

Event: 9M 2022 Results Presentation

Date: 3rd November 2022

Speakers: Mr. Claudio Albertini, CEO

OPERATOR: GOOD AFTERNOON. THIS IS THE CHORUS CALL OPERATOR. WELCOME TO IGD'S CONFERENCE CALL PRESENTING 9M 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. GOOD AFTERNOON TO ALL OF YOU. AS YOU PROBABLY READ IN THE PRESS RELEASE, THIS MORNING THE BOARD OF DIRECTORS MET AND APPROVED THE 9M RESULTS. AND IT'S THE LAST MEETING WE HAVE WITH YOU THIS YEAR. AND THEN WE'LL MEET AND TALK AGAIN IN FEBRUARY WHEN WE'LL PRESENT FULL YEAR RESULTS.

SO THIS IS 9M RESULTS, AND IF YOU MOVE TO PAGE 3 IN THE PRESENTATION, YOU SEE OUR HIGHLIGHTS FOR THE MAIN ECONOMIC INDICATORS, AND WE ARE TALKING ABOUT RENTAL INCOME, RENTAL INCOME IN THE FIRST 9 MONTHS OF 2022 LANDED AT €102.1 MILLION. AND HERE WE HAVE 2 COMPARISONS, ONE VERSUS 2021 IN ABSOLUTE TERMS, AND THEN VERSUS 2021 BUT RESTATED. SO IT'S A COMPARISON TAKING INTO ACCOUNT THAT AT THE END OF NOVEMBER 2021, WE SOLD A HYPERMARKET AND SUPERMARKET PORTFOLIO, AND WE CHANGED ONE OF OUR MASTER LEASES.

SO IN ORDER TO HAVE A CONSISTENT AND LIKE-FOR-LIKE COMPARISON, AS WE ALSO DID IN THE PREVIOUS QUARTERS, WE TRY TO PROVIDE YOU WITH A CONSISTENT COMPARISON ON A LIKE-FOR-LIKE BASIS. SO IF WE HAVE 6.5% DECLINE IN ABSOLUTE TERMS, IF WE LOOK AT IT, RESTATED, IT'S UP 1.7% AND IT'S UP

2.2% ON A LIKE-FOR-LIKE BASIS. AND THE SAME APPLIES TO NET RENTAL INCOME LANDING AT €83.6 MILLION DOWN 3.8% VERSUS '21, BUT UP 6.3% VERSUS 2021 RESTATED AND ON A LIKE-FOR-LIKE BASIS, INSTEAD WE HAVE UP 7.8%.

CORE BUSINESS EBITDA LANDS AT €76 MILLION DOWN 4.5% IN ABSOLUTE TERMS, UP 6.5% RESTATED. AND THEN FFO FUNDS FROM OPERATION €50.4 MILLION, UP 4.1% IN ABSOLUTE TERMS SLIGHTLY ABOVE OUR REVISED GUIDANCE, THE GUIDANCE WE REVISED IN AUGUST WHEN WE PRESENTED THE HALF YEAR REPORT, THE RANGE WAS 2% TO 3%, AND THEN UP 19.9% VERSUS RESTATED.

IF WE LOOK AT THE OPERATING PERFORMANCE, Q3 AND Q2 CONFIRMED THE GROWING TREND, WHEN IT COMES TO TENANT SALES. OVER THE 3 QUARTERS, THE TREND IS IN LINE WITH 2019 FIGURES. SO WE HAVE MINUS 0.3% PROGRESSIVE VERSUS 2019, AND UP 19.1% VERSUS 2021. BUT LET ME REMIND YOU THAT IN 2021, WE HAD CLOSURE DAYS BECAUSE OF ANTI-COVID MEASURES.

IF YOU LOOK AT THE BOTTOM OF THE SLIDE, Q1 WAS NEGATIVE DOWN 6.4% ALWAYS TALKING ABOUT TENANT SALES. AND THEN A GOOD RECOVERY IN Q2 AND Q3 RESPECTIVELY, UP 3.8% IN Q2 AND UP 2.8% IN Q3, SO THAT OVERALL THE FIRST 9 MONTHS ARE JUST DOWN 0.3% VERSUS 2019. THESE DATA HOWEVER, THEY ARE INFLATION ADJUSTED TO BE FAIR. BUT THEY ONLY MARGINALLY FACTOR IN INFLATION. FOOTFALLS ARE STILL NEGATIVE VERSUS 2019 DOWN 17.1%, BUT WITH AN IMPROVING TREND GOING FROM MINUS 20.5% IN Q1 TO MINUS 16.5% IN Q2 AND DOWN 15.6% IN Q3. SO, WE HAVE A 10% INCREASE VERSUS 2021 AS A WHOLE. SO THE TREND OF IMPROVEMENT IS MOVING ON, AND STARTING FROM Q2 WE'VE WITNESSED THAT IMPROVEMENT.

THE AVERAGE TICKET IS GROWING SIZABLY UP 19.5%, AND WE ARE COMPARING SEPTEMBER '22 VERSUS SEPTEMBER '19. AND WE ALSO RECORDED A PUBLIC POSITIVE CONTRIBUTION PROVIDED BY THE DOWNSIZING OF HYPERMARKETS AND THE REMODELING OF NEW SURFACES WITHIN THE SHOPPING MALL. AND A VERY POSITIVE CONTRIBUTION IS PROVIDED BY FASHION THAT ACCOUNTS FOR 50% OF OUR MERCHANDIZING MIX. AND FASHION IS DOING VERY WELL ESPECIALLY IN BIGGER SURFACES. AND THEN ANOTHER POSITIVE PIECE OF INFORMATION IS THAT HYPERMARKETS STILL CONFIRM TO BE A VERY ATTRACTIVE ANCHOR TENANT COMPARED TO 2021.

IF WE MOVE TO PAGE 6, FROM A COMMERCIAL PERSPECTIVE, WE SEE THAT OCCUPANCY WENT UP VERSUS THE FULL YEAR FIGURE UP 10 BASIS POINTS, AND UP 20 BASIS POINTS VERSUS THE FIRST HALF OF 2022. SO WE ARE ABOVE 95% WITH AN AVERAGE UPSIDE ON BOTH TURNOVERS AND RENEWABLES. WE'RE TALKING ABOUT 130 CONTRAST, SO AN UPSIDE OF ABOUT 1.6%.

WE HAD 80 OPENINGS IN THE 9 MONTHS. AND LET ME MAINLY FOCUS ON JEWELLERY AND HOUSEHOLD GOODS, BECAUSE THOSE ARE PRODUCT CATEGORIES THAT ARE PERFORMING REALLY WELL. THEY ARE THE BEST PERFORMERS IN OUR TENANT PORTFOLIO, CLOTHING AND FASHION ARE PERFORMING REALLY WELL TOO. THAT'S WHAT I MENTIONED BEFORE. AND THAT IS VERY IMPORTANT, BECAUSE IT STILL ACCOUNTS FOR 50% OF OUR MERCHANDIZING MIX.

