

Event: FY 2020 Results

Date: 25th February 2021

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S PRESENTATION OF 2020 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. 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, GO AHEAD PLEASE.

CLAUDIO ALBERTINI: THANK YOU. GOOD AFTERNOON TO ALL OF YOU. AS YOU'VE ALREADY SEEN IN THE PRESS RELEASE AND FROM THE PRESENTATION, LATE THIS MORNING, OUR BOARD OF DIRECTORS APPROVED THE 2020 ACCOUNTS TO BE THEN SUBMITTED FOR FINAL APPROVAL TO THE AGM. I AM HERE TALKING FROM BOLOGNA, WITH OUR COLLEAGUES FROM THE BOLOGNA HEADQUARTERS AND MR. ELIO GASPERONI, OUR CHAIRMAN, IS HERE WITH US.

LET ME START BY WALKING YOU THROUGH THE PRESENTATION THAT WAS SENT TO YOU. LET'S START FROM PAGE 3, AND HERE WE HAVE THE SO-CALLED KEY POINTS, THAT'S HOW WE CALL THEM, AND THESE KEY POINTS REFER TO THE 2020 FISCAL YEAR. DESPITE WHATEVER HAPPENED IN 2020, WE CAN SAY THAT OUR SHOPPING CENTER FORMAT STILL PROVED TO BE APPLICABLE AND VALID.

EUROPE WAS NOT DIFFERENT FROM ITALY, SO WHEN RESTRICTIONS WERE RAISED OR MADE SOFTER, THE VISITORS WENT BACK TO THE SHOPPING CENTERS AND FOOTFALLS WENT UP, AND SO, WE HAD SUSTAINABLE AND STRONG FOOTFALLS. WE RECOVERED ABOUT 90% OF VISITORS, AND WE ALSO SAW AN INCREASE IN THE AVERAGE TICKET.

AND THEN SECOND POINT, LET ME REMIND YOU, OF THE MAIN FEATURES IN OUR PORTFOLIO. IT'S URBAN SHOPPING CENTERS IN OUR PORTFOLIO, THEY ARE DOMINANT...THEY HAVE A DOMINANT POSITION IN THE CATCHMENT AREAS, AND THEY ALL HAVE FOOD ANCHORS, AND FOOD ANCHORS WERE VERY IMPORTANT DURING THE 2020 PANDEMIC AND THEY ARE GOING TO BE IMPORTANT JUST AS WELL IN 2021, AND THEY WILL ALWAYS OPEN DESPITE THE RESTRICTIONS.

ANOTHER IMPORTANT POINT IS THE THIRD POINT ON THE LIST IS THE 2020 COVID IMPACT. ALL THE IMPACTS WERE EXPENSED THROUGHOUT THE YEAR. WE WILL STILL FEEL AN IMPACT OF COVID IN 2021, THAT WILL ALSO BE EXPENSED, AS SOON AS, WE KNOW THE CORRECT AMOUNTS TO BE APPLIED TO 2021, BUT THE 2020 IMPACT WAS EXPENSED DESPITE THE FACT THAT THROUGH THE IFRS 16 ACCOUNTING PRINCIPLE, WE COULD EXPRESS THOSE EFFECTS OVER THE FOLLOWING YEARS GOING FORWARD.

AND THEN ANOTHER DISTINCTIVE FEATURE, AT YEAR END, OUR CASH FLOW STOOD AT €117 MILLION, SO FINANCIAL NEEDS FOR 2021 ARE FULLY COVERED, AND ALSO FOR THE FIRST FEW MONTHS OF 2022. ALSO AT THE BEGINNING OF THE PRESENTATION YOU SURELY NOTICE THAT FOR A COUPLE OF WEEKS NOW WE HAVE STARTED THE DISPOSAL OF A HYPER AND SUPERMARKET PORTFOLIO WORTH APPROXIMATELY A €185 MILLION, AND I'LL GET BACK TO THIS LATER. AND WE'VE HAD SOME POSITIVE INTEREST SHOWN IN THE DISPOSAL.

LET'S NOW MOVE ON TO PAGE 4, AND WE DIVE IN TO THE HIGHLIGHTS. RENTAL INCOME STOOD AT €150 MILLION, DOWN 3.4%, WHILST THE NEXT 3 INDICATORS I'M GOING TO WALK YOU THROUGH THAT ARE IN GREEN BOXES. AS WE SEE AT THE BOTTOM OF THE PAGE, NET RENTAL INCOME HAVE AN €18.5 MILLION IMPACT, AND DOWN TO €109.5 MILLION, DOWN 19.8%. CORE BUSINESS EBITDA IS DOWN THE SAME PERCENTAGE, €99.4 MILLION AND FFOs STANDS AT €59.3 MILLION, DOWN 28.8%. IF YOU REMEMBER IN THE TOP PART RANGE OF THE GUIDANCE, 25-28% THAT'S THE GUIDANCE WE GAVE YOU LAST YEAR.

LET'S MOVE ON TO PAGE 5. MARKET VALUE OF OUR REAL ESTATE PORTFOLIO EXCLUDING LEASEHOLD, LET ME REMIND YOU THAT WE HAVE 3 MALLS THAT ARE ON LEASEHOLD, STOOD AT €2.265 BILLION, DOWN 4.9% VERSUS LAST YEAR. AND HERE AGAIN, I'LL TELL YOU ABOUT THIS INDICATOR AT A LATER STAGE AND EPRA NAV INDICATE NOW CALLED NRV IS DOWN 8.9% LANDING AT €10.38 PER SHARE WITH A FINANCIAL OCCUPANCY IN ITALY STANDING AT 94.3%, SO STILL QUITE HIGH, WHILST IN ROMANIA IS SLIGHTLY LOWER 93.6%.

LET'S NOW MOVE ON HOW THINGS WENT AFTER THE COVID-19 EMERGENCY IN ITALY. WE GIVE YOU A SUMMARY SNAPSHOT FOR THOSE OF YOU WHO ARE CONNECTED FROM ABROAD, BUT THIS GIVES YOU A SNAPSHOT OF WHAT HAPPENED IN ITALY IN THE FIRST MONTHS OF 2020. WE'LL SEE LATER WE HAD A GOOD

START OF THE YEAR WITH GOOD FOOTPRINTS, STABLE FOOTPRINTS AND A SLIGHT INCREASE IN TICKETS AND SALES.

THEN STARTING FROM THE LAST WEEK IN FEBRUARY, AND THEN EARLY MARCH, AND THAT ONLY LOOKED LIKE AN EPIDEMIC THAT WAS THEN TURNED INTO A GLOBAL PANDEMIC. THAT'S WHEN PROBLEMS STARTED. THERE WAS A NATIONAL LOCKDOWN, AND SO 66 DAYS OF RESTRICTIONS WERE APPLIED TO OUR SHOPPING CENTERS. OUR SHOPPING CENTERS WERE FULLY CLOSED, EXCEPTION MADE FOR ESSENTIAL SERVICES.

AND THERE AGAIN, LET ME REITERATE THAT WE HAVE HYPER MARKETS IN OUR MALLS, IN ADDITION TO OTHER ESSENTIAL SERVICES PHARMACIES AND TOBACCONISTS, AND THAT WAS UNTIL MAY THE 18TH, THOSE WERE THE RESTRICTIONS. AND THEN STARTING FROM MAY THE 18TH, THERE WAS A LOWERING OF RESTRICTIONS WITH THE PICKING UP RECOVERY THAT SEEMED TO BE GOING BACK TO NORMAL AND WE WILL SEE THAT IN AUGUST, SEPTEMBER AND OCTOBER PULLED BACK. THEY WERE VERY SIMILAR TO PRE LOCKDOWN LEVELS OR VERY CLOSE TO PRE LOCKDOWN LEVELS.

AND THEN BETWEEN HALF OCTOBER AND THE EARLY NOVEMBER, WE HAD THE SECOND WAVE OF COVID INFECTIONS. AND SO IN ITALY, BEFORE CHRISTMAS WE HAD AGAIN RESTRICTIONS UNTIL JANUARY THE 6TH 2021 AND TARGETED RESTRICTIONS IN CERTAIN REGIONS. WE'VE INTRODUCED THE COLOR RATINGS, YELLOW, ORANGE AND RED, AND THOSE RESTRICTIONS LED TO ANOTHER 21 DAYS OF CLOSING IN OUR SHOPPING MALLS, AND AFTER MID-OCTOBER, SHOPPING MALLS IN ITALY ARE CLOSED ON SATURDAYS AND SUNDAYS AND PRE-HOLIDAY DAYS. SO IGD'S SHOPPING CENTERS WERE ALWAYS OPENED, BUT WITH NON-ESSENTIAL STORES CLOSED FOR 87 DAYS THROUGHOUT 2020, THAT IS TO SAY 24% OF THE TOTAL DAYS WE HAD IN 2020, AND THAT WAS THE IMPACT OF 2020.

