

**Event: Q1 2020 Results and Relevant Impact of
COVID-19 Virus on Group's Activities**

Date: 7th May 2020

Speakers: Mr. Claudio Albertini, CEO

OPERATOR:

THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S Q1 2020 RESULTS AND RELEVANT IMPACT OF COVID-19 VIRUS ON THE GROUP'S ACTIVITIES. LET ME REMIND YOU THAT ALL PARTICIPANTS ARE IN LISTEN-ONLY MODE. AFTER THE PRESENTATION, A Q&A SESSION WILL BE HELD. YOU WILL BE ABLE TO ASK QUESTIONS. TO BE ASSISTED BY AN OPERATOR DURING THE CONFERENCE CALL, PRESS "*" FOLLOWED BY "0" ON YOUR KEYPAD.

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

CLAUDIO ALBERTINI:

THANK YOU VERY MUCH. FIRST OF ALL, WELCOME TO ALL OF YOU. I AM CONNECTED FROM BOLOGNA TOGETHER WITH MY COLLEAGUES FROM THE HEADQUARTERS, AND OUR CHAIRMAN, MR. ELIO GASPERONI, AND WE ARE FULLY AVAILABLE TO TAKE YOUR QUESTIONS. THE PRESS RELEASE AND OTHER DOCUMENTS THAT WERE SENT OUT TO YOU CONTAINS THE ESSENTIAL DATA THAT WERE LOOKED INTO BY THE BOARD THIS MORNING FOR Q1 AND FOR WHAT WILL HAPPEN AFTER Q1. LET ME WALK YOU THROUGH THE PRESENTATION AND ALSO BECAUSE WE WOULD LIKE TO EXPLAIN HOW WE ARE GOING TO TACKLE THE PRESENTATION.

WE ARE ON PAGE 2 NOW. I'LL BRIEFLY GIVE YOU AN OVERVIEW OF Q1 RESULTS END OF MARCH 2020 AND THAT'S THE FIRST CHAPTER IN THE PRESENTATION. THEN I WILL MOVE ON AND DWELL ON THE LATEST UPDATE WHAT WE HAVE BEEN UNFOLDING AND ACTIVITY-WISE, ACTIONS TAKEN, THE POSSIBLE EVOLUTION AND THE DIVIDEND OUTLOOK FOR THE YEAR AND THEN THERE IS A SECTION DEVOTED TO ATTACHMENTS.

LET'S MOVE ON TO PAGE 4 IN THE PRESENTATION. BUT LET ME SAY BY WAY OF INTRODUCTION, AND IT'S ALSO HIGHLIGHTED ON THE PAGE THAT THIS QUARTERLY REPORT IS PARTIALLY AFFECTED, NOT FULLY, BUT PARTIALLY AFFECTED BY THE EXCEPTIONAL ONE-OFF CONTAINMENT MEASURES ADOPTED AT THE END OF FEBRUARY FOR ITALY AND LATER FOR ROMANIA. THESE CONTAINMENT MEASURES ARE STARTING FROM END OF FEBRUARY AS I SAID AND THEN IN MARCH AND APRIL THEY GRADUALLY LED TO RESTRICTIONS ON THE OPENING DAYS AND HOURS FOR OUR SHOPPING CENTERS. IGD HAS A PORTFOLIO IN 12 OF THE REGIONS OUT OF 20 IN ITALY, SO WE HAVE A WIDE PORTFOLIO, AND SO WE WERE AFFECTED BY THE GOVERNMENTAL INITIATIVES AND THE PROVISIONS.

STARTING FROM THE HIGHLIGHTS ON PAGE 4, AS YOU SEE, THE RENTAL INCOME IS DOWN 0.9% AND HERE WE WERE PARTLY AFFECTED IN MARCH BY SOME SLOWING DOWN OF THE SALES AND NET RENTAL INCOME IS MORE AFFECTED, HAVING A STRONGER DECLINE. AND LET ME SAY IT STRAIGHTAWAY BECAUSE OF SOME PRUDENTIAL PROVISIONS WE HAVE MADE END OF MARCH, BECAUSE OF COURSE THERE WERE NO CASH-INS, OR WE LOST SOME CASH-INS AND THAT HAD ALREADY HAPPENED IN THE FIRST QUARTER.

CORE BUSINESS EBITDA IS DOWN 2.8%, €30 MILLION AND MARGIN FROM FREE HOLD IS 77.8%, SLIGHTLY IN DECLINE VERSUS THE SAME TIME IN 2019. FFOs ARE FLAT, SLIGHTLY UP 0.1% UP, BUT AGAIN THIS PIECE OF INFORMATION IS THE RESULT OF A QUARTER THAT WAS AT LEAST PARTIALLY AFFECTED BY THE INCOMING CRISIS.

LET'S MOVE ON TO PAGE 5. WE HAVE A BREAKDOWN OF GROSS RENTAL INCOME. ON A LIKE-FOR-LIKE BASIS THERE WAS A DECLINE OF 0.4% AND THAT WAS DRIVEN BY DIFFERENT RESULTS IN ITALY, DOWN 0.7% AND ROMANIA UP 3.5%. AND THAT SOMEHOW RECONFIRMS THE TREND WE RECORDED LAST YEAR. ROMANIA STARTED THE LOCKDOWN ON MARCH THE 22ND, SO THE QUARTER WAS ALMOST UNAFFECTED, PRACTICALLY THE EFFECTS WILL BE FELT STARTING FROM APRIL. THE DECLINE IN ITALY WAS A BIT MORE MARKED IN SHOPPING MALLS 0.8%, AND HYPERMARKETS WERE DOWN 0.4% , BUT THAT HAS TO BE COMPARED TO A FIRST QUARTER 2019 WHERE THE FRAMEWORK AGREEMENT WITH COOP ALLEANZA HAS NOT YET KICKED IN, BECAUSE IT WAS SUPPOSED TO KICK IN ON THE 1ST OF APRIL. SO IT'S NOT HOMOGENOUS COMPARISON, WHILST THIS YEAR WE HAVE THE FIRST IMPACT OF THE FRAMEWORK AGREEMENT. INFLATION IMPACT WAS RATHER LIMITED, 55.0 BPS BASIS POINTS.

IF YOU LOOK AT THE CHART TOP RIGHT, THE PIE CHART I MEAN, YOU SEE THE BREAKDOWN OF THE RENTAL INCOME, SO HYPERMARKETS ACCOUNT FOR 25.2% OF THE RENTAL INCOME. AND I'LL GO BACK TO THIS IN

THE NEXT SLIDES. BUT DO BEAR THIS, 25.2% IN MIND, BECAUSE THIS IS ONE OF THE MAIN ACTIVITIES THAT WERE STILL OPEN DESPITE THE LOCKDOWN AND THEREFORE HAS BEEN GRANTING US INCOME.

LET'S MOVE ON TO THE NEXT SLIDE. NET RENTAL INCOME. WE GO FROM 34.2% TO 33% 2019-2020 AND ITALY IS DOWN 3.6% AND ROMANIA IS UP 1.2%. AS WE HAVE PUT ON THE NOTE AT THE BOTTOM OF THE PAGE IT WAS HIGHER CONDOMINIUM FEES AND WE HAVE AN INCREASE IN PROVISION ON RECEIVABLES ABOUT €500K IN ADDITION, ON TOP OF WHAT WE HAD ALREADY FORECAST AND ENVISAGED, OTHERWISE IT WOULD HAVE BEEN AROUND 4%. I AM TALKING OF DIRECT COST ONLY.

LET'S MOVE ON TO THE NEXT SLIDES. WE ARE ON PAGE 7 OF THE PRESENTATION. CORE BUSINESS EBITDA WENT FROM €31.2 MILLION TO €30.3 MILLION DRIVEN BY THE HIGHER PROVISIONS AND AFTER THE FINANCIAL MANAGEMENT THAT YOU CAN SEE IN ABSOLUTE TERMS, IT WENT UP, HOWEVER, IF WE SPLIT OFF THE 2020 FROM THE NEGATIVE CARRY FROM THE 2019 DATA, AND THE NON-RECURRING CHARGES DUE TO THE BOND ISSUANCE, WE HAVE A DECLINE OF ABOUT 10%. THIS IS WHAT I WANTED AND THIS IS HOW I EXPLAIN THE 10% DECLINE.

AS I SAID BEFORE, I MOVE ON TO PAGE 8, FUNDS FROM OPERATIONS IS FLAT PRACTICALLY WITH A DECLINE OF 0.7MILLION IN CORE BUSINESS EBITDA AND AN IMPROVEMENT IN FINANCIAL MANAGEMENT ADJUSTED NET OF NON-RECURRING CHARGES AND THE NEGATIVE CARRY OF 0.8MILLION, SO THAT LEADS TO A 0.1% GROWTH, SO WE ARE FLAT IN OUR FFOs IN THE FIRST QUARTER.

