Financial statements
at 31 December 2009

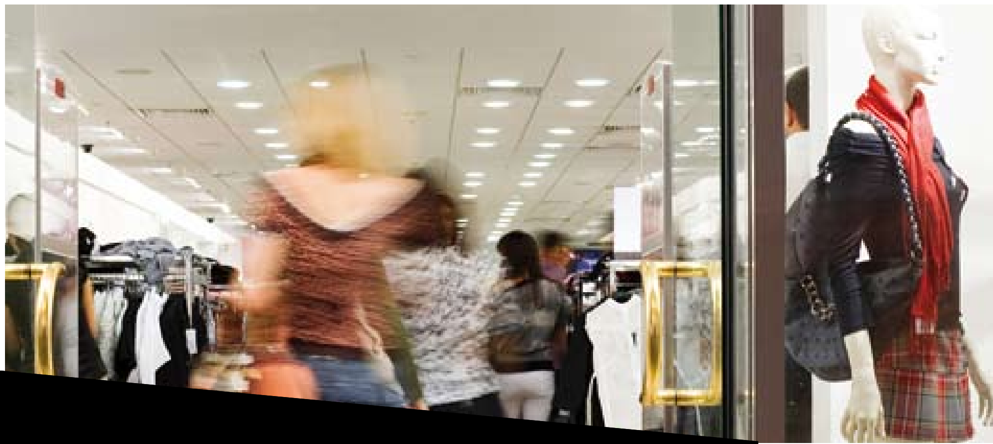
igd SIIQ
immobiliare grande distribuzione
società di investimento immobiliare quotata spa


Nursery
Toilette

Financial statements
at 31 December 2009

CONTENTS

1



The IGD Group

1.1 | Letter to the Shareholders

Dear Shareholders,

In a complex year like 2009, the IGD Group continued along its development path, succeeding in achieving results which testify to the effective management and the ability of the properties in our portfolio to hold their fair value.
In the year that just ended revenues rose by 17.95% with the market value of our property reaching €1,651.39 million (or €1,724.86 million including the 50% stake in RGD). The quality of the results reported in terms of bottom line also makes it possible to submit a proposal to the shareholders for the payment of a dividend of €0.05, an increase of 42.86% with respect to the prior year.
The key factor, which allowed us to continue to grow despite the difficult situation plaguing the financial markets and the real economy, lies most certainly in the consistent expansion of our portfolio thanks to a solid, balanced financial and capital structure. During the year we purchased and completed four shopping centers in Italy which entailed an investment of approximately €241 million and achieved very satisfying results in terms of marketing: in fact, when the first three centers were opened they were almost completely rented and we plan on filling the fourth center, opened in December, by June 2010 .
Quite clearly the environment in which we work has changed profoundly with respect to the prior years. We achieved our objectives in terms of commercialization, but this required more energy than in the past. During the pre-letting phase it was, in fact, more difficult to engage important chains even though they were already part of our historic portfolio: different retailers, faced with weak consumer trends, changed their policy and no longer insisted on being part of all the new high profile malls and reduced their development targets even if this meant they were no longer in a position to defend their market share in areas where the density of shopping centers increased..
Our role as a promoter of the new centers, therefore, became even more important and more time was dedicated. It is, in fact, essential to support the new centers in their start-up phase and for the 24-36 months after their opening with initiatives that attract visitors and that promote all the offers that are unique to each center.
We also paid great attention to the management of the shopping centers that have been part of our portfolio for some time and looked at the sustainability of the rents in light of the p&l of each retailer. This proved to be a winning approach: on the one hand we limited the discounted rents we offered – which are, at any rate, only granted temporarily – to situations of dire need, and on the other, we avoided loosing key elements of our ideal brand mix and maintained excellent occupancy rates. The first glimpses of 2010 also indicate that the level of receivables is returning to pre-2009 levels. The average yield of the Italian portfolio, with hypermarkets at 6.37% and the malls at 6.4% (with the exception of Isola d'Asti), is testimony to the efficacy of the management as are the occupancy rates which continue to be very high, 100% for the hypermarkets and 97.92% for the malls.
In Romania, where GDP and consumption dropped more than in Italy, we have found more high profile retailers and finalized commercial agreements with important local and international players based on which we can count on the long term presence of food chains like Carrefour and MiniMax Discount and the leading local electronics retailer Domo in different Winmarkt malls. The annual rents have greater visibility than in 2008 and the average yield continues to be decidedly higher than in Italy at 8.96%.
The change in IGD SIIQ's top management which resulted in the appointment of a new Chief Executive Officer was done in order to guarantee continuity as is clearly indicated by the fact that all the previous investment projects were include in the new business plan 2009-2013, presented last November.
The assumptions underlying this plan, however, are profoundly different than the ones that were part of the 2008-2012 plan, in terms of both consumer and real estate market trends and the impact of the crisis that has persisted over the past few years.

The objectives of the plan in terms of the main performance indicators are, at any rate, ambitious with an estimated CAGR for revenues between 2009 and 2013 of 9.8% and for EBITDA of an impressive 12.5% with the EBITDA margin gradually rising from 68% in the first year to 77% in 2013.
The fair value of the portfolio is expected to reach €2.24 billion by the end of the plan due primarily to the new investments which are estimated to reach €750 million. The like-for-like increase in the market value of the real estate is estimated at a conservative €30 million while the average portfolio yield is expected to increase reaching a range of between 6.3%-6.5%.
The targets are based solely on the existing portfolio and the projects that are already included in the investment plan. IGD's growth horizon could, however, prove to be broader in scope. The healthy fundamentals and the attractive SIIQ tax regime make IGD an ideal candidate to become an Italian real estate aggregator, particularly in the world of the cooperatives. 2010 will, in this respect, be a year of intense exploration. In the meantime we will work to meet

1 2

the goals included in the new plan in a timely manner. We believe that the real estate market will stabilize going forward while consumption will continue to be weak for all of 2010: our management will, therefore, continue to focus on the performance of the retailers that are part of our shopping centers and to offer them adequate support.
We dealt with this difficult 2009 with serenity, transparency and decisiveness and without loosing our ability to look ahead, to focus on the long term. These are the characteristics that we share with our majority shareholders, Coop Adriatica and UniCoop Tirreno and the characteristics that will make it possible for us to maintain our position as sector leader in Italy.

1.
Chief Executive Officer
Claudio Albertini

2.
The Chairman
Gilberto Coffari

The Chairman
Gilberto Coffari

Chief Executive Officer
Claudio Albertini

1.2 | Corporate and Supervisory Bodies

Board of Directors*	Non–executive	Executive	Independent	Chairman's Committee	Internal Control Committee	Nominations Committee	Compensation Committee	Supervisory Board	Lead Independent Director
Coffari Gilberto	●			●					
Costalli Sergio	●			●					
Albertini Claudio		●		●					
Zamboni Roberto	●			●					
Caporioni Leonardo	●				●				
Pellegrini Fernando	●								
Pirazzini Corrado	●								
Canosani Aristide			●		●				
Carpanelli Fabio			●			●		●	
Franzoni Massimo			●		●				
Gentili Francesco			●				●	●	
Parenti Andrea			●			●			
Sabadini Riccardo			●				●		●
Boldreghini Giorgio			●			●			
Santi Sergio			●	●			●	●	

Board of Statutory Auditors**	Office	Standing	Alternate
Conti Romano	Chairman	●	
Chiusoli Roberto	Auditor	●	
Gargani Franco	Auditor	●	
Landi Isabella	Auditor		●
Manzani Monica	Auditor		●

External Auditors
Reconta Ernst & Young S.p.A.

* The Board, appointed by the Annual General Meeting held on 23 April 2009, will be in office through the Annual General Meeting called to approve the financial statements for the year ending on 31 December 2011.

The red points indicates the independent directors and the different positions held within the Board.

** The Board of Statutory Auditors will remain in office for the three-year period 2009-2011.

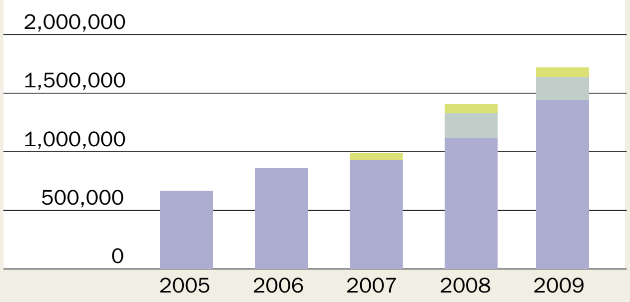
Since its inception IGD has adopted a corporate governance model which, in addition to reflecting the standards outlined in the "Corporate Governance Code for Listed Companies" and Consob's guidelines, is in line with the best international practices.
As in the past, for the year that closed on 31 December 2009 IGD hired the consulting company Egon Zehnder International to help with the self-assessment of the size, composition and functioning of its Board of Directors and its Committees as provided for in the Corporate Governance Code. This survey is conducted in a systematic way. Egon Zehnder International consultants interviewed personnel who had filled out a detailed questionnaire. The results were analyzed in a Summary Report which was presented to and discussed by the Board. The use of this sort of Board Review is in line with the most sophisticated international standards and is testimony to IGD's status as one of the "best practitioners" of the Borsa Italiana's Star Segment.
Based on the self-assessment survey, IGD's Board of Directors has achieved levels of Italian market excellence in terms of:

1. Size which was found to be adequate and efficient, with a majority of independent directors;
2. Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
3. Efficient functioning, thanks above all to:

_ *The mutual respect and trust that characterizes the relationships between the directors which encourages dialogue and facilitates decision making processes;*
_ *Adequate and timely distribution of information to the directors in preparation for the Board meetings;*
_ *Highly motivated directors and a sense of team spirit;*
_ *the Chairman's ability to coordinate, guide and facilitate the Board's activities which was, once again, well supported by the Chief Executive Officer*
_ *useful and adequate participation of company managers in the Board meetings when deemed opportune.*

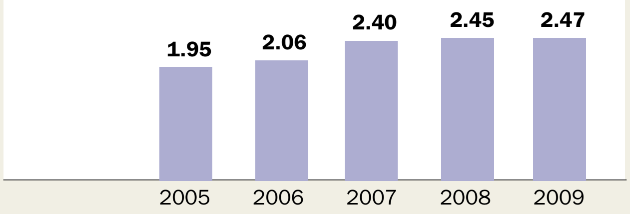
1.3 Highlights

Market value of the portfolio



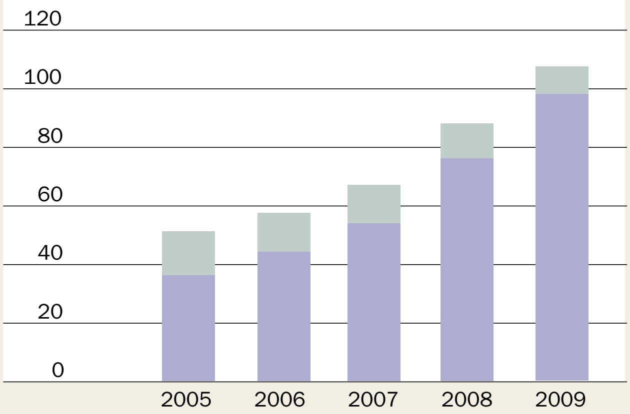
Value: thousands of euros — **Italia** **Winmarkt** **RGD**

NAV per share



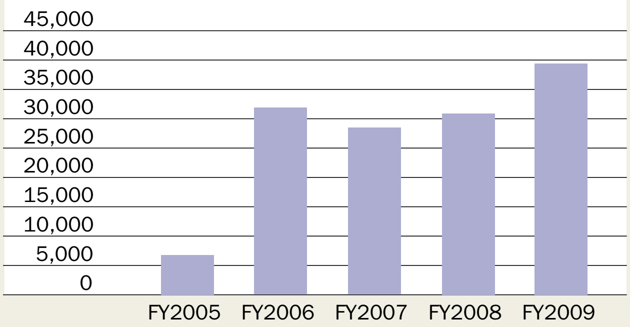
Value: units of euros

Net rental income



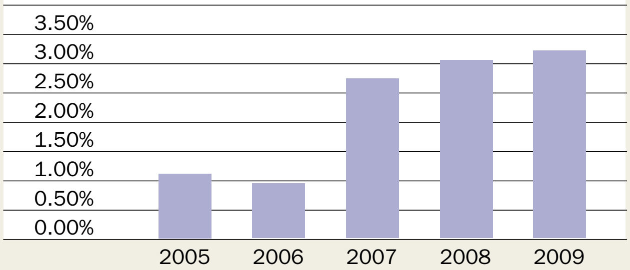
Value: millions of euros — **Revenues - SBU1 Freehold** **Revenues - SBU1 Leasehold**

FFO (Funds from operations)



Value: thousands of euros

Dividend yield



Consolidated income statement (In thousands of euros)	FY 2008	FY 2009
Freehold revenues	77,008	97,813
Leasehold revenues	11,190	8,515
Revenues from services	4,425	6,315
Corporate revenues	82	17
Net revenues*	92,705	112,660
Income from works in progress	0	226
Rents payable	-12,313	-9,285
Direct costs	-11,979	-17,725
General expenses	-9,488	-9,589
Ebitda	58,925	76,287
Amortization, depreciation & impairment	-19,764	-5,349
Change in fair value	-2,589	-13,725
Ebit	36,572	57,213
Income fr. Equity investments	92	0
Financial income/(charges)	-25,936	-34,583
Pre tax profit	10,728	22,630
Tax	32,609	-2,222
Net profit	43,337	20,408

* the item net revenues includes revenues net chargebacks.

	FY 2008	FY 2009
Net financial debt (€/mn)	733.90	1,027.82
Net equity (€/mn)	742.88	747.53
Loan to value (%)	51.57%	56.88%
Hedging (%)	73.10%	66.61%
Average cost of debt (%)	4.82%	3.53%

2009	Hypermarkets	Malls
Average annual occupancy rate	100%	97.92%
Like-for-like yields	6.53%	6.32%
Average yield	6.37%	6.4%

2

Directors' report

2 | Directors' report

Dear Shareholders,

The directors' report that follows combines the reports to the consolidated financial statements and the financial statements of the Parent Company Immobiliare Grande Distribuzione SIIQ S.p.A., to avoid the repetition that would result by providing two separate documents.
The consolidated financial statements at 31 December 2009 of Gruppo Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A or IGD for short), including this report and the notes to the financial statements, consolidate the balance sheets and income statements of IGD SIIQ SpA and other Group companies as listed in the paragraph related to the scope of consolidation.

Alternative Performance Indicators

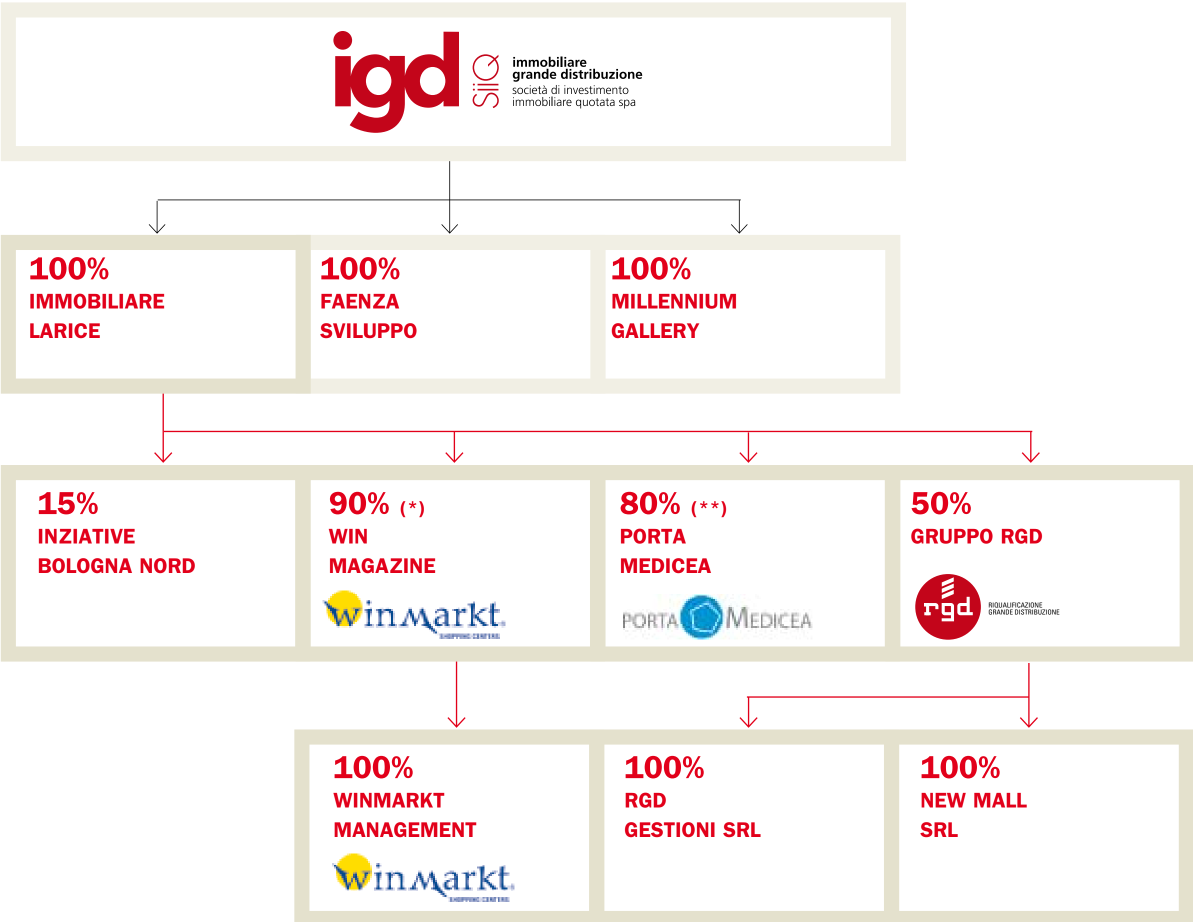
This report contains alternative performance indicators with respect to the conventional indicators required of audited financial statements, which comply with IAS/IFRS. The alternative performance indicators do stem from financial statements prepared on an IAS/IFRS-compliant basis, but have also been calculated using other sources or alternative methods, where clearly specified.
These may not comply with the accounting standards required of audited financial statements and may not consider the accounting, recognition and measurement requirements associated with such standards.

2.1 The IGD Group Today

Today IGD is the only Società di Investimento Immobiliare Quotata (SIIQ or real estate investment trust) in Italy. Listed in February 2005 with a real estate portfolio valued at €585 million in September 2004, IGD's real estate portfolio is now valued by an independent appraiser at €1,651.39 million (or €1,724.86 milion including the 50% interest in the RGD Group). The Igd Group is active in Italy and in Romania. The organizational chart below reflects the Group's structure at 31 December 2009.

* Consolidated 100% due to a put & call option on the minority interest of 10%

** Consolidated 100% due to a put & call option on the minority interest of 20%



In October 2009 the Parent Company, which controls 100% of Immobiliare Larice and 100% of Millennium Gallery s.r.l. (owner of part of the shopping mall in Rovereto), acquired 100% of Faenza Sviluppo Area Marcucci s.r.l., owner of the Le Maioliche shopping center in Faenza. Immobiliare Larice, in addition to owning the CentroSarca shopping mall near Milan, also holds the majority of the operations which are not included in SIIQ's scope of consolidation:

1. 90% of WinMagazine, through which it controls WinMarktManagement, the company responsible for the team of Romanian managers;

2. 80% of Porta Medicea, the requalification and real estate development project of Livorno's seafront;

3. The stake in RGD Riqualificazione Grande Distribuzione, the 50-50 joint venture with Beni Stabili involved in the purchase and enhancement of existing commercial centers with redevelopment potential;

4. Management of the leasehold properties Centro Nova and Centro Piave.

Our Portfolio

Today IGD's portfolio is comprised almost entirely of hypermarkets and shopping centers that are part of medium-large sized shopping centers and includes:

In Italy:
17 hypermarkets
16 shopping malls
3 commercial centers through the JV RGD
5 plots of land for future development
1 asset held for trading
6 other

In Romania
15 commercial centers
1 office building

Our Activities

The core of IGD's business has always been property management and leasing. The second line of business, linked to services, leverages on the experience the company has matured through the management and expansion of its network and consists primarily in the marketing of new shopping centers, including for third parties.

Property Management and Leasing
The objective is to enhance the value of the property portfolio which is done through:
1. the purchase or leasing of properties;
2. the optimization of the returns from the portfolio thanks to the continuous improvement of the center's appeal;
3. the possible sale of the older or less strategic malls.

Services
Agency Management and Pilotage operations are designed to promote new or expanded centers.
Facility Management services are, rather, linked to marketing and the daily operations of the center such as, for example, security, cleaning and ordinary maintenance.


Centro Sarca - Sesto San Giovanni - MI (Italia)


Gran Center - Ploiesti (Romania)

Mission

IGD's mission it to create value for all its stakeholders: shareholders, employees, customers and suppliers. We believe this is possible through sustainable growth.

Vision

IGD is committed to building and managing shopping centers that attract customers over time, even when the consumer trends change drastically as they did in 2009. This is in fact the approach that helps us create a valid operating environment for the chains that lease spaces. Toward this end IGD dedicates a great amount of time and energy to promoting initiatives that help generate traffic within the centers which, in turn, helps to sustain the retailers' revenues. The competitive scenario in Italy continues to be quite interesting as the density of the shopping centers, equal to 214 m2 per 1,000 inhabitants, is still well below the European average (source: CBRE, figures at 31.12. 2009). A careful analysis of the local situation is, however, key to making the correct decisions regarding new openings and revamping of complexes built in the 1990s.
IGD is also active in Eastern Europe. It, in fact, controls the largest chain of shopping centers in Romania, with 15 properties located in the heart of 13 different Romanian cities. The investment was made in 2008 in order to diversify the Group's presence in a market with attractive consumer trends and yields which, even in 2009, continue to be well above the levels of the Italian market.

Strategy

IGD presented its five year business plan for the period 2009-2013 in November 2009. The new plan, promoted by the Chief Executive Officer Claudio Albertini, reflects an operating environment and global market conditions that are profoundly different with respect to the prior plan (2008-2012). All the investment projects in the pipeline were, however, confirmed and targets to improve profitability, while also keeping debt under control, were also included.
Firstly, the plan reiterates IGD's vocation as an Italian retail operator: management intends, therefore, to levarage on the strong points which have always distinguished the Group in order to obtain further positive results. The target in terms of growth is quite clear: the real estate portfolio valued is expected to be valued at some €2.2 billion by 2013. The increase in the valuation at 31 December 2008 of €1.4 billion over the five year plan period is almost entirely attributable to the new investments of €750 million. These are primarily pojects involving hghly visible, new malls and hypermarkets for which preliminary agreements have already been signed; IGD also expects to invest €150 million in the purchase of prestigious properties in the historic areas of important Italian cities in order to transform them into shopping malls. The plan also calls for a further improvement in profitability in order to increase the portfolio's average yield from the current 6.3% to 6.5% through effective management of the existing portfolio and carefully selected new investments.
Thanks to an increase in operating costs that will be much less than the increase in revenues, the EBITDA margin is expected to rise by almost ten points, reaching 77% in 2013.
The investments will be financed by internal cash generation without having to resort to capital increases. The gearing ratio is, therefore, expected to rise over the first three years reaching a peak level of 1.5x in 2011. The Loan-to-Value is expected to remain consistently below 65%.
The debt structure will continue to be in line with the asset profile; long term debt will, therefore, be maintained at current levels (approximately 85%) and the company will continue to prefer fixed rates.
Under the SIIQ regime IGD must distribute at least 85% of the income generated by the rental business in Italy, therefore, the 2013 dividend could be almost triple the dividend paid in 2008.

2.2 | Activities

IGD's business activities include two distinct divisions:
1. Property development and portfolio management;
2. Marketing and management of the network.

1. Property development and portfolio management

Property Development

IGD completed several important projects in 2009 (please refer to section 2.7.2 Investments for further information). Before going forward with any development IGD follows a clear evaluation procedure in order to understand the viability of a new investment. The future returns of each single acquisition, based on an estimate of future revenue streams and the cost of the property, are compared with the structure and cost of funding the transaction. The use of these criteria, rigorously applied to the four transactions completed, also resulted in the cancellation of two preliminary contracts that the company signed in the past.

Portfolio Management

IGD's real estate assets are of good quality thanks to the routine maintenance of the systems, stairs, elevators and parking carried out which calls for an average yearly investment of approximately €100,000 for each center. The figure for the centers built in the last few years comes in, however, at around €50,000.
Several of these activities, even though IGD defines them as "ordinary", result in a reorganization of the space in order to accommodate new tenants in the mall. Asset management, an integral part of our property management activities, involves extraordinary maintenance, precisely structural works which may include, for example, roofing, systems, substitution of heating and cooling units. Improvements (expansion, restyling), which guarantee that the structures reflect new consumer trends, are also considered part of Asset Management.
In 2009 the Le Porte center in Afragola near Naples underwent restyling and changes were made at the ESP center in Ravenna (the region of Emilia Romagna) in order to comply with new regulations and prepare for the planned restyling and expansion of the center. The entire portfolio was subject to updates in order to ensure compliance with new norms and regulations, particularly with regard to systems: these efficiencies could result in lower management costs going forward.

2. Marketing activities and management of the network

Marketing Activities

The focus of the marketing activities is the preparation of a marketing strategy for the shopping center which typically involves:
1. the launch of the new projects and the pre-letting activities;
2. restyling;
3. the management of tenant turnover in the existing malls.

Ideal merchandise and tenant mixes are determined based on a ranking of the best retailers in each category.
The heads of IGD's commercial teams follow a systematic approach which is rooted in their vast experience matured in Italy over the years and focused on how to position each project. Normally the senior team members are responsible for the most important national and international chains.
The marketing activities in IGD have always been inspired by the standards that are typical of the cooperatives; great attention is, therefore, paid to satisfying the needs of all the operators in order to set rents that are truly sustainable over time with a view to long term, sound and profitable management of the shopping center.
In 2009 IGD's deep understanding of the retailers present in its Italian centers made it possible for the company to avoid tenant default, with the exception of one instance, despite the critical market conditions, and to deal with problematic situations more efficiently. The elements influencing the earnings of each category of merchandise were analyzed and then the main brands in each category were looked at in order to determine the level of rent per square meter that made it possible to guarantee the presence of brands with more contained margins but still able to attract visitors to the center.
This approach was also used in Romania and agreements were stipulated with high profile retailers such as Carrefour,

resulting in the inclusion of food products in four shopping centers, and MiniMAX Discount, a discount grocery chain, in another four. The agreement with DOMO, the largest Romanian small appliance and electronics chain, guarantees the presence of the retailer in an impressive nine out of IGD's fifteen Romanian centers for the next five years.

Contract Management

Contract management is another activity in which the Marketing and Network Management division is involved. This segment works very closely with the marketing professionals and is responsible for translating the agreements made during the pre-letting phase of the new centers and renewals of existing centers into contracts and to manage them over time which may call for assistance with credit recovery , as well as accessory services (general and insurance).

In 2009 IGD renewed 9.9% of the expiring contracts. At the same time, IGD also sought to revise many contracts in order to meet the needs of retailers which were particularly hard hit by the crisis: approximately 117 contracts (13.21% of the total) benefited from temporary discounts or new terms and conditions.

Management of the Network

Management of the network of shopping centers, both freehold and third party, makes up the third operating segment of this division. Within each center there are IGD team professionals who develop promotional projects and advertising campaigns for special events or during certain periods of the year. These activities were very intense during the opening of the new centers, but also focused on centers that have been up and running for a couple of years like the Mondovicino center in Mondovì, Piedmont.

Typically communication campaigns focus on the zone surrounding the center but in the case of the Tiburtino center in Guidonia the inhabitants of Rome were also targeted.
Initiatives that promote customer loyalty, such as contests linked to special center events, are used in both the new and the "historic" centers.
In 2009 these activities were set up by IGD with a medium term view based on repetitious events that do not, necessarily, generate immediate returns.
Management of the network also entails monitoring general services and a series of activities which are part of the ordinary operation of each center such as security, cleaning, various utilities: the so-called Facility management that IGD oversees for its tenants.

In 2009 IGD managed to offer new brands at its malls which gave them a fresher, more international feel and which, in a few instances, created an important anchor for the whole center with a level of appeal that in a couple of cases was similar to that of food products; a lot of these chains are found in medium-large sized centers.
The new chains that were introduced in 2009 include: Maison du Monde for home furnishings, C&A, Jake & Jones and H&M for apparel, Game7 Athletics, a multi-brand sporting goods store, and Deichmann Footwear.

2.3 | The Stock

IGD's shares are traded on the Italian Stock Exchange's STAR segment as part of the real estate sector.
The minimum lot is €1.00 and its specialist is Intermonte.

IGD SIIQ SpA's share capital at 31 December 2009 was comprised of 309,249,261 shares with a par value of €1.00.

IGD's ticker symbols:

RIC: IGD.MI
BLOOM: IGD IM
ISIN: IT0003745889

Indices in which IGD is included:

FTSE EPRA/NAREIT Global Real Estate Index;
EPRA: *European Public Real Estate Association*

Euronext IEIF REIT Europe
IEIF: *Institut de l'epargne Immobilère et Foncière*

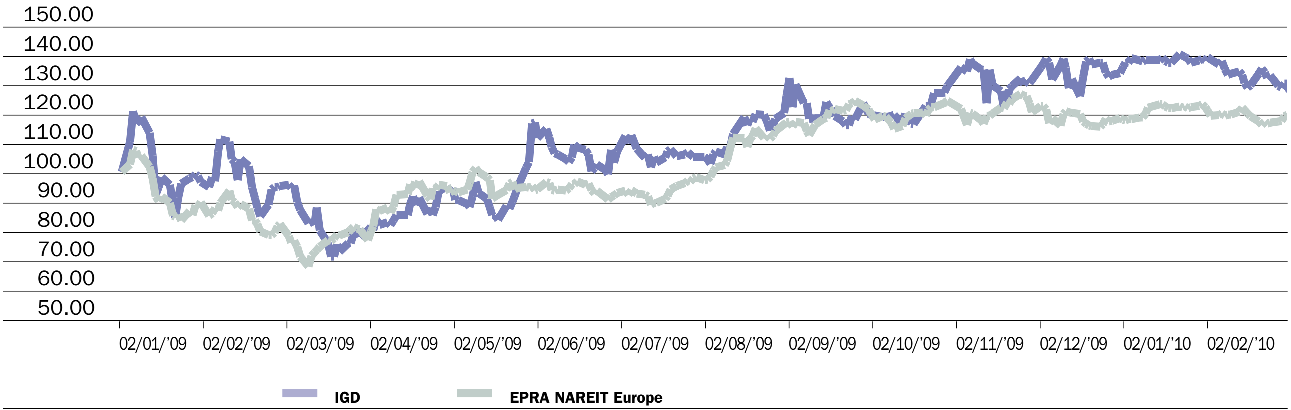
GPR 250 REIT Index
GPR: *Global Property Research*

The Stock's Performance

The European real estate stocks included in the EPRA NAREIT Europe index fell sharply during the first three months of 2009, on the back of the negative trend that dominated 2008, and then rebounded rapidly through the end of August, to then level off in the most recent months.

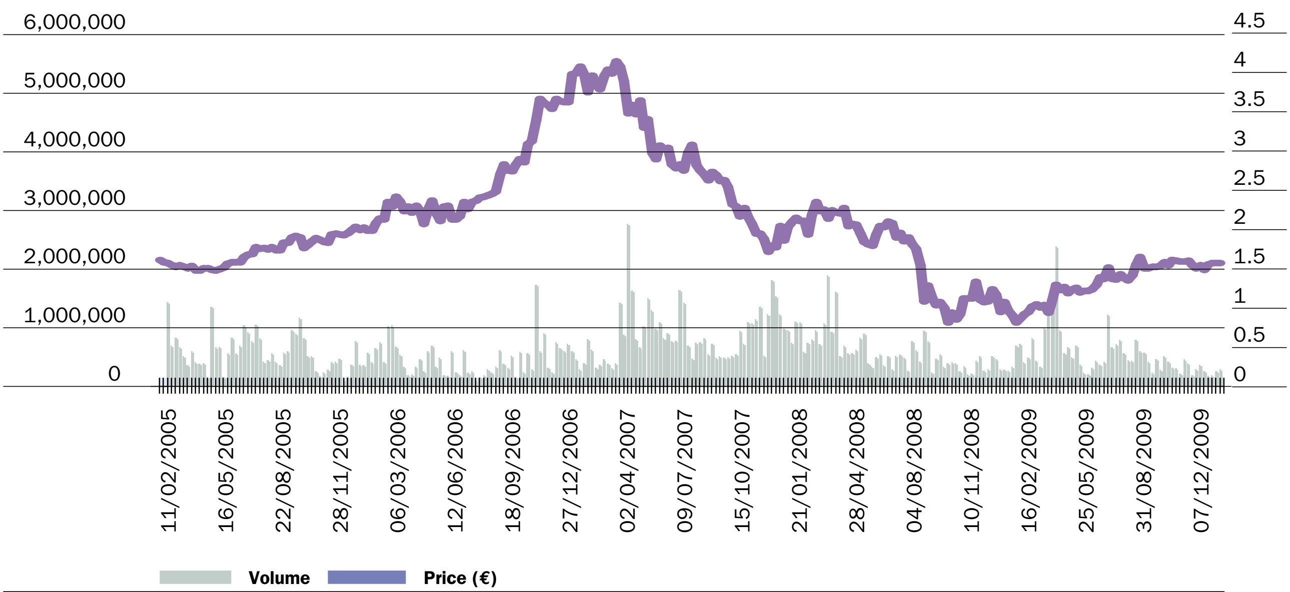
The following graph shows how IGD's stock was in line with the reference index at times, but as of November it was a net outperformer. Between 2 January 2009 and 31 December 2009 IGD's stock price rose 39.12% , compared to the index's rise of 20.24%.