PAGE 8; AND I'M MOVING QUITE FAST THROUGH THE SLIDES. THE TOP PRIORITY WAS TO HAVE OUR SHOPPING MALLS BE PUT IN THE SAFEST POSSIBLE CONDITIONS. FEW HUNDRED THOUSANDS OF EUROS WERE INVESTED FOR THERMAL, TEMPERATURE MONITORING DEVICES AND FOR CLEANING OR SECURITY.

AND THEN PAGE 9, THESE ARE THE NEGATIVE TRENDS THAT WERE RECORDED IN 2020 DUE TO RESTRICTIONS. LET ME SHOW YOU IN DETAIL 3 LINES, SO THE DARK SALES IT'S MALL TENANT SALES, AND THEN HYPERMARKET SALES THE RED LINE, AND FOOT FALLS IT'S THE GREEN LINE.

WE CLOSED THE YEAR WITH MALL TENANT SALES THAT WERE DOWN 27.6%, FOOTFALLS WERE DOWN 29.5% AND BOTH RATIOS WERE BETTER THAN THE CNCC BENCHMARK; IT'S THE NATIONAL ASSOCIATION FOR SHOPPING MALLS. SO WE HAVE HAD STILL IN THE NEGATIVE, BUT SLIGHTLY BETTER PERFORMANCE THAN THE CNCC AVERAGE, ABOUT 2 PERCENTAGE POINTS BETTER AND FOOTFALLS ABOUT 5 PERCENTAGE POINTS HIGHER. AND HYPERMARKETS HAD A SWINGING PERFORMANCE THROUGHOUT THE YEAR LANDING WITH A MINUS 2.8% AND THE DECLINE IN THEIR SALES WAS 1/10TH LOWER THAN THAT OF SHOPPING MALLS.

AND THEN THERE WAS A QUARTER DURING WHICH THERE SEEMED TO BE A RECOVERY SOMEHOW AND THERE WERE FOOTFALLS INCREASING, AND SO, AUGUST, SEPTEMBER AND OCTOBER THAT WAS IT. AND THEN WE RECORDED LESS FOOTFALLS, BUT MORE TARGETED ONES, 87% OF FOOTFALLS WERE RECOVERED AND THE AVERAGE TICKET INCREASED 17%, ABOUT €26, UP €3.8 AND ALSO OVERALL TENANT SALES HAVE IMPROVED OVER THOSE LAST 3 MONTHS. AND I'M TALKING ABOUT AUGUST, SEPTEMBER AND OCTOBER. THAN STARTING FROM THE SECOND HALF OF OCTOBER, WHERE NEW RESTRICTIONS KICKING IN AND THAT WAS IT, AND I MENTIONED THAT BEFORE.

LET ME TELL YOU NOW, AGAIN, AS I SAID THIS 27.6% OF DECLINING SALES AND GALLERIES THERE ARE SOME WHICH PERFORMS BETTER AND OTHER THAT PERFORMED WORSE THAN THIS AVERAGE. YOU SEE TO THE LEFT HAND SIDE YOU SEE MERCHANDISE CATEGORIES, HOUSEHOLD GOODS, AND CONSUMER ELECTRONICS, THE PERFORMANCE HERE WERE ALMOST POSITIVE, PERSONAL AND HEALTH CARE, CULTURE, LEISURE, GIFT ITEMS AND SPORT EQUIPMENT, ALL SECTORS WHICH WERE IMPACTED YES, BUT TO A LESSER EXTENT THAN THE ONES YOU SEE ON THE RIGHT HAND SIDE. RESTAURANTS BEING THE ONE MOST AFFECTED. ENTERTAINMENT, WE HAVE 4 CINEMA THEATERS, WHICH UNFORTUNATELY ARE STILL CLOSED. AND THEN CLOTHING, MOSTLY FORMAL OFFICE CLOTHING BECAUSE OF SMART WORKING, IT WAS HEAVILY AFFECTED AND DECLINED HEAVILY. FOOTWEAR TOO AS WELL AS SERVICES BECAUSE MANY PEOPLE DESPITE THE FACT THAT WE INCREASED THE AMOUNT OF SERVICES PROVIDED IN OUR SHOPPING CENTERS INCLUDING DIAGNOSTIC CLINICS IN PARTICULAR, BUT MANY PEOPLE POSTPONED THEIR VISITS TO THE DOCTOR AND OTHER SIMILAR CENTERS TO BETTER TIMES AND THIS IS SOMETHING QUITE COMMON, NOT ONLY COMMON TO SHOPPING CENTERS.

ON PAGE 12, NOW WE MAINTAINED A CONTROLLED RISK PROFILE. OCCUPANCY, AS YOU SAW IN THE HIGHLIGHTS, REMAINED HIGH, 94.3% IN ITALY, 93.6% IN ROMANIA, WITH A SIGNAL WHICH I BELIEVE SHOULD BE INTERPRETED IN A POSITIVE WAY. THERE WAS A SLIGHT DOWNSIDE IN RENEWALS AND TURNS. BUT FOR ITALY THAT ONLY ACCOUNTED FOR THE DECLINE OF 0.38% AND MINUS 0.47% OUT OF 290 CONTRACTS OF RENEWALS IN ROMANIA.

THEN, NEGOTIATIONS WHICH WE ENGAGED IN WITH OUR TENANTS. THEY WERE PARTICULARLY DIFFICULT. THEY WERE HANDLED ON A CASE-BY-CASE BASIS. WE ENTERED INTO INDIVIDUAL NEGOTIATIONS WITH INDIVIDUAL TENANTS AND WE MAINTAINED 2 CRITERIA. FIRST OF ALL, NO CHANGES WERE MADE ON EXISTING LEASES. EXISTING LEASES REMAINED UNCHANGED. WE GRANTED DEFERRALS AND TEMPORARY REDUCTIONS, ONLY TEMPORARY, ONLY FOR THE PERIOD OF 2020, WHICH INVOLVED THAT IN TERMS OF BOTH DISCOUNTS AND REDUCTIONS, WE HAD AN OVERALL OUTLAY OF €18.5 MILLION, ALL OF WHICH EXPENSED IN 2020, WHICH ACCOUNTS FOR LESS THAN 2 MONTHS WORTH OF ABATEMENTS GRANTED. HYPERMARKETS WERE ALWAYS OPEN. AS I SAID, THEY STRENGTHENED THEIR CIVIL ROLE THROUGH REMAINING ALWAYS OPEN. OUR SHOPPING CENTERS ARE NOT LARGE, THEY'RE ON AVERAGE BUT WITH A FEW

EXCEPTIONS FEWER THAN 6,000 SQUARE METERS IN TERMS OF SALES AREA AND THEY'RE MOSTLY LOCATED IN SOLE-OWNED PROPERTIES WHERE WE HAVE HYPERMARKETS AND OTHER STORES.

COMING OUT TO FIGURES AND WE ARE ON PAGE 13, NET RENTAL INCOME GOES FROM €136.6 MILLION IN 2019 TO €128 MILLION WITHOUT CONSIDERING THE COVID NET DIRECT IMPACT WITH THE LATTER, WE ARE DOWN TO €109.5 MILLION. FOR MALLS IN ITALY ON A LIKE-FOR-LIKE BASIS, WE RECORDED A DECLINE OF SOME €4 MILLION, WHEREAS ON A NON LIKE-FOR-LIKE BASIS, THE DECLINE IN ITALY IS €0.8 MILLION AND THIS IS DUE TO A CHANGE IN RENTAL INCOME AND VARIABLE REVENUES. AND THERE WAS AN INCREASE IN DIRECT COSTS DUE TO GREATER PROVISIONS MOSTLY AND AN €18.5 MILLION WORTH OF DISCOUNTS INTRODUCED TO HANDLE THE COVID NET DIRECT IMPACT.

I'M ON PAGE 14 NOW, HERE, WE WOULD LIKE TO TELL YOU SOMETHING ABOUT OUR RENT COLLECTION RATE IN 2020, BROKEN DOWN BETWEEN ITALY AND ROMANIA. THIS IS A FINAL FIGURE FOR 2020. IN ITALY, WE COLLECTED 91% NET OF DISCOUNTS GRANTED AND 94% IN ROMANIA, BUT AGAIN FOR 2021 ALREADY FOR ITALY WE'VE ALREADY CASHED-IN OR COLLECTED ONE-THIRD OF THE REMAINING PART.

