHOPPING MALLS. 21 DENTAL CLINICS, WE HAVE ENTERTAINMENT. RESTAURANTS WENT UP TOO, AND ELECTRONICS ALSO WENT UP, ESPECIALLY ONE BRAND WHICH IS PERFORMING REALLY WELL IN OUR SHOPPING MALLS. AND THERE WAS A SLIGHT DECREASE, HOWEVER, FOR CLOTHING, DOWN 1.6%. THIS IS A SNAPSHOT OF THE OVERALL 2019 PERFORMANCE.

LET'S MOVE ON TO THE NEXT SLIDE. JANUARY HAD STARTED REALLY WELL, WITH FOOTFALLS GOING UP 1.4%, AND SALES GOING UP 1.7%. OF COURSE, IT WAS COMPARED TO A JANUARY IN THE PREVIOUS

YEAR, IN 2018, THAT WAS NOT VERY BRILLIANT, BUT YET, IT WAS A GOOD START. THE FIRST 21 DAYS OF FEBRUARY ALSO WENT WELL BECAUSE THERE WAS A SLIGHTLY MARGINAL DECLINE IN FOOTFALLS. AND THEN IN FEBRUARY, OF COURSE, WE HAD THE CORONAVIRUS IMPACT IN NORTHERN ITALY, AS YOU ALL KNOW. AND THEN IT'S ALSO A FACTOR PROBABLY CENTRAL AND SOUTHERN ITALY.

AS YOU COULD READ IN THE PRESS RELEASE, WE ARE FULLY IN LINE; WE ARE MONITORING AND FAR IN LINE WITH WHATEVER IS BEING ISSUED BY THE REGIONAL AND NATIONAL AUTHORITIES. PLEASE ALLOW ME TO SAY, THEY ARE QUITE INCONSISTENT, LET ME SAY. AND I DON'T WANT TO BE CONTROVERSIAL. BUT LAST NIGHT, FOR INSTANCE, LOMBARDY CHANGED THEIR RESOLUTION. AND UNTIL LAST NIGHT, THERE WAS THE OBLIGATION TO CLOSE BARS FROM 6 IN EVENING 'TIL 6 IN THE MORNING. THAT PROVISION WAS SLIGHTLY MORE DEFINED ALSO FOR SHOPPING MALLS, BECAUSE THERE WAS A PARADOX IN THE FOOD COURT. WE WOULD HAVE RESTAURANTS OPEN AND BARS WERE CLOSED BECAUSE OF THE PROVISION ISSUED BY THE REGION. SO IT WAS PARTLY OFFSET. SO NOW BARS CAN REMAIN OPEN, AND YOU CANNOT SIT AT THE TABLES, BUT YOU CAN JUST, SAY, DRINK A COFFEE STANDING, AND THEN LEAVE THE BAR.

THE 3 SHOPPING CENTERS IN LOMBARDY ARE THE MOST AFFECTED. CENTRO SARCA WAS CLOSED FOR 1 FULL DAY BECAUSE OF A RESOLUTION, AN ORDER ISSUED BY THE CENTRO SARCA MUNICIPALITY, BUT THEN IT WAS WITHDRAWN AND ALIGNED WITH WHAT REGION LOMBARDY WAS ISSUING. I CAN GIVE YOU FURTHER DATA THAT WE'VE RECORDED OVER THE LAST FEW DAYS. TOWARDS THE END OF THE FOLLOWING MORNING, WE HAVE FOOTFALLS, WE DON'T HAVE SALES. WE WILL HAVE THE SALES DATA IN THE SECOND HALF OF MARCH. SO UNTIL 21ST OF FEBRUARY, WE HAD FOOTFALLS, MORE OR LESS, FLAT, DOWN 0.7%. AND THEN SATURDAY, FEBRUARY 22, DOWN 7%; SUNDAY, DOWN 14%; ON MONDAY, UP 15.2% BECAUSE PEOPLE WERE GOING OUT TO BUY FOOD WHERE WE HAVE MORE SUPERMARKETS. SO IT WAS UP 15.2%. AND THEN ON TUESDAY, THE 25TH, THERE WAS A DECLINE AGAIN IN FOOTFALLS. AND THEN YESTERDAY, TOO. BUT IF WE STOP AT TUESDAY, THE 4 DAYS, SATURDAY, SUNDAY, MONDAY AND TUESDAY, TELL US DOWN 6.3% FOOTFALLS, WITH A FOOTFALL DECLINE FOR FEBRUARY, DOWN 1.6%. AND IT'S A LEAP YEAR THIS YEAR. SO WE HAVE 1 EXTRA DAY. AND SO THERE'S PROBABLY CONDITIONS TO RECOUP. I DON'T THINK IT WILL BE THE CASE BECAUSE YESTERDAY'S DATA WERE IN LINE WITH TUESDAY WITH A RECORDING OF MINUS 10%. SO WE DON'T THINK THAT IN THE SHORT TERM, THE SITUATION IS GOING TO CHANGE.

CONSIDER THAT OUR MAIN SHOPPING MALLS THAT ARE BASED IN LOMBARDY WILL BE CLOSED THIS WEEKEND BECAUSE OF A PROVISION ISSUED BY THE REGION LOMBARDY. HYPERMARKETS WILL BE OPEN INSTEAD IN THE SHOPPING MALLS, AND THERE WILL BE A SPECIAL PATHWAY TO GO INTO THE HYPERMARKET, THE RESTAURANTS WON'T BE OPENED IF THE MALL WILL HAVE TO BE CLOSED, TOO. SO THESE ARE MORE OR LESS THE DATA I THINK WE CAN CARRY ON, OTHERWISE, WE'LL ONLY TALK ABOUT THIS.

