

Event: 2022-2024 Business Plan Presentation

Date: 14th December 2021

Speakers: Mr. Claudio Albertini, CEO

OPERATOR:

GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD BUSINESS PLAN PRESENTATION SPANNING 2022-2024. 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 DURING THE CONFERENCE CALL, PLEASE PRESS "*" AND "0" ON YOUR PHONE KEYPAD.

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

CLAUDIO ALBERTINI:

THANK YOU VERY MUCH. GOOD AFTERNOON TO ALL OF YOU. I DO APOLOGIZE FOR PROVIDING YOU WITH THE DOCUMENTATION WITH SUCH A SHORT NOTICE, BUT DESPITE THE FACT THE BOARD MEETING STARTED AT 9:30, IT WAS ONLY CLOSED AT 2:30 PM, SO THE BOARD HAD TO DISCUSS A NUMBER OF ITEMS, NOT JUST THE BUSINESS PLAN. SO SORRY FOR THE VERY SHORT NOTICE IN SENDING YOU THE MATERIAL. BUT WE NOW HAVE A 2 HOURS SLOT FOR THIS CONFERENCE CALL, SO WE CAN GIVE YOU ALL THE NECESSARY CLARIFICATIONS. VERY WELL, I HOPE ALL OF YOU HAD THE OPPORTUNITY TO LOOK AT THE PRESENTATION, OR IF YOU HAVEN'T, YOU CAN DOWNLOAD IT FROM OUR WEBSITE TOGETHER WITH THE PRESS RELEASE.

LET ME START FROM THE TITLE PAGE, AND WE ARE NOT USED TO GIVING A TITLE TO OUR BUSINESS PLAN, THIS IS NOT THE FIRST BUSINESS PLAN WE ARE DISCLOSING, AS IGD AT LEAST SINCE I'M THE CEO OF THE COMPANY WE'VE PRESENTED A NUMBER OF THEM, BUT AFTER EVERYTHING THAT HAPPENED, WE DECIDED TO ATTRIBUTE A TITLE COUNTERING UP A VERY FAMOUS MOVIE SERIES, THAT WAS MISSION IMPOSSIBLE, BUT OUR MISSION INSTEAD IS POSSIBLE, SO WE HOPE IT WILL BE GOOD FOR US.

THE PRESENTATION I'M GOING WALK YOU THROUGH CONSISTS OF 5 SECTIONS, AND STEP-BY-STEP, I'LL WALK YOU THROUGH IT. THE FIRST ONE, SOMEHOW IT'S A SUMMARY OF WHAT HAPPENED OVER THE LAST 2 YEARS, AND THEN SECOND SESSION, OUR STRATEGY, AND THEN #3, STRATEGIC ACTIONS AND OPERATIONS, AND THEN #4, KEY OUTPUTS AND FINANCIAL TARGETS AND THEN FINAL REMARKS.

STARTING FROM PAGE 5, COVID INDEED INTERRUPTED OUR GROWTH PLAN. LET ME REMIND YOU THAT WE ARE STILL WITHIN THE 2019-2021 BUSINESS PLAN, AND THE PLAN WAS DISCLOSED TO THE FINANCIAL COMMUNITY IN NOVEMBER 2018, BUT ALSO HERE, WE WOULD LIKE TO SHOW YOU THE PERFORMANCE OF SOME KEY INDICATORS WE HAD OVER THE LAST 5 YEARS. SO 2015-2019 WE'VE CONSTANTLY INCREASED OUR FUNDS FROM OPERATION, GETTING TO THE PEAK OF 2019 WITH A CAGR FOR THE PERIOD OF UP 16.5% AND DIVIDENDS PER SHARE FOLLOWED THE SAME GROWTH PATH, AND IT WENT UP 33.3% OVER THE SAME TIME SPAN, SO A SATISFACTORY GROWTH PATH FOR SHAREHOLDERS.

STARTING FROM END OF FEBRUARY 2019, AND THEN 2020 AND 2021, IT'S NOT OVER YET, EVEN THOUGH WE ARE ALMOST AT THE END OF 2021. THAT SOMEHOW STOPPED OUR GROWTH PLAN. WE WERE STRUCK BY A TORNADO SOMEHOW. IF WE PUT TOGETHER 2020 AND 2021, WE HAD 131 DAYS OF CLOSURE IN OUR SHOPPING CENTERS, EXCEPTION MADE FOR THE ESSENTIAL SERVICES OR ESSENTIAL ACTIVITIES THAT WERE VERY FEW AND FAR BETWEEN PHARMACIES, TOBACCONISTS, ET CETERA AND OF COURSE HYPER MARKETS. SO 131 DAYS OF CLOSURE OVER A 2 YEAR TIME SPAN, WITH AN CUMULATED IMPACT ON OUR FFO, OF €27 MILLION.

LET ME REMIND YOU THAT IT'S ONE OFF EFFECTS THAT HAD NO DRAG ON, ON TO THE FOLLOWING YEARS, AND WE PUT IN PLACE A NUMBER OF MEASURES TO SAFEGUARD OUR FINANCIAL STRUCTURE. WE REDUCED AND PUT OFF OUR CAPEX, SO WE CUT OUR CAPEX BY €55 MILLION, AND WE'VE PARTLY STARTED TO REINVEST, BUT IN 2022, 2023 AND 2024 WE WILL RESUME INVESTING. FOR 2020, WE HAD TO CUT OUR DIVIDEND PAYOUT, TAKING IT TO THE MINIMUM DISTRIBUTABLE AMOUNT OF €0.228. AND 2021 OVER 2020, WE'VE COMPLETELY ZEROED OUR DIVIDEND EVEN THOUGH WE WERE NOT BOUND TO DO THAT, BECAUSE 2020 WAS CLOSED WITH A LOSS OF €78 MILLION AND AN UN-DISTRIBUTABLE INCOME EVEN ACCORDING TO THE SIIQ RULES AND REGULATIONS.

THIS IS WHAT HAPPENED. ON THE PICTURE YOU SEE WHAT HAPPENED IN THE 5 YEARS BEFORE THE PANDEMIC, BUT OUR BUSINESS MODEL SOMEHOW STOOD ITS GROUND, PROVED TO BE RESILIENT AND WE HAVE AN OCCUPANCY RATE THAT IS SLIGHTLY HIGHER THAN 95%. WE THINK IT WILL GET TO 95.5% BY YEAR END. THE COLLECTION ACTIVITY, RENTS COLLECTED ARE IN EXCESS OF 90.0% VERSUS 2021, WHILST VERSUS 2020 WE'VE ALMOST COMPLETED OUR COLLECTIONS. AND THEN WE RETAINED A VERY SOUND FINANCIAL STRUCTURE, DESPITE ALL THE EFFECTS I MENTIONED BEFORE, BECAUSE EXPECTED LOAN-

TO-VALUE IS ABOUT 45% BY YEAR END, AND THAT'S THE ONLY FINANCIAL TARGET IN THE PLAN THAT WE'LL BE ABLE TO ACHIEVE WHEN WE DISCLOSED THE PRESS RELEASE OF OUR NON-CORE PORTFOLIO DISMISSAL. SO WE SPECIFIED THAT THAT DISPOSAL WOULD HAVE ENABLED US TO DECREASE OUR LOAN-TO-VALUE TO THE 45% RANGE.

WE GOT HOWEVER SOME VERY POSITIVE ANSWERS WHEN IT COMES TO VISITORS AND FOOTFALLS. WE HAVE A COMPARISON BETWEEN NOW AND 2019, YOU CANNOT MAKE A COMPARISON WITH 2020, BUT WE CAN MAKE A COMPARISON WITH 2019, BECAUSE 2019 WAS NOT AFFECTED BY THE PANDEMIC AT ALL, AND IF WE WERE TO ASK SOMEBODY WHAT A PANDEMIC WAS, 90% OF PEOPLE WOULD HAVE ANSWERED THAT THEY DIDN'T HAVE ANY IDEA, THEY DIDN'T HAVE A CLUE, SO STARTING FROM MID-MAY, MAY THE 17TH IS SOMEHOW THE SAME DATE AS WE HAD IN 2020, RESTRICTIONS WERE RAISED, WHERE 17TH OR 18TH OF MAY LAST YEAR AT THE 18TH, AND THIS YEAR ON THE 17TH OF MAY.

IF WE LOOK AT WHAT HAPPENED IN THE LAST 5 FULL MONTHS, LET'S NOT CONSIDER MAY, BUT LET'S START FROM JUNE, JUNE, JULY, AUGUST, SEPTEMBER, OCTOBER THE LAST FULL 5 MONTHS, LOOK AT THAT CHART, AND IF YOU EXCLUDE JULY, ALL MONTHS HAD EITHER A SLIGHTLY POSITIVE OR VERY POSITIVE TREND. AUGUST IS 15.1, WE ARE TALKING ABOUT TENANT SALES PER SHOPPING CENTER, SO THE AVERAGE OF THE LAST 5 MONTHS IS UP 2.7% AND IT'S A COMPARISON WITH 2019. LET ME REITERATE THAT, WHEREAS WITH FOOTFALLS WE ARE STILL LAGGING BEHIND. THERE IS AN IMPROVEMENT IN OCTOBER, I DON'T THINK THE SAME APPLIES TO NOVEMBER, BUT WE STILL HAVE TO RECOUP THIS 10%-15% OF FOOTFALLS, THAT SPENT MORE HOWEVER, SO THEY WENT LESS FREQUENTLY TO THE SHOPPING CENTER, BUT THE AVERAGE TICKET WAS HIGHER, SO THEY SPENT MORE MONEY VERSUS 2019, SO THE AVERAGE TICKET VERSUS 2019 IS UP 25% AND THE PIECE OF INFORMATION IS REFERRED TO OCTOBER.

AND THEN A VERY SOUND RECOVERY OF OUR OPERATING PERFORMANCE, THAT OF COURSE, PROVE THAT OUR BUSINESS MODEL IS A SOUND ONE, AND THAT OUR SHOPPING CENTERS ARE ATTRACTIVE AND APPEALING. SO PHYSICAL RETAIL ACCORDING TO US STILL HAVE A FUTURE, AND STILL PLAYS A CENTRAL ROLE FOR CONSUMERS. HAVING SAID THAT, WE HAVE TRIED TO MATCH OUR BUSINESS PLAN SPANNING 2022-2024 WITH A BACKDROP THAT IS WITH OUR COUNTRY'S GDP. ITALY IS GROWING. SO CUMULATED AVERAGE GDP GROWTH, INCLUDING 2021, IS UP 3.5%. AND THIS AVERAGE IS VERY SIMILAR TO THE EXPECTED GROWTH FOR PRIVATE CONSUMPTION IN HOUSEHOLDS, WHICH IS UP 3.4%.