ON TOP OF MANAGING THE EMERGENCY AND OUR RELATIONSHIP WITH TENANTS, LEASING AND COMMERCIAL ACTIVITIES DID NOT STOP OF COURSE, WE KEPT WORKING WHICH LED US TO FURTHER INNOVATING OUR OFFERING AND OUR PROPOSALS IN OUR SHOPPING CENTERS. WE INTRODUCED NEW MERCHANDISE CATEGORIES REFERRING TO PHARMACIES AND DIAGNOSTIC CLINICS. IN PARTICULAR FOR DIAGNOSTIC CLINICS, WE RECENTLY SIGNED A CONTRACT WITH A LEADING INSURANCE COMPANY, WHICH IS GOING TO OPEN A FEW DIAGNOSTIC CLINICS IN OUR SHOPPING CENTERS. I'M NOT IN A POSITION TO GIVE YOU ANY NAMES AS YET THOUGH.

WE WORKED ON COMMUNICATION WE INVESTED HUMAN RESOURCES TOO. DIGITAL COMMUNICATION AND TENANT INITIATIVES WERE CARRIED OUT. WE WILL INTRODUCE 30 LED WALLS IN OUR SHOPPING CENTERS FOR DIGITAL COMMUNICATION AND WE WILL INVEST IN OTHER AREAS OF DIGITAL TECHNOLOGY AND WE'VE ACTUALLY ENCOURAGED SOME TENANTS TO INCREASE DELIVERIES DIRECTLY AT THE SHOPPING CENTER, HOME DELIVERY ORGANIZED BY TENANTS.

ON THE FOLLOWING SLIDES, YOU SEE RETAILERS WHICH CONTINUED TO OPEN IN ITALY. THESE ARE NOT HUGE NAMES BUT WELL KNOWN NAMES NONETHELESS. FOR EXAMPLE, MONDO CONVENIENZA IN RAVENNA, CHICCO IN TIBURTINO, KASANOVA IN CENTRO D'ABRUZZO AND PEPCO, A POLISH INTERNATIONAL CHAIN THAT OPENED IN CENTRO BORGO AND WILL OPEN ELSEWHERE IN OUR NETWORK. OUR LEASING ACTIVITY CONTINUED WITH A POSITIVE RESULT DESPITE THE EMERGENCY SITUATION. THE SAME HOLDS TOO FOR ROMANIA, WHERE WE KEPT WORKING WITH NEW RETAILERS AND NEW STORES WERE OPENED AS WELL AS CAFETERIAS AND RESTAURANTS.

I'D LIKE TO GO NOW TO PAGE 18. WE START THE TRUE OMNICHANNEL APPROACH IS ALSO SOMETHING THAT REQUIRES A SHOPPING CENTER, THERE IS NO ALTERNATIVE. THERE WILL BE AN INCREASED LEVEL OF INTEGRATION BETWEEN ONLINE AND OFFLINE. WE STARTED IN 2019 BY INTRODUCING IN ALMOST ALL OUR SHOPPING CENTERS, AMAZON, MOSTLY LOCKERS BUT ALSO POSTE ITALIANE LOCKERS.

WE CONTINUED IN 2020 WITH A STRUCTURED USE OF SOCIAL MEDIA, FACEBOOK AND INSTAGRAM. AND FOR 2021, IT IS OUR AIM TO DEFINE AND IDENTIFY THE FIRST DIGITAL MARKETING PLAN AND ABOVE ALL IMPLEMENT CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM, A CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM, CRM, IN OUR SHOPPING CENTERS. AND IN FUTURE YEARS, WE WILL WANT TO FURTHER LIAISE WITH OUR TENANTS AND WITH THEIR CUSTOMERS OR TENANTS WITH CUSTOMERS IN AN INCREASINGLY MORE PROACTIVE WAY WITH CUSTOMIZED OFFERINGS.

I'M ON PAGE 19 NOW. WE REMAIN COMMITTED TO SUSTAINABILITY. THIS MORNING, OUR BOARD OF DIRECTORS, YOU CAN FIND IT ON OUR WEBSITE, APPROVED 11 CORPORATE SUSTAINABILITY REPORT WITH A PAY-OFF WHICH IS BECOMING GREAT. IT HAS BEEN THE SAME FOR SEVERAL YEARS, GREEN, RESPONSIBLE, ETHICAL, ATTRACTIVE, TOGETHER.

EACH OF THESE LETTERS THAT MAKE UP THIS WORD, THIS ACRONYM REFLECT WHAT WE'VE BEEN DOING. GREEN FOR EXAMPLE, LET ME GO QUICKLY THROUGH IT. WE INVESTED €1.2 MILLION IN ENERGY EFFICIENCY MEASURES. WE INSTALLED 19 EV CHARGING STATION. WE CONTINUED WITH ISO 14001 CERTIFICATION AND GREEN IS THE MOST IMPORTANT PART OF OUR SUSTAINABILITY COMMITMENT. BUT WE ALSO REMAINED FOCUSED ON THE RESPONSIBLE PART OF THE ACRONYM.

AS I SAID IN THE BEGINNING, WE WERE HIGHLY FOCUSED IN PARTICULAR THIS YEAR ON ASSURING THE HEALTH AND SAFETY OF OUR COLLEAGUES AS WELL AS OUR SHOPPING CENTERS. ETHICAL, WELL, THIS IS ANOTHER UNIQUE TRAIT OF OURS. WE OBTAINED THE UNIISO37001 CERTIFICATION BEFORE US OUR ROMANIAN SUBSIDIARY HAD OBTAINED THIS. THAT IS THE ONLY ROMANIAN COMPANY HAVING THIS CERTIFICATION IN ROMANIA. PERHAPS IT IS NOT THE ONLY ONE, BUT CERTAINLY THE FIRST ONE. AND WE GOT THE SECOND RENEWAL OF THE THREE STARS LEGALITY RATING, THE MAXIMUM SCORE AWARDED. AND ALSO THIS YEAR, WE FORMALIZED ADHESION TO THE UNITED NATIONS GLOBAL COMPACT WITH ALL THE TARGETS AND GOALS THAT WERE SET FOR THE PERIOD BETWEEN NOW AND 2030.

ATTRACTIVE, WE DEFINED A DIGITAL PLAN, AS I SAID BEFORE AND PUT IT TOGETHER THAT WITH A STRENGTHENED, THIS WAS NOT ENVISAGED. BUT ANYWAY, WE STRENGTHENED OUR RELATIONSHIP WITH OUR TENANTS, IN PARTICULAR WITH A VIEW TO MANAGING THE LOCKDOWN STAGE AND ITS CONSEQUENCES.

I'M ON PAGE 21, NOW. HERE, YOU FIND A SUMMARY VIEW OF OUR PORTFOLIO. AS USUAL, IT WAS ASSESSED BY 4 INDEPENDENT APPRAISERS AT MARKET VALUE. PORTFOLIO WAS DOWN 4.86%, INCLUDING

LEASEHOLD PROPERTIES, THE 3 LEASEHOLD SHOPPING MALLS, LANDS TO A FAIR VALUE ASSESSMENT OR APPRAISAL DOWN 5.22%, SO FROM €2.436 BILLION TO €2.309 BILLION.

ON PAGE 22, YOU WILL SEE HOW OUR PORTFOLIO HAS BEEN MOVING OVER TIME. NET OF LEASEHOLD FROM €2.381 BILLION IN 2019 BROKEN DOWN IN THE DIFFERENT ASSET CLASSES, SHOPPING MALLS, ROMANIA, AND HYPERMARKETS, YOU SEE HOW IT MOVED OVER TIME. AND YOU SEE THE €115 MILLION DECLINE IN FAIR VALUE CHANGE IS DUE TO DCF ASSUMPTION, 30% IS A CHANGE IN NEW RATES APPLIED BY APPRAISERS, AND 75% FORWARD-LOOKING CASH FLOW VARIATIONS THAT ARE ALREADY FACTORING IN THE COVID IMPACT I MENTIONED BEFORE. AND THEN SOME CAPEX WERE NOT INCLUDED IN THE APPRAISAL LED BY THE INDIVIDUAL APPRAISERS, AND THEY WERE EXPENSED OVER THE YEAR.

AND WE ARE TALKING ABOUT PORTA MEDICEA 6.5 CHANGE IN FAIR VALUE FOR PORTA MEDICEA, AND ALSO THE 0.5 OF FAIR VALUE CHANGE FOR ROMANIA AS WELL TO THEN GET €2.265 BILLION AT THE END OF 2020.