LET ME GIVE YOU SOME INFORMATION ON PAGE 12 OF THE PRESENTATION ON HOW WE KEPT INVESTING IN ORDER TO ACHIEVE HIGH-QUALITY OCCUPANCY. WE RENEWED OUR MERCHANDISING, MEANS MORE ROOM TO ENTERTAINMENT, FOOD COURT SERVICES, ESPECIALLY WHEN WE HAVE RESTYLED OUR SHOPPING MALLS, PROVIDING NEW ROOM FOR NEW MERCHANDISING. YOU SEE SOME PICTURES HERE. IN CENTRO SARCA, NOTORIOUS, THE CINEMA, WHICH IS NOW CLOSED, AND IT'S BEEN PERFORMING REALLY EXCEPTIONALLY WELL. WE HAVE MORE THAN DOUBLED THE TICKETS SOLD SINCE THE OPENING. SO NOTORIOUS CINEMA AT CENTRO SARCA AND IT HAS REALLY BEEN THE DRIVER FOR THE FOOD COURT SALES AS WELL. AND OPENING HOURS HAVE BEEN EXTENDED, TOO.

LET'S MOVE ON TO PAGE 13 NOW. IN VIEW OF THE NEGATIVE TREND THAT WE'VE SEEN IN THE FIRST QUARTER, WE STARTED A COMMUNICATION CAMPAIGN THAT IS BEARING ITS FRUIT, ITS OUTCOME. IT'S A CAMPAIGN FOR 7 OF IGD'S MAIN SHOPPING CENTERS. IF WE LOOK AT THE RESULTS, PRE AND POST-CAMPAIGN, WE ARE TALKING ABOUT BETWEEN OCTOBER AND DECEMBER, FOOTFALLS WENT UP 3.5% AND TENANT SALES WENT UP 1.9%. SO THIS IS THE PAYOFF AND THE MAIN PICTURES DRAWN FROM THE CAMPAIGN THAT WILL CONTINUE IN 2020 AS WELL.

LET'S MOVE ON TO PAGE 14. LET'S HAVE A LOOK AT ROMANIA. IT'S STILL PERFORMING AGAINST A POSITIVE BACKDROP. FROM AN ECONOMIC VIEWPOINT, WE ARE VIRTUALLY CHANGING OUR MERCHANDISING MIX. WE ARE TURNING IT INTO A MORE ATTRACTIVE AND MORE INTERNATIONAL MERCHANDISING MIX. IN 2019, WE ATTRACTED NEW BRANDS FROM GERMANY, FOR INSTANCE, FROM HUNGARY, FROM POLAND, AND IS BECOMING A MORE AND MORE GLOBAL, INTERNATIONAL CHAIN WITH MARKETING CAMPAIGNS, VOUCHER CAMPAIGNS THAT DELIVERED THE RESULTS I MENTIONED BEFORE, A GROWTH IN EXCESS OF 3% OF RENTS AND AN UPSIDE OF 4% AT RENEWAL.

THIS MORNING, THE BOARD OF DIRECTORS NOT ONLY APPROVED OUR FULL YEAR RESULTS FOR 2019, BUT ALSO, AS WE HAVE DONE FOR A COUPLE OF YEARS NOW, WE FORMALLY APPROVED ALSO OUR SUSTAINABILITY REPORT. IT'S THE 10TH YEAR IN A ROW WE PROVIDE A SUSTAINABILITY REPORT, AND I'M PROUD OF IT, ALSO ON BEHALF OF MY COLLEAGUES. IN 2011, WE LAUNCHED OUR FIRST SUSTAINABILITY REPORT. AND THIS YEAR, WE HAVE OUR 10TH ANNIVERSARY. WE HAVE SOME EVENTS AS WELL TOO. APRIL 22 IN MILAN IS ONE OF THEM. AND IT'S THE EARTH DAY. SO WE CHOSE IT FOR OUR SUSTAINABILITY REPORT CELEBRATION. THE INTERNATIONAL DESIGN EXHIBITION IN MILAN HAS BEEN PUT OFF UNTIL JUNE. SO WE WILL SEE. THIS IS A SUMMARY OF THE ACTIONS CARRIED OUT. GREEN, RESPONSIBLE, ETHICAL, ATTRACTIVE AND TOGETHER. THAT'S THE ACRONYM FOR GREAT. THE 5 AREAS OF SUSTAINABILITY WE ARE WORKING ON.

LET ME STOP ON THE GREEN ASPECT, WHICH IS THE ONE THAT PROVIDES FIGURES THAT CAN ACTUALLY BE READ INTO. SO QUANTITY-WISE, IT'S SOMETHING YOU CAN REALLY HAVE A GRASP ON. WE'VE CUT OUR ENERGY CONSUMPTION ON A LIKE-FOR-LIKE BASIS. WE REDUCED IT BY 7.1% IN 2019 IN RAVENNA. AND IN THE ESP IN RAVENNA, WE HAVE INSTALLED A NEW PHOTOVOLTAIC SYSTEM, SO ITS 8 TOTAL NOW. WE ARE STILL WORKING BRINGING NEW CERTIFICATION FOR 2 MORE KEY ASSETS. NOW WE HAVE 5 IN TOTAL. WE ARE FURTHER AHEAD IN THE UNIES ISO14001 CERTIFICATION FOR 3 MORE ASSETS. WE ARE RE-LAMPING IN 5 MORE ASSETS, 19 IN TOTAL NOW. AND WE ARE STARTING TO INSTALL CHARGING STATIONS FOR ELECTRIC VEHICLES. THIS IS SOMETHING WE HAVE DONE IN 2019.