THE KEY FACTORS HERE FOR THE GROWTH ARE THE ONES THAT YOU FIND ON THE RIGHT HAND SIDE OF THE SCREEN TOP RIGHT. AND THESE ARE THE KEY ELEMENTS SOMEHOW, THE SIZEABLE RESOURCES ALLOCATED TO NET GENERATION NEW FOR ITALY IN EXCESS OF €222 BILLION IN THE PNRR, THE NATIONAL PLAN FOR

RECOVERY AND RESILIENCE. AND THEN, WE HAVE THE MANUFACTURING AND EXPORT WHERE IT GREW DOUBLE-DIGIT OVER THE LAST FEW MONTHS.

AND THEN, WHEN IT COMES TO THE NEXT GENERATION EU FUNDS, €25 BILLION HAVE ALREADY BEEN ALLOCATED, WE'VE RECEIVED THEM OVER THE LAST FEW MONTHS, BUT THEY HAVE TO BE ACCOMPANIED BY A REFORM PLAN ON WHICH PRIME MINISTER DRAGHI AND HIS TEAM ARE NOW WORKING.

LET US NOT FORGET ALSO THE STRONG INCREASE IN THE BUILDING AND CONSTRUCTION INDUSTRY, THANKS TO THE GRANTS AND BONUSES THAT WERE MADE AVAILABLE BY THE GOVERNMENT AND THAT ARE RECONFIRMED FOR THE YEARS TO COME. AND WE'LL SEE WHETHER THEY WILL BE RECONFIRMED IN THE NEXT BUDGET LAW. SO THE CONSTRUCTION INDUSTRY WAS A DRIVING FORCE OVER THE LAST FEW MONTHS AND YEARS. SO IT WAS NOT JUST A TECHNICAL REBOUND ACCORDING TO US, AFTER THE STRONG DECLINE IN 2020, MINUS 9%, ALMOST, MINUS 8.9%. SO, OUR REBOUND WAS TO BE FORESEEN, IT WAS A STRONG REBOUND. BUT WE BELIEVE THAT ALL THE FUNDS THAT WE WILL GET FROM EUROPE AND THE REFORM START WILL BE ROLLED OUT ARE SOMEHOW THE FIRST STEPS FOR A STRONG ECONOMIC GROWTH BASED ON A NUMBER OF PILLARS.

AND OF COURSE, RISKS HAVE TO BE TAKEN INTO ACCOUNT OR HAVE TO BE FACTORED IN, BUT WE DON'T EXPECT ANY OTHER COVID EFFECTS IN 2022, IF NOT VERY LIMITED ONE IN INDIVIDUAL MUNICIPALITIES.

ANOTHER RISK IS INFLATION. AND THERE'S A LOT OF INFLATION COMING FROM THE INCREASE IN THE COST OF ENERGY. NOT SO MUCH DRIVEN BY THE INCREASE IN CONSUMPTION. BUT FOR US, IT'S A RISK OPPORTUNITY, ITS RISK/OPPORTUNITY, BECAUSE OUR CONTRACTS AS YOU KNOW ARE INFLATION INDEXED.

LET ME NOW MOVE ON TO PAGE 10. COVID IS SOMEHOW ACCELERATING, SPEEDING UP SOME MACRO TRENDS OR GLOBAL TRENDS. SOME OF THESE TRENDS WERE LISTED ON THE SCREEN. WE HIGHLIGHTED URBANIZATION FIRST OF ALL AND MORE AND MORE PEOPLE ARE MOVING TO LARGE TOWNS AND CITIES. THE IDEA OF PROXIMITY IS VERY IMPORTANT ESPECIALLY NOWADAYS, THAT WE WERE FORCED TO STAY AT HOME, SO WE HAVE TO ADAPT AND RECONVERT URBAN AREAS TO COMPLY WITH SMART MOBILITY AND SMART WORKING NEEDS. OUR GREATER ATTENTION TO QUALITY OF LIFE, WELL-BEING, WELLNESS, PHYSICAL ACTIVITIES, PERSONAL CARE, THERE ARE MORE HEALTH AND PUBLIC AND PRIVATE HEALTH RESOURCES AND CLINICS, A LOT OF THE PNRR RESOURCES WILL BE DEVOTED TO THE NEW HEALTH PROGRAM OR HEALTH PLAN THROUGHOUT ITALY. AND THEN, SHOPPING AND SERVICES THAT HAVE TO BE CLOSE AT HAND. AND WE HAVE SHOPPING CENTERS THAT ARE VERY CLOSE AND VERY MUCH EMBEDDED INTO THE URBAN FABRIC AND THEN HEALTHY AND FRESH FOOD FOR INSTANCE.

AND THEN DIGITALIZATION. DIGITALIZATION IS THE BUZZWORD RIGHT NOW. AND HERE TOO THE PNRR WILL ALLOCATE RESOURCES TO THE DIGITALIZATION PLAN FOR ITALY AS A COUNTRY. CONNECTIONS WILL HAVE TO BE FASTER AND FASTER BANDWIDTH ET CETERA. AND THE SERVICE OFFERING WILL HAVE TO BE CUSTOMIZED. AND OF COURSE, THERE WILL HAVE TO BE MORE INTEGRATION BETWEEN ONLINE AND OFFLINE. GREEN REVOLUTION IS SOMETHING REAL, WE'RE ALL AFFECTED BY IT. WE'VE SEEN WHAT HAPPENED IN THE MIDWEST, IN THE US NOT VERY LONG AGO, LOTS OF TORNADOES HITTING THE COUNTRY. AND PRESIDENT, BIDEN SAID THIS IS VERY MUCH AFFECTED BY CLIMATE CHANGE AND ENERGY TRANSITION, SO EMISSIONS AND WASTE REDUCTION, ELECTRIC VEHICLES, GREEN AND SUSTAINABLE FINANCE.

PAGE 11, NOW, AND WE OF COURSE, WE'VE EMBEDDED THESE TRENDS INTO OUR OPERATIONS. WE HAVE 4 MAIN OPERATING INITIATIVES, COMMERCIAL STRATEGY, ASSET MANAGEMENT, FINANCIAL PLANNING, AND SUSTAINABILITY. FOR EACH AND EVERY ONE OF THESE THEMES, WE HAVE TRIED TO DEFINE OBJECTIVES AND MEDIUM-TERM STRATEGIES.

AND ALL THAT, OF COURSE, LEVERAGING WHAT WE BELIEVE IS AN EFFICIENT AND EFFECTIVE BUSINESS MODEL. THIS IS A RE SNAPSHOT TAKEN OF OUR IMOLA SHOPPING CENTER, IT'S A DOMINANT SHOPPING CENTER. IT'S NOT IN ABSOLUTE TERMS, BUT IN THAT SPECIFIC CATCHMENT AREA, IT'S A DOMINANT SHOPPING CENTER. IT'S AN URBAN SHOPPING CENTER, VERY CLOSE TO THE CITY CENTER TO DOWNTOWN, 1 TO 1.5 KILOMETERS FROM THE CITY CENTER, STRONG PRESENCE FOR THE FOOD ANCHOR, WE HAVE A HYPER SHOP THERE, NOT JUST PRODUCTS BUT ALSO SERVICES. WE HAVE DENTAL CLINICS, WE HAVE OUTPATIENT CLINICS. IT'S VERY SIMILAR TO CENTRO BORGO AND BOLOGNA, BUT MANY OTHER CENTERS ARE BEING ADAPTED TO THESE NEW NEEDS.

AND THEN ABOUT STRATEGIC ACTIONS AND OPERATIONS. AGAIN, FOR DIFFERENT STRATEGIES COMMERCIAL AND MARKETING STRATEGY, IT'S A PLAN WE HAVE COME UP WITH BASED ON THE SPECIFIC FEATURES OF EVERY SHOPPING CENTERS. WE OWN 27 SHOPPING CENTERS IN 11 REGIONS FROM NORTHERN TO CENTRAL AND SOUTHERN REGION CAMPANIA, SICILY. AND SO EACH AND EVERY SHOPPING CENTER HAS ITS OWN DISTINCTIVE FEATURES, ITS OWN CATCHMENT AREA, AND THEREFORE HAVE ITS OWN MERCHANDISER MIX, LAYOUT, DIFFERENT DIGITAL MARKETING, IT DOES...THERE IS ONE-SIZE FITS ALL, NO COMMON RECIPE. SO, MERCHANDISING MIX, WHAT WILL IT BE LIKE? HOW WILL IT CHANGE GOING FORWARD IN THE NEXT FEW YEARS? HOW WILL THE SHOPPING CENTER LAYOUT WILL CHANGE BASED ON THE NEW PRODUCT CATEGORIES THAT WILL BE INTRODUCED, AND ALSO FROM THE DEMANDS WE GET FROM OUR VISITORS. WHAT WILL WE DO FROM A DIGITAL MARKETING VIEWPOINT WITH OUR CRM? WE'VE BEEN WORKING WITH IT FOR A COUPLE OF YEARS NOW, IT SHOULD BE UP AND RUNNING FROM 2022 WELL, WITHIN THE ENTIRE BUSINESS PLAN TIME HORIZON.

AND THEN EVENTS, IN 2019, WE HAVE ORGANIZED 700 EVENTS IN OUR 27 SHOPPING CENTERS, 2 PER MONTH IN EVERY SHOPPING CENTER AND THAT CAME TO A HALT BECAUSE OF COVID. BUT WE ARE STARTING AGAIN. I DON'T THINK WE'LL GO BACK TO 700 EVENTS PER YEAR. HOWEVER, WE WILL HAVE MANY DIGITAL EVENTS AND WE'RE GOING TO GIVE YOU SOME IDEAS IN THE COMING PAGE.

LET'S HAVE A LOOK AT THE MERCHANDISING MIX. WELL, ON PAGE 15 OF OUR PRESENTATION. WE THINK OUR MODELS ARE SCALABLE AND REPLICABLE. AND WE TALK ABOUT HEALTH AND WELL-BEING, WE'RE NOT STARTING FROM SCRATCH. OVER THE LAST FEW YEARS, WE'VE INTRODUCED 21 DENTAL CLINICS, STARTING FROM 2013, AND ONE FOR EVERY SHOPPING CENTER ALMOST.

AND RECENTLY WE'VE OPENED A NEW MEDICAL CENTER AN OUTPATIENT CLINIC, AND THEN ONE WILL SOON BE OPEN, AS SOON AS, WE GET TO THE NHS NATIONAL HEALTH SERVICE AUTHORIZATION CENTRO CASILINO AS WELL; IN 2022 2 MORE FITNESS CENTER WILL BE OPENED, ONE IN LIVORNO IN THE PORTA A MARE PROJECT, AND THEN, ONE IN GROSSETO IN AN EXTERNAL AREA FROM THE SHOPPING CENTER.