COLLECTION RATE IS 93% WITH A FORECAST TO FURTHER IMPROVE IN Q4. WHAT I MENTIONED BEFORE WAS FOR ITALY, ON PAGE 7 YOU FIND DATA FOR ROMANIA, OCCUPANCY PICKED UP, RECOVERED NICELY IN Q3, AS YOU CAN SEE 220 BASIS POINTS VERSUS FIRST HALF OF 2022, AND ALMOST 500 BASIS POINTS UP VERSUS FULL YEAR 2021. AND PERCENTAGE WISE, OCCUPANCY IS SIMILAR TO THAT OF ITALY, UPSIDE IS ON 191 CONTRACTS RENEWED, IT'S ABOUT 2.4%. COLLECTION IS EVEN BETTER THAN ITALY 95%.

AS YOU ARE AWARE, I AM SURE THIS WAS PRESENTED THROUGH A PRESS RELEASE. AND ALSO WHEN WE MET YOU FOR THE HALF YEAR REPORT. WE HAVE A CO-MARKETING PROJECT WITH COOP ALLEANZA, ONE OF OUR MAIN SHAREHOLDERS AND ONE OF OUR MAIN TENANTS AS WELL. AND DOUBLE UP YOUR SHOPPING IS THE LATEST INITIATIVE WE ARE LAUNCHING. NOW, WE'VE BEEN LAUNCHING IT OVER THE LAST FEW WEEKS, AND THERE ARE COUPONS BEING ISSUED AND GIVEN TO VISITORS WHO CAN SPEND THE COUPON BOTH IN SHOPPING MALLS AND HYPERMARKET FOR TWICE THE VALUE OF WHAT THEY HAVE PAID. AND TARGETS ARE QUITE SIMPLE. SO WE WANT TO INCREASE FOOTFALLS AND SALES IN OUR SHOPPING MALLS, WE WANT TO UNFOLD AND INCREASE SYNERGIES AMONG TENANTS. AND WE WANT TO SPEED UP THE BUILD-UP OF OUR CRM DATABASES, IN LINE WITH IGD'S DIGITAL PLAN. AND THAT IS PART OF IGD'S BUSINESS PLAN AS PRESENTED LAST DECEMBER.

AND THEN A TOPICAL THEME, WE ARE MENTIONING THE ACTIONS WE HAVE STARTED BECAUSE THERE HAS BEEN A HUGE INCREASE IN THE ENERGY BILL. ON THE LEFT HAND SIDE YOU SEE THE MANAGEMENT ACTIONS. WE UPDATED THE MINIMUM AND MAXIMUM TEMPERATURE ALLOWED, VENTILATION HAS BEEN OPTIMIZED AND WE HAVE BEEN MAKING INVESTMENTS IN THE LAST FEW YEARS. WE INVESTED IN PHOTO VOLTAIC SYSTEMS, AND THE INTENTION WE HAVE IS TO INSTALL MORE OF THEM IN 2023, AND IN THE FOLLOWING YEARS AS WELL, AND THERE ARE MORE DATA AVAILABLE IF YOU WISH. THEN ARTIFICIAL INTELLIGENCE, WE ARE RUNNING PILOT PROJECTS, AND THEN WE HAVE A ROLLOUT PLAN ON OUR HVAC SYSTEMS AND WE ARE AN ACTIVE MEMBER OF THE CEE, A CONSORTIUM THAT IS HELPING US TO PURCHASE ELECTRICITY AND NATURAL GAS AT BETTER CONDITIONS.

MOVING ON TO PAGE 10, IF YOU READ THE INFO, WE STARTED A 3-DAY OPEN DAY INITIATIVE IN LIVORNO, WHERE WE HAVE A DEVELOPMENT PROJECT, THAT HAS BEEN GOING ON FOR ABOUT 14 YEARS NOW. WE'VE OWNED THE AREA FOR 14 YEARS. WE'VE ALREADY DEVELOPED SOME PROJECTS THERE, AND MORE WILL BE

DEVELOPED OVER THE COMING YEARS. WE'RE NOT FAR FROM COMPLETING IT. THE OPENING OF OFFICINE STORICHE, WHICH IS THE COMMERCIAL HEART OF THE INITIATIVE, WILL BE IN 1/2Q 2023.

AND WE WANTED TO PRESENT OUR PROJECTS TO THE MAIN INSTITUTION, SO THE MAYOR AND LOCAL MEDIA, AND WE HAD A TOUR OF OUR SITE TO TALK ABOUT THE MORE THAN 16,000 SQUARE METERS OF GLA DEVOTED TO RETAIL AND ENTERTAINMENT. THERE WILL BE A 4,000 SQUARE METERS GYM WITH A SWIMMING POOL. MORE THAN 80% PRE-LETTING WAS ACHIEVED, AND WE WANT TO ACHIEVE FULL OCCUPANCY BY THE TIME WE OPEN THE OFFICINE STORICHE HOPEFULLY BETWEEN THE END OF Q1 AND THE BEGINNING OF Q2 2023.

AND THEN, THIS INITIATIVE IS ALSO INVOLVING RESIDENTIAL AREAS, 42 APARTMENTS, IN ADDITION TO THE 73 FLATS WE'VE ALREADY BUILT FOR PIAZZA MAZZINI AND WE'VE ALREADY SOLD COMPLETELY. WE JUST HAVE ONE MORE NOTARY DEED BY YEAR END, BUT THEY'VE ALL BEEN SOLD. SO THESE ARE 42 MORE APARTMENTS, AND WE'VE ALREADY RECEIVED 30 BINDING PROPOSALS FOR THEM. 25 OF THESE APARTMENTS WILL BE DELIVERED BY THE END OF NOVEMBER. WE SHOULD HAVE THE RELEVANT, NOTARY DEEDS BY YEAR END, WITH AN INCOMING CASH FLOW OF ABOUT €10 MILLION, AND THAT IS AS FAR AS THE PORTA A MARE PROJECT IS CONCERNED.

IF WE MOVE ON TO PAGE 11, YOU'LL SEE THAT WE COMPLETED THE RESTYLING OF LA FAVORITA SHOPPING MALL IN MANTUA. IT'S A VERY IMPORTANT SHOPPING MALL, IT'S A REFERENCE FOR THE PROVINCE OF MANTUA, IT'S NOT VERY FAR FROM THE CITY CENTER. AND WE DID A FULL RESTYLING OF BOTH THE MALL, THE FAÇADE AND THE PARKING AREA, AND IT WILL BE OPENED ON NOVEMBER THE 10, 2022, SO NEXT WEEK.