ALWAYS TALKING ABOUT THE FINANCIAL STRUCTURE PAGE 9, OUR INDICATORS ARE IMPROVING AS IT ALWAYS HAPPENS IN Q1 WHERE THERE IS NO DIVIDEND PAYOUT AND ALL THE PROFITS IS IMPROVING THE NET EQUITY AND OTHER FINANCIAL INDICATORS. THE LOAN-TO-VALUE IS SLIGHTLY DOWN 47.2, ICR IS BETTER 4.2 TIMES AND FOR THE FIRST TIME WE ARE OVER THE 4.2 TIMES AND THE AVERAGE COST OF DEBT IS MARGINALLY DECLINING FROM 2.35% TO 2.30% BECAUSE OF THE IMPROVED CONDITIONS OF THE BOND WE ISSUED IN NOVEMBER. AND AT THE BOTTOM OF THE SLIDE YOU SEE THE BREAKDOWN OF OUR DEBT, MARKET IS 56.1% AS A SOURCE, OF COURSE BANKING SYSTEM IS ABOUT 44% AND MORE THAN TWO-THIRDS OF OUR DEBT STOCK IS UNSECURED DEBT, THAT'S 72%. LOOKING AT OUR NET FINANCIAL POSITION YOU CAN SEE THAT MOST OF IT IS CONSISTENT OF LONG TERM DEBT AND ABOUT €50 MILLION IS SHORT-TERM DEBT. AND YOU SEE IN THE RED SQUARE THE CASH POSITION IT'S €130 MILLION POSITIVE AND THAT IS THE OUTCOME OF THE RESULTS OF THE BOND ISSUANCE IN NOVEMBER LAST YEAR.

LET'S NOW MOVE ON TO PAGE 10. THIS IS OF COURSE IT'S NOT A HEADLINE BREAKUP, BUT SOMEHOW IT'S A GOOD SIGNAL AND WE'VE KEPT ON WORKING AND WE WERE AWARDED ONE MORE MEDAL IF YOU WISH, AS IGD WE GOT THE UNI ISO37001 CERTIFICATION FOR ANTI-BRIBERY, FOR OUR ANTI-BRIBERY MANAGEMENT SYSTEM. WE STARTED THE PATHWAY A FEW MONTHS AGO AND NOW THIS IS THE OUTCOME, BOTH OUR SUBSIDIARY IN ROMANIA THAT HAD ALREADY GOT THE CERTIFICATION 2 YEARS AGO, IT MEANS THAT NOW THE ENTIRE GROUP IS CERTIFIED FOR UNI ISO37001.

LET'S NOW MOVE ON TO PAGE 12. 2020 STARTED WELL. AS YOU CAN SEE, THESE ARE THE JANUARY DATA, WHERE FOOTFALLS WERE GROWING AND TENANT SALES WERE ALSO GROWING. AND THAT ALSO IN FEBRUARY, SO IT WAS GROWING NICELY AND THEY WERE FLAT. AND THIS IS A SNAPSHOT END OF FEBRUARY THAT WAS MAKING US THINK OF A GOOD 2020. AND THEN OF COURSE, AT THE END OF FEBRUARY, THE COVID-19 STARTED TO SPREAD, RESTRICTION MEASURES WERE APPLIED IN NORTHERN ITALY AT FIRST, AND THEN THROUGHOUT ITALY. AND THEN, OF COURSE, ON MARCH THE 12TH WHERE WE HAVE THE ALMOST ENTIRE LOCKDOWN OF OF ALL COMMERCIAL ACTIVITIES, APART FROM WHAT WERE DEFINED AS ESSENTIAL SERVICES.

PAGE 12, AGAIN COMPARED TO THE PREVIOUS QUARTERLY RESULTS, OUR QUARTER IS INVOICED IN ADVANCE. SO WE'VE ALREADY CASHED-IN THE LARGEST PORTION, WE'RE TALKING ABOUT 85% OF THE QUARTER HAS ALREADY BEEN CASHED-IN. AND IN ROMANIA WE HAVE PRACTICALLY CASHED-IN THE ENTIRE QUARTERLY TURNOVER, BECAUSE THE RESTRICTED MEASURES IN ROMANIA WERE INTRODUCED AT A LATER STAGE TOWARDS THE END OF THE MONTH...END OF MARCH, I MEAN.

PAGE 14, NOW OF THE PRESENTATION, THIS IS THE BREAKDOWN OF OUR REVENUES. AND HERE I'M TELLING YOU, HOW THE MEASURES WERE AFFECTING OUR REVENUES, 25% OF RENTS ARE FLAT, AND GUARANTEED, I COULD ALMOST SAY, BECAUSE THESE ARE THE OPERATIONS THAT ARE STILL ONGOING. THERE WAS ANOTHER 8% POTENTIALLY OPERATIONAL, BUT NOT ALL TENANTS OR BETTER SAID THE VAST MAJORITY OF THEM ESPECIALLY THE LARGER ONES, CONSUMER ELECTRONICS, HOBBIES THEY WILLINGLY DECIDED TO CLOSE. SO 1/3RD OF OUR REVENUES THIS 8% WAS POTENTIAL. BUT IT'S A MUCH LOWER PERCENTAGE. AND THEN AFTER THE FIRST CONTAINMENT MEASURES WERE APPLIED AND UNFOLDED, IGD'S SHOPPING CENTERS ARE STILL OPEN, BECAUSE WE STILL HAVE A NUMBER OF ESSENTIAL ACTIVITIES, HYPERMARKETS FOR INSTANCE. OF COURSE, THEY WERE OPEN WITH LIMITED TIME SCHEDULE, MEANING LIMITED OPENING HOURS, BUT STILL THEY WERE OPEN. THEN, WE ALSO KEPT OPEN A NUMBER OF OPERATIONS THAT WERE REALLY ESSENTIAL PHARMACIES, TOBACCONISTS WERE KEPT ON...NEWSSTANDS

WERE KEPT OPEN, AND SOME OTHERS INSTEAD ONLY RECENTLY DECIDED TO REOPEN. THAT'S AS FAR AS ITALY IS CONCERNED.

AS FAR AS ROMANIA IS CONCERNED, INSTEAD RESTRICTIVE MEASURES WERE INTRODUCED ON MARCH THE 22ND. AND IN ROMANIA, THE SUPERMARKET ASSET CLASS, OF COURSE SUPERMARKETS ARE SMALLER THAN THE ONES WE HAVE IN ITALY. AND THEY REPRESENT THE ACCOUNT FOR 11% OF OUR REVENUES AND A 10% OF POTENTIALLY OPERATIONAL TENANTS, BUT SOME OF THEM DECIDED NOT TO STAY OPEN. AS I SAID AT THE BEGINNING DURING THE INTRODUCTION, THE IGD'S PORTFOLIO IN ADDITION TO OWNING BOTH HYPERMARKETS AND SUPERMARKETS HAS ANOTHER SPECIAL FEATURE. WE ARE TALKING ABOUT PROXIMITY STORES THAT ARE EASY TO REACH BY THE CONSUMERS EVEN THOUGH THE RESTRICTIONS WERE APPLIED TO THE AREAS WHERE CONSUMERS COULD GO. AND THEN THERE WERE SUNDAY CLOSURES ET CETERA.

SO IT WOULD BE VERY HARD TO SELL CATEGORIES OTHER THAN FOOD. NOW, MOVING ON TO PAGE 15, HERE WE HAVE SORT OF BROKEN DOWN THE LOCKDOWN EFFECT. ON TO THE 3 ASSET CLASSES IN OUR PORTFOLIO, ALMOST WE'VE HAD NEGATIVE TRENDS IN BOTH, FOOTFALLS AND SALES, DUE TO TRAVEL RESTRICTIONS AND OPERATING HOURS, AND STAGGERED ENTRIES. THERE WERE LONG LINES AT THE ENTRANCES OF OUR SHOPPING CENTERS, LARGELY DUE TO STAGGERED ENTRIES AGAIN, AND MORE OR LESS THE SAME HAPPENED IN ROMANIA, ALTHOUGH THE EFFECT ON THE QUARTER IS LESS EVIDENT.

WE HOPE, AS IT'S BEEN SUGGESTED BY THE PRIME MINISTER OF ITALY, THAT ON THE 18TH OF MAY, WE WILL START SEEING MOST STORES REOPEN, WHILE BARS AND RESTAURANTS WON'T OPEN AGAIN UNTIL THE 1ST OF JUNE. THIS MORNING NEWS WERE THAT THERE MIGHT BE A FEW OPENINGS BEFORE THEN DEPENDING ON HOW THE SITUATION GOES. WE STILL DON'T HAVE THE DETAILS, BUT WE ARE ALREADY GETTING READY TO A SLOW AND GRADUAL ADAPTATION TO THE NEW CONDITIONS, IMPLEMENTING SOME PROTECTIVE MEASURES THAT WE HAVE PLANNED FOR FROM THERMO-SCANNERS, TO SOCIAL DISTANCING MEASURES, INCREASE THE SANITIZATION OF OUR SHOPPING CENTERS AMONGST OTHERS.