WELL, WE KNOW THAT A LOT OF FUNDS WERE ALLOCATED WITHIN THE PNRR FACILITIES FOR HEALTH PURPOSES. SO, THERE WILL BE A RESOURCES TO DRAW FROM. ANOTHER PRODUCT CATEGORY THAT WE WANT TO BET ON IS THE HOUSEHOLD GOODS. OVER THE LAST 2 YEARS, WE OPENED 5,500 SQUARE METERS OF SHOPS IN THE HOUSEHOLD GOODS INDUSTRY. 3 ARE HAPPY CASA, IT'S A VERY SUCCESSFUL FORMAT, BUT ALSO MONDO CONVENIENZA, WHICH I THINK IS THE ITALIAN IKEA, IS GROWING A LOT, AND WE OPENED A MEDIUM SIZE SURFACE IN RAVENNA AND THEY ARE DOING REMARKABLE REVENUES THERE. WE'LL SHOW YOU SOME PICTURES.

AND THEN IN 2022, WE SIGNED AN AGREEMENT WITH PORTOBELLO, IT'S A NEW BRAND, THEY ARE GROWING FAST, ALWAYS IN THE HOUSEHOLD GOODS WORLD OR UNIVERSE. WE WILL OPEN 3,200 SQUARE METERS OF PORTOBELLO TO THEN EXPAND ITS FRANCHISE IN OTHER SHOPPING CENTERS AS WELL. WE'RE SCOUTING FOR NEW FORMATS, WITH NEW AND EMERGING BRANDS TO EXTEND THE OFFER.

FOOD COURT, WELL THEY WERE THE INDUSTRY THAT WAS MOST HIT OVER THE LAST COUPLE OF YEARS AND EVEN MORE SO IN SHOPPING CENTERS BECAUSE SHOPPING CENTERS, CENTERS WERE MAINLY WORKING DURING LUNCH TIME, BECAUSE PEOPLE WORKING AROUND THE AREA WOULD GO AND HAVE LUNCH AT THE SHOPPING CENTER, BECAUSE THERE WERE OFFICES AROUND THE SHOPPING CENTER. AND NOW MANY PEOPLE ARE STILL DOING SMART WORKING, AND THEREFORE THE RESTAURANTS IN THE SHOPPING CENTERS WERE STRONGLY AFFECTED, BUT STILL, THEY ARE PROVEN TO BE BUOYANT.

TO BE LIVELY. NEW FORMATS ARE BEING LAUNCHED. THE HAWAIIAN RESTAURANTS, THE POKE RESTAURANTS, WE OPENED 8 OF THEM IN 2021 WITH A POKE BRAND. 5 WILL BE OPENED IN 2022. IT'S A VERY LIVELY INDUSTRY. AND IN 2022 THERE'LL BE NEW OPENINGS, AND IN 2022 I'M GOING FORWARD, WE WILL FOCUS ON ETHNIC, BIO-ORGANIC, FOOD, HEALTHY FOOD, NOT THE TRADITIONAL RESTAURANT, SIMILAR TO A CANTEEN WHERE YOU HAVE YOUR TRAY, YOU PICK THINGS AND THEN YOU GO TO THE CASHIER DESK, AS IF YOU WERE IN AN AUTO GRILL ON THE BUS WAY. AND THEN OTHER PRODUCT TYPES AND PRODUCT CATEGORIES, WE'RE GOING TO BET ON A LOT IS THE TECH OFFERING. THERE ARE 50 NEW SHOPS THAT HAVE BEEN OPENED IN THE LAST 2 YEARS AND I'LL GIVE YOU AN EXAMPLE HERE ITS MED STORE, WHICH IS AN APPLE RESELLER. AND THE OTHER EXAMPLE IS MI STORE AT THE TIBURTINO SHOPPING CENTER. THIS IS A CHINESE TECH COMPANY WITH A WIDE PRODUCTS RANGE. WE ARE PLANNING TO GROW, WE ALREADY HAVE SOME GOOD AGREEMENTS WITH UNIEURO WHO'S GOING TO OPEN A NEW STORE IN 2022 IN PORTO D'ASCOLI. WE ARE CURRENTLY RENOVATING THE SPACE; WE WILL BE SCOUTING ON THE MARKET TO BE TOP OF THE NOTCH IN TERMS OF TECH OFTEN.

SPORTS HAS GROWN MASSIVELY OVER THE LAST 2 YEARS. ALMOST EVERYONE IN THE WORLD HAS CREATED A SMALL GYM AT HOME. EVERYONE STARTED RUNNING AT A PARK. SO, THIS IS ANOTHER PRODUCT AREA, WHICH IS VERY DYNAMIC, WE HAVE OPENED LOTS OF STORES. HERE YOU HAVE A FEW EXAMPLES. A NEW OPENING IS BEING PLANNED IN IMOLA AS SOON AS POSSIBLE. ACTUALLY, WE WANTED TO OPEN BY YEAR-END, BUT WE HAVE TO SLOW DOWN A LITTLE BIT OUR CONSTRUCTION WORKS AT THE LEONARDO SHOPPING CENTER. SO SPORT IS ANOTHER AREA WHERE WE'RE GOING TO INVEST.

AND FINALLY, THE SO-CALLED FAMILY STORES. THESE ARE STORES WITH A STRONG FOCUS ON FAMILIES, HOME, CHILDREN WITH GOOD VALUE FOR MONEY. AND HERE WE HAVE 2 EXAMPLES. PEPKO, PEPKO IS A POLISH BRAND OR CHAIN. WE GOT TO KNOW PEPKO IN ROMANIA AND WE HAVE A FEW STORES WITH THEM ROMANIA, THEY ASKED US TO EXPAND IN ITALY AND WE ACCEPTED, WE'VE OPENED 8 PEPKO STORES OVER THE LAST 2 YEARS FOR A TOTAL OF ALMOST 5,000 SQUARE METERS. IN 2022, WE WILL OPEN 700 ADDITIONAL SQUARE METERS AND A LOT MORE PROBABLY IN THE FUTURE.

LAYOUT ARE ADAPTING TO THE NEW PRODUCT MIX AND ALSO TO THE NEW TYPE OF DEMAND WE ARE SEEING ON THE MARKET. SHOPPING CENTERS WILL HAVE TO HAVE NICE OUTDOOR SPACES THAT CAN BE USED FOR INTERESTING ACTIVITIES. THIS EXAMPLE IS IN ROMA CASILINO, WE ARE CREATING A ROOFTOP AT THE CENTRO CASALINO WHERE WE WILL HAVE OUTDOOR RESTAURANTS AND CAFES. SO, THE IDEA IS TO ALLOW PEOPLE TO LEAVE OUTDOOR, WE ALSO HAVE SPECIFIC AIR DEVOTED TO SMART WORKING OR SMART STUDYING, WHERE ADDITIONAL SERVICES ARE ALSO AVAILABLE, RESTAURANTS, CAFES AND OTHER PROXIMITY SERVICES.

SO, THIS IS AN EXAMPLE OF WHAT WE ARE DOING OUTDOOR. THIS IS RAVENNA CENTRO ONE OF OUR MAJOR SHOPPING MALL MORE THAN 100 STORES, A BIG HYPERMARKET AND A LOT OF OUTDOOR UNTAPPED SPACE. SO, WE DECIDED TO ADAPT THESE OUTDOOR SPACES TO THE NEW NEEDS. WE WILL CREATE SOME PADDLE COURTS THAT WE WILL ALSO CREATE A PHOTOVOLTAIC SHELTERS CONNECTING THE PADDLE COURT TO THE MAIN STORES. WE WILL ALSO HAVE FOOD TRUCKS DEVOTED TO WITH RIDERS AND ALSO WE WILL HAVE FOOD KIOSKS AND AREAS FOR WINDING DOWN IN THE OUTDOORS.

PAGE 19, I'VE MENTIONED OUR OMNI-CHANNEL APPROACH MEANING A STRONGER INTEGRATION BETWEEN THE PHYSICAL AND THE DIGITAL CHANNELS. WE ARE DEVELOPING A NUMBER OF APPS TOGETHER WITH OUR MARKETING SERVICES THAT WE'RE INVESTING A LOT ON THIS. SO NEW APPS, ONLINE RESERVATION SYSTEMS THIS WILL BOOSTER CLIENT LOYALTY. THIS IS DONE THROUGH THE CRM. WE WILL ALSO DEVELOP THE CLICK AND COLLECT AND DELIVERY SERVICES. AND WE WILL EXPAND THESE APPS ALSO TO MARKETING ACTIVITIES VIA PROMOTIONS, CAMPAIGNS. AND, OF COURSE, ALL OF THESE WILL BE CONNECTED TO OUR SOCIAL OUTLETS. THIS DIGITAL PLAN WILL INVOLVE FOOD COURT, SMART AREAS, SMART WORKING AREAS, BUT ALSO OTHER ACTIVITIES.

PAGE 20, HERE YOU HAVE SOME ADDITIONAL DETAILS CONCERNING OUR DIGITAL PLAN, WHICH STARTED BACK IN 2020. SO, IN 2020 AND 2021 WERE TO SPEAK PREPARATORY TIMES THAT WE GOT ALL PRESS DOWN ON THE ACCELERATOR ON THIS DIGITAL EXPANSION. WE ARE WORKING ON OUR DIGITAL OFFER; EVERYTHING WILL BE POSSIBLE. THANKS TO A VERY STRONG COOPERATION WITH VISITORS THROUGH CUSTOMER ENGAGEMENT, BUT ALSO WITH OUR TENANTS VIA TENANT ENGAGEMENT.

WE CAN GIVE YOU THE FIGURES ABOUT THE CONTACT OVER THE LAST FEW MONTHS TO 100,000 IN 6 MONTHS UP 30%. THIS SINCE THE LAUNCH OF AREA PLUS EVENTS. WE THINK EVENTS ARE CRUCIAL, ALREADY SAID SO A FEW MINUTES AGO. WE ARE ADOPTING THIS FORMAT TO THE NEW SITUATION. THESE ARE 2 EXAMPLES, THE EVENTS THAT WERE ORGANIZED RECENTLY. THE PHYSICAL EVENTS WILL BE MATCHED WITH DIGITAL EVENTS.

NOW, LET'S TALK ABOUT OUR ASSET MANAGEMENT STRATEGY PAGE 22. WHAT'S THE TARGET? WELL, THE TARGET IS TO INVEST OVER THE NEXT 3 YEARS. OF COURSE, WE HAVE ALWAYS BEEN INVESTING. WE'VE JUST PUT OFF A FEW INVESTMENTS IN 2020 AND 2021. HOWEVER, IN THE FUTURE, WE MUST CONTINUE INVESTING IN OUR SHOPPING MALLS TO MAKE THEM ATTRACTIVE AND ALSO TO LENGTHEN THEIR LIFE CYCLE. 4 MAIN AREAS, WE HAVE A NUMBER OF RESTYLING, REMODELING AND FIT-OUT PROJECTS. SECONDLY, WE HAVE A NUMBER OF DEVELOPMENT PROJECTS. THERE IS ONE IN PARTICULAR I AM THINKING ABOUT, I.E., THE LIVORNO PROJECT. IN 2022, WE WILL OPEN OFFICINE STORICHE.

