

Event: 1H 2022 Results Presentation

Date: 4th August 2022

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S CONFERENCE CALL PRESENTING H1 2022 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 "*" AND "0" ON YOUR PHONE KEYPAD.

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

CLAUDIO ALBERTINI: THANK YOU VERY MUCH. GOOD AFTERNOON TO ALL OF YOU. AS YOU COULD SEE FROM OUR PRESS RELEASE, THIS MORNING, THE BOARD OF DIRECTORS APPROVED H1 2022 RESULTS. I AM SURE YOU RECEIVED ALL THE RELEVANT DOCUMENTATION OR RESULTS PRESENTATION THAT I AM ABOUT TO WALK YOU THROUGH.

LET'S START FROM PAGE 3 IN THE PRESENTATION. LET ME...BY WAY OF INTRODUCTION SAY SOMETHING. IN THE FIRST HALF, WAS NOT AN EASY HALF YEAR AND AS IGD, HOWEVER WE HAD A PROMPT REACTION TO THE EXISTING BACKDROP. WE HAVE THE BEGINNING OF THE YEAR WITH A PEAK OF THE OMNICRON VARIANT IN ITALY, AND NOT ONLY IN ITALY, IN ALL OF EUROPE END OF JANUARY, BEGINNING OF FEBRUARY THAT WAS THE START OF THE WAR IN UKRAINE. AND ALL THAT WAS ACCOMPANIED BY AN EXPONENTIAL GROWTH OF INFLATION, ENERGY COSTS AND THE LIKE. SO DEFINITELY NOT A FAVORABLE BACKDROP, AND I AM SURE IGD REACTED WELL TO IT.

AND IF WE MOVE ON TO PAGE 3, LET ME HIGHLIGHT HOW THE FIRST 6 MONTHS WENT. SO PHYSICAL RETAIL AS FAR AS WE ARE CONCERNED WAS LIVELY AND IN GOOD HEALTH, AND TENANT SALES WENT UP

DURING THE FIRST HALF OF THE YEAR, ESPECIALLY IN MAY. MAY WAS THE BEST MONTH ALWAYS IF WE COMPARE IT TO 2019, AND JUNE WAS BASICALLY FLAT VERSUS 2019 AND THAT LEADS US TO SAY THAT WE'VE ALMOST FULLY BRIDGED THE GAP VIS-À-VIS 2019.

TENANT SALES ARE MINUS 2% VERSUS 2019. THEN THERE WAS A GOOD LEASING ACTIVITY WE HAVE A GOOD UPSIDE DATA FOR BOTH ITALY AND ROMANIA. OCCUPANCY INCREASED, WENT UP, SO THERE WAS A TREND REVERSAL 0.3%, AND WE AT THE SAME TIME, COMPLIED OR FOLLOWED THE LINES WE OUTLINED IN OUR BUSINESS PLAN, LOOKING FOR NEW WORLD ET CETERA, AND I'LL TELL YOU MORE ABOUT IT AS WE MOVE ON. AND THEN WE WENT BACK TO ORGANIZING IN-PERSON EVENTS STARTING FROM APRIL AND THAT INDEED WAS A BOOST FOR FOOTFALLS, BUT ALSO FOR TENANT SALES AND THEN FINANCIAL INDICATORS ARE ALL WITH A PLUS SIGN BEFORE THEM AND OUR EQUITY STORY IS RECONFIRMED, AND IT'S FULLY FOCUSED ON DIVIDEND YIELD BEING CONFIRMED IN FULL.

AND IF WE MOVE TO PAGE 4 IN THE PRESENTATION, I CAN WALK YOU THROUGH THE HIGHLIGHTS. THE FIRST 3 INDICATORS, AND SO THE FINANCIAL NET RENTAL INCOME LANDED AT SLIGHTLY MORE THAN €57 MILLION IN ABSOLUTE TERMS, HALF YEAR ON HALF YEAR THEY WENT UP 2.9%, BUT IF WE CONSIDER THAT AT THE END OF NOVEMBER 2021, WE DISPOSED A PORTFOLIO OF 6 HYPER AND SUPER MARKETS. AND THE LIKE-FOR-LIKE OR RESTATED GROWTH THAT WE HAVE IMPLIED A MUCH MORE MARKED GROWTH, THAT IS TO SAY, UP 16%.

CORE BUSINESS EBITDA FROM RENTAL BUSINESS AND IT'S ABOUT €52 MILLION, AND UP 2.3% IN ABSOLUTE TERMS, BUT ON RESTATED BASIS UP 14.6%. SAME THING APPLIES TO FUND FROM OPERATIONS LANDING AT €34 MILLION, UP 11% VERSUS H1 2021, BUT IF WE HAVE TO FACTOR IN THAT WE HAD A €4 MILLION FROM THE DISPOSED PORTFOLIO. IN THAT CASE THE GROWTH WOULD HAVE BEEN ABOUT 31% ; THE REAL ESTATE MARKET VALUE IS PRACTICALLY FLAT, AND WE CAN SAY AFTER 2 HALF YEARS WE HAVE A STABILIZATION OF OUR VALUE APPRAISALS IS €2.143 BILLION AND FAIR VALUE ON FAIR VALUE, WE WOULD BE UP 0.84%.

FORMER NAV, IT'S NOW EPRA NRV LANDS AT €10.73 PER SHARE, DOWN 1.1%. BUT PLEASE BEAR IN MIND THAT IN MAY, WE PAID A DIVIDEND OF €0.35 PER SHARE. SO THAT DECLINE HAS BEEN FULLY FORESEEN THAT WILL IMPROVE IN THE SECOND HALF OF THE YEAR.

LET'S NOW MOVE ON TO MORE OPERATING DATA. WE'VE ALMOST ENTIRELY BRIDGED THE GAP WITH 2019, WHEN IT COMES TO TENANT SALES, SHOPPING CENTERS ITALY, I GAVE YOU THE PIECE OF INFORMATION BEFORE, IT'S DOWN 2% IN H1, 2022 VERSUS H1, 2019, BUT IT WOULD HAVE BEEN UP 30.5% H1,

2022 VERSUS H1, 2021. AND PLEASE REMEMBER THAT SOME STORES WERE CLOSED IN OUR SHOPPING CENTERS IN THE MEANTIME.

SO IN THE FIRST HALF AND IT'S INTERESTING TO NOTE THAT THERE WAS A STRONG IMPROVEMENT VERSUS THE FIRST QUARTER...SECOND QUARTER VERSUS FIRST QUARTER, SO WE HAVE EXPECTED MINUS 9, WE HAVE INSTEAD UP 3.5% DRIVEN BY A VERY POSITIVE MAY UP 12% AND A BASICALLY FLAT MONTH OF JUNE.