ASSET MANAGEMENT ACTIVITIES IN 2020 AND IT'S GOING TO BE THE SAME FOR 2021 AND 2022, BUT IT WAS FLEXIBLE AND SUSTAINABLE. AND AS WE ALREADY SAID IN OTHER CONFERENCE CALLS, THIS YEAR, WE SIGNIFICANTLY REDUCED OUR CAPEX PLAN OR WE'RE TALKING ABOUT 2021, WE HAD DISCLOSED €58 MILLION, AND WE DEFERRED ABOUT €40 MILLION WORTH OF INVESTMENT TO 2021 AND FUTURE YEARS FOR A TOTAL INVESTMENTS IN 2020 THAT STOOD AT ROUGHLY €18.3 MILLION.

IN 2021 AND 2022, WE WANT TO BE VERY CONSERVATIVE AND AT THE SAME TIME FLEXIBLE. WE ARE GOING TO INVEST IN UNDEFERRABLE ASSETS OR ACTIVITIES, EXTRAORDINARY MAINTENANCE, AND PRE-LETTING. BUT WE STILL HAVE OUR FOOT ON THE BRAKE WHEN IT COMES TO OTHER INVESTMENTS THAT WE WERE SUPPOSED TO ENGAGE IN 2020, BUT WE HAVEN'T AND THAT WERE DEFERRED.

IN THE NEXT PAGE, WE ALSO DEFERRED THE OPENING OF THE PORTA A MARE PROJECT, AND IT IS GOING TO BE THE FIRST HALF OF 2022, THAT'S THE NEW DEADLINE. AND CASILINO, WE'VE ALREADY RESTARTED IT, RESTYLING AND RE-MODELING, AND THEN PORTO GRANDE, LA FAVORITA, AND PORTA A MARE, WILL ALSO BE RESTARTED AS SOON AS WE HAVE A BETTER PICTURE OF WHAT WE CAN DO, AND AS SOON AS THINGS IMPROVE VERSUS WHAT THEY ARE LIKE NOW.

AND THEN PAGE 25, IF YOU REMEMBER IN OUR STRATEGIC PLAN, WE'VE ALREADY DISCLOSED A PORTFOLIO DISPOSAL TO KEEP OUR LOAN-TO-VALUE IN THE 45% RANGE OR AREA, BUT IT WENT UP TO 49.9%. SO FOR 2 WEEKS NOW, WE'VE STARTED A PROCESS TO DISPOSE OF HYPER AND SUPERMARKET STANDALONE PORTFOLIO. IT MEANS HYPERMARKETS AND SUPERMARKETS ARE NOT IN SHOPPING MALLS WHERE WE ACTUALLY OWN THE MALLS. SO THEY ARE ACTUALLY STANDALONE OR THEY ARE IN SHOPPING CENTERS WHERE THE MALL IS OWNED BY THIRD PARTIES. AND WE GAVE MANDATE TO A WELL-KNOWN PLAYER CBRE

AND AS A PREMIERE INTERNATIONAL ADVISOR AND OUR TARGET...DISPOSAL TARGET IS ABOUT €185 MILLION.

WE ARE CONFIDENT THAT WE CAN COMPLETE THE DISPOSAL, THEY HAVE ANY APPEALING NET INITIAL YIELD AND STABLE CASH FLOW WITH LONG TERM CONTRACT SPANNING 2037-2038. SO WITH A POSSIBLE FURTHER EXTENSION, SO THEY ARE APPEALING. AND THE CASHING IN. STEMMING FROM THE DISPOSAL SHOULD HAVE AN IMPACT ON OUR LOAN-TO-VALUE ABOUT 4 POINT DECREASE IN LOAN-TO-VALUE.

LET'S NOW MOVE ON TO THE SECTION 4. OUR FINANCIAL RESULTS, SO PAGE 27, CORE BUSINESS EBITDA IS DOWN FROM €125.2 MILLION TO €99.4 MILLION, FACTORING IN COVID EFFECTS DOWN €8.5 MILLION, DUE TO COVID NET DIRECT IMPACT. AND THEN, OF COURSE, WE HAVE A RENTAL INCOME DECLINE THAT ALSO AFFECTED OUR ACCOUNTS. FINANCIAL MANAGEMENT FIGURE, NET OF ACCOUNTING ITEMS AND IFRS16 NON-RECURRING CHARGES FROM €31 MILLION TO €29.6 MILLION NET OF ANY NEGATIVE CARRY. SO WE HAVE A DECLINE IN THE FINANCIAL MANAGEMENT.

AND I'M GOING TO THE NEXT PAGE. SO WE'VE TRIED TO LIMIT THE DECLINING FFO, GOING FROM 83 TO 77.8, AND THEN OF COURSE, WE LAND AT 59.3 FULL-YEAR 2020 € 0.54 PER SHARE, THAT'S THE FFO. AS I SAID AT THE BEGINNING, THE RESULT IT'S IN THE TOP PART OF THE RANGE, BUT IT'S STILL IN LINE WITH THE PART OF THE RANGE, WE DISCLOSED IN AUGUST WHEN WE REVISED THE GUIDANCE. ALTHOUGH NOT KNOWING EXACTLY WHAT WOULD HAVE HAPPENED LATER.

LET ME REITERATE ONCE AGAIN, I KNOW, I GAVE IT BEFORE, I SAID THAT BEFORE BUT ALL OF 2020 COVID EFFECT, €18.5 MILLION WERE FULLY EXPENSED IN 2020. IF THEN WILL HAVE OTHER EFFECTS; I'M SURE WE'LL HAVE THEM OR FURTHER REBATES OR SOMETHING LIKE THAT. THEY WILL BE PART OF THE FFO AND THE PROFIT AND LOSS ACCOUNT FOR 2021.

NRV OR THE FORMER NAV IS 10.38, DOWN 8.9%, ALL OTHER INDICATORS WERE SLIGHTLY LOWER AND DECLINING.

WE'RE TALKING ABOUT NTA AND NDV, THEY DECLINED LESS. SO NRV IS 10.38 PER SHARE. 2020, SAW US VERY MUCH FOCUSED ON LIABILITY MANAGEMENT FOR THE FINANCIAL PART, AND HERE I WOULD LIKE TO MENTION SOME OF THE MAIN THINGS THAT WE HAVE BEEN DOING. FIRST OF ALL, WE RENEWED IN 2020 COMMITTED CREDIT LINES THAT IS TO SAY REVOCABLE CREDIT LINES BY 2 LEADING CREDIT INSTITUTIONS FOR A TOTAL OF €60 MILLION, WE EXTENDED THE DURATION TO 2023.

SO WHATEVER HAPPENS, WE HAVE THESE COMMITTED CREDIT LINES, WHICH HAVE BEEN RENEWED, AND WHICH ARE IRREVOCABLE, AND FOR WHICH WE PAY SOMETHING, SO THAT WE ARE SAFE HERE. WE GOT A STATE GUARANTEED FUND THROUGH MPS, WITH SACE GUARANTEE FOR €36.3 MILLION. WE HAVE ACCOUNT HERE AND LIQUIDITY IS ONLY USED FOR THE EXPENSES ENVISAGED BY THIS TYPE OF FUNDING,

THAT IS TO SAY, WORKING CAPITAL AND CURRENT EXPENSES, WE USED ABOUT HALF OF THE AMOUNT SO FAR.

WE WERE IN CONSTANT DIALOGUE WITH OUR RATING AGENCIES, THE AGENCIES THAT HAVE BEEN RATING US FOR SOME TIME. SPECIFICALLY, I WOULD LIKE TO POINT OUT THAT WE ARE STILL INVESTMENT GRADE FOR FITCH. DESPITE THE FACT THE OUTLOOK REMAINS NEGATIVE, WHICH ALLOWS US NOT TO TRIGGER ANY STEP-UP CLAUSE CON OUR OUTSTANDING BONDS.

FINALLY, WE STARTED ALL THE PROCEDURES NEEDED FOR EARLY REPAYMENT OF THE OUTSTANDING AMOUNT OF THE €300 MILLION LOAN, WHICH IS €71 MILLION, WHICH WAS THE SUBJECT OF A TENDER OFFER EXCHANGE, WHEN WE ISSUED THE €400 MILLION BOND AND ON THE 1ST OF MARCH WE WILL ACTUALLY REPAY €70.7 MILLION USING OUR CASH ON HAND. THIS HAS A COST OF 2.65% IF I AM NOT MISTAKEN, AND LIQUIDITY OF ZERO, WHICH IS WHY WE ASKED FOR EARLY REPAYMENT, DESPITE THE FACT THAT, IT WAS ONLY 3 MONTHS EARLIER, BUT AT LEAST THE 31ST OF MAY. SO WE ARE REIMBURSING 3 MONTHS EARLY ANYWAY, AT THE END OF MAY WE SHOULD HAVE PAID ANYWAY.