IGD's stock price compared to the european real estate index (base 2.1.2009 = 100)



The following graph shows the price of IGD's shares and the volumes traded from IGD's IPO through today. The stock, which benefited form the positive phase of the real estate market and the solid growth driven by the company's fundamentals, rose steadily during the first months of trading to reach a high of €4 in April and May 2007. It then hit its low of €0.80 for the first time on 25 November and then, once again, on 17 and 18 March 2009. From that time through 19 February 2010 IGD's shares have consistently recovered reaching a high for the period of €1.61 euro on 23 October 2009. From its low on 18 March of €0.80 through 31 December 2009, when it reached €1.56, IGD's stock has risen more than 95%.

Price and volumes traded since IGD's IPO



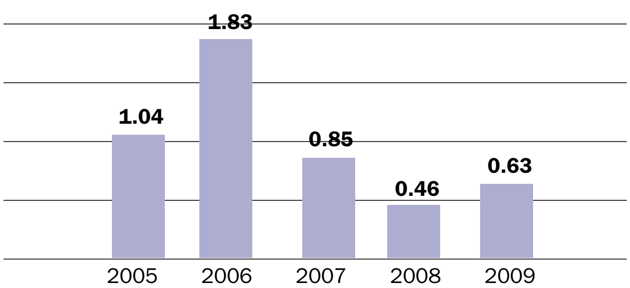
The Nav

The NNAV per share calculation follows.

NNAV per share		FY 2009	FY 2008
Market value freehold properties	A	1.724.86	1.423.20
Investment, land and direct development projects	B	1.726.02	1.421.24
Potential capital gains/ (losses)	**C=A-B**	**(1.17)**	**1.95**
Net equity		747.53	742.88
Value of treasury shares (incl. Commissions)		22.25	22.25
Adjusted net equity	**H**	**769.79**	**765.13**
IGD's current stock price	**31-DIC-09**	**1.56**	**1.13**
Potential capital gain/(loss) on treasury shares	**D**	**(5.02)**	**(9.74)**
Total gain	**E=C+D**	**(6.18)**	**(7.79)**
NAV	**F=E+H**	**763.60**	**757.34**
Number of shares	G	309.25	309.25
NAV per share	***F/G***	***2.47***	***2.45***
Tax rate on capital gains		27.9%	31.4%
Total net capital gain	**I**	**(5.86)**	**(8.40)**
NNAV	**L=H+I**	**763.93**	**756.73**
NNAV per share	***M=L/G***	***2.47***	***2.45***

In the NAV calculation, the potential capital loss (minimal at €1.17 million) refers to land recognized at the lesser of cost and fair value, and to the Darsena City building, which is listed at the lesser of cost and fair value among assets under construction. The valuation also reflects a guarantee issued by the seller.
NAV increased by 0.82% with respect to December 2008, while NNAV rose by 0.95%.
It should also be noted that NAV is static and does not take account of the preliminary contracts signed to date, the down payments and security deposits for which are recognized as assets under construction.
The following graph shows the stock price (as of the last day of the 2009)/NNAV ratio from 2005 through 31 December 2009

Stock price/NNav



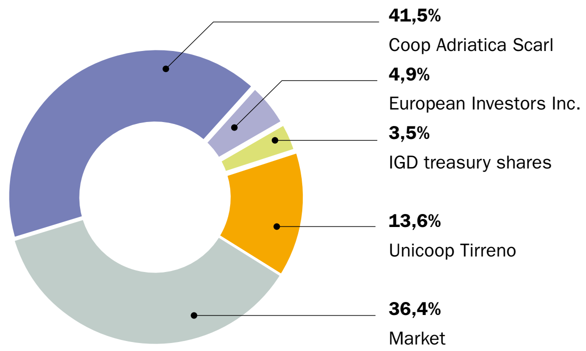
Dividend

IGD's Board of Directors will propose that the Shareholders' Meeting to be held on April 23rd approve the distribution of a dividend of €0.050 per share, an increase of 42.86% with respect to the dividend of €0.035 paid in 2008.

The Ownership structure

In 2009 there was a change in the shareholders with a stake of more than 2% in the share capital. On 27 March 2009 European Investor Inc., one of IGD's primary institutional investors, declared that it had reduced its interest from 5.07% to 4.9%.

Main shareholders



Source: IGD SIIQ SPA's shareholder register
and Consob notices regarding significant equity investments

Investor Relations

In 2009 IGD maintained its open and transparent dialogue with the financial community through company presentations and the use of dedicated instruments.
IGD has significant qualified coverage, at the moment nine brokers, five in Italy and four abroad, cover the stock.
In 2009 the company organized four presentations for analysts and investors:

- On 16 March, for Capital Markets Day;
- On 14 May, to discuss the first quarter results;
- On 28 August, to discuss results for the first half;
- On 13 November, to discuss the results for the first nine months and the Business Plan 2009-2013.

IGD also organized roadshows in Paris and London while in Milan it participated in the STAR Conference organized by Borsa Italiana in March. Many meetings were held with domestic investors and contacts with the primary institutional investors were maintained via conference call.
With regard to specific tools, the Newsletter continued to be published in Italian four times a year. Each new Newsletter is available on the company's website (www.gruppoigd.it) a week after the publication of the quarterly, half-yearly and yearly results.
In 2009 the content and structure of the corporate website was also changed and in January 2010 the new version was launched.

2.4 Corporate Events

On **23 April** the Shareholders' Meeting called to approve of the financial statements at 31 December 2008 and appoint the new Board of Directors (after having set the number of directors at 15), which will remain in office through the Shareholders' Meeting called to approve the financial statements at 31 December 2011, was held.
The shareholders that met on **23 April** also appointed the new Board of Statutory Auditors which will remain in office for the three year period 2009-2011.
The shareholders also granted the Board of Directors a new authorization for the purchase and disposal of treasury shares, canceling the previous authorization granted on 7 January that would have expired on 7 July 2009. For a period of 18 months from the date of the shareholders' resolution, the Board may purchase up to 10% of the current share capital. The purchases must be made at a price which does is not 20% above or below the official closing price recorded at the close of the market session prior to each individual purchase transaction. Any disposal of shares purchased pursuant to this resolution may be made against cash at a price which is not 90% below the official closing price recorded at the close of the market session prior to each individual purchase transaction, or through exchange, transfers or other acts that are part of industrial projects or extraordinary finance transactions.

On **30 April** the Board of Directors of Igd Siiq S.p.A. confirmed Gilberto Coffari as the company's Chairman, Sergio Costalli as Vice Chairman and Claudio Albertini was appointed Chief Executive Officer in substitution of Filippo Maria Carbonari who, at the same time, tendered his resignation from the Board of Directors.
During the meeting the following were also appointed: the Chairman's Committee, the Internal Control Committee, the Compensation Committee and the Nominations Committee. Members of the Supervisory Board and the Lead Independent Director were also appointed.
The members of the corporate bodies are listed in Chapter 3 "Report on Corporate Governance and Ownership Structure".

In **May 2009** the IGD's Board of Directors approved the proposed merger by incorporation of the wholly owned subisidary Nikefin Asti S.r.l., owner of the property in the process of being completed that will house the Asti shopping mall and retail park which should be opening in the second half of the year, in Igd SIIQ S.p.A. The merger was finalized on 1 October and for tax/accounting purposes became effective as of 1 January 2009.
The merger transaction is in line with the Group's reorganization and rationalization strategy designed to improve the efficiency of the corporate structure.

In **May** the IGD Group moved to its new headquarters in via dei Trattati Comunitari Europei 1957-2007, 13 Bologna.

In **November** the Board of Directors approved the Business Plan 2009-2013, which calls for total investments of approximately €750 million, €150 million of which will take place in the last years of the plan, in shopping complexes found in central locations in important Italian cities. IGD forecasts a CAGR in rental income of 9.8%, in EBITDA of 12.5% , while EBITDA margin (EBITDA as a percentage of operating revenues) is expected to gradually improve from 68% to 77%. For further information please refer to section 1.1.

2.5 Investments and commercial agreements

Tiburtino - Guidonia (Roma)

Katané - Gravina (Catania)

Investsment

In 2009 the IGD Group continued with the development outlined in the Business Plan, purchasing and finalizing four shopping centers, while also implementing the strategy necessary to commercially reposition the Winmarkt portfolio.
On ***27 March*** a deed was executed for the purchase of the **Tiburtino** shopping center, located in **Guidonia Montecelio** along the Tiburtina roadway, just a few kilometers from the Grande Raccordo Anulare beltway; the structure covers an area of 52,500 square meters and has 120 points of sale found on a single floor. At the same time a mortgage loan was taken out for a total of €78 million.
The center was inaugurated and opened to the public on 2 April. In terms of staffing, between the sales personnel and the maintenance, cleaning and service crews, the facility employs more than 1,000 people.

On ***29 April*** IGD SIIQ S.p.A. signed the financial lease agreement for the purchase of the its **new headquarters.**

On ***5 May*** the **Katanè** shopping center in **Gravina (Catania)** was opened to the public; the mall was completely rented and immediately generated revenues equal to a full occupancy rate. At the end of October IGD SIIQ S.p.A. finalized the purchase of the entire shopping center which calls for a total investment of approximately €98 million. The contract provides for a possible price adjustment in the fifth year.
The center includes a mall of 15,000 m2 which is comprised of 70 stores and six medium-large size areas which IGD has been managing since the opening in May 2009, as well as an 8,000 m2 hypermarket with a total GLA of 13,500 m2 . IGD replaced Ipercoop Sicilia as a party to the preliminary agreement signed with the company Iniziative Immobiliari Siciliane. At the same time that the deed of transfer was executed, Ipercoop Sicilia and Igd signed an 18 year lease agreement for the hypermarket.

On ***8 October,*** the Parent Company, IGD SIIQ S.p.A. acquired from the related party Coop Adriatica 100% of the company Faenza Sviluppo Area Marcucci S.r.l., which owns the **Le Maioliche** shopping center in **Faenza.** The price for the acquisition was €13.8 million, while the total investment-taking account of acquired debt-comes to approximately €85.3 million.
The shopping center was inaugurated in June 2009 and covers a total GLA 31,948 of square meters. It consists of an Ipercoop (hypermarket) with a GLA of about 9,300 square meters and a mall containing 41 shops, services and administrative facilities, as well as five midsize areas. Three other midsize stores are located just outside the shopping center. Major retailers include H&M, Trony, Decathlon, Deichmann, and Maison du Monde.

On ***3 December*** the **I Bricchi** di **Isola d'Asti** Shopping Center was completed and opened to the public. The center consists of 26 shops, 4 midsize areas and a retail park. The total investment came in at approximately €45 million.

In the month of December Rgd finalized the preliminary agreement for the purchase of the mall in the **Il Ducale Shopping Center** in **Vigevano** (near Milan). The area to be purchased has a GLA of approximately 16,000 m2.
Based on the agreement RGD will take over the preliminary agreements, as subsequently amended, signed by the Igd Group in August 2007. The purchase price will total approximately €45.8 million net accessory charges. The transaction should be finalized by the end of 2011.
The Il Ducale Shopping Center is found in the suburbs of the City of Vigevano and is a well known and important shopping area. Excellent accessibility and an interesting offer strengthen its competitive positioning as does the presence of, in addition to the Ipercoop hypermarket, approximately 60 shops and midsize stores which include those leased to Unieuro and Oviesse.

Work continued on the building of the shopping center in **Palermo,** for which IGD, based on the preliminary agreement signed for the purchase of future goods, made additional deposits based which are backed by guarantees.

With regard to the activities related to the new **Porta a Mare**

Le Maioliche - Faenza (Ravenna)


I Bricchi - Isola d'Asti (Asti)

real estate complex in **Livorno,** which will include residential areas, shopping, services, and accommodations, the second lot of urbanization works for the initial stretch of roadway continued; the permits to renovate Palazzo Orlando were obtained and work began.

In early ***January***, the preliminary contract for the purchase of the **Trapani Shopping Mall** was cancelled because a delay in the issue of building licenses had extended the timeframe and made the project less attractive. Under IGD's current strategy of dynamic portfolio management, more financial resources are being concentrated on projects that present a quicker cash flow generation capacity. With the preliminary contract cancelled, IGD is entitled to be reimbursed for its full down payment of €5.5 million, amounting to 10% of the forecast investment.

In ***July***, by mutual consent, IGD and the other parties to the transaction cancelled the preliminary contract for the purchase of a mall in **Peschiera Borromeo (outside Milan)** through a special purpose vehicle. The total investment would have come to €80 million. The cancellation was triggered by the final outcome of the authorization process, which called for a project different from the one set forth in the preliminary contract. On 24 July, IGD received full reimbursement of its down payment of €1.48 million.

Commercial Agreements

On **16 March 2009** the IGD Group concluded an agreement with **Carrefour** in Romania to include a supermarket in each of four Winmarkt shopping centers: in Turda, Bistrat, Ploiesti (which are already opened) and in Cluj (which is in the process of being opened). This is a major milestone in pursuit of the goal IGD announced when it first acquired Winmarkt: to make Romanian shopping centers more appealing to local consumers, and therefore increase their profitability, by adding grocery stores that were previously absent from the Winmarkt model.

In **April** the IGD Group and **Domo**, a major Romanian retailer specialized in small appliances, electronics, IT and telephony, agreed that for the next five years there will be a Domo store in nine of the fifteen Winmarkt shopping centers that IGD purchased in Romania in April 2008. Domo will have a total of 6,460 m^2 of floor space in the nine Winmarkt centers.

In J**uly 2009** IGD and **MiniMAX Discount,** a large Romanian grocery chain, agreed to open MiniMAX Discount supermarkets between late July and mid-September 2009 in four of the fifteen shopping centers that IGD Siiq acquired in Romania in the spring of 2008. MiniMAX is already well established in 19 midsize Romanian cities.
MiniMAX Discount serves the needs of local consumers thanks to its range of select products at competitive prices, and its central locations in cities like those that are part of this agreement, where families tend to shop on a limited budget. The new supermarkets were opened in Vaslui, Braila, Buzau, and Tulcea; in the first three cities they have been located on the lower floors previously occupied by Domo electronics which, following the partnership agreement signed with IGD in April, now occupies larger areas on upper floors. The MiniMAX Discount in Tulcea will be on the ground floor, which has been completely redesigned. The four new MiniMAX Discount stores have an average surface area of approximately 900 m^2.

2.6 | The Market Scenario

2.6.1 The Real Estate Market

The global market conditions

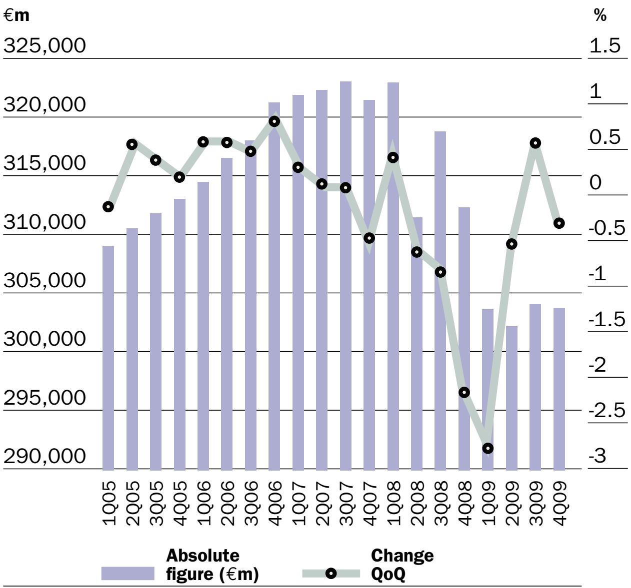
2009 was a complex year for markets worldwide. Following the dramatic plunge begun in the second half of 2008, GDP continued to shrink in the first half of 2009.
In the second half of 2009 there was a slowdown and in the fall there were weak signs of recovery.
The first quarter 2009 results, however, did not reflect this trend and Italy ended 2009 with average GDP growth of -5.1%, the worst result in the last 40 years.

The trend in GDP for the year is shown below:

GDP Italy - 2009	1Q	2Q	3Q	4Q
Vs. previous quarter	-2.7%	-0.5%	+0.6%	-0.3%
Year-on-year (2008)	-6.0%	-5.9%	-4.6%	-3.0%

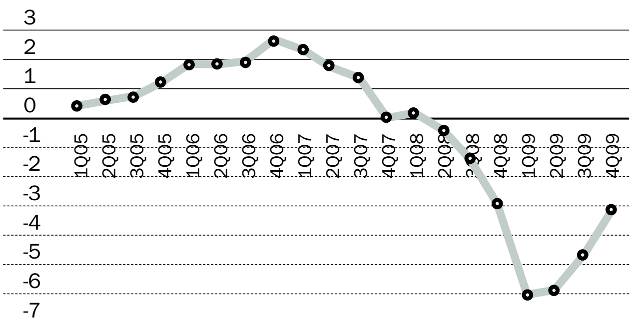
Source: ISTAT

GDP Italy



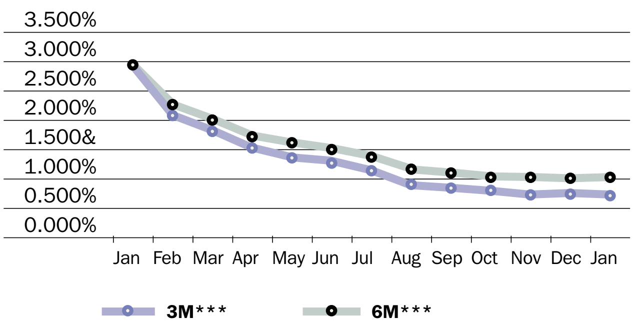
In 2009 the negative trend in terms of GDP in Italy impacted, albeit to different degrees, all sectors of the economy: agriculture, silviculture and fishing (down 3.1 %), traditional manufacturing (down 15.1 %), construction (down 6.7 %) and services (down 2.6 %).
In 2010 Italian GDP is expected to grow + 1% , in line with forecasts for the Euro zone as a whole (Source, IMF statistics, January 2010).

GDP Italy - change year-on-year vs/2008



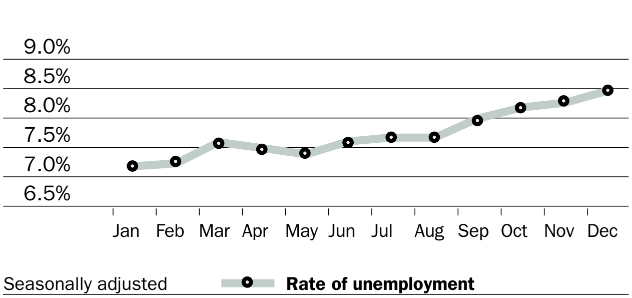
In 2009 inflation in Italy continued to drop from the +1.4% recorded in January (IPCA) to reach a low in July of -0.1% (IPCA). Inflation slowly increased in subsequent months, reaching +1% (IPCA) in the month of December. Average inflation in 2009 was +0.8% (IPCA) (source ISTAT).
In 2009 the 3M and 6M Euribor rates dropped significantly from the +2.8% and +2.9%, respectively, recorded in January 2009 through August 2009. The drop then slowed and stabilized at +0.7% and +1% in January 2010.

Euribor Jan 09 - Jan 10

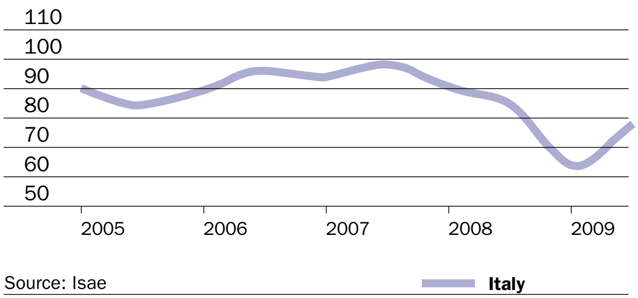


The rate of unemployment (the number of people between the ages of 14 and 65 who are looking for work as a percentage of the total work force) continues to be a source of concern for all European countries.
In 2009 the unemployment rate in Italy rose from +7.2% in January to +8.5% in December (source ISTAT).
This increase is, however, less than the rest of the Euro zone where in December 2009 unemployment had reached 10% (source ISTAT).

Italy - Rate of unemployment 2009

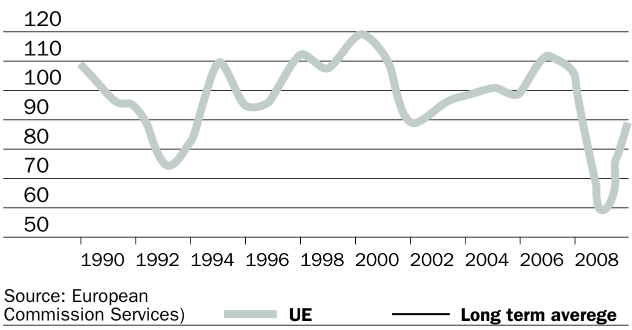


Corporate confidence index (2000=100)

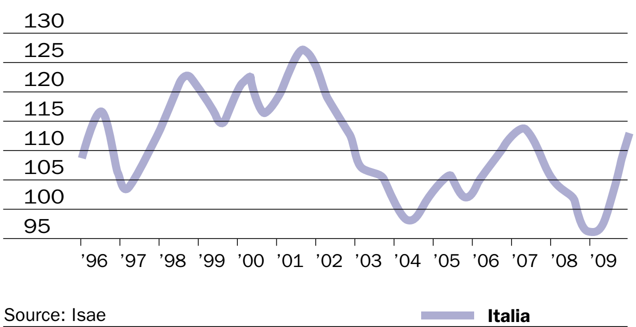


The consumer and corporate confidence indices seem to offer some good news both in Italy and in Europe. Both indices were at high levels through the first half of 2007 but then they dropped dramatically in the second half of 2007 through the first half of 2009 when the trend began to reverse showing signs of recovery.

Consumer confidence index in Europe



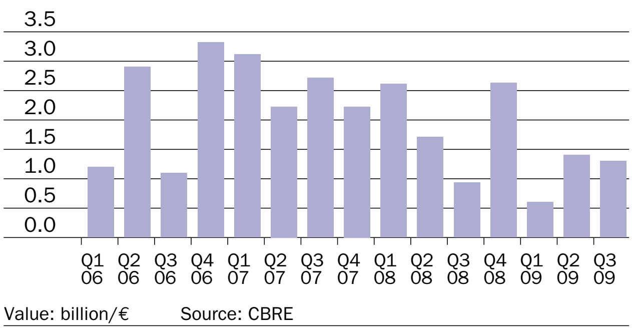
Consumer confidence index (1980=100)



Real estate investments in Italy

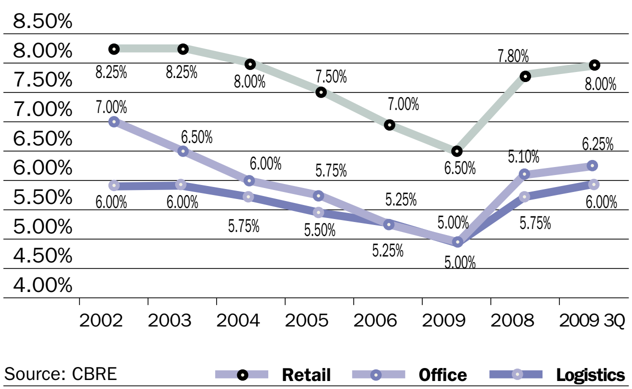
During the first two quarters there was a strong drop in real estate transactions, while in third quarter 2009 the situation stabilized with an increase of + 40% (a total of €1.3 million) with respect to the same quarter in 2008.

Italy Investment Transaction Volume



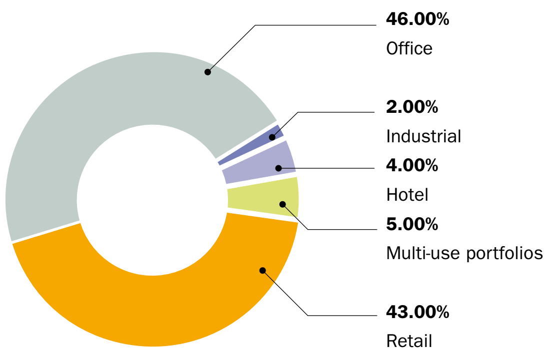
This market stabilization was also reflected in the prime yields for the retail sector which in third quarter 2009 were unchanged over the prior quarter, coming in at approximately 6.25%. The yield for lower quality assets was around 7.25%

Historical prime yield trend by sector



In third quarter 2009 the retail sector reported the largest number of transactions, followed by the office sector which was driven by two large disposals made by Unicreditgroup.

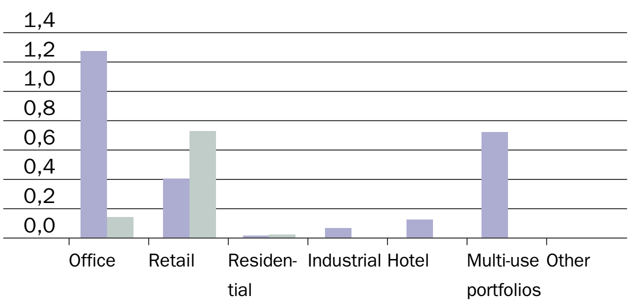
Italy transaction by property type



Source: CBRE

As in the previous quarters, the most active investors in the third quarters were the "liquid" investors like Italian pension funds, German mutual funds and institutional funds. The presence of international institutional investors fell considerably and was concentrated, above all, in the retail sector.

Italy sector investment by purchaser origin



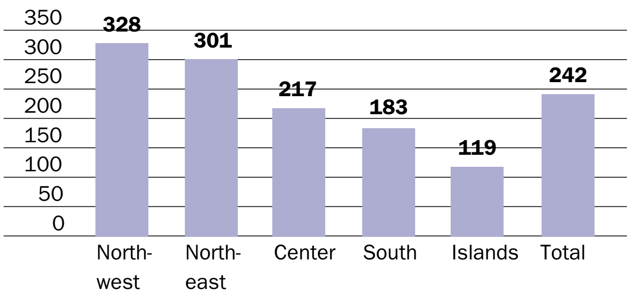
Value: billion/€ Source: CBRE **Local** **Foreign**

Shopping centers in Italy

At the end of 2009 the stock of shopping centers (the format hyper/super with a shopping mall excluding retail park and factory outlets) in Italy was around 12.4 million m2 in terms of GLA. The average density reached 214 m2 for every 1,000 inhabitants (versus 207 m2 for every 1,000 inhabitants at the end of 2008), a level below the European average.

The density in Italy continues to be higher in the northwest and the northeast, but the gap is gradually shrinking as our latest openings in the country's central and southern regions seem to indicate.

Italy - Shopping center density



Value: m²/1,000 inhabitants Source: CBRE

Romania

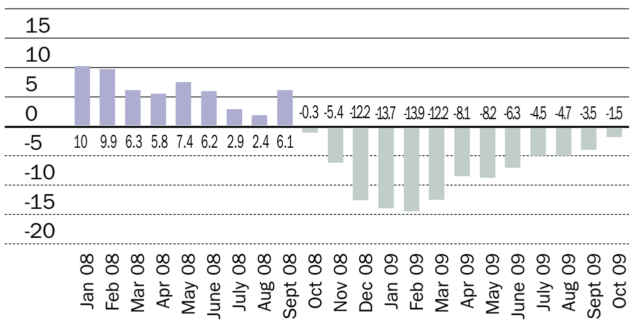
Global market conditions

The Romanian economy, like all East European economies, was hard hit by the financial crisis.

The €20 billion loan granted by the IMF in March 2009 (of which only €6.8 billion has been disbursed to date) did not have a noticeable impact on the economy of the country which reported a negative monthly change in GDP for the first ten months of 2009 (average -8%) (Source: the Romanian National Statistics Bureau).

Industrial production dropped for thirteen months in a row through October 2009.

GDP - Romania 2008-2009



Source: the Romanian National Statistics Bureau

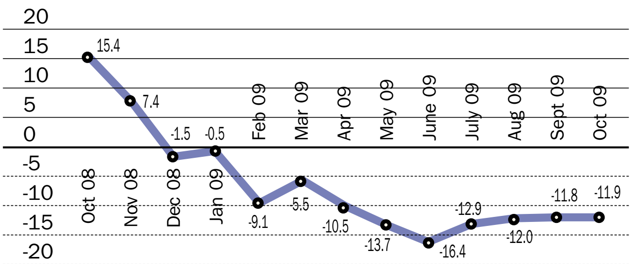
The annual rate of inflation in 2009 reached 4.74% %) (Source: the Romanian National Statistics Bureau), above the 3.5% limit set by the National Bank of Romania for 2009.
The National Bank of Romania forecasts that inflation will not exceed 4.5% in 2010
Direct foreign investment (cash investments) dropped in November 2009 by 43% with respect to the same month in the prior year (Source: the Romanian National Statistics Bureau).
Unemployment rose to as high as 7.8% in December 2009 and is expected to reach 10 % in 2010 (Source: the Romanian National Statistics Bureau).

On a more positive note, the commercial deficit dropped by 54.8% in November 2009 with respect to the same month in 2008 and exports in November 2009 rose +7% over the same month in 2008.
The average ron/euro exchange rate in 2009 was 4.2373, in line with forecasts.

Consumer trends and the real estate market

The crisis had a very strong impact on consumption and retail sales in the first ten months of the year which fell by an average of 10.6% with respect to the same period in 2008, with the biggest drop in June 2009 (-16.4%).

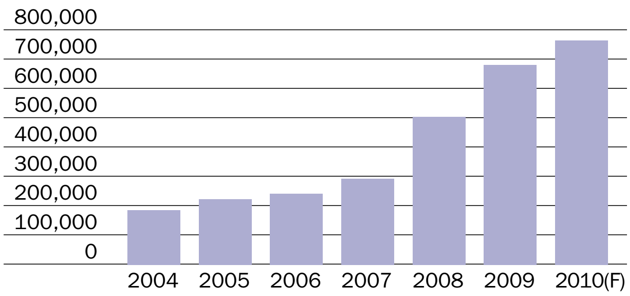
Romania - Retail sales (%,YOY, Oct-08/Oct-09)



Source: INSSE, 2009

Despite the performance of the Romanian market in 2009 two new shopping centers were opened: Piatra Neamt Mall and the mega center AFI PALACE Cotroceni Mega Mall with a GLA of approximately 76,000 m^2.

Retail Stock Bucharest



Value: Sqm Source: CB Richard Ellis Eurisko

During the same period, the Armonia Braila Shopping Center (a GLA of approximately 37,000 m2) and the Trident Shopping Center in Sibiu (a GLA of approximately 14,000 m2) were closed. The Armonia Shopping Center should be reopening within the next twelve months while, to date, the Trident Center is not expected to reopen.

Retail Openings Romania 2010 (Selections)

Project	Developer	Location	GLA
Sun Plaza	Sparkassen Immobilien	Sudului Square	80,000
Atrium Center Arad	Atrium Centers	Arad	30,000
Gold Plaza Baia Mare	Immoeast	Baia Mare	30,000
Polus Center Constanta	Trigranit	Constanta	50,000

In 2009 only two real estate transactions took place: the sale of the Modul Shopping Center in Targoviste and the sale of the European Retail Park Braila. The buyer in both transactions was the fund NEPI.
Weak sales in 2009 had a significant impact on the P&L of shopping center retailers and many, including known domestic names, like Great united Trading Romania (owner of the Time OUT brand) were placed in receivership while others like Flamingo and Rombiz (small appliances), LCR Jeans (local distributor of the international brand Lee Cooper), Leonardo (footwear), Mondex (hosiery), PIC, Trident, Spar (grocery chain) defaulted.

2.6.2 The Real Estate Portfolio

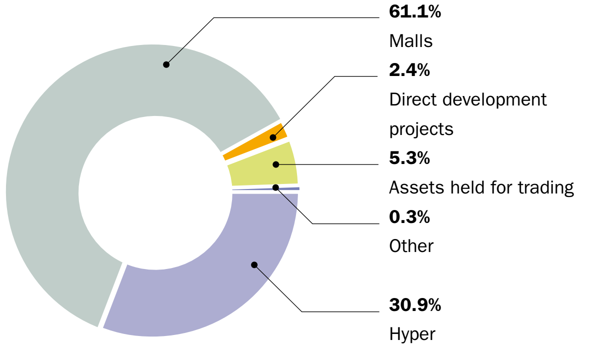
The value of the IGD Group's real estate portfolio increased in 2009 thanks to the acquisition of the three new shopping centers in Guidonia, Faenza and Catania, as well as the completion and opening of the shopping mall in Isola d'Asti.
In line with the IGD Group's development strategy, at 31 December 2009, the real estate portfolio consisted of retail properties in Italy and Romania and of assets under construction which are part of direct real estate development initiatives underway in Italy.
The market value of the IGD Group's real estate portfolio at 31 December 2009 was estimated, based on the independent appraisal of CB Richard Ellis, at €1,651.39 million (a figure which reaches €1,724.86 million if we include the 50% of RGD).
The IGD Group's real estate portfolio includes assets held for trading worth €78.29 million related to the development of the multifunctional project in Livorno and plots of land to be utilized for future expansion and/or new commercial constructions which at 31 December 2009 were valued at €35 million.
The market value of the IGD Group's real estate portfolio at 31 December 2009 on a like-for-like basis (excluding RGD) fell by 1.2% with respect to 31 December 2008 and amounted to €982.5 million, in absolute terms.
The drop in value is largely attributable to shopping mall properties, while the hypermarkets were basically unchanged. The impact of the direct development initiatives on the Italian portfolio is marginal.
The market value of the real estate portfolio in Romania at 31 December 2009 on a like-for-like basis fell by 6.2% with respect to 31 December 2008 and amounted to €187.6 million, in absolute terms.

Analysis of the freehold assets
Geographical breakdown and composition of the portfolio

In 2009 the IGD Group's real estate portfolio (excluding RGD) grew by a GLA of approximately 42,700 m2 thanks to the "Centro Commerciale Tiburtino" located in Guidonia (Rome), by a GLA of approximately 31,400 m2 thanks to the "Centro Commerciale Le Maioliche" located in Faenza, and by a GLA of appoximately 26,800 m2 thanks to the "Centro Commerciale Katané" located in Catania (Sicily).
At 31 December 2008, the fourth opening in the year, the "Galleria Commerciale I Bricchi" located in Isola d'Asti of approximately 16,250 m2 was already part of the IGD Group's portfolio but as it does not yet generate revenues it was booked as an asset under construction.