FOOTFALLS STILL HAVE A MINUS SIGN BEFORE, THEY ARE MINUS 18.5%, H1 2022 VERSUS H1 2019, BUT IT WOULD BE A POSITIVE SIGN IF WE COMPARED FIRST HALF OF 2022 TO FIRST HALF OF 2021, AND WE HAVE LESS FOOTFALLS BUT THEY ARE MORE TARGETED. WE HAVE VISITORS, PEOPLE WHO GO...THE SAME VISITORS WHO GO THERE LESS FREQUENTLY, WHO GO TO THE SHOPPING CENTERS LESS FREQUENTLY, BUT FROM JANUARY WITH THE OMNICON PEAK, DOWN 22.2% THAT WAS THE FOOTFALL AND IT'S DOWN TO MINUS 15.4% AT THE END OF JUNE 2022. SAME APPLIES TO JULY A COUPLE OF PERCENTAGE POINTS MORE PROBABLY.

LET ME NOW MOVE ON TO PAGE 7. WE HAVE WITNESSED A LIVELY RETAIL BUSINESS WITH INCREASE IN OUR VACANCY DATA, 10,600 SQUARE METERS IN THE FIRST HALF, BUT WE'VE REMARKETED MORE THAN THAT IN EXCESS OF 13,000. SO THE NEW OCCUPANCY IS UP 2,600 SQUARE METERS. WE'VE FOCUSED ON MARKETING CERTAIN CATEGORIES THAT WE HAD OUTLINED IN OUR BUSINESS PLAN, SO IT'S HOUSEHOLD GOODS. LET ME GIVE YOU A FEW EXAMPLES, IN A COUPLE OF SHOPPING CENTERS WE HAVE RESTAURANTS IN NEW FORMAT. NOT THE TYPICAL SELF-SERVICE, BUT WE'RE ALWAYS LOOKING FOR NEW FOOD FORMATS THAT COULD BE MORE APPEALING. AND THEN SERVICES, WE HAVE A FIRST EXAMPLE OF CAR SHARING IN ONE OF OUR SHOPPING CENTERS, AND IT WAS IN RAVENNA. AND THEN WE ARE LOOKING FOR MORE AND MORE APPEALING BRANDS IN THE CLOTHING BUSINESS, WHICH IS STILL THE MOST WIDESPREAD PRODUCT IN OUR SHOPPING CENTERS.

LET ME MOVE TO PAGE 8, THAT'S OUR MAIN PROJECT IN THE PIPELINE AND IT'S OFFICINE STORICHE, AS YOU WELL KNOW, IN EXCESS OF 6,000 SQUARE METERS OF GLA DEVOTED TO RETAIL AND ENTERTAINMENT, 21 SHOPS, 4 MEDIUM SURFACES, 1 ENTERTAINMENT AREA AND 1 FITNESS CENTER. AND THE FITNESS CENTER IS DUE TO OPEN IN JANUARY 2023. SO ACTUALLY, BEFORE THE FORMAL OPENING OF OFFICINE STORICHE WHICH IS DELAYED FOR SOME DELAYS IN THE MARKETING OF SURFACE AND ALSO IN THE ACTUAL PREPARING OF THE NEW AREAS AND STORES. SO IT'S GOING TO BE OPEN IN THE...PROBABLY IN Q1, 2023.

SO PAGE 9, WE KEEP FOCUSING ON REMODELING PROJECTS. MANY PROJECTS WERE RUNNING IN THE PREVIOUS YEARS. WE REDUCED HYPERMARKET SPACE IN PORTO GRANDE SHOPPING CENTER TO LEAVE ROOM FOR NEW STORES AND NEW AREAS IN THE SHOPPING CENTER, NEW PRODUCT CATEGORIES AND THEN

PORTOBELLO, 3 MEDIUM-SIZED SURFACES ALREADY MARKETED. AND THEN AS WE SEE...YOU CAN SEE WORK IN PROGRESS IN PALERMO AND CATANIA WITH MARKETING TIMES THAT SOMEHOW WERE DELAYED TO THE SECOND HALF OF 2022.

THE HYPERMARKET DESPITE THE REMODELING, AND I'M ON PAGE 10 NOW, YOU SEE THE HYPERMARKET STILL PROVED TO BE A VERY ATTRACTIVE ANCHOR. COOP ALLEANZA IS OUR MAIN TENANT AND IT'S INVESTING A LOT TO REFURBISH, RENOVATE ITS HYPERMARKETS. WE HAVE 2 SHOPPING MALLS WHERE THE HYPERMARKET WAS RENOVATED. CENTROBORGO IN BOLOGNA AND LA FAVORITA IN MANTOVA AND THEN ANOTHER ONE IS WORK IN PROGRESS. IT'S LEONARDO IN IMOLA, WHERE WE ARE PLANNING TO HAVE A FAR-REACHING RESTYLING EXERCISE OF THE SHOPPING MALL AS WELL. BUT WHAT I WOULD LIKE TO UNDERLINE IS THERE ARE...REALLY, WE ARE SEEING A GOOD PERFORMANCE OF HYPERMARKETS WITH A PLUS SIGN, WITH UP 3% OF SALES IN JUNE 2022 VERSUS JUNE 2021.

LET US NOW MOVE ON TO PAGE 11. THIS IS OUR DIGITAL STRATEGY. WE HAVE A DIGITAL PLAN. WE ARE INVESTING MORE AND MORE...WE ARE INVESTING RESOURCES AND NOT ONLY THAT, YOU SEE WE HAVE NEW DIGITAL TOTEMS THAT ARE BEING INSTALLED IN OUR SHOPPING CENTERS. THEY HAVE MORE THAN DOUBLED VERSUS LAST YEAR. WE NOW HAVE 134 ABOUT AN AVERAGE OF 5 TOTEMS IN EVERY SHOPPING CENTER UP 127%. MORE EVENTS...IN-PERSON EVENTS, AS I SAID BEFORE, WITH A STRONG FOCUS ON CHILDREN, FAMILIES AND THAT, AGAIN IS IN LINE WITH OUR BUSINESS PLAN, AND A STRONGER COOPERATION WITH TENANTS. YOU SEE A PILOT PROJECT WE NOW ARE RUNNING TOGETHER WITH KIKO MILANO AND OUR CRM CALLED AREA PLUS.