FINANCIAL STRUCTURE, I'M ON PAGE 32 NOW. HERE YOU FIND A BREAKDOWN, THAT IS BALANCED, WELL BALANCED BETWEEN MARKET, LEGACY BOND AND BANKING SYSTEMS, 56% MARKET AND 43% AND SOMETHING, THE BANKING SYSTEM, THREE-QUARTERS OF IT IS UNSECURED, THAT IS TO SAY THERE ARE NO GUARANTEES, WHICH MEANS THAT WE HAVE AN OPPORTUNITY GOING FORWARD TO GO FOR SECURED TRANSACTIONS, SHOULD WE FEEL IT IS NECESSARY FOR US TO DO. SO, NET DEBT AT THE END OF THE YEAR, NET OF €117 MILLION WORTH OF CASH WAS €1,155 MILLION, SLIGHTLY DOWN COMPARED WITH THE PREVIOUS YEAR €1,162 MILLION, WHICH WAS QUITE GOOD, BECAUSE DESPITE ALL THE NEGATIVE EFFECTS, WE'VE MANAGED TO PRESERVE RATHER THAN INCREASE OUR NET DEBT.

LOAN TO VALUE IS UP, BUT AS YOU CAN SEE HERE IN THE BOX, THE SECOND BULLET, IT INCREASED NAMEDLY DUE ALAS TO THE INCREASE IN THE FAIR VALUE DECREASE, AND LOAN TO VALUE IS 49.9% WITHOUT CONSIDERING IFRS 16, WHICH WAS INTRODUCED 2 YEARS AGO. WITHOUT THIS WOULD BE ABOUT 2 PERCENTAGE POINTS LOWER, ICR IS AT 3.2, WITH AN AVERAGE COST OF DEBT JUST SLIGHTLY DOWN, 2.3 AS COMPARED TO 2.35%.

ON THE FOLLOWING PAGE, YOU FIND OUR DEBT MATURITY. STARTING FROM 2021 GOING TO BEYOND 2026, WHERE THE BLUE PART ARE THE MATURING BONDS. THE YELLOW PART OR THE ORANGE PART IS A BANK LOAN AND THE PART FOR 2021, AS I SAID BEFORE, WILL BE REIMBURSED A FEW DAYS FROM NOW. WE HAVE ALREADY REIMBURSED PART OF IT. IN 2022, WE HAVE €150 MILLION WORTH OF A MATURING BOND. WE BELIEVE THAT WITH THE DISPOSAL THAT SHOULD BE COMPLETED BY THE END OF THE FIRST QUARTER AND BEGINNING OF THE SECOND, WE CAN HAVE THE LIQUIDITY TOGETHER WITH THE CASH FLOW OF THE YEAR, WHICH WE NEED TO EASILY REIMBURSE, THIS MATURING BOND TOO.

IN 2023, WE HAVE A BANK LOAN, A SYNDICATED BANK LOAN BY BMP, €200 MILLION WORTH OF IT, AND THE PUBLIC BOND AND WITH €400 MILLION WORTH, WHICH MATURES IN 2024, AND AGAIN, ANOTHER ONE IN 2024, WHICH IS WORTH €100 MILLION. THIS ALLOWS US TO FULLY COVER THIS YEAR'S MATURITIES, AS WELL AS PART OF THE FOLLOWING YEAR. WE BELIEVE THAT WE CAN COMPLETE THE ACTUAL DISPOSAL IN THE FIRST-HALF YEAR PERIOD, WHICH MEANS THAT WE WILL HAVE EVERYTHING WE NEED TO FULLY COVER NEXT YEAR TOO.

LET ME COME NOW TO THE FINAL PART, DIVIDEND AND OUTLOOK. OUR CONSOLIDATED ACCOUNTS END WITH A LOSS OF €74.3 MILLION. THE SAME HOLDS TRUE FOR THE HOLDING COMPANY. BASED ON THE SIIQ REGULATIONS, THERE IS NO OBLIGATION TO DISTRIBUTE DIVIDEND THIS YEAR. THIS IS NOT THE ONLY REASON WHY WE DECIDED NOT TO DISTRIBUTE ANY DIVIDENDS THIS YEAR. AT THIS STAGE, WE FELT IT WAS VERY IMPORTANT FOR US TO BE EXTREMELY CAUTIOUS AND MAINTAIN AN INVESTMENT GRADE PROFILE.

THEREFORE, THE BOARD DECIDED TO PROPOSE TO THE AGM THAT NO DIVIDEND BE DISPUTED. THIS WAS A DIFFICULT DECISION TAKEN BY THE BOARD, CONSIDER THAT SINCE THAT OUR LISTING IN 2005, IGD PAID OUT DIVIDENDS FOR 15 CONSECUTIVE YEARS AND ON A GROWING LEVEL APART FROM LAST YEAR, WHICH WAS SLIGHTLY DOWN, BECAUSE WE WERE ALREADY SEEING A CRITICAL SITUATION.

SO, THIS IS AN EVENT, WHICH WE CONSIDER TO BE A ONE-OFF EVENT AND THE RESULT OF THE EMERGENCY SITUATION. AS I SAID HERE, TO THE RIGHT-HAND SIDE, AS SOON AS EXTERNAL CONDITIONS ALLOW AND I BELIEVE THAT IN 2021 CONDITIONS SHOULD IMPROVE, IF VACCINATIONS PROCEED AT A FASTER PACE, SO IT IS OUR INTENTION, STARTING FROM NEXT YEAR TO RESUME A DIVIDEND POLICY IN LINE WITH PREVIOUS YEARS.

COMING NOW TO THE OUTLOOK, AGAIN, WE'VE BEEN BOLD HERE. WE'RE TRYING TO BE AS BOLD AS POSSIBLE. AS YOU KNOW, 2021 IS STILL A DIFFICULT YEAR. YESTERDAY, OUR HEALTH MINISTER ANNOUNCED THAT CURRENT MEASURES, THAT CURRENT RESTRICTIONS WILL BE MAINTAINED UNTIL AFTER EASTER, THAT IS TO SAY UNTIL AFTER THE 6TH OF APRIL AND WITH THAT, WE WILL ALSO HAVE A MAINTENANCE OF A WEEKEND CLOSURES FOR SHOPPING CENTERS. LET'S HOPE, THIS IS THE ONLY THING THAT IS GOING TO BE MAINTAINED. WE WERE CAUTIOUS IN OUR APPROACH TO 2021, WE ALREADY MADE PROVISIONS, AND WE ENVISAGE DISCOUNTS, DESPITE THE FACT THAT THEY WERE NOT ENVISAGED AS BEING OF THE SAME SIZE AS IN 2020.

SINCE WE'RE EXPECTING THE ECONOMY TO RECOVER SLIGHTLY IN THE SECOND-HALF OF THE PERIOD WITH OPENINGS ALSO RESUMING, WHICH WOULD LEAD US TO CONSIDERING SOMETHING THAT YOU MIGHT CONSIDER PERHAPS A BIT RECKLESS, BUT WE EXPECT OUR FFO TO GROW NEXT YEAR IN A RANGE OF 3% TO 4%. I KNOW THAT SOME OF OUR PEERS PREFERRED NOT TO PROVIDE ANY GUIDANCE, WE DO. AND THEN, WE WILL SEE WHEN WE MEET AGAIN IN EARLY MAY FOR THE FIRST QUARTER RESULTS, WE'LL TRY AND GIVE

YOU AN UPDATE EITHER THEN, OR PERHAPS WHEN WE MEET AGAIN FOR THE HALF YEAR RESULTS, BUT THAT IS WHAT WE ALWAYS DO ABOUT THE TIME, WE ALWAYS PROVIDE YOU WITH AN UPDATE.

OF COURSE, AND THIS IS ALWAYS ON CONDITION THAT WE HAVE A RECOVERY STARTING FROM THE SECOND-HALF YEAR PERIOD OF THIS YEAR, WITH A VACCINATION PLAN THAT PROCEEDS APACE AND THIS 3% TO 4% DOES NOT INCLUDE THE EFFECTS OF THE DISPOSAL. WITH THE DISPOSAL TO BE COMPLETED BY THE END OF THE FIRST-HALF YEAR PERIOD, THEN THIS 3% TO 4% WILL HAVE TO BE AMENDED.