THIRD AREA IS ENERGY EFFICIENCY INVESTMENTS. OF COURSE, THIS IS SOMETHING WE ARE USED TO DO ALSO IN THE PAST BUT WE WILL ACCELERATE THIS AND FINALLY, WE HAVE IDENTIFIED AN ASSET ROTATION STRATEGY. WE HAVE IDENTIFIED SOME NON-CORE ASSETS WHICH WE ARE CONSIDERING DISPOSING OFF. THE INVESTMENTS, TOTAL OF €82 MILLION, A PART OF THESE INVESTMENTS HAVE ALREADY BEEN FORECASTED FOR 2020 AND 2021. THEY HAVE JUST BEEN PUT OFF. THEY HAVE JUST BEEN POSTPONED. SO WE HAVE NOW HAVE TO CATCH UP ON THERE, AFTER FOR 2 YEARS.

AND THEN THERE ARE SOME ASSET MAINTENANCE CAPEX INCLUDING SOME ANTI-SEISMIC AND COMPLIANCE CAPEX. PEOPLE WHO ARE INTERESTED IN INVESTING IN THESE ASSETS INCLUDING BANKS OR INCLUDING BUYERS OR INVESTORS OF COURSE WANT OUR ASSETS TO BE COMPLIANT WITH EXISTING REGULATIONS. SO THIS LOOKS LIKE A LOT OF MONEY BUT IT'S JUST 1.5% OF THE TOTAL PORTFOLIO.

THEN WE HAVE ESG INVESTMENTS, €12 MILLION AS A TOTAL, NOT THAT MUCH BUT THIS IS WHAT WE ACTUALLY NEED. THESE ARE ENERGY EFFICIENCY INVESTMENTS, PHOTOVOLTAIC LED LIGHTING INVESTMENTS, COGENERATION SYSTEMS IN OUR STORES WITH THE AIM OF IMPROVING OUR ENERGY EFFICIENCY.

THEN WE HAVE €24 MILLION IN RESTYLING, REMODELING AND FIT-OUTS. WE ARE TALKING ABOUT 4 MAJOR RESTYLING PROJECTS IN THE COMING YEAR IN SLIDE. AND FINALLY, WE HAVE THE PORTA A MARE DEVELOPMENT PROJECT WHICH WILL BE FINALIZED BY THE FIRST HALF OF 2022. THIS IS...ACCOUNTS FOR €13 MILLION, SOME €10 MILLION WILL BE DEVOTED TO THE COMMERCIAL AREA AND SLIGHTLY LESS THAN €3 MILLION WILL BE USED FOR THE RESIDENTIAL AREA. AND THERE ARE SOME POSITIVE SIGNS COMING FROM THE RESIDENTIAL AREA.

PORTOGRANDE, THAT'S THE FIRST PROJECT I WOULD LIKE TO FOCUS ON. PORTOGRANDE, THE HYPER MARKET AT PORTOGRANDE HAS ALREADY BEEN SCALED DOWN. THIS WAS SOMETHING THAT WE HAD ALREADY ENVISAGED IN OUR PREVIOUS BUSINESS PLAN. THE RESTYLING WILL BE COMPLETED IN 2023, FIRST HALF OF 2023. NEW MEDIUM-SIZED SURFACES WILL BE OPENED. WE ALREADY HAVE 3 SURFACES, THEY ARE TOTALLY RENT OUT. THEY WILL START PROVIDING INCOME STARTING FROM NEXT YEAR, 21,800 SQUARE METERS OF SURFACE, SO VERY CONSIDERABLE RESTYLING EFFORT, PHOTOVOLTAICS AND LED LIGHTING €4.6 MILLION THAT WILL MAINLY BE FINALIZED BY 2022 OR 2023. THIS IS LAFAVORITA IN MANTUA. WE HAVE ALREADY STARTED CONSTRUCTION WORKS AND THIS PROJECT WILL BE FINALIZED IN THE SECOND HALF OF 2022. AN IMPORTANT RESTYLING OF THE FAÇADE OF THE PARKING LOT, FOOD COURT REMODELING. THIS IS A SHOPPING MALL WHICH IS PART OF A VERY CENTRAL AREA IN MANTUA. THIS IS A COMMERCIAL PARK WITH PALASPORT WHERE SPORT ACTIVITIES, CONCERTS, EXHIBITIONS TAKE PLACE. SO WE ARE VERY CLOSE TO THIS AREA. AGAIN, WE ARE DOING SOME RESTYLING ACTIVITIES BUT AT THE SAME

TIME, WE WILL TAKE THIS OPPORTUNITY TO INSTALL PHOTOVOLTAIC AND LED LIGHTING SYSTEMS AT €4.3 MILLION IN TOTAL.

WE ALSO HAVE 2 MAJOR INVESTMENTS IN SICILY. THEY WERE ALREADY PART OF THE PREVIOUS BUSINESS PLAN. IT'S A REMODELING PROJECT. WE ARE SCALING DOWN, REDUCING THE HYPER MARKET TO CREATE NEW MEDIUM SIZED PLAZAS OR SQUARES AND AREAS. SO THE REDUCTION OF THE HYPERMARKET WILL START NEXT YEAR. THERE IS LOTS OF INTEREST PARTICULARLY FOR CATANIA WHICH IS IN A CRUCIAL, STRATEGIC POSITION. WE WANT TO FINISH THE REMODELING BY THE SECOND HALF OF 2022 AND AGAIN, IT ALL STARTS WITH THE HYPERMARKET SCALING DOWN.

AND FINALLY, THIS IS PROBABLY THE MOST IMPORTANT DEVELOPMENT PROJECT, PORTA A MARE LIVORNO. THIS IS MIXED USE PROJECT. MANY OF YOU ARE QUITE FAMILIAR WITH THIS PROJECT. THIS IS ON PAGE 28. YOU HAVE A RENDERING OF HOW WE ARE PLANNING TO DEVELOP THE ENTIRE AREA. LOTS OF RESOURCES HAVE BEEN DEVOTED TO THIS PROJECT. THE FIRST PART WILL BE ACCOMPLISHED DURING THE FIRST HALF OF 2022 WITH OFFICINE STORICHE. WE HAVE ALSO OPENED A RETAIL AREA, PIAZZA MAZZINI. WE HAVE SOLD 72 APARTMENTS OR RESIDENTIAL UNITS, ANOTHER ONE WILL BE SOLD IN THE COMING MONTHS. AND THEN PALAZZO ORLANDO, WHICH HAS ALREADY BEEN SOLD.

NOW, ON PAGE 29, WE HAVE A FEW MORE DETAILS ABOUT OFFICINE STORICHE, 20,000 SQUARE METERS OF SUPER MARKET OR OF GALLERIES OR STORES. SO IT'S 30 SHOPS AND A FITNESS CENTER AND ALSO 10 RESTAURANTS. AND THEN YOU HAVE THE HARBOR. THIS IS THE OLD SHIP YARD. AS I SAID, THERE ARE 42 FLATS TO BE SOLD, 20 PRELIMINARY AGREEMENTS HAVE ALREADY BEEN SIGNED AS OF TODAY. THEY WILL BE FINALIZED NEXT JUNE. AND WE ALSO THINK THAT WE WILL EASILY MANAGE TO SELL THE REMAINING 22 APARTMENTS BETWEEN 2022 AND 2023. SO THE TOTAL INVESTMENT IS €12.8 MILLION, BOTH FOR RESIDENTIAL AND THE COMMERCIAL AREA.

ON PAGE 13, WE GIVE YOU EXAMPLE OF ENERGY EFFICIENCY. THIS IS NOT A RENDERING. IT'S JUST A DRAWING BUT THERE ARE SOME MAJOR FIGURES TO BE MENTIONED. WE WILL INCREASE THE GREEN SURFACE IN 4 SHOPPING CENTERS TO MAKE THEM BETTER LIVABLE OUTSIDE OUTDOORS AS WELL. AND WE WILL HAVE PHOTOVOLTAIC SYSTEM IN 7 SHOPPING CENTERS EITHER ON THE ROOF TOP OR CREATING SHELTERS OR ROOFTOPS ON THE PARKING LOT, AND THEN WE WILL HAVE LED LIGHTING SYSTEMS IN OUR SHOPPING CENTERS. WE WILL ELIMINATE INDUCTION BOILERS AND WE WILL HAVE HIGH EFFICIENCY HOT/COLD SYSTEM IN 13 SHOPPING CENTERS.

JUST TO GIVE YOU AN EXAMPLE OF HOW WE ARE GOING TO IMPROVE ENERGY EFFICIENCY, WE WILL HAVE ARTIFICIAL INTELLIGENT DEVICES IN 25 SHOPPING CENTERS TO OPTIMIZE ENERGY CONSUMPTION. WE

DISCUSSED IT WITH THE BOARD, INVESTING IN ESG IS NO LONGER AN OPTION. IT'S A MUST. IF WE WANT OUR SHOPPING CENTERS TO BE COMPLIANT WITH THE NEEDS OF VISITORS, CONSUMERS, INVESTORS ET CETERA. ENERGY EFFICIENCY TARGETS, HERE YOU SEE REDUCING GREENHOUSE GAS EMISSION BASE LINE 2018 AND UNTIL 2025, DOWN 21.5% AND WE WOULD LIKE TO HAVE AT LEAST ONE ASSET THAT IS CARBON POSITIVE BY 2030 AND WE WANT TO HAVE 100% USE OF ENERGY FROM RENEWABLE SOURCES AND THAT IS ALREADY THE CASE.

A VERY SHORT FOCUS ON ROMANIA. IT'S PAGE 32 IN THE PRESENTATION, AND THESE ARE THE MAIN FEATURES OF OUR ROMANIAN PORTFOLIO. EXTENDED NETWORK, 13 MEDIUM SIZED ROMANIAN CITIES, STRATEGIC LOCATIONS IN THE MAIN SQUARES OF THESE OR IN THE CITY CENTER OF THESE ROMANIAN CITIES, THEY ARE ADAPTABLE AND FLEXIBLE ASSETS. WE HAVE DIRECT MANAGEMENT AND ROMANIA IS A CASH COW OR CASH PRODUCER IF YOU WISH. AND ROMANIA IS EMBEDDED INTO THE IGD'S BROADER PLAN, FFO GENERATED SHOULD BE €19.4 MILLION OF WHICH €5 MILLION WILL BE DEVOTED TO THE CAPEX PLAN AND €13.5 MILLION WILL BE DIVIDENDS PAID OUT BY OUR ROMANIAN SUBSIDIARY TO TO THE PARENT COMPANY. EVERYTHING IS SELF-FINANCED, 100% SELF-FINANCED. AND ROMANIA WILL KEEP ON HAVING NO FINANCIAL LEVERAGE.