IN THE FOLLOWING SLIDE YOU CAN SEE, WE'VE ALREADY INFORMED YOU DURING THE FIRST QUARTERLY REPORT, WE HAVE A CO-MARKETING PROJECTS WITH COOP ALLEANZA. IT'S A ONE OF A KIND PROJECT; IT'S A VERY CLOSE COOPERATION BETWEEN THE MANAGER OF THE SHOPPING MALL AND THE MANAGER OF THE FOOD ANCHOR. WE WILL HAVE MORE THAN 100,000 ONLINE NEWSLETTER, 800,000 DOOR-TO-DOOR FLYERS, 12 MALLS ADVERTISED WITH 17 PROGRAMMED OUTPUTS. AND THERE'S A GREATER AND GREATER COOPERATION BETWEEN HYPERMARKETS AND SHOPPING MALLS TO TRY AND CAPTURE AS MANY VISITORS AS POSSIBLE AND HAVE THEM SUBSCRIBE TO OUR AREA PLUS, SO AS TO BE ABLE TO INCREASE THE NUMBER OF CONTACTS, THAT'S WHERE WE WILL BE UNFOLDING AND ROLLING OUT OUR DIGITAL STRATEGY.

NEXT PAGE, GOOD COMMERCIAL PERFORMANCE, OCCUPANCIES IN EXCESS OF 95%. WE ARE VERY CLOSE TO FULL OCCUPANCY. WE STILL HAVE TO GROW, BUT THERE'S AN UPSIDE HERE TO BE NOTED UP 2.5%, 62 TURNS AND 51 RENEWALS. SO THE LEASING ACTIVITIES HAVE A 2.5% UPSIDE. AND SO, COLLECTION RATE IS IN EXCESS OF 90% IN ITALY AND EVEN IN ROMANIA, DATA ARE POSITIVE, EVEN THOUGH THE FIRST ONE, THE OCCUPANCY IS DOWN 120 BASIS POINTS. BUT PLEASE BEAR IN MIND THAT WE'VE ALREADY

MARKETED 3,000 SQUARE METERS OF OCCUPANCY IN H2, WILL GO BACK TO PRE-PANDEMIC LEVELS IN EXCESS OF 95%. HERE TOO, LEASING ACTIVITIES HAVE AN UPSIDE OF 3.5%, 69 TURNOVERS AND 118 RENEWALS. SO SLIGHTLY HIGHER UPSIDE THAN WE HAVE IN ITALY. WE ARE ALSO PURSUING OUR SUSTAINABILITY PLAN, WHICH IS FULLY EMBEDDED AND INTEGRATED INTO OUR BUSINESS PLAN.

AND HERE ARE SOME OF THE RESULTS WE HAVE ACHIEVED OVER THE FIRST 6 MONTHS OF THE YEAR. SO IT'S GREAT, THE ACRONYM. GREEN, WE'VE SIGNED A PRELIMINARY AGREEMENT TO ROLL OUT FURTHER PHOTOVOLTAIC SYSTEMS, WE WOULD LIKE TO HAVE MORE RIGHT NOW WHERE WE HAVE VERY HIGH ENERGY COST. WE'VE INVESTED A LOT, BUT WE WILL INVEST EVEN MORE IN THE COMING YEARS SO THAT OUR SHOPPING CENTERS ARE MORE AND MORE INDEPENDENT AND NOT AFFECTED BY ENERGY COST INCREASES.

AND THEN WE HAVE BIO SAFETY TRUST CERTIFICATION RENEWED IN 7 SHOPPING CENTERS. OUR ISO 37001 CERTIFICATION WAS ALSO CONFIRMED FOR THE ANTI-CORRUPTION PARTLY FOLLOWING THE SURVEILLANCE AUDIT. AND WE HAVE A RESTYLING HAPPENING AND REVAMPING HAPPENING IN 4 SHOPPING CENTERS. AND THEN, OF COURSE, LOCAL COMMUNITIES ARE MORE AND MORE INVOLVED IN SHOPPING CENTERS.

LET'S MOVE TO PAGE 17 NOW. I TOLD YOU THAT THE PORTFOLIO FAIR VALUE GROWTH ON A LIKE-FOR-LIKE BASIS IS UP 0.84%, THANKS TO THE CASH FLOW IMPROVEMENT. AND THEN WE HAVE APPRAISERS WHO ARE CONFIRMING THAT. AND WE SEE A REVISED INTEREST IN ITALIAN REAL ESTATE FOR THE DIFFERENT ASSET CLASSES, BUT FOR THE RETAIL.

SO FIRST HALF IS €6.1 BILLION AND DOUBLED VERSUS H1, 2021, AND THE RETAIL DATA ARE BETTER, BUT WE ARE STILL VERY FAR FROM THE LEVEL OF THE GOOD YEARS, WE ARE ABOUT €0.5 BILLION, UP 118%.

WITH REFERENCE TO IGD'S MARKET VALUE, WE ARE ON PAGE 18 AND 19, YOU SEE HOW OUR MARKET VALUE IS BROKEN DOWN, AND YOU CAN SEE A DECLINE OF THE WEIGHT OF HYPERMARKET ASSET CLASS, ACCOUNTING FOR ABOUT 19%. SO DECLINING, AS YOU CAN SEE ON THE FOLLOWING SLIDE, PAGE 19, SO VERSUS END OF 2021. THANKS TO THE REMODELING'S WE ARE PERFORMING AND THE DISPOSAL OF PORTFOLIO

AND UNTIL NOT VERY MANY YEARS AGO, HYPERMARKETS ACCOUNTED FOR 30% OF OUR TOTAL PORTFOLIO. SO DISPOSALS AND DOWNSIZING LED US TO BEING BELOW 20% WHEN IT COMES TO HYPERMARKETS. NET INITIAL YIELD, YOU WILL SEE IT WERE CALCULATED WITH EPRA CRITERIA. IN FIRST HALF, WE INVESTED ABOUT €10 MILLION IN THE TOTAL PORTFOLIO, INCLUDING A REAL ESTATE HOLDING...A MINORITY HOLDING IN A COMPANY IS €2.2 BILLION, PRACTICALLY STABLE, FLAT VERSUS 2021 FULL YEAR.

IN THE NEXT SLIDE, YOU SEE A BRIDGE ON IGD'S PORTFOLIO, EXCLUDING THE REAL ESTATE HOLDING GOES FROM €2.140 BILLION TO €2.143 BILLION, IT'S BASICALLY FLAT WITH THE SHOPPING MALL ASSET CLASS GROWING VERSUS THE HYPERMARKET ASSET CLASS THAT IS DECLINING FROM 19.8% TO 19.1%.

AND THEN RESTYLING IN PROGRESS. PAGE 20, LA FAVORITA IN MANTOVA AND HERE, IT'S A SHOPPING...IT'S A DOMINANT SHOPPING CENTER AS WE LIKE TO DEFINE THEM OR AS MANY ANALYSTS LIKE TO DEFINE IT. IT'S A TOTAL RESTYLING OF MALLS, FACADE AND PARKING AREA, AND END OF WORK IS Q3, 2022. AND WE WILL BE PERFORMING A TOTAL RESTYLING OF THE MALL ALSO AT PORTOGRANDE, AND END OF WORK END OF 2023. AND AS I SAID AT THE BEGINNING, CENTRO LEONARDO IN IMOLA IN THE PROVINCE OF BOLOGNA, WILL BE A RESTYLING, FOLLOWING THE RESTYLING ALSO MADE BY COOP ALLEANZA ON THE HYPERMARKET. WE HAVE DESIGN INTERNATIONAL - LONDON WHO WILL FOLLOW THE RESTYLING DESIGN OF THE MALL THAT WILL START IN 2023.