I'VE FINISHED, I'D LIKE TO CLOSE BY REFERRING YOU TO PAGE 37, WHERE YOU SEE OUR AGENDA, ON THE 15TH OF APRIL, WE CONVENED OUR ANNUAL GENERAL MEETING ON FIRST CALL, BUT THAT IS WHEN IT WILL BE HELD. NOT ONLY WILL THE AGM APPROVE THE ACCOUNTS, BUT I REMIND YOU THAT WE HAVE AN EXPIRING BOARD OF DIRECTOR. THEREFORE, AT THAT TIME, WE WILL PRESENT THE NEW LIST, THE NEW LISTS, AND THE NEW NAMES.

ON THE 6TH OF MAY, AS I SAID, WE PRESENT THE RESULTS OF THE FIRST QUARTER. ON THE 5TH OF AUGUST, WE WILL PRESENT RESULTS FOR THE FIRST 6 MONTHS AND ON THE 4TH OF NOVEMBER THOSE FOR THE THIRD QUARTER.

I'D LIKE TO THANK YOU FOR YOUR ATTENTION. I REMAIN AVAILABLE FOR ANY QUESTIONS YOU MAY HAVE.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. WE WILL NOW START THE Q&A SESSION. IF YOU WISH TO REGISTER FOR A QUESTION, PLEASE PRESS "*" AND "1" ON YOUR TELEPHONE. O LEAVE THE QUEUE, PLEASE PRESS "*" AND "2" ON YOUR TELEPHONE. PLEASE ASK YOUR QUESTIONS INTO A RECEIVER. IF YOU WISH TO ASK A QUESTION, PLEASE PRESS "*" AND "1" NOW.

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

SIMONETTA CHIRIOTTI: GOOD AFTERNOON TO ALL OF YOU. I HAVE A FEW QUESTIONS. THE FIRST ONE, WHEN YOU GAVE US THE CASH-IN TARGET FOR DISPOSALS, I'D LIKE TO KNOW WHETHER THAT TARGET IMPLIES A SALE OR DISPOSAL AT VALUES IN LINE WITH THE BOOK VALUE OF THE ASSETS YOU'RE GOING TO DISPOSE OFF? AND ALSO, I'D LIKE TO KNOW HOW YOU ARE MOVING WHEN IT COMES TO 2021? HOW ARE YOU GOING TO MOVE, WHEN IT COMES TO NEGOTIATIONS WITH TENANTS? AND WHAT YOU SAID ABOUT FFO, THERE'S NOT MUCH ROOM TO RECOUP THE REBATES THAT YOU GRANTED LAST YEAR. SO AS FAR AS I UNDERSTAND, THESE ARE CONCERNS PRACTICALLY AS THE ROOM FOR FURTHER RECOVERING THEM IS QUITE LIMITED. SO ARE YOU GOING TO

HAVE FURTHER NEGOTIATIONS, WALKING A ROUTE, WHAT PATHWAY ARE YOU GOING TO FOLLOW IN THAT RESPECT?

AND THEN ONE FINAL QUESTION. WHAT ARE THE PARAMETERS THAT YOU USE OR WHAT ARE THE MOST IMPORTANT THINGS YOU TAKE INTO ACCOUNT WHEN IT COMES TO DIVIDEND PAYOUT DECISIONS? SO FFO, OUR LOAN TO VALUE GOING BACK TO YOUR PREVIOUS TARGETS, IS THAT THE MAIN FACTOR OR ARE ANY OTHER FACTORS THAT MAY COME INTO PLAY WHEN IT COMES TO DIVIDEND PAYOUT? THANK YOU.

CLAUDIO ALBERTINI:

YES. THANK YOU VERY MUCH. SO I CAN PROVIDE YOU WITH ADDITIONAL INFO, YES, THE PRICE WE LISTED €185 MILLION. I MEAN THE PRICE FOR THE DISPOSAL IS IN LINE WITH OUR BOOK VALUE, SLIGHTLY HIGHER THAN OUR BOOK. SO IT'S A TARGET PRICE WITH A YIELD GIVEN THE QUALITY OF ASSETS AND TENANTS SHOULD ENABLE US TO GET THE CASH-IN WE ASSUMED WHEN IT COMES TO OUR GROWTH ASSUMPTIONS. OF COURSE, WE KNOW THAT WE WILL HAVE TO GRANT FURTHER EXTENSIONS OR FURTHER REBATES OR SOMEHOW GRANT LOWER RENTS.

WE HAD MADE ASSUMPTIONS FOR A LOWER FIGURE, BUT GENERALLY SPEAKING, AGAIN WE WANT TO BE VERY CONSERVATIVE BUT WE ARE TALKING ABOUT €10 MILLION, €11 MILLION WORTH OF REBATES THAT WERE ASSUMED. WE HOPE WE WILL BE USING LESS OF THOSE, BUT THE PROVISIONS WE MADE IN 2021 ARE VERY CONSERVATIVE. WE THINK IN 2021, WE WILL HAVE SAVINGS ON WHAT WE PROVISIONED IN 2020 AND USE LESS OF THOSE PROVISIONS BUT AGAIN, WE WERE VERY CONSERVATIVE IN OUR ASSUMPTIONS. BUT MINISTER OF HEALTH YESTERDAY SAID THAT THERE WILL BE AN EXTENSION OF THIS SESSION UNTIL EASTER. SO OUR APPROACH I THINK WAS QUITE CONSISTENT OR COULD BE CONSIDERED EXCESSIVELY CAUTIONARY, BUT WHAT WE SAID BEFORE IS MAINLY APPLICABLE TO 2020. IT'S ONE OF A KIND SITUATION.

LOAN TO VALUE IS OUR NORTHERN LIGHTS, LET'S SAY WHEN IT COMES TO DIVIDEND PAYOUT. AND WE WANT TO GET DOWN TO 45 AS WE SAID. IN OUR BUDGETED BEST CASE WITHOUT DISPOSALS, THANKS TO THE NOTHING OUT OF THE DIVIDEND AND THE CASH FLOW WE HAVE, WE COULD TAKE IT DOWN TO FURTHER POINTS, PLUS WITH THE DISPOSAL, 3 TO 4 POINTS LOWER, SO WE SHOULD HIT THE 45 AREA BY YEAREND. AND THEN WE CAN START APPLYING OUR DIVIDEND POLICY AGAIN. EVER SINCE 2005, WE'VE ALWAYS PAID DIVIDEND. ONLY IN 2020 ARE WE NOT GOING TO PAY THEM. BUT STARTING FROM 2022 VERSUS 2021, WE WILL START PAYING THEM OUT AGAIN, BUT NOW, WE WANT TO HAVE A FINANCIAL SET UP THAT IS AS SOUND AS POSSIBLE. THIS IS WHAT WE WANT TO ACHIEVE. WE COULD HAVE USED FREED UP RESERVES, BECAUSE OF LOSSES, WE ARE NOT FORCED TO IMPAIR BUT WE WERE DRIVEN IN OUR DECISIONS BY BEING VERY CONSERVATIVE AND VERY CAUTIOUS, SO TWO-THIRDS OF FFO...THIS IS WHAT WE MENTIONED BEFORE AND THEN IN 2022, ONCE WE COMPLETE THE DISPOSAL AND WE GET BACK TO OUR LOAN TO VALUE, WE SHOULD HAVE TWO-THIRDS OF FFO AS A PARAMETER AS WE HAD IN THE PREVIOUS YEARS.

SIMONETTA CHIRIOTTI: CAN I ASK A FURTHER CLARIFICATION. YOU SAID €10 MILLION TO €11 MILLION OF FURTHER REBATES OR EXTENSION?

CLAUDIO ALBERTINI: NO, IT IS ACTUAL DISCOUNTS AND REBATES. YES, NOT EXTENSIONS.

SIMONETTA CHIRIOTTI: IT WAS A BIT MORE LAST YEAR. SO LAST YEAR, IT WAS 18.5, THIS YEAR YOU ARE EXPECTING 10 SO...