NOW, MOVING ON TO THE ACTIVITIES IMPLEMENTED OVER THE PERIOD ALSO IN PREPARATION OF PHASE 2. AGAIN, AS IGD WE HAVE IMPLEMENTED A NUMBER OF ACTIONS IN LINE WITH OUR SUSTAINABILITY POLICIES VIS-À-VIS ALL STAKEHOLDERS, AND WE WILL START OBVIOUSLY, WITH THE ACTIONS THAT WE HAVE IMPLEMENTED WITH OUR MOST PROMINENT STAKEHOLDERS I.E. THE TENANTS. HERE YOU SEE THE ACTIONS BETWEEN ITALY AND ROMANIA FROM THE VERY FIRST WEEK. SO, LET'S SAY, MID-MARCH, WE HAVE STARTED A VOLUNTARY SUPPORT INITIATIVES TO CASH IN THE RENT OF THE FIRST QUARTER. ACTUALLY IN ITALY, WE BUILD CASHED-IN AND COLLECTED OVER 85% OF THE RENT. THE SECOND QUARTER WAS

SUBDIVIDED INTO 3 MONTHLY RENTS, WITH PAYMENT DATES THAT WILL BE ALL POSTPONED TO THE END OF THE QUARTER, THE 30TH OF JUNE, AND THEN FOR THE FIRST MONTH FOR APRIL, AND THEN THE OTHER 2 MONTHS IN THE QUARTER WILL BE POSTPONED TO SEPTEMBER THE 10TH. IN ROMANIA, THERE WAS AN EXTENSION FOR THE PAYMENTS OF THE RENTS OR RENTAL FEES FOR APRIL TO THE 15TH OF MAY.

WE WOULD LIKE TO HIGHLIGHT THAT WE ARE WAITING JUST FOR MORE SPECIFIC INDICATIONS FROM THE GOVERNMENT, ESPECIALLY THE ITALIAN GOVERNMENT THAT WILL BE RELEASED THIS MONTH. IT WAS EXPECTED TO BE ISSUED LAST MONTH, BUT IT WASN'T, SO WE'RE EXPECTING IT TO BE RELEASED THIS MONTH. AND IT SHOULD CONTAIN MEASURES AND PROVISIONS COVERING THE RENTS AND RENTALS FEES. AND IN ORDER TO PROVIDE SUCH AN ANSWERS TO OUR TENANT, THERE WILL BE MORE SUPPORT ACTIONS NEEDED FROM THE GOVERNMENT. AND WE DO EXPECT THAT THE GOVERNMENT WILL IMPLEMENT TAX CREDIT MEASURES AND WILL PUT IN PLACE RESOURCES THAT MAY COVER UP TO 100% OF THE RENTS. AND WE'RE WAITING TO SEE WHAT THE ORDER OF THE PRIME MINISTER CONTAINS IN TERMS OF MEASURES AND RESOURCES TO MAKE DECISIONS ON OUR SIDE. THEN DO WE EXPECT TO RESUME OUR ACTIVITY TO LEVELS THAT WILL BE PREDICTABLY BELOW PRE-LOCKDOWN WEEK, BUT STILL VERY SUSTAINED.

NOW, WE AT THE HEADQUARTERS BUT ALSO IN THE CENTERS, THERE ARE HEALTH AND SAFETY EXPERTS WHO HAVE FOCUSED VERY MUCH ON THE SAFETY OF ALL STAKEHOLDERS BEGINNING WITH THE EMPLOYEES OF THE COMPANY, AS WELL AS, TENANTS AND VISITORS. WE HAVE INCREASED GUIDING AND SANITIZATION IN THESE CENTERS, AND THE SURFACES HAVE BEEN FULLY SANITIZED. AND WE HAVE EQUIPPED OUR CENTERS WITH ALL THE NECESSARY PPEs AND OTHER SUPPLIES FOR SANITIZATION.

ALL THE WORK SITES HAVE BEEN SECURED, AND NOT ALL WORKSITES HAVE BEEN RESUMED, WE ARE MAKING DIFFERENT DECISIONS DEPENDING ON THE SITE. WHEREVER WE HAVE SITES THAT DO NOT CARRY OUT ESSENTIAL ACTIVITIES WE HAVE DISCONTINUED THEIR ACTIVITY. AND WE DON'T HAVE A DAY TO REOPEN THEM. AND WE HAVE WRITTEN A PROTOCOL WHICH HAS BEEN ALREADY IMPLEMENTED, AS I HAVE INDICATED. AND THAT WILL BE IN COORDINATION WITH OUR SHAREHOLDERS COOP AND UNICOOP THROUGHOUT THE HYPERMARKET MANAGEMENT. WE PUT IN PLACES SMART WORKING RESOURCES, FOR PEOPLE WHO WORK'S AT THE HEADQUARTERS AND ALSO REMOTE WORK FOR PEOPLE OUT IN THE NETWORK, WHILE PRESERVING MINIMUM STAFFING AND MINIMUM MANNING AT THE SITE. AND WE HAVE AGAIN PUT IN PLACE ALL THE PPEs THAT THE PROTOCOL PROVIDED FOR.

ANOTHER PRIORITY THAT WE HAVE ADOPTED BECAUSE THE SAFETY OF OUR MAIN STAKEHOLDERS IS VERY IMPORTANT FOR THE SUSTAINABILITY FROM A FINANCIAL STANDPOINT. IT WAS CLEAR TO US FROM THE

VERY BEGINNING THAT WE HAVE TO CREATE MORE SECURITY OF THE COMPANY FROM A FINANCIAL STANDPOINT, STARTING FROM OUR CASH POSITION; WE HAD €130 MILLION, SO WE WERE IN A GOOD POSITION. BUT WE DID NOT ESTIMATE THAT THIS WOULD BE SUFFICIENT SO THAT'S WHY WE CANCELED THE CAPEX AND OTHER INVESTMENT THAT COULD BE DEFERRED. AND CERTAINLY, THIS YEAR AND OUR TIME HORIZON IS THE END OF THIS YEAR, IT'S THE END OF 2020. WE HAVE BEEN RUNNING SIMULATIONS ON 2021. WE WILL DO SO, AS SOON AS POSSIBLE, HOPEFULLY SOON. AND THAT WILL BE PART OF WHAT WE'LL BE DOING DURING PHASE 2. SO THAT SHOULD BRING US A SAVING OF €34 MILLION AND ALSO, WE HAVE A REDUCTION OF NON-ESSENTIAL EXPENSES WITH SAVINGS FOR €500K THIS YEAR AND SOCIAL SAFETY NET WORK PROVIDED FOR THE EMPLOYEES WITH MORE SAVINGS.

WE'RE ALSO ASSESSING THE OTHER OPTIONS TO REINFORCE OUR FINANCIAL POSITION. AND THIS MORNING, THE BOARD MADE AN IMPORTANT DELIBERATION, AN IMPORTANT DECISION. WE'RE GOING TO APPLY FOR A BANK LOAN THAT'S PROVIDED FOR UNDER THE SO-CALLED LIQUIDITY DECREE TO COVER 25% OF THE ITALIAN SALES. I MEAN, WE'RE PRETTY CONFIDENT THAT WE WILL GET THIS BANK LOAN AFTER ALL.

ANYWAY, IN THE MEANWHILE, WE HAVE WORK IF YOU HAVE COMMITTED CREDIT LINES RENEWED. WE HAVE €221 MILLION IN CREDIT LINE, SO €60 MILLION WILL REACH MATURITY BETWEEN LATE 2020 AND EARLY 2021. AND €20 MILLION OF THIS €60 MILLION HAVE ALREADY BEEN RENEWED. WE HAVE A DELIBERATION FOR RENEWING THE REMAINING €40 MILLION, BUT WE HAVE OVER €300 MILLION IN CASH PLUS €220 MILLION IN CREDIT LINES OF WHICH €60 MILLION COMMITTED.

SO AFTER SEEING THIS CASH AVAILABILITY AND THE RENEWAL OF CREDIT LINES, ET CETERA, WE FEEL THAT IN THE NEXT 12 MONTHS TO 18 MONTHS, IGD WILL HAVE A PRETTY SAFE SITUATION EVEN IF THE SCENARIOS ARE NOT PARTICULARLY POSITIVE. THE FIRST IMPORTANT MATURITY THAT WE HAVE IS FOR THE LOANS, FOR THE AMORTIZATION. WE HAVE €71 MILLION FOR THE RESIDUAL PART OF THE BONDS THAT WE TRADED LAST YEAR. AND WE HAVE A...THE FINANCIAL RESOURCES TO REFUND AT THE END OF MAY FOR THIS PART OF OUR BOND ISSUES.