Following the new openings, the IGD Group's real estate portfolio can be broken down as follows:

Breakdown of the Italian real estate portfolio at 31.12.2009

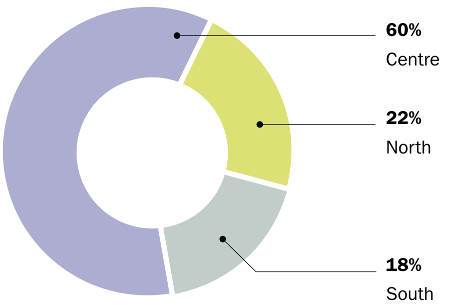


IGD's properties (excluding the 50% interest in RGD) in **Italy** total 44 and can be broken down as follows:
16 shopping malls
17 hypermarkets and supermarkets
4 direct development initiatives (plots of land)
1 asset held for trading
6 other
The breakdown of the properties by region and geographical area is as follows:

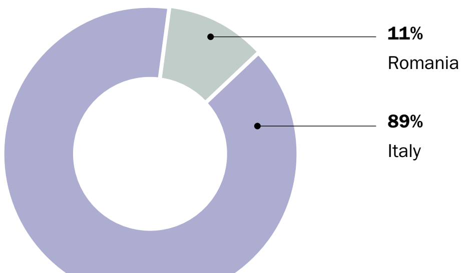
Properties by region - Italy

E.Romagna:
4 malls, 8 Hyper-Super,
1 plot of land; 3 other
Piedmont:
2 malls
Lombardy:
2 malls
Trentino:
1 mall
Veneto:
2 plots of land
Marche:
1 mall, 3 hyper,
3 other, 1 plot of land
Abruzzo:
1 mall; 1 hyper
Campania:
1 mall; 1 hyper
Lazio:
2 malls, 2 hyper
Tuscany:
1mall, 1 hyper,
1 asset held for tradir
Sicily:
1 mall, 1 hyper

Breakdown by geographic area in Italy at 31/12/2009



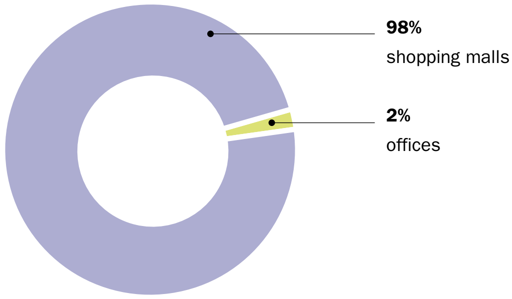
Portfolio breakdown in Italy-Romania at 31/12/2009



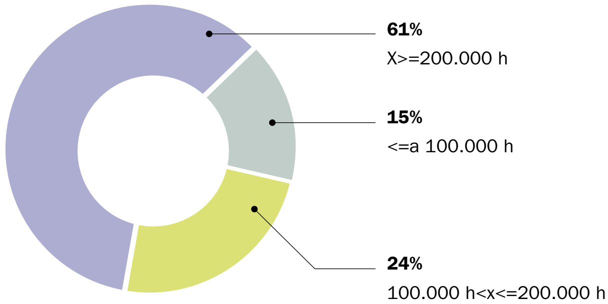
Excluding RGD

IGD's real estate assets in **Romania** total 16, broken down as follows:
15 shopping centers
1 office building

Portfolio breakdown in Romania at 31/12/2009



Breakdown by geographic area in Romania at 31/12/2009



RGD's real estate assets, of which IGD owns 50%, can be broken down as follows:
Lombardy : 1 shopping center
Piedmont: 1 portion of a shopping center
E.Romagna: 1 shopping center

RGD's properties by region - Italy

Piemonte:
portion of SM
Lombardia:
1 SM
E.Romagna:
1 SM

ITALY (excluding RGD)

Hypermarkets and supermarkets

Hypermarkets and supermarkets are the stable component of the IGD's core real estate assets. They are leased on a long-term basis to Coop Adriatic Scarl and Unicoop Tirreno Scarl ed Ipercoop Sicilia. Rent is indexed to 75% of the ISTAT index. Tenants are responsible for all routine and extraordinary maintenance on plants and the interiors of the buildings.
The occupancy rate is 100%, with an average yield of 6.53% on a like-for-like basis, an increase of 0.13% with respect to 31 December 2008. The market value on a like-for-like basis of this class of property fell by -0.4% with respect to the prior year, coming in at €391.7 million.
The perimeter of the assets included in the hyper portfolio grew to include the hypermarket in Guidonia (for a market value of €13.34 million), the hypermarket in Faenza (for a market value of €20.1 million) and the Catania hypermarket (for a market value of €39.8 million) bringing the total market value of this class of property at 31.12.2009 to €464.94 million, with an average yield of 6.37%.

Shopping malls

Shopping malls are the dynamic portion of IGD's "core" real estate portfolio. At 31 December 2009 the occupancy rate on a like-for-like basis was 98.59%, a slight drop of 0.83% with respect to 31 December 2008. The market value of the shopping malls reached €586.9 million at 31 December 2009, a drop of 1.7% over the prior year. The decrease is due primarily to the increase in the exit rate and the discount rate used by the independent appraiser in the market value calculation. The average yield on a like-for-like basis of 6.32%, calculated on market values at the close of the year, showed improvement over 2008 (+0.18%). In 2009 the perimeter of the assets included in the portfolio grew to included the Tiburtino shopping mall in Guidonia, with a market value of €115.1 million and an initial yield of 6.98%, the Katané shopping mall in Catania with a market value of €75.9 million and an initial yield of 6.35%, the Le Maioliche shopping mall in Faenza with a market value of €65.2 million and an initial yield of 6.32% as well as, at year-end, the I Bricchi shopping mall in Isola d'Asti with a market value of €38.6 million and potential yield of 6% (at 31.12.2009 the marketing activities had yet to be completed).
The total market value of the shopping malls in Italy at 31.12.2009 amounted to €881.66 million with an average yield of 6.4% (excluding Isola d'Asti) .

Plots of land

IGD's portfolio includes four plots of land where it will build new commercial centers/retail parks or expand existing ones. The market value on a like-for-like basis at 31 December 2009 decreased by -7.4% to €2.8 million.
The result was impacted noticeably by the drop in the market value of the land found in Chioggia due to a delay in the construction of the shopping center.
The total market value of IGD's plots of land in Italy at 31.12.2009 amounted to €35 million.

Assets held for trading

The assets of Porta Medicea, the developer of the multifunctional project in Livorno, were valued by the independent appraiser at €78.29 million.
Please note that the real estate complex will be zoned for different uses; residential, services, hospitality and commercial. The latter will be acquired by IGD, based on preliminary agreements, and will be reclassified subsequently in the financial statements under assets under construction.

Other

This class includes small properties (two stores and an office building, plus a wholesale zone and a fitness area) pertaining to freehold shopping centers. The perimeter of this class did not change during 2008, while its market value fell –6.7% with regard to 31.12.2008 with a total value that amounted to €3.91 million. The drop in value is attributable primarily to the high vacancy rate.

Romania

The real estate portfolio of the Romanian company Winmarkt is comprised of 15 shopping centers and an office building for a total GLA of 90,244 m2. The properties are located in 13 secondary and developing cities in Romania. None of the properties are found in the country's capital, Bucharest.
The total market value of the 16 properties at 31 December 2009 was €187.6 million, down by 6.2% with respect to the prior year due entirely to the 15 shopping centers which were valued by an independent appraiser €183.5 million. The average yield of the 15 malls was 8.96%, a drop of 0.88% on 31.12.2008. The decrease is due to the complex Romanian market situation which resulted in a reduction in rents.
The average yield of the office building was 9.3%, a drop of -0.4% with respect to 31.12.2008.

RGD srl

The company RGD srl, a 50-50 joint venture between IGD and Beni Stabili, is the owner of the two commercial centers located in Ferrara and Nerviano (MI) and a large stake of the Mega Shopping Center - Le Fornaci - located in Beinasco (TO).
The real estate held by RGD make up the value component of IGD's real estate portfolio; the market value, according to CBRE's independent appraisal, at 31 December 2009 was €146.93 million, a drop of 7% with respect to the prior year.
The property C.C. Darsena, located in Ferrara, had the biggest impact on the decrease in fair value as it fell -12.9% with respect to the prior year due to a drop in forecast revenues. The average yield at 31 December 2009 was 6.5%, an increase of 0.6% over 31.12.2008, due primarily to the drop in fair value of the Ferrara property.
IGD's portion, at 31 December 2009, totaled €73.47 million.

Development projects involving the purchase of assets to be completed in the future

The main development projects involving preliminary agreements to purchase assets to be completed in the future are described below:

- closing of the shopping mall in Borgo Nuovo, near Palermo, in 2010. Please note that the delivery of the unfinished mall, forecast for July 2009, has been delayed due to problems with the authorization for the proposed access and the variance permit. The deposits and down payments paid to date are secured by first demand bank guarantees;
- work should begin on the midsize areas in Conegliano at the beginning of the year once the tender launched in 2009 is completed;
- the Chioggia shopping center is still subject to delays in obtaining permits;
- signing of a new preliminary contract by RGD for the purchase of the Il Ducale shopping mall in Vigevano, replacing IGD as a party to the preliminary agreements signed and renegotiated;
- purchase of the shopping mall in Gorizia. To date no delays in the original timing have been reported and are in line with the timing provided for in the contract.

The most important real estate investments and development projects are shown in the table below:

IGD Group - Real estate investments	Book value 31/12/2009	Accounting method	Market value at 31/12/2009	Date of last appraisal
Hypermarkets	464.94	fair value	464.94	mar-10
Shopping malls Italy	881.66	fair value	881.66	mar-10
Other	3.90	fair value	3.90	mar-10
Total Italy	**1,350.50**		**1,350.50**	
Shopping malls Romania	183.50	fair value	183.50	mar-10
Other Romania	4.10	fair value	4.10	mar-10
Total Romania	**187.60**		**187.60**	
Total IGD Group (excluding JV RGD)	**1,538.10**		**1,538.10**	

Development initiatives involving the purchase of assets to be completed in the future	Book value 31/12/2009	Accounting method	Market value at 31/12/2009	Date of last appraisal
Direct development initiatives				
Plots of land and ancillary costs	34.60	Adjusted cost	35.00	mar-10
Total direct development initiatives	**34.60**		**35.00**	
Development initiatives involving the purchase of assets to be completed in the future				
Deposits, down payments and accessory costs	46.74	Cost	Not subject to appraisal	
Total development initiatives involving the purchase of assets to be completed in the future	**109.29**			

Assets held for trading	Book value 31/12/2009	Accounting method	Market value at 31/12/2009	Date of last appraisal
Assets held for trading	**78.60**	cost	**78.29**	mar-10

2.7 | CBRE Valuations

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Milan, 9 March 2010

Spettabile
I.G.D.
Immobiliare Grande Distribuzione S.p.A.
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40127 Bologna (BO)

CONTRACT: N. 4657
N. 4658

CERTIFIED APPRAISAL OF THE FREEHOLD PROPERTIES OF GRUPPO I.G.D. S.I.I.Q. S.p.A. (IMMOBILIARE GRANDE DISTRIBUZIONE S.P.A.)

INTRODUCTION

Pursuant to your requests, we have determined the following:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices and retail shops;
- Market value of the freehold plots of land.

We carried out our appraisal of the above mentioned market values at 31 December 2009 on the basis of the criteria described below.
The purpose of our valuation was to define the market value of the company's real estate assets.
The valuation was based on the economic information and business figures provided by the proprietor.

More in detail our appraisal was based on the following:

- amounts and details of the active lease and rental contracts at the appraisal date;

- turnover of the retailers and variable rents payable or paid;
- other income from temporary rents;
- sales and gross surface areas of existing properties and assets under construction;
- local property taxes, insurance and condominium charges.

DEFINITION OF MARKET VALUE

Pursuant to the 6th and last edition of the "RICS Appraisal and Valuation Manual" ("The Red Book") published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the Market Value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgably, prudently, and without compulsion.

VALUATION CRITERIA

The appraisals are based on generally accepted valuation criteria; specifically the following criteria were applied to the different types of assets:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices, wholesale units and retail stores;
- Market value of the freehold plots of land and non operative properties.

For the shopping malls:

- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

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For the hypermarkets and the supermarkets:

- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For the offices, stores and office buildings:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
- Income capitalization method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The valuations obtained are then compared and adjusted as deemed appropriate.

For buildable land subject to development or existing structures or construction of commercial buildings:

- the development/residual method was used based on which the income from future rental is discounted for the time deemed necessary to complete construction works or improvements. At the end of this time it is assumed that the property will be sold at a value obtained by capitalizing the final year's net rental income at the applicable market rate for similar investments, less the necessary construction costs at the time of the appraisal.

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LIMITS OF THE PRESENT REPORT

Our valuation is based on the information provided by the client company, despite this the report has certain limitations that must be pointed out and that are listed below.

These elements require further investigation to the extent they are not considered in this report:

a) No controls were made as to titles, easements, liens or other.
No legal, tax or financial aspect was taken into account with the exception of what is specifically mentioned in this report.
We did not verify the presence of any toxic substances.

b) Our research of the local market, in our opinion, truly represents the market scenario at the time of the valuation.
We cannot, however, exclude the possibility that there are other segments within the businesses that we examined featuring additional supply/demand that could, though not noticeably, impact the single parameters we have used.

c) The figures relating to the assets were provided by the proprietor and we not verified by us.

d) All of the economic data regarding the advancement of the works in progress and the consequent increases in rent were communicated to us by the proprietor.

e) We did not verify with the local authorities the status of building permits, authorizations, etc. and, therefore, we cannot be held responsible in this regard.

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VALUATION

Assuming that no restrictions or limitations of any kind or extraordinary costs of which we are not aware, with the exception of the general and specific items described above, exist, we estimate the market value of IGD's freehold real estate portfolio at 31 December 2009 to be:

Market value: € 1,651,390,000.00
(One billion six hundred fifty-one million three hundred ninety thousand and zero hundredths euros)

MARKET UNCERTAINTY

The current global financial crisis which has impacted some of the world's largest banks and financial institutions has created a widespread and alarming degree of uncertainty in the real estate market worldwide.
Despite the fact that in the past few months there have been signs of a turna-round, we still believe that there will continue to be a great deal of uncertainty, above all with regard to real estate development transactions and for properties featuring high degrees of functional or physical obsolescence.
For this reason we recommend to follow the evolution of the current situation closely and to make sure, above all in the event transactions are undertaken, to obtain updated appraisals and opinions.

CLOSING REMARKS

This report has been prepared exclusively for your company.
It may be used for business purposes or as part of extraordinary transactions such as mergers, acquisitions, etc.
Lastly, this report may not be distributed, either in part or wholly, outside the company without our express approval of the context in which and ways it is to be used.

Sincerely.

CB Richard Ellis
Professional Services S.p.A.

Signed
Francesco Abba
Managing Director

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CB RICHARD ELLIS
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Milan, 9 March 2010

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CONTRACT: N. 4657
N. 4658

CERTIFIED APPRAISAL OF THE FREEHOLD PROPERTIES OF GRUPPO I.G.D. S.I.I.Q. S.p.A. (IMMOBILIARE GRANDE DISTRIBUZIONE S.P.A.) EXCLUDING LAND LOCATED IN CHIOGGIA, RAVENNA AND SAN BENEDETTO DEL TRONTO, LIVORNO AND CONEGLIANO VENETO AND INCLUDING THE REAL ESTATE PORTFOLIO IN ROMANIA

INTRODUCTION

Pursuant to your requests, we have determined the following:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices and retail shops.

We carried out our appraisal of the above mentioned market values at 31 December 2009 on the basis of the criteria described below.
The purpose of our valuation was to define the market value of the company's real estate assets.
The valuation was based on the economic information and business figures provided by the proprietor.

More in detail our appraisal was based on the following:

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- turnover of the retailers and variable rents payable or paid;

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Società soggetta all'attività di direzione e coordinamento da parte della Società CB Richard Ellis Ltd

- other income from temporary rents;
- sales and gross surface areas of existing properties and assets under construction;
- local property taxes, insurance and condominium charges.

DEFINITION OF MARKET VALUE

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VALUATION CRITERIA

The appraisals are based on generally accepted valuation criteria; specifically the following criteria were applied to the different types of assets:

- Market value of the freehold malls currently in operation;
- Market value of the freehold hypermarkets currently in operation;
- Market value of the freehold supermarkets currently in operation;
- Market value of the freehold offices, wholesale units and retail stores;
- Market value of the freehold plots of land and non operative properties.

For the shopping malls:
- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For the hypermarkets and the supermarkets:
- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For the offices, stores and office buildings:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offe-red on the same or competing markets.
- Income capitalization method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The valuations obtained are then compared and adjusted as deemed appropriate.

LIMITS OF THE PRESENT REPORT

Our valuation is based on the information provided by the client company, despi-te this the report has certain limitations that must be pointed out and that are listed below.

These elements require further investigation to the extent they are not considered in this report:

a) No controls were made as to titles, easements, liens or other.
No legal, tax or financial aspect was taken into account with the exception of what is specifically mentioned in this report.
We did not verify the presence of any toxic substances.

b) Our research of the local market, in our opinion, truly represents the market scenario at the time of the valuation.
We cannot, however, exclude the possibility that there are other segments within the businesses that we examined featuring additional supply/demand that could, though not noticeably, impact the single parameters we have used.

c) The figures relating to the assets were provided by the proprietor and we not verified by us.

d) All of the economic data regarding the advancement of the works in progress and the consequent increases in rent were communicated to us by the proprie-tor.

e) We did not verify with the local authorities the status of building permits, authorizations, etc. and, therefore, we cannot be held responsible in this regard.

VALUATION

Assuming that no restrictions or limitations of any kind or extraordinary costs of which we are not aware, with the exception of the general and specific items described above, exist, we estimate the market value of the assets referred to above to be:

Market value: € 1,538,100,000.00
(One billion five hundred thirty-eight million one hundred thousand and zero hundredths euros)

MARKET UNCERTAINTY

The current global financial crisis which has impacted some of the world's largest banks and financial institutions has created a widespread and alarming degree of uncertainty in the real estate market worldwide.
Despite the fact that in the past few months there have been signs of a turnaround, we still believe that there will continue to be a great deal of uncertainty, above all with regard to real estate development transactions and for properties featuring high degrees of functional or physical obsolescence.
For this reason we recommend to follow the evolution of the current situation closely and to make sure, above all in the event transactions are undertaken, to obtain updated appraisals and opinions.

CLOSING REMARKS

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It may be used for business purposes or as part of extraordinary transactions such as mergers, acquisitions, etc.
Lastly, this report may not be distributed, either in part or wholly, outside the company without our express approval of the context in which and ways it is to be used.

Sincerely.

CB Richard Ellis
Professional Services S.p.A.

Signed
Francesco Abba
Managing Director

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2.8 The SIIQ Regulatory Environment

The special SIIQ regime was introduced under Art. 1, paragraphs 119 - 141, of Law n. 296 dated 27 December 2006 (the 2007 budget law).
The regulatory framework was completed when the Ministry of Economics and Finance issued the Founding Law as Regulation n. 174/2007 which was subsequently interpreted by the Tax Office in the bulletin issued on 31 January 2008.
Subsequently, pursuant to Art. 12 of Legislative Decree n. 135 dated 25 September 2009 a new paragraph, 141-bis, of Art. 1 of Law n. 296 dated 27 December 2006, was introduced eliminating the Italian residency requirement for the companies that intend to participate in the SIIQ regime.
Based on the above mentioned norms and regulations and common practice, the requirements for eligibility under the special regime, to date, are the following:

Subjective requirements
- must be a joint stock company
- must reside in Italy for tax purposes or, with regard to companies with stable real estate businesses in Italy, in one of the countries member of the European Union and party to the agreement to create a single European economic zone as indicated in the list appended to the decree issued by the Ministry of Treasury and Finance as per paragraph 1 of Art. 168-bis of the Uniform Income Tax Act
- shares must be traded on a regulated market

Statutory requirements
- rules must be adopted which regulate investments
- limits on the concentration of investment and counterparty risk must be provided for
- limits on the maximum financial leverage permitted must be provided for

Ownership requirements
- a single shareholder may not hold more than 51% of the company, the so-called “Control limit”
- at least 35% of the float must be held by shareholders with less than 2%, the so called “Float requisite”

Objective requirements
- freehold rental properties must make up 80% of the real estate assets, the so-called “Asset Test”
- revenues from rental activities must total at least 80% of the positive entries in the income statement, the so-called “**Profit Test**”.

IGD carefully evaluated the option for treatment under the special regime, which reflects the government’s desire to develop the Italian real estate market, specifically the rental activities in order to increase transparency and competitive standing vis-à-vis other European countries, including with regard to the tax implications deriving from said election.
The primary characteristic of this new regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.
The primary characteristic of this special regime is the possibility, after having satisfied certain legal requirements, to be eligible for a tax regime under which income is subject to income tax only when distributed to shareholders rather than when generated by the company itself.
Given the fact that income generated by the SIIQ is subject to income tax solely when distributed to shareholders, the law requires that at least 85% of the rental income must be distributed.

With regard to the verification of eligibility, based on the Founding Law the subjective, statutory and ownership requisites must be met before the option is exercised while the verification of the objective requisites is done after the close of the financial statements for the year in which the option was exercised.
In April 2008, once it was clear that all the subjective, statutory and ownership requisites had been satisfied, IGD exercised the option to be treated under the special regime effective 1 January 2008.
In order to satisfy the requirements under the Asset Test and the Profit Test by the end of the fiscal year IGD also implemented and completed a corporate reorganization process.

Furthermore, for the purposes of SIIQ status, the total capital gains, net any losses, resulting from the difference between the normal value of the rental assets, the real property rights on same, the plots of land and the value for tax purposes at the end of the fiscal year, are subject to IRES (corporate income tax) and IRAP (regional business tax) at a tax rate of 20 per cent (the **Entry Tax**).
Pursuant to paragraph 128, Art. 1 of the Founding Law, IGD opted to pay the Entry Tax of €30,797,217 in five yearly installments.
The first installment was paid by the deadline for IRES payments related to the tax period prior to the year in which the company exercised its option to be treated under the special regime (16 June 2009) and the other installments will be paid within the same timeframe for the four subsequent tax periods along with the interest matured calculated based on the discount rate plus one basis point.
Below is the forecast payment schedule (without interest):

Forecast payment schedule	16/06/2010	16/06/2011	16/06/2012
Payment	6,159,443	6,159,443	6,159,443

As mentioned above, pursuant to the law the income generated by rental activities is exempt from IRES and IRAP as long as the company distributes at least 85% of same. In this regard, on 23 April 2009 the Shareholders’ Meeting approved payment of a dividend totalling €10,439,544 for 2008 and the earnings distributed were generated entirely by exempt operations and amounted to not less than 85% of the earnings from these operations that were distributable.

Based on the parent company's financial statements at 31.12.2009 both the asset test, based on which the value of freehold rental properties must represent more than 80% of the total value of the real estate assets, and the profit test, based on which revenues from the rental of freehold properties or other property rights rental activities must total at least 80% of the positive entries in the income statement, were satisfied.

Disclosure regarding compliance with requirements as to corporate bylaws
(art. 3, p. 2, ministerial decree n. 174 of 7 july 2007)

With regard to the requirements related to Corporate Bylaws, please note the following.

With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's bylaws that:
- *the Company shall not, either directly or through its subsidiaries, invest more than 30 percent of its assets in a single property with urban and functional characteristics, except in the case of development plans covered by a single planning scheme, where portions of the property are covered by individual, functionally independent building permits, or equipped with urban works that are sufficient to guarantee connection to public services;*

The Company did not invest, either directly or through its subsidiaries, more than 30% of its assets in a single property with urban and functional characteristics.

With regard to the limits on the concentration of investment and counterparty risk, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that:
- *"income from a single tenant or from tenants belonging to a single group may not exceed 60 percent of total rental income".*

The income from a single tenant or tenants belonging to a single group did not exceed 60% of total rental income.

With regard to limits on the maximum financial leverage permitted, it is expressly provided in Art. 4.3 lett. ii) of the Company's bylaws that:
- *"the maximum permitted financial leverage, at a company or group level, is 85 percent of equity".*

Financial leverage, either at the group or single level, never exceeded 85% of equity.

2.9 Organizational Structure and Human Resources

In 2009 the organizational structure was changed in order to meet corporate needs which resulted in the creation of a division dedicated to the management of operations which coordinates Asset Management and Development, the Romanian companies, the Sales and Marketing Network and Human Resources.
The Group's staff continued to grow, which was particularly significant given the severity of the economic crisis, as the absolute and comparative figures at 31/12/2009 demonstrate. The increase is attributable to the opening of new shopping centers and the reinforcement of certain staff functions.
Following the reorganization, all the job descriptions were updated and completed in order to reflect the different skills required for each position.

Staff and turnover

The IGD Group - Italy at 31/12/2009	Executives	Middle managers	Junior managers	Clerks	Of which fixed term	Total	Percentage
Men	**3**	**9**	**20**	**13**	**(4)**	**45**	**45.92%**
Women	**1**	**8**	**16**	**28**	**(4)**	**53**	**54.08%**
Total	**4**	**17**	**36**	**41**	**(8)**	**98**	
Percentage	*4.08%*	*17.35%*	*36.73%*	*41.84%*		*100%*	*100%*
Percentage of total employees					*(8.16%)*		
Increase vs. 2008						*14*	*16.67%*

The IGD Group - Italy at 31/12/2008	Executives	Middle managers	Junior managers	Clerks	Of which fixed term	Total	Percentage
Total	**5**	**16**	**28**	**36**	**(7)**	**85**	
Increase vs. 2007						12	+ 16.43%

Turnover - Italy 2009	Permanent hires	Temporary hires	Renewed temporary hires	Resigned	Change
Managers	1			1	0
Middle managers	1			1	0
Junior managers	3			1	2
Clerks	1	16	(9)	5	12
Total	**6**	**16**	**(9)**	**8**	**14**

The Winmarkt Group - Romania at 31/12/2009	Executives	Middle managers	Clerks	Workers	Total	Percentage
Men	**2**	**4**	**12**	**4**	**22**	**34.92%**
Women	**0**	**7**	**23**	**11**	**41**	**65.08%**
Total	2	11	35	15	63	100%
Percentage	3.17%	17.46%	55.56%	23.81%	100%	

Turnover - Romania 2009	Hired	Resigned	Change
Managers	**1**	**0**	**1**
Middle managers	**3**	**0**	**3**
Clerks	**1**	**5**	**-4**
Workers	**1**	**4**	**-3**
Total	6	9	-3

The average age is 37, while the level of education showed further improvement: 70% of employees hold university degrees, 28% secondary school diplomas and 2% other.
The company policy to promote from within was confirmed which, in turn, made room for promising, young college graduates to join the organization through internships leading to possible full time employ.
There were 12 internships during the year, 50% of which are ongoing, primarily in the commercial/network management divisions.

Furthermore, in 2009 the Group continued to hire individuals considered to be part of the protected categories not only in order to comply with the law but also as part of a best practice. IGD, therefore, fulfilled the legal requirements ahead of time insofar as it hired two individuals to fill vacant positions (one through a specific internship) that belonged to these categories. Subsequent to these hires IGD was recognized as an **"Azienda solidale 2010"** by the Province of Bologna based on a survey conducted by the association promoting the hire of handicapped individuals (A.I.L.E.S. or *Associazione per l'inclusione lavorativa e sociale delle persone svantaggiate*).

Compensation policies

In 2009 23 management career paths were initiated of which :

- 6 to clerk positions
- 11 to middle management positions
- 6 + 1 (underway) to junior management positions.

The company also worked on defining a personnel evaluation system based on the recognition of qualifications and performance for the middle and junior managers with the following objectives:

- Incentivize to improve performance
- Combine the commitment to reaching objectives with constant monitoring of the overall quality of the services
- Define specific areas where there is room for improvement
- Ensure that the employee understands his/her degree of merit.

A policy based on merit and specific training courses are also being developed as part of this evaluation system.

Training

In order to ensure that personnel are adequately trained and up-to-date, in-house courses were organized related to:

- updated safety procedures (pursuant to T.U. n. 81/2008) offered to all employees while specialized personnel attended more in depth lectures;
- English lessons if necessary for the position held.

Employees were also encouraged to attend external specialized refresher courses regarding administrative-accounting, tax, legal-corporate and technical issues.

2.10 | Performance in 2009

2.10.1 Income Statement Review

2009 closed with a net profit of €20,408 thousand compared to €43,337 thousand in 2008. The decrease in profit with respect to the prior year is due primarily to the positive impact of the reversal of deferred taxes in 2008 following the Parent Company's treatment under the SIIQ tax regime and to the reversal of deferred tax liabilities at the Sarca center pursuant to Legislative Decree 185/08.
The result was also impacted by the fair value valuation of the real estate portfolio which was penalized by the persistently negative economic scenario of both the Italian and the international real estate markets. More in detail, the year includes net writedowns of €13,725 thousand, compared to a decrease in fair value of €2,589 thousand in the prior year.
Of note is the pre-tax profit which rose 110.94% over the €10,728 thousand at 31.12.2008 to €22,630 thousand at 31.12.2009.
A summary of the results for the years closed on 31 December 2009 and 31 December 2009 is shown below:

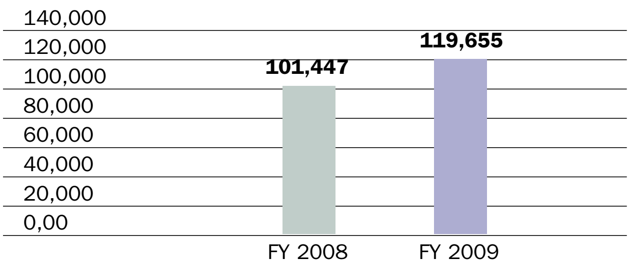
Consolidated income statement	FY 2008	FY 2009	Δ	%
Revenues from freehold properties	77,008	97,813	20,805	27,02%
Revenues from leasehold properties	11,190	8,515	(2,675)	(23.91%)
Revenues from services	4,425	6,315	1,890	42.72%
Corporate revenues	82	17	(65)	(79.24%)
Operating income	**92,705**	**112,660**	**19,955**	**21.52%**
Other revenues	8,742	6,995	(1,747)	(19.98%)
Total revenues	**101,447**	**119,655**	**18,208**	**17.95%**
Income from works in progress	0	226	226	n.a.
Other costs	(8,742)	(6,995)	1,747	(19.98%)
Direct costs	(21,885)	(23,854)	(1,969)	9.00%
Direct personnel expense	(2,407)	(3,156)	(749)	31.09%
Divisional gross margin	**68,413**	**85,876**	**17,463**	**25.53%**
General expenses	(4,580)	(4,171)	409	(8.94%)
Payroll costs at headquarters	(4,908)	(5,418)	(510)	10.39%
EBITDA	**58,925**	**76,287**	**17,362**	**29.47%**
Depreciation and amortization	(672)	(899)	(227)	33.82%
Impairment	(19,092)	(4,450)	14,642	(76.69%)
Change in fair value	(2,589)	(13,725)	(11,136)	430.17%
EBIT	**36,572**	**57,213**	**20,641**	**56.44%**
Financial income	5,843	2,693	(3,149)	(53.90%)
Financial charges	(31,779)	(37,276)	(5,497)	17.30%
Financial income/(charges):	**(25,936)**	**(34,583)**	**(8,647)**	**33.34%**
Income/(charges) from equity investments	**92**	**0**	**(92)**	**(100.00%)**
Pre-tax profit	**10,728**	**22,630**	**11,902**	**110.94%**
Income tax for the period	32,609	(2,222)	(34,831)	(106.81%)
NET PROFIT	**43,337**	**20,408**	**(22,929)**	**(52.91%)**

- *In 2009 some cost and revenue items relative to services were reclassified. For the sake of comparison, the 2008 figures were reclassified based on these new criteria and, therefore, the figures differ from those shown in the financial statements from the previous year.*
- *The item revenues from freehold properties includes revenues from the Katanè shopping center as of 5 May.*

Revenues

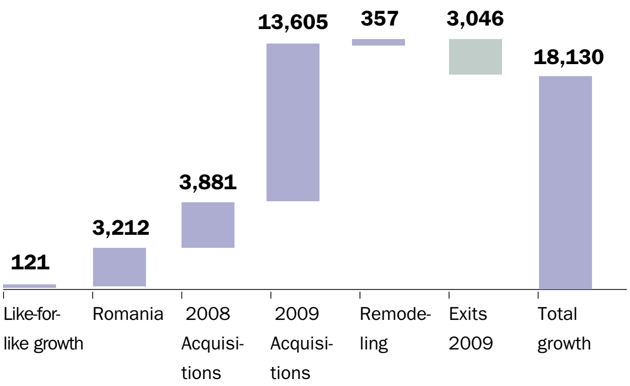
In 2009 the Group earned revenues of €119,655 thousand, an increase of €18,208 thousand or 17.95% on the previous year. This significant increase is due primarily to the new openings made during the year.

Total revenues



The most significant growth came from the IGD Group's core business, the rental business, which rose 20.56% with respect to the prior year.

Growth of rental income



The growth of €18,130 thousand is attributable to:

- for 75.04% to the new openings and acquisitions made in 2009 and the end of 2008 which include the Gran Rondò Mall in Crema, acquired 30 December 2008, the Tiburtino Shopping Center, opened on 2 April 2009, the Katané Shopping Center, opened on 5 May 2009, the Le Maioliche Shopping Center, acquired on 8 October 2009 and the I Bricchi Shopping Mall, opened on 3 December 2009;
- for 21.41% to the contribution of acquisitions made in 2008 which began to generate earnings;
- for 17.72% to the Romanian shopping malls acquired on 29 April 2008;
- for 1.97% to the remodeling of Centro Nova.
- for 0.67% to the like-for-like growth in the current portfolio which was impacted by the temporary discounts granted.