LET'S DRILL DOWN INTO GREATER LEVEL OF DETAIL FOR ECONOMIC AND FINANCIAL DATA. WE ARE ON PAGE 13 NOW, AND IT'S ALWAYS A COMPARISON VERSUS 2021 TOTAL VALUE, ABSOLUTE TERMS. AND VERSUS 2021 RESTATED TO FACTOR IN THE DISPOSAL OF THE HYPERMARKET PORTFOLIO, AND ALSO TO FACTOR IN THE CHANGE IN THE MASTER LEASE, I MENTIONED BEFORE. SO NET RENTAL INCOME AMOUNTED TO 83.6 MILLION UP +6.3% VERSUS THE 2021 RESTATED FIGURES, AND DOWN -3.8% VERSUS THE 2021 FIGURE NOT ADJUSTED. SO WE HAVE A DECREASE PERCENTAGE WISE, WHEN IT COMES TO NET RENTAL INCOME FOR THE FIRST 9 MONTHS, AND AN INCREASE INSTEAD OVER THE RESTATED FIGURE. HOW DID THESE ASSET CLASSES PERFORM? THE SHOPPING MALLS IN ITALY WENT UP 1.8%, ITALY HYPERMARKET IS SLIGHTLY ABOVE 2.6% AND ROMANIA DID BETTER AND WAS UP 5.2%; SO WE'RE TALKING ABOUT €2.1 MILLION AS A WHOLE.

WE'RE ON PAGE 14 NOW, AND THE CORE BUSINESS EBITDA IS IMPROVING, AND ALSO THE EBITDA MARGIN IS THUS IMPROVING. WE HAVE COMPARISON IN ABSOLUTE TERMS VERSUS 2021 TO 79.6, AND VERSUS THE RESTATED FIGURE 71.4. WE HAVE A 4.5% DECLINE VERSUS THE ABSOLUTE FIGURES, WHILST WE HAVE PLUS 6.5% RESTATED. EBITDA MARGIN FROM FREEHOLD IS ABOUT UP 2% AND LANDS AT 72.5%. THE CORE BUSINESS EBITDA FROM 69.8% TO 70.7%, SO NET FINANCIAL POSITION IS IMPROVING.

WE ARE ON PAGE 15 OF THE PRESENTATION. THE HYPERMARKET PORTFOLIO DISPOSAL GAVE A LARGE CONTRIBUTION TO IMPROVING OUR NET FINANCIAL POSITION, BUT ALSO THE FINANCIAL MANAGEMENT IMPROVED IN ABSOLUTE TERMS, MOVING FROM SLIGHTLY LESS THAN €25 MILLION IN FIRST 9 MONTHS OF 2021 TO €22.1 MILLION IN THE FIRST 9 MONTHS OF 2022, WITH A DECLINE OF 18.1%.

FFO, FUNDS FROM OPERATION, WE'RE ON PAGE 16 OF THE PRESENTATION. AGAIN, DOUBLE COMPARISON IN ABSOLUTE TERMS AND WITH THE RESTATED FIGURES. SO 48.4 MILLION IS THE ABSOLUTE COMPARISON, 42 MILLION IS THE RESTATED ONE, AND CORE BUSINESS EBITDA WENT UP 4.8, AND A SLIGHT DECLINE IN THE DELTA, AS FAR AS, THE LEASEHOLD RENTS WERE CONCERNED, AND AN IMPROVEMENT IN THE FINANCIAL MANAGEMENT. THE FFO FOR THE FIRST 9 MONTHS OF 2022 IS SLIGHTLY HIGHER THAN €50 MILLION, SO €50.4 MILLION UP 4.1%. AND DEFINITELY IMPROVING VERSUS THE RESTATED FIGURES VERSUS 2021, ALMOST 20%.

NET FINANCIAL POSITION AS I SAID BEFORE, WE ARE ON PAGE 17 NOW, SO AND NET FINANCIAL POSITION WAS BELOW €1 BILLION BY YEAR END, THE PREVIOUS YEAR €987 MILLION WAS THE END OF 2021 FIGURE, NOW IT'S BACK TO THOSE LEVELS. END OF SEPTEMBER 2022 IT LANDED AT €988.7 MILLION, AND HERE YOU CAN SEE THE CASH FLOW GENERATED OVER THE FIRST 3 QUARTERS, 10.7 FIRST QUARTER, 13.4 Q2 AND THEN 12.9 AT Q3 AND THEN WE PAID OUT DIVIDENDS 38.6 THAT LED US TO THE CURRENT NET DEBT. WE'VE MADE INVESTMENTS AND WE'LL DO MORE IN THE LAST QUARTER.

THE LOAN TO VALUE WAS 48.8 AT THE END OF 2021, AND IT'S BACK TO 44.8 AT THE END OF SEPTEMBER 2022, WITH AN ICR THAT IS NOW AT 3.74 TIMES VERSUS 3.3 TIMES, AND AVERAGE COST OF DEBT THAT WENT FROM 2.20% IN 2021 TO 2.11% IN THE FIRST 9 MONTHS OF 2022.

WHEN IT COMES TO OUR FINANCIAL STRUCTURE AND THE MATURITY PROFILES, LET ME REMIND YOU OF THE CURRENT SITUATION. I'M SURE YOU'VE READ THAT A COUPLE OF DAYS BEFORE OUR FIRST HALF YEAR REPORT, WE ISSUED THE FIRST GREEN LOAN FOLLOWING THE GREEN FINANCING FRAMEWORK RELEASED, IN MARCH 2022, AND THAT WAS A COUPLE OF DAYS AFTER THE ACTUAL SIGNING OF THE CONTRACT WITH THE BANKS OF THE DEDICATED POOL. BOTH FITCH AND S&P ON SEPTEMBER THE 16TH AND SEPTEMBER THE

20TH, THAT IS TO SAY, A FEW DAYS AFTER THAT CONFIRMED THEIR RATING, AND FITCH STATES INVESTMENT GRADE AREA TRIPLE BBB MINUS STABLE LAST YEAR OUTLOOK, WHILST S&P BB PLUS AGAIN WITH A STABLE OUTLOOK.

IF WE LOOK AT THE AVAILABLE COMMITTED CREDIT LINES, AND THAT THEY ARE NOT USED...NOT DRAWN ABOUT 50 MILLION COMMITTED LINES AND NOT DRAWN, THEY WERE RENEWED RECENTLY FOR ANOTHER 3 YEARS, AND SO BASICALLY WE'VE COVERED ALL OF OUR FINANCIAL MATURITIES FOR BOTH 2022 AND 2023. FOLLOWING MATURITIES ARE IN 2024 AND WE ARE ALREADY WORKING, A FINANCIAL DEPARTMENT IS ALREADY WORKING TO COVER THOSE 2.

I AM HERE TOGETHER WITH MY COLLEAGUES FROM THE DIFFERENT HEAD OFFICES TO ANSWER YOUR QUESTIONS OR REQUEST FOR CLARIFICATION. THANK YOU VERY MUCH.