RATING CHANGES. I THINK YOU HAVE READ THAT IN THE NEWS IN THE PAST FEW WEEKS. OUR FINANCIAL DEPARTMENT HAS KEPT IN TOUCH ALL THE TIME WITH RATING AGENCIES. WE ARE RATED BY 3 AGENCIES S&P, FITCH AND MOODY'S, AND THE ONLY AGENCY RIGHT NOW THAT STILL THINKS WE ARE INVESTOR GRADE WITH A BBB MINUS AND ALTHOUGH WITH A NEGATIVE RATING WATCH IS FITCH. S&P KEPT THE RATING UNCHANGED ON ITALY, BUT 3 WEEKS AHEAD OF TIME, IT DOWNGRADED US. IGD, NO COMMENTS. WHILE MOODY'S...BACK TO MOODY'S, WE WERE ALREADY IN NON-INVESTMENT GRADE AREA AND THIS WAS

CONFIRMED AND WITHOUT ANY FURTHER DOWNGRADES. SO WITH FITCH, THAT TREATED US WITH INVESTMENT GRADE WE HAVE NOT TRIGGERED ANY STEP-UP CLAUSES ON LOANS.

CHAPTER 4 CONSIDERS THE POSSIBLE EVOLUTION. AGAIN THIS MORNING DURING THE BOARD MEETING, WE DWELT ON THE POSSIBILITIES AND WE HAVE TRIED TO DEVELOP A FEW FORECASTS, ALTHOUGH THAT'S VERY DIFFICULT ON THAT WHAT THE FUTURE OF SHOPPING MALLS AND SHOPPING CENTERS WILL BE AT THE EXIT OF PHASE 1 AND PHASE 2. AND MOST IMPORTANTLY, THE RESULTS OF AN ACCELERATION COMING FROM E-COMMERCE.

SO SLIDE 26, GOING BACK TO WHAT NEEDS TO BE DONE. IN TERMS OF SAFETY, WE HAVE ALREADY IMPLEMENTED A FEW MEASURES; WE HAVE ORDERED THE THERMO SCANNERS AND WILL BE THERMO SCANNERS ON ALL ENTRY POINTS OF OUR SHOPPING CENTERS WHERE VISITORS, WHO ARE MEASURED WITH BODY TEMPERATURES ABOVE 37.5 DEGREES C WILL BE REJECTED, WILL NOT BE ALLOWED TO ENTER THE SHOPPING CENTER. THEY ARE CLEANING AND SANITIZATION OPERATIONS, THERE WILL BE PATHWAYS THAT PEOPLE WILL HAVE TO FOLLOW; MASKS WILL ALSO BE PUT IN PLACE. VISITORS OF SHOPPING CENTERS WILL BE SAFER AT OUR CENTERS THAN IN THE MAIN STREETS OF THE MAJOR TOWNS. NOT EVERYBODY WILL BE ABLE TO APPLY ALL THESE MEASURES AND ACTIONS, ESPECIALLY THE THERMO SCANNERS. IN THE CITY CENTERS, IT WILL BE VERY IMPRACTICABLE TO DO THE SAME WHILE IN SHOPPING CENTERS; YOU CAN REST ASSURED THAT SHOPPING CENTERS WILL BE SAFER THAN THE CENTERS OF ITALIAN HISTORICAL CITIES.

NOW WE'RE TALKING TO THINGS ALREADY OF THE POSSIBLE EVOLUTIONS MOVING FORWARD OF OUR SHOPPING CENTERS, WE ARE NOT THINKING OF WHAT'S GOING ON NOW, BUT THE NEXT STEP, 12 TO 18 MONTHS. SO THEN YOU WILL HAVE TO CAPITALIZE ON ANY OPPORTUNITY CONNECTED WITH THE INCREASE IN E-COMMERCE SALES. IN THAT RESPECT, WE'LL HAVE TO CREATE NEW PROMOTIONAL OR SUPPORTING ACTIVITIES WITH VISITORS INCREASE, WE HAVE ALREADY STARTED DOING THEM BEFORE THE COVID CRISIS. AND SO WE HAD ALREADY STARTED TO INCREASE PERSONALIZED AND DIGITAL SERVICES AND PROVIDE ANSWERS TO THE NEEDS RELATED TO THE GROWTH OF SMART WORKING, ONLINE TEACHING, AND THE DIFFICULTIES FOR RESTAURANTS, UNFORTUNATELY RESTAURANTS ARE IN A VERY DIRE CONDITION.

NOW, THIS IS NOT ANYTHING THAT WE HAVE NOT IDENTIFIED IN OUR STRATEGIC PLAN, AND CERTAINLY WHAT HAS HAPPENED IN THE MEANWHILE AND IS STILL GOING ON HAS SORT OF SET UP THE PROCESS, HERE ARE JUST A FEW EXAMPLES OF WHAT WE NEED TO GO FOR. A RETHINKING AND REDESIGNING THE FOOD COURTS LAYOUT AND EXTERNAL AREAS TO CATER FOR MORE SOCIAL DISTANCING PUT IN PLACE, SERVICES WILL BE INCREASED REMARKABLY, JUST LIKE THE DARK STORES. WE WILL PROBABLY USE SPACES DUE TO A

REDUCTION OF HYPERMARKET SURFACES OR VACANT STORES. SO WE WILL IMPLEMENT THE DARK STORES, HERE WE HAVE A PICTURE OF OUR AMAZON LOCKER SET THAT WE HAVE IMPLEMENTED IN ALL OUR STORES.

AND BACK TO SOME OF THE TENANTS OF THE CENTERS AND THEN THE CREATION OF VIRTUAL SHOPS, DIGITAL CONSERVATION AND ALL OF THESE REQUIRE A CLOSER COOPERATION WITH OUR TENANTS. AND THEN TALKING ABOUT CO-WORKING AND THERE IS A POSSIBILITY OF REUSING SPACES THAT ARE AVAILABLE TODAY OR THAT WILL BE AVAILABLE IN THE FUTURE TO CREATE CO-WORKING CENTERS. THIS IS NOT JUST A NEW STRATEGY. IT'S SIMPLY AN ACCELERATION OF A PRE-EXISTING STRATEGY THAT WE HAD ALREADY STARTED BEFORE. THERE IS AN UNDERSTANDING THAT AFTER THIS PERIOD, VERY WELCOME INNOVATION WILL BE INTRODUCED. WE WILL GO BACK TO THE BASICS. WE HAD ALREADY SORT OF THINKING OF OUR SHOPPING CENTERS, NO LONGER AS SHOPPING CENTERS, BUT SOCIAL CENTERS OR SOCIAL HOMES. NOW, OF COURSE, TALKING ABOUT THIS IS LIKE TALKING ABOUT ANOTHER GEOLOGICAL ERA THAT'S THE WAY IT SOUNDS NOW. BUT I THINK WE'RE GOING BACK TO THAT IDEA SOONER OR LATER.

OKAY, I'LL MOVE ON TO PAGE 29. AND THE PRESS RELEASE THAT WE HAD SENT AND THE DOCUMENT...THIS IS PART OF THE DOCUMENT THAT WE HAVE REVISED THIS MORNING DURING THE BoD MEETING.

WITH THAT, AGAIN, THIS CHANGE ON PROFITS FOR 2019, WE HAVE ALREADY PROPOSED A DIVIDEND OF €0.5 PER SHARE, €0,50 CENTS PER SHARE. WE HAVE TO REVISE THAT. AND I THINK THIS YEAR OUR NET FINANCIAL POSITION WILL BE LOWER THAN BUDGET IN A RANGE BETWEEN €30 MILLION TO €40 MILLION.

AS A RESULT OF DEFERRED INVESTMENT, A REDUCTION OF THE DIVIDEND AND OTHER ACTIONS THAT WAS PUT IN PLACE. AND THIS HAS BEEN THE CASE FOR MANY OTHER LISTED AND UNLISTED COMPANIES, PUBLIC AND NON-PUBLIC COMPANIES, THE SECOND ELEMENT IS, THAT WE'D LIKE TO HAVE ACCESS TO THE LIQUIDITY DECREE FACILITIES. WE'D LIKE TO HAVE FUNDS IN THE LIGHT OF THAT ORDER FOR €38 MILLION GUARANTEED BY SACE. ONE OF THE PRECONDITIONS THOUGH FOR THAT TO HAPPEN IS THAT WE SHOULD NOT PAY OUT DIVIDENDS. WE HAVE RECEIVED THE CONFIRMATION THAT IF IGD PAYS A LIMITED DIVIDEND, WHICH IS THE ONE THAT WE HAVE CALCULATED HERE A MAXIMUM OF 0.228152 PER SHARE. IF WE DO THAT, WE CAN BE ENTITLED TO RECEIVE THE FUNDING ENCOMPASSED IN THIS LIQUIDITY ORDER. WE WOULD LOSE OUR PREREQUISITES, IF WE DIDN'T DO THIS AS A RIGHT, SO WE NEED TO COMPLY THE SAME TIME WITH THE RIGHT REGULATIONS. WHILE COMPLYING WITH THE PREREQUISITE PROVIDED FOR IN THE GOVERNMENT ORDER FOR FUNDING GUARANTEES OR SECURED FUNDING. SO WE'LL BE ABLE TO PLACE A DIVIDEND OF €25 MILLION APPROXIMATELY.