EXCELLENT RESULTS WERE ACHIEVED IN LIVORNO AS WELL FROM RESIDENTIAL SALES VIEWPOINT, PORTA MEDICEA THAT'S THE NAME OF THE PROJECT. YESTERDAY, WE GOT THE INFO ABOUT 28 PROPOSALS OUT OF 42 RESIDENTIAL UNITS, 28 HAVE BINDING PROPOSALS SIGNED. SO WE ARE MORE THAN HALFWAY THROUGH THE SALES. THE FLAT...THE APARTMENT WILL BE DELIVERED END OF SEPTEMBER WITH A NOTARY DEED BY YEAR-END AND A CASH-IN OF ABOUT €10.6 MILLION WITHIN THE YEAR. SO WE HADN'T INCLUDED THE 28TH UNIT, BUT IT'S €10.611.

AND IF WE DRILL DOWN TO A GREATER LEVEL OF DETAIL, LET'S HAVE A LOOK AT THE NET RENTAL INCOME AND SO OPERATING RESULTS. WE ARE SHOWING BOTH THE GROWTH IN ABSOLUTE TERMS AND THE ORANGE ONE, WE STRIP OFF THE DISPOSED PORTFOLIO THAT'S THIS. AND THEN ON THE THIRD COLUMN IS A RESTATED FIGURE IN ABSOLUTE TERMS, NET RENTAL INCOME, WE GREW SLIGHTLY LESS THAN 3%, €1.6 MILLION. BUT IF WE LOOK AT IT NET OF THE DISPOSED PORTFOLIO AND ON A LIKE-FOR-LIKE BASIS, WE GREW 16%. SO ON A LIKE-FOR-LIKE BASIS, IT'S UP 2.1% AND 1.6% SHOPPING MALLS IN ITALY AND 2% IS DRIVEN BY HYPERMARKETS.

ON PAGE 25, WE HAVE THE EBITDA. EBITDA AND EBITDA MARGINS, WE HAVE THE SAME BREAKDOWN. OUR GROWTH IN ABSOLUTE TERMS, AND WE STRIP OFF THE CHANGE IN PERIMETER AND THEN IT'S 14.6%. IT'S MAINLY A GROWTH FROM RENTAL IMPACT, THE EBITDA MARGIN IS UP 4 PERCENTAGE POINTS FROM 66.3% TO 73.3%, AND JUST A LITTLE MORE ON THE FREEHOLD SIDE FROM 66.6% TO 73.3%, WHILST THE EBITDA MARGIN WAS 66.3% TO 71.3% IN 2022 TO BE PRECISE.

AND IF WE LOOK AT THE NET FINANCIAL POSITION, NET FINANCIAL POSITION LED TO AN IMPROVEMENT IN OUR FINANCIAL MANAGEMENT, WHICH ARE DOWN 15.3%. THE MAIN EFFECT IS THE ONE I JUST DESCRIBED, BUT IS ALSO A DECLINE IN THE AVERAGE COST. AN IMPROVEMENT OF ABOUT €2.4 MILLION OF OUR FINANCIAL CHARGES NON RECURRING.

FFO, FUNDS FROM OPERATIONS, AGAIN, HERE WE HAVE ABSOLUTE VALUE FROM €30.6 MILLION TO €34 MILLION, BUT IF WE STRIP OFF THE €4.6 MILLION OF THE DISPOSED ITEMS, COST OF THE SOLD PORTOFLO AND THEN THE CHANGE IN CONTRACT FROM MASTER LEASE TO MANAGEMENT FEES, YOU SEE IT WOULD HAVE BEEN A MUCH STRONGER ROAD UP TO 31% ALMOST HALF YEAR ON HALF YEAR.

LET'S HAVE A LOOK AT THE EPRA INDICATORS. WE CLOSED THE YEAR WITH AN NRV OF €10.85 PER SHARE, €0.31, FFO DECLINE OF...A REDUCTION OF €0.35 BECAUSE OF THE DIVIDENDS THAT WERE PAID OUT IN MAY AND €0.08 OF REAL ESTATE ASSET FAIR VALUE IN THE NEGATIVE FROM FINANCIAL INFLUENCE AND OTHER. SO WE END UP WITH A DECLINE...MARGINAL DECLINE TO €10.73 END OF JUNE, WHICH WE THINK WE WILL RECOUP IN THE SECOND HALF.

AS TO THE LIABILITY MANAGEMENT ACTIVITIES, I'M SURE YOU RECEIVED ESTERDAY A PRESS RELEASE ABOUT THIS LOAN THAT WAS GRANTED. SENIOR UNSECURED LOAN IS THE FIRST GREEN LOAN IN IGD'S HISTORY, €215 MILLION, BUT THAT WAS NOT THE ONLY THING WE DID IN THE YEAR. IN APRIL, WE REPAID AT MATURITY €154 MILLION WITH THE AVAILABLE CASH. IN MAY, WE RENEWED 2 COMMITTED FACILITIES, NOT REVOCABLE ONES FOR A PERIOD OF 3 YEARS WITH 2 PRIMARY BANKS, ONE IS €20 MILLION IN MAY IN THE SECOND ONE LAST MONTH IN JUNE FOR €40 MILLION. SO WE HAVE €60 MILLION COMMITTED CREDIT LINES, WHICH FOR US IS A REASSURING BUFFER.

PLUS, WE HAVE THE GREEN BOND...SORRY, THE GREEN LOAN...SENIOR UNSECURED LOAN €215 MILLION, ENABLING US TO RESCHEDULE OUR DEBT, RESTRUCTURE OUR DEBT AND EXTEND OUR MATURITY PROFILE. SO €215 MILLION FROM HERE TO 2027, IT'S A LOAN 3-YEAR LOAN, PLUS WE HAVE THE OPTION TO EXTEND IT FOR 2 ADDITIONAL YEARS, 1 AND ANOTHER YEAR, 1 PLUS 1. SO WE'VE ALREADY PUT THE FINAL MATURITY. AND WITH THIS TRANSACTION AND OTHERS THAT WE ARE FOCUSING ON RIGHT NOW, THE FLOW WE WILL BE GENERATING IN THE SECOND HALF. WE CAN SAY THAT OUR FINANCIAL NEEDS FOR 2023 ARE FULLY COVERED BUT I LIKE TO BE CAUTIOUS. SO LET'S SAY THAT NOW WE ARE FOCUSING ON 2024 MATURITIES. AS ALWAYS, WE WOULD LIKE TO HAVE AN EARLY REFINANCING OF THOSE MATURITIES AS WELL.