Q&A

OPERATOR:

THIS IS THE CHORUS CALL OPERATOR. LET'S NOW START THE Q&A SESSION. IF YOU WISH TO ASK A QUESTION, PRESS "*" FOLLOWED BY "1", SO "*" AND "1" ON YOUR PHONE KEYPAD, TO BE REMOVED FROM THE Q&A QUEUE, PRESS "*" AND "2" ON YOUR PHONE KEYPAD. ASK YOUR QUESTION USING YOUR PHONE HEADSET. IF YOU WANT TO ASK A QUESTION, PRESS "*" AND "1" ON YOUR PHONE NOW.

THE FIRST QUESTION COMES FROM THE LINE OF DARIO MICHÌ, EXANE BNP PARIBAS.

DARIO MICHÌ:

GOOD AFTERNOON TO ALL OF YOU. I HAVE A FEW QUESTIONS. THE FIRST ONE, IS JUST A CLARIFICATION, BECAUSE IT WAS MENTIONED DURING YOUR PRESENTATION, IF THE GROWTH GUIDANCE FOR 2022 FFO OF 2% TO 3% IS CONFIRMED, AND WHAT ARE THE DRIVERS THAT WOULD LEAD TO A REDUCTION IN THE GROWTH GOING FORWARD?

CLAUDIO ALBERTINI:

I AM VERY SORRY. COULD YOU PLEASE REPEAT THE LAST PART OF THE QUESTION, OVER THE LAST QUARTER YOU SAID?

DARIO MICHÌ :

WHAT ARE THE DRIVERS IN Q4 THAT LEAD TO A FURTHER DECLINE OF THE RESULTS YOU ACHIEVED IN THE FIRST 9 MONTHS SO THAT 4%, SO IN Q4 2021 YOU'D ALREADY FACTORED IN PART OF THE HYPERMARKET DISPOSALS?

AND THEN SECOND QUESTION, WHAT IS THE EXPECTED COST OF THE CO-MARKETING PROJECT YOU HAVE STARTED WITH COOP? AND THEN THE THIRD QUESTION IS, AFTER LOOKING AT THE FIRST 9 MONTHS, HAVE YOU ALREADY THOUGHT ABOUT DIVIDENDS GOING FORWARD?

CLAUDIO ALBERTINI:

VERY WELL, I'LL START BY ANSWERING ON GUIDANCE. FOR THE TIME BEING WE RECONFIRM OUR GUIDANCE IN A RANGE BETWEEN 2% AND 3%. WE ARE BEING VERY CAUTIOUS. THIS MORNING, WE LOOKED AT THE FIRST PRELIMINARY RESULTS. WE DON'T EXPECT AN IMPROVEMENT IN OUR GUIDANCE GOING FORWARD, PROBABLY WE'LL BE IN THE LOWER RANGE WHEN IT COMES TO FINAL RESULTS. THE MARKET IS STILL VOLATILE, THAT AND AS WE'VE ALWAYS BEEN VERY CAUTIOUS IN OUR GUIDANCE DISCLOSURE. SO FAR, WE ARE GOING TO CONFIRM OUR GUIDANCE AND IT WILL PROBABLY BE IN THE LOWER PART OF THE RANGE ANNOUNCED IN AUGUST.

ON Q4, RAFFAELE WILL ANSWER, AND I'LL QUICKLY TELL YOU ABOUT THE CO-MARKETING COST, CO-MARKETING PROJECT COST ABOUT €1.5 MILLION FOR THE YEAR. THIS IS WHAT WE HAVE A PRO-RATA BOTH IN Q2 THAT'S ALREADY BEEN INCLUDED IN HALF YEAR REPORT, IN THE INTERIM REPORT AND THEN IN Q3, WE HAVE THE LAST TAIL, AND THEN AS I MENTIONED BEFORE, DURING THE PRESENTATION, WE HAVE THE MOST IMPORTANT INITIATIVE WITH THE COUPONS, IT'S THE MOST EXPENSIVE ONE, BUT IT WAS BROKEN DOWN OVER A PRO RATA BASIS OVER 2 QUARTERS. LAST PART WAS IN Q3.

DIVIDENDS, SO FAR WE HAVE NO EVIDENCE NOT TO CONFIRM THE 2022 DIVIDEND. SO THERE ARE NO ELEMENTS SO FAR TO SAY, THAT, WHETHER IT CAN BE HIGHER OR LOWER. IT SHOULD BE AROUND THE LEVEL WE HAD LAST MAY, THAT IS TO SAY, 0.35.

FOR THE LAST QUESTION I LET RAFFAELE ANSWER

RAFFAELE NARDI:

HELLO DARIO, SO WHEN IT COMES TO THE FFO REDUCTION, THE MECHANISM WAS VERY CLEAR FROM THE VERY BEGINNING, AND EVEN DURING THE YEAREND CALL WHEN WE GAVE YOU THE FIRST GUIDANCE, IT WAS MORE OR LESS ALONG THE SAME LINES. THERE ARE MATHEMATICAL COMPONENTS, MECHANICAL COMPONENTS, SO TO SAY. OVER THE YEAR, THE GAP BETWEEN THE FIRST FFO, COMPARED WITH THE FIRST QUARTER WHICH WAS VERY POSITIVE INDEED. I THINK IT WAS ABOVE 30% IF I REMEMBER CORRECTLY, AND THEN DECLINING TOWARDS YEAR END, AND IT WAS DRIVEN BY THE FACT THAT LAST YEAR THE COVID IMPACT WERE ALMOST FULLY RECORDED IN THE FIRST QUARTER, AND THEN OVER THE YEAR A LOT LESS OF THE DELTA WAS BEING OFFSET AND TAKEN IN LITTLE-BY-LITTLE IN THE FOLLOWING QUARTERS.

AND THEN OTHER FACTORS KICKED IN. YOU REMINDED US OF THE PORTFOLIO DISPOSAL, THAT WAS END OF NOVEMBER LAST YEAR, SO IT'S GOING TO BE CONSISTENT JUST FOR ONE MONTH ON A LIKE-FOR-LIKE BASIS

FOR JUST ONE MONTH. BUT IT WILL HAVE AN IMPACT ALSO IN OCTOBER AND NOVEMBER. AND THEN LAST BUT NOT LEAST, SOME RECENT NOVELTIES THAT LED US TO BE MORE CAUTIOUS, ESPECIALLY WHEN IT COMES TO THE LAST QUARTER, THE INCREASE IN UTILITIES THAT HAD ONLY BEEN PARTLY FACTORED IN THE PREVIOUS QUARTERS. SO PARTLY THAT HAS TO BE ADDED TO THE FURTHER SMALL REDUCTION OF THE FFO.