NOW INDEED, WE SET OURSELVES AMBITIOUS TARGETS. OF COURSE, NOW WE HAVE AN EXTENDED TIME HORIZON, WHERE WE ARE TALKING ABOUT FROM HERE TO 2030, WE WOULD LIKE TO ZERO OUT OUR CO2 EMISSIONS IN OUR ITALIAN PORTFOLIO, GET BREEAM CERTIFICATION FOR 80% OF OUR ITALIAN PORTFOLIO BY 2030. IN FACT, BY 2022, WE WANT TO HAVE LED LIGHTING SYSTEM FOR THE WHOLE OF THE ITALIAN PORTFOLIO. AND WE WANT TO GET THE ISO 14001 CERTIFICATION FOR 95% OF OUR PORTFOLIO BY 2020. WE WANT OUR HEADQUARTERS TO BE PLASTIC-FREE BY 2020.

LET ME VERY BRIEFLY LOOK AT THE OTHER DATA. OUR SUSTAINABILITY REPORT WILL BE SOON AVAILABLE ON OUR WEBSITE. BY THE WAY, ON THE ETHICAL SIDE, LET ME SAY THAT, HOPEFULLY, WE ARE ABOUT TO GET THE ISO 37001 CERTIFICATION FOR ANTI-CORRUPTION. WE'LL BE ONE OF THE FEW COMPANIES IN ITALY TO HAVE THAT KIND OF CERTIFICATION. ROMANIA ALREADY HAS IT. IT WAS THE FIRST ROMANIAN COMPANY TO GET THE ANTI-CORRUPTION CERTIFICATION. 720 EVENTS ORGANIZED IN 2019. YOU CAN LOOK AT OUR SUSTAINABILITY REPORT FOR FURTHER DETAILS. OTHERWISE, WE ARE TAKING UP TOO MUCH TIME.

LET'S MOVE ON TO PAGE 19, IN OUR PRESENTATION. THIS IS A SNAPSHOT OF OUR CONSOLIDATED PORTFOLIO GOING FROM €2,412 MILLION IN 2018, WENT TO €2,381.4 MILLION. YOU SEE ALL THE DIFFERENT CHANGES OVER TIME. LET ME LIST THEM. PROJECTS AND CAPEX IN ITALY. YOU SEE ITALY AND ROMANIA, WE HAVE A BREAKDOWN ON TOP OF THE SLIDE, AND €50.9 MILLION IN CHANGE IN FAIR VALUE. THAT IS THE IMPACT THAT WE ALREADY HAD AND FELT IN THE FIRST HALF OF 2019. AND THE IMPACT OF THE CHANGE, WELL, 50% OF THAT CHANGE IS ACCOUNTED FOR IN ASSUMPTIONS IN DCF USED BY APPRAISERS, BY THE 4 APPRAISERS. SO RATES, INFLATION AND ERV, AND THEN THE OTHER 50% IS CHANGE IN CASH FLOWS, VARIABLE RENTS AND CAPS IN THE DIFFERENT SHOPPING MALLS, MAY BE DUE TO VACANCY DURING THE REMODELING WORK AND THE CHANGE IN SOME RENTS. AND THEN WE HAVE CAPEX PROJECTS AND CAPEX FOR PORTA MEDICEA, €6.7 MILLION, AND ROMANIA, €2.1MILLION PROJECTS AND CAPEX AND CHANGE IN MARKET VALUE EQUAL TO €6.6 MILLION TO ADD UP TO €2,381 MILLION IN 2019.

ON PAGE 20, YOU SEE THE BREAKDOWN OF IGD'S MARKET VALUE FOR THE DIFFERENT ASSET CLASSES AND A COMPARISON VERSUS 2018. AND YOU SEE LEASEHOLD AS WELL. SO MALLS ITALY, HYPERMARKETS, ROMANIA, PORTA A MARE AND LEASEHOLD PROPERTIES ALSO IN OUR STATUTORY BALANCE SHEET BECAUSE WE APPLIED IFRS 16 STANDARDS STARTING FROM THIS YEAR. YOU ALSO SEE OTHER GROSS INITIAL YIELD INDICATIONS, THAT'S 6.52% FOR ITALIAN MALLS; 6.06% HYPERMARKETS IN ITALY AND 7.1%, ROUGHLY, ROMANIA. AND NEXT TO THEM, ARE ALWAYS CALCULATED, COMPUTED WITH EPRA STANDARD CRITERIA, THE NET INITIAL YIELD. WE STILL HAVE A SPREAD, CLEAR SPREAD BETWEEN OUR NIY AND 5-YEAR BTP BECAUSE IN OUR CONTRACTS, THE AVERAGE DURATION IS 5 TO 6 YEARS IN OUR CONTRACT. SO THE SPREADS TOO PROBABLY IT'S NOW DECREASED. BUT TO THIS DATE, BECAUSE OF THE LAST FEW DAYS, BUT THERE'S MORE THAN 4.32 POINTS SPREAD. THE DELTA IS OF WHAT IGD ASSETS ARE YIELDING VERSUS THE 5-YEAR BTP.

AND THEN LET'S MOVE ON TO WHAT WE HAVE BEEN DOING IN OUR PROJECTS, PAGE 21. OCTOBER 2019, WE'VE OPENED THE CASILINO CENTRO AFTER THE RESTARTING. SO FOOTFALLS WENT UP ALMOST 8% IN THE FIRST 2 MONTHS. AND THEN SAME THING HAPPENED IN THE FONTI DEL CORALLO, HYPER REMODELING AND RESTYLING, FOOTFALLS WENT UP 8.9%, AND THE INVESTMENT WAS SIMILAR TO THE CASILINO ONE, €3.7 MILLION, AND WE MANAGED TO INTRODUCE NEW BRANDS.