I WILL CLOSE WITH ONE FINAL SLIDE; AT THE MOMENT WE HAVE NO CERTAINTY THAT WE'LL EXIT PHASE 1. HOPEFULLY, WILL BE THE 18TH OF MAY, BUT MOST IMPORTANTLY WHAT'S GOING TO HAPPEN. AND ALSO IN VIEW OF THE GOVERNMENTAL MEASURES THAT MIGHT HAVE AN IMPACT ALSO ON OUR TENANTS, IT COULD BE TAX CREDIT OR MAYBE NOT. AND ALSO THE LEVEL OF THAT TAX CREDIT MIGHT HAVE A BIG IMPACT. AND SO, IT IS TOO EARLY TO REVISE THE FFO GUIDANCE. THE GUIDANCE WE HAD SET TO 22% IS NO LONGER VIABLE AND WE NEEDED TO WAIT FOR THINGS TO HAPPEN BEFORE WE PROVIDE NEW INDICATIONS,

SO OKAY NEXT THE FORTHCOMING AGENDA JUNE THE 11TH ANNUAL GENERAL MEETING, FIRST CALL JULY THE 22ND, PAYMENT OF DIVIDENDS AUGUST THE 6TH, FIRST-HALF RESULTS AT THAT POINT, I HOPE WE WILL HAVE A CLEAR IDEA OF WHAT NEEDS TO HAPPEN, MOVING FORWARD.

AND THAT'S ALL WITH ME, AND I'M WAITING FOR YOUR QUESTIONS.

Q&A

OPERATOR:

THIS IS THE CHORUS CALL OPERATOR. THIS IS A Q&A SESSION THAT WE ARE GOING OPEN. IF YOU NEED TO ASK A QUESTION, YOU NEED TO PRESS "*" AND "1" ON YOUR PHONE. PLEASE ASK YOUR QUESTIONS USING THE...YOUR PHONE RECEIVER, IF YOU WISH TO ASK A QUESTION, PRESS "*" FOLLOWED BY "1" ON YOUR PHONE NOW.

FIRST QUESTION COMES FROM THE LINE OF SIMONETTA CHIRIOTTI WITH MEDIOBANCA. PLEASE MADAM, GO AHEAD.

SIMONETTA CHIRIOTTI:

GOOD AFTERNOON TO ALL OF YOU. MY QUESTION IS ABOUT THE PROVISIONS YOU MADE DURING THIS QUARTER, THE €500,000 YOU MENTIONED THAT HAVE BEEN FACTORED INTO THE RESULTS OF THIS FIRST QUARTER. WHY DID YOU MAKE THIS PROVISION? WERE THEY PRUDENTIAL? WAS IT TIED IN WITH SOME KIND OF OTHER REASON, OTHER ITEM THAT WERE SEEN DURING THE LOCKDOWN OR WHETHER ANY SPECIFIC REQUESTS CONCERNING THE FEES, REQUESTS FROM YOUR TENANTS, I MEAN, OR WHAT IS IT THAT DETERMINED THIS PROVISIONS?

AND THEN ANOTHER QUESTION ON THE FORWARD-LOOKING OUTLOOK, COULD YOU GIVE US SOME COLOR, HOWEVER, EVEN IF YOU'RE NOT GIVING ACTUAL GUIDANCE COULD YOU ELABORATE ON THE MOOD YOU'RE ACTUALLY FEELING MIGHT BE VERY NEGATIVE. BUT MAYBE COULD YOU GIVE US AGAIN SOME MORE COLOR ON TENANTS, ELABORATE ON WHETHER OR NOT YOU'VE ALREADY STARTED TALKS WITH THEM. ARE YOU

TALKING ABOUT TEMPORARY REDUCTIONS...FEE REDUCTIONS OR WHAT CAN YOU SHARE WITH US ABOUT THIS? AND THEN, THE IMPACT FOR COST REDUCTION. HOW CAN YOU REDUCE COSTS?

CLAUDIO ALBERTINI:

I DIDN'T GET YOUR LAST QUESTION. COSTS, FOR INSTANCE, ALL THE FACILITIES AND MEASURES THAT COULD BE INTRODUCED. BUT THE €500,000 PROVISION ON TOP OF THE ALREADY BUDGETED PROVISIONS WE'VE MADE A DECISION, A FEW DAYS AGO IT'S AN ALL-PURPOSE PROVISION, IT'S A GENERAL PROVISION BECAUSE OF THE 10%-15% OF OPERATORS OF TENANTS WHO HAD NOT YET PAID THEIR QUARTERLY FEES OR THE MARCH FEES. WE DO NOT HAVE ANYTHING SPECIAL TO SAY ABOUT THIS, AND WE JUST THOUGHT IT WAS CAUTIONARY TO MAKE THIS PROVISION. WE HAVE VERY CONSERVATIVE PROVISION PERCENTAGES; WE HAVE AN ALMOST ENTIRE COVERAGE OF IMPAIRMENT LOANS AND ABOUT 70% OF RECEIVABLES.

AND I'M NOT TALKING ABOUT THIS WHEN WE ARE TALKING ABOUT THE €500,000, I'M TALKING ABOUT PERFORMING TENANTS, BUT WE JUST WANTED TO SEND A SIGNAL, WE COULD HAVE COME UP WITH A QUARTERLY REPORT WITHOUT THE €500,000 PROVISIONS, BUT WE THOUGHT THIS WAS FAIR BECAUSE WE MIGHT HAVE HAD HIGHER FFOs, BUT WE THOUGHT IT WAS FAIR AND CAUTIONARY TO HAVE THIS PROVISION TENANTS. I CANNOT TELL YOU MUCH ABOUT THAT, BECAUSE I KNOW WE'VE HAD A NUMBER OF REQUESTS FROM THEM, SO FAR CANCELLATIONS HAVE BEEN VERY, VERY FEW. WE ARE TALKING ABOUT 20 OF THEM, AND ESPECIALLY FROM SMALL TENANTS.

SO FAR, WE HAVE NO CANCELLATIONS FROM THE BIG TENANTS. OF COURSE, WE ARE CURRENTLY TALKING TO THEM, AND ALSO THE GOVERNMENT DECISION IN THE MAY DECREE WILL ALSO HAVE AN IMPACT ON THIS, WHETHER OR NOT THEY WILL COVER CORPORATE RENTS FOR INSTANCE, THE SO-CALLED CURA ITALIA LAW DECREE FORESEES 60% COVERAGE ONLY ON RENTS, MOST OF OUR CONTRACTS ARE ACTUAL CORPORATE RENTS, RENTAL FEES. SO THERE WE ARE NOT REALLY...WE ARE NOT COVERED. WE'VE TALKED TO THE CNCC TOGETHER WITH THE GOVERNMENT; WE ARE FAIRLY OPTIMISTIC OR MODERATELY OPTIMISTIC.

ONE DAY WE ARE MORE OPTIMISTIC, THE NEXT DAY WE ARE LESS, BUT SHOULD THIS DECREE WE PASSED WHERE THE COVERAGE WOULD BE EXTENDED FROM 60% TO 100. WE WOULD HAVE 3 MONTHS COVERED BY THIS TAX CREDIT, AND IF THIS TAX CREDIT CAN THEN BE TRANSFERRED TO THE LANDLORD, IT WOULD BE EVEN BETTER. WE DON'T THINK THESE MEASURES ARE ENOUGH HOWEVER FOR OUR TENANT'S SUSTAINABILITY; MORE WILL HAVE TO BE MADE. THE BOARD OF DIRECTORS THIS MORNING, MADE A VERY IMPORTANT, A SIZABLE RESOLUTION, I'M NOT SAYING HOW MUCH, BUT IT'S A SIZABLE RESOLUTION TO SUPPORT TENANTS FOR THE COMING MONTHS AND UNTIL THE END OF AUGUST, AND WE ARE CLUSTERING TENANT TYPES.

ONE THING IS TO TALK TO INTERNATIONAL LARGE TENANTS. ANOTHER THING IS TO TALK TO MEDIUM TENANTS; ANOTHER THING AGAIN IS TO TALK TO SMALLER TENANTS. AND SO, WE HAVE TO HAVE A TAILORED APPROACH. WE HAVE TENANTS VOLUNTARILY DECIDED TO SHUT DOWN WHEN THEY COULD HAVE KEPT THEIR STORES OPEN. AND THERE THEY HAVE LESS BARGAINING POWER WHEN IT COMES TO NEGOTIATING WITH US, BUT STILL WE WILL HAVE SOME ATTENTION FOR THEM TOO. AND THEN, COSTS, OPERATING COSTS WE'VE DEFERRED WHATEVER WAS DEFERRABLE, NON-ESSENTIAL COSTS.