I KNOW THAT NOT ALL OF YOU LIKE THE COMPARISON WITH RESTATED VERY MUCH, BUT I THINK IT'S VERY IMPORTANT TO HAVE IT, BECAUSE DESPITE THE FACT FROM OUR PERSPECTIVE, WE MADE A DECISION TO DISPOSE A PART OF OUR PORTFOLIO TO REDUCE OUR NET FINANCIAL POSITION. SO IN ORDER TO HAVE A REAL COMPARISON, IT MEANS WE WILL HAVE A SIZABLE INCREASE IN FFO ON A LIKE-FOR-LIKE BASIS UP 2%, 3% IN ABSOLUTE TERMS. BUT AS WE HAVE GIVEN A PART OF THIS PORTFOLIO BY DISPOSING AWAY THE FFO, DESPITE THAT IS STILL GROWING, IT WOULD BE EVEN MORE SO IF WE WERE COMPARING IT WITH THE RESTATED FIGURES.

DARIO MICHI: THANK YOU VERY MUCH.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF SIMONETTA CHIRIOTTI WITH MEDIOBANCA. PLEASE MADAM.

SIMONETTA CHIRIOTTI: GOOD AFTERNOON TO ALL OF YOU. I HAVE A COUPLE OF QUESTIONS, THE FIRST ONE ABOUT OCTOBER. WHAT ARE THE MAIN TRENDS, WHAT WAS THE PERFORMANCE LIKE WHEN IT COMES FOR INSTANCE TO CONSUMER CONFIDENCE WITH THE EXPECTATIONS WE HAVE OF ENERGY BUILD GOING UP A LOT, SO WHAT ARE THE TRENDS YOU HAVE NOTICED FOR OCTOBER? AND THEN, ALSO IF WE LOOK AT 2023, OF COURSE THERE IS GOING TO BE A CONSISTENT COMPARISON TOWARDS THE 2022 ON A LIKE-FOR-LIKE BASIS. BUT MY QUESTION IS, WHAT ARE YOUR EXPECTATIONS WHEN IT COMES TO THE ORDER OF MAGNITUDE OF THE GROWTH YOU MAY EXPERIENCE GOING FORWARD? DO YOU EXPECT SOMETHING MORE? COULD YOU ELABORATE?

CLAUDIO ALBERTINI: WELL, WE DO NOT YET HAVE ANY EVIDENCE ON TENANT SALES FOR OCTOBER, BECAUSE AS YOU PROBABLY KNOW, WE NORMALLY GET THOSE FIGURES IN THE THIRD WEEK OF THE FOLLOWING MONTH, SO IT'S A BIT TOO EARLY. WE DON'T HAVE THAT PIECE OF INFORMATION YET. I DON'T EXPECT TENANT SALES TO BE VERY DIFFERENT FROM WHAT WE HAD OVER THE LAST FEW MONTHS, BECAUSE THE INFLATION EFFECT WILL BE MORE TO BE FELT BETWEEN END OF NOVEMBER, EARLY DECEMBER AND THEN THE FIRST 6 MONTHS OF 2023.

SO FAR, ALSO THANKS TO WHAT WE'VE PUT IN PLACE AND HOW THINGS ARE RUNNING, HOW THE ECONOMY IS RUNNING AND OUR SERVICES ARE BEING DELIVERED. YOU ARE PROBABLY AWARE SERVICES WERE AMONG THE BEST ITEM FOR US. REALLY, THEY HAVE BEEN DRIVING THE SEPTEMBER GDP, SO SERVICES HAVE BEEN

THE MAIN DRIVER. SO I DON'T SEE ANY MAJOR SLOWDOWN. MAYBE, THERE COULD BE A SLOWDOWN IN NOVEMBER AND DECEMBER. AS I SAID BEFORE IT'S NOT GOING TO BE EASY TO BUILD A BUDGET FOR 2023. WE WILL OF COURSE DO SO, AND WE'LL SUBMIT IT TO THE BOARD, AND THEN WE WILL PROVIDE A GUIDANCE FOR 2023.

THERE ARE SOME POSITIVE ITEMS BECAUSE SOME OF THE OPENINGS HAD TO BE DELAYED. ONE OF THEM IS OFFICINE STORICHE. IT WAS SUPPOSED TO BE OPEN THIS YEAR, AND THAT FOR A NUMBER OF REASONS, AMONG WHICH THE SLOWING DOWN OF WORKS BECAUSE OF COVID HAD TO BE PUT OFF UNTIL 2023, AND THAT WILL HAVE A DECENT IMPACT RENT WISE, AND THEN OTHER OPENINGS WERE ALSO DELAYED. WE ALREADY HAVE CONTRACT SIGNED FOR 2023, SO WE EXPECT FURTHER GROWTH. INFLATION WILL PUSH US FORWARD BUT AT THE SAME TIME, WE WILL TRY AND BE VERY CAUTIOUS AS AS WE'VE BEEN THIS YEAR, BECAUSE WE WILL PROBABLY HAVE TO GRANT TEMPORARY DISCOUNTS.

OUR LINE IS CLEAR. WE ARE NOT GOING TO CHANGE CONTRACTS. THIS YEAR, WE'VE USED ALL OF THEM, BUT WE HAVE FUNDS AVAILABLE FOR POSSIBLE TEMPORARY DISCOUNTS. SO WE JUST HAVE TO QUANTIFY THE SAME TYPE OF DISCOUNT FOR 2023. BUT SO FAR, THE SCENARIO ASSUMING ALL MACROECONOMIC VARIABLE IS SO VOLATILE THAT IT'S IMPOSSIBLE TO COME UP WITH PRECISE FORECAST FOR 2023. I DON'T FEEL IN A POSITION TO BE ABLE TO MAKE THOSE FORECASTS. I SAY, I TOLD THE BOARD THE SAME THING THIS MORNING.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF DAVIDE CANDELA, INTESA SANPAOLO. PLEASE SIR, GO AHEAD.

DAVIDE CANDELA: GOOD AFTERNOON. THANK YOU VERY MUCH FOR THE PRESENTATION. I HAVE 3 QUESTIONS. THE FIRST ONE IS A CLARIFICATION ON THE PORT A MARE PROJECT CONTRIBUTION ON A YEARLY BASIS GOING FORWARD, STARTING FROM BEGINNING OR MID 2023 AND THEN COST OF UTILITIES THAT INDEED WILL HAVE A IMPACT ON DIRECT COSTS. AND I WAS WONDERING WHETHER YOU HAD ANY TALKS WITH THE GOVERNMENT AS TO POSSIBLE CONTRIBUTION THAT YOU MAY GET FROM THE GOVERNMENT SO AS TO HELP...BE ABLE TO HELP BOTH YOU AND THE TENANTS WHEN IT COMES TO UTILITIES INCREASE. AND THEN PORTFOLIO APPRAISALS TOWARDS END OF 2022, WHAT ARE THE CHANGES THAT COULD EITHER IMPROVE OR REDUCE THE VALUE OF YOUR PORTFOLIO?