OTHER WORK-IN-PROGRESS. PAGE 22, HYPERMARKETS REMODELING IN LINE, CONEGLIANO, LE MAIOLICHE, CENTRO PORTO GRANDE. THESE ARE THE ONES THAT ARE BEING AFFECTED. AND THEN WE ARE WORKING ON THE SPACE THAT WAS FREED UP THROUGH THE REMODELING AND WHAT SHOULD BE COMPLETED BETWEEN THE FIRST AND SECOND HALF OF THIS YEAR. AND THEN ON GRAN RONDÒ, WE ARE CREATING A NEW SURFACE AFTER WE COMPLETED THE INTERNAL RESTARTING AT THE END OF 2019.

AND THEN LA FAVORITA, IT'S STILL IN THE PIPELINE. IT WILL BE STARTED IN THE NEXT QUARTER. SO WE ARE STARTING FROM APRIL, BASICALLY. AND THERE AGAIN, THERE WILL BE A FAR REACHING INTERNAL RESTYLING OF THE MALL, RENOVATION OF THE EXTERNAL FACADES AND THE PARKING AREA, ALWAYS WITH A STRONG FOCUS ON SUSTAINABILITY. AND WE HOPE WE'LL BE FINISHING THE WORK BY THE FIRST HALF OF 2021. AND THEN WE HAVE OUR MAIN PROJECT IN THE PIPELINE, IT'S THE PORTA A MARE PROJECT. AND HERE, YOU SEE A RENDERING, THE OVERALL RENDERING OF THE PROJECT. IT'S A MULTIFUNCTIONAL PROJECT, OFFICINE STORICHE. AND THEN THERE IS A SLIDE ON IT IN THE FOLLOWING PAGE. PIAZZA MAZZINI HAS BEEN COMPLETED. WE'VE SOLD ALL OF THE UNITS, 73 UNITS. WELL, 72 UNITS OUT OF 73 HAVE BEEN PRESOLD. PALAZZO ORLANDO WAS ALSO DISPOSED OFF, WHICH IS CLOSE TO PIAZZA MAZZINI, AND THE TRANSACTION I MENTIONED BEFORE IS ASSET ALLOCATION.

AND THEN ON THE 3 OTHER AREAS, WE ARE WORKING TO REALLY ENHANCE THE AREAS AT BEST. IN THE FOLLOWING 2 PAGES, YOU SEE THE WORK WE HAVE BEEN DOING. OFFICINE IS THE RETAIL HEART OF THE PROJECT. WORK WAS RESUMED MARCH 2019 AFTER GETTING THE NEW PERMIT FROM THE LIVORNO AUTHORITIES.

WE SHOULD FINISH IT BY THE SECOND HALF OF 2020. WE ARE CONFIDENT WE SHOULD BE ABLE TO OPEN IT BETWEEN END OF NOVEMBER, EARLY DECEMBER BEFORE CHRISTMAS. OPEN UP THE NEW SHOPPING MALL, €53 MILLION OVERALL INVESTMENT, PART OF THEM ALREADY SPENT IN THE PREVIOUS YEARS, STILL 20 ARE LEFT TO SPEND, 30 STORES, 10 RESTAURANTS, 1 FITNESS CENTER. WE ALREADY HAVE PRE-LETTING IN EXCESS OF 50%.

AND THEN IN OTHER AREAS, WE ARE ALREADY WORKING. I CANNOT NAME NAMES, BUT ON THE HOTEL SIDE, WE ALREADY HAVE AN AGREEMENT AT A WELL-ADVANCED TRADE WITH A PRIMARY INTERNATIONAL HOTEL CHAIN. WE WILL HAVE 4 STAR HOTEL FOR BUSINESS, AND 64 RESIDENTS AS RESIDENTS. AND THEN...AND SHIP CREWS AND STUDENT HOUSING.

LET'S START...LET'S NOW MOVE TO FINANCIAL RESULTS. CORE BUSINESS EBITDA IN 2019, €115 MILLION UP 1% VERSUS 2018. AND I'M NOT GOING TO MAKE ANY COMMENT DATA WITH IFRS 16 APPLICATION AND FINANCIAL MANAGEMENT EX-IFRS 16 EFFECTS. AND EXCLUDING THE TENDER OFFER AND BOND ISSUANCE, NON-RECURRING EFFECT HAD A DECLINE OF ABOUT 3.4%. WE WENT FROM €32.5 MILLION TO €31.4 MILLION ON A LIKE-FOR-LIKE BASIS.

FFO, FUNDS FROM OPERATION AND I'M NOW ON PAGE 28 OF THE PRESENTATION. AS YOU COULD SEE IN THE OPENING SLIDE, LANDED AT €83.3 MILLION, UP 4.5% VERSUS 79.7% 2018, THE GROWTH WAS DRIVEN FOR EBITDA FROM CORE BUSINESS AND THE REDUCTION OF FINANCIAL MANAGEMENT AS WE HAVE SEEN BEFORE, WITH A POSITIVE CHANGE IN TAXES OF 0.4%. AS YOU SEE HERE, WE HAVE ACHIEVED THE GUIDANCE ANNOUNCED FOR THE WHOLE YEAR, IT WAS GIVEN IN A RANGE BETWEEN 4% AND 5% IN AUGUST LAST YEAR. SO WE ARE AT THE MEDIAN LEVEL OF THE GUIDANCE ANNOUNCED IN AUGUST LAST YEAR, THAT IS TO SAY, AUGUST 2019.

LET'S MOVE ON TO THE NEXT PAGE, PAGE 29. HERE, YOU SEE THE SINGLE NET NAV AND TRIPLE NET NAV FIGURES. IN THE FIRST CASE, THERE WAS A DECLINE OF 3.1%. AND FOR TRIPLE NET NAV A DECLINE OF 4.6%. AT THE BOTTOM OF THE SLIDE, YOU SEE THE BUILDING BLOCKS THAT COMPOSE THE PERFORMANCE OF OUR TRIPLE NET NAV, GOING FROM €11.45 IN 2018 TO €10.92 IN 2019, €0.50 EURO CENTS DIVIDEND, €0.11 FOR THE CHANGE IN DEBT, FAIR VALUE AND OTHER, AN INCREASE OF €0.75 OF FFO PER SHARE AND A NEGATIVE IMPACT OF €0.66 ASSET FAIR VALUE CHANGE.