LET'S TAKE A BREATH OF FRESH AIR, AND SUMMER HOLIDAYS AND THEN TOGETHER WITH OUR FINANCE DEPARTMENT. WE HAVE 2 BONDS EXPIRED AND THEN A PRIVATE PLACEMENT €100 MILLION EXPIRATION

DATE MATURITIES JANUARY 2024 WE'RE NOT PARTICULARLY...WE HAVE NO PARTICULAR CONCERN ABOUT THAT. AND ANOTHER ONE THAT IS NOT CONCERNING US IT'S €400 MILLION. IT'S A BOND WITH A 2024 MATURITY IN OCTOBER. SO 2 YEARS FROM NOW, PRACTICALLY.

LET'S GO BACK INTO A GREATER LEVEL OF DETAIL FOR OUR NET DEBT, YOU SEE NET FINANCIAL POSITION FOR FULL YEAR H1 2022. LOAN TO VALUE GOES UP SLIGHTLY BECAUSE WE PAID DIVIDENDS, BUT IT WILL GO BACK TO BELOW 45% BY YEAR-END. IT'S A GROWTH EFFECT WE HAVE ENVISAGED IN SECOND HALF, BECAUSE OF THE PAYMENT IN Q2 OF DIVIDENDS. ICR IS IMPROVING 3.74 TIMES AND AVERAGE COST OF DEBT, AS I WAS SAYING BEFORE, THE DECLINE IN THE FINANCIAL MANAGEMENT IS MAINLY DUE TO THE DECLINE...REDUCTION IN THE DEBT STOCK. BUT THAT LED, WHAT I'VE JUST DESCRIBED LED TO AN AVERAGE COST OF DEBT SLIGHTLY BELOW 2.1%.

LET'S NOW LOOK AT THE OUTLOOK. IF YOU REMEMBER, IN FEBRUARY, WE PRESENTED OUR FULL YEAR 2021 AND GAVE YOU A GUIDANCE FOR 2022, WHERE WE HAD ESTIMATED A RANGE 9% TO 10%. THE SCENARIO THAT HAS AFFECTED THE ENTIRE FIRST HALF OF 2022 AND UNFORTUNATELY, WE DO NOT SEE ANY IMPROVEMENT COMING IN THE SECOND HALF OR THE MACROECONOMIC SCENARIO IN ITALY...WE ARE SORRY TO MAKE OUR LIFE...WELL, IN ITALY, APPARENTLY, WE LIKE TO MAKE OUR LIFE HARDER. WE HAVE POLITICAL UNCERTAINTY...SOCIAL UNCERTAINTIES, WE WILL HAVE ELECTIONS IN SEPTEMBER. AND THEN THERE ARE A NUMBER OF MORE SPECIFIC ISSUES.

WE HAVE SOME PROJECTS THAT HAVE BEEN DELAYED. THEY WERE IN THE PIPELINE, BUT THEY HAVE BEEN PUT OFF AND THEN SOME TENANTS FOR THOSE WHO HAVE TO OPEN UP NEW STORES AND ALSO FIT-OUT OF STORES. SO THE OPENING TIMES WERE EXTENDED, AND THERE IS A DELAY THERE. SO THE 2 COMBINED EFFECTS MAKE US BE VERY, VERY CONSERVATIVE. AND I HOPE, I WILL BE PROVEN WRONG WHEN WE WILL PRESENT THE FULL YEAR IN FEBRUARY NEXT YEAR. SO OUR GUIDANCE GOES FROM 9% TO 10%, TO 2% TO 3% A SIZABLE DECLINE. HOWEVER, BEAR IN MIND THAT IF WE WERE TO PROVIDE A GUIDANCE, TAKING RESTATED FIGURES INTO ACCOUNT, THAT 2% TO 3% WOULD BE ON A LIKE-FOR-LIKE BASIS, 17% TO 18%. SO...BUT IN ABSOLUTE TERMS, WE GO FROM 9% TO 10% TO 2% TO 3%. I THINK THAT'S IT FROM MY PART.

ON PAGE 34, YOU SEE THE NEXT...THE AGENDA. ON NOVEMBER 3, WE WILL GIVE YOU THE RESULTS FOR THE FIRST 9 MONTHS OF THE YEAR FOR Q3, AND I HOPE WE WILL HAVE A...LET'S HOPE WE WILL HAVE A CLEAR PICTURE ON HOW THE YEAR WILL END. AND WE HAVE A IR AGENDA AS WELL, STARTING FROM SEPTEMBER, WE WILL BE ATTENDING THE EPRA ANNUAL CONFERENCE, AS ALWAYS, IN PARIS. ON SEPTEMBER 7, WE WILL BE ATTENDING THE ITALIAN SUSTAINABILITY WEEK, AND WE WERE INVITED TO

THAT. AND THEN WE HAVE...ON THE 11TH OF OCTOBER, WE WILL BE MEETING FOR A CONFERENCE CALL BY INTESA AND THEN ANOTHER BY EXANE ON THE 16TH OF NOVEMBER WITHIN PARIS.

AND I'M HERE WITH THE COLLEAGUES FROM THE HEADQUARTERS AND NOT ONLY...AND WE ARE READY TO TAKE YOUR QUESTIONS. THANK YOU VERY MUCH.

Q&A

OPERATOR: THIS IS THE CHORUS CALL OPERATOR. LET US NOW START THE Q&A SESSION. SHOULD YOU WISH TO ASK A QUESTION, PRESS "*" AND "1" ON YOUR PHONE. TO BE REMOVED FROM THE Q&A QUEUE PRESS "*" AND "2." PLEASE USE YOUR PHONE HEADSETS WHEN ASKING QUESTIONS. IF YOU WANT TO ASK A QUESTION PRESS "*" AND "1" ON YOUR PHONE NOW.

FIRST QUESTION COMES FROM THE LINE OF DAVIDE CANDELA WITH INTESA SANPAOLO. GO AHEAD, SIR.