CLAUDIO ALBERTINI: FIRST QUESTION, WE ARE TALK ABOUT ANNUALIZED DISCOUNTED FIGURES AS WHEN WE OPEN A NEW NORMALLY YOU HAVE TOUGH RENTS. RENTS GO ON FULL STREAM AFTER 2, 3 YEARS. WE'VE A START-UP. FOR THE FIRST YEAR, IT'S €2 MILLION DISCOUNT OR ANNUALIZED TO THEN GET TO €2.5 MILLION IN THE MEDIUM TERM. THAT'S THE FORECAST, DISCOUNTED OF COURSE ANNUALIZED. AND THEN NEXT YEAR, WE

WILL START MORE OR LESS END OF MARCH, EARLY APRIL. SO IT'S NOT GOING TO BE DIFFICULT TO COMPUTE THAT.

CONCERNING ENERGY COSTS, THE NEW GOVERNMENT HAS ONLY JUST STARTED ITS MANDATE. WE ARE LUCKY ENOUGH TO HAVE A GOOD CHAIRMAN OF CNCC IS WITH US AND I CAN GIVE HIM THE FLOOR. I DON'T THINK HE HAS YET SENT IN ANY REQUESTS TO THE NEW GOVERNMENT FOR SUPPORT TO BE PROVIDED TO TENANTS AND MALLS BECAUSE IN 2021, THERE WERE NO SUBSIDIES OR SUPPORTS. AND THEN FAIR VALUE VALUATIONS, ROBERTO.

ROBERTO ZOIA:

YES, GOOD AFTERNOON. AS TO ENERGY COSTS, ALL SHOPPING MALLS HAVE BEEN ASKING 2 THINGS. ONE, WHAT ARE THE REQUESTS WAS MET AS TO TAX CREDITS. ON THE COST FOR ENERGY DELTA. AS YOU KNOW, COMMERCE HAS NOT BEEN CONSIDERED AS AN ENERGY HUNGRY INDUSTRY. SO NORMALLY, THEY ARE GOING TO GET A 30% CONSUMPTION VERSUS OTHER INDUSTRIES THAT HAVE A 50% ENERGY CONSUMPTION. SO ALL OF THE INDUSTRIES HOWEVER ARE ASKING FOR TAX CREDIT AT LEAST FROM NOW TO YEAR END, 50% TAX CREDIT ON THE DELTA THAT IS DEFINED ENERGY COST INCREASE. AND WE DON'T KNOW WHETHER THE GOVERNMENT WILL DO THE SAME AS THE PREVIOUS ONE, AT LEAST TO SAY FOCUSING ON ENERGY COMMUNITIES TO HAVE RENEWABLE ENERGY SYSTEMS BUILT, MAYBE FOR INSTANCE PHOTOVOLTAIC SYSTEMS THAT CAN BE USED BY A NUMBER OF PLAYERS THAT CAN SERVE BOTH THE MALLS, THAT CAN SERVE COMMON AREAS, THE MALLS OR INDIVIDUAL STORES WITHIN A MALL.

WHEN IT COMES TO ENERGY COMMUNITIES, THERE ARE A NUMBER OF SUBSIDIES AND TAX WAGE OR BENEFITS. SO FAR, THERE ARE NO REGULATIONS IN PLACE, BUT THE REGULATION SHOULD BE APPROVED AND APPLIED AND COME INTO FORCE IN THE COMING WEEKS AND THEN IT WILL BE IN EXISTENCE. WE ARE ASSUMING A SPEEDING UP OF THE BUILDING OF PHOTOVOLTAIC SYSTEMS ON SHOPPING MALL ROOFS AND IN PARKING LOTS.

AS TO VALUATION OR APPRAISALS, THIS IS A VERY SPECIAL YEAR, BECAUSE WE HAVE 3 VERY IMPORTANT FACTORS THAT COME INTO PLAY, AND SOMEHOW ANOMALOUS FACTORS DIFFERENT FROM THE PREVIOUS YEARS. SO WE HAVE INFLATION FIRST AND FOREMOST, THAT HAS AN IMPACT ON RENTAL AND LEASE CONTRACTS, AND IT'S A POSITIVE ITEM AS SUCH, AS A STANDALONE ITEM, BUT IT ALSO HAS TO BE KEPT VERY MUCH UNDER SCRUTINY, UNDER CONTROL. RENT SUSTAINABILITY IS OF PARAMOUNT IMPORTANCE, AND IT HAS TO BE LINKED WITH SALES SUSTAINABILITY. ALL THAT WILL BE MITIGATED WITH OTHER INDICATORS FOR INSTANCE, DISCOUNTS THAT WILL HAVE TO BE APPLIED TO CERTAIN CONTRACTS IN AN AD HOC MANNER, SO THAT ONCE THE FEES, SHOULD THE FEE BE NO LONGER SUSTAINABLE VERSUS SALES AND THEN THE COST OF MONEY. OF COURSE THAT WILL HAVE AN IMPACT ON ACTUAL DISCOUNTED CASH FLOW DISCOUNT RATES.

AND SO WHEN IT COMES TO GETTING MONEY WITH THE LEVERAGE OF 40%, 50%, THERE WILL BE A DISCOUNT RATE THAT WILL BE A FEW BASIS POINTS HIGHER, AND THEN CAPITALIZATION RATES THAT MIGHT INCREASE, BECAUSE THE EXPECTED RETURNS WITH A HIGHER INTEREST ON BORROWED MONEY WELL THESE VALUES MIGHT GO UP, BUT NEVER FORGET THAT RETAIL IN 2020 AND 2021 HAS ALREADY ADOPTED A VALUATION POLICY, WHEREBY, THAT FACTORING IN INTEREST RATE INCREASES DIFFERENTLY FROM OTHER ASSET CLASSES SUCH AS LOGISTICS, WHERE RATES WERE SOMEHOW DECOMPRESSED, BECAUSE THEY WERE VERY APPEALING. AS SO, THOSE 3 FACTORS I HAVE JUST MENTIONED.

AND THEN RETAIL HAS MUCH INTERESTING RETURNS THAN LOGISTICS OR OTHER ASSET CLASSES SUCH AS OFFICES OR OTHER. SO, MAYBE IT'S A BIT TOO EARLY TO SAY THAT, BUT AS WE SAID DURING THE ENTIRE PRESENTATION, GOING FORWARD, WE'LL HAVE TO TRY AND UNDERSTAND HOW VOLATILITY CAN BE SOMEHOW LINKED TO DISCOUNTED CASH FLOWS. THANK YOU.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF FRANCESCO SALA WITH BANCA AKROS. PLEASE SIR.