FOR EMPLOYEES WE HAVE APPLIED 9 WEEKS AND THEN WE HAVE SOME SAVINGS NOT SIZEABLE ONES, BUT THEN MEANINGFUL SIGNALS BECAUSE WE WANT TO SEND OUT POSITIVE RESULTS TO OUR COWORKERS AS WELL, BECAUSE THEN THE ACTIVITY WILL PICK UP AGAIN AND EVERYONE IS LOOKING AT US HERE IN THE ROOM AS WELL. WE ALL WANT TO ACTUALLY BE ROWING IN THE SAME DIRECTION SOMEHOW. AND WE ARE TRYING TO MOTIVATE, ALL OF OUR COWORKERS AND EMPLOYEES. ALMOST ALL OF THE EMPLOYEES WHO ARE HERE TODAY, AND I'D LIKE TO THANK THEM, ALMOST ALL OF THEM ARE WORKING FROM HOME, WHAT WE CALL, SMART WORKING. AND WE FOUND THE INTEGRITY...REDUNDANCY FUND FOR 9 WEEKS THEN IT COULD BE FURTHER EXTENDED. IT'S AN ADDITIONAL FUND.

DANIELE CABULI:

DANIELE CABULI IS SPEAKING. WE ARE STARTING TO HAVE A FIRST GRASP OF HOW TO BEHAVE WITH OUR TENANTS, AND IT'S CLEAR AS OUR CEO WAS JUST SAYING THAT THE GOVERNMENT INITIATIVES FOR TENANTS OR IN FAVOR OF TENANTS ARE SOMEHOW AFFECTING THE LEVEL WE WILL BE ABLE ENACT FOR THEM, BUT WE ARE AWARE THAT THE SITUATION IS NOT SOLVED DURING THE LOCK DOWN. IT IS THE FOLLOWING MONTHS THAT WILL MAKE A DIFFERENCE IN RECOVERING OR MAKING THINGS RIGHT. THIS IS WHEN TENANTS WILL NEED OUR SUPPORT, AND WE WILL BE ABLE TO INTERACT WITH THEM AT BEST.

AND OF COURSE, AS OUR CEO WAS ALSO SAYING DURING THE BOARD MEETING IN THE MORNING, WE HAVE MADE A RESOLUTION TO SUPPORT, AND SO THAT OUR TENANTS CAN RECOVER GRADUALLY STEPWISE. WE KNOW IT WON'T BE AN ABRUPT RECOVERY AS SOON AS THE LOCKDOWN IS REMOVED. IT WILL TAKE TIME INDEED AND WE ARE GIVING THEM TIME SO THAT THEY CAN MAYBE NOT GO BACK TO NORMAL BECAUSE IT'S GOING TO BE HARD TO GO BACK TO NORMAL. WE WILL HAVE TO CHANGE THE PARADIGM WHAT WE CALL BEING NORMAL OR GOING BACK TO NORMAL, BECAUSE OF THIS...THE FORSAKEN VIRUS, BUT WE WILL HAVE TO BE ABLE TO...SO THAT THEY CAN CARRY ON WITHOUT CHANGING OR ADJUSTING OR MODIFYING THE CONTRACTS SO THAT THEY CAN STILL BE IN THE MARKET AND IN A SUSTAINABLE WAY BECAUSE AT THE END OF THE DAY THIS IS ALSO ENSURING US SUSTAINABILITY.

WHEN YOU TALK ABOUT RESOURCES YOU HAVE ALLOCATED FOR TENANTS. IS IT A TEMPORARY DISCOUNT PLAN? YES, TEMPORARY REDUCTION OR DISCOUNT PLAN AS YOU RIGHTLY SAID. THEY WILL BE SOMEHOW TUNED. THERE WON'T BE ONE SHORT, THEY WILL BE TUNED OVER THE MONTHS AND THEY WON'T BE THE SAME FOR EVERYONE. IT WILL GO ON A CASE-BY-CASE BASIS. IT WON'T BE EASY. WE WILL HAVE TO MANAGE OUR CONTRACT OFFICE, OUR SALES OFFICE WILL HAVE TO MANAGE THAT. IT IS NOT GOING TO BE AN INTERVENTION WHERE YOU HAVE AN OVERFLOW OR WHAT WE CALL RAINING, MAKING OR FLOODING OUR TENANTS WITH SUPPORT AS IF THERE WHERE RAIN DROPLETS ARE IN ONE GO. NO, WE ARE SOMEHOW TUNING THEM, MODULATING THEM, OVER 2-3 MONTHS, SO THEY WILL BE STAGGERED OVER THE MONTHS AND LET'S HOPE THAT THE GOVERNMENT WILL PROVIDE SUPPORT ALSO FOR THE NEXT 6-7 MONTHS. SO IT'S A PLAN THAT WILL COME INTO FORCE BETWEEN AUGUST AND SEPTEMBER BUT FOR THE TIME BEING.

OPERATOR: LET ME REMIND YOU, THAT IF YOU WANT TO ASK A QUESTION, YOU MAY PRESS "*" FOLLOWED BY "1" ON YOUR PHONE. IF YOU WANT TO ASK A QUESTION, PLEASE PRESS "*" FOLLOWED BY "1" ON YOUR PHONE KEYPAD. WE HAVE A FOLLOW-UP OF SIMONETTA CHIRIOTTI WITH MEDIOBANCA.

SIMONETTA CHIRIOTTI: I'LL TAKE ADVANTAGE OF THIS OPPORTUNITY TO CLARIFY ONE MORE DOUBT. IT IS NOT CLEAR TO ME, IF RIGHT NOW SHOPPING CENTERS WILL ALL BE REOPENED ON THE 18TH OF MAY OR IF IT WILL BE TREATED DIFFERENTLY FROM OTHER STORES?

CLAUDIO ALBERTINI: PROBLEM IS, IT IS NOT CLEAR TO US EITHER. OUR PRIME MINISTER, MR. CONTE, DURING THE LAST PRESS CONFERENCE, HE SAID 18TH OF MARCH RETAILERS AND THEN JUNE THE 1ST, BARS, RESTAURANTS, BEAUTY SALONS ET CETERA AND HAIR DRESSERS. THIS IS WHAT WE HEARD. IT WAS JUST AN ANNOUNCEMENT, BUT WE WILL HAVE TO WAIT AND SEE WHETHER A NEW LAW DECREE ISSUED BY THE PRIME MINISTER WILL BE ISSUED, BECAUSE THIS TYPE LAW DECREES HAVE BEEN CRITICIZED LATELY, BUT THE LATEST YOU SAY THAT MAYBE IT IS GOING TO BE 18TH OF MAY. THIS MORNING, AS I WAS READING THAT IN SOME REGIONS MR. BOCCIA, THE MINISTER FOR REGIONAL AFFAIRS SAID THAT IN THE MOST VIRTUOUS REGIONS, QUITE A NUMBER OF THEM IN CENTRAL AND IN SOUTHERN ITALY. THE OPENING SHOULD BE AHEAD OF TIME VERSUS THIS 18TH OF MAY DEADLINE. EVEN THE JUNE THE 1ST OPENINGS COULD BE MADE AHEAD OF TIME. BUT WE'LL HAVE TO WAIT AND SEE, WHETHER IT IS GOING TO BE 18TH OF THE MARCH, AND IF THE SHOPPING CENTERS WILL BE ALLOWED TO OPEN.

ITALIANS WHO ARE CONNECTED KNOW THAT CNCC HAVE ALREADY ISSUED QUITE A FEW PAGES PRINTED IN THE MAIN DAILIES IN ITALY. THEY SENT OUT MESSAGES SAYING THAT SHOPPING CENTERS ALTHOUGH IT IS CLOSED ENVIRONMENT, IT'S SAFER THAN OTHER ENVIRONMENTS BECAUSE THEN THROUGH THE POOLING

TOGETHER OF THE DIFFERENT OPERATORS, THERMAL SCANNERS CAN BE USED, ENTRY WHILE CONSUMER ACTIONS CAN BE CHECKED. SO WE HAVE...WE THINK WE HAVE ALL THE NECESSARY REQUIREMENTS TO OPEN ON MAY THE 18TH, BUT SOME VIROLOGISTS AND IMMUNOLOGIST, THE OTHER VIROLOGIST, I DON'T REMEMBER WHAT HER QUALIFICATION WAS, BUT THIS LADY WORKS IN THE U.S. SAID THAT SHOPPING CENTERS ENHANCE THE VIRUS SPREADING BECAUSE COOLING SYSTEMS ARE NOT SANITIZED BUT THAT IS NOT TRUE BECAUSE VIROLOGISTS ARE JUST SAYING WHAT COMES TO MIND AS A SOCCER STARS. MOST NEGATIVE SCENARIO WOULD BE...WORST CASE SCENARIO WOULD BE ON THE 18TH OF MAY ONLY RETAILERS WILL OPEN, BUT RETAILERS OUTSIDE SHOPPING CENTERS.