LET'S DRILL DOWN INTO A GREATER LEVEL OF DETAIL IN OUR FINANCIAL STRUCTURE, PAGE 30 IN THE PRESENTATION. LOAN-TO-VALUE IS SLIGHTLY UP VERSUS LAST YEAR. NET OF IFRS 16, IT WOULD HAVE BEEN 46.4%. WITH FIRST-TIME ADOPTION OF IFRS 16, WE LAND AT 47.6%. IN THE BOX NEXT TO IT, YOU SEE THAT THE STRATEGIC PLAN TARGET IS CONFIRMED TO REDUCE OUR LOAN TO VALUE TO AROUND 45%, POSSIBLY BELOW THE 45% THROUGH DISPOSALS WE ARE NOW WORKING ON. ICR IS 3.8 TIMES, WITHIN THE BUSINESS PLAN IS TO GET TO 4%. SO WE ARE ON THE RIGHT PATH.

AND THEN AVERAGE COST OF DEBT, 2.35%, DOWN 30 BASIS POINTS VERSUS LAST YEAR. STRATEGIC PLAN FROM HERE TO 2021 ASSUMED AVERAGE COST OF DEBT BETWEEN 2.4% AND 2.6%. SO WE HAVE ALMOST ALREADY ACHIEVED THE TARGET. WE'LL TRY AND IMPROVE THAT INDICATOR. WE DON'T THINK WE CAN DO MUCH BETTER THAN THIS BECAUSE WE'VE DONE THE GREAT BULK OF THE WORK ALREADY.

NET FINANCIAL POSITION, YOU SEE €128.5 MILLION OF CASH, THANKS TO THE ISSUING OF €400 MILLION WORTH OF BONDS, €270 MILLION WAS USED TO REPAY BONDS. AS YOU WILL SEE IN THE NEXT PAGE, €70 MILLION OUT OF €128 MILLION WILL BE USED TO FULLY REPAY BONDS FROM HERE TO 2021 EQUAL TO €71 MILLION, THE ONE THAT WAS NOT SWITCHED, AND ABOUT €50 MILLION WILL BE USED TO FUND THIS YEAR'S PIPELINE PLUS THE PAYMENT OF OUR DIVIDEND. IT'S A WELL-BALANCED DEBT STRUCTURE, 55% MARKET AND 45% BANKS. AND FIRST AND FOREMOST MORE THAN 2/3RD OF DEBT IS UNSECURED, SO 71.1% AND ONLY 28.9% IS SECURED.

PAGE 31, YOU SEE THE DEBT MATURITY PROFILE. AND FOR THIS 2 NEXT YEAR, WE CAN BE QUITE CONFIDENT. AND WE HAVE NO SPECIAL MATURITY FOR 2021 HAS ALREADY BEEN COVERED WITH THE PAYMENT THROUGH THE CASH WE ALREADY HAVE. THE OTHER DUE DATE IS 2022 WITH THE OTHER BOND COMING TO MATURITY THAT HAS BEEN SWITCHED WE STILL HAVE €154 MILLION OUTSTANDING...€154 MILLION [INDISCERNIBLE] THAT IS COMING DURING 2023, BUT WE STILL HAVE TIME TO THINK ABOUT HOW TO REFINANCE THEM.

NOW WE HAVE PAGE 33, DIVIDEND AND OUTLOOK. THE BOARD PROPOSED...RESOLVED TO PROPOSE TO THE SHAREHOLDERS MEETING A DIVIDEND OF €0.50 PER SHARE, CORRESPONDING TO A DIVIDEND YIELD OF APPROXIMATELY 8.6% CONSIDERING LAST NIGHT CLOSING PRICE. €55 MILLION IS THE DIVIDEND POOL, 2/3RD OF FFO. AND THEN YOU SEE DIVIDEND PER SHARE AND HOW IT HAS EVOLVED OVER THE LAST 6 YEARS, STARTING FROM 2014, WHERE IGD HAS CONSTANTLY INCREASED THE DIVIDEND IN THE FIRST 3 YEARS, UP TO €0.50, AND THAT IS A LEVEL THAT WAS KEPT FOR BOTH LAST YEAR AND THE YEAR BEFORE, €0.50 PER SHARE.

OUTLOOK FOR 2020, HERE I NEED TO ELABORATE A BIT MORE. NORMALLY, WE'LL PROVIDE AN OUTLOOK WHEN WE PRESENT THE FULL YEAR RESULTS IN FEBRUARY. THIS IS NET OF THE EFFECT OF THE SO-CALLED CORONAVIRUS EFFECT. THIS IS 2% GROWTH GUIDANCE.

HERE, AS YOU SEE ON THE BOX ON THE RIGHT, WE WILL UPDATE OUR GUIDANCE ON MAY 07TH WHEN WE GIVE THE RESULTS FOR Q1. WE WILL HAVE BOARD OF DIRECTORS MEETINGS AND WE'LL GIVE YOU AN UPDATE ON OUR GUIDANCE. I HOPE WE WON'T HAVE TO GIVE YOU FURTHER UPDATES. BUT IF NECESSARY, WE WILL GIVE YOU EVEN UPDATES AHEAD OF THAT DATE. THIS IS HOW FUNDS FROM OPERATIONS EVOLVED OVER THE LAST 7 YEARS. WE WENT FROM €35.1 MILLION IN 2014 TO €83.3 MILLION THIS YEAR, AND WE EXPECT A FURTHER SLIGHT INCREASE GROWTH OF ABOUT 2% STANDALONE FROM NET OF WHAT HAS BEEN HAPPENING OVER THE LAST WEEK. AND WE'LL GIVE YOU AN UPDATE AS SOON AS POSSIBLE.