FRANCESCO SALA: GOOD AFTERNOON. THANK YOU VERY MUCH FOR YOUR PRESENTATION. I HAVE NOTICED THAT YOU HAVE A SIZEABLE CHUNK OF YOUR DEBT WITH MATURITIES IN 2024. I DON'T KNOW IN WHICH MONTH EXACTLY, BUT WHEN ARE YOU GOING TO START WORKING TO REFINANCE THAT DEBT? ARE YOU GOING TO START IN 2023 ALREADY OR IN 2024? THANK YOU.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH FOR YOUR QUESTION. DEBT MATURITIES OF 2024. €500 MILLION IS 2 BOND, 1 IS A €100 MILLION, AS YOU CAN SEE IT'S A PRIVATE PLACEMENT WITH MATURITY IN JANUARY 2024 AND THE LARGEST PART, €400 MILLION IT'S A PUBLIC BOND ISSUED 5 YEARS BEFORE, SO THE MATURITY IS END OF OCTOBER 2024. SO, IN 2 YEARS' TIME PRACTICALLY STARTING TODAY. WE ARE ALREADY WORKING ON THAT. WE ARE NOT WAITING FOR 2023 TO COME. I'LL HAND IT OVER TO ANDREA WHO WILL TELL YOU IN MORE DETAIL. SO, IT'S WORKING PROGRESS ALREADY THAT OF REFINANCING OUR 2024 DEBT.

ANDREA BONVICINI: GOOD AFTERNOON. THIS IS ANDREA SPEAKING, AND AS YOU KNOW LAST YEAR IN MARCH, WE CAME UP WITH A GREEN FINANCING FRAMEWORK. WE HAVE STARTED INITIATIVES TO COME UP WITH THE SUSTAINABILITY FINANCING FRAMEWORK, BECAUSE IF THE MARKET WERE TO CHANGE TO THE PRESENT DATE, IT IS NOT YET VIABLE FOR THE EURO BOND MARKET BECAUSE WE HAVEN'T SEEN ANY TRANSACTION FOR REAL ESTATE COMPANIES STARTING IN EARLY SEPTEMBER, BUT SHOULD THE MARKET CHANGE, WE COULD BE READY TO ISSUE IN BOTH WAYS THAT ARE APPRECIATED BY INVESTORS.

AND THEN WE HAVE ADOPTED DIFFERENT FINANCIAL INSTRUMENTS. CONVERTIBLE BONDS, PRIVATE PLACEMENTS, CONVERTIBLE LOANS, BANKING LOANS BOTH SECURED AND UNSECURED. NEXT YEAR WE WILL

HAVE SOME MATURITIES COMING UP FOR THE SECURED DEBT. WE HAVE €1.5 BILLION WORTH OF UNENCUMBERED ASSETS. SO WE MIGHT EVEN LOOK INTO THE WAY TO RETAIN THE LOWEST POSSIBLE COST OF DEBT. WE MIGHT LOOK INTO THE WAY OF SECURED DEBT ROUTE, SO TO SAY.

CLAUDIO ALBERTINI: SO THE KEYWORD HERE IS FLEXIBILITY AS ANDREA POINTED OUT. WE DO NOT RULE OUT ANY PATHWAY. WE ALREADY HAVE SOME IDEAS OF THE MOST VIABLE PATHWAYS, BUT THE TOOLS AVAILABLE ARE MANY AND WE'VE ALREADY USED THEM IN THE PREVIOUS YEARS. SO, IF I'M NOT MISTAKEN BEFORE 2009, WE'VE ALSO ISSUED A CONVERTIBLE BOND. WE DON'T WANT TO DO NOW, BUT IN LINE OF PRINCIPLE, WE DO NOT RULE OUT ANYTHING. BUT AS WORK IN PROGRESS, BEFORE I TURN THE CONFERENCE TO ANDREA, THE REFINANCING OF OUR DEBT MATURITIES IS ALREADY WORK-IN-PROGRESS. WE ARE ALREADY WORKING ON IT. THANK YOU VERY MUCH.

OPERATOR: NEXT QUESTION COMES FROM THE LINE OF ALVARO MATA AT TREA ASSET MANAGEMENT. GO AHEAD, SIR.

ALVARO MATA: HI, GOOD AFTERNOON. THE FIRST QUESTION IS ABOUT WHAT TO EXPECT IN TERMS OF CAPEX FOR 2022. YEAR-TO-DATE CAPEX IS ONLY €15 MILLION, AND I WAS EXPECTING THE FULL YEAR CAPEX TO BE CLOSE TO €40 MILLION. SO YOU CAN CONFIRM THAT THE CAPEX SHOULD BE LOWER THAN THE €40 MILLION I WAS EXPECTING. AND THEN SOMEONE ASKED YOU ABOUT THE EXPECTATIONS IN TERMS OF PORTA A MARE CONTRIBUTION FOR 2023, AND I MISSED THE ANSWER. SO IF YOU CAN REPEAT WHILE EXPECTED CONTRIBUTION ARE NOT ONLY THAT, BUT AS WELL, WHAT IS THE CAPEX...THE AMOUNT OF INVESTMENT LEFT IN THAT PORTA A MARE PROJECT TO THE TIME THAT THE PROJECT HAS BEEN ENDED?

AND THEN LASTLY, LAST QUESTION IS, IF THERE IS ANYTHING TO REPORT IN TERMS OF ADDITIONAL LIQUIDITY LINES YOU HAVE SIGNED RECENTLY, OR THAT YOU EXPECT TO SIGN IN THE NEAR FUTURE? I AM ASKING THIS BECAUSE DURING THE LAST CALL IN AUGUST, YOU MENTIONED THAT YOU WERE LOOKING AT THE POSSIBILITY OF SIGNING A NEW €22 MILLION €23 MILLION LIQUIDITY LINE. SO, IS THERE AN UPDATE ON THAT? THANK YOU.

CLAUDIO ALBERTINI: GREAT. ON CAPEX 2022, THE FORECAST FROM NOW TO YEAR END, TOGETHER WITH THE FIRST 9 MONTHS, AND CAPEX TO COMPLETE THE PROJECT, ROBERTO ZOIA WILL TAKE THE QUESTION. AND THEN, ON THE RENTAL INCOME FOR 2023, AND GOING FORWARD ALSO PORTA A MARE, LAURA POGGI WILL PROVIDE THE ANSWER WHO IS THE COMMERCIAL DIRECTOR. AND THEN, ANDREA WILL GIVE YOU AN OVERVIEW ON THE FINANCING, THAT IS ABOUT TO BE ISSUED FOR ABOUT €20 MILLION ON THE SO-CALLED, SACE-GUARANTEED LINE. ROBERTO WILL START.

ROBERTO ZOIA: AS TO THE CAPEX, WE ARE GOING TO CLOSE 2022 WITH €35 MILLION INSTEAD OF €40 MILLION AS YOU SAID, SO THE LOWER CAPEX ARE DUE TO THE FACT THAT OFFICINE WILL BE COMPLETED IN 2023, WHILST AT THE BEGINNING WE EXPECTED TO OPEN IT AT THE END OF 2022. AND IN ADDITION TO THAT, WE PUT OFF OR DELAYED, SO TO SAY, OTHER CAPEX ESPECIALLY WHEN IT COMES TO DOWNSIZING HYPERMARKETS IN SICILY, PART OF THEM WERE DELAYED TO YEAR END, AND OTHERS WERE PUT OFF TO THE FIRST FEW OF MONTHS OF 2023. SO 2022 WILL END WITH CAPEX IN THE RANGE OF €35 MILLION AS AGAINST THE €40 MILLION WE HAD ASSUMED FOR THE ENTIRE 2022 YEAR.