The decrease of €3,046 thousand is related to the cancellation of the rental agreement for the Centro Nova hypermarket as of 1 March 2009 and had a negative impact on revenue growth of 16.80%. Please note that the rents payable also reflect this reduction.

Revenues from services amounted to €6,315 thousand, an increase of 42.72% with respect to the same period in 2008. Facility Management rose 12.19% due to the mandates granted for the new openings and the remainder of the increase is attributable primarily to pilotage revenues which are linked to new openings and are partially offset by pilotage costs.

The **Other revenues,** equal to €6,995 thousand are due 92.96% to chargebacks, the remainder is due to revenues from services rendered to related parties, as well as the non consolidated portion of the income generated by the sale of the preliminary contracts for the mall at the Il Ducale shopping center in Vigevano to the RGD Group.

Margins

The divisional gross margin increased by 25.53%, rising from €68,413 thousand in 2008 to €85,876 thousand in 2009. The table below shows the income statement highlights and the trend in margins for the years closed on 31 December 2009 and 31 December 2008:

Consolidated income statement	FY 2008	FY 2009	Δ	%
Margin from freehold properties	65,620	83,181	17,561	26.76%
Margin from leasehold properties	1,222	1,144	(78)	(6.40%)
Margin from services	1,489	1,308	(181)	(12.18%)
Corporate margin	82	17	(65)	(79.24%)
Income from works in progress	0	226	226	n.a.
Divisional gross margin	**68,413**	**85,876**	**17,463**	**25.53%**
Payroll costs at headquarters	(4,908)	(5,418)	(510)	10.39%
General expenses	(4,580)	(4,171)	409	(8.93%)
EBITDA	**58,925**	**76,287**	**17,362**	**29.47%**
Depreciation and amortization	(672)	(899)	(227)	33.82%
Impairment	(19,092)	(4,450)	14,642	(76.69%)
Change in fair value	(2,589)	(13,725)	(11,136)	430.17%
EBIT	**36,572**	**57,213**	**20,641**	**56.44%**
Financial income	(25,936)	(34,583)	(8,647)	33.34%
Extraordinary income	92	0	(92)	(100.00%)
Pre-tax profit	**10,728**	**22,630**	**11,902**	**110.94%**
Income tax for the period	32,609	(2,222)	(34,831)	(106.81%)
Net profit	**43,337**	**20,408**	**(22,929)**	**(52.91%)**

- **SBU 1 - Property leasing**
  Margin on freehold properties: in 2009 this margin reached €83,181 thousand compared to €65,620 thousand in the prior year, an increase of 26.76%. This activity's margins reached 85.04%.

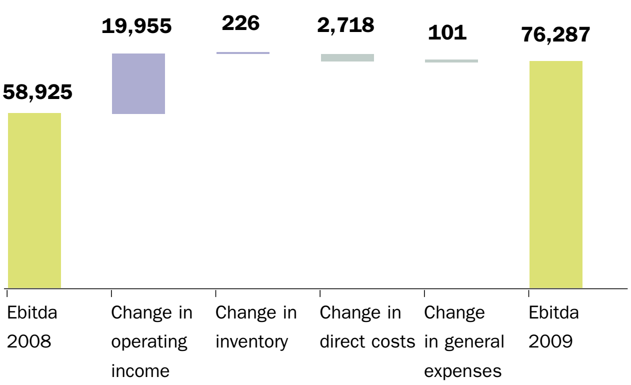
- **SBU 1 - Property leasing -**
  Margin on leasehold properties: the margin decreased by €78 thousand with margins of 13.44%.

- **SBU 2 - Services**
  Margin from services: the margin from services amounted to €1,308 thousand, a drop over December 2008 of 12.18%. This drop is attributable to the increase in provisions made during the year and the cost of labor (typically a significant cost for this type of activity) due to the increase in staff following the new openings. This activity features low capital absorption and generated a margin of 20.71% in 2009.

EBITDA

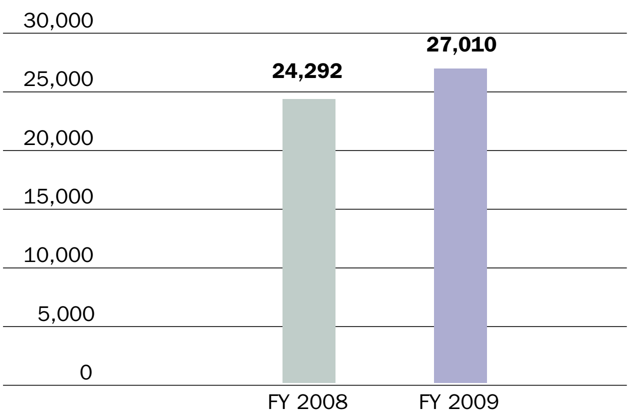
EBITDA reached €76,287 thousand, an increase with respect to the prior year of 29.47%.
The changes in the Ebitda components in 2009 are shown below:

EBITDA



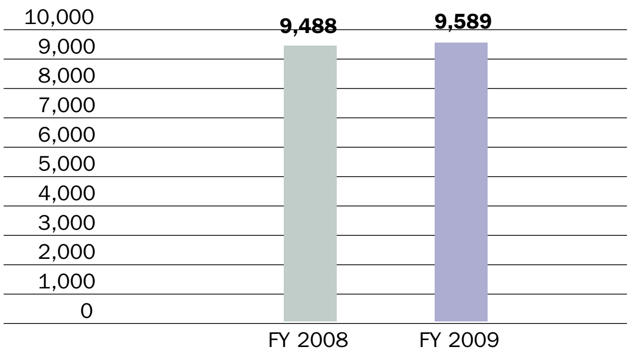
Direct costs, including direct personnel expense, rose 11.19% with respect to the prior year to €27,010, an increase that is less than proportional to the increase in income from the rental business. Due to the new openings considerable investments were made in advertising-promotional activities in order to sustain the new shopping centers in their start-up phase, as well as to further enhance the visibility of the centers opened in the last 24-36 months.

Direct costs



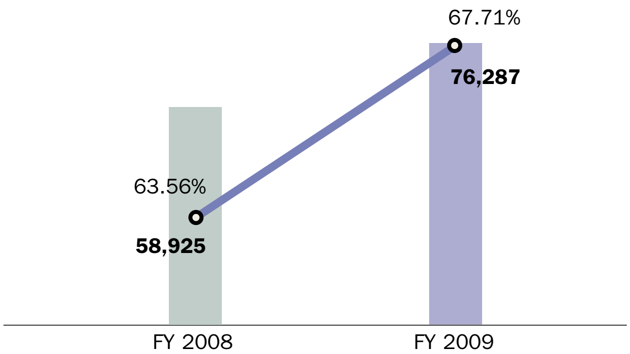
General expenses amounted to €9,589 thousand, basically in line with the prior year.

General expenses



Net non-recurring costs EBITDA would have been €63,149 thousand with an EBITDA MARGIN of 68%; for the sake of clarity, please find below charts representing both EBITDA and adjusted EBITDA:
The Ebitda Margin, calculated as a percentage of operating income, rose 6.53% with respect to 2008 from 63.56% to 67.71%.

Ebitda and Ebitda Margin



EBIT

EBIT amounted €57,213 thousand, an increase of 56.44% with respect to 2008. The difference between Ebit and Ebitda is due primarily to the decrease in fair value of the real estate portfolio which fell by 16.17%. This is, however, less than the decrease in 2008.

Financial income and charges

The negative balance of financial income and charges increased by €8,647 thousand from €25,936 thousand to €34,583 thousand; this increase is due to net debt which was increased in order to sustain the Group's development and which at 31 December 2009 amounted to €1,027,817 thousand. The increase related to the portion of the financing not covered by interest rate swaps was partially offset by the drop in interest rates that took place during the year.

Tax

The tax burden, current and deferred, totalled €2, 222 thousand at 31/12/2009, reflecting a tax rate of 9.82% which is attributable to the positive effects of the SIIQ regime. Tax is not comparable to the same period of the prior year due to the reversal of deferred tax liabilities accrued against an increase in property values through 31/12/2007 and the substitute tax recognized.

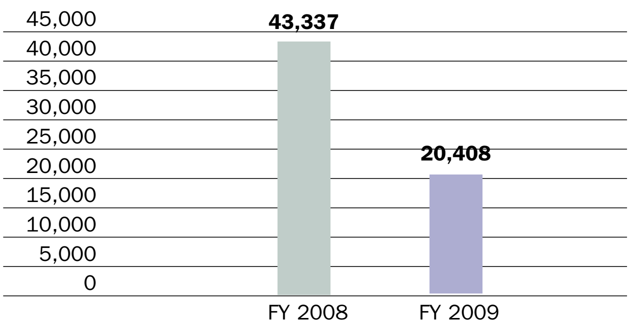
Income tax	31/12/2009	31/12/2008	Change
Current tax	2,438	2,384	54
Deferred tax liabilities	2,517	(67,091)	69,608
Deferred tax assets	(2,565)	(16)	(2,549)
Substitute tax on revaluation of Centro Sarca	0	1,306	(1,306)
SIIQ entry tax	0	30,797	(30,797)
Out-of-period income/charges	(168)	11	(179)
Total	**2,222**	**(32,609)**	**34,831**

Net profit

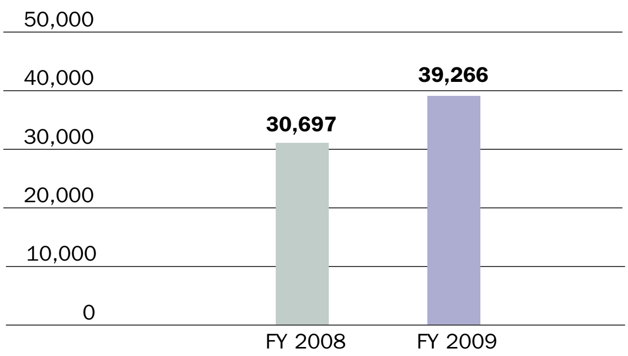
The change in profit with respect to the prior year is shown below. Net profit fell from the €43,337 thousand recorded in 2008 to €20,408 thousand due primarily to the non-recurring tax items recorded in 2008.

Of note is the Funds From Operations (FFO) which rose from €30,697 thousand in 2008 to €39,266 thousand in 2009; this figure is calculated based solely on the tax paid during the year.

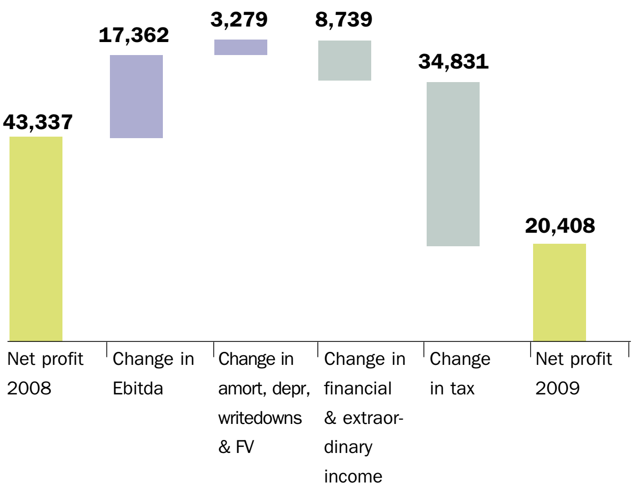
Net profit



Funds From Operations (FFO)



Change in net profit between 2008 and 2009



2.10.2 Balance Sheet and Financial Review

The IGD Group's balance sheet and financial situation at 31 December 2009 can be summarized as follows:

Source - use of funds	31/12/2009	31/12/2008	Δ	%
Fixed assets	1,760,342	1,516,187	244,155	16.10%
NWC	96,500	42,759	53,741	125.68%
Other non- current liabilities	(81,492)	(82,164)	672	(0.82%)
Total use of funds	**1,775,350**	**1,476,782**	**298,568**	**20.22%**
Net equity	747,533	742,877	4,656	0.63%
NFP	1,027,817	733,905	293,912	40.05%
Total source of funding	**1,775,350**	**1,476,782**	**298,568**	**20.22%**

The principal changes in FY 2008, compared to the prior year, are summarized below:

Fixed assets

rose from €1,516,187 thousand at 31 December 2008 to €1,760,342 thousand at 31 December 2009 ; the change of €244,155 thousand is explained by increases and decreases in:

Real estate investments (€341,675 thousand).

The increase is due to both the investments in the year and the reclassificaiton of investment property upon completion of works in progress. The following shopping centers were purchased during the year: Tiburtino (Guidonia), Katanè (Catania), Le Maioliche (Faenza) and the I Bricchi shopping mall (Asti) was completed. Extraordinary maintenance charges for the "Afragola", "Borgo", "Esp", "Abruzzo", "Portogrande", "Imola", "Livorno" and "Casilino" centers also increased.

Fair value adjustments of the real estate investments resulted in a net decrease of €13,725 thousand. Please refer to the chapter "The Real Estate Portfolio" for further information.

Buildings (+ €7,860 thousand, net depreciation).

The increase is explained by the IGD Group's new headquarters, purchased with a financial lease on 29 April 2009.

Assets under construction (- €109,487 thousand).

The change is primarily attributable to:

Increases (+€26,087 thousand) due to :

- The payment of additional down payments pursuant to the preliminary contracts for the center in Palermo;
- Progression of the work done to complete the shopping center in Chioggia, the restyling of the Afragola center and the work done on the retail park at the Mondovì shopping center;
- Progression of the work on the commercial area of the multifunctional complex in Livorno;
- Extraordinary maintenance at a few of the Romanian shopping centers;
- Capitalization of interest pursuant to IAS 23.

Decreases due primarily to:

- The reimbursement of the deposit following cancellation of the preliminary agreement for the purchase of the shopping center in Trapani;
- Sale of the non consolidated portion of the preliminary contracts for the mall at the Il Ducale shopping center in Vigevano to the RGD Group;
- The reclassification of the I Bricchi shopping mall upon completion of work in progress and the Tiburtino and Katanè shopping centers, opened in 2009, as investment property;
- Writedowns taken in order to align the carrying value of the plots of land and the work in progress with the lower between cost and the appraised fair value.

Deferred tax assets (€4,058 thousand).

The change is primarily due to:

- Recognition of deferred tax related to mortgage hedging instruments (IRS),
- Recognition of deferred tax related to the writedowns of work in progress;
- Recognition of deferred tax related to fair value adjustment of real estate investments.

Sundry non-current receivables and other assets (-€1.873 thousand). The change is primarily due to:

- The reimbursement of the down payment following cancellation of the preliminary agreement for the Peschiera mall and the disposal of the Vigevano contract (please refer to paragraph 2.5).

NWC

(€53,741 thousand). The change is explained by:

- +€5,138 thousand in inventories for work in progress related to the areas, buildings and urbanization works under construction at the site of the multifunctional complex in Livorno;
- +€1,761 thousand to the increase in trade receivables, net provisions for doubtful accounts, in line with the increase in sales and the opening of two new shopping centers;
- +€25,198 thousand for other current assets attributable

primarily to an increase in VAT credits deriving from the purchase of new shopping centers and the down payments made pursuant to the preliminary contracts;
- +€17,957 thousand in trade payables, explained primarily by the balance deposited for the land and buildings pertaining to the multifunctional complex in Livorno;
- +€2,378 thousand to the decrease in current tax liabilities following payment of the IRAP and IRES owed, as well as the payment of the installment of the SIIQ entry tax;
- +€3,440 thousand for other current liabilities which decreased noticeably following the refund of security deposits, substituted by guarantees, and for the recognition in the income statement of revenues generated by the newly opened shopping centers.

Other long term liabilities

(+€672 thousand). The change is explained by:
- Utilization of the provision for Guidonia indemnities of €1,671 thousand;
- Recognition of deferred tax attributable primarily to the fair value adjustments of the real estate investments of €6,651 thousand;
- Reclassification of the substitute tax equal to €6,160 thousand to be paid by 16 June 2010 under other current liabilities.

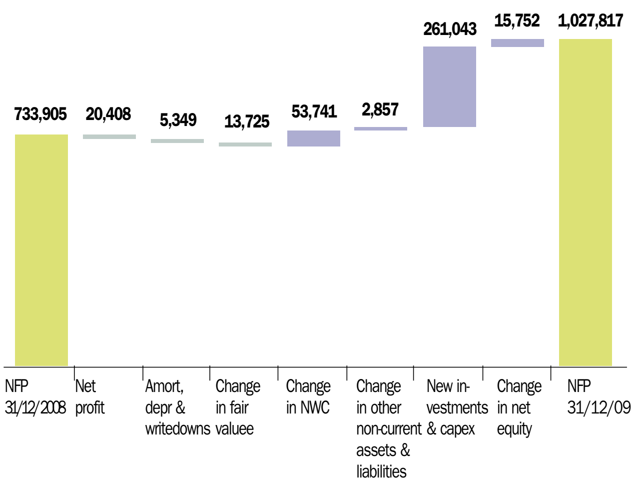
Net equity

At 31 December 2009 amounted to €747,533 thousand. The change of +€4,656 thousand is explained by:
- the decrease in the derivatives accounted for using the cash flow hedge method;
- the distribution of the 2008 profit of €10,440 thousand;
- changes in the translation reserve for the translation of foreign currency financial statements;
- the profit for FY 2009 of €10,480;
- a decrease of €61 thousand in minority interests in equity due to the deconsolidation of Consorzio dei Proprietari del Centro Leonardo and Consorzio Forte di Brondolo.

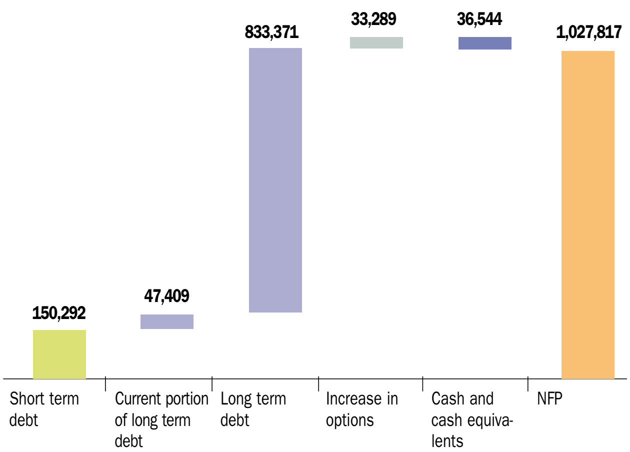
Net debt

Net debt at 31/12/2009 increased by €293,912 thousand with respect to the prior year due to investments made in the period and the trend in NWC.
The item "Short term portions of long term debt" shown in the net financial position above includes the short term portion of mortgages, leasing company loans and bond debt.
The gearing rose from 0.99 at 31 December 2008 to 1.37 at 31 December 2009 due to the increase in debt.

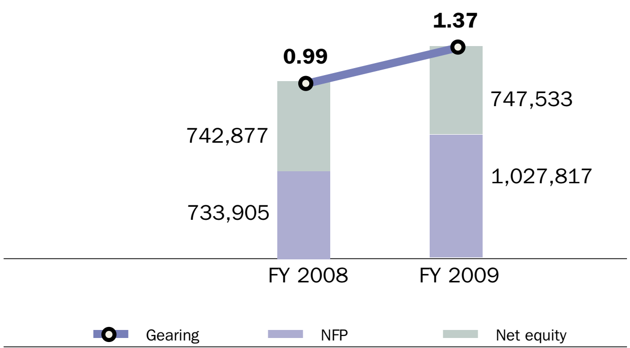
Reconciliation of the net financial position



Breakdown of the net financial position



Gearing



2.11 | Subsequent events

On 11/03/2010 the Board of Directors approved the proposal to be submitted to the extraordinary general meeting of the bondholders and shareholders to modify the terms and conditions of the €230 million convertible bond issued by the company as resolved on 25 June 2007, as follows:

1. extension of the maturity of the convertible bonds from 28 June 2012 to 28 December 2013
2. increase of the interest rate from 2.50% (final annual payment on June 28th, 2010) to 3.60% (act/act), half-yearly, first payment on December 28th, 2010) and coupon to be paid on a half-yearly rather than on an annual basis.
3. Conversion price reduced from €4.93 to €2.75 and consequent increase in share capital from a maximum amount of €46,653,144 to a maximum amount of €83,636,364.

2.12 | Outlook

After a particularly difficult 2009 we expect that the uncertainties and risks linked to the unfavourable global market conditions will persist, particularly with regard to the financial markets and consumer trends which will significantly impact both the Italian and the international real estate markets.
In 2010 the IGD Group intends to continue with the development plan it presented to the financial community in November 2009 which calls for the acquisition of two new shopping centers, as well as the repositioning of the existing portfolio and the advancement of the investments in the pipeline.
With regard to the business, it is likely that 2010 will continue to be influenced by exogenous factors, outside of the company's control such as real estate market trends and valuations of the current real estate portfolio. We also expect to see further growth in EBITDA attributable to the centers opened in 2009 which will be operating at full capacity in 2010 and a lower tax impact due to treatment under the SIIQ regime.

2.13 IGD SIIQ SPA's and the Group's Primary Risks and Uncertainties

In the future the Group's earnings and financial situation could be influenced by a series of risk factors which could affect both property management and real estate development.
The primary business risks that IGD faces and manages are listed below.

1. Strategic risks

1.1 Investment risk

Risk factors:

- problems in the valuation of the investment opportunity;
- failure to correctly identify the investment target;

which could negatively impact the IGD Group's development business.

Risk management:
At least once a year the business plan is evaluated by Top Management in order to understand the failure to reach the plan's targets.
All of the investments are made after having compared potential performance with the business plan based on simulations with respect to the targets and the operations linked to each single investment.
Each time the business choices related to the investments are changed, the related analyses, the simulated performances, the forecasts and the investment strategy in the existing plan are revised.
In order to better understand each investment, specific working groups are formed involving the following corporate divisions: Sales & Marketing, Asset Management and Development, Administration – Legal and Corporate Affairs which are supervised by the Chief Executive Officer. The project is, however, submitted to the Board of Directors for authorization.
The company hires specialized professionals to perform market analyses, simulations, target analysis, sales forecasts with regard to the areas where the investment is to be made and obtains fairness opinions from independent appraisers.

1.2 Risks associated with change in the macro and micro economic scenarios

Risk factors:

- change in growth rates;
- inflation;
- change in consumer volumes and trends,

which could negatively impact the Group's revenues and the value of its assets.

Risk management:
The company monitors consumer trends, consumer spending and inflation constantly based on market surveys including with the help of specialized professionals. Periodically the Sales & Marketing Division will analyze the extent to which the positioning and offer are in line with a specific target in order to understand if any changes need to be made to the sales and marketing activities.
The retailers' results are carefully monitored.
The positioning with respect to the targets for the single shopping centers is monitored and any changes that are made to the merchandising mix/tenant mix during the renewal phase, expansion and remodelling are in line with the targets. Pricing and the target yield are analysed in light of the market trends and the single retailer's performance.
Management also carefully monitors the sales statistics and the indicators that could point to any problems the retailers might be experiencing, paying particular attention to the impact that contract renegotiations could have on the clients: the steps taken to support the retailers and any operational changes are shared with the Sales & Marketing Division and are, at any rate, subject to the approval of Operations Management and the budget revisions made with respect to the budget approved by the Board of Directors.

1.3 Country risk

Risk factors:
The risk pertains to the investments made in the companies doing business in Romania and presents the following risk factors:

- changes in the country's macroeconomic scenario;
- geopolitical problems in the country;
- change in the country's growth rates;
- inflation within the country;
- change in the country's consumer trends and volumes;

which could have an impact on revenues and on the value of the Group's assets.

Risk management:
IGD's portfolio is spread out throughout the country; the 16 assets, an office building and 15 shopping centers,

are found in 13 midsize cities. This makes it possible to diversify the risks linked to consumer volatility, while the fact that the centers are centrally located helps to minimize risk of decreased consumption which could affect the outlying shopping areas.
Top Management of the Romanian subsidiaries monitors the country's economic trends constantly, verifying that the principal indicators of economic and political stability (interest rates, the political scenario, implementation of EC subsidies and the local regulatory environment) are stable and that no problems for IGD's business have developed.
Particular attention is paid to the quarterly bulletins published by the EC. The company also maintains relationships with the Italian financial and business communities in Romania through national and international chambers of commerce.
The company, furthermore, has implemented a commercial strategy that is focused on improving the quality of the tenants by selecting high profile international partners.

2. Operational risks

2.1 Tenant related risk

Risk factors:

- the shopping center fails to attract the target customers found in the catchment area;
- merchandising mix does not meet the needs of the customers in the catchment area;
- tenant mix does not meet the needs of the customers in the catchment area,

which could impact sales and the ability of the retailers to fulfil their contractual obligations with IGD.

Risk management:
The company's commercial divisions, along with Operations Management, evaluate the planned positioning in order to limit the risks connected to tenant and merchandising mixes that fail to meet the needs of each shopping center's potential customers.
The commercial planning is carried out in accordance with internal procedures. The company constantly monitors, including through the use of the updated internal sales data, the retailers' sales and the vacancy rates. All of the commercial choices made respect the policy defined by the Sales & Marketing Division and any atypical allocation of the space must be approved by the Sales & Marketing Division. Toward this end the Sales & Marketing Division meets each week in order to coordinate and check the steps taken in the region.
The tenant mix is selected on the basis of the analyses done, including through the help of specialized professionals, regarding the shopping center's intrinsic features and its location.

2.2 Credit risk

Risk factors:

- client default;
- credit recovery problems.

Risk management:
The retailers are subject to pre-contractual selection based on parameters linked to financial soundness and P&L forecasts. The analyses of potential clients are done with the help of specialized consultants and focus on understanding potential risks for the company.
All clients must guarantee their contractual obligations with sureties and/or security deposits. The company constantly monitors the contractual relationship to ensure that the contractual obligations are being respected and in the event of default the company follows the internal procedures for credit management; in a few instances, involving well-known clients, remedial measures may be taken.

2.3 Pre-letting risk

Risk factors:

- chance that the property remains partially vacant and the target occupancy rates are not hit,

which could impact both revenues and the value of the Group's assets.

Risk management:
The company controls pre-letting risk through promotional activities and incentive schemes involving current and potential retailers.
Intense public relations activities are carried out with the retailers in order to ensure that the space is let and investments are made in promotional activities and launches.
The surface coverage ratios are constantly monitored throughout the management and life of a shopping center.
The commercial team is comprised of highly experienced sector professionals who work to reach the Group's objectives in terms of revenues and filling vacant space.
The Sales & Marketing Division monitors the occupancy rates of the different shopping centers and determines any steps that need to be taken to reach a vacancy rate that is close to zero.
Capex should be made in the period 2009-2012 in order to improve the quality and appeal of the properties.

2.4 Risks associated with natural disasters or damages caused by third parties

Risk factors:
- natural disasters (for example, floods, earthquakes, etc.);
- catastrophic events (for example, fires);
- damages caused by third parties,

which could impact the value of the Group's assets.

Risk management:
Given the type of business and its unique portfolio, the company has taken out All Risk policies with a primary sector insurance company based on which each shopping center has annual coverage.
Based on the Group's risk management policy vis-à-vis damage to assets, each consortium of retailers and/or owners must stipulate its own All Risk policy with an insurance company.
The consortia, the Sales & Marketing, Network Management and Asset Management and Development Divisions all constantly check the quality and maintenance of the properties in order to understand if further steps must be taken to limit risk.
The company invests significantly in the maintenance and quality of its properties.

2.5 Third party delivery risk

Risk factors:
- delays, problems and/or breach of contract related to the construction companies hired by the Group to complete projects;
- delays, problems and/or breach of contract related to the sellers of finished, "turnkey" shopping centers;
- delays, problems and/or breach of contract related to the professionals and service providers hired,

which could impact the performance, completion times of the projects resulting in costs linked to third party damages and/or legal disputes.

Risk management:
The company selects professionals, service providers and construction companies after a preliminary evaluation of the providers financial and economic soundness has been completed, in accordance with internal procedures, in order to limit the risks associated with breach of contract and/or default.
The contracts used contain a set of guarantee clauses (for example, penalties for delayed or defective delivery of the services).
The Division involved monitors the completion of the projects and services provided and ensures that the qualitative standards are being complied with.
Particular attention is paid to situations in which a subcontractor is used to build the shopping centers and an internal resource along with an external professional monitor the progress being made. A weekly/bi-weekly progress report is also prepared.
With regard to the finished, "turnkey" shopping centers, the company asks the counterparty to provide bank guarantees for the deposits and security deposits made.
With regard to the valuation of the company's assets, the company uses independent, specialized appraisers. Assets are appraised two times a year; the company may request a comparative appraisal from another independent appraiser.

3. Compliance risk

3.1 Liability pursuant to Legislative Decree 231/01

Risk factors:
sanctions associated with corporate liability for crimes committed pursuant to Legislative Decree 231/01

Risk management:
The company adopted the "Organizational Model" pursuant to Legislative Decree. 231/01 which defines the guidelines, rules and code of conduct that should govern the company's activities and which must be complied with in order to minimize the risk that the crimes referred to in Legislative Decree. 231/01 are committed, and which ensures maximum transparency and fairness in the company's business dealings.
When Legislative Decree. 231/01 took effect, the company also prepared a Code of Conduct applicable to all IGD employees who must ensure that they perform their duties in accordance with the standards included in the code.
Toward this end, the Internal Control Committee adopted specific procedures and, together with Internal Audit, seeks to ensure that they are complied with.
The Internal Control Committee constantly updates and amends the Model to ensure that it complies with the law and that it adequately reflects the Group's organizational and business structure.

3.2 Liability pursuant to Legislative Decree 262/05

Risk factors:
Sanctions associated with violations of the Financial Reporting Officer's responsibilities pursuant to Law 262/05.

Risk management:
The company, in accordance with Legislative Decree n. 262 dated 28 December 2005, the Uniform Savings Act, adopted administrative and accounting control procedures related to financial disclosures in order to (i) ascertain whether or not the current Internal Control System provides reasonable certainty that the information represented in the financial statements is accurate and reliable; (ii) implement adequate administrative and accounting procedures to be used in drafting the separate and consolidated financial statements, as well as any other financial disclosures (in accordance with Law 262/2005); (iii) ensure that the administrative and accounting procedures are complied with during the period in which the above documents are being drawn up.
The implementation and verification of the Internal Control System pursuant to Legislative Decree 262/05 are carried out by internal resources as instructed by and under the supervision of the Financial Reporting Officer appointed by the Board of Directors in accordance with the law.

3.3 Tax risk – requirements under the SIIQ regime

Risk factors:
- failure to meet the profit and asset requisites necessary to be eligible for SIIQ status,

resulting in being ineligible for treatment under the SIIQ regime (in the event this situation should be prolonged for the period provided for at law).

Risk management:
The company was awarded SIIQ status last year and since then has carefully monitored the associated tax risks; the valuations made regarding the taxation models used are prepared with the assistance of carefully selected specialized professionals and the Head of Administration, Legal and Corporate Affairs constantly monitors any regulatory changes and the internal accounting procedures.
More in detail, the accounts for the taxable and exempt operations are maintained separately; the division also frequently conducts asset and profit tests in order to ensure compliance with the SIIQ regulations.

4. Financial risks

4.1 Risks associated with funding and cash management

Risk factors:
- problems managing liquidity;
- financial resources fail to meet the company's needs;
- problems maintaining existing loans and in obtaining new ones.

Risk management:
Liquidity risk is managed through careful management of cash flow and is mitigated by the availability of substantial credit lines.
The Finance Division monitors cash flow through the use of quarterly financial forecasts (updated on a rolling basis) and ensures that available liquidity is sufficient to meet the company's business needs.
With regard to medium/long term debt, each line of credit finances a project which minimizes the risk associated with refinancing. Medium/long term loans may contain covenants and the Finance Division monitors this aspect constantly including together with company management through the use of the Enterprise Risk Management system in order to understand the impact that any breaches of these covenants could have on strategic, operational, compliance and financial risks.
Financial commitments are covered by funding made available by financial institutions and available credit lines. This risk is managed on the basis of the principle of prudence in order to avoid, in the event unexpected events should occur, excessive expense which could have a further negative impact on the company's market reputation. Furthermore, there are no mortgages on part of the Group's real estate portfolio (equal to €323 million).

4.2 Interest rate risk

Risk factors:
- volatile interest rates which could impact the financing of operations as well as the use of available liquidity.

The Group uses short term credit lines and floating rate medium/long term mortgages, therefore if interest rates are raised it is exposed to the risk that financial expense could increase.

Risk management:
Interest rate risk is monitored constantly by the Finance Division and Top Management.
To manage this risk, the Group purchases interest rate swaps with which it is able to cover 57.78% of its medium/long term interest rate risk by exchanging the difference between fixed rate and floating rate interest at specific intervals.

4.3 Foreign exchange risk

Risk factors:
- fluctuations in the Romanian currency, LEI;

which could result in the portfolio being written down and the default of Romanian retailers whose contracts are in LEI but anchored to the euro.

Risk management
The Romanian retailers' rents are in LEI but anchored to the euro; therefore the company is exposed to the risk that the retailers could default if the currency fluctuations result in the weakening of the LEI.
Currently IGD works to mitigate this risk by working constantly on the optimal merchandising and tenant mix, as well as on the management of the portfolio with a view to sustaining value. Capex should be made in the period 2009-2012 in order to improve the quality and appeal of the properties.
The commercial policies are carefully defined and based on in depth research as to the market needs and the habits of the local consumers.
Toward this end the Group is assisted by a group of specialized corporate and local resources in order to understand the correct trade-off between acquired know-how, corporate development and understanding of the local needs.