I TALKED ABOUT ASSET ROTATION, LET'S MOVE ON TO PAGE 33. WITHIN THE BUSINESS PLAN TIME HORIZON, WE AIM TO DO SOMETHING WE HAVE NOT YET GIVEN YOU AN IMPACT ON THE MAIN FINANCIAL INDICATORS. WE ARE THINKING OF POTENTIAL DISPOSAL OF €180 MILLION TO €200 MILLION OVER THE BUSINESS PLAN TIME SPAN. WE HAVE THE POTENTIAL TARGETS, FIRST AND FOREMOST ROMANIA AND NOW IT'S AT €130 MILLION BOOK VALUE. AND I SAID WE WANT TO DISPOSE OF ROMANIA BUT NOT SELL OFF ROMANIA AT ANY RATE, IT HAS TO BE A VALUE VERY CLOSE TO BOOK VALUE. WE HAVE ANOTHER 3 STANDALONE HYPERMARKETS, AROUND €40 MILLION, AND THAT COULD BE THE NEXT SALE.

THEN WE HAVE 3 PLUS LAND IN PORTA A MARE, THEY STILL HAVE TO BE DEVELOPED. AND WE THINK WE'RE GOING TO ENHANCE OR LEVERAGE THESE 3 ITEMS, THERE COULD BE A €6 MILLION TO €7 MILLION CAPEX PORTION IN THE 3 PORTA A MARE PLOTS OF LAND, YOU COULD BUILD A HOTEL AND SERVICES, YOU NAME IT, AND WE'D RATHER ENHANCE THEIR VALUE, DEVELOP AND THEN DISPOSE OF THEM. ALTOGETHER, THERE SHOULD BE €180 MILLION TO €200 MILLION, PROVIDED WE CAN ACTUALLY DISPOSE OF THOSE ASSETS. THEY ARE NOT FACTORED IN WITH EITHER A POSITIVE OR NEGATIVE IMPACT ON OUR PLAN. WE COULD REINVEST THE PROCEEDS IN THE ITALIAN MARKET IN THE RETAIL BUSINESS WITH POSSIBLE ECONOMIES OF SCALE OR WE CAN CUT OUR FINANCIAL LEVERAGE, OUR GEARING THE ICG DISPOSAL HAS BEEN COMPLETELY DEVOTED TO CUT OUR FINANCIAL LEVERAGE. THAT'S WHY WE EXPECT A LOAN-TO-VALUE OF 45% AT YEAR-END. AND WE'RE GOING TO CUT OUR FINANCIAL LEVERAGE DESPITE THE DISPOSALS WITHOUT RESORTING TO DISPOSAL AND WE COULD, WHY NOT USE THE GENERATED CASH FLOW FROM THE POTENTIAL DISPOSALS.

WE COULD USE THE POSSIBLE PROCEEDS TO INVEST IN INDUSTRY OR BUSINESSES THAT ARE DIFFERENT FROM RETAIL. THIS IS SOMETHING THE BOARD WILL LOOK INTO. IT'S STILL OUTSTANDING. FIRST, WE HAVE TO COMPLETE THE DISPOSALS AND THEN WE WILL MAKE A DECISION AS TO WHEN AND HOW TO REINVEST THE ENTERED CASH FLOW

AND LET'S NOW MOVE ON TO THE FINANCIAL STRATEGY. WE WANT TO OBTAIN OF COURSE, THE BEST ECONOMIC CONDITIONS WHATEVER THE MARKET BACKDROP AND MINIMIZE OUR EXPOSURE TO FINANCIAL RISK. WE WILL KEEP ON WORKING AND OPERATING WITH AN INTEREST RATE RISK COVERAGE OR HEDGING. AND YOU KNOW THAT THERE MIGHT BE A HIKE IN RATES AND THEREFORE EVEN MORE SO WE NEED TO CUT THAT RISK, REDUCE THAT RISK, MINIMIZE THAT RISK. AND IMPROVE OUR CREDIT WORTHINESS THAT IS STILL VERY HIGH BOTH AT BANKING LEVEL AND IN THE FIXED INCOME MARKET.

SO STRATEGY IS TO RETAIN A RIGOROUS FINANCIAL DISCIPLINE AND CONSISTENT WITH THE INVESTMENT GRADE PROFILE. OVER THE LAST FEW WEEKS, WE HAD A CONFIRM...CONFIRMATION BY FITCH INVESTMENT GRADE RATING WITH AN IMPROVED OUTLOOK FROM NEGATIVE TO STABLE. S&P ITSELF OVER THE LAST FEW DAYS IMPROVED OUR OUTLOOK DESPITE US BEING ONE NOTCH BELOW INVESTMENT GRADE FROM NEGATIVE TO STABLE. SO THAT MAKES US OPTIMISTIC AFTER THE REFINANCING ACTIVITIES WE WILL BE RUNNING IN THE FIRST HALF OF 2022. AND THEN WE WILL REFINANCE OUR MATURITIES, OUR DEBTS.

IN THE FOLLOWING PAGE, YOU WILL SEE OUR DEBT MATURITY PROFILE, BUT WE'RE GOING TO REFINANCE OUR MATURITIES WELL AHEAD OF TIME WITH AN EARLY REFINANCING, EVEN THOUGH WE KNOW THAT HAVE A COST, BUT WE THINK THAT IS A CONSERVATIVE STRATEGY.

AND WE HAVE A LONG STANDING TRACK RECORD IN DEBT CAPITAL MARKET. AND WE WANT TO BE FLEXIBLE, BECAUSE WE MAY WANT TO GO TO THE DCM MARKET. BUT ALSO, WE DO NOT RULE OUT OTHER FORMS OF DEBT REFINANCING, BE IT IN THE MARKET OR USING OR RESORTING TO THE BANKING SYSTEM. BUT WE WANT TO BROADEN OUR INVESTOR BASE EVEN THOUGH IT'S QUITE WIDE ALREADY. BUT THE MESSAGE WE WANT TO CONVEY IS THAT WE ARE TRYING TO USE NEW SUSTAINABLE FINANCE INSTRUMENTS THAT ARE GROWING IN IMPORTANCE IN FINANCIAL MARKETS. AND I HAVE TO READ THE NOTE AT THE BOTTOM OF THE PAGE, THE 2020 TO '24 BUSINESS PLAN WILL BE COMPLETELY SELF-FINANCED AND WILL NOT REQUIRE ANY CAPITAL TRANSACTIONS.

ON PAGE 35, YOU WILL SEE IN A NUTSHELL, OUR DEBT MATURITY PROFILE, IT'S BELOW €1 BILLION WITH THE NET DEBT LANDING AT €990 MILLION WITH A LOAN-TO-VALUE WHICH WILL BE APPROXIMATELY, WE STRESS APPROXIMATELY BECAUSE WE WAIT FOR THE FAIR VALUE VALUATION AT YEAR-END, SO 45% CASH ON HAND, €116 MILLION, €115 MILLION CASH-IN FROM THE DISPOSAL PLUS ADDITIONAL CASH WE HAD

AVAILABLE THAT WILL ENABLE US. IN THE DOTTED PART, YOU SEE WE WILL HAVE A FULL COVERAGE OF OUR DEBT EXPIRING 2022. AND THEN TO START IN THE FIRST HALF OF 2022, TO REFINANCE THE OUTSTANDING DEBT OF ABOUT €270 MILLION IN 2023 RELYING ON OUR STRONG RATINGS, BOTH FROM FITCH AND S&P ONE NOTCH UNDER IG WITH A STABLE OUTLOOK.

MORE DETAILS, WE ARE WORKING TO REFINANCE OUR DEBT GOING FORWARD. AND THE AMBITION WE HAVE IS TO TRY AND LAY THE FOUNDATION TO ISSUE A SUSTAINABILITY LINKED BOND. BECAUSE WE KNOW THERE'S A LOT OF DEMAND FOR THAT KIND OF NOTE. AND WE ARE SETTING UP WITH THE HELP OF A PRIMARY ADVISOR; WE ARE SETTING UP THE RELEVANT FRAMEWORK FOR THAT ISSUANCE. WE ARE WELL AHEAD IN OUR WORK, BECAUSE WE'VE BEEN FOCUSING ON CSR ACTIVITIES FOR 10 YEARS NOW.

AND WE ARE TALKING ABOUT A SUSTAINABILITY LINKED BOND, NOT A GREEN BOND, WE HAVE €12 MILLION TO €13 MILLION WORTH OF GREEN INVESTMENTS. THAT'S NOT THE TARGET. WHAT WE WANT TO DO IS ISSUE A €400 MILLION BOND TIED IN WITH BROADER SUSTAINABILITY TARGETS WHICH IS WHAT YOU FIND IN THE NEXT PART. WE ALREADY HAVE A 10-YEAR TRACK RECORD IN SUSTAINABILITY. WE STARTED A PATHWAY 10 YEARS AGO AND WE'VE ROLLED THIS OUT AS WE MOVED ALONG TIME. AND WE'VE COME UP WITH THIS NEW ACRONYM, BECOMING G-R-E-A-T, PAGE 37 IN THE PRESENTATION. SO IT'S FIVE, IT'S AN ACRONYM, SO I THINK THERE ARE 5 ELEMENTS, UNITS IN OUR STRATEGY, GREEN, RESPONSIBLE, ETHICAL, ATTRACTIVE AND TOGETHER. IT'S A VERY, VERY SYNTHETIC, IT'S NOT THAT WE CAN COME UP WITH OUR SUSTAINABILITY REPORT RIGHT NOW. BUT WE'VE BEEN RUNNING A LOT OF ROADSHOWS WHERE INVESTORS ASK US TO ELABORATE ON OUR SUSTAINABILITY POLICY, AND OUR SUSTAINABILITY PLAN, WHICH VERY MUCH EMBEDDED AND INTEGRATED WITH THE BUSINESS PLAN, BECAUSE ON FINANCE FOR INSTANCE WE ARE WORKING ON THIS NECESSARY FRAMEWORK FOR US TO BE ABLE TO ISSUE A SUSTAINABILITY LINK BOND.

WE HAVE 4 TARGETS FROM HERE TO 2024 ITS MATERIAL TARGETS, MATERIAL FOR IGD AND THEY ARE CONSISTENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS SDGs. AND ITS 17 GOALS HERE YOU SEE 10, OF COURSE, BECAUSE THESE THE 10 GOALS THAT WE THINK MAY HAVE AN IMPACT ON OUR BUSINESS NOT 17, BUT 10. AND WE HAVE IDENTIFIED 41 TARGETS FROM HERE TO 2024, AND WE HAVE IDENTIFIED OUR AMBITIONS TOWARD 2030, WHICH IS THE TIME HORIZON FOR THE SDG PRINCIPLES TO BE FULLY RULED OUT.