CLAUDIO ALBERTINI: SO THE FFO GROWTH WILL BE COMPUTED THROUGH CALCULATION OF THE DELTA. THE PARLIAMENT HAS NOT YET APPROVED THE SO-CALLED RISTORI THE RELIEF THEY ARE GOING TO GRANT FOR THE DIFFERENT PROFESSIONS AND FOR THE DIFFERENT INDUSTRIES AND THIS THIS RELIEF GOVERNMENT IS GOING TO GRANT THAT WAS A RELIEF FOR OUR TENANTS DEPENDING OF THE TYPE OF BUSINESS THEY ARE IN. SO 7% OF THEIR LEASE AND 60% OF THEIR RENTS, AND THEY ARE GOING TO GET A TAX CREDIT FOR THAT PLUS THE CAP WAS REMOVED BECAUSE LARGE TENANTS COULD NOT BENEFIT FROM IT AND NOW THERE IS NO MORE CAP. SO IT IS STILL PENDING. PROBABLY, THEY ARE GOING TO ADD FURTHER RELIEF OR FURTHER THEY ARE GOING TO GRANT FURTHER RELIEF OR AID TO SKI PLANTS AND EQUIPMENTS BECAUSE OF THE FACT THAT PEOPLE COULD NOT GO SKIING. AND IT'S PROBABLY ONE OF THE LAW DECREES THAT WILL BE PASSED BY THE NEW GOVERNMENT AND/OR THAT WILL BE SUBMITTED TO THE PARLIAMENT BY THE NEW GOVERNMENT. THIS COULD REALLY HELP US WHEN IT COMES TO NEGOTIATING WITH OUR TENANTS. WE WERE PARTLY HELPED IN 2020 THROUGH THE DIFFERENT RELIEF PROVISIONS AND BECAUSE THIS IS STARTING TO AFFECT A BROADER BASE OF TENANTS AND OUR CONTRACT, IT'S NORMALLY LEASES. BUT THAT REALLY MAKES US HOPE FOR THE BEST. IT IS CLEAR THAT IF WE COMPLETE THE VACCINE CAMPAIGNS EVERYTHING IS GOING TO IMPROVE, UNLESS WE GET THE VACCINES, THEY ARE GOING TO LOCK US UP AGAIN AS WE GO FORWARD.

OPERATOR: NEXT QUESTION COMES FROM DAVIDE CANDELA WITH INTESA SANPAOLO. PLEASE, SIR.

DAVIDE CANDELA: GOOD AFTERNOON AND THANK YOU FOR THE PRESENTATION. I HAVE 3 QUESTIONS. THE FIRST RELATES TO YOUR DISPOSALS. THERE IS SOMETHING MORE I WOULD LIKE TO UNDERSTAND FURTHER TO WHAT YOU SAID SPECIFICALLY. WHAT WAS THE RATIONALE THAT LED YOU TO CHOOSING THOSE SPECIFIC ASSETS? IS THIS BECAUSE THEY ARE MORE LIQUID OR PERHAPS BECAUSE YOU WANT TO EXTRACT MORE VALUE. COULD YOU GIVE US SOME MORE COLOR ON THIS? AND THEN AGAIN ON DISPOSALS. IN CASE OF A CAPITAL GAIN AFTER THE SALE OF THE PORTFOLIO, UNDER THE RULES DO YOU HAVE AN OBLIGATION TO DISTRIBUTE THE CAPITAL GAIN THROUGH DIVIDEND FOLLOWING UPON THE ACTUAL DISPOSAL? AND THEN I HAVE A FURTHER QUESTION. IT CONCERNS NEGOTIATIONS FOR THE MONTH OF NOVEMBER AND DECEMBER, RENEGOTIATIONS WHICH ARE STILL ONGOING FOR WHAT I READ FROM THE PRESS RELEASE. THE IMPACT WE MIGHT EXPECT FROM THIS HAVE THE ALREADY BEEN PROVIDED

FOR WITH PROVISIONS IN 2020, SO WE ARE NOT EXPECT ANY IMPACT IN 2021 OR WOULD THEY ALSO BE REFLECTED IN 2021? AND THEN ONE LAST QUESTION, CAN YOU REMIND US OF THE POSSIBLE IMPACT DERIVING FROM THE TRIGGERING FROM THE STEP UP CLOSED ON THE FINANCIAL CHARGES? THANK YOU.

CLAUDIO ALBERTINI:

THANK YOU FOR YOUR QUESTIONS. THEY GAVE ME THE OPPORTUNITY OF BEING CLEARER. THE RATIONALE WE FOLLOWED TO IDENTIFY OUR PORTFOLIO IS THE FOLLOWING. THEY ARE 2 SUPERMARKETS AND 6 HYPERMARKETS, AND AS I SAID ON THE SLIDE, THEY ARE STANDALONE PROPERTIES. THEY ARE FOUND IN SHOPPING CENTERS WHERE WE DO OWN THE MALL, SO WE PRESERVE OUR UNITARY OWNERSHIP OF SHOPPING CENTERS WHERE WE EARN BOTH AT THE MALL AND THE HYPERMARKET. THOSE HYPERMARKETS WERE NOT PART OF THE PORTFOLIO THAT WE WANT TO DISPOSE OFF. WE FOCUSED ON THE HYPER AND SUPERMARKET ASSET CLASS BECAUSE SELLING MALLS IS THE LAST THING ONE WOULD WANT TO DO AT THE CURRENT JUNCTURE. THIS IS AN ASSET CLASS WHERE AFTER TALKING TO OUR ADVISOR IS AN ASSET CLASS THAT THE MARKET SHOWED AN INTEREST IN.

THE PROCEDURE HAS ALREADY STARTED AND HAS STARTED OFF WELL. WE ALREADY RECEIVED ABOUT 15 EXPRESSIONS OF INTERESTS FROM ENTITIES TO WHICH ARE SENDING THE NDA AND EVERYTHING NEEDED, CONFIRMING THE FACT THAT, THAT IS AN ASSET CLASS WHICH IS INTERESTING. THESE WERE THE 2 GUIDING CRITERIA. HYPER AND SUPERMARKETS ARE ATTRACTIVE AND INTERESTING CATEGORY FOR INVESTORS MORE SPECIFICALLY FOR LONG TERM INSTITUTIONAL INVESTORS, AND THESE ARE CONTRACTS EXPIRING BETWEEN 2037 AND 2038 ALL OF THEM.

AND ON THE OTHER HAND, WITHIN THAT ASSET CLASS WE OPTED FOR THE LEAST STRATEGIC ONES. WE'VE ALWAYS ATTACHED A GREAT DEALS OF IMPORTANCE, FOR THE FACT OF HAVING THE ENTIRE OWNERSHIP OF A SHOPPING CENTERS, BOTH MALLS AND HYPER SUPERMARKETS, WHICH MEANS THAT WHEN WE GO THROUGH REMODELING, WHICH WE WILL DO IN THE FUTURE TO BE MUCH MORE FLEXIBLE TO BE MUCH MORE RAPID AND FLEXIBLE IN REDUCTION AND CREATION OF NEW SPACES IN OUR MALLS, WHERE WE ONLY OWN HYPERMARKETS THAT IS MORE DIFFICULT BECAUSE YOU HAVE TO LIAISE WITH THE OTHER OWNERS. SO, THESE WERE THE 2 CRITERIA.

CAPITAL GAINS, THERE IS AN OBLIGATION TO DISTRIBUTE 50% OF THE CAPITAL GAINS. WELL, THAT IS A PROBLEM I WOULD LIKE TO HAVE. AGAIN, ON REALIZED GAINS, WHICH WILL HAVE TO BE DISTRIBUTED IN 2 YEARS. SO NOT, YOU HAVE 2 YEARS TIME TO DO THAT. YOU DO THAT RIGHT AWAY. SO AGAIN, WE HAVE 2 YEARS, WERE WE TO HAVE A CAPITAL GAIN OF €10 MILLION, WE WOULD DO THAT €5 MILLION EACH FOR EVERY YEAR. AND IT IS A PROBLEM I WOULD LIKE TO HAVE THE NEXT YEAR AND THE FOLLOWING ONE.

PROVISIONS, WE WERE NOT TOO CLEAR PROBABLY, PROVISIONS CONCERNING 2020, AND THEY ARE EXTREMELY CONSERVATIVE TO THE POINT THAT WE MIGHT EVEN HAVE SOME SAVINGS IN 2021 THAT WE CAN USE FOR 2021. BUT, THAT 2021 IS A DIFFERENT CHAPTER ALTOGETHER IT JUST STARTED, WE HAVE OUR

TENANTS, WHICH HAD SOME DAYS OF CLOSURE UNTIL THE 6TH OF JANUARY, THEN WE WENT BACK TO YELLOW, ORANGE, AND RED COLORING WITH WEEKENDS BEING ALWAYS CLOSED. WE WILL HAVE TO MANAGE THIS STAGE WITH THEM.