2.14 Intercompany and Related Party Transactions

All transactions with the parent company, Coop Adriatica S.c.a.r.l., and with other related parties fall within the Group's ordinary sphere of operations and take place under arm's-length conditions. In particular, real estate transactions-generally consisting of acquisitions and leasing-that involve a potential conflict of interest due to the participation of Coop Adriatica S.c.a.r.l. and Unicoop Tirreno S.c.a.r.l. are settled under arm's-length conditions by way of a framework agreement signed in October 2004.

In accordance with the rules of corporate governance and the "Procedures for Related Party Transactions" which governs the approval and execution of said transactions, the Internal Control Committee, made up of three non-executive members of the Board of Directors (including two independent directors), has a specific function. More in detail, the Internal Control Committee prepares two memos on the Company's related party transactions during the period-one to be published as part of the directors' announcement of the approval of the draft financial statements and the other regarding approval of the half-year report-including comments on whether such transactions are in the Company's best interest, how the prices were determined, and the fairness of such prices with respect to going market rates. It also examines in advance any related party transactions falling under the competence of the Board of Directors, and forms non-binding opinions for the Board.
Details of related party transactions carried out in 2009 are provided in a section of the notes to the financial statements.
As required by CONSOB Resolution no. 11971 of 14 May 1999, the following list reports the shares of IGD Group companies held by directors and statutory auditors:

Name	Company	N of shares at 31/12/08	Purchases	Sales	N of shares at 31/12/2009
Albertini Claudio	IGD	0	0	0	0
Boldreghini Giorgio	IGD	0	0	0	0
Canosani Aristide	IGD	0	0	0	0
Carpanelli Fabio	IGD	0	0	0	0
Coffari Gilberto	IGD	0	0	0	0
Costalli Sergio	IGD	0	0	0	0
Franzoni Massimo	IGD	0	0	0	0
Gentili Francesco	IGD	0	0	0	0
Pellegrini Fernando	IGD	0	0	0	0
Pirazzini Corrado	IGD	0	0	0	5,000
Parenti Andrea	IGD	0	0	0	40,000
Sabadini Riccardo	IGD	5,000	0	0	5,000
Santi Sergio	IGD	0	0	0	0
Zamboni Roberto	IGD	0	0	0	0
Gargani Franco	IGD	0	0	0	0
Conti Romano	IGD	0	0	0	0
Chiusoli Roberto	IGD	0	0	0	0

2.15 Privacy Protection

Pursuant to Legislative Decree 196/2003 (Italy's "Data Protection Code"), we report that all companies in the IGD Group have updated their "Privacy Protection Plan."

2.16 Treasury Shares

At 31 December 2009 the company possessed 10,976,592 ordinary shares or 3.549 % of the share capital for a total of €22,141,778. Please note that on 30 December 2008, 10,000,000 ordinary shares were pledged to the seller as a guarantee for the delayed payment of the Gran Rondò Mall.

2.17 Research and Development

Pursuant to Art. 2428, paragraph 1, of the Italian Civil Code the IGD Group does not perform research and development activities.

2.18 Significant Transactions

During the year ended 31 December 2009, no significant non-recurring transactions or atypical/unusual transactions, as defined in CONSOB's notice of 28 July 2006, were carried out with third parties or between companies in the Group.

2.19 Reconciliation between the Separate and Consolidated Accounts at 31.12.2009

Reconciliation between the Parent Company and the Consolidated Accounts				
Amounts in thousands of euros	Net profit		Net equity	
	Group's portion	Minorities	Group's portion	Minorities
Balance - parent company's financial statements	**23,782**		**734,042**	
Book value of the consolidated equity investments			**(509,127)**	
Subsidiaries' net profit and equity	**(4,309)**	**0**	**512,921**	**0**
Allocation of differences to the assets of consolidated companies				
- Goodwill from consolidation of PORTAMEDICEA (allocated to works in progress)			281	
- Goodwill from consolidation of MILLENIUM			3,952	
- Goodwill from consolidation of RGD			976	
- Goodwill from consolidation of Winmagazine			4,894	
- Goodwill from consolidation of Winmarkt management			1	
- Goodwill from consolidation of Faenza development			66	
- Elimination of capital gains	999		(334)	
- Sale of group assets	(73)		(145)	
- Other adjustments	8		6	
Balance - consolidated financial statements	**20,408**	**0**	**747,533**	**0**

2.20 Proposed Allocation of Net Profit

Dear Shareholders,

We submit for your approval the separate financial statements of IGD SIIQ S.p.A. at 31 December 2009 which closed with a net profit of €23,781,802.
The Board of Directors proposes that this profit be allocated as follows:

- *€7,074,817 to the fair value reserve*
- *€835,350 to the legal reserve*
- *€14,913,634 to the shareholders as a dividend equal to €0.050 per each outstanding share which reflects treasury share accretion*
- *€958,001 to be carried forward*

The dividends to be distributed derive entirely from exempt operations and represent not less than 85% of the income generated by these operations in accordance with the norms and regulations governing the SIIQ regime.

Bologna, 11 March 2010

The Chairman
Gilberto Coffari

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3

Report
on Corporate Governance and Ownership Structure

3.1 | Issuer profile

Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. has a traditional system of management and control founded on the centrality of the Board of Directors.

The Company's Corporate Governance model is based on: (i) the guiding role of the Board of Directors in matters of corporate strategy; (ii) the transparency of business decisions within the Company and vis-à-vis the market; iii) the efficiency and efficacy of the internal control system; (iv) the strict governance of potential conflicts of interest; and (v) clear procedures for transactions with related parties and for the treatment of corporate information.

Glossary

BOARD:
the Issuers' Board of Directors appointed by the Shareholders' Meeting held on 23 April 2009.

BYLAWS:
Bylaws of IGD SIIQ SpA available on the Company's website ww.gruppoigd.it

CIV. COD./C.C.:
the Italian Civil Code.

CODE/CORPORATE GOVERNANCE CODE:
the Corporate Governance Code for listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the Italian Stock Exchange).

COMPANY:
IGD SIIQ SpA.

CONSOB:
the Commissione Nazionale per le Società e la Borsa(Italy's Stock Exchange Commission).

CONSOB'S REGULATIONS FOR ISSUERS:
the regulations issued by CONSOB in Resolution n. 11971/99 (as amended) for issuers.

INSTRUCTIONS ACCOMPANYING THE STOCK MARKET REGULATIONS:
the Instructions accompanying the Regulations for Markets organized and managed by Borsa Italiana S.p.A..

ISSUER:
the Company issuer of stock referred to in this Report.

MARKET REGULATIONS:
regulations for markets organized and managed by Borsa Italiana S.p.A., issued by the Borsa Italiana and approved by CONSOB in Resolution n.17026 dated 7 October 2009.

MOG:
Organizational Model pursuant to Legislative Decree. 231/2001.

REPORT:
the Report on Corporate Governance and Ownership Structure that companies are required to prepare pursuant to Art. 123-bis TUF (Testo Unico della Finanza - Financial Markets Consolidation Act): Legislative Decree n. 58 dated 24 February 1998.

SUBSIDIARIES:
subsidiaries belonging to the IGD Group.

YEAR:
financial year closed on 31.12.2009 referred to in this Report.

3.2 Information on ownership structure

(pursuant to Art. 123-bis, para. 1, T.U.F)

Share capital structure

(pursuant to Art. 123-bis, para. 1, lett. a), TUF)

The share capital approved at 11 March 2010 totals €355,902,405.00 of which €309,249,261.00, divided in ordinary shares with a par value of €1 each, is fully paid-in and subscribed.

Share transfer restrictions

(pursuant to art. 123-bis, para 1, letter b), TUF)

There are no restrictions and all shares are freely transferable.

Significant interests in share capital

(pursuant to Art. 123-bis, para. 1, lett. c), TUF)

Based on the declarations received under art. 120 of TUF and other available information, the shareholders with voting rights holding more than 2% of the company's ordinary share capital at 11 March 2010 are those indicated in Table 1 "Significant interests in share capital" attached to this report.

Shares granting special rights

(pursuant to Art. 123-bis, para. 1, lett. d), TUF)

The shares issued all have the same rights.

Employee share ownership: exercise of voting rights

(pursuant to art. 123-bis, para 1, letter e), TUF)

No specific mechanisms for the exercise of voting rights under employee share ownership are provided for.

Restrictions on voting rights

(pursuant to Art. 123-bis, para. 1, lett. f), TUF)

There are no restrictions on voting rights.

Shareholder Agreements

(pursuant to Art. 123-bis, para. 1, lett. g), TUF)

The Company is party to the following shareholder agreements deemed relevant pursuant to Art. 122 of Legislative Decree 58/1998 (TUF):

On 4 February 2008 Coop Adriatica S.c.a.r.l. ("Coop Adriatica") and Unicoop Tirreno Società Cooperativa ("Unicoop Tirreno") stipulated a Shareholders' Agreement which establishes a voting block of Immobiliare Grande Distribuzione SIIQ S.p.A. shares, pursuant to Art. 122 paragraphs 1 and 5 lett. A) and B), of Legislative Decree n. 58/1998 designed to facilitate the Company's strategic decisions and their management. The agreement involves 170,516,129 ordinary shares or 55.140% of the Company's share capital, of which 157,713,123 or 51% of the share capital are bound by a voting block and the remaining ones are free.

On 25 May 2005 Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio in Bologna, along with Fondazione Cassa dei Risparmi di Forlì, formalized a Consultation Agreement deemed relevant pursuant to Art. 122 of Legislative Decree 58/1998. This agreement expired on 25 May 2008. Fondazione Cassa dei Risparmi di Forlì expressed interest in renewing the agreement related to all the shares (925,000) transferred under the agreement while Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio in Bologna renewed the former agreement on 4 June 2008.

Change of control clauses

(pursuant to Art. 123-bis, para. 1, lett. h), TUF)

In the course of their normal business, the Company and group companies may stipulate agreements with financial partners which include clauses which grant each of the parties the right to rescind and/or amend said agreements and/or require repayment of the loan in the event the direct or indirect control of the parties themselves should change.

Authority to increase share capital and authorizations to buy back shares

(pursuant to Art. 123-bis, para. 1, lett. m), TUF)

Pursuant to Art. 6.4 of the bylaws and in accordance with Art. 2443 of the Italian Civil Code the Board of Directors has been granted the power, to be exercised by 23 April 2012, to increase share capital for cash, on one or more occasions, in a divisible manner for an amount up to 10% of the pre-existing share capital, to be subscribed exclusively by Italian and international professional investors, excluding any pre-emption rights, pursuant to Art. 2441, 4th paragraph, second part, of the Italian Civil Code for an issue price in line with the share's market price as confirmed in a fairness opinion to be issued by the external auditors.

The extraordinary shareholders' meeting held on 25 June 2007 voted to issue bonds convertible into newly issued ordinary shares of IGD with a combined nominal value of €230,000,000.00, represented by 2,300 convertible bonds with a nominal value of €100,000.00 each, excluding any pre-emption rights, pursuant to Art. 2441, 5th and 6th paragraphs, of the Italian Civil Code and resolved to increase the share capital, in a divisible manner, for the purpose of servicing conversion of the bonds up to a maximum of €46,653,144.00 at par, in one or more instalments through the issue of up to 46,653,144 ordinary shares of a par value of €1.00 each, with the same dividend rights as shares in circulation on the issue date to be used exclusively and irrevocably to service the conversion of the bonds. The capital increase will remain irrevocable through the expiration of the bond conversion period and is limited to the amount of shares subject to conversion.

The ordinary shareholders meeting held on 23 April 2009 also granted the Board of Directors a new authorization for the purchase and disposal of treasury shares, canceling the previous authorization granted on 7 January 2008. For a period of 18 months from the date of the shareholders' resolution pursuant to Art. 2357(2) of the Italian Civil Code, the Board may purchase, including through the trading of options or IGD equity derivatives, up to a 30,924,926 ordinary treasury shares (the legal limit) with a par value of €1.00 each (10% of the current share capital) in one or more occasions. The purchase and disposal of treasury shares will be done in accordance with the means established by the shareholders as indicated in the Directors' Report.

As of the date in which the Directors' Report was approved, the Company holds 10,976,592 treasury shares equal to 3.549% of the share capital.

Direction and control
(pursuant to Art. 2497 et seq. Italian Civil Code)
The Company is subject to the direction and control of shareholder Coop Adriatica s.c.ar.l. who controls 41.497% of the company's share capital.

Other information

Indemnity of Directors
(pursuant to art. 123-bis, para 1, letter i), TUF)
There is no agreement between the Company and the Directors in the event of resignation, dismissal or termination following a takeover bid.

Shareholder meetings and applicable norms and regulations
(pursuant to Art. 123-bis, para. 1, lett. l), TUF)
The shareholder meetings are conducted and governed in accordance with Title IV of the bylaws (Shareholder Meetings), which can be found be found on the company's website (www.gruppoigd.it) and which is attached to this report. Please refer to the section "Shareholders' Meetings" of this report for further information.

3.3 Compliance

(pursuant to Art. 123-bis, para. 2, lett. A), T.U.F)

Since its IPO, on 11 February 2005, the Company has adopted Borsa Italiana's Corporate Governance Code for listed companies and has structured its corporate governance, the rules and standards of conduct, in a way that ensures efficient and transparent corporate bodies and control systems in line with the code guidelines.
The code is published on Borsa Italiana's website (www.borsaitaliana.it).
The structure of the company's governance is described in this section of the Directors' Report.

Corporate governance structure

Insofar as it is an Italian company with shares listed on the stock exchange which adheres to the code referred to above, the governance structure is founded on a traditional model comprised of: Shareholders' Meetings, the Board of Directors, Board of Statutory Auditors and External Auditors.
The Shareholders' Meeting is the forum used by the shareholders to express their wishes. The resolutions are made in accordance with the law and the bylaws while the meetings are governed by specific regulations adopted by the Company in order to ensure that the meetings are carried out in an orderly and efficient manner.
The Board of Directors defines the strategy for the Company and its subsidiaries and oversees the business operations. In accordance with the bylaws, the Board of Directors may take all measures it deems fit for implementing and achieving the corporate purpose, except for those that the law or the bylaws reserve for the shareholders' meeting.
The Board of Statutory Auditors oversees compliance with the law and the bylaws and ensures that the standards of correct administration are observed and, in particular, that the organizational, administrative and accounting structures are adequate, that they function correctly, that the corporate governance rules provided for in the Code are complied with and that the disclosures made by the Company to its subsidiaries comply with Art. 114, paragraph 2, of the TUF (public disclosures).
The Board of Statutory Auditors is not responsible for financial audit which is, in accordance with the law, assigned to a financial audit company appointed by the Shareholders' Meeting. In this regard the Board of Statutory Auditors may be called upon to provide shareholders with a motivated opinion as to the choice of the external audit firm to be hired for financial audit.

3.4 Board of Directors

Appointment and replacement
(pursuant to Art. 123-bis, para. 1, lett. l), TUF)
The Company is administered by a Board of Directors composed, as per the bylaws, of seven to nineteen members.
The shareholders' meeting of 23 April 2009 decided that there will be 15 members in the Board of Directors, to serve until the date of the shareholders' meeting called to approve the financial statements for the year ending 31 December 2011.
Pursuant to arts. 16.2 and 16.3 of the bylaws, the directors are elected on the basis of preference lists submitted by the shareholders in maximum transparency and in accordance with Art. 6.P.1 of the Corporate Governance Code. In accordance with Art. 16.3 of the bylaws, lists may be submitted by shareholders who, alone or together with others, hold the percent interest determined in accordance with CONSOB regulations. The lists must be filed at the head office at least twenty days in advance of the first-call date of the meeting. The candidates must be numbered sequentially in the lists up to the number of seats to be filled. In accordance with the latest version of Art. 147 ter, fourth paragraph, of the TUF, Art. 16.3, last passage, of the bylaws states that every list must include at least two clearly indicated candidates who qualify as independent in accordance with the law.
In compliance with the bylaws, the lists must be filed along with the candidates' irrevocable acceptance of office (should they be elected), curriculum vitae, and statements confirming that there are no reasons for ineligibility and/or disqualification and that they meet the requirements set by law.
Art. 16.4 of the bylaws, reflecting the new provisions of Art. 147-ter, paragraph 3 of the Consolidated Finance Act (as amended by the Investor Protection Law and the Corrective Decree), prohibits any shareholder from submitting or participating in the submission of more than one list. In keeping with the above, Art. 16.7 of the bylaws states that if more than one list is submitted, at least one director must be appointed from the minority list. Thus, if the candidates ranked with the highest quotients come from a single list, the candidate from the minority lists who has earned the highest quotient will be elected in place of the candidate at the bottom of the ranking.
Art. 16.8 of the bylaws, on the subject of filling vacancies on the Board of Directors, combines the co-optation system with the requirement that minority interests be represented and that at least two directors qualify as independent pursuant to Art. 147-ter, para. 3 of the TUF.
The shareholders' agreement between Coop Adriatica and Unicoop Tirreno, deemed relevant as per Art. 122 of the TUF, which expired on 22 December 2007 was renewed on 6 February 2008.
Pursuant to Art. 2 of the agreement above the Board of Directors of IGD is to be comprised of 15 members for the duration of the agreement. In the event the Board of Directors is renewed, the parties agreed to submit a list of fifteen candidates, consisting of 7 directors designated by the Coop Adriatica (3 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998), 5 directors designated by Unicoop Tirreno (2 of which are independent pursuant to Borsa Italiana's Corporate Governance Code and at least one of which possesses the requisites pursuant to Art. 148, para. 3 of Legislative Decree n. 58/1998) and 3 directors designated jointly by Coop Adriatica and Unicoop Tirreno (independent pursuant to Borsa Italiana's Corporate Governance Code). Furthermore, pursuant to both Art. 2 above and Art. 16.7 of the bylaws , if more than one list is submitted, at least one director must be appointed from the minority list.
Pursuant to Legislative Decree n. 27 of 27 January 2010, implementing Directive n. 2007/36/CE, relating to rights of shareholders in listed companies, the Company will evaluate which amendments might need to be made to the bylaws governing the appointment of directors and, in particular, to the filing of the candidate lists.

Composition
(pursuant to Art. 123-bis, para 2, lett. d) TUF)
The Board of Directors in office through 31.12.2009 consists of 15 directors and was appointed by the shareholders during the meeting held on 23 April 2009 for a term of three years which expires on the date the Shareholders' Meeting is called to approve the financial statements at 31 December 2011.
During the Shareholders' Meeting held on 23 April 2009 the two lists of the majority shareholders Coop Adriatica and Unicoop Tirreno and the two minority shareholders Società Fondazione Cassa di Risparmio di Imola and Fondazione Cassa di Risparmio di Bologna were presented. The lists were submitted with all the documentation relating to the personal characteristics of the candidates along with their irrevocable acceptance of the appointment in the time period provided for under the law.
During the year the director Filippo-Maria Carbonari tendered his resignation and on 9 July he was substituted by director Corrado Pirazzini in accordance with Art. 2386 of the Italian Civil Code. The former was presented by shareholder Coop Adriatica in accordance with the shareholder agreement which, in the event it is necessary to co-opt new directors in substitution of those initially appointed by shareholders party to a shareholders' agreement, expressly provides for the appointment of the new director/directors to be made by the party who originally appointed the director who has resigned or who needs to be substituted.
The members of the current Board of Directors, along with their status as executive or non-executive and/or independent members as per the Corporate Governance Code and the committees formed as of the date in which this report was approved, can be found in Table 2 "Structure of the Board of Directors and Committees" attached.
In accordance with the Rules for Corporate Governance approved by the Board of Directors on 18 September 2008, the directors agree to accept appointments when they feel that they will be able to dedicate sufficient time to fulfilling

their duties given the nature of the assignment, including taking into account any other directorships or statutory auditorships held in other companies listed on regulated markets (including foreign), financial institutions, banks, insurance companies or other large companies; seeking also to ensure that the situation remains unchanged throughout his/her term of office.
All the directors dedicate the time deemed necessary to diligently fulfil their duties, taking into account other offices held and are aware of the responsibilities inherent in the positions they hold; they must be constantly up-to-date as to new laws and regulations which concern the Company and its operation.
The directors must comply with the Ethical Code, the Code of Internal Dealing and any other provisions with which the Company may regulate the directors' conduct; the directors, like the statutory auditors, must treat any documents and information to which they might have access in the course of their duties with the maximum confidentiality.
Pursuant to the Corporate Governance Code the principle offices held by directors in companies other than those of the IGD Group can be found in Table 4 "Offices held by the directors at 31.12.2009", attached.
The Board of Directors has yet to define the general criteria for the maximum permitted number of appointments in other companies deemed compatible with the directorship insofar as it was decided that each single director should evaluate his/her situation upon acceptance of the assignment. In a meeting held on 9 March 2010, the Chairman's Committee did, however, resolve to request that the Nominations Committee determine the criteria suitable for determining the maximum permitted number of appointments in other companies deemed compatible with the directorship.

Role and functions of the board of directors
(pursuant to Art. 123-bis, para 2, lett. d) TUF)

The Company is administered by a Board of Directors.
In order to ensure maximum attendance at the Board meetings, they are held on the dates indicated in a financial calendar which has been disclosed to the market in accordance with Borsa Italiana's instructions. Additional meetings may be called if deemed necessary in order to address certain issues; the Board, at any rate, takes the steps necessary to effectively fulfil its duties. The Company published the following financial calendar which calls for 4 meetings to be held in 2010:

- 11 March 2010: Board of Directors' meeting to examine the separate and consolidated financial statements at 31.12.2009;
- 13 May 2010: Board of Directors' meeting to examine the Interim Management Statement at 31.03.2010;
- 26 August 2010: Board of Directors' meeting to examine the Half-year Financial Report at 30.06.2010;
- 11 November 2010: Board of Directors' meeting to examine the Interim Management Statement at 30.09.2010.

Pursuant to Art. 17.3 of the bylaws, the chairman calls and presides over meetings of the Board of Directors; conducts, coordinates and moderates the discussion and related activities; and announces the results of votes.
Without prejudice to the call prerogatives guaranteed by law, meetings of the Board of Directors are called by the chairman, or the chairman's deputy, whenever this person sees fit or at the request of a majority of the directors. Art. 18.2 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors or by any member thereof. Meetings are normally called by telegram, fax, or other means as long as this ensures proof of receipt at the domicile of each member of the Board of Directors at least five days in advance of the meeting. In urgent cases, meetings may be called two days in advance. The statutory auditors are informed of the meeting according to the same terms described above. Typically the meetings are called via e-mail.
The power to call the Board of Directors' meetings granted to the Board of Statutory Auditors or by any member thereof complies with Art. 151 , second paragraph of TUF as amended by the Uniform Savings Act.
The Board of Directors meets at the place specified in the notice of meeting, which may be the registered office or anywhere else in Italy.
Board meetings are presided over by the chairman or, if the chairman is unavailable, by the vice chairman (if appointed) or, if the vice chairman is unavailable, by the most senior director in terms of age.
For each meeting the Board of Directors, at the chairman's proposal, elects a secretary who may or may not be a member and who will sign the minutes of the meeting.
The bylaws require the presence of at least one member of the Board of Statutory Auditors at all sessions of the Board of Directors, to ensure that the auditors are informed of the Company's activities and of the transactions having a significant impact on profitability, assets, liabilities, and financial position carried out by the Company or its subsidiaries, in particular those transactions in which they have an interest on their own or third parties' account; that are influenced by the party in charge of management and coordination; or that have been the subject of resolutions, debate or announcement during the course of the session.
If no statutory auditor is present at a meeting of the Board of Directors, or if the procedures adopted in accordance with the preceding section do not guarantee that the auditors are informed on at least a quarterly basis, then according to the bylaws the chairman and/or the chief executive officer must report in writing on his or her activities to the chairman of the Board of Statutory Auditors within three months. This report must be mentioned in the minutes of the first subsequent meeting of the Board of Statutory Auditors.
During the year ended 31 December 2009, the Board of Directors held 10 meetings (22.01.2009, 12.03.2009, 30.04.2009, 14.05.2009, 8.06.2009, 9.07.2009, 27.08.2009, 13.11.2009 e 17.12.2009), duly attended by the directors and by a member of the Board of Statutory Auditors. The absentee rate was quite low and all absences were excused. Each meeting lasted an average of 2-3 hours.
Some meetings of the Board of Directors were attended

by Company executives or external parties, when deemed appropriate, so they could provide specialized input on the topics up for debate.
Following the criteria set forth in Art. 1.C.1 of the Corporate Governance Code, the Board of Directors:

- examines and approves the strategic, industrial and financial plans of the company, the company's corporate governance system, as well as that of the strategically important subsidiaries;
- judges the adequacy of the organizational, administrative, and accounting structure of the Company and its strategic subsidiaries as arranged by the chief executive officer, with particular reference to the internal control system and the management of conflicts of interest;
- defines, with the help of the Internal Control Committee, the guidelines for the internal control system and, at lease once a year defines, evaluates its adequacy, efficacy and functioning with respect to the nature of the Company's business and appoints an executive director to monitor the functioning of the internal control system;
- appoints and dismisses, in accordance with the proposal submitted by the executive director in charge of internal control and recommendations of the Internal Control Committee, one or more internal control officers;
- in order to encourage the involvement and cooperation of the directors, institutes the board committees and commissions deemed necessary for the proper functioning of the Company, while also defining its active duties and consulting functions;
- grants and revokes the powers of the chief executive officer, defining limits and procedures; establishes the frequency-no less than quarterly—with which the chief executive officer must report on his or her activities to the Board of Directors;
- determines, after consulting the Board of Statutory Auditors and the relative committee, the compensation of the chief executive officer and the other directors with particular responsibilities, and divides the Board of Directors' overall compensation among its members if the shareholders' meeting has not done so;
- evaluates general business performance, taking account of the information received from the chief executive officer, and periodically comparing actual results with forecasts;
- examines and approves in advance the transactions of the Company and its subsidiaries, where such transactions are strategically, economically or financially significant for the Company, paying special attention to situations in which one or more directors have an interest on their own or on third parties' behalf and, more generally, to transactions with related parties;
- decides which controls are necessary to prevent conflicts of interest and defines the regulations for transactions with related parties and establishes the general criteria to define significant transactions and adopts measures to ensure that the strategically important subsidiaries submit any such transactions to the Board of Directors of the Parent Company for examination;
- evaluates, at least once a year, the size, composition and proper functioning of the Board of Directors and its committees, expressing any opinions as to the professional figures whose presence on the board would be considered appropriate;
- prepares the report on corporate governance in accordance with the Corporate Governance Code with particular focus on the number of Board of Directors' meetings held during the year and the attendance of each director;
- after the appointment of an independent director and subsequently once a year, evaluates – based on the information received form the interested party or, at any rate, available to the Company - the independent status of its non-executive members: this independence is evaluated on the basis of the criteria indicated in the Corporate Governance Code and any other facts which could impact each instance; the Board of Directors will advise the market as to the results of its evaluations (upon appointment, in a press release and, subsequently, in the Corporate Governance Report).

Pursuant to the Corporate Governance Code, the Board of Directors used the information provided by the Chief Executive Officer during the year to evaluate the adequacy of the Company's and its subsidiaries organizational, administrative and general accounting structures, particularly with regard to the internal control system.

Internal Control System[1]

The Board of Directors evaluates the adequacy of the Internal Control System. In this regard please note that the during the last Board of Directors' meeting held on 11 March 2010, on the basis of the information provided by the Internal Control Committee as well as the Chief Executive Officer's yearly report prepared in accordance with Art. 2831, para.3 of the Italian Civil Code, the Board confirmed the adequacy of the Company's organizational, administrative and accounting structures and its overall performance.

Evaluation of the overall performance[2]

The Board of Directors, in accordance with the bylaws[3] and the current norms and regulations[4] evaluated the company's performance and its outlook at least quarterly. Please refer to the section "Supervisory Board" , "Reporting to the Board of Directors", for further information.

Remuneration of directors with particular responsibilities[5]

The Board of Directors, upon appointment of the Chairman, Vice Chairman and Chief Executive Officer, approved the annual fixed and variable compensation to be paid the directors with particular responsibilities on the basis of the proposal submitted by the Compensation Committee and the favourable opinion issued by the Board of Statutory Auditors.
For more information about the functions of the Compensation Committee please refer to the section "Directors' Compensation".

Related party transactions[6]

For information on the related party transactions please refer to the section "Directors' interests and transactions with related parties"

Board performance evaluation[7]

In 2007 the Board of Directors conducted its first board review in accordance with international best practice and pursuant to the recommendations included in the Corporate Governance Code.

Furthermore, for the year that closed on 31 December 2009 IGD hired the consulting company Egon Zehnder International to help with the self-assessment of the size, composition and functioning of its Board of Directors and its Committees.

Based on the self-assessment survey, IGD's Board of Directors has achieved levels of Italian market excellence in terms of:

- Size which was found to be adequate and efficient, with a majority of independent directors;
- Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to:
  - The mutual respect and trust that characterizes the relationships between the directors which encourages dialogue and facilitates decision making processes;
  - Adequate and timely distribution of information to the directors in preparation for the Board meetings;
  - Highly motivated directors and a sense of team spirit;
  - the Chairman's ability to coordinate, guide and facilitate the Board's activities which was, once again, were well supported by the Chief Executive Officer
  - useful and adequate participation of company managers in the Board meetings when deemed opportune.

Supervisory Board

Chief Executive Officer

The bylaws[8] state that the Board of Directors may delegate its powers, within the confines of Art. 2381 of the Italian Civil Code and determining the limits of such authority, to a Supervisory Board comprised of some of its members and/ or to one or more members given the title of chief executive officer or executive directors.

On 30 April 2009, the Board of Directors confirmed Claudio Albertini as Chief Executive Officer, granting him the following powers:

- to develop and propose – as agreed with the Chairman – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to develop and propose the strategies and financial policies of the Company and the group in relation to the growth, profitability and risk objectives determined by the Board of Directors, with responsibility for their implementation; to ensure that objectives are pursued in accordance with the guidelines set by the Board of Directors;
- to optimize the instruments and procedures of financial management and manage relations with the financial system;
- to develop and propose strategies for organizational development and policies for hiring, managing and training human resources;
- to recommend group accounting standards and operating principles to the Board of Directors and ensure that the financial statements (separate, administrative and consolidated) are properly formulated; to ensure compliance with group directives and with administrative, legal, and tax regulations and laws;
- to coordinate the drafting of the business plans, annual budget and the relative reporting;
- to monitor and coordinate any related activities: general services, any legal problems and fiscal implications;
- to assume responsibility for the prompt and correct implementation of work on property carried out directly by the Company, in compliance with the plans, budgets, and timeframes approved by the Board of Directors;
- to assume responsibility for operational supervision of the progress of turn-key contracts acquired from third parties;
- to assume responsibility for the proper maintenance of real estate assets according to rental contracts between IGD SIIQ S.p.A. and third parties and the budgets approved by the Board of Directors, in compliance with applicable provisions of law;
- to assume responsibility for preparing the annual plan of work and the respective budget forecasts, with regard to both new construction and maintenance, subject to the approval of the Board of Directors;
- to interface, as agreed upon with the Chairman, with the shareholder cooperatives, regarding any integration of the respective investment plans.

Chairman of the Board of Directors

The Board of Directors appoints from among its members a Chairman, if the Shareholders' Meeting has not done so, and a Vice Chairman. If the Chairman is absent, the chairmanship is assumed by the Vice Chairman and if the Vice Chairman is absent the chairmanship is assumed by the Chief Executive Officer.

The chairman of the Board of Directors has signing authority

1 Corporate Governance Code: Art. 1.C.1., lett. b)
2 Corporate Governance Code: Art. 1.C.1., lett. e)
3 Art. 23.2 of the bylaws
4 Art. 150 of the TUF
5 Corporate Governance Code: Art. 1.C.1., lett. d)
6 Corporate Governance Code: Art. 1.C.1., lett. f)
7 Corporate Governance Code: Art. 1.C.1., lett. g)
8 Art. 23 of the bylaws

for the Company and shall represent it before any legal or administrative authority and vis-à-vis third parties; if the chairman is absent or unavailable, this authority is held by the Vice Chairman (if appointed), or by the most senior director in terms of age if the vice chairman is also absent or unavailable. Unless otherwise resolved, legal representation is also held by each Executive Director appointed in accordance with the bylaws[9].
During the meeting held on 30 April 2009, the Board of Directors appointed Gilberto Coffari Chairman and assigned him the following functions:

- to develop and propose – as agreed with the Chief Executive Officer and as per his proposal – the policies and programs related to the company's real estate investments in accordance with the development plans approved by the Board of Directors;
- to coordinate the Company's programmed investments with the real estate projects undertaken by the shareholder cooperatives;
- to interface with the shareholder cooperatives regarding any integration of the respective investment plans.
- to take responsibility for the internal audit functions, with the exception of those reserved for the chief executive officer who is responsible for the full functioning of the Internal Control System.

During the meeting held on 30 April 2009, the Board of Directors appointed Sergio Costalli Vice Chariman, granting him the powers assigned to the Chairman to be exercised if the latter is absent or unavailable.

Executive Committee

(pursuant to Art. 123-bis, para. 2, lett. d), TUF)

The Company did not appoint an Executive Committee.

Reporting to the Board of Directors

In accordance with Article 23.2 of the bylaws and Art. 150 of TUF, the Board of Directors and the Board of Statutory Auditors must report in writing at least once a quarter, when the Board meetings are held, on general performance, the business outlook, and the transactions most relevant in terms of size or characteristics carried out by the Company or its subsidiaries. Each director may request that the deputized parties provide the Board with information regarding the Company's management.
For the purposes of fostering organized reporting, the Company has adopted a set of specific Guidelines which define the rules to be followed for complying with the reporting obligations.
The main purpose of these guidelines is to provide corporate governance tools that are concrete examples of the recommendations found in the Corporate Governance Code. The guidelines, in particular, ensure the transparency of the Company's management, make it possible for each director to be involved in the management in a more knowledgeable way thanks to the efficient flow of information between the deputized parties and the Board as per the Corporate Governance Code which stress the centrality of the Board's role while also seeking to reinforce the internal control functions.
The guidelines also contain information about the supervisory activities of the Board of Statutory Auditors pursuant to Art. 149 (TUF).
The Guidelines, attached to this report, are published in full on the Company's website.