IN THE LAST SLIDE BEFORE THE ATTACHMENTS, YOU CAN SEE OUR AGENDA FOR...WE HAVE THE ANNUAL GENERAL MEETING, FIRST CALL CALLED BY THE BOARD ON APRIL 09TH, 2020, APRIL 22ND, YOU SURELY RECEIVED OUR INVITATION. AND WE STILL CONFIRM IT. IF YOU WERE INVITED, YOU WILL RECEIVE AN AGENDA, HIGHLY KNOWLEDGEABLE SPEAKERS. AND THEN MAY 07TH IS THE FIRST QUARTER RESULTS FOR 2020. WE WILL GIVE YOU AN UPDATE IF WE HAVE TO REVISE OUR GUIDANCE, AUGUST 06TH, FIRST HALF RESULTS, AND NOVEMBER 05TH Q3 2020 RESULTS.

THAT'S IT, AS FAR AS I'M CONCERNED. I'M HERE, READY TO TAKE QUESTIONS TOGETHER WITH OUR CHAIRMAN AND OUR COLLEAGUES FROM THE HEADQUARTERS FOR ANY QUESTIONS OR CLARIFICATIONS YOU MIGHT REQUEST.

Q&A

OPERATOR:

THIS IS THE CHORUS CALL OPERATOR. WE NOW START THE Q&A SESSION, AND IF YOU WANT TO ASK A QUESTION, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE. TO BE REMOVED FROM THE Q&A QUEUE, PLEASE PRESS "*" FOLLOWED BY "2" ON YOUR PHONE. ASK YOUR QUESTIONS USING YOUR PHONE'S HEADSET. IF YOU WANT TO ASK A QUESTION, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE. LET ME REMIND YOU THAT IN ORDER TO ASK A QUESTION YOU MAY PRESS "*" FOLLOWED BY "1" ON YOUR PHONE.

FIRST QUESTION COMES FROM THE LINE OF FEDERICO PEZZETTI WITH INTERMONTE.

FEDERICO PEZZETTI: GOOD AFTERNOON TO ALL OF YOU. YOU TOLD US THAT THE POTENTIAL IMPACT OF THE CORONAVIRUS CRISIS WILL BE PROVIDED IN A FEW WEEKS. I WAS WONDERING WHETHER TODAY, MAYBE YOU CAN MAYBE ELABORATE WITH US ON A POTENTIAL ASSUMING MAYBE A Q1, ALONG THE LINES OF WHAT YOU'VE SEEN OVER THE LAST FEW DAYS AND ARE PICKING UP STARTING FROM Q2? QUALITY WISE, YOUR BUSINESS HAS A VERY SOUND TOP LINE. SO I DON'T THINK THAT IN THE SHORT TERM, THERE MIGHT BE A VERY STRONG IMPACT. BUT CAN YOU GIVE US SOME COLOR ON YOUR ASSUMPTIONS OR YOUR TAKE ON THE CURRENT SITUATION? THANK YOU.

CLAUDIO ALBERTINI: THANK YOU, FEDERICO. WE WOULD NEED A CRYSTAL BALL SOMEHOW TO SEE WHAT WILL HAPPEN. FIRST OF ALL, WE HAD A PERVERSE PSYCHOSIS AND PANIC EFFECT. AND I'M PLEASED PEOPLE ARE TAKING IT WITH A GREATER PINCH OF SALT. NOW, WE HAD STRONG DECREASES IN THE SOUTH AS WELL, PALERMO, NAPOLI, WHERE THERE WERE NO OUTBREAKS. AND SO, WE HAVE TO WAIT FOR THINGS TO CALM DOWN A BIT FIRST. WE ARE CONSTANTLY IN TOUCH WITH THE CNCC. AND FORTUNATELY, DATA ARE VERY MUCH COMMON FOR ALL OTHER PROPERTIES. IN ITALY, WE ARE LOOKING INTO THE INFORMATION AND THE DISCLOSURES PROVIDED TO BE CONSISTENT. AS THERE'S A LOT OF CONFUSION AT REGIONAL LEVELS, SO AT LEAST WE TRY AND BE CONSISTENT AT INDUSTRY LEVEL.

WE ARE VERY CLOSE TO OUR TENANTS RIGHT NOW. AND WE HAVE BEEN SUPPORTING THEM IN YEARS, POST LEHMAN BROTHERS, IF YOU REMEMBER, POST-2011 OR 2012 CRISIS. WE'VE ALWAYS BEEN VERY CLOSE TO OUR...AND SUPPORTIVE TOWARDS OUR TENANTS AND WE WILL BE TODAY, TOO, NOW, TOO. I CANNOT YET QUANTIFY, ECONOMICALLY, WHAT THAT WILL IMPLY. WE WILL HAVE TO SEE...WELL, WE HAVE TO WAIT AND SEE. WE HAVE TO PRESERVE OUR OCCUPANCY. WE HAVE RECEIVED SOME REQUEST TO EXTEND PAYMENTS. SOME PEOPLE ASKED FOR INSTANCE TO CLOSE SHOPPING MALLS EARLY. WE CANNOT, OF COURSE, ACCEPT THAT, CLOSING TIMES, MEANING. WE HAVE TO WAIT FOR THIS PANIC EFFECT TO COME TO A HALT.