DAVIDE CANDELA: GOOD AFTERNOON TO ALL OF YOU. THANKS FOR THE PRESENTATION. I HAVE A COUPLE OF QUESTIONS. THE FIRST ONE IS ON THE GUIDANCE, REVISED DOWNWARD FOR THIS YEAR. I WAS WONDERING WHETHER FOR THE SECOND PART OF THE YEAR, YOU ARE ASSUMING DELAYS OR ARE YOU BEING PRUDENTIAL AND CAUTIOUS AS TO THE POSSIBLE TRENDS OF CONSUMPTION, MEANING END-USER TRENDS OF CONSUMPTION, BECAUSE IT'S QUITE A CHALLENGING BACKDROP ALSO BECAUSE OF INFLATION. SO WILL THAT ENTAIL SAY MAYBE DISCOUNTS OR REBATE YOU'LL HAVE TO GRANT TENANTS BECAUSE THE SITUATION MIGHT BECOME EVEN MORE CHALLENGING FOR THEM, TOO. SO IN THE GUIDANCE, DO YOU HAVE THOSE KIND OF VERY PRUDENTIAL ASSUMPTIONS?

AND THEN CAPEX OR INVESTMENTS FOR THE YEAR, COULD YOU QUANTIFY THE INVESTMENTS THAT YOU WILL BE MAKING POSTPONED TO 2023, SO TO SAY. AND THEN THE QUESTION ON DEBT REFINANCING. COULD YOU ELABORATE ON THE COST OF DEBT AND THE STRATEGIES THAT YOU ARE GOING TO ADOPT FOR DEBT REFINANCING IN 2024. IF WE ASSUME A FLAT, I MEAN, AN INTEREST RATE SCENARIO, THAT IS EITHER LIKE THIS OR WORSENING NEXT YEAR.

CLAUDIO ALBERTINI: LET ME ANSWER THE FIRST QUESTION, THEN I'LL ASK THE COLLEAGUES TO HELP ME ANSWERING THE OTHER 2 QUESTIONS. AS PER THE GUIDANCE IT'S MAINLY DUE TO POSTPONEMENTS OF OPENINGS. IT'S NOT THAT WE'VE LOST REVENUES IN ABSOLUTE TERMS. THEY'RE JUST POSTPONED. OFFICINE WAS DUE TO OPEN WITHIN THE HALF YEAR. WE ARE PUTTING IT OFF. WE ARE POSTPONING IT TO MARCH 2023, BUT WE WILL OPEN AND THIS SLIPPAGE...THIS DELAY WILL ENABLE US TO GET TO A VERY HIGH LEVEL OF OCCUPANCY WITH TOP TENANTS, PRIMARY TENANTS, PREMIUM TENANTS. WE ARE ABOUT 75% TO 80% OF COVERAGE. AND

EVEN FOR OTHER OPENINGS, WE HAVE BEEN PLANNED FOR THIS YEAR. WE HAVE SIGNED CONTRACTS, BECAUSE OCCUPANCY IS COMPUTED IS BASED ON SITE CONTENT, OF COURSE, STORES OPEN, BUT ALSO STORES FOR WHICH WE ALREADY HAVE CONTRACTS. BUT UNFORTUNATELY, FOR THE BOTTLENECK OF DELIVERIES, THE FIT-OUT OF STORES WE HAD TO EXTEND THE OPENING TIMES TO PUT THEM OFF. AND RENTS WILL BE PAID OUT FROM THE OPENING. THIS IS WHAT CONTRACTS CATER FOR, BUT ALSO THE VACANT AND VACANT AREAS, WE HAVE TO PAY CONDOMINIUM FEES. SO THAT'S THE MAIN ASSUMPTION PLUS OTHER COSTS. WE ARE INVESTING BECAUSE WE KNOW THE BACKDROP WILL BE MORE CHALLENGING, BUT WE ARE INVESTING A LOT IN MARKETING.

SECOND, WELL, Q2 INVESTMENT, WE STARTED THAT'S WHEN WE STARTED. WE WILL HAVE A NUMBER OF MARKETING INITIATIVES. AND DESPITE THE CHALLENGING BACKDROP, EVERYONE IS WONDERING WHAT'S GOING TO HAPPEN BETWEEN SEPTEMBER, OCTOBER, IT'S LIKE THE END OF THE WORLD, BUT IT'S GOING TO BE A CHALLENGING BACKDROP. SO WE ARE INVESTING A LOT IN MARKETING ACTIVITY. SO IF YOU PUT TOGETHER ALL THESE DIFFERENT PIECES. PLUS WE REVISED OUR GUIDANCE, REVISED THAT WELL, BUT LET ME REMIND YOU THAT IT'S STILL A POSITIVE TRAJECTORY. YOU HAVE TO COMPARE IT TO THE EXISTING SCENARIO. THE SCENARIO HAS WORSENER MASSIVELY IN THE MEANTIME. AND THE RUSSIAN AND UKRAINIAN WAR WORSENER THE SCENARIO THAT WAS ALREADY QUITE BAD. SO ENERGY COSTS HAVE EXPLODED. AND ALL OF THAT MAKES US WANT TO BE VERY CONSERVATIVE. AND MAYBE SOMEBODY TELLS ME YOU WERE TOO CAUTIOUS TOO CONSERVATIVE. BUT IN OUR TRACK RECORD, IGD HAS ALWAYS DONE BETTER THAN THE GUIDANCE WE'VE PROVIDED. SO WE'LL SEE IN FEBRUARY WHAT HAPPENS. AND AS TO INVESTMENTS AND DEBT REFINANCING I HAND IT OVER TO ANDREA BONVICINI, WE CANNOT GIVE YOU DISCLOSURE OF THE COST OF DEBT, BECAUSE BANKS HAVE PREVENTED US FROM DOING IT. IT'S A VERY COMPETITIVE COST, BETTER THAN THE LOAN AND FINANCING WE CLOSED. BUT IGD STILL HAS A STRONG REPUTATION IN THE BANKING WORLD. THAT'S WHY WE WANT THE BANKING ROUTE.

ANDREA BONVICINI:

AS FOR INVESTMENTS, I'LL ANSWER, HELLO DAVIDE. ON INVESTMENTS FOR THE REASONS THAT WERE EXPLAINED BY CLAUDIO, WE HAD A SLOW DOWN...SLOWING DOWN AND SOMEHOW IT WAS TECHNICAL MANAGEMENT AS WELL TO MAXIMIZE SOME PROJECTS AND IMPROVED SOME WORK IN PROGRESS SO TO SAY. WE ARE BASICALLY CONFIRMING ABOUT €40 MILLION WORTH OF INVESTMENTS, SLIGHTLY LESS, MEANING WHERE YOU SHOULD BE ABLE TO RECOVER PART OF WHAT WE HAD PLANNED OVER THE YEAR, WE SHOULD RECOUP IN THE SECOND HALF WITH SOME SLIGHT POSTPONEMENT TO 2023. AS YOU'VE SEEN, THE MAIN PROJECTS ARE CONFIRMED, AND THAT IS THE INTENTION WE HAVE. SO WE HAVE TO MAXIMIZE AND OPTIMIZE THE EXISTING WORK IN PROGRESS AND THE EXISTING PROJECTS.