Other Executive Directors[10]

The Board of Directors appointed the Chief Executive Officer Claudio Albertini to act as Executive Director.

Independent Directors

The Company's Board of Directors evaluated compliance with the requirements for independent, non-executive directors provided for in the Corporate Governance Code and TUF upon and subsequent to appointment of the directors. The outcome of this evaluation was disclosed to the market.
After having examined the information provided by the directors, in the meeting held on 11 March 2010 the Board of Directors confirmed that the independent directors appointed (Aristide Canosani, Fabio Carpanelli, Massimo Franzoni, Francesco Gentili, Andrea Parenti, Riccardo Sabadini, Giorgio Boldreghini, Sergio Santi) still qualified as such[11]. As the current Board of Directors is comprised of 15 members, the independent directors represent 53% of the total number of directors and 57% of the total number of non-executive directors. Please note that the Board of Directors also verified that all the directors who qualify as independent pursuant to the Corporate Governance Code also meet the requirements for independent applied to members of the Board of Statutory Auditors pursuant to TUF.
In line with the recommendations of the Corporate Governance Code[12], the Board of Statutory Auditors verified that the Board of Directors had correctly applied the assessment criteria and procedures used to evaluate the independence of its members.
The Independent Directors met once in 2009 on 5 November 2009 as convened by the Lead Independent Director .

Lead Independent Director

In February 2007, in order to further enhance the role of independent directors, the Board decided to introduce the title of Lead Independent Director. Lead Independent Director Riccardo Sabadini will be the reference person and coordinator for all positions and activities of the independent directors.
The Lead Independent Director, acting individually or at the request of other directors, may also call meetings of independent directors only ("independent directors' executive sessions") to discuss topics deemed of interest in relation to the functioning of the Board of Directors or the Company's management.

9 Art. 24.1 of the bylaws
10 Corporate Governance Code: Art. 2.C.1.
11 Corporate Governance Code: Art 3.C.4
12 Corporate Governance Code: Art 3.C.5

3.5 Treatment of corporate information

Procedure for managing and disclosing price sensitive information

In accordance with Code recommendations, particularly with regard to price sensitive information pursuant to Art. 114, para. 1 TUF, in December 2006, the Company adopted an internal procedure for the secure, confidential management and disclosure of price sensitive information and documents.
The procedure is to be followed by all members of corporate bodies, as well as managers and employees of the Company and its subsidiaries who have access to price sensitive information. They must, therefore, keep confidential the documents and information obtained during the course of their duties and follow the procedure the Company has adopted for the internal management and disclosure to third parties of such data.
The procedure also aims to prevent such information from being disclosed selectively (i.e. divulged ahead of time to certain parties, such as shareholders, reporters or analysts), or in an untimely, incomplete or inadequate manner.

Registry of insiders

Pursuant to Art. 115-bis TUF and in order to foster greater control in the internal management and disclosure of price sensitive information, in June 2006 the Company established a registry of the persons who have access to price sensitive information, the “Registry of insiders”.
The purpose of the above mentioned regulation is twofold; to develop greater awareness as to the importance of price sensitive information and to facilitate Consob’s supervisory activities, as well as the judicial authorities’ investigations in cases involving potential market abuse.
All of the directors, statutory auditors, managers and employees who have access to price sensitive information are listed in this registry.

Internal dealing

In accordance with Art. 114, paragraph 7 of Legislative Decree 58 of 24 February 1998, as amended (the “Consolidated Finance Act” or TUF), and with the implementation provisions found in Arts. 152-sexies et seq. of the CONSOB regulations approved with Resolution 11971 of 14 May 1999, as amended (the “Regulations for Issuers”), effective as of January 2007 the Board of Directors adopted a procedure governing mandatory notification and conduct on the subject of transactions carried out by relevant persons and parties closely related to such persons on the Company’s shares or on related financial instruments.

The code of conduct is available at www.gruppoigd.it in the Investor Relations section.

3.6 Board Committees
(pursuant to Art. 123-bis, para. 2, lett. D), TUF)

In 2008 the Board of Directors, in accordance with Art. 7.P.E. of the Code, formed the Compensation Committee, the Nominations Committee and the Chairman's Committee. The members of each committee were appointed when the Board was recently confirmed.

3.7 Nominations Committee

The Nominations Committee consists of three non-executive independent directors in the persons of Andrea Parenti, Giorgio Boldreghini and Fabio Carpanelli.
The Nominations Committee submits proposals regarding the optimal composition of the Board of Directors, Company management and selection of directors, statutory auditors and management for subsidiaries held to be of strategic importance in order to guarantee an adequate level of separation between directors and management.
The Nominations Committee is also called upon to express opinions with regard to the type of Administrative Body (single party or board), the number of members and the candidates to be presented for director and statutory auditor, as well as Chairman, Vice-Chairman and General Manager (and/or Chief Executive Officer) of subsidiaries and affiliates.
The Nominations Committee met 3 three times in 2009 and expressed its opinion about the subsidiaries' directors and the hiring of managers.

3.8 Compensation Committee

Composition and role of the compensation committee
(pursuant to art. 123-bis, para. 2, lett. d), TUF)
The Compensation Committee is comprised of three independent directors in the persons of Riccardo Sabadini, also appointed Chairman, Sergio Santi and Francesco Gentili. The Compensation Committee met 1 time in 2009 with 100% of the directors in attendance.

Functions of the Compensation Committee

The Compensation Committee submits proposals to the Board for the compensation of directors and management of the Company and its related parties which reflect standards of fairness and compensation which will both remunerate and motivate the personnel in possession of the professional attributes deemed useful to the success of the Company and its affiliates.

In accordance with Art. 2.2.3 of the Market Regulations, the Compensation Committee's duties are as follows:

- to submit proposals to the Board for the compensation of executive directors and other directors with particular responsibilities, and to ensure that the Board's decisions are complied with;
- to submit opinions to the Board regarding the general criteria to be used in determining the compensation to be granted the General Manager and other top Company managers;
- to submit opinions to the Board regarding the compensation of the Chairmen, Vice Chairmen and General Managers (and/or Chief Executive Officers) of the subsidiaries deemed strategic based on the proposals submitted by the Chairman and the Parent Company's Chief Executive Officer;
- to submit opinions to the Board regarding the overall compensation to be granted the Board members of the subsidiaries and affiliates.

During the meetings held the Compensation Committee determined the compensation for the Chairman, the Vice Chairman, the Chief Executive Officer, as well as for the directors who serve on Board committees.

3.9 Chairman's Committee

The Chairman's Committee is comprised of the Chairman, the Vice Chairman, the Chief Executive Officer, as well as the Director Roberto Zamboni and Independent Director Sergio Santi.
The Chairman's Committee assists in determining the development policies, along with the strategic and operational guidelines, to be submitted to the Board of Directors and oversees the correct implementation of same. The committee is also called upon to express opinions regarding the strategically relevant development and investment transactions to the extent that the latter could have a significant impact on the value or composition of the company's equity or stock price.
The Chairman's Committee met 9 times in 2009.

3.10 Directors' compensation

Pursuant to Art. 25 of the bylaws, the members of the Board of Directors receive fees in the amount determined by the shareholders' meeting. The shareholders' resolution, once taken, is also valid for subsequent years until otherwise determined.
The Board of Directors, after consulting the statutory auditors, establishes the compensation for directors with particular responsibilities, including the chairman.
Part of the chief executive officer's and the top management's variable compensation is linked the Company's economic results.

No stock option plans are envisioned for either the chief executive officer or top management.
There is no agreement between the Company and the Directors regarding indemnities in the event of resignation, dismissal or termination following a takeover bid (pursuant to art. 123-bis, para 1, letter i), TUF).

3.11 Internal Control Committee

The Internal Control Committee was established by the Board of Directors in accordance with the Rules for Corporate Governance and the recommendations found in the Corporate Governance Code[13].

Composition and role of the Internal Control Committee

(pursuant to art. 123-bis, para. 2, lett. d), TUF)

The Internal Control Committee is made up of three non-executive directors, two of whom are independent[14], in the persons of Aristide Canosani, Massimo Franzoni and Leonardo Caporioni.

The Board of Directors considers Leonardo Caporioni to have sufficient accounting and financial experience[15]

The Chairman of the Board of Statutory Auditors, or who on his behalf[16], may be invited to attend the meetings of the Internal Control Committee.

In 2009 the Internal Control Committee met 7 times, on 10 March, 14 May, 5 June, 9 July, 25 August, 5 November and 17 December, and minutes were regularly taken. Each meeting lasted an average of 1 hour with attendance reaching 83% for Massimo Franzoni, 100% for Aristide Canosani and 67% for Leonardo Caporioni.

Functions of the Internal Control Committee

The Internal Control Committee helps the Board of Directors: i) to define the guidelines for the Company's internal control system so that the risks faced by the Company and its subsidiaries are correctly identified, assessed, managed and monitored while also evaluating the extent to which these risks are compatible with sound and correct business management[17]; ii) to appoint the executive director in charge of supervising the proper functioning of the internal control system, as required by the Corporate Governance Code; iii) to draft the part of the annual corporate governance pertaining to the internal control system, its essential components and the evaluation as to the overall adequacy of the system itself.

The Internal Control Committee, in addition to assisting the Board of Directors on the matters above, also:

- assesses, along with the Financial Reporting Officer and the auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements[18];
- at the request of the executive director in charge, expresses opinions on specific aspects concerning the identification of business risks, and on the planning, realization and management of the internal control system[19];
- evaluates the plan of work and periodic reports prepared by the internal control officers[20];
- evaluates accounting firm's bids for the external auditing assignment, and reviews the external auditing plan and the auditors' reports and recommendations[21];
- monitors the efficacy of the external auditing process[22];
- performs the other duties entrusted to it by the Board of Directors, particularly as regards relations with the external auditors, the Board of Statutory Auditors, the Supervisory Board and the Financial Reporting Officer;
- reports to the Board of Directors at least every six months, when the annual and interim reports are approved, on the work performed and the adequacy of the internal control system[23].

The Internal Control Committee holds a particular role with regard to transactions with related parties which is discussed in paragraph 12 "Directors' Interests and Transactions with Related Parties".

During its meetings the Committee was involved primarily in the following activities:

a. control of the transactions with related parties to ensure that they were in line with market practices;
b. assessment, along with the Financial Reporting Officer, of the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;
c. examination of the controls conducted by Internal Audit based on the work plan agreed upon.

13 Corporate Governance Code: Art. 8.P.4.
14 Corporate Governance Code: Art. 5.C.1., lett. a)
15 Corporate Governance Code: Art. 8.P.4.
16 Corporate Governance Code: Art. 8.C.4.
17 Corporate Governance Code: Art 8.C.1.
18 Corporate Governance Code: Art. 8.C.3., lett. a)
19 Corporate Governance Code: Art. 8.C.3., lett. b)
20 Corporate Governance Code: Art. 8.C.3., lett. c)
21 Corporate Governance Code: Art. 8.C.3., lett. d)
22 Corporate Governance Code: Art. 8.C.3., lett. e)
23 Corporate Governance Code: Art. 8.C.3., lett. g)

3.12 Internal Control System

Introduction

The Internal Control System consists in the set of rules, procedures and organizational structures designed to ensure that the business is run correctly and in line with the objectives agreed upon through the proper identification, assessment and control of the primary risks facing the company. This internal control system helps guarantee (i) the safeguarding of the company's assets, (ii) the efficiency and efficacy of the company's operations, (iii) the reliability of financial information, and (iv) compliance with laws and regulations.
The roles and responsibilities with regard to risk management and the control system are identified and defined in the report "IGD's Internal Control System" which summarizes the structure and functions of the Internal Control System and which was approved by the Board of Directors on 14 May 2008. These provisions are in line with the recommendations found in Borsa Italiana's Corporate Governance Code to which the Company adheres.
The Board of Directors is responsible for the internal control system and toward this end works with the Internal Control Committee in order to establish system guidelines and periodically verify that they are being complied with.
The position of Executive director in charge of internal control, identified in the person of the Chief Executive Officer, must identify the company's primary risks and implement the guidelines defined by the Board of Directors, while verifying their overall adequacy, efficacy and efficiency.
The Internal Control Officer, also the Head of Internal Audit, must verify that the internal control system is always adequate, fully operative and functional.
IGD's Internal Control Officer was appointed by the Board of Directors, after having consulted with the Internal Control Committee, from within the company Unilab.
The Internal Control Officer reports to the Internal Control Committee and to the Board of Statutory Auditors; it may also be requested that he report to the Executive director in charge of internal control.
In order to most effectively serve its control and risk management needs, as well as its complexity, its status as a listed company and business dynamics, IGD developed an integrated model for risk management which is in line with renowned international Enterprise Risk Management (ERM) standards. This "ERM" model helps top management to identify the primary risks to which the Company is exposed, how to manage them, as well as to define the risk management system. The main objective is to implement a systematic and pro-active risk management system capable of understanding the potential negative impact of risks in advance, take the necessary steps to control them, as well as continuously monitor the different exposures.
Toward this end, IGD mapped the Group's risks and is in the process of developing risk analysis, valuation and classification procedures which reflect the structure of the internal control system.
The methods used as part of the Group's ERM system call for the following periodic activities: (i) verification and/or update of the risk map, in light of the Company's strategies and the organizational and business models; (ii) confirmation as to the efficacy of the risk assessment model used and its appropriateness given the Company's organizational structure, business and strategies; (iii) analysis of the risks identified, the organization of the risk management personnel and the risk control measures used; (iv) assessment of the risks to which Group companies are exposed; (v) assessment of the level of risk coverage based on the control mechanisms used; (vi) prioritization of the risks and the steps to be taken; (vii) risk tolerance analysis in accordance with the instructions received from the Group's top management; (viii) definition of the management and control strategies and assignment of responsibilities; (ix) monitoring implementation of the system and related activities over time.

A specific working group was formed in order to carry out the initial phase of the activities listed above.

The results of the analyses described above are reported to the Internal Control Committee and to the Board of Directors.
The internal controls implemented in relation to the financial reporting process play an important part in the general process used to identify and assess areas of the Group's business risk and to develop an internal control system that best controls these business risks.
The ERM model should not, therefore, be considered separately from the internal controls implemented in relation to the financial reporting process, insofar as both are part of IGD's overall risk management apparatus.

In this regard, it is noted that the preparation of the yearly and interim financial reports and, in particular, to the identification of the principle risks facing IGD and the Group, are strictly linked to the Enterprise Risk Management systems used by the Company and the Group to identify, assess and mitigate business risk.

Main features of the existing internal control and risk management systems in relation to the financial reporting process

With regard to the internal controls implemented in relation to the financial reporting process, in prior years IGD has undertaken to comply with Law 262/05 by updating the accounting and administrative control models and has also executed the controls necessary to support the Financial Reporting Officer's certification process.

The above mentioned accounting and administrative control system represents the set of rules, procedures and internal tools used by the Company to ensure the reliability, accuracy, and timeliness of financial reporting;

The methods used by IGD in the development of the accounting and administrative control system are in line with generally recognized best practices.

The internal control system implemented in relation to IGD's financial reporting process involves the following activities:

- Identification of the perimeter of the relevant administrative-accounting processes;
- Assessment of the risk management and administrative-accounting control processes;
- Definition of the administrative-accounting control system;
- Implementation and verification of the controls.

The activities listed above are described below.

Identification of the perimeter of the relevant administrative-accounting processes

This activity involves defining the perimeter of the Group and Group company processes to be controlled. Quantitative and qualitative parameters are used to assess the risks and the administrative-accounting controls based on the impact that the different items have on the financial statements.
This perimeter is reviewed each year by the Company to determine if any changes are needed; in 2009 it was expanded in order to include the Romanian companies acquired in 2008.
This scoping phase calls for a multi-year plan based on which the processes, risks and administrative-accounting controls are reviewed.

Assessment of the processes, risks and administrative-accounting controls

This activity involves assessing the financial reporting control system used with regard to each item, process and transaction in order to effectively mitigate the risks linked to the administrative-accounting process.
The approach used takes into account the margin for error, as well as the risk that fraudulent acts may occur, by providing for controls and verifications of this type of risk which are coordinated with the controls implemented as part of the entire risk control system.
The approach used also takes into account both manual and IT system controls which include automatic controls incorporated into applications, as well as the general IT controls that regulate system access, systems development and the adequacy of the IT structures.
Based on the multiyear plan referred to above, the assessment of the processes pertaining to Group companies was prioritized. More in detail, in 2009 assessments were made of the most important processes used to identify and control risks.
The Company continuously evaluates the need to change/update the mapping and assessment of the control system.

Definition of the administrative-accounting system

Based on the results of the assessment of the processes, risks and controls, the Company then defines or updates the administrative-accounting procedures and guarantees their adequacy with respect to the internal control system by monitoring the different phases of the process used to update or define each procedure. The administrative-accounting procedures are defined and implemented on the basis of a plan; in 2009 the Company began working on standardizing the administrative-accounting procedures used by the international companies.

Implementation and verification of the controls

The administrative-accounting procedures are continuously monitored; toward this end specific checks are programmed in order to ensure that the administrative-accounting procedures and the relative controls have been correctly implemented.
The Financial Reporting Control Officer works with the individuals involved in the Enterprise Risk Management system at both a Group (the initial working group that kicked off the ERM process) and a Company level on the description of the principal risks and uncertainties to which IGD and Group are exposed to be included in the yearly and half-yearly financial reports.

* * *

During the year the Board monitored the adequacy, efficacy and functioning of the internal control system, based on the information provided by the Internal Control Committee, the Chief Executive Officer's annual report, the Financial Reporting Officer's report, the Internal Audit's report and the Supervisory Board's report.

Executive director in charge of internal control

The Executive director in charge of internal control, identified in the person of the Chief Executive Officer, must identify the company's primary risks and implement the guidelines defined by the Board of Directors, while verifying their

overall adequacy, efficacy and efficiency.
In 2007 the Board of Directors, with the help of the Internal Control Committee, identified the Executive director in charge of internal control in the person of the Chief Executive Officer who, in accordance with the Code's recommendations, has the following duties:

- identification of the company's principal risks, taking into account of the business carried out by the Issuer and its subsidiaries and periodically report his findings to the Board of Directors;
- execution of the guidelines defined by the Board of Directors while ensuring that the internal control system is properly planned, implemented and managed and verifying its overall adequacy, efficacy and efficiency; adaptation of this system to reflect business conditions and changes in the law and regulations;
- submission of proposals regarding the appointment, dismissal and compensation of one or more Internal Control Officers to the Board of Directors.

The Executive director in charge of internal control performed his duties with the support of the Internal Control Committee and the Internal Control Officer and also used the powers granted him in order to guarantee full compliance with the Code.

Internal Control Officer

The Board of Directors, after consulting with the Internal Control Committee and as per the recommendation of the Executive director in charge of internal control, appointed the Internal Control Officer from within Internal Audit, outsourced to the company Unilab.
The Board of Directors viewed this choice as the most effective in light of the Company's s characteristics and size, as well as the independent nature and expertise of the candidate. The independence and autonomy of the Internal Control Officer are guaranteed by the fact that he is not responsible for any operations nor is he supervised by any division heads or involved in any business activities.
The Internal Control Officer prepares a plan of work for the audit activities and monitors the internal control system. In order to do so the Officer has access to all useful information. More in detail, the Officer verifies that the rules and procedures adopted by the Company in order to reach its objectives are complied with and that the Company structures are adequate. The Officer also reports periodically to the Internal Control Committee and to the Supervisory Board.

Decree 231/2001 organizational model

In 2006 the Board of Directors approved adoption of the Organizational Model which further strengthened the internal control system.
The Organizational Model seeks to ensure that the system complies with Decree 231/2001 based on which companies were made administratively responsible in criminal proceedings for certain types of crimes committed by top managers and subordinates and is based on the standards and procedures described below.
The Organizational Model includes the following:

a. mapping of the activities at risk based on the information gathered regarding IGD's activities and organizational structure;
b. the Ethical Code, which formulates the general principles (diligence, honesty and fairness) inspiring the conduct of business;
c. internal control mechanisms monitoring areas at risk;
d. the disciplinary system which enforces the Model's rules;
e. the Supervisory Board which is charged with monitoring the effectiveness, adequacy and compliance with the Model;

The Supervisory Board may act independently and must ensure that the Model is constantly updated.
The Supervisory Board also provides the Board of Directors with information regarding the changes that need to be made to the Model in order to comply with norms and regulations and to reflect the business operations.
The Supervisory Board reports to the Chairman of the Board of Directors and the Board of Statutory Auditors on a periodic basis and to the Board of Directors every six months.
Please note that the Company's internal audit, carried out the company Unilab, provides the support necessary for the management and analysis of the information generated pursuant to Art. 6, para. 2, lett. d) of Legislative Decree 231/01, as well as for the execution of specific audits deemed necessary based on the information gathered.

The Supervisory Board is currently made up of independent director Fabio Carpanelli, who serves as chairman, and by independent directors Sergio Santi and Francesco Gentili. In 2009 it met four times; on 12 March, 14 May, 29 June, and 13 November.
The Model is also available on the company's website www.gruppoigd.it, in the IR/corporate documents section.

External Auditors

The activities related to financial audit are carried out by a company selected by the Shareholders' Meeting from among those listed in Consob's specific roll.

On 16 September 2004 the Shareholders' Meeting granted the company Reconta Ernst&Young the assignment, which was subsequently renewed on 23 April 2007, for the financial audit of separate and consolidated annual and half-yearly financial statements for the period 2007-2012. The assignment was granted on the basis of a detailed analysis of the motivated opinion submitted by the Board of Statutory Auditors in accordance with current norms and regulations.

The fees paid the external auditors for the financial audit of IGD's separate and consolidated financial statements at 31 December 2009 can be found in the notes to the separate and consolidated financial statements.

Financial Reporting Officer

In compliance with art. 154-bis of TUF and Article 23.5 of the bylaws, the Board of Directors must appoint a Financial Reporting Officer, subject to the unbinding opinion of the Board of Statutory Auditors, who has matured at least five years of experience in a) administrative or control activities and who has had a supervisory role in companies or entities with assets of not less than €10 million, or b) professional activities, including as part of audit functions, strictly connected to business activities and functions that the officer is called up to perform.

In July 2007, after receiving a favourable opinion from the statutory auditors, the Board of Directors appointed Grazia Margherita Piolanti as the Financial Reporting Officer for an indefinite period and invested her with responsibilities, powers and means.

The Financial Reporting Officer has access to adequate administrative and accounting procedures in order to draft the separate and, where provided for, the consolidated financial statements, as well as all other financial documents.

The Board of Directors must ensure that the Financial Reporting Officer is granted the organizational and operational power and means needed to carry out the duties assigned herein.

The Financial Reporting Officer, along with Supervisory Board, must provide a written declaration which accompanies the interim and financial reports (separate and consolidated, if prepared) attesting:

- that they adequately depict the characteristics of the business and comply with the administrative and accounting procedures used to prepare the consolidated and separate financial statements.

They must also attest that the separate and consolidated financial statements:

a) are drawn up in accordance with the international accounting standards recognized by the European Union pursuant to the Regulation 1606/2002/EC;
b) correspond to the ledgers and accounting entries;
c) provide fair and truthful disclosures of the company's income statement, balance sheet and financial positions and the companies included in the scope of consolidation.

Lastly, the Financial Reporting Officer, along with the deputized bodies, must attest that the directors' report accurately depicts the operating performance and results of both the Company and the businesses included in the scope of consolidation, as well as the principle risks and uncertainties to which they are exposed.

3.13 Directors' interests and transactions with related parties

With regard to related party transactions, in February 2007 the Board of Directors, supplementing the guidelines and criteria for the identification of significant and related party transactions, approved the adoption of "Standards of conduct for transactions with related parties" which provides specific standards of conduct governing the main substantial and procedural aspects of such transactions. The standards also apply to transactions outside the exclusive competence of the Board of Directors, as described in the above mentioned Procedures.
Related party transactions are managed according to particular standards of substance and procedure. The definition of "related parties" is that contained in the International Accounting Standard for related party disclosures (IAS 24), adopted according to the procedure stated in Art. 6 of Regulation (EC) No. 1606/2002.
For the purposes of these standards, typical or common transactions and those to be settled under arm's-length conditions are not treated as related party transactions.
Typical or common transactions are those which, by object or kind, are not extraneous to the normal course of business, as well as transactions that are not problematic due to their characteristics and risk profile.
Transactions settled under arm's-length conditions are those whose terms do not differ significantly from those usually applying to business with unrelated parties.
The Internal Control Committee plays an important role in the transactions with related parties depending on the whether or not the subject is:

- **the competence of the Board of Directors**
- The Internal Control Committee expresses a non binding opinion as to whether or not the transaction reflects arm's-length conditions, Transactions settled under arm's-length conditions are those whose terms do not differ significantly from those usually applying to business with unrelated parties, and in the event it is deemed necessary, given the value or other characteristics of the transaction, may request that the transaction be concluded with the support of one or more experts who will evaluate the economic conditions and/or means of execution/technique.

- **not the exclusive competence of the Board of Directors**
- The Internal Control Committee prepares two memos on the Company's related party transactions during the period-one to be published as part of the directors' announcement of the approval of the draft full year financial statements and the other regarding approval of the half-year report-including comments on whether such transactions are in the Company's interests, how the prices were determined, and the fairness of such prices with respect to going market rates.

In the event of related party transactions falling under the exclusive competence of the Board of Directors, the Board must receive sufficient information on the nature of the relationship, the means of executing the transaction, the timing and economic conditions, the evaluation procedure followed, the rationale for the transaction, and any risks for the Company.

Once suitably informed by the deputized parties and providing it finds the transaction appropriate in consideration of its nature, amount and other characteristics, the Board may require that the transaction be concluded with the support of one or more experts who will evaluate the economic conditions and/or means of execution/technique. Such experts must be of acknowledged experience and skill, and their independence and lack of personal interest in the transaction must be verified.

In the choice of such experts (banks, accounting firms, law firms, or other skilled professionals), the Board will carefully evaluate their independence, considering—in the most significant cases—the use of different experts for each related party.
Directors who have an even potential or indirect interest in a related party transaction must inform the Board in advance, providing details of the situation. On a case-by-case basis, depending on the information provided by the director and bearing the Board's responsibilities in mind, the Board will decide whether to ask the director: (i) to leave the room before discussion begins and until the resolution is taken; or (ii to abstain from the vote.

3.14 Appointment of the Statutory Auditors

Pursuant to Art. 26.2 of the Bylaws, members of the Board of Statutory Auditors are elected on the basis of preference lists that must be filed at the registered office along with declarations in which each candidate states that he/she is not in violation of the limits for multiple assignments provided for under the law, as well as detailed information about each candidate's personal and professional background, at least twenty days in advance of the shareholders' meeting called for this purpose.
According to Art. 16 of the bylaws, the following procedure applies to the appointment of the Board of Statuory Auditors:
from the list obtaining the highest number of votes, two standing auditors and one alternate auditor will be taken in the order in which they appear on the list;
the third standing auditor and the second alternate auditor are drawn from the list with the second highest number of votes, in the order in which they appear.
In the event of a tie between lists, a new ballot is held between these lists on which all shareholders present at the meeting shall vote. The candidates on the list winning a simple majority of votes are elected.
The first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.

Candidates for statutory auditor must meet the requirements set by law. For the purposes of judging the qualifications of those with at least three years' experience in:

(a) professional activities or as confirmed university professors in law, economics, finance or technical-scientific subjects closely related to the Company's business;
(b) management roles at public bodies or public administrations in sectors closely related to the Company's business, the following rules apply:

- all subjects per letter a) above that are associated with the real estate business or other sectors pertaining to real estate are considered to be closely related to the Company's business;
- sectors pertaining to real estate are those in which the parent companies operate, or those that may be controlled by or associated with companies operating in the real estate business.

Those whose situations are incompatible with the title and/or who do not satisfy the requirements of integrity and qualification established by law, and those who are standing auditors at more than five companies listed on official Italian markets, may not be elected as statutory auditors and, if elected, lose office Positions held at parent companies, subsidiaries, or affiliates do not apply.
With regard to the Chairman of the Board of Statutory Auditors, pursuant to Art. 148, para. 2 bis, TUF, as amended by the Uniform Savings Act, the former was appointed by the Shareholders' Meeting from the minority list of candidates, in accordance with Articles 26.4 and 26.5 of the bylaws and the current norms and regulations based on which the first candidate on the minority list with the second highest number of votes will be appointed Chairman of the Board of Statutory Auditors.
Pursuant to Legislative Decree n. 27 of 27 January 2010, implementing Directive n. 2007/36/CE, relating to rights of shareholders in listed companies, the Company will evaluate which amendments might need to be made to the bylaws governing appointment of the statutory auditors and, in particular, to the filing of the candidate lists.

3.15 | Statutory Auditors
(pursuant to Art. 123-bis, para. 2, lett. D) TUF

The current Board of Statutory Auditors appointed during the Shareholders' Meeting held on 23 April 2009, is comprised of three standing and two alternate auditors in the persons of: Romano Conti (Chairman), minority list candidate, Roberto Chiusoli (standing auditor) majority list candidate, Franco Gargani (standing auditor), majority list candidate, Isabella Landi (alternate auditor) majority list candidate, and Monica Manzini (alternate auditor), majority list candidate.
The statutory auditors were appointed on the basis of a list system.
In 2009 the Board of Statutory Auditors met 8 times on 22 January, 27 January, 26 February, 1 April, 14 May, 9 July, 3 August, 14 October. Additional meetings were held specifically with the Company's management, with external auditors, and with the Internal Control Committee.

In order to comply with amendments made to the new Corporate Governance Code regarding the Board of Statutory Auditors, independent members and declarations to this effect, the Board verified that the criteria and the procedures adopted by the Board of Directors in this regard were adequate.

The Board of Statutory Auditors supervises the work of the external auditors. Furthermore, pursuant to Art. 27.2 of the bylaws the ordinary Shareholders' Meeting grants the assignment to the external auditors on the basis of the motivated opinion submitted by the Statutory Auditors.
The names of the statutory auditors in office are listed in Table 3 "Structure of the Board of Statutory Auditors" attached.

3.16 | Relations with Shareholders

The Company strives to maintain a constant dialogue with its shareholders and investors based on an understanding of mutual roles, and regularly organizes meetings with the Italian and international financial community in full compliance with laws on price-sensitive information.

Toward this end, the Board of Directors appointed an Investor Relations Manager, and set up a dedicated unit and a section on the Company's website (www.gruppoigd.it).
In this section, investors can download a complete range of documents regarding IGD's accounts and corporate governance.

3.17 Shareholders' meetings

Pursuant to Art. Pursuant to Art. 10.3 of the Bylaws, the protocol for shareholders' meetings is formalized in a set of Regulations, approved by the shareholders in ordinary session.
Pursuant to Title IV of the bylaws, the Shareholders' Meetings must be convened in a notice of call in which the date, time and place of the meeting, as well as the proposed agenda, are indicated and which must be published in Gazzetta Ufficiale or the financial daily newspaper Finanza&Mercati at least thirty days prior to the date of call. The notice may contain the same indications for the meeting in second or additional calls, as deemed necessary.
The Shareholders' Meeting may be attended by all shareholders with voting rights.
In order to attend the Shareholders' Meeting, shareholders must present the certification issued by an authorized intermediary as per Art. 2370 of the Italian Civil Code at least two working days prior to the date of the meeting in first call.
The proper formation of the Shareholders' Meeting and the validity of its resolutions are governed by law.
The current regulations, approved by the shareholders on 26 March 2003 and available in the Investor Relations section at www.gruppoigd.it, aim to ensure orderly, effective meetings by governing the various phases in which they take place, in accordance with each shareholder's fundamental right to ask for clarification, express opinions and formulate proposals.

Pursuant to Legislative Decree n. 27 of 27 January 2010, implementing Directive n. 2007/36/CE, relating to rights of shareholders in listed companies, the Company will evaluate which amendments might need to be made to the bylaws governing attendance of the Shareholders' Meetings.

Attachments

Board of Directors
Table 1
"Information on the ownership structure"
Table 2
"Structure of the Board of Directors and Committees"
Table 3
"Structure of the Board of Statutory Auditors"
Table 4
"Offices held by the directors at 31.12.2009"

Board of Statutory Auditors
Table 5:
"Offices held by the statutory auditors at 31.12.2009"

Table 1: information on the ownership structure

Share capital structure	N. of shares	% of share capital	Listed (which markets) / unlisted	Rights a nd obligations
Ordinary shares	309,249,261	100%	Listed on the STAR segment of the Italian Stock Exchange	
Shares with limited voting rights	No			
Shares without voting rights	10,976,592	3. 549%	Listed on the STAR segment of the Italian Stock Exchange	

Other financial instruments	(granting the right to subscribe to newly issued shares)			
	Listed (which markets) /unlisted	N of securities in circulation	Class of shares subject to conversion	Number of shares subject to conversion
Convertible bonds		2,300	Shares convertible into ordinary shares excluding pre-emption rights	2,300
Warrant	No			

Significant interests in share capital			
Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Coop Adriatica	Coop Adriatica	41.498	43.024
Unicoop Tirreno	Unicoop Tirreno	13.642	14.143
IGD SIIQ SpA	IGD SIIQ SpA	3.549	3.549 (without voting rights)

Table 2: Structure of the Board of Directors and Committees at 30 april 2009

Board of Directors											Internal Control Committee		Compensation Committee		Nominations Committee		Lead Indipendent		Chairman's Committee		Supervisory Board	
Office	Members	In office from	In office until	List (M/m) *	Exec.	Non-exec.	Indep. as per the Code	Indep. as per TUF	(%) **	Number of other appoint. ***	****	**	****	**	****	**	****	**	****	**	****	**
Chairman	Coffari Gilberto	23-4-2009	31-12-2011	M		x			87%	10									x	86%		
Chief Executive Officer	Albertini Claudio	23-4-2009	31-12-2011	M	x				100%	12									x	100%		
Director	Zamboni Roberto	23-4-2009	31-12-2011	M		x			87%	6									x	100%		
Director	Costalli Sergio	23-4-2009	31-12-2011	M		x			75%	6									x	71%		
Director	Caporioni Leonardo	23-4-2009	31-12-2011	M		x			75%	0	x	66%										
Director	Pellegrini Fernando	23-4-2009	31-12-2011	M		x			87%	2												
Director	Canosani Aristide	23-4-2009	31-12-2011	M		x	x	x	100%	6	x	100%					x	100%				
Director	Carpanelli Fabio	23-4-2009	31-12-2011	M		x	x	x	100%	2					x	100%	x	100%			x	100%
Director	Franzoni Massimo	23-4-2009	31-12-2011	M		x	x	x	62%	2	x	83%					x	100%				
Director	Gentili Francesco	23-4-2009	31-12-2011	M		x	x	x	75%	1			x	100%			x	100%			x	100%
Director	Parenti Andrea	23-4-2009	31-12-2011	M		x	x	x	87%	1					x	100%	x	0%				
Director	Sabadini Riccardo	23-4-2009	31-12-2011	M		x	x	x	62%	3			x	100%			x	100%				
Director	Boldreghini Giorgio	23-4-2009	31-12-2011	M		x	x	x	87%	0					x	100%	x	100%				
Director	Santi Sergio	23-4-2009	31-12-2011	m		x	x	x	75%	13			x	100%			x	100%	x	57%	x	100%
Director	Pirazzini Corrado	23-4-2009	31-12-2011	M		x			100%	1												
Directors who vacated office during the year																						
	Carbonari Filippo Maria																					
ndicate the *quorum* required in order to submit lists for the last appointments made:																						
N. of meetings held as of 30 April 2009							BOD: 8			ICC: 6			CC: 1		NC: 3		LI: 1		ChC: 7		SB: 3	

NOTES:

* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).