WE HAVE THE TARGETS ON A PAGE-BY-PAGE BASIS FROM HERE TO 2024. SO YOU SEE GREEN PAGE 39, THE MOST MEASURABLE PARTS, OF COURSE, IS THE GREEN TARGETS, IT'S THE GREEN PART, BECAUSE THERE ARE INDICATORS THAT CAN BE MEASURES HANDS ON. SO 100% GREEN ENERGY PURCHASE DOUBLE THE USE OF THE ENERGY PRODUCTS FROM RENEWABLE SOURCES, REDUCE OUR ENERGY CONSUMPTION BY 15%, HAVE OTHER 9 MORE ASSETS GETTING A BREEAM CERTIFICATION, THIS IS A MUST IF YOU WANT TO GO TO THE

MARKETS, YOU NEED TO HAVE WITH THE DISPOSAL, YOU HAVE TO HAVE YOUR BREEAM CERTIFICATION, IT'S EASIER, IF YOU HAVE BREEAM CERTIFICATION IF YOU ARE LOOKING FOR INVESTORS, IT'S EASIER IF YOU HAVE BREEAM CERTIFICATION FOR THE GIVEN ASSETS YOU WANT FOR DISPOSE OF OR.

AND THEN 8 OF OUR ASSETS WERE CERTIFIED, THERE WERE 17 AND THEN USE OF ARTIFICIAL INTELLIGENCE TECHNOLOGY TO REDUCE ENERGY CONSUMPTION. AND BIODIVERSITY PROJECTS IN 4 SHOPPING CENTERS AND THEN MOBILITY 100% OF THE ITALIAN PORTFOLIO WHERE CHARGING STATIONS FOR ELECTRIC VEHICLES. AND THEN 2030 ON THE RIGHT HAND SIDE, OUR 2030 OBJECTIVES, ZERO CARBON EMISSIONS, I DON'T WANT TO GO ON FOR TOO LONG, BECAUSE I WANT TO LIVE ROOM FOR YOUR QUESTIONS AS WELL.

ON GREEN FOUNDATION YOU WILL FIND THE MAIN TARGETS WITHIN THE BUSINESS PLAN, TIME SPAN IT'S SIMILAR TO WHAT I SAID BEFORE. SO I AM GOING TO GO MORE QUICKLY ON THE OTHER TARGETS RESPONSIBILITY RESPONSIBLE, THESE ARE THE OBJECTIVES IN-HOUSE. AND SO, INNOVATION AWARD, SUSTAINABILITY, HEALTH, AND SAFETY YOU NAME IT. ETHICAL TARGETS, WE WOULD LIKE CONFIRM OUR LEGALITY RATING WE HAVE 3 STARS, IT'S THE MAXIMUM.

SO, WE WANT TO RECONFIRM THAT RATING AND NOT...WE DON'T WANT TO THEREFORE TO GET WORSE. WE WANT TO APPLY...TO HAVE A CORPORATE CYBER SECURITY IN PLACE...STRATEGY IN PLACE, AND WE WANT TO ASSESS OUR PROVIDERS ALONG THEIR SUPPLY CHAIN WITH A HUGER SUSTAINABILITY, AND THEN WE HAVE OBJECTIVES BY 2030 AND ATTRACTIVE. THIS IS THE PART THAT'S MORE CONNECTED WITH OUR INVESTMENT TARGET AND OBJECTIVES, WE WANT TO BE APPEALING, AND ATTRACTIVE WE WILL BE SO IF WE MANAGE TO ROLLOUT THE 4 KEY PROJECTS PORTOGRANDE, MANTOVA, CATANIA AND PALERMO. AND MORE AND MORE THAT GOES HAND IN HAND WITH THE COMMERCIAL STRATEGY, WE ARE TO ADAPT OUR SHOPPING CENTERS TO THE NEED OF LOCAL COMMUNITIES, THEY HAVE TO BE SPACES TO BE LIVED IN, THAT'S A PAYOFF...CORPORATE PAYOFF, SPACES TO BE LIVED IN.

AND THEN, LAST BUT NOT LEAST TOGETHER, TOGETHER WE'VE ALWAYS SAID THAT OUR SHOPPING CENTERS ARE DOMINANT, BUT ARE VERY MUCH INTEGRATED WITH THE CATCHMENT AREA, WHERE THE AREAS WHERE THEY ARE LOCATED, BUT WE WANT TO DO MORE TOWARDS OUR STAKEHOLDERS WITH OUR SUSTAINABILITY FRAMEWORK. WE WANT TO ENGAGE OUR STAKEHOLDERS MORE AND MORE. SO, SUSTAINABILITY FRAMEWORK THAT WILL BE DEFINED AND OUR CSR OFFICE IS WORKING WITH OUR FINANCE DEPART.

LET'S NOW HAVE A LOOK AT THE FINANCIAL FIGURES. LET'S START WITH THE NET RENTAL INCOME. WE ARE EXPECTING A CAGR MEANING AVERAGE ANNUAL GROWTH ON A LIKE-FOR-LIKE BASIS OF 5%, 6% IN

ITALY AND 8%, 9% IN ROMANIA, TOTAL IS 5%, 6%, ROMANIA ACCOUNTS FOR 5%, 6% OF THE TOTAL REVENUE. SO THAT'S OUR CAGR FOR THE NET RENTAL INCOME.

IN THE BOTTOM PART OF THE SLIDE, YOU HAVE THE NET INCOME FOR 2020 WHICH IS DRAMATICALLY AFFECTED BY COVID EFFECTS. AND THEN, ALSO YOU HAVE PART OF 2021, BUT YOU ALSO HAVE A RESTATE OF THE NET RENTAL INCOME WHERE WE STRIPPED OFF €11 MILLION. THIS €11 MILLION IS THE PROCEEDINGS OF THE DISPOSALS ALMOST €7 MILLION PLUS €4 MILLION WHICH IS THE VARIATION OF OUR MASTER LEASE CONTRACTS, WHICH IS NO LONGER A MASTER LEASE BUT IT IS ACTUALLY COMMERCIAL SERVICES CONTRACTS.

IF YOU COMPARE THE 2021 RESTARTED €107/€108, AND THE LIKE-FOR-LIKE GROWTH, ITALY AND ROMANIA PLUS THE POSITIVE EFFECT OF NEW OPENINGS AND RE-MODULATION, YOU END UP IN 2024 WITH 17%/20% OF GROWTH VERSUS THE 2021 RESTATED. SO €126 MILLION- €128 MILLION ROUGHLY.

AND IT TAKES ME TO THE NEXT SLIDE, AND I AM ALMOST FINISHED WITH MY PRESENTATION. THIS TAKES US TO FFOs WHICH IN 2024 WILL BE ROUGHLY BETWEEN €74 MILLION AND €76 MILLION, I THINK WE WILL BE OVER €70 MILLION ALREADY IN 2022, AND THIS FIGURE WILL BE CONSOLIDATED IN 2023 ENDING UP AT 74 AND 76 IN 2024. IF WE LOOK AT THE EXPECTED FOR 2021, YOU MIGHT REMEMBER THAT OUR GUIDANCE, WHICH WAS GIVEN DURING THE APPROVAL OF THE HALF YEAR REPORT MEANING IN AUGUST, THE GUIDANCE WAS INCREASED, THE GUIDANCE FOR THE ENTIRE YEAR, THE GUIDANCE HAD BEEN GIVEN IN FEBRUARY AT 3%, 4% NOW IT IS AT 7%, 8%.

WHILE WE ARE CONFIRMING THIS GUIDANCE WE WILL BE IN THE UPPER PART OF THE RANGE, SO ACTUALLY WE ARE EXPECTING EVEN TO BEAT THE GUIDANCE. WE WANTED TO BE PRUDENT WHEN WE ANNOUNCED THE REVIEW OF THE GUIDANCE, EVERYONE WAS SHOCKED BY WHAT HAPPENED LAST YEAR AFTER NOVEMBER WE DECIDED TO BE MORE CAUTIOUS. WE DON'T THINK IT WILL BE COVID RELATED EFFECTS, NO WE ARE NOT EXPECTING ANY CLOSURE. SO I THINK THAT THE GUIDANCE WILL BE CONFIRMED, AND AGAIN, WE WILL BE IN THE UPPER RANGE OF THE GUIDANCE AND IT MAYBE WE WILL ALSO BE ABLE TO BEAT THE GUIDANCE.

BUT LET'S START FROM THIS 63, 64 2021. WE ARE EXPECTING A SENSIBLE GROWTH, A MAJOR GROWTH ARE OVER 30%, BECAUSE OF ALL OF THIS WE ARE ALSO EXPECTING OUR LOAN TO VALUE WHICH END OF 2020 WAS DRAMATICALLY CLOSE TO THE 50% THRESHOLD. WE WERE ONLY SLIGHTLY BELOW THE 50% SLOW, AND THIS WAS THE RESULT OF 2 WRITE-DOWN IN 2019 AND 2020, WE HAD OVER €200 MILLION WRITE-DOWN, €80 MILLION IN 2019 AND €120 MILLION IN 2020. AND THIS DESPITE THE NET FINANCIAL POSITION HAVE NOT INCREASED ACTUALLY IT HAD GONE DOWN, BUT NEVERTHELESS OUR LOAN TO VALUE REALLY IS SKY ROCKED.

So, as of June 30, the evaluations remained unchanged, but because of the disposal and because of the cash generation, by year-end we are expecting our loan to value to go down to 45%. This loan to value will actually go down by 2024 by the end of our business plan, it will start going down in 2022, more markedly in 2023, and this despite the €80 million worth of investments and regardless of the fact that the company is going back to being a dividend paying company, and this is on page 48. You might have noticed that we have increased the dividend per share guidance. The first guidance was talking about, I mean this was at the time of the disposal which was one of the main criteria, or one of the main factors for the guidance. Now the guidance is at €0.25, €0.30, we'll try and do our best to be on the upper part of this range. Because of the disposal, we have now €16 million of reserves that we had frozen up, because of the disposal, and we are forced to pay out this €16 million in 2 years. We might decide to pay out this amount of money in either during the first year, or during the second year, or partially the first year and partially the second year, so it's up to us to decide how to pay out this €16 million of reserve. We want to go back paying a €0,50 dividend per share in 2024, as described on page 48.

And this takes me to the end of my presentation. I have some final remarks to wrap up. The main objective of the 2022-2024 business plan is proactive management of our assets to launch them into the future and prepare our assets for new market challenges. We think that our assets are strong, they proved to be strong and resilient during the pandemic.

We confirm that local, physical proximity retail is a resilient business and there are opportunities to grow. The new scenario is a scenario where the physical and the digital business are interconnected, and we are going to strengthen our status to new product mix and to tenant mix, those tenants that will be capture the new trends. We also want to confirm IGD as a dividend paying company, IGD since went to public, in 2005 we always paid out dividends, the only exception was 2021 over 2020, but now we are back to being a dividend paying company, and we expect our dividend per share to grow over time. And this is happening with a loan-to-value which is going down in a range between 40% and 43%.