ANDREA BONVICINI, OUR CFO, ON THE NSP AND THE REFINANCING OF OUR DEBT. YOU'VE SEEN WE CAME OUT WITH OUR FIRST UNSECURED GREEN LOAN WITH A POOL OF BANKS, WE ARE LOOKING INTO ANOTHER

FINANCING FOR ABOUT €23 MILLION, THAT WE WILL UNDERWRITE AND THEN AFTER THE SUMMER, WE ARE LOOKING AT THE MARKET. WE HAVE NO SPECIFIC NEEDS. THERE ARE DIFFERENT OPTIONS OUT THERE AND WE'D TRY THE GREEN BOND WAY. AND IN THE AUTUMN, WE WILL HAVE A SUSTAINABILITY-LINKED BOND AS WELL. WE LOOK INTO A SIMILAR LINKED BOND AS WELL TO REFINANCE THE MAYBE 2024 MATURITIES. AND THEN THERE MIGHT BE AN EXCHANGE THROUGH A TENDER OFFER. WE DON'T KNOW...WE HAVE HAD EXPRESSIONS OF INTEREST FOR PRIVATE PLACEMENT WITH US AND EUROPEAN INVESTORS.

AND AS YOU SAW IN THE ANNEXES, WE HAVE UNENCUMBERED ASSETS WORTH €1.5 BILLION, FFO SECURED TRANSACTIONS EITHER IN POOL OR SYNDICATED TRANSACTIONS. AND THEN WE HAVE THE CONVERTIBLE INSTRUMENTS THAT IS ALWAYS THERE AVAILABLE FOR US TO USE. AND WE WILL MOVE IN BETWEEN THESE TRANSACTIONS...AROUND THE TRANSACTIONS TO PROTECT OUR AVERAGE COST OF DEBT, WHICH WILL PROBABLY SLIGHTLY INCREASE, BUT NOT SO MUCH WITHIN THIS YEAR. BUT THEN, OF COURSE, IT WILL VERY MUCH DEPEND ON WHAT THE MARKET WILL DO WILL BE LIKE. BUT AT LEAST, WE HOPE THAT WE WILL HAVE BETTER CONDITIONS VERSUS WHAT WE COULD GET AT THE BEGINNING OF THIS SECOND HALF OF THE YEAR.

DAVIDE CANDELA: THANK YOU VERY MUCH.

OPERATOR: NEXT QUESTION COMES FROM AROUND WITH DARIO MICHÌ, BNP PARIBAS. PLEASE GO AHEAD.

DARIO MICHÌ: GOOD AFTERNOON TO ALL OF YOU. THANKS FOR THE PRESENTATION. AND I HAVE 3 QUESTIONS. THE FIRST ONE IS ON...COULD YOU GIVE US A SOME...COULD YOU ELABORATE ON THE RENTAL DELTA YOU GOT FROM THESE ADDITIONAL RENTAL SPREAD...RENT SPREAD?

CLAUDIO ALBERTINI: YES, WE HAVE AN UPSIDE. WE SHOWED YOU THE UPSIDE. LAURA POGGI CAN ANSWER THAT. AND THE IMPACT OF RATES ON THE APPRAISALS OF YOUR ASSETS? AND ARE YOU GOING TO ENGAGE INTO MORE DISPOSALS. THAT WAS THE UPSIDE IN ITALY OF 2.5% ON THE RENTAL, ON THE NEW RENTALS, YES. WOULD YOU LIKE TO ADD SOMETHING, LAURA?

LAURA POGGI: YES, UPSIDE OF 2.5% AND ALSO, LET ME REMIND YOU OF THE REMARKETING...THE STRONG REMARKETING WORK WE DID. AS YOU CAN SEE IN THE PAPER, IN THE PRESENTATION, WE HAD A VACANCY OF ABOUT 10,000 SQUARE METERS IN THE HALF AND WE RECOVERED MORE THAN 13,000. SO THAT'S A GOOD SIGN ALSO FROM THAT PERSPECTIVE.

CLAUDIO ALBERTINI: AND THEN THE VALUATION AT FAIR VALUE, THE APPRAISAL AT FAIR VALUE, THE APPRAISALS HAVE ALREADY LOOKED INTO THAT. THEY WERE VERY, VERY CAUTIONARY IN THEIR APPRAISALS, FAIR VALUE ON FAIR VALUE

ON LIKE-FOR-LIKE BASIS AND IT IS 84 IS THE REAL SITUATION. SO YOU CAN SEE THE POSITIONS TAKEN UP BY THE 4 APPRAISERS OVER A 10-YEAR SPAN. FIRST OF ALL, LOWERING THE POTENTIAL INFLATION OVER 10-YEAR TIME SPAN, THAT PRODUCED AN AVERAGE INCREASE OF 32 BASIS POINTS. THAT'S IT VERSUS A REAL ONE THAT IS 500. BUT THIS 32 BASIS POINTS...THOSE 32 BASIS POINTS WERE SOMEWHAT OFFSET BY THE INCREASE IN WACC ON...FOR EACH APPRAISALS FOR THE VALUE OF 31 BASIS POINTS. SO TALKING ABOUT RETAIL, WHERE INFLATION APPARENTLY SEEMS TO BE HAVING A POSITIVE EFFECT ON RENTAL CONTRACTS OR RENTAL LEASE CONTRACTS. BUT IT MAY LEAD TO AN INCREASE OF OCCUPANCY COSTS WITHIN SHOPPING CENTERS. SO IT WAS NOT TAKEN INTO ACCOUNT AT YEAR-END.

WE HAVE TO CHECK THE REAL INFLATION RATE, THE OUTLOOK FOR INFLATION AND THE INFLATION ON PRODUCTS SOLD BY TENANTS, HOW THAT WILL...TO SEE HOW MUCH TENANT SALES WILL BE ABLE TO INCREASE BECAUSE, OF COURSE, THE RATIO IS ALWAYS RENTAL FEE PAID VERSUS TENANT SALES.. SO FAR WE TAKE A SNAPSHOT END OF JUNE 2022, THAT WAS FULLY OFFSET. THE INFLATION EFFECT WAS FULLY OFFSET. WE'LL SEE WHAT HAPPENS FOR DECEMBER. WE'LL HAVE A LOOK...TO LOOK AT REAL ECONOMY AND WHAT WILL HAPPEN TO REAL ECONOMY AFTER THE IMPACT OF INFLATION.