** This column reports the percentage of meetings of the Board of Directors and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period in office).

*** This column reports the number of appointments held by the person concerned as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies. The list of these companies for each director is attached to this Report, indicating whether the company in which the appointment is held is a member of the group headed by the Issuer.

**** This column indicates with an "X" the director's membership of this committee.

Table 2: Structure of the Board of Directorsr and Committees from 1 January to 30 April 2009

Board of Directors											Internal Control Committee		Compensation Committee		Nominations Committee		Lead Indipendent		Chairman's Committee		Supervisory Board	
Office	Members	In office from	In office until	List (M/m) *	Exec.	Non-exec.	Indep. as per the Code	Indep. as per TUF	(%) **	Number of other appoint. ***	****	**	****	**	****	**	****	**	****	**	****	**
Chairman	Coffari Gilberto	28-4-2006	23-4-2009	M		x			100%										x	100%		
Chief Executive Officer	Carbonari Filippo Maria	28-4-2006	23-4-2009	M	x				100%										x	100%		
Director	Zamboni Roberto	28-4-2006	23-4-2009	M		x			100%										x	100%		
Director	Costalli Sergio	28-4-2006	23-4-2009	M		x			50%										x	100%		
Director	Caporioni Leonardo	28-4-2006	23-4-2009	M		x			50%		x	0%										
Director	Pellegrini Fernando	28-4-2006	23-4-2009	M		x			100%													
Director	Canosani Aristide	28-4-2006	23-4-2009	M		x	x	x	100%		x	100%					x					
Director	Carpanelli Fabio	28-4-2006	23-4-2009	M		x	x	x	100%								x				x	100%
Director	Franzoni Massimo	28-4-2006	23-4-2009	M		x	x	x	100%		x	100%					x					
Director	Gentili Francesco	28-4-2006	23-4-2009	M		x	x	x	100%				x				x				x	100%
Director	Sabadini Riccardo	28-4-2006	23-4-2009	M		x	x	x	50%				x				x					
Director	Bini Mauro	28-4-2006	23-4-2009	M		x	x	x	50%						x		x					
Director	Santi Sergio	28-4-2006	23-4-2009	m		x	x	x	100%				x				x		x	100%		
Director	Pozzoli Stefano	28-4-2006	23-4-2009	M		x	x	x	50%						x		x				x	100%
Director	Albertini Claudio	28-4-2006	23-4-2009	M		x			50%						x							
Indicate the *quorum* required in order to submit lists for the last appointments made:																						
N. of meetings held between 1 January and 30 April 2009						BOD: 2			ICC: 1			CC: 0			NC: 0		LI: 0		ChC: 2		SB: 1	

NOTES:

* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).

** This column reports the percentage of meetings of the Board of Directors and its committees attended by the directors (no. attendances/no. meetings held during a director's effective period in office).

*** This column reports the number of appointments held by the person concerned as a director or statutory auditor of other companies listed on regulated markets, in Italy or abroad, or in financial, banking, insurance or other large companies. The list of these companies for each director is attached to this Report, indicating whether the company in which the appointment is held is a member of the group headed by the Issuer.

**** This column indicates with an "X" the director's membership of this committee.

Table 3: Structure of the Board of Statutory Auditors through 23 April 2009

Board of Statutory Auditors								
Office	Members	In office from	In office until	List (M/m)*	Indep. as per the Code	** (%)	Number of other appointments ***	**** (%)
Chairman	Conti Romano	23-04-09	31-12-11	m	X	75%	19	75%
Standing Auditor	Chiusoli Roberto	23-04-09	31-12-11	M	X	75%	8	50%
Standing Auditor	Gargani Franco	23-04-09	31-12-11	M	X	100%	25	100%
Alternate Auditor	Landi Isabella	23-04-09	31-12-11	M				
Alternate Auditor	Manzini Monica	23-04-09	31-12-11	m				
Stautory Auditors who vacated office in the year								
surname name								
The quorum required in order to submit lists for the last appointments made:								
Number of meetings held during the year: 4								

NOTES:

* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).

** This column reports the percentage of meetings of the Board of Statutory Auditors attended by the statutory auditors (no. attendances/no. meetings held during the auditor's effective period in office).

*** This column reports the number of appointments held as a director or statutory auditor that are relevant for the purposes of art. 148-bis TUF. The complete list of appointments, pursuant to art. 144-quinquiesdecies of the CONSOB Issuer Regulations, is appended to the statutory auditors' report on their monitoring activities, prepared in accordance with art. 153 par. 1 of TUF.

**** This column reports the percentage of BoD meeting attended by statutory auditors (no. attendances/no. meetings held during the auditor's effective period in office)

Table 3: structure of the board of statutory auditors after 23 April 2009

Board of Statutory Auditors								
Office	Members	In office from	In office until	List (M/m)*	Indep. as per the Code	** (%)	Number of other appointments ***	**** (%)
Chairman	Conti Romano	28-04-06	23-04-2009	m	X	100%	19	50%
Standing Auditor	Chiusoli Roberto	28-04-06	23-04-2009	M	X	100%	8	50%
Standing Auditor	Gargani Franco	28-04-06	23-04-2009	M	X	100%	25	100%
Alternate Auditor	Landi Isabella	28-04-06	23-04-2009	M				
Alternate Auditor	Andrea Parenti	28-04-06	23-04-2009	m				
Stautory auditors who vacated office in the year								
surname name								
The quorum required in order to submit lists for the last appointments made:								
Number of meetings held during the year: 4								

NOTES:

* M/m indicates whether the director was elected on a Majority list (M) or a minority list (m).

** This column reports the percentage of meetings of the Board of Statutory Auditors attended by the statutory auditors (no. attendances/no. meetings held during the auditor's effective period in office).

*** This column reports the number of appointments held as a director or statutory auditor that are relevant for the purposes of art. 148-bis TUF. The complete list of appointments, pursuant to art. 144-quinquiesdecies of the CONSOB Issuer Regulations, is appended to the statutory auditors' report on their monitoring activities, prepared in accordance with art. 153 par. 1 of TUF.

**** This column reports the percentage of BoD meeting attended by statutory auditors (no. attendances/no. meetings held during the auditor's effective period in office)

Table 4: offices held by the Directors at 31 december 2009

Director	Offices held in other companies	"IGD" Group companies	"IGD" Group shareholder companies
Coffari Gilberto **Chairman**	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
	Director CENTRALE ADRIATICA SOCIETA' CONSORTILE COOPERATIVA a R.L.		
	Member of Surveillance Board COOP ITALIA - SOCIETA' COOPERATIVA IN SIGLA COOP ITALIA SOCIETA' COOPERATIVA A RESPONSABILITA LIMITATA		
	Chairman of C.d.A. COOP. ADRIATICA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA		x
	Director FINSOE S.P.A. - FINANZIARIA DELL'ECONOMIA SOCIALE S.P.A.		
	Director HOLMO S.P.A.		
	Director SPRING 2 S.R.L.		
	Vice Chairman of C.d.A UGF BANCA S.P.A.		
	Director UNIPOL GRUPPO FINANZIARIO S.P.A.		
Albertini Claudio **Chief Executive Officer**	Director PROTOS - SOCIETA' DI CONTROLLI TECNICI E FINANZIARI S.P.A.		
	Director EUROMILANO S.P.A.		
	Director FINANZIARIA BOLOGNESE FI. BO. S.P.A.		
	Director FINANZIARIA DI PARTECIPAZIONE E SERVIZI S.R.L		
	Chairman of C.d.A. HOTEL VILLAGGIO CITTA' DEL MARE S.P.A.		
	Director NOMISMA - SOCIETA' DI STUDI ECONOMICI - S.P.A.		
	Director PEGASO FINANZIARIA S.P.A.		
	Director SOFINCO SPA		
	Director SORIN SPA		
	Director UGF LEASING S.P.A.		
	Vice Chairman of C.d.A. UGF MERCHANT - BANCA PER LE IMPRESE S.P.A.		
	Chairman of C.d.A. UGF PRIVATE EQUITY SOCIETA' DI GESTIONE DEL RISPARMIO SPA		
	Standing Auditor CEFLA CAPITAL SERVICES S.P.A.		
Zamboni Roberto **Consigliere**	Chairman of C.d.A. FAENZA SVILUPPO - AREA MARCUCCI - S.R.L.	x	
	Director FORUM - S.R.L.		
	Director INIZIATIVE BOLOGNA NORD S.R.L.		
	Director INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA- SOCIETA' COOPERATIVA		
	Director UNAGRO S.P.A.		
Costalli Sergio **Vice Chairman**	Director FINSOE S.P.A. - FINANZIARIA DELL'ECONOMIA SOCIALE S.P.A.		
	Director HOLMO S.P.A.		
	Director UGF ASSICURAZIONI S.P.A.		
	Vice Chairman and Chief Executive Officer UNICOOP TIRRENO SOCIETA' COOPERATIVA A RESPONSABILITA LIMITATA		x
	Director UGF S.P.A.		
	Chairman of the B.o.D. VIGNALE COMUNICAZIONI S.R.L		
Caporioni Leonardo **Director**	Director COOPERARE S.p.A.		
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI-SOCIETA COOPERATIVA		
	Director COOPFOND S.p.A.		
	Vice Chairman B.o.D. IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.p.A.		
	Vice Chairman B.o.D. TIRRENO LOGISTICA S.R.L.		
	Chairman of the Board of Statutory Auditors COMPAGNIA FINANZIARIA ED IMMOBILIARE TOSCANA S.p.A.		
Pellegrini Fernando **Director**	Director and Member of the Executive Committee SIMGEST - SOCIETA' DI INTERMEDIAZIONE MOBILIARE S.P.A.		
	Chairman of the B.o.D. SOCIETA' GESTIONE FINANZIARIA S.R.L.		
Canosani Aristide **Director**	Director AVIVA S.P.A.		
	Director CNP VITA S.P.A.		
	Director COOP. ADRIATICA - SOCIETA' COOPERATIVA A RESPONSABILITA' LIMITATA		x
	Chairman of the B.o.D. CREDITRAS ASSICURAZIONI S.P.A.		
	Chairman of the B.o.D. CREDITRAS VITA S.P.A.		
	Chairman of the B.o.D. UNICREDIT BANCA S.P.A.		
Carpanelli Fabio **Director**	Chairman of the B.o.D. AUTOSTAZIONE DI BOLOGNA S.P.A.		
	Chairman of the Surveillance Board MANUTENCOOP FACILITY MANAGEMENT SOCIETA' PER AZIONI SOCIETA' PER AZIONI		
Franzoni Massimo **Director**	Director UNICREDIT PRIVATE BANKING S.P.A.		
	Representative of the shareholders holding privileged shares UNIPOL GRUPPO FINANZIARIO S.P.A.		

Table 4: offices held by the Directors at 31 december 2009

Director	Offices held in other companies	"IGD" Group companies	"IGD" Group shareholder companies
Gentili Francesco **Director**	Director BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO - SOCIETA' COOPERATIVA		
Parenti Andrea **Director**	Standing Auditor MONTE PASCHI FIDUCIARIA S.P.A.		
Sabadini Riccardo **Director**	Director COOPOLIS S.P.A.		
	Director SAPIR S.P.A.		
	Director DINAZZANO PO SPA		
Boldreghini Giorgio **Director**	NONE		
Santi Sergio **Director**	Chairman of the Board of Statutory AuditorsHERA S.P.A.		
	Chairman of the Board of Statutory AuditorsWIMAXER S.P.A.		
	Standing Auditor HERA COMM S.R.L.		
	Standing Auditor HERA ENERGIE RINNOVABILI S.P.A.		
	Standing Auditor HERA TRADING S.R.L.		
	Standing Auditor HERAMBIENTE S.R.L.		
	Standing Auditor UNIFLOTTE S.R.L.		
	Standing Auditor HERA LUCE S.R.L.		
	Standing Auditor MODENA NETWORK S.P.A.		
	Standing Auditor SET S.P.A.		
	Standing Auditor FAMULA ON-LINE S.P.A.		
	Director A.M. GENERAL CONTRACTOR S.P.A		
	Chairman of the B.o.D. FONDAZIONE CASSA DI RISPARMIO DI IMOLA		
Pirazzini Corrado **Director**	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
	Director Assicoop S.p.A.		
	Chairman of the B.o.D. Athena S.r.l.		
	Vicepresidente CDA C.N.S. Soc. Coop.		
	Consigliere Centroplast S.p.A.		
	Consigliere Consorzio Leader Soc. Cons. a r.l.		
	Presidente CDA Copura Soc. Coop.		
	Consigliere Dister-Energia S.p.A.		
	Presidente CDA Ecocamer S.r.l.		
	Consigliere Gruppo Nettuno S.p.A.		
	Vicepresidente CDA Morina S.r.l.		
	Consigliere Pegaso Soc. Cons. a r.l.		
	Presidente CDA Poseidon Immobiliare S.r.l.		
	Consigliere Sistemi Globali Soc. Coop.		
	Consigliere UNAGRO S.p.A.		

Table 5: Offices held by the Statutory Auditors at 31 december 2009

Statutory Auditor	Offices held in other companies	Company
Roberto Chiusoli Standing Auditor	Chairman Of The Board Of Statutory Auditors	Unipol Gruppo Finanziario Spa
	Chairman Of The Board Of Statutory Auditors	UGF Banca Spa
	Standing Auditor	Banca di Bologna Credito Cooperativo
	Chairman Of The Board Of Statutory Auditors	Holmo Spa
	Chairman Of The Board Of Statutory Auditors	Granarolo Spa
	Member Of The Surveillance Board	Manutencoop Facility Management Spa
	Standing Auditor	HPS Spa
	Chairman Of The Board Of Statutory Auditors	Iniziative Bologna Nord
Franco Gargani Standing Auditor	Standing Auditor	Consorzio Etruria Società Cooperativa A R.L.
	Standing Auditor	Edilizia Provinciale Grossetana Spa
	Chairman Of The Board Of Statutory Auditors	Asiu Spa
	Chairman Of The Board Of Statutory Auditors	Caldana S.R.L.
	Chairman Of The Board Of Statutory Auditors	Orizzonte S.R.L.
	Chairman Of The Board Of Statutory Auditors	Compagnia Portuali - Soc. Coop. A R.L.
	Chairman Of The Board Of Statutory Auditors	Ce.Val.Co. - Centro per la Valorizzazione Economica della Costa Toscana Spa - I N L I Q U I D A Z I O N E
	Chairman Of The Board Of Statutory Auditors	Gema Commerciale S.R.L.
	Standing Auditor	San Giacomo - Società Cooperativa Sociale
	Chairman Of The Board Of Statutory Auditors	Folcenter Srl
	Standing Auditor	Axis S.R.L.
	Chairman Of The Board Of Statutory Auditors	S.G.F. S.R.L.
	Standing Auditor	Maisis - Società a Responsabilità Limitata
	Chairman Of The Board Of Statutory Auditors	Tirreno Logistica S.R.L.
	Standing Auditor	Solaria S.R.L.
	Chairman Of The Board Of Statutory Auditors	Unicoop Tirreno Soc. Coop. A R.L.
	Chairman Of The Board Of Statutory Auditors	Tecnologie Ambientali Pulite - T.A.P. Spa
	Standing Auditor	Polo Universitario Grossetano Società Consortile A R.L.
	Chairman Of The Board Of Statutory Auditors	Indal. 2000 S.R.L.
	Chairman Of The Board Of Statutory Auditors	Sviluppo Discount S.P.A. (O Solo S.D. S.P.A.)
	Director	Ultima Spiaggia Srl
	Standing Auditor	Sof S.P.A.
	Standing Auditor	L'ormeggio - Società Cooperativa A R.L.
	Chairman Of The Board Of Statutory Auditors	Gestione Strutture Cooperative Del Tirreno Srl
	Chairman Of The Board Of Statutory Auditors	Cigri S.P.A. - I N L I Q U I D A Z I O N E
Romano Conti Chairman of the Board of Statutory Auditors	Chairman of the board of directors	Finmeco S.P.A.
	Standing auditor	Unicredit Leasing S.P.A.
	Director	Despina S.P.A.
	Director	G.M.G. Group S.R.L.
	Chairman of the board of statutory auditors	Comet Holding S.P.A.
	Standing auditor	Editoriale Corriere Di Bologna S.R.L.
	Director	F.G.F. Finanziaria Generale Felsinea S.P.A.
	Standing auditor	Comet S.P.A.
	Chairman of the board of directors	Ferrario S.P.A.
	Standing auditor	Galotti S.P.A.
	Sole administrator	Fin.Gi - S.R.L.
	Chairman of the board of directors	Seconda S.P.A.
	Director	Simbuleia S.P.A.
	Chairman of the board of directors	Centro Sperimentale del Latte Spa
	Director	D.&C. - Compagnia di Importazione Prodotti Alimentari, Dolciari, Vini e Liquori - S.P.A.
	Director	Majani Spa
	Chairman of the internal control committee	Majani Spa
	Director	Acbgroup S.P.A.

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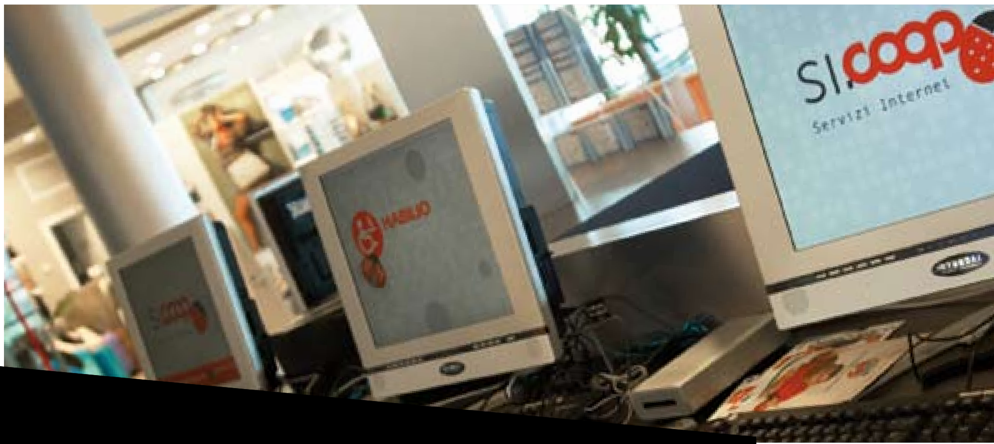

Consolidated financial statements
at 31 December 2009

4.1 | Consolidated Income Statement

Consolidated Income Statement (in €/000)	Note	2009 (A)	2008 (B)	Change (A-B)
Revenues:	**1**	**106,287**	**87,757**	**18,530**
- from third parties		77,932	57,743	20,189
- from related parties		28,355	30,014	(1,659)
Other income:	**2**	**13,368**	**13,690**	**(322)**
- from third parties		12,688	12,529	159
- from related parties		680	1,161	(481)
Total operating income and revenues		**119,655**	**101,447**	**18,208**
Change in works in progress inventory		5,110	49,717	(44,607)
Cost of works in progress		(4,884)	(49,717)	44,833
Income (loss) from works in progress	**6**	**226**	**0**	**226**
Material and service costs:	**3**	**27,091**	**28,773**	**(1,682)**
- third parties		24,396	25,550	(1,154)
- related parties		2,695	3,223	(528)
Cost of labor	4	7,422	6,161	1,261
Other operating expenses	5	9,081	7,588	1,493
Total operating expenses		**43,594**	**42,522**	**1,072**
EBITDA		**76,287**	**58,925**	**17,362**
(Depreciation & amortization)		(899)	(672)	(227)
(Impairment losses)	7	(4,450)	(19,092)	14,642
Change in fair value - increases / (decreases)	7	(13,725)	(2,589)	(11,136)
EBIT		**57,213**	**36,572**	**20,641**
Income from equity investments		0	92	(92)
Income from equity investments	**8**	**0**	**92**	**(92)**
Financial income		**2,693**	**5,843**	**(3,150)**
- third parties		2,651	5,608	(2,957)
- related parties		42	235	(193)
Financial charges		**37,276**	**31,779**	**5,497**
- third parties		36,222	30,483	5,739
- related parties		1,054	1,296	(242)
Net financial income (charges)	**9**	**(34,583)**	**(25,936)**	**(8,647)**
Pre-tax profit	**10**	**22,630**	**10,728**	**11,902**
Income taxes		2,222	(32,609)	34,831
Net profit for the period		**20,408**	**43,337**	**(22,929)**
Attributable to:				
* Parent company		20,408	43,337	(22,929)
* Minority interests		0	0	0
- basic earnings per share	11	0.068	0.143	
- diluted earnings per share	11	0.094	0.153	

4.2 Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income (in €/000)	2009 (A)	2008 (B)
Profit for the year	20,408	43,337
Other components of comprehensive income		
Impact of hedge derivatives on equity	(5,501)	(12,873)
Tax effect of hedge derivatives on equity	1,513	3,540
Other effects on income statement components	(1,263)	6,827
Other components of comprehensive income, net of tax effects	**(5,251)**	**(2,506)**
Total comprehensive income for the year	**15,157**	**40,831**
Total comprehensive income for the year attributable to:		
Parent company shareholders	15,157	40,831
Minority interests	0	0
Total comprehensive income for the year	**15,157**	**40,831**

4.3 | Consolidated Balance Sheet

Consolidated Balance Sheet (in €/000)	2009 Note	2008 (A)	Change (B)	(A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	12	120	186	(66)
- Goodwill	13	12,016	10,752	1,264
		12,136	**10,938**	**1,198**
Property, plant, and equipment				
- Investment property	15	1,586,815	1,245,140	341,675
- Buildings	14	7,860	-	7,860
- Plant and machinery	16	1,012	1,130	(118)
- Equipment and other assets	16	1,532	693	839
- Leasehold improvements	16	1,667	1,664	3
- Assets under construction	17	132,399	241,886	(109,487)
		1,731,285	**1,490,513**	**240,772**
Other non-current assets				
- Deferred tax assets	18	12,160	8,102	4,058
- Sundry receivables and other	19	4,761	6,634	(1,873)
- Non-current financial assets	20	19	29	(10)
		16,940	**14,765**	**2,175**
Total non-current assets (A)		**1,760,361**	**1,516,216**	**244,145**
Current assets:				
Inventory for work in progress	21	55,108	49,970	5,138
Inventory		7	7	0
Trade and other receivables	22	12,033	10,272	1,761
Related party trade and other receivables	23	284	477	(193)
Other current assets	24	56,561	31,363	25,198
Related party financial receivables and other current financial assets	25	688	651	37
Financial receivables and other current financial assets	25	-	57	(57)
Cash and cash equivalents	26	35,856	65,886	(30,030)
Total current assets (B)		**160,537**	**158,683**	**1,854**
Total assets (A + B)		**1,920,898**	**1,674,899**	**245,999**
Net equity:	**27**			
parent company's share		747,533	742,816	4,717
minority interests		-	61	(61)
Total net equity (C)		**747,533**	**742,877**	**4,656**
Non-current liabilities:				
Non-current financial liabilities	28	851,679	598,041	253,638
Related party non-current financial liabilities	28	15,000	-	15,000
Provision for employee severance indemnities	29	552	501	51
Deferred tax liabilities	18	48,028	41,377	6,651
General provisions	30	972	2,553	(1,581)
Sundry payables and other non-current liabilities	31	20,231	26,110	(5,879)
Related party sundry payables and other non-current liabilities	31	11,709	11,623	86
Total non-current liabilities (D)		**948,171**	**680,205**	**267,966**
Current liabilities:				
Current financial liabilities	32	171,960	148,805	23,155
Related party other current liabilities	32	25,741	53,682	(27,941)
Trade and other payables	34	12,277	30,234	(17,957)
Related party trade and other payables	35	2,396	628	1,768
Current tax liabilities	36	7,508	9,886	(2,378)
Other current liabilities	37	5,142	8,582	(3,440)
Related party other current liabilities	38	170		170
Total current liabilities (E)		**225,194**	**251,817**	**(26,623)**
Total liabilities (F = D + E)		**1,173,365**	**932,022**	**241,343**
Total net equity and liabilities (C + F)		**1,920,898**	**1,674,899**	**245,999**

4.4 Statement of Changes in Consolidated Net Equity

	Share capital	Share premium reserve	Legal reserve	Reserve for first-time adoption of IAS/ IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Translation reserve	Undistributed earnings reserve	Profit (losses) carried forward	Shareholders' equity: Group	Minority interests	Total
Balance at 01/01/08	**309,249**	**147,730**	**4,134**	**(965)**	**23**	**13,736**	**3,323**	**(7,986)**	**0**	**21,380**	**187,575**	**0**	**1,784**	**61,030**	**741,013**	**157**	**741,170**
Profit for the year														43,337	43,337	0	43,337
Other comprehensive income (losses)							(4,179)			6,229		598	(5,154)		(2,506)		(2,506)
Total comprehensive income (losses)							(4,179)			6,229		598	(5,154)	43,337	40,831		40,831
Purchase of treasury shares	(10,977)								(11,276)						(22,253)		(22,253)
Change in scope of consolidation															0	(96)	(96)
Allocation of 2007 profit																	
- dividends														(16,776)	(16,776)		(16,776)
- to undistributed earnings reserve													12,283	(12,283)	0		0
- to legal reserve			2,022											(2,022)	0		0
- to other reserves											18,239			(18,239)	0		0
Balance at 31/12/2008	**298,273**	**147,730**	**6,156**	**(965)**	**23**	**13,736**	**(856)**	**(7,986)**	**(11,276)**	**27,609**	**205,815**	**598**	**8,913**	**55,047**	**742,816**	**61**	**742,877**

	Share capital	Share premium reserve	Legal reserve	Reserve for first-time adoption of IAS/IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Translation reserve	Undistributed earnings reserve	Profit (losses) carried forward	Shareholders' equity: Group	Minority interests	Total
Balance at 01/01/09	**298,273**	**147,730**	**6,156**	**(965)**	**23**	**13,736**	**(856)**	**(7,986)**	**(11,276)**	**27,609**	**205,815**	**598**	**8,913**	**55,047**	**742,816**	**61**	**742,877**
Profit for the year														20,408	20,408		20,408
Other comprehensive income (losses)							(2,848)			195		(1,458)	(1,140)		(5,251)		(5,251)
Total comprehensive income (losses)							(2,848)			195		(1,458)	(1,140)	20,408	15,157		15,157
Change in scope of consolidation																(61)	(61)
Allocation of 2008 profit																	**0**
- dividends														(10,440)	(10,440)		(10,440)
- coverage of IAS/IFRS effects				965				7,986				0	0	(8,951)	0		0
- to undistributed earnings reserve												0	9,952	(9,952)	0		0
- to legal reserve			626									0	0	(626)	0		0
- to other reserves											20,867	0	0	(20,867)	0		0
Balance at 31/12/2009	**298,273**	**147,730**	**6,782**	**0**	**23**	**13,736**	**(3,704)**	**0**	**(11,276)**	**27,804**	**226,682**	**(860)**	**17,725**	**24,619**	**747,533**	**0**	**747,533**

4.5 | Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows (in €/000)	2009	2008
Cash flow from operating activities:		
Net profit for the year	**20,408**	**43,337**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	8,752	6,104
Depreciation and amortization	899	672
Impairment losses on work in progress	4,450	19,092
Net change in (deferred tax assets)/provision for deferred tax liabilities	(2)	(68,518)
Change in fair value of investment property	13,725	2,589
Change in inventories	(5,138)	(49,714)
Net change in current assets and liabilities	(53,365)	31,294
Net change in current assets and liabilities with related parties	1,749	(908)
Net change in non-current assets and liabilities	(5,520)	39,335
Net change in non-current assets and liabilities with related parties	86	86
Cash flow from operating activities (A)	**(13,956)**	**23,369**
Investments in fixed assets	(175,588)	(111,488)
Equity investments in subsidiaries	(13,886)	(208,465)
Cash flow from investing activities (B)	**(189,474)**	**(319,952)**
Change in non-current financial assets	(1)	9
Change in financial receivables and other current financial assets	57	40,395
Change in related party financial receivables and other current financial assets	5,052	(315)
Purchase of treasury shares	0	(22,252)
Exchange gains/(losses) on cash and cash equivalents	(1,137)	(705)
Change in borrowings	(61)	(96)
Distribution of dividends	(10,440)	(16,776)
Change in current debt	23,155	119,520
Change in current debt with related parties	(27,941)	43,304
Change in non-current debt	184,651	67,348
Cash flow from financing activities (C)	**173,335**	**230,431**
Net increase (decrease) in cash balance	**(30,095)**	**(66,152)**
Cash balance at beginning of year	**65,886**	**123,074**
Cash acquired through the purchase of consolidated equity investments	**65**	**8,964**
Cash balance at end of year	**35,856**	**65,886**

4.6 Notes to the Financial Statements

Form and content of the consolidated financial statements of IGD SIIQ S.p.A.

Introduction

The consolidated financial statements of Immobiliare Grande Distribuzione at 31 December 2009 were approved and authorized for publication by the Board of Directors on 11 March 2010.

Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A. or IGD) is a company set up and organized under Italian law. IGD is currently the only Società di Investimento Immobiliare Quotata (SIIQ, or real estate investment trust) in Italy. It focuses on medium to large shopping centers comprised of a hypermarket and a mall. The Group is primarily active in property management and leasing. The goal is to profit from its real estate portfolio by acquiring, building and leasing retail properties (shopping centers, hypermarkets, supermarkets and malls), and by optimizing yields on the properties it owns by constantly increasing their appeal or by selling malls at a profit. It also provides a complete range of services through its Agency Management and Pilotage operations, which promote new or expanded centers, and its Facility Management program, which markets and organizes shopping center services such as security, cleaning and routine maintenance.

The parent company IGD SIIQ S.p.A. belongs to Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2009 consolidated financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term “IFRS” encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the consolidated financial statements are the same as those employed in the Group’s annual financial statements for the year ended 31 December 2008, with the exception of the following new standards and interpretations applicable from 1 January 2009:

IAS 1 - Presentation of financial statements (revised)
The revised and corrected standard separates owner and non-owner changes in equity. As a result, the statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in a single statement or in two that are linked together. The Group has opted to provide two linked statements.

IAS 23 - Borrowing costs (revised)
The revised version has eliminated the option, followed by the Group until 31 December 2008, of immediately expensing borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale (qualifying assets). The new version of the standard was also amended as part of the IASB’s 2008 improvement project, to revise the definition of borrowing costs eligible for capitalization.

In accordance with the transitional provisions of the standard, the Group has adopted it prospectively from 1 January 2009, capitalizing borrowing costs that are directly attributable to the purchase and construction of investment property in relation to which the Group had incurred expenditure or borrowing costs or which the Group had begun to prepare for their intended use or sale as of that date. Borrowing costs are capitalized, subject to verification that this will not increase the asset’s value beyond recoverable amount or net realizable value, on new constructions and extensions for which the Group owns the land and/or building and for which the necessary construction permits have been issued.

IFRS 2 - Share-based payments - Vesting conditions and cancellations
This standard has been amended to specify the definition of vesting conditions and to prescribe the accounting treatment in case a grant is effectively canceled due to the failure to meet a non-vesting condition. The adoption of this amendment does not affect the Group's financial position or performance.

IFRS 8 - Operating segments
This standard requires disclosures about the Group's operating segments and replaces the need to determine the primary and secondary reporting segments (for IGD: business and geographical segments, respectively). The adoption of this amendment does not affect the Group's financial position or performance. The Group has determined that its operating segments, in accordance with IFRS, correspond to the business segments previously identified in compliance with *IAS 14 - Segment reporting.* The disclosures for each segment are provided in the "Segment Reporting" section, including revised and corrected comparative information.

IAS 32 - Financial instruments: Presentation and IAS 1 - Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation
This standard has been amended to allow a limited exception for puttable financial instruments to be classified under equity if they meet a certain number of conditions. The adoption of these amendments does not affect the Group's financial position or performance.

IFRIC 13 - Customer loyalty programs
This interpretation requires customer loyalty award credits to be recognized separately from the sale transactions from which they arise. Part of the fair value of the sale price must be allocated to the award credits and deferred. The deferred portion is recognized as revenues when the award credits are redeemed. The adoption of these amendments does not affect the Group's financial position or performance.