IN OUR 2021 BUDGET WE HAVE ALREADY ENVISAGED THAT INCLUDED IN THE GUIDELINES, I GAVE YOU THOSE 10 MILLION ROUGHLY OF PROVISIONS €10 MILLION TO €11 MILLION WORTH OF PROVISIONS, WHILE ITS CONSERVATIVE. ON THE STEP-UP, ACTUALLY MR. BONVICINI, WILL TAKE THIS QUESTION.

ANDREA BONVICINI:

GOOD AFTERNOON. AS OUR CEO JUST SAID, WE CHOSE NOT TO DISTRIBUTE ANY DIVIDEND IN ORDER TO MAINTAIN A LOW LOAN TO VALUE LEVEL AND TO SAFE GUARD OUR POSITION IN INVESTMENT GRADE AREA. SO WE WANT THE CLAUSE NOT TO BE TRIGGERED. THAT SAID, THE CORRECT ANSWER IS, IT DEPENDS...IT DEPENDS IN PARTICULAR ON WHEN THE INVESTMENT GRADE RATING IS LOST. THE BOND WHICH WITHIN OUR DEBT STRUCTURES LEADS OUR OVERALL POSITION THE STEP-UP IS APPLIED STARTING FROM THE FOLLOWING COUPON. NOW, THIS COUPON IS ON THE 28TH OF NOVEMBER SO IT WOULD ONLY AFFECT ONE MONTH VERY LITTLE INDEED FOR THIS YEAR. ON ANOTHER 100 MILLION BONDS IT AFFECTS THE CURRENT COUPON SINCE THAT IT WAS THE OLD TYPE OF CLAUSE THAT WE WERE USING, FOR THE BOND THAT WE ARE CURRENTLY REINVESTING, IT WILL NOT APPLY, BECAUSE WE ARE REPAYING AND FOR THE BOND MATURING IN 2022 THERE IS NO STEP-UP CLAUSE INVOLVED.

SO, THE OVERALL ANSWER IS, IF YOU IMAGINE IN THE FUTURE A FULL YEAR THAT WOULD BE €500 MILLION ON WHICH YOU HAVE TO APPLY A 1.25% STEP-UP CLAUSE. BUT, THIS WILL NOT HOLD TRUE FOR THE CURRENT YEAR.

DAVIDE CANDELA:

THANK YOU. THANK YOU VERY MUCH INDEED. VERY CLEAR INDEED.

OPERATOR:

NEXT QUESTION COMES FROM THE ENGLISH CONFERENCE CALL BY ALVARO MATA.

ALVARO MATA:

HELLO, THERE. GOOD AFTERNOON. AND THANKS FOR TAKING THE QUESTION. 2 QUESTIONS FROM MY SIDE, THE FIRST ONE IS, IN REGARDS TO THE CAPEX PLANS YOU HAVE FOR 2021. YOU SAID THAT YOU EXPECT TO BE VERY CONSERVATIVE IN 2021-2022. SHALL WE EXPECT IN 2021 A SIMILAR NUMBER TO THE ONE WE HAD IN 2020 MEANING €18 MILLION CAPEX?

THAN SECOND QUESTION IS, IF YOU WERE TO EXECUTE THE DISPOSAL, THEN AND YOU SAID EXPECT TO EXECUTE THIS AT THE END OF QUARTER 1, OR BEGINNING OF QUARTER 2, WOULD YOU CONSIDER TENDERING FOR THE 2022 BONDS OR WOULD YOU PREFER TO LEAVE THEM UNTIL THE END AT THE MATURITY? THANKS.

CLAUDIO ALBERTINI:

IS THAT THE QUESTION COMPLETED?

- ALVARO MATA: THAT'S COMPLETED. YES, 2 QUESTIONS. THANK YOU VERY MUCH.
- CLAUDIO ALBERTINI: I WILL ASK ROBERTO ZOIA TO TAKE THE ANSWER ON THE FIRST QUESTION. AND THEN, I WILL ANSWER THE SECOND QUESTION INSTEAD.
- ROBERTO ZOIA: GOOD AFTERNOON. FOR 2020 ITS €18.3 MILLION, AND THOSE MILLION WERE ALL UNDEFERRABLE WORKS. SO EXTRAORDINARY MAINTENANCE, BUT WE SLOWED DOWN ALL OF THE ACTIVITIES I AM TALKING ABOUT, RESTYLING ACTIVITIES, OR ANY OTHER RESTRUCTURING AND REFURBISHING WORKS.
ON 2021 AND 2022, FOR THE TIME BEING WE STOPPED OR STAYED AND SUSPENDED EVERY RESTYLING, WHILST WE MOVE ON WITH THE NECESSARY CAPEX. SO EXTRA ORDINARY MAINTENANCE CAPEX, BUT WE HAVE ALSO FORESEEN SOME CAPEX TO BE INVESTED ON THE COMMERCIAL PART THAT IS TO SAY ON THE PRE-LETTING AND FIT-OUT WHEN IT COMES TO PRE-LETTING. SO, FOR THE TIME BEING WE HAVE STOPPED THE RESTYLING WORK AND WE HAVE DELAYED AS YOU HAVE READ IN THE PRESENTATION THE LIVORNO, PORTA A MARE PROJECT, WE'VE DELAYED IT, DEFERRED IT.

AND FOR THE OTHER QUESTIONS IF I UNDERSTOOD CORRECTLY, IS ABOUT WHETHER OR NOT WE ARE GOING TO EARLY REPAY THE 2022 BOND IN CASE WE WERE TO COMPLETE THE DISPOSAL IN DUE TIME, ANDREA BONVICINI IS GOING TO ANSWER IN DETAIL.
- ANDREA BONVICINI: WELL, IT'S A BOND, THAT'S QUITE OLD, IT DID NOT EVEN INCLUDE SO-CALLED PARCALL THAT WE ARE NOW USING TO REPAY IT 3 MONTHS EARLIER. SO, THE ANSWER IS, NO. IF INSTEAD THE QUESTION WAS AIMED AT ASKING US, IF WE THINK...IF WE ARE GOING TO ENTER INTO LIABILITY MANAGEMENT ACTIVITIES, WE THINK THAT IS STILL POSSIBLE. WE ALWAYS LOOK AT THE MARKET LOOKING FOR OPPORTUNITIES SHOULD THERE BE OPPORTUNITIES WE WILL BE LOOKING INTO THEM.
- ALVARO MATA: THANK YOU. THANKS.
- OPERATOR: NEXT CALL IS A FOLLOW-UP OF SIMONETTA CHIRIOTTI FROM MEDIOBANCA, FROM THE ITALIAN CONFERENCE CALL.
- SIMONETTA CHIRIOTTI: REFERRING TO THE LAST ONE QUESTION, I WONDERED WHETHER YOU HAVE AN INDICATION OF THE ABSOLUTE LEVEL OF CAPEX FOR 2021-2022. IS IT SOMEWHERE IN THE PRESENTATION PERHAPS I MISSED IT?
- ROBERTO ZOIA: WELL, TODAY WE HAVE ONGOING PROJECT, ITS ROBERTO SPEAKING BY THE WAY. WE HAVE ONGOING PROJECTS WORTH €43 MILLION INCLUDING THE COMPLETION OF OFFICINE OF THESE, WE HAVE BROKEN

DOWN THIS INTO A DEFERRABLE €28.9 MILLION FIRST, INCLUDING PROSECUTION CONTINUATION OF THE OFFICINE LIVORNO WORKS. WE SIMPLY SLOWED DOWN WORKS SLIGHTLY, BUT WE CANNOT STOP SUCH AN IMPORTANT PROJECT, WE JUST PUT OFF THE OPENING AT 2022, BUT WORKS ARE STILL ONGOING. AS YOU CAN SEE IN THE PRESENTATION, AND AS CLAUDIO SAID EARLY ON CASILINO, IS A PROJECT CONCERNING THE REDUCTION OF THE SURFACE OCCUPIED BY A SUPERMARKET, THAT IS CONTINUING. AND AMONGST THOSE PROJECTS WHICH CANNOT BE DEFERRED, WE HAVE MAINTENANCE CAPEX. SO THE IDEAL BUDGET WAS €43.3 MILLION. HOWEVER, FOR THE TIME BEING WE FELT THAT €28.9 MILLION WERE UN-DEFERRABLE. THANK YOU. THANK YOU VERY MUCH INDEED.

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

CLAUDIO ALBERTINI: VERY WELL. THANK YOU. THANK YOU ON BEHALF OF MY COLLEAGUES JOINING ME HERE AND ON BEHALF OF OUR CHAIRMAN. WE WILL MEET YOU AGAIN WHEN WE PRESENT RESULTS FOR THE FIRST QUARTER OF 2021. THANK YOU.