A QUESTION ON DISPOSAL. WE HAVE NO SPECIFIC NOVELTY TO SHARE, EXCEPT THAT FOR ROMANIA, WE'VE HAD SOME EXPRESSIONS OF INTEREST, BUT NOT IN CONCRETE YET. ON THE HYPER SUPERMARKET PORTFOLIO, THERE'S A TAIL IN THE DISPOSED PORTFOLIO, ABOUT €40 MILLION. WE'RE NOT YET AT THE LEVEL OF BINDING OFFERS ON THE TABLE, BUT THE THIRD GROUP OF DISPOSALS IS ABOUT NON-CORE ASSETS. SO IN INSTANCE, LIVORNO, HOWEVER IS STILL BEING APPRAISED. SO IT'S ABOUT €20 MILLION. WE HAVE NOT YET ENTERED INTO ANY SPECIFIC NEGOTIATIONS. WELL, FOR THE FIRST 2, I MENTIONED, ESPECIALLY THE SECOND ONE. WE HAVE SOME EXPRESSIONS OF INTEREST. AND LET'S HOPE THAT IN THE FIRST HALF OF 2023, ESPECIALLY ON THE RESIDUAL HYPER/SUPERMARKET, PORTFOLIO WILL BE ABLE TO TELL YOU OR TO DISCLOSE SOME KIND OF TRANSACTION THAT WE WILL HAVE ENTERED INTO.

OPERATOR:

LET ME REMIND YOU THAT IF YOU WISH TO ASK A QUESTION YOU MAY PRESS "*" AND "1" ON YOUR PHONE KEYPAD. THE NEXT QUESTION IS A FOLLOW-UP OF DAVIDE CANDELA WITH INTESA SANPAOLO, GO AHEAD, SIR.

DAVIDE CANDELA:

AGAIN, GOOD AFTERNOON. I HAVE A FOLLOW-UP ON DISPOSAL AND ASSET ROTATION. COULD YOU...SHOULD THE MACRO BACKDROP NOT GET SO MUCH WORSE, AND IF YOU WERE TO SUCCEED IN DISPOSING OF THE ASSETS YOU HAVE IN MIND. DO YOU HAVE ANY SPECIFIC ASSETS YOU ARE DOING SOME SCOUTING FOR? AND WHAT WOULD BE YOUR STRATEGY IN THAT RESPECT. WHAT WOULD BE YOUR FOCUS? WOULD THAT BE A FOCUS ON NEW SHOPPING CENTERS OR WOULD THAT BE A GEOGRAPHICAL PHOTO [PH] OR AN APPRAISAL FOCUS, REPOSITIONING FOCUS?

CLAUDIO ALBERTINI: IN THE BUSINESS PLAN, WE HAVE NOT INCLUDED ASSUMPTIONS OF GROWTH THROUGH ACQUISITIONS FINANCED BY DISPOSALS. IF WE MAKE DISPOSALS, THAT'S POSITIVE, BECAUSE ONE PART, IF WE MANAGE, IF WE SUCCEEDED TO COMPLETE THE DISPOSAL, WE'RE TALKING €180 MILLION TO €200 MILLION. THE PRIORITY WILL BE GIVEN TO IMPROVE OUR LOAN-TO-VALUE, THAT'S FOR SURE, BECAUSE WE HAVE IMPROVED OUR LOAN-TO-VALUE SIGNIFICANTLY BETWEEN 2021 AND 2022, THANKS TO THE DISPOSALS WE HAVE COMPLETED AND 2 OTHER FACTORS AS WELL. BUT OUR BUSINESS PLAN WANTS US TO LAND AT THE END OF THE BUSINESS PLAN A LOAN-TO-VALUE BETWEEN 40% AND 43%. NOW WE'RE SLIGHTLY ABOVE 45%, BECAUSE WE'VE JUST PAID OUT A DIVIDEND. WE WILL GO BACK TO BEING BELOW 45% BY YEAR-END ON A LIKE-FOR-LIKE BASIS. BUT THE IDEA IS TO GET TO 40%...MAYBE WE WON'T GET TO 40%, BUT CLOSE TO 40%. SO THE FIRST USE OF PROCEEDINGS...IF WE WERE TO COMPLETE DISPOSALS, WOULD BE IMPROVED OR BETTER REDUCE OUR LOAN-TO-VALUE.

AND THEN THE REMAINING PART, IF YOU WERE WILLING TO INVEST? THERE'S A LOT OF OPPORTUNITIES OUT THERE. THERE ARE A LOT OF SELLERS AND BUYERS OUT THERE. THERE ARE LOTS OF OPPORTUNITIES, BUT WE ARE NOT INTERESTED IN FOCUSING ON ANY CAPITAL TRANSACTION. IT'S A GREEN THAT WE'LL STAY LOCKED UP IN A DRAWER SO FAR. BUT IF MAGICALLY, WE WERE TO TAKE HOME €200 MILLION, MAYBE HALF WE COULD DEVOTE TO REDUCE OUR DEBT AND THE OTHER HALF, MAYBE WE COULD THINK OF ACQUISITIONS. BUT LET ME REMIND YOU THAT OUR BUSINESS PLAN ENTAILS €80 MILLION WORTH OF INVESTMENT FOR RESTYLING, REMODELING, DEVELOPMENT OF LIVORNO, CAPEX IN THE ESG ARENA. SO IT'S NOT THAT WE ARE TALKING A FEW MILLION, WE'RE TALKING €82 MILLION FOR THE SIZE OF IGD. IT'S NOT LITTLE MONEY. BUT RIGHT NOW, WE ARE MAINLY FOCUSED ON THE EXISTING PORTFOLIO. WE WANT TO IMPROVE IT, MAKE IT MORE AND MORE APPEALING, BUT NOT BY MAKING MORE ACQUISITIONS. WE WOULD NOT HAVE THE RESOURCES TO PERFORM THOSE ACQUISITIONS. BUT IF WE ARE LUCKY ENOUGH AND WE HAVE THE ABILITY, FOR INSTANCE, TO TAKE UP A LOT OF CASH THROUGH DISPOSALS FIRST WE ARE GOING TO REDUCE OUR DEBT AND THEN MAYBE WE CAN THINK ABOUT WHAT WE CAN INVEST IN. BUT OUR PRIORITY, WE DON'T HAVE ANY PRIORITY. FOR SURE, WE WON'T BE INVESTING ABOARD.

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

OPERATOR: FOR FURTHER QUESTIONS YOU MAY PRESS "*" AND "1" ON YOUR PHONE. MR. ALBERTINI, THERE ARE NO MORE QUESTIONS IN THE QUEUE.

CLAUDIO ALBERTINI: VERY WELL. I WOULD LIKE TO THANK YOU VERY MUCH ON BEHALF OF MY COLLEAGUES AS WELL. HAVE A GOOD SUMMER AND HOPEFULLY, WE WILL MEET WITH A COOLER WEATHER IN NOVEMBER WITH THE Q3 RESULTS. HAVE A GOOD DAY, ALL OF YOU. GOODBYE.