Possible future scenarios, this is actually my very last slide. IGD wants to position itself as an aggregator of new assets, potentially from even different industry or sectors, the final target is to grow. We know that size is one of the most important critical factors that we have. We are small compared to other European international peers, but we want to grow,

LEVERAGING ON OUR KNOWHOW AND ALSO ON GREATER ECONOMIES OF SCALE, AND THIS WITH THE FINAL AIM OF CREATING VALUES. THIS, OF COURSE, WITH MARKET CONDITIONS ALLOWING.

NOW I'LL STOP HERE, AND OF COURSE, I AM AVAILABLE FOR QUESTIONS OR COMMENTS.

Q&A

OPERATOR: THIS IS THE CHORUS OPERATOR. THE Q&A SESSION IS NOW OPEN. IF YOU ARE INTERESTED IN RAISING A QUESTION, PLEASE DIGIT "*" FOLLOWED BY "1" ON YOUR PHONE. TO EXIT THE LIST OF PARTICIPANTS PLEASE PRESS "*" FOLLOWED BY "2." PLEASE USE YOUR...MAKE YOUR QUESTIONS BY USING YOUR HEADSETS. AGAIN, TO MAKE A QUESTION, PRESS "*" FOLLOWED BY "1."

THE FIRST QUESTION BY SIMONETTA CHIRIOTTI FROM MEDIOBANCA.

SIMONETTA CHIRIOTTI: GOOD AFTERNOON, AND THANK YOU VERY MUCH FOR YOUR PRESENTATION. I HAVE A NUMBER OF QUESTIONS. THE FIRST ONE HAS TO DO WITH YOUR STRATEGY AND YOUR PRODUCT MIX AND TENANT MIX STRATEGY, YOU KNOW, FOLLOWING THE RESULTS, YOU ARE POSTING. YOU SAID, THE TENANT SALES PICKED UP, DESPITE A REDUCTION IN FOOTFALLS. HOW DOES THIS REFLECT ON THE TENANTS THAT ARE MORE EXPOSED TO FOOTFALLS, FOR EXAMPLE, RESTAURANTS OR CAFES, THE FOOD AND BEVERAGE AREA OR INDUSTRIES. SO THIS 2.7 GROWTH, DOES THIS GROWTH INCLUDE ALSO THESE TYPES OF TENANTS, RESTAURANTS, AND CAFES AND HOW ARE THINGS GOING FOR THESE TYPE OF TENANTS?

SECOND QUESTION HAS TO DO WITH THE UNDERLYING BASE SCENARIO. CONCERNING REVALUATION, YOU ARE TALKING ABOUT YOUR LOAN-TO-VALUE GOING DOWN, AND I GUESS YOU MADE A FEW HYPOTHESIS IN TERMS OF YOUR ASSET VALUE. AND ALSO, AS FAR AS, THE CAPEX ARE CONCERNED, I GUESS, THIS IS REFLECTED ON THE ASSET VALUE. THANK YOU.

CLAUDIO ALBERTINI: OKAY. I'LL START ANSWERING. WELL, I THINK THIS QUESTION WAS MADE BY OUR BOARD MEMBERS THIS MORNING. YOU KNOW, THE PRODUCT MIX I MENTIONED, HOW IS UNIVERSE, ELECTRONICS, AND WELL, ALL OF THEM HAVE DIFFERENT CONTRACTS AND DIFFERENT RENTALS, LOWER FEES COMPARED TO OUR AVERAGE, WHICH IS 250 PER SQUARE METER. AND SOME TENANTS MAY PAY LESS, AS FAR AS, THE DROP IN FOOTFALL. WELL, FIRST OF ALL, WE ARE EXPECTING THIS GAP TO BE RECOUPED, WE ARE WORKING ON THE VACANCY AT THE END OF 21...OUR OCCUPANCY RATE WAS 95.5%. SO, WE ARE EXPECTING TO GROW, SO, THERE IS A LOT OF LEASING ACTIVITY AND WE WILL GROW BY 100 BASIS POINTS IN 2022 AND SOME ADDITIONAL 50 BASIS POINTS IN 2023, SO, EARLY 2023 END OF 2024, THE OCCUPANCY LEVEL WILL BE BACK TO THE PRE-PANDEMIC ONE, MEANING THE VACANCY WAS JUST 3% OCCUPANCY OF 97%, WHICH IS QUITE

PHYSIOLOGIC. SO, SOME PRODUCT MIX CAN IMPACT ON THE TOTAL FIGURES, BUT NOT SO MUCH IN TERMS OF REVENUES. ANYWAY, THIS WILL BE COMPENSATED FOR BY INFLATION...THE INFLATION GROWTH, WHICH WE ARE EXPECTING TO GROW EVEN IN A VERY PRUDENTIAL WAY. I MEAN, AND WE HAVE...DID SO IN OUR 2022 BUDGET.

SO, AS FAR AS THE DROP IN FOOTFALLS, YES, IT IS TRUE. THERE IS STILL SOME WORK TO BE DONE THERE. PROBABLY THE BUSINESS, WHICH IS SUFFERING THE MOST IS RESTAURANTS AND CAFES. INDEED, WE ARE OPENING UP AND WE HAVE NEW CONTRACTS WITH MANY BRANDS IN THE RESTAURANTS AND CAFES, BUSINESS. THIS IS A BUSINESS, WE STILL STRONGLY BELIEVE IN, DESPITE THE STRONG DROP...A DOUBLE-DIGIT DROP IN THE BUSINESS. SO 2.7 IS JUST AN AVERAGE, THIS IS THE JUNE, OCTOBER GROWTH, AND THIS COMPARED TO 2019. AND INDEED, RESTAURANT CAFES ARE STILL LAGGING BEHIND. WE HAVE TO WORK ON FOOTFALLS ON EVENTS. THE REBOUND HAS BEEN VERY STRONG. I WAS NOT EXPECTING SUCH A STRONG REBOUND MYSELF. I HAVE NOTHING ELSE TO ADD.

IN TERMS OF ASSET EVALUATION, WELL THE FIGURES I SHARED WITH YOU, IS BASED ON STABLE VALUATION. WE ARE INVESTING TO IMPROVE OUR ASSETS QUALITY. WE ARE AWARE OF THE INTEREST RATE, RISKS. BUT THIS WILL HAVE NO IMPACT ON US AT LEAST THIS YEAR, WHICH MEANS THAT IN THE SHORT RUN WE'RE NOT EXPECTING ANY MAJOR IMPACT. BUT MAYBE ROBERTO, WHO IS AN EXPERT IN THE AREA OF EVALUATION SHOULD ANSWER YOUR QUESTION.

ROBERTO ZOIA:

YES. BEAR WITH ME, SO ROBERTO ZOIA. I WILL TRY AND ANSWER. I THINK THAT THE MAIN BENEFIT WE'RE GOING TO HAVE, AS FAR AS, FORWARD INFLATION FOR 2022, 2023 AND 2024. SO AS FAR AS THE FORWARD-LOOKING INFLATION, ALL THERE WILL VERY BE LITTLE IMPACT ON OUR VALUATIONS. FOR, 2022, 2 MAIN FACTORS WILL BE IMPORTANT. AND THESE 2 FACTORS ARE THE COST OF DEBT, COST OF MONEY, WHICH HAS AN IMPACT ON THE DISCOUNT RATE AND MARKET TRENDS.

THE TRANSACTION WE PERFORMED DURING THE SECOND QUARTER WAS ONE OF THE VERY FEW RETAIL TRANSACTION THAT HAS TAKEN PLACE. NOW, AS FAR AS, CAPEX PARTICULARLY FOR MAINTENANCE INVESTMENTS. WELL, THESE INVESTMENTS ARE NOT DISCOUNTED FOR IN THE ASSET VALUE. SO, WHEN IT COMES TO THE LOAN TO VALUE FORECASTS FOR THE BUSINESS PLAN, WELL PART OF THE CAPEX ARE MADE USING OUR OWN CASH, AND PART OF THEM ARE NOT REFLECTED IN THE AFTER DEVALUATION. SO, WE DECIDED THAT ALL MAINTENANCE CAPEX ARE NOT DISCOUNTED FOR BY THE INDEPENDENT APPRAISERS. THANK YOU.

OPERATOR: IF YOU WANT TO ASK A QUESTIONS, PLEASE PRESS "*" AND "1" ON YOUR PHONE KEYPAD. LET ME REMIND YOU THAT, IF YOU WANT TO ASK A QUESTION, YOU MAY PRESS "*" AND "1" ON YOUR PHONE KEYPAD. NEXT QUESTION IS A FOLLOW-UP BY SIMONETTA CHIRIOTTI WITH MEDIOBANCA. GO AHEAD, MADAM.

SIMONETTA CHIRIOTTI: I TOOK ADVANTAGE THEN OF THIS OPPORTUNITY TO ASK FOR SOME MORE HINTS ON YOUR INVESTMENT STRATEGY IN NON-RETAIL BUSINESSES, WHAT DO YOU HAVE IN MIND? IT'S HARD FOR ME TO CONJURE UP. I DON'T KNOW WHY YOU'RE GOING TO INVEST IN OFFICES. MAYBE THERE'S SOMETHING MORE SPECIAL THAT YOU WANT TO INVEST IN RATHER THAN RETAIL, BECAUSE RETAIL NORMALLY DOESN'T HAVE A GEOGRAPHICAL CONNOTATION WHILST OTHER SUB SEGMENTS DO. SO WHAT WOULD BE YOUR AMBITIONS IN THAT RESPECT? IF YOU MANAGED TO GO AHEAD WITH IT.

CLAUDIO ALBERTINI: SO BEFORE THINKING ABOUT, WELL, I MADE A LIST OF POSSIBLE REINVESTMENT OPTIONS AFTER THE POTENTIAL DISPOSALS. SO FIRST, WE HAVE TO ACTUALLY IMPLEMENT THE DISPOSALS AND THE BOARD OF DIRECTORS GAVE US GUIDANCE AS TO HAVING A VERY BROAD SPECTRUM AHEAD OF US WHEN WE THINK OF INVESTING, MAYBE INVESTING IN RETAIL BUT DIVERSIFYING IN OTHER AREAS THAT ARE NOW GROWING, FOR INSTANCE HIGH STREET OR THE NEIGHBORHOOD STORES EVEN THOUGH OF COURSE THE FEES ARE LOWER THAN OURS AND THE FUNDING RATES ARE INCREASING THAT MIGHT END UP BEING A VERY DANGEROUS STRATEGY BECAUSE THE RANGE BETWEEN COST OF FUNDING AND ACTUAL YIELD COULD BE VERY NARROW. THE SPREAD COULD BE VERY NARROW, BUT IF WE WANT TO STICK TO NEIGHBORING SECTORS OR INDUSTRIES, THAT COULD BE A MIXED-USED ASSETS.