AND I WAS HEARING THERE WAS A BROADCASTING THIS MORNING PEOPLE WERE ASKING ABOUT THE GDP IMPACT COULD BE 0.3%, 0.1%, 0.2%. SOMEBODY IS TALKING ABOUT A RECESSION. IT'S STILL TOO EARLY TO SAY ANYTHING CLEAR ABOUT IT. THE MAIN THING IS TO ADOPT ALL THE NECESSARY MEASURES...I'M TALKING ABOUT PROPERTY WISE, AS WE ALL HAVE MORE OR LESS HAVE THE SAME TENANTS IN OTHER SHOPPING MALLS AS WELL. SO WE HAVE TO TRY AND MOVE CONSISTENTLY. WE ARE TALKING TO THE CNCC TO HAVE A CONSISTENT AND COMMON LINE, OF COURSE, WE'LL BE CLOSE TO OUR TENANTS, AND THAT MEANS WE WILL...WE ARE GOING TO...FOR SURE, GRANT SOME KIND OF DISCOUNTS OR...BUT WE DON'T KNOW HOW MUCH. SO FAR WE HAVE NO...HAD NO CANCELLATIONS. IT'S CLEAR THAT IF THERE IS A STRONG TREND IN THE...DECLINING TREND IN FOOTFALLS AND SALES, THAT WILL BECOME AN ISSUE. BUT NOT YET.

TO THE PRESENT DATE, WE DO NOT HAVE ANY OF THOSE SIGNALS YET, OF COURSE, WE ARE CONCERNED. IT'S NOT THAT WE ARE NOT CONCERNED. BUT WE ARE MONITORING THE SITUATION. WE HOPE THAT THESE MEASURES WILL BE WITHDRAWN [PH] AS SOON AS POSSIBLE. THERE WAS A SMALL SIGNAL YESTERDAY SENT OUT BY THE LOMBARDY REGION CHANGING THEIR APPROACH TO BAR OPENING TIMES. SO THAT WAS THE MINIMUM. AND THEN OVER THE WEEKEND, WE HAVE 3 MILANO SHOPPING MALLS THAT WILL BE CLOSED, BUT ALL THE OTHERS WILL BE OPENED, OF COURSE, THEY WILL BE OPENED.

YESTERDAY, I WENT TO HAVE DINNER AT A RESTAURANT. IT WAS JUST MYSELF, BOTH GOING IN AND COMING OUT AT THE END OF THE EVENING. SO IT'S A PROBLEM FOR EVERYONE. IT'S A PROBLEM FOR TOURISM AT LARGE. WE WILL HAVE TO WAIT FOR THIS, AND THERE ARE LESS NEGATIVE SIGNALS BEING SENT OUT FROM THE GOVERNMENT, FROM THE REGION. WE HAVE TO TAKE STOCK OF THAT, THE CONFINDUSTRIA, ET CETERA. YOU ARE IN MILAN, MAYBE YOU ARE MORE EXPOSED THAN WE ARE IN BOLOGNA. FROM WHAT I CAN TELL YOU, TONES ARE A BIT Milder NOW. WE SEE THAT IN THE CENTRAL MILAN, WE HAVE DEFINITELY MORE PEOPLE WALKING AROUND AND ENTERING BARS AND RESTAURANTS. ALSO VIS-À-VIS FROM YESTERDAY, AND WE HOPE THIS IS A GOOD OMEN INDEED.

FEDERICO PEZZETTI: AND LET ME ASK YOU THE FOLLOWING TO WRAP-UP. PLEASE, CAN YOU REMIND US TEMPORARY DISCOUNTS, HOW DID YOU CLOSE 2019? AND NET OF THE CORONAVIRUS EFFECT, €900,000?

CLAUDIO ALBERTINI: THE BUDGET WAS SLIGHTLY LOWER; WE'VE SLIGHTLY INCREASED THAT AFTER THE Q1 PERFORMANCE WAS BELOW €1 MILLION...€900,000. AT THE WORST PEAK OF THE CRISIS 2011, WE WERE €3.5 MILLION ROUGHLY. WE HOPE WE WON'T HAVE TO GET TO THAT LEVEL.

FEDERICO PEZZETTI: OKAY, VERY WELL. AND AS TO THE RENTS THAT ARE TIED IN WITH SALES, IT'S VERY MARGINAL, THAT TYPE OF BUSINESS FOR YOU?

CLAUDIO ALBERTINI: WE HAVE GUARANTEED MINIMUM AGREEMENTS, BUT IT'S LESS THAN 2%. SO IT'S A VERY LOW PERCENTAGE.

FEDERICO PEZZETTI: THANK YOU.

OPERATOR: THE NEXT QUESTION COMES FROM THE LINE OF ROBERTO RANIERI WITH BANCA IMI. SIR, YOU CAN GO AHEAD.

ROBERTO RANIERI: GOOD AFTERNOON TO ALL OF YOU. I THINK WHAT YOU SAID IS QUITE CLEAR, AT LEAST WHAT YOU CAN SHARE WITH US AS TO THE...IT'S VERY CLEAR WHAT YOU SAID.

CLAUDIO ALBERTINI: WE HAVE NO CASES HERE WITHIN IGD, I MUST SAY. WE HAD NO OUTBREAKS WITHIN IGD.

ROBERTO RANIERI: ALSO, VERY USEFUL WAS THE EXAMPLE YOU GAVE US, WHERE WE SAW A DECLINE IN SALE AND THEN GDP DECLINE, MAYBE FOR OTHER REASONS. BUT LET ME GIVE YOU A COUPLE OF...ASK A COUPLE OF QUESTIONS ON WHAT YOU SAID, AND MORE SPECIFICALLY, ON FINANCIALS, LONG TERM VALUE, 45% TO BE ACHIEVED THROUGH DISPOSALS. ARE THERE ANY DISPOSALS YOU ARE ALREADY WORKING ON? CORRECT ME IF I'M WRONG. WE ARE TALKING ABOUT MAYBE ROMANIA, AND ARE YOU ALREADY WORKING ON THEM? AND TIME-WISE, WHEN COULD THIS HAPPEN?