IN FRANCE, FOR INSTANCE, THEY DECIDED THAT SHOPPING CENTERS UP TO 40,000 SQUARE METERS AT GLA WOULD OPEN. THE BIGGER ONES KNOW THERE ARE MORE THAN 66 CENTERS...SHOPPING CENTERS AT GLA, AND WE THINK THAT THE RATIONALE BEHIND THIS RESOLUTION IS THAT THOSE SHOPPING CENTERS HAVE A VERY VERY WIDE CATCHMENT AREA, AND SO PEOPLE FEEL ENTITLED TO MOVE AROUND. THAT'S WHY THEY ARE NOT OPENING THEM. I AM TAKING ABOUT FRANCE. MAYBE, SHOPPING CENTERS BETWEEN 400 AND 800 METER GLA WILL BE OPEN AND THE LARGER ONES THEY WON'T, BUT ON AVERAGE 5 BETWEEN 50 AND 100 AND 2,000 SQUARE METER GLA, PEOPLE...WELL IT IS MORE DIFFICULT FOR PEOPLE TO GATHER AND...FOR THE SHOPPING CENTER TO BE OVER CROWDED.

DANIELE CABULI:

CABULI AGAIN, TAKING THE FLOOR, SPEAKING. I WOULD LIKE TO SAY THAT SHOPPING CENTERS WHENEVER ACTUALLY CLOSED, SO TALKING ABOUT REOPENING IT IS NOT CORRECT, IT IS NOT THE RIGHT DEFINITION. THEY WERE KEPT OPEN TO PRESERVE ESSENTIAL ACTIVITIES. SO MASS RETAILERS IN THE FOOD AND CONSUMER, ELECTRONICS, OPTICIANS, ET CETERA. SO IT WOULD BE STRANGE IF WE RETAILERS CAN OPEN, THAT SHOPPING CENTERS CANNOT OPEN, BECAUSE SO FAR THEY GRANTED...BECAUSE HYPERMARKETS EVEN THE SMALLEST ONE 4,000, 5,000, 5,500 SQUARE METERS, WE HAVE HYPERMARKETS WITH 10,000 SQUARE METERS GLA. OF COURSE, UNTIL NOW, FOOD WAS THE ONLY THING THEY COULD SELL. THEY COULDN'T SELL OTHER ITEMS. IT WOULD BE PARADOXICAL IF OTHER STORES COULD OPEN AND NOT SHOPPING CENTERS.

SIMONETTA CHIRIOTTI:

WHY DID THEY OPEN PARKS, AND WHY CAN'T YOU WALK ON A BEACH FOR INSTANCE? IT IS OUT OF MY GRASP. MAYBE SOMEBODY CAN EXPLAIN THAT.

CLAUDIO ALBERTINI:

THEM OBVIOUSLY WE HAVE SEVERAL ORDERS AND PROVISIONS. I THINK THE MOST PERFECT THING WHICH SHOULD BE THAT THE GOVERNMENT PROVIDE GENERAL FRAMEWORK FOR INDIVIDUALS, REGIONAL AUTHORITIES WITH DECISIONS, AND THAT WILL BE, YOU KNOW, ADAPTED BASED ON THE SPREAD OF THE AT

THE REGIONAL LEVEL WHERE YOU HAVE NO PROBLEMS, SUCH AS, IN CERTAIN AREAS IN SOUTHERN ITALY. YOU COULD JUST REMAIN WITHIN THE BROADEST FRAMEWORK AND BE MORE RELAXED WHILE THE REGIONAL THAT EXPERIENCE THE MOST PROBLEMS MIGHT ABOUT JUST STICK TO MEASURES. BUT SOMETIMES, I DON'T SEE THE RATIONAL BEHIND CERTAIN DECISIONS AND CERTAIN MEASURES THAT ARE PASSED. ANY OTHER QUESTIONS?

OPERATOR: MR. CANDELA, BANCA IMI.

CANDELA DAVIDE: THANK YOU VERY MUCH AND THANK YOU FOR THIS PRESENTATION. I HAVE A QUESTION ON THE RATING. HAVE YOU RUN ANY SIMULATIONS ON THE ECONOMIC POSSIBILITY FOLLOWING THE IMPLEMENTATION OF THE STEP-UP CLAUSE?

CLAUDIO ALBERTINI: I WILL ASK ANDREA BONVICINI, OUR CFO, TO ANSWER THAT QUESTION.

ANDREA BONVICINI: YES. GOOD AFTERNOON TO ALL. WE HAVE RUN ALL POSSIBLE SIMULATIONS BECAUSE ANY INSTRUMENT THAT YOU SEE OUT IN THE MARKET, YOU KNOW IS IMPLEMENTED IN DIFFERENT WAYS, SO THE INSTRUMENTS THAT ALLOW FOR THE STEP-UP CLAUSE TO BE IMPLEMENTED IS THE 100 MILLION BOND THAT WILL EXPIRE IN 2024, THE 300 MILLION BOND THAT WE HAVE TRADED AND THAT IS...OUTSTANDING FOR €71 MILLION EXPIRING IN MAY 2021 AND THE 400 MILLION BOND THAT WE HAVE ISSUED ON DAY 28TH OF NOVEMBER OF LAST YEAR. A LOT DEPENDS ON WHEN THE DOWNGRADE IS HAPPENING IF IT IS. NOW, WE HAVE RUN SIMULATIONS, THE LATER IS BETTER. BUT IF THE DOWNGRADE HAPPEN NOW, BETWEEN NOW AND THE END OF THE MONTH OF MAY WHEN THE MATURITY OF THE COUPONS HAVE NOT BEEN REACHED, THE EFFECT WOULD BE €2.5 MILLION FOR THIS YEAR, WHILE FOR NEXT YEAR IT WOULD BE €6.6 MILLION AND FURTHER OUT IN TIME THE MORE THE NUMBERS WILL GO DOWN.

CANDELA DAVIDE: THANK YOU VERY MUCH. THAT WAS VERY CLEAR.

OPERATOR: NEXT QUESTION FROM LEONARDO COCCIA OF CLEARANCE CAPITAL.

LEONARDO COCCIA: GOOD EVENING AND THANK YOU VERY MUCH FOR YOUR PRESENTATION. I HAVE 2 QUESTIONS, FIRST QUESTION IS, AND CAN YOU GIVE US SOME BACKGROUND ON THE SITUATION OF RENTS AND RENTALS IN THE SECOND QUARTER BASED ON WHAT WE ARE SEEING IN APRIL AND THEN WHAT YOU SEE IN TERMS OF PORTFOLIO VALUATIONS? HAVE YOU HAD ANY CONVERSATIONS YET, IN VIEW OF THE SEMI-ANNUAL RESULTS IN JUNE?

CLAUDIO ALBERTINI:

NOW, AS FOR THE SECOND QUARTER Q2, WE ARE WAITING FOR THE MEASURES TO BE PASSED BY THE GOVERNMENT PRETTY SOON. WE'LL SEE IF THE RENTALS WILL BE PART OF THAT ORDER, IF THERE IS ANYTHING SPECIFIC ABOUT THEM, IF SO THAT THERE MIGHT SOME POSITIVE EFFECTS IF THE RENTAL SUPPORT.

ANYWAY, WE WILL PUT IN PLACE THE ACTIONS THAT WE HAVE ANNOUNCED. FIRST, THAT WOULD BE A BIG BENEFIT IF THE GOVERNMENT ORDERS ENCOMPASS THAT TOO. AS OF TODAY, WE DON'T HAVE MUCH VISIBILITY ON WHAT'S GOING TO HAPPEN IN THE COMING DAYS AND WEEKS. HOPEFULLY, IN THE NEXT FEW DAYS THE GOVERNMENT WILL PASS THAT ORDER THAT WILL CLARIFY A LOT OF THINGS. SO MUCH SO THAT WE ARE WAITING, WE ARE IN SOME SORT OF... IN SOME SORT OF STANDSTILL BECAUSE WE ARE WAITING FOR THE DECISIONS TO MAKE OUR OWN.

AND YOU KNOW, IT'S DIFFERENT IF YOU KNOW THAT YOU CAN GO TO NEGOTIATION WITH OR WITHOUT COVERAGE FROM THE GOVERNMENT FOR WHAT YOU ARE GOING TO DO, IF YOU ARE NOT BACKED BY THE GOVERNMENT, IT'S A MUCH MORE UNCOMFORTABLE SITUATION. SO, WE HAVE ALREADY TRIED TO DEPICT A FEW SCENARIOS IN THE BOARD MEETING.

NOW, LET'S BEGIN FROM THIS. IGD UNLIKE OTHER EUROPEAN PLAYERS HAS ONE STRENGTH. IN THE PAST IT'S BEEN REGARDED AS A WEAKNESS, BUT NOW ITS STRENGTH. 25% AT LEAST OF OUR REVENUES COME FROM THE FOOD ANCHORS OR HYPERMARKETS. THESE REVENUES ARE GUARANTEED EVEN THOUGH IN APRIL THE PERFORMANCE WAS NOT PARTICULARLY GOOD, BECAUSE OF RESTRICTIONS AND A LOT OF OTHER EFFECTS. BUT WE BELIEVE THAT HYPERMARKETS IN THE FUTURE WILL BE ONCE AGAIN, ONE OF THE ATTRACTIONS OF THE MOST APPEALING POINT OF A SHOPPING CENTER. ALSO, THANKS TO THE FRAMEWORK AGREEMENT IN NOVEMBER 2018 WITH COOP ALLEANZA THAT EXTENDED THE CONTRACT UNTIL ULTIMATELY 2043. IT GIVES US SOME ASSURANCE IN TERMS OF THIS ASSET CLASS IN THE SHRINKING OF THE RESULTS THAT HAD TO DO WITH. SO, JUST IN EXCESS OF ONE QUARTER HAS GOOD OPPORTUNITIES AS TO WITHSTAND THE SITUATION WHAT MIGHT HAPPEN TO THE BALANCE MOSTLY IN ITALY AND ROMANIA ET CETERA, WELL, VIA THE APPLICATION [PH] THAT REPRESENTS US AS IMMOBILIARE, I HAVE PUT FORTH ONE PROPOSAL. THE SEMIANNUAL RESULTS, HALF YEAR RESULTS, AND WE HAVE RENEWED THIS VERY MORNING AS THE CONTRACTS FOR THE ASSESSMENTS AND APPRAISALS TO OUR AUDITORS FOR THE NEXT 2 YEARS.