A FRENCH PEER FOR INSTANCE HAS A NUMBER OF PROJECT ON MIXED-USED ASSETS BUT THE RETURN ON INVESTMENT, THE ROI...THE ROI IS MEDIUM TO LONG-TERM AND IN ITALY IT HAS TO FULFILL THAT AND THE...OF COURSE, THE PRIORITY...THE FIRST OPTION WOULD BE STICK TO OUR INDUSTRY AND THAT WOULD BE THE PREFERRED OPTION PROBABLY BECAUSE THERE ARE A NUMBER OF INVESTMENT OPPORTUNITIES IN THE MARKET ON GOOD ASSETS SOMEHOW, ASSETS NOT BE DESPISED SO TO SAY. THEY ARE MORE SELLERS THAN BUYERS, SO IT'S THE BUYERS WHO MAKE THE PRICE IN THAT CASE.

THEY ARE STILL AT A VERY, VERY EARLY STAGE ALL OF THESE PROJECTS. WE WILL HAVE TO IMPLEMENT THE DISPOSAL FIRST. IT WON'T BE EASY, WE WANT TO SELL AND NOT TO SOMEHOW SELL OFF OR SELL AT WHATEVER PRICE AND THERE ARE SOME... FOR INSTANCE, THERE ARE INVESTORS, BRITISH INVESTORS, THEY HAVE EXPERIENCE IN ICG AREA. WITH ICG, WE MANAGED TO COMPLETE THE DEAL AT BOOK VALUE. SO WE WOULD LIKE TO MIRROR THAT VERY POSITIVE EXPERIENCE ON THE ASSETS. WE ARE THINKING OF DISPOSING OFF THE FREE STANDALONE HYPERMARKETS IN ROMANIA. SO ALTOGETHER, IT'S €40 MILLION FOR THESE 3 HYPERMARKETS IN LIVORNO AND THEN THERE ARE THE 3 PLOTS OF LAND TO BE DEVELOPED IN LIVORNO. ONCE WE GET ALL THE PERMITS, IT WON'T BE DIFFICULT TO FIND BUYERS AND DEVELOPERS.

THERE WE ARE TALKING ABOUT €20 MILLION, SO IT WON'T BE BIG PROJECT. IF WE DIVERSIFY, IT' GOING TO BE VERY MARGINAL COMPARED TO OUR TOTAL ASSETS. So €20 MILLION IS 1% OF OUR TOTAL ASSETS WHICH IS ABOUT €2.2 BILLION. So WE WILL SEE. LET'S WAIT AND SEE.

WE ARE FOCUSED ON THIS BUSINESS PLAN. AT THE SAME TIME, WE ARE FOCUSING ON DISPOSALS. SHOULD DISPOSALS HAPPEN, WE WILL SEE THE BEST WAY TO INVEST THE PROCEEDS, IF WE WILL BE ALLOWED TO REINVEST THEM OR MAYBE ONE PART WILL BE USED TO FURTHER REDUCE THE LEVERAGE BECAUSE THE BAR OF LEVERAGE IS GETTING HIGHER AND HIGHER. WE WERE TOLD YOU HAVE BE AT LEAST 45%. OUR HEAD OF FINANCE IS CONSTANTLY IN TOUCH WITH THE RATING AGENCIES TELLING THEM, NOW, YOU GOT TO GO DOWN TO 40%. So THEY HAVE SET THE BAR HIGHER AND IT'S NOW 40% LTV.

IN OUR BUSINESS PLAN, WE HAVE A RANGE BETWEEN 40 AND 43 AND THAT WILL HAVE AN IMPACT ON COST OF FUNDING ON THE CORPORATE RATING. So IT'S NOT AN ABSTRACT INDICATOR, IT HAS A DIRECT IMPACT ON OUR ABILITY TO RAISE FUNDING OVER THE NEXT FEW YEARS AND DO SO AT A COMPETITIVE...WITH COMPETITIVE CONDITIONS AT A COMPETITIVE PRICE. THIS YEAR, WE'LL HAVE THE ALL-TIME LOW COST OF FUNDING, WHICH IS AROUND 2.2%. IT WON'T BE THE CASE IN 2023 IT WILL INCREASING MAYBE NOT SO MUCH, BUT IT'D BE HIGHER THAN THAT.

SIMONETTA CHIRIOTTI: THANK YOU.

OPERATOR: NEXT QUESTION ARE BY DARIO MICHÌ, BNP PARIBAS EXANE.

DARIO MICHÌ: GOOD AFTERNOON. AND THANK YOU FOR YOUR PRESENTATION. I HAVE A FEW QUESTIONS. SO I'M REFERRING TO SLIDE 46, WHERE YOU SHOW SOME OF THE ELEMENTS CONTRIBUTING TO THE ANNUAL AVERAGE GROWTH OF THE NET RENTAL INCOME, WHAT'S THE IMPACT OF INFLATION, AND WHAT'S THE EXPECTED IMPACT ON OCCUPANCY, BECAUSE IF WE EXTEND THE TIME HORIZON TO 2029, THE NET RENTAL INCOME IS SLIGHTLY HIGHER. AND THIS IS A HIGHLY CHALLENGING TARGET. ALSO, YOU KNOW, IF I COMPARE IT WITH THE FIGURES EXPRESSED BY YOUR COMPETITORS, IS ALSO OFFICINE STORICHE CONTRIBUTION INCLUDING, AND WHAT'S THE VIEW YOU HAVE ON THIS PROJECT? OUT OF THESE €60 MILLION RESERVES THAT CAN BE DISTRIBUTED OVER 2 YEARS IS A PART OF IT ALSO INCLUDED IN THE €0.25 OR €0.30?

AND LAST QUESTION 2024. YOU MENTIONED €0.5 PER SHARE WITH YOUR FFO TARGET, THE PAYOUT RATIO IS 70%. CAN YOU GIVE US SOME REFERENCE FOR 2022 AND 2023? THANK YOU

RAFFAELE NARDI:

HI, DARIO, THIS IS RAFFAELE NARDI. AND GOOD AFTERNOON, EVERYONE. I'LL TRY AND ANSWER AT LEAST THE FIRST PART OF YOUR QUESTIONS, NET RENTAL INCOME, WHAT'S IN THERE. AS YOU CAN SEE ON PAGE 46 ON THE TOP BOX. MOST OF THIS GROWTH IS DUE TO ITALY. AND PART OF THIS RECOVERY IS THE RECOUP OF COVID DIRECT IMPACTS. AS WE SAID AT THE BEGINNING OF OUR PRESENTATIONS IN 2020 AND 2021 IN DIFFERENT WAYS EITHER TEMP DISCOUNTS OR PROVISIONAL DISCOUNTS OR RESERVES PROVISIONS. WE HAD A LOT...SEVERAL MILLIONS OF COVID DIRECT IMPACT STARTING FROM 2022, WE THINK THAT THOSE IMPACTS WILL NO LONGER BE THERE. OF COURSE, WE WANTED TO BE CAUTIOUS IN TERMS OF DISCOUNTS OR TEMPORARY DISCOUNTS THAT WE MIGHT DECIDE TO GRANT TO SOME TENANTS AND SOME PROVISIONS, BUT NOTHING WILL COMPARED TO WHAT HAPPENED IN THE 2 PREVIOUS YEARS. SO, THAT'S THE FIRST BRICK OF THIS RECOVERY. WELL, AS FAR AS INFLATION IS CONCERNED, WE LOOKED AT THE DIFFERENT RESEARCH STUDIES BY DIFFERENT RESEARCH GROUPS AND BASED ON THE LATEST DATA, WE THINK WE HAVE BEEN QUITE PRUDENT, PRETTY CAUTIOUS.

FOR 2022, WE ARE CONSIDERING A 1.5% INFLATION RATE FOR ITALY AND OF COURSE, IN THE COMING YEARS. THE INTEREST RATES OF COURSE WERE ALMOST DOWN TO ZERO IN PAST YEARS. AND AS YOU CAN ALSO SEE IN THE LAST BULLET POINT ON PAGE 46, WE HAVE ALSO CONSIDERED SOME INCREASE DUE TO UPSIDE AND TEMPORARY REVENUES AND ALSO SOME VARIABLE REVENUES *I.E.*, VARIABLES OR NEW REVENUES COMING FROM BETTER SALES FROM OUR TENANTS. THE NET RENTAL INCOME ALSO INCLUDES OFFICINE STORICHE. THIS IS IN THE THIRD BOX, THIRD GREEN BOX, THE LAST ONE, OPENING AND REMODELING THAT THE EFFECT OF ALL THE INVESTMENTS WE MADE IN NEW PROJECTS AND IN THE REMODELING OF OUR ASSETS, *I.E.* REMODELING THE HYPER MARKETS, AND ALSO OFFICINE WILL BE OPENED MID OF NEXT YEAR.

COMPANY REPRESENTATIVE:

THERE IS ONE MISSING ANSWER ON DIVIDENDS. WE ASSUMED AND MADE AN ESTIMATE THAT GOES ABOVE AND BEYOND THE MANDATORY DISTRIBUTION OF 70% ACCORDING TO THE SIIQ RULES AND REGULATIONS. THE ASSUMPTIONS ALSO INCLUDES THE €16 MILLION WE...I MENTIONED BEFORE, WE WILL SEE WHEN TO...WHEN TO DISTRIBUTE THEM, WHETHER WE WILL DISTRIBUTE THEM IN FULL OR IN PART IN 2022 FOR 2021 OR MAYBE PART ON 2023 FOR 2022, BECAUSE THOSE ARE 2 YEARS AND THEY HAVE TO BE DISTRIBUTED WITHIN 2 YEARS. SO, THE ASSUMPTIONS ARE ACCRETIVE IN NATURE '22 OVER '21 AND '23 OVER '22, SO THE €16 MILLION WORTH OF DIVIDENDS WILL BE DISTRIBUTED THEN.

IN THE PAST TOO, WE NEVER JUST LOOKED AT THE 70% DISTRIBUTABLE DIVIDEND, IN 2019 WE HAD ALREADY RESOLVED UPON €0.50 BUT THEN IT WAS CUT TO THE MINIMUM POINTS TO AID THAT'S THE MINIMUM DISTRIBUTABLE DIVIDEND FOR THE SIIQ RULES AND REGULATIONS, ITS PAGE 5 IN THE PRESENTATION IF YOU WANT TO GO BACK WITH...BUT THEN COVID HAPPENED, WE HAVE ENVISAGED 50%, WE NORMALLY ROUND UP INSTEAD OF ROUNDING DOWN, BUT WE HAVE TO CHANGE BECAUSE OF COVID.

OPERATOR: MR. ALBERTINI, SO FAR THERE ARE NO MORE QUESTIONS IN THE QUEUE.

CLAUDIO ALBERTINI: VERY WELL, UNLESS THERE ARE ANY OTHER QUESTIONS WE WOULD LIKE TO SAY GOODBYE TO ALL OF YOU FROM IGDs HEADQUARTER, FROM MYSELF AND THE COLLEAGUES WHO ARE HERE WITH ME. AND WE WISH YOU HAPPY HOLIDAYS, MERRY CHRISTMAS AND WE'LL MEET YOU AGAIN NEXT YEAR. HAVE A NICE EVENING. GOODBYE.