ONE LAST QUESTION, MAYBE TIED IN WITH THIS CURRENT CRISIS SITUATION. IF WE...SO THIS €0.05 DIVIDEND...PROPOSED DIVIDEND, LET'S THINK OF NEXT YEAR. WITH WHAT YOU HAVE SAID SO FAR, THERE'S A RISK THAT IS NOT SO MEANINGFUL WHEN IT COMES TO FINANCIALS OR THAT COULD...THAT IT MIGHT IMPAIR THE STABILITY OF 2019 DIVIDEND. AM I WRONG IN MY ASSUMPTION OR NOT? THANK YOU.

CLAUDIO ALBERTINI: WELL, WHEN IT COMES TO DISPOSALS, WE ARE THINKING ACROSS THE BOARD WHEN WE THINK OF DISPOSAL ACROSS THE ENTIRE PORTFOLIO. WE HAVE ALLOCATED SOME PRIORITIES TO NONCORE ASSETS INDEED. SO ROMANIA, WE'VE ALREADY SAID THAT. WE'VE SAID THAT FOR A NUMBER OF YEARS, AND ROMANIA, ABOVE AND BEYOND THE POSITIVE PERFORMANCE IT'S GIVING, IT'S NO LONGER A CORE ASSET WITHIN OUR OVERALL STRATEGY. SO IF WE FIND THE RIGHT TERMS AND CONDITIONS, ROMANIA WILL BE DISPOSED AHEAD OF TIME BEFORE OTHERS SAY ASSETS.

BUT ABOUT SOME EXPRESSIONS OF INTEREST, THERE'S NOTHING PRACTICAL OUT THERE THAT WE CAN...WE HAVE IDENTIFIED NONCORE ASSETS THAT WE...WELL, WE'RE LOOKING IN...WE ARE LOOKING AT THE MARKET, SOUNDING...PROBING THE MARKET TO SEE WHETHER THEY COULD BE VIABLE, AND THEN WE HAVE CORE ASSETS AS WELL THAT COULD BE DISPOSED OFF, BUT WE DO NOT WANT TO DISPOSE OF, THEY ARE AT THE VERY, VERY BOTTOM OF OUR PRIORITY WITH ROMANIA, THEN NONCORE...ITALIAN NONCORE ASSETS. AND THEN WE HAVE, OF COURSE, PERFORMING ASSETS WHERE WE DON'T THINK WE WOULD HAVE PROBLEM DISPOSING, IF THAT COMES TO IT. BUT WERE WE NOT TO ACHIEVE THE OBJECTIVE OF A REDUCTION BY 2021, AT THAT POINT, WE WOULD BE FORCED TO FOCUS ON DISPOSING OF OUR CORE ASSETS. SO FAR, WE HAVE REFUSED TO DO THAT. IN THE PAST AND OVER THE LAST FEW MONTHS, WE'VE HAD SOME EXPRESSIONS OF INTEREST. BUT SO FAR, WE ARE NOT CONSIDERING DISPOSING OF CORE ASSETS.

WE WOULD LIKE TO DISPOSE OF OUR NON-CORE ASSETS, MAINLY ROMANIA. IT'S NOT SOMETHING THAT HAPPENS OVERNIGHT. IN OUR STRATEGIC PLAN, WE HAVE GIVEN OURSELVES 3 YEARS. SO WE ARE JUST AT THE FIRST YEAR. AND SHOULD THE SITUATION CONTINUE THROUGHOUT 2020, IT IS CLEAR THAT WE WOULD HAVE TO LOOK INTO CORE ASSETS, TOO. BUT OUR OBJECTIVE...OUR GOAL IS TO REDUCE OUR LOAN TO VALUE INTO AREA 45. SO TO SAY, BECAUSE WE WANT TO KEEP A DIVIDEND AT THE SAME LEVEL AS THIS YEAR. SO WE'RE NOT CONSIDERING REDUCING IT BY 2020 OR IN 2020 OR 2021. THAT'S WHY WE HAVE TO REDUCE OUR LEVERAGE.

IT WAS THE SAME THING WHEN WE LOOKED AT NAV; DIVIDEND IS INDEED A COMPONENT THAT HAS AFFECTED OUR TRIPLE NET NAV IN ADDITION TO THE €0.66 OF FAIR VALUE. THE 2 THINGS GO HAND-IN-HAND. TODAY, LET ME SAY THAT VERY CLEARLY, OUR DEBT IS ABSOLUTELY SUSTAINABLE BECAUSE WE ENTERED INTO A LIABILITY MANAGEMENT ACTIVITY, YOU HAVE SEEN THE BONDS, THE SWITCH BETWEEN THE OUTSTANDING BONDS, THE CASH WE'VE GENERATED. WE'VE MADE OUR DEBT FULLY SUSTAINABLE. IT'S CLEAR THAT, HOWEVER, OUR OBJECTIVE TO REDUCE OUR LOAN TO VALUE TO 45% OR BELOW, IT'S STILL THERE IT'S A MEDIUM TERM OBJECTIVE, NOT A SHORT TERM OBJECTIVE. EVEN THOUGH FOR 2 YEARS, WE WON'T HAVE ANY NEED TO GO TO THE MARKET FOR FURTHER FUNDING.

ROBERTO RANIERI: THANK YOU.

OPERATOR: MR. ALBERTINI, THERE ARE NO MORE QUESTIONS.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. HAVE A GOOD AFTERNOON, AND A GOOD EVENING. AND IF EVERYTHING IS OKAY, WE'LL TALK TO YOU AGAIN ON MAY 07TH, WHEN WE WILL DISCLOSE THE RESULTS FOR THE Q1 RESULTS, OR ON APRIL 22, OUR EVENT IN MILAN ON OUR 10TH YEAR ANNIVERSARY FOR OUR SUSTAINABILITY REPORT. THANK YOU VERY MUCH AND GOODBYE.