AND THEN, AS TO...THE OFFICINE STORICHE, WE HAVE COST TO COMPLETE OF ABOUT...WERE AROUND €6 MILLION, AND THAT WILL BE IN 2023 ASSUMING AN OPENING THAT SHOULD TAKE PLACE END OF Q1 BEGINNING OF Q2.

AND THEN, AS TO THE IMPACT, I HAND IT OVER TO LAURA POGGI WHO WILL ELABORATE ON IT.

LAURA POGGI: WELL, GOOD AFTERNOON. FIRST YEAR AS MR. ALBERTINI WAS EXPLAINING, WE ARE USING STEP RENTS, SO THAT OUR TENANTS CAN GET TO A SUSTAINABLE LEVEL TO BEST LAUNCH THE MALL. SO, THE INCOME IS GOING TO BE €2 MILLION TO THEN GET TO €2.5 MILLION IN YEAR 3 MEANING RENTAL INCOME.

CLAUDIO ALBERTINI: ARE THERE ANY OTHER QUESTIONS?

ALVARO MATA: CAN YOU STILL HEAR ME?

CLAUDIO ALBERTINI: PLEASE GO AHEAD, SIR.

ALVARO MATA: OKAY. IF I HAVE THE OPPORTUNITY I WILL ASK ONE MORE, THE ONLY QUESTION IS, IF THERE IS ANYTHING TO REPORT IN TERMS OF ASSET DISPOSALS, EXPECTATIONS FOR THE NEXT FEW MONTHS. THAT'S ALL, THANKS?

CLAUDIO ALBERTINI: IN THE BUSINESS PLAN 3 DISPOSALS WERE INCLUDED. WE ARE THINKING OFF DISPOSING OF ROMANIA, BECAUSE IT'S NO LONGER OUR CORE ASSET, BUT SO FAR WE HAVE NO NEGOTIATION UNDERWAY, IT'S PART OF THE BUSINESS PLAN, IT'S AN OBJECTIVE IN THE BUSINESS PLAN. BUT WE HAVE 2 MORE YEARS TO GET TO THAT OBJECTIVE, BUT BECAUSE OF THE MARKET CONDITIONS AND SITUATIONS, WE DON'T BELIEVE CONDITIONS ARE THERE FOR THE DISPOSAL OF THAT ASSET.

AND THEN, AS A SECOND OBJECTIVE FOR A DISPOSAL IS A PORTFOLIO OF NON-CORE HYPERMARKET AND SUPERMARKET . SO WE HAVE SOME TALKS, BUT WE HAVE NOT YET CLEAR EVIDENCE OF A REAL

NEGOTIATION. BUT THAT'S ANOTHER TARGET, ANOTHER OBJECTIVE WE HAVE IN...WITHIN THE BUSINESS PLAN. WE DON'T THINK IT'S GOING TO BE FEASIBLE WITHIN THIS YEAR, BUT MAYBE NEXT YEAR WE WILL SEE WHETHER WE CAN COMPLETE THAT NEGOTIATION, EVEN THOUGH WE DON'T HAVE A REAL NEGOTIATION YET, AND IT'S ABOUT €40 MILLION.

AND THEN LAST BUT NOT LEAST, AS WE SAID BEFORE ALWAYS IN THE BUSINESS PLAN. WE HAVE THE TARGET TO DISPOSE OF SOME AREAS THAT WE ARE NOT GOING TO DEVELOP, THAT BELONG TO THIS PORTA A MARE PROJECT FOR SMALLER AMOUNT, BUT THAT IT'S GOING TO TAKE TIME, BECAUSE WE ARE STILL WORKING ON THE DEVELOPMENT CHANGE OF DESTINATION OF USE. SO WE SEE THIS FURTHER HEAD DOWN THE LINE, SO TO SAY, JUST LIKE ROMANIA, BUT WHILST WE ARE QUITE CONFIDENT ON THIS PORTFOLIO AS LAST YEAR WE'VE ALREADY MADE A DISPOSAL, SO IF IT'S TRUE THAT THE RETAIL MARKET DOESN'T HAVE A VERY BIG DEMAND FOR NEW INVESTMENTS.

THE HYPERMARKET AND SUPERMARKET ASSET CLASS STILL ATTRACTS INTEREST, MAYBE NOT AS IN THE PAST, BUT STILL ATTRACTS INTEREST, THAT'S WHY WE ARE MORE CONFIDENT THERE. BUT LAST YEAR, IT TOOK US ABOUT 8 TO 9 MONTHS, WHEN WE STARTED THE NEGOTIATION, WHEN WE ACTUALLY COMPLETED THE DISPOSAL END OF NOVEMBER. SO, AND HERE WE ARE NOT EVEN HALF WAY THROUGH THE PROCESS, SO THAT'S IT.

SO, IN THE COMING MONTHS DEFINITELY NOT IN 2022, HOPEFULLY IN 2023 AND HOPEFULLY IN THE FIRST HALF OF 2023. AND ANDREA BONVICINI IS SUGGESTING TO ME THAT WE HAVE NO INTENTION TO REINVEST OUR CASH...THE CASH FLOW COMING FROM THE DISPOSALS, BUT INSTEAD WE WANT TO USE IT TO CUT, TO REDUCE OUR NET DEBT, OUR NET FINANCIAL POSITION.

OPERATOR: THE NEXT QUESTION COMES FROM THE LINE OF PETER WILD. GO AHEAD, SIR.

PETER WILD: HELLO GUYS, JUST ONE QUESTION FROM ME, PLEASE, WHICH IS, WHETHER YOU WERE ABLE TO GIVE ANY INFORMATION ABOUT THE PRICING ON THE SECURE LENDING IT WAS SIGNED IN Q3?

CLAUDIO ALBERTINI: IT'S AN UNSECURED LOAN

PETER WILD: YES, UNSECURED, YES?

CLAUDIO ALBERTINI: THE PRICING WAS AROUND 300 BASIS POINTS OF SPREAD.

PETER WILD: THANK YOU. THAT'S ALL FROM ME.

CLAUDIO ALBERTINI: THANK YOU.

OPERATOR: LET ME REMIND YOU THAT IN ORDER TO ASK A QUESTION, YOU MAY PRESS "*" AND "1" ON YOUR PHONE. FOR FURTHER QUESTIONS, YOU CAN PRESS "*" AND "1" ON YOUR PHONE. MR. ALBERTINI, THERE ARE NO MORE QUESTIONS.

CLAUDIO ALBERTINI: THANK YOU VERY MUCH, AND HAVE A PLEASANT EVENING. THANK YOU.