I MEAN, WE MIGHT NOT STAY TOO CONFINED TO THIS EMERGENCY. THE ASSESSMENTS ARE BASED ON A CASH FLOW DISCOUNT WHERE THE REVENUES FROM 1ST OF JUNE 2020, TO 30TH OF JUNE 2030. I MEAN

THE FIRST YEAR WOULD BE INFLUENCED INDEED BY THIS SITUATION. BUT, AS WE MOVE ON THE EFFECTS OF THE PANDEMIC WILL BE MORE AND MORE LIMITED IN SIZE. SO, CERTAINLY WE NEEDED TO TAKE A NEGATIVE ATTITUDE TO THE SHORT-TERM SITUATION, BUT PERHAPS THE MOST APPROPRIATE THING WOULD BE TO POSTPONE CERTAIN ACTIONS AND CERTAIN PROVISIONS AND WE SHOULD NOT BE ASSESSING MARK-TO-MARKET SECURITIES. THEY NEED TO BE FROZEN IN THEIR HISTORICAL COST BECAUSE IF DOESN'T HAPPEN AS HAS BEEN THE CASE IN THE PAST. WE WOULD HAVE UNDERGONE HYPER DEVALUATIONS. AND SO THE BANKS WOULD ULTIMATELY NEED TO INCREASE THEIR CAPITAL WITH A DOMINO EFFECT.

SO, IN THE REAL ESTATE MARKET, THERE ARE MULTIPLE COMPANIES THAT THE SO-CALLED SGRs THAT WILL UNDERGO VALUATION BY THE 30TH OF JUNE. IT WOULD BE VERY, VERY HIGH THAT YOU OBTAIN WHAT WE RECOMMEND BECAUSE THE AUTHORITIES SHOULD TAKE THAT, SHOULD MAKE THAT DECISION AS INDEED IN 2012, AND...BUT IF THAT DOESN'T HAPPEN WE MIGHT JUST RELY SOLELY ON THE JUDGMENT OF THE AUDITORS, WHICH MIGHT, BY THE WAY, HAVE TAKEN DIFFERENT POSITIONS.

SO, WE SHOULD WAIT AND SEE, TRYING TO BE VERY CAUTIOUS. AND THE APPRAISERS SHOULD BE MORE CAUTIOUS AND THEN MAKE A MORE DECISIVE STATEMENT BY THE END OF THE YEAR, WHEN AT THAT POINT WE WILL BE PROBABLY FACING PHASE 3 AND PHASE 1 AND 2 WILL BE OVER AND WILL HAVE MORE VISIBILITY ON WHAT NEEDS TO HAPPEN. IT'S HARD FOR ME NOW TO PROVIDE ESTIMATES. WE'VE CARRIED OUT SENSITIVITY TESTS AND IF EVERYTHING IS CONFIRMED, AS EVERYTHING HAS BEEN...IS GOING ON AND BY THE 30TH OF JUNE, WE EXPECT SIGNIFICANT WRITE-DOWNS OR...WRITE-UPS, SORRY.

LEONARDO COCCIA: WE EXPECT APPROXIMATELY 10% DOWN ON ALL PORTFOLIOS. SO MY QUESTION WAS TO HAVE YOUR OWN FEEDBACK ON YOUR EXPECTATIONS. IN ANY CASE, THANK YOU FOR YOUR ANSWER

CLAUDIO ALBERTINI: WELL, YOU SAY, 10%, OUR PORTFOLIO HAS 2 MAJOR ASSET CLASSES, HYPERMARKETS AND MALLS, HYPER SHOULD NOT BE EFFECTED BY THE WRITE-DOWNS, THE 10% IS IN THE WORST CASE SCENARIO THAT WE HAVE PRODUCED, I DON'T THINK THERE SHOULD BE...I MEAN, IT WOULD BE TOO MUCH OF AN IMPACT ON THE RESULTS OF JUNE THE 30TH. I THINK IT WOULD BE TOO MUCH. BECAUSE THE MODEL TAKES AS ITS REFERENCE, I MEAN THE MODEL USED BY THE APPRAISERS IS A 10-YEAR MODEL. SO, FOR INSTANCE IT WOULD BE INTERESTING TO KNOW WHAT THEIR FORECAST IS FOR 2027 AND I AM JUST TAKING IT AS RANDOM.

LEONARDO COCCIA: THANK YOU VERY MUCH. THANK YOU.

- OPERATOR: NEXT QUESTION IS BY GENNARO GIORDANO OF GWM.
- GENNARO GIORDANO: GOOD AFTERNOON TO ALL, MR. ALBERTINI AND THE TEAM AS A WHOLE. I HAVE A QUESTION ON THE LIQUIDITY POSITION, THE CASH POSITION? THE CASH ON HAND, DOES IT NOT INCLUDE THE DIVIDEND THAT WILL BE PAID OUT, WHICH IS THE GROSS AMOUNT, THE €130 MILLION THAT AS AT MARCH 31ST, SO THE...IF IT'S THE PRO FORMA I HAVE TO SUBTRACT €25 MILLION. NOW OTHER THAN THAT ON THE CREDIT LINES THAT ARE COMMITTED, CAN YOU PROVIDE DETAILS FOR INSTANCE TO WHAT EXTENT THEY ARE AVAILABLE? AND ARE THERE IMPACT IN TERMS OF APPRAISALS, IMPAIRMENTS, WRITE-DOWNS OR DCRs. WHAT'S THE TREND FOR THE COMING MONTHS, COULD THAT...COULD ANYTHING LIMIT THE AVAILABILITY OF THOSE CREDIT LINES.
- THEN ONE FINAL QUESTION ON LEVERAGING THE DEBT? PERHAPS THE MORE COMPLICATED SCENARIOS OF THE NEXT FEW MONTHS PERHAPS INCLUDE ELEMENTS THAT DESERVE A TIGHTER ATTENTION THAT COULD... ARE THERE ANY SPECIFIC ELEMENTS THAT COULD BECOME STRESSFUL FROM A FINANCIAL STANDPOINT?
- CLAUDIO ALBERTINI: ANDREA BONVICINI, CFO WILL TAKE YOUR QUESTION.
- ANDREA BONVICINI: GOOD AFTERNOON. AS FOR THE COMMITTED LINES, THEY HAVE NO COVENANTS, AND THEY HAVE NO MARK DOWNS [PH]. SO, THEY ARE IMMEDIATELY DRAWABLE AT ANYTIME WITHOUT ANY PREVIOUS NOTICE. MR. ALBERTINI SAID THEY ARE BEING RENEWED BECAUSE THEY WILL COME TO END BY THE END OF THE MONTH. WE HAVE...SORRY, AT THE END OF THE YEAR, SO WE HAVE RENEWED THE ONE, 3RD IN MARCH AND THEN WE WILL RENEW THEM FOR THE NEXT 2, 3 YEARS.
- AS FOR DEBT IN GENERAL, IN THE MOST NEGATIVE SCENARIO, THE UNENCUMBERED UNSECURED DEBT, WE HAVE A SCENARIO WHERE WE WOULD REACH THE LIMIT, WHERE WE HAVE ALSO AT THE SAME TIME THE HIGHEST OPPORTUNITY TO FREE UP ASSETS BECAUSE IN 2020, 2021, WE WILL FREE UP €250 MILLION TO €300 MILLION IN ASSETS AND THAT WILL HELP US RECOVER ALSO IN THE MOST ADVERSE SCENARIO, THE MAC UNENCUMBERED ON SECURED DEBT. LAST QUESTION.
- COMPANY REPRESENTATIVE: THIS WAS THE LAST QUESTION. THANK YOU VERY MUCH.
- OPERATOR: MR. ALBERTINI, FOR THE TIME BEING THERE ARE NO MORE QUESTIONS IN THE QUEUE, NEITHER IN THE ITALIAN NOR IN THE ENGLISH QUEUE.

CLAUDIO ALBERTINI: VERY WELL. I WOULD LIKE TO THANK YOU ALL ON MY BEHALF AND ON BEHALF OF OUR CHAIRMAN AND OUR CO-WORKERS, TILL WE TALK AGAIN. GOODBYE.