IFRIC 16 - Hedges of a net investment in a foreign operation
This interpretation must be applied prospectively. IFRIC 16 constitutes a guideline for recognizing a hedge of a net investment. As such, it provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation; where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting; and how an entity should determine the exchange gain or loss considering both the net investment and the hedging instrument, the latter to be offset upon disinvestment. The Group does not engage in this kind of hedge, so the changes do not affect its financial position or performance for the period.

On 5 March 2009 the IASB issued an amendment to *IFRS 7 – Financial instruments:* disclosures, to require enhanced information on fair value measurements and reinforce existing principles for disclosures concerning the liquidity risk associated with financial instruments. The amendment is effective from 1 January 2009.

On 12 March 2009, the IASB issued an amendment to *IFRIC 9 – Reassessment of embedded derivatives* and *IAS 39 - Financial instruments: recognition and measurement,* which under given circumstances allows the reclassification of certain financial assets out of the fair-value-through-profit-or-loss category. The amendment clarifies that in reclassifying a financial instrument out of that category, all embedded derivatives must be measured and, if necessary, separately accounted for in the financial statements. The amendment is effective retrospectively from 31 December 2009.

Improvements to IFRS

In May 2008 and April 2009 the IASB published a series of improvements to its standards, fundamentally for the purpose of removing inconsistencies and clarifying terminology. Each standard comes with ad hoc transition rules. The adoption of the following changes has affected accounting standards but has had no impact on the Group's performance or financial position.

Accounting standards, amendments, and interpretations not yet effective and not applied in advance by the Group:
On 10 January 2008 the IASB issued a revised version of *IFRS 3 - Business combinatio*ns and amended *IAS 27 - Consolidated and separate financial statements.* The main changes brought to IFRS 3 are the elimination of the need to measure the individual assets and liabilities of a subsidiary at fair value in every subsequent acquisition, in the case of a business combination achieved in stages. Goodwill will be determined only upon acquiring control, as the difference between the value of the equity interest held prior to the acquisition, the consideration transferred, and the value of the net assets acquired. If the entity does not acquire 100% of the subsidiary, the minority interests in equity may be recognized either at fair value or using the previous method sanctioned by IFRS 3. The revised version also requires all acquisition-related costs to be recognized as expenses, and contingent consideration to be recognized and measured at the acquisition date. In the amendment to IAS 27, the IASB has clarified that changes in an equity interest not leading to loss of control must be accounted for as equity transactions and recognized within equity. When control is lost, the parent shall measure its retained interest in the company at fair value, and recognize any gain or loss arising from loss of control in the income statement. Finally, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to minority interests in equity, even if this results in a deficit balance. The new rules must be applied prospectively from 1 January 2010.

As part of the IASB's 2008 improvement project, a change to *IFRS 5 – Non-current assets held for sale and discontinued operations* states that if an entity is committed to a sale involving loss of control of a subsidiary, it shall classify all of the assets and liabilities of that subsidiary as held for sale, even if the entity will retain a non-controlling interest in its former subsidiary after the sale. The change must be adopted prospectively from 1 January 2010.

On 31 July 2008 the IASB issued an amendment to *IAS 39 - Financial instruments: recognition and measurement,* to be applied retrospectively from 1 January 2010. The amendment provides guidance on defining the hedged item in certain situations. At 31 December 2009, the EU authorities had not yet finished the endorsement process necessary for application.

On 16 April 2009, the IASB issued a set of Improvements to IFRS; information is provided below on those that according to the IASB entail changes for presentation, recognition or measurement purposes, while no mention is made of those involving only terminology or editorial changes with minimal effect on accounting, or those affecting standards or interpretations not applicable to the IGD Group.

IFRS 2 - Share-based payments:
the amendment, effective from 1 January 2010 (early adoption is permitted), clarifies that following the change made by IFRS 3 to the definition of a business combination, the contribution of a business on the formation of a joint venture and the combination of entities or businesses under common control do not fall within the scope of IFRS 2.

IFRS 5 – Non-current assets held for sale and discontinued operations:
this amendment, to be applied prospectively from 1 January 2010, clarifies that IFRS 5 and other IFRS that make specific reference to non-current assets (or disposal groups) classified as held for sale or discontinued operations set out all the disclosures required in respect of those assets or operations.

IAS 1 - Presentation of financial statements:
this amendment, effective from 1 January 2010 (early adoption is permitted), changes the definition of current liability contained in IAS 1. Under the old definition, a liability was current if it could be settled at any time through the issue of equity instruments. This entailed recognizing as current all liabilities for convertible bonds that could be converted into shares of the issuer at any time. As a result of the change, for the purpose of classifying liabilities as current/non-current, the existence of a currently exercisable option for conversion into equity instruments is no longer relevant.

IAS 7 – Statement of cash flows:
this amendment, effective from 1 January 2010, clarifies that only expenditures that result in a recognized asset are eligible for classification as investing activities in the statement of cash flows; cash flows originating from expenditures that do not result in a recognized asset (such as advertising and promotional costs and employee training) must be classified as cash flows from operating activities.

IAS 17 - Leases:
Under the new formulation, the general conditions required by IAS 17 for classifying a lease as a *finance lease or an operating lease* will also be applicable to the leasing of land, regardless of whether ownership is transferred upon expiration. Before the changes, if ownership of the leased land was not transferred at the end of the lease, it was classified as an operating lease because land has an indefinite useful life. The amendment is effective from 1 January 2010; at the date of adoption, the classification of all land elements of unexpired leases must be reassessed, with any lease newly classified as a finance lease to be recognized retrospectively.

IAS 36 - Impairment of assets:
this amendment, applicable prospectively from 1 January 2010 (with early application permitted), states that each unit or group of units to which goodwill is allocated for the purpose of impairment testing shall not be larger than an operating segment as defined by IFRS 8 (5), before the aggregation allowed by IFRS 8 (12) on the basis of similar economic and other characteristics.

IAS 38 - Intangible assets:
the 2008 revision of IFRS 3 clarifies that sufficient information exists to measure the fair value of an intangible asset acquired in a business combination if the asset is separable or arises from contractual or other legal rights. IAS 38 has been amended to reflect this change to IFRS 3. The amendment also clarifies the valuation techniques commonly used to measure the fair value of intangible assets not traded in an active market; in particular, such techniques include discounting the estimated future net cash flows from an asset, and estimating the costs the entity avoids by owning the asset and not having to license it from a third party or the costs to recreate or replace it (as in the cost approach). The amendment is effective prospectively from 1 January 2010; however, in case of early adoption of the revised IFRS 3, this amendment must also be applied in advance.

IAS 39 - Financial instruments:
recognition and measurement: this amendment restricts the non-applicability of IAS 39 under paragraph 2(g) of the standard to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future date, when the completion of the business combination does not depend on further actions of either party but only on the passage of a normal period of time. The scope of IAS 39 extends to option contracts, whether or not currently exercisable, which allow one party to control the occurrence or non-occurrence of future events and whose exercise will result in control of an entity. The amendment also clarifies that embedded prepayment options whose exercise price compensates the lender for the loss of additional interest income shall be considered closely related to the host debt contract and therefore not accounted for separately. Finally, it clarifies that gains or losses on a hedged instrument must be reclassified from

equity to the income statement during the period that the hedged forecast cash flows affect profit or loss. This amendment applies prospectively from 1 January 2010; early adoption is permitted.

IFRIC 9 – Reassessment of embedded derivatives:
this amendment, applicable prospectively from 1 January 2010, excludes from the scope of IFRIC 9 embedded derivatives in contracts acquired in combinations of entities or businesses under common control or in the formation of a joint venture. At 31 December 2009 the EU authorities had not yet finished the endorsement process necessary for application of these improvements.

In June 2009, the IASB issued an amendment to *IFRS 2 - Share-based payment: group cash-settled share-based payment transactions.* The amendment clarifies the scope of IFRS 2 and its interactions with other standards. Specifically, it clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services regardless of which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. It also clarifies that a "group" has the same meaning as in *IAS 27 - Consolidated and separate financial statements,* that is, it includes only a parent and its subsidiaries. Moreover, the amendment states that an entity must measure the goods or services received in an equity-settled or a cash-settled share-based payment transaction from its own perspective, which may not always be the same as the amount recognized in the consolidated financial statements. The amendment incorporates the guidelines previously included in *IFRIC 8 - Scope of IFRS 2* and IFRIC 11 - *IFRS 2 - Group and treasury share transactions.* As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment is applicable from 1 January 2010; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 8 October 2009 the IASB issued an amendment to *IAS 32 - Financial instruments: Presentation: Classification of rights issues* to govern the accounting rules for the issue of rights, options or warrants denominated in a foreign currency. Previously, these were accounted for as derivative liabilities; the amendment states that under certain conditions, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from 1 January 2011.

On 4 November 2009 the IASB published a revised version of IAS 24 – Related party disclosures that simplifies the disclosure requirements for transactions with government-related entities and clarifies the definition of a related party. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 12 November 2009 the IASB issued *IFRS 9 – Financial instruments* on the classification and measurement of financial assets, effective from 1 January 2013. This publication is the first part of a multi-phase project to replace IAS 39. IFRS 9 uses a single approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of its financial assets to determine how those assets are measured, replacing the many different rules in IAS 39. It also requires a single impairment method to be used for financial assets. At the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for applying the new standard.

On 26 November 2009 the IASB issued a minor amendment to *IFRIC 14 – Prepayments of a minimum funding requirement,* which permits entities to treat the early payment of minimum funding contributions as an asset. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 26 November 2009 the IFRIC issued *IFRIC 19 – Extinguishing financial liabilities with equity,* which addresses the accounting treatment of settling a financial liability through the issue of equity instruments. The interpretation states that if an entity renegotiates the terms of a financial liability in order to settle it in the form of shares, then the shares issued by the entity become part of the consideration paid and must be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial value of the equity instruments issued is recognized in profit for loss. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

Use of estimates

In preparing the consolidated financial statements, management has made estimates and assumptions that affect the carrying values of revenues, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ. Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.

The financial statements, tables and explanatory notes are expressed in thousands of euro (€K), unless otherwise specified.

Scope of consolidation

The consolidated financial statements have been drawn up on the basis of the draft financial statements at 31 December 2009, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
With respect to 31 December 2008, the scope of consolidation has changed due to the inclusion of Faenza Sviluppo Area Marcucci S.r.l. and the deconsolidation of Consorzio dei Proprietari del Centro Leonardo and Consorzio di Costruzione Forte di Brondolo. The deconsolidation is not significant, given the consortiums' negligible size with respect to the Group as a whole.
The following table list the companies consolidated by the IGD Group at 31 December 2009.

Companies consolidated by the IGD Group at 31/12/2009

Name	**Immobiliare Larice s.r.l.**
% held	100%
Control	IGD SIIQ S.p.A.
Registered office	Ravenna - via Villa Glori 4
Share capital (in EUR)	75,071,221.00
Consolidation method	Line-by-line
Operations	Shopping center management
Name	**Millenium Gallery s.r.l**
% held	100%
Control	IGD SIIQ S.p.A.
Registered office	Ravenna - via Villa Glori 4
Share capital (in EUR)	100,000.00
Consolidation method	Line-by-line
Operations	Shopping center management
Name	**RGD s.r.l**
% held	50%
Control	IGD SIIQ S.p.A.
Registered office	Milano - via Dante 7
Share capital (in EUR)	52,000.00
Consolidation method	Proportional
Operations	Purchase and sale of real estate
Name	**RGD Gestioni s.r.l.**
% held	50%
Control	RGD s.r.l 100%
Registered office	Milano - via Dante 7
Share capital (in EUR)	10,000.00
Consolidation method	Proportional
Operations	Shopping center management
Name	**New Mall s.r.l.**
% held	50%
Control	RGD s.r.l 100%
Registered office	Milano - via Dante 7
Share capital (in EUR)	60,000.00
Consolidation method	Proportional
Operations	Shopping center management
Name	**Porta Medicea s.r.l.**
% held	80%**
Control	Immobiliare Larice s.r.l.
Registered office	Livorno - Via Gino Graziani 6
Share capital (in EUR)	60,000,000.00
Consolidation method	Line-by-line
Operations	Construction firm
Name	**Win Magazin S.A.**
% held	90%*
Control	Immobiliare Larice s.r.l.
Registered office	Bucarest - Romania
Share capital (in EUR)	31,128.00
Consolidation method	Line-by-line
Operations	Shopping center management
Name	**Winmarkt management s.r.l.**
% held	100%
Control	Win Magazin S.A.
Registered office	Bucarest - Romania
Share capital (in EUR)	274,014.00
Consolidation method	Line-by-line
Operations	Agency and facility management services
Name	**Sviluppo Faenza Area Marcucci s.r.l.**
% held	100%
Control	IGD SIIQ S.p.A.
Registered office	Castenaso (Bologna) Via Villanova 29/7
Share capital (in EUR)	5,165,000.00
Consolidation method	Line-by-line
Operations	Shopping center management

* Consolidated 100% due to a put & call option on the minority interest
** Consolidated 100% due to a put & call option on the minority interest

Consolidation methods

The consolidated financial statements include the financial statements of the parent company, IGD SIIQ S.p.A., and its subsidiaries at 31 December 2009. The financial statements of subsidiaries are prepared each year using the same accounting standards as the parent company. The main consolidation methods used to prepare the consolidated financial statements are as follows:

- subsidiaries are consolidated from the date control is effectively transferred to the Group, and cease to be consolidated from the date control is transferred outside the Group; control exists when the Group has the power, directly or indirectly, to influence a company's financial and managerial policies in such a way as to obtain benefits from its operations;
- subsidiaries are consolidated on a line-by-line basis, aggregating all financial statement items in full, regardless of the interest held. Only for the determination of net equity and net profit (loss) is the minority interest, if any, shown separately in the balance sheet and income statement;
- the joint venture (RGD) is carried using the proportionate consolidation method, meaning that all financial statement items are aggregated at 50%, the Group's percent interest in the venture;
- the carrying value of equity investments is eliminated against the assumption of their assets and liabilities;
- all intercompany assets, liabilities, income and losses, including unrealized profits deriving from transactions between Group companies, are completely eliminated;
- the financial statements of companies that use a different functional currency are translated into euros as follows:
  - _ the assets and liabilities of each balance sheet submitted are translated at the exchange rates in force on the reporting date;
  - _ the revenues and costs of each income statement are converted at the average exchange rates for the period;
  - _ all exchange gains and losses arising from this process are shown in the translation reserve under net equity.

  Exchange gains and losses arising from the translation of net investments in foreign operations and of loans and other monetary instruments designated as hedges of those investments are recognized directly in equity upon consolidation. When the foreign investment is sold, the accumulated exchange differences are recognized in the income statement as part of the profit or loss from the sale.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.

After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement.

An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified). In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired.

Goodwill acquired with a business combination, which in the separate financial statements is added to the value of the investment acquired, is initially recorded at cost and represents the excess purchase cost with respect to the acquirer's share of the net fair value of the acquired companies' identifiable assets, identifiable liabilities, and contingent liabilities. Any negative difference ("negative goodwill") is charged to profit or loss at the time of the acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes;

- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- When goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and unamortized goodwill are recognized to profit and loss.

After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including negotiation expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40.

Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general. To that end, IGD SIIQ S.p.A. has hired CB Richard Ellis Professional Services S.p.A., a specialized property appraiser, to determine the fair value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.

Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal date, assuming:
- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration;

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation methods used for the various kinds of asset are reported below.

For malls: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used. The values obtained with these methods are then appropriately mediated:
- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets;

- income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The financial statements at 31 December 2009 incorporate the property appraisals as follows:
- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction, consisting of deposits and advance payments, are valued at cost. Land and accessory works on which investment property will be developed are measured at fair value, as described above, once the building permits are obtained. Until that time, the cost method is applicable. Assets under construction are reduced by impairment losses if fair value falls below cost. When construction or development of an investment property is completed, it is restated to "investment property."

Plant, machinery and equipment

Plant, machinery and equipment that are owned by the Group and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Plant, machinery and equipment	%
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Leasing

Goods held under finance leases, in which the Group assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.

The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.

Leased investment property is recognized at fair value, on the same basis as investment property owned by the Group.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous. Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all purchase, transformation and other costs incurred to bring the inventory to its present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These refer mainly to financial assets held for trading purposes in order to profit from short-term fluctuations in the price or the margin. They are recognized at fair value, without any deduction for the transaction costs that may be incurred on their sale.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables.
They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds with their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.

The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Group does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Group does not offer employee incentive plans in the form of share participation instruments.

Revenues

Revenues are recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. They are shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenues are posted to the income statement.

Rental income

Rental income from the Group's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes
Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.
Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes
Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying value of a deferred tax asset shall be reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings per share

As required by IAS 33 (paragraph 66), the income statement presents the basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent company. The information is provided on the basis of consolidated figures only, as provided for by IAS 33.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of shares outstanding, in accordance with paragraphs 19 and 26, plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

Derecognition of financial assets and financial liabilities

Financial assets
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Group's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that the Group could be required to pay.

Financial liabilities
A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially

different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities. In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured; and
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status. At the close of both 2009 and 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9 of the separate financial statements).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations"). Income from taxable operations has been subject to the standard rules of computation and taxation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenues and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenues and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenues to total revenues.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenues. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The income statement and balance sheet are broken down below by business segment, followed by a geographical breakdown of revenues from freehold properties.

Income statement (€/000)	FY 2009 Rent	FY 2008 Rent	FY 2009 Services	FY 2008 Services	FY 2009 Mutual	FY 2008 Mutual	FY 2009 Total	FY 2008 Total
Revenues	**106,327**	**88,198**	**6,315**	**4,425**	**17**	**82**	**112,660**	**92,705**
Change in inventory					226	0	226	0
Direct costs	(22,003)	(21,356)	(5,008)	(2,936)			(27,011)	(24,292)
Gross margin	**84,325**	**66,842**	**1,308**	**1,489**	**243**	**82**	**85,876**	**68,413**
Mutual costs					(9,588)	(9,488)	(9,588)	(9,488)
Ebitda	**84,325**	**66,842**	**1,308**	**1,489**	**(9,345)**	**(9,406)**	**76,287**	**58,925**
Impairment/dep.&amort	(5,948)	(3,170)	(82)	(78)	(13,045)	(19,104)	(19,074)	(22,353)
Ebit	**78,377**	**63,672**	**1,226**	**1,411**	**(22,390)**	**(28,510)**	**57,213**	**36,572**
Net financial income (charges)					**(34,583)**	**(25,936)**	**(34,583)**	**(25,936)**
Net extraordinary income (charges)					**0**	**92**	**0**	**92**
Taxes					**(2,222)**	**32,609**	**(2,222)**	**32,609**
Net profit							**20,408**	**43,337**

Balance sheet (€/000)	FY 2009 Rent	FY 2008 Rent	FY 2009 Services	FY 2008 Services	FY 2009 Mutual	FY 2008 Mutual	FY 2009 Total	FY 2008 Total
Fixed assets	1,591,054	1,248,628	0	0	7,833	0	1,598,887	1,248,628
Other non-current assets	0	0	0	0	29,056	25,673	29,056	25,673
Current investments	132,399	241,886	0	0	0	0	132,399	241,886
Net working capital	46,977	21,051	469	229	49,053	21,479	96,500	42,759
Other non-current liabilities	(81,080)	(81,719)	(413)	(445)	0	0	(81,492)	(82,164)
Total use of funds	**1,689,351**	**1,429,847**	**56**	**(216)**	**85,943**	**47,153**	**1,775,350**	**1,476,782**
Net debt	945,555	690,684	(3,681)	(3,930)	85,943	47,152	1,027,817	733,905
Equity	743,795	739,163	3,738	3,714	0	0	747,533	742,877
Total sources of funds	**1,689,351**	**1,429,847**	**56**	**(216)**	**85,943**	**47,152**	**1,775,350**	**1,476,782**

Revenues from freehold properties	FY 2009 Northern Italy	FY 2008 Northern Italy	FY 2009 Central/southern Italy & islands	FY 2008 Central/southern Italy & islands	FY 2009 Abroad	FY 2008 Abroad	FY 2009 Total	FY 2008 Total
Lease & rental income	40,787	35,436	34,916	25,627	16,642	13,356	92,345	74,418
One-off revenues	78	145	3,086	35	0	0	3,164	181
Temporary location rentals	1,160	1,118	861	761	0	0	2,021	1,878
Other revenues	92	163	0	101	191	266	283	530
Total	**42,117**	**36,862**	**38,863**	**26,524**	**16,833**	**13,621**	**97,813**	**77,008**

Business combinations

Acquisition of Faenza Sviluppo Area Marcucci S.r.l.

On 8 October 2009 the Group acquired 100% of Faenza Sviluppo Area Marcucci S.r.l. from a related party.
Costing €13,885,634, the company was paid for in cash, as it had already taken out a mortgage and another loan prior to the acquisition. The following table compares the fair value and carrying value (according to IAS/IFRS) of Faenza Sviluppo Area Marcucci S.r.l.'s identifiable assets and liabilities at the acquisition date.

The income statement of the acquiree, included in the Group's consolidated income statement as from the date of acquisition, closed with a profit of €612K. Had the acquisition taken place at the start of 2009, the consolidated net profit would have been higher by €942K.

Faenza Sviluppo Area Marcucci s.r.l. (in EUR)	Carrying value	Fair value
Intangible assets	2,942	2,942
Property, plant, and equipment	85,415,720	85,415,720
Other non-current assets	3,548	3,548
Total non-current assets	***85,422,210***	***85,422,210***
Current assets		
Inventory	0	0
Trade receivables	620,064	620,064
Other current assets	161,935	161,935
Related party financial receivables and other current financial assets	5,089,077	5,089,077
Cash and cash equivalents	64,855	64,855
Total current assets	***5,935,931***	***5,935,931***
Total assets	**91,358,141**	**91,358,141**
Non-current liabilities		
Related party non-current financial liabilities	15,000,200	15,000,200
Non-current financial liabilities	54,743,674	54,743,674
Deferred tax liabilities	3,813,041	3,813,041
Total non-current liabilities	***73,556,916***	***73,556,916***
Current liabilities		
Related party current financial liabilities	0	0
Trade payables	1,757,426	1,757,426
Related party trade payables	386,800	386,800
Other current liabilities	1,837,024	1,837,024
Total current liabilities	***3,981,250***	***3,981,250***
Total liabilities	**77,538,166**	**77,538,166**
Net assets	**13,819,975**	**13,819,975**
Goodwill		**65,658**
Acquisition cost		**13,885,634**

Notes to the Consolidated Financial Statements

Note 1) Revenues

Revenues	2009	2008	Change
Freehold hypermarkets	**25,929**	**24,458**	**1,471**
Rent and business lease	**25,929**	**24,458**	**1,471**
Related parties	25,929	24,458	1,471
Third parties	0	0	0
Leasehold hypermarkets	**732**	**4,064**	**(3,332)**
Rent	**625**	**3,960**	**(3,335)**
Related parties	625	3,960	(3,335)
Third parties	0	0	0
Business lease	**107**	**104**	**3**
Related parties	107	104	3
Third parties	0	0	0
Freehold supermarkets	**365**	**361**	**4**
Rent	**365**	**361**	**4**
Related parties	365	361	4
Third parties	0	0	0
Total hypermarkets/supermarkets	***27,026***	***28,883***	***(1,857)***
Freehold malls	**65,796**	**49,314**	**16,482**
Rent	**29,200**	**22,110**	**7,090**
Related parties	282	265	17
Third parties	28,918	21,845	7,073
Business lease	**36,596**	**27,204**	**9,392**
Related parties	335	193	142
Third parties	36,261	27,011	9,250
Leasehold malls	**10,867**	**7,152**	**3,715**
Rent	**559**	**538**	**21**
Related parties	79	67	12
Third parties	480	471	9
Business lease	**10,308**	**6,614**	**3,694**
Related parties	180	186	(6)
Third parties	10,128	6,428	3,700
Other contracts	**1,035**	**799**	**236**
Other contracts and temporary rent at leasehold malls	1,035	799	236
Temporary rent at freehold malls	**1,563**	**1,609**	**(46)**
Related parties	453	420	33
Third parties	1,110	1,189	(79)
Total malls	***79,261***	***58,874***	***20,387***
Grand total	**106,287**	**87,757**	**18,530**
of which related parties	28,355	30,014	(1,659)
of which third parties	77,932	57,743	20,189

The increases for hypermarkets/supermarkets derive mainly from the purchase of new hypermarkets at Katanè and Tiburtino shopping centers and from ISTAT inflation indexing.

The rise in rent and business lease income in freehold malls is due to revenues from the new shopping centers Tiburtino (Guidonia) from 2 April 2009, Katanè (Catania) from 5 May 2009, and I Bricchi from 3 December 2009.
It is also explained by the full-year contribution of the acquisitions made in 2008 and by the purchase of Le Maioliche shopping center with effect from 8 October 2009. See the directors' report for further information.

Note 2) Other income

Other income	2009	2008	Change
Refund of maintenance charges and other refunds	15	4	11
Insurance refunds	14	2	12
Out-of-period income (charges)	60	(7)	67
Commercial center management revenues	3,917	3,434	483
Cost charge-backs	6,495	7,423	(928)
Revenues from marketing, pilotage and management contracts	1,885	528	1,357
Centro Nova revenues	0	438	(438)
Gains from disposals	18	0	18
One-off revenues	0	200	(200)
Increase in assets under construction	0	76	(76)
Other	284	431	(147)
Total other income from third parties	**12,688**	**12,529**	**159**
Refund of maintenance charges from related parties	0	14	(14)
Center management revenues from related parties	214	122	92
Cost charge-backs with related parties	8	893	(885)
Revenues from marketing, pilotage and management contracts w/related parties	74	72	2
Proceeds from transfer of preliminary contracts to related parties	334	0	334
Administrative services with related parties	50	60	(10)
Total other income from related parties	**680**	**1,161**	**(481)**
Total	**13,368**	**13,690**	**(322)**

This item consists mainly of marketing and pilotage revenues and income from new facility management contracts in relation to new openings in 2009.

Most of the rest consists of shopping center management fees charged back to the relative consortiums, income from services rendered to related parties, and the non-consolidation portion of the proceeds from the transfer to the RGD Group of preliminary contracts for the mall at Il Ducale shopping center in Vigevano.

Note 3) Material and service costs

Material and service costs	2009	2008	Change
Material and service costs	**24,396**	**25,550**	**(1,154)**
Rent paid/property usage fees	7,590	10,178	(2,588)
Utilities	112	82	30
Advertisements, listings, advertising & promotions	256	290	(34)
Guidonia promotional costs	730	0	730
Mondovicino promotional costs	240	277	(37)
Asti launch	322	0	322
Service	151	128	23
Center management fees	1,349	361	988
Center administration fees	524	364	160
Insurance	519	409	110
Professional fees	434	591	(157)
Directors' and statutory auditors' fees	522	383	139
External auditing fees	219	159	60
Investor relations, Consob, Monte Titoli costs	346	384	(38)
Recruitment, training and other personnel costs	400	462	(62)
Travel and accommodation	152	203	(51)
Failed project costs	126	387	(261)
Guidonia launch	0	328	(328)
Centro Nova costs	0	307	(307)
Mondovicino pilotage and construction site charges	14	0	14
Asti pilotage and construction site charges	154	0	154
Guidonia pilotage and construction site charges	973	0	973
Catania pilotage and construction site charges	361	0	361
Consulting	1,463	1,540	(77)
Charge-backs	6,394	8,041	(1,647)
Maintenance and repairs	406	302	104
Bank fees and commissions	86	75	11
Cleaning, porterage and security	240	43	197
Other	313	256	57
Material and service costs with related parties	**2,695**	**3,223**	**(528)**
Rent paid	2,226	2,901	(675)
Advertisements, listings, advertising & promotions	0	0	0
Service	303	215	88
Directors' and statutory auditors' fees	161	103	58
Other	5	4	1
TOTAL	**27,091**	**28,773**	**(1,682)**

The principal component of this item is rent and usage fees paid for properties managed by the Group, as well as costs awaiting charge-back and pilotage/construction site expenses (that will also be charged back to the operators). Because of the new openings, sizeable amounts were invested in promotions and advertising in order to support the centers during their start-up phase, and to improve the visibility of those opened in the last 24-36 months.

Note 4) Cost of labor

Cost of labor	2009	2008	Change
Wages and salaries	5,713	4,445	1,268
Social security	1,434	1,293	141
Severance pay	191	272	(81)
Other costs	84	151	(67)
TOTAL	**7,422**	**6,161**	**1,261**

The increase is due to the larger average workforce. Severance pay includes contributions to supplementary funds in the amount of €68K.
The workforce is broken down by category below:

Division of workforce by category	31/12/2009	31/12/2008
Executives	6	8
Middle managers	28	21
White collar	127	121
TOTAL	**161**	**150**

The following table provides details of directors' and statutory auditors' fees for their work at the parent company and its subsidiaries. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Dates in office in 2009	End of term	Emoluments for office held at the reporting company
Board of Directors				
Gilberto Coffari	Chairman	01/01/09-30/04/09		25,000
		30/04/09-31/12/09	2011 FY appr.	56,500
Sergio Costalli	Vice Chairman	01/01/09-30/04/09		25,000
		30/04/09-31/12/09	2011 FY appr.	56,500
Claudio Albertini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09		16,500
	Chief Executive Officer	30/04/09-31/12/09	2011 FY appr.	250,000
Roberto Zamboni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Aristide Canosani	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Francesco Gentili	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500

Name	Title	Dates in office in 2009	End of term	Emoluments for office held at the reporting company
Sergio Santi	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Andrea Parenti	Director	23/04/09-31/12/09	2011 FY appr.	16,500
Giorgio Boldreghini	Director	23/04/09-31/12/09	2011 FY appr.	16,500
Corrado Pirazzini	Director	09/07/09-31/12/09	2011 FY appr.	16,500
Board of Statutory Auditors				
Romano Conti	Chairman	01/01/09-23/04/09		22,500
		23/04/09-31/12/09	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Internal Control Committee				
Massimo Franzoni	Director (Supervisor)	01/01/09-31/12/09	when no longer director	12,000
Aristide Canosani	Director	01/01/09-31/12/09	when no longer director	8,000
Leonardo Caporioni	Director	01/01/09-31/12/09	when no longer director	8,000
Supervisory Board				
Fabio Carpanelli	Director (Chairman)	01/01/09-31/12/09	when no longer director	12,000
Francesco Gentili	Director	01/01/09-31/12/09	when no longer director	8,000
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	8,000
Compensation Committee				
Riccardo Sabadini	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Nominations Committee				
Fabio Carpanelli	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Andrea Parenti	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Chairman's Committee				
Gilberto Coffari	Chairman	01/01/09-31/12/09	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01/09-31/12/09	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	30/04/09-31/12/09	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Lead Independent Director				
Riccardo Sabadini	Director	01/01/09-31/12/09	2011 FY appr.	500 per meeting attended

Note 5) Other operating costs

Other operating costs	2009	2008	Change
Taxes	3,956	3,121	835
Contract registration	305	277	28
Capital losses	0	8	(8)
Out-of-period (income)/charges	122	62	60
Membership fees	62	51	11
Losses on receivables	244	198	46
Provision for doubtful accounts	3,336	599	2,737
Provision for delayed Guidonia opening	0	1,915	(1,915)
Charges for delayed Guidonia opening	0	850	(850)
Other provisions	60	0	60
Shopping center penalties provision	100	0	100
Penalties for delayed Asti opening	550	0	550
Fuel and tolls	139	163	(24)
Magazine subscriptions, office supplies, forms	92	101	(9)
Other	115	243	(128)
Total	**9,081**	**7,588**	**1,493**

"Taxes" refer mainly to local property tax (ICI), and the increase is due to the acquisition of new malls.
The accrual to the provision for doubtful accounts was made in order to adjust its balance to estimated realizable value.

Note 6) Change in work in progress inventory

Change in work in progress inventory	2009	2008	Change
Change in work in progress inventory	5,110	49,717	(44,607)
Cost of work in progress	(4,884)	(49,717)	44,833
Total	**226**	**0**	**226**

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased by €5,110K due to the advancement of works.
Financial charges of €226K were capitalized for the year.

Note 7) Change in fair value and impairment

This covers the adjustment to fair value of the investment property discussed in Note 15) and the impairment loss discussed in Note 17).

Note 8) Capital gains from equity investments

Capital gains from equity investments	2009	2008	Change
Capital gains from equity investments	0	92	(92)
Total third parties	**0**	**92**	**(92)**

Note 9) Financial income and charges

Financial income	2009	2008	Change
Bank interest income	711	3,222	(2,511)
Other interest income	1,940	2,386	(446)
Total third parties	**2,651**	**5,608**	**(2,957)**
Interest income from related parties	16	154	(138)
Interest income from Coop Adriatica account	26	81	(55)
Total related parties	**42**	**235**	**(193)**
Total financial income	**2,693**	**5,843**	**(3,150)**

Interest income from banks decreased due to the use of cash to finance the Group's development.
Other interest income consists mainly of exchange gains on financial income from Romania. Interest income from related parties is described in Note 40.

Financial charges	2009	2008	Change
Interest expense on security deposits	332	332	0
Interest expense on Coop Adriatica (formerly TCA) account	722	964	(242)
Total related parties	**1,054**	**1,296**	**(242)**
Interest expense to banks	2,652	2,043	609
Other interest and charges	1,182	1,083	99
Mortgage loan interest	14,213	17,139	(2,926)
Financial leasing charges	447	673	(226)
Bond interest and charges	12,371	12,010	361
IRS spreads	5,357	(2,465)	7,822
Total third parties	**36,222**	**30,483**	**5,739**
Total financial charges	**37,276**	**31,779**	**5,497**

The increase in net financial charges is explained by the growth of net debt in support of the Group's development. For the portion of loans not hedged by interest rate swaps, the growth is mitigated by the decrease in rates throughout the year.

Bond interest and charges, at €12,371K, are made up as follows:
- interest to bondholders (2.5%) = €5,750K
- higher financial charges due to rise in effective interest rate from 2.5% to 5.53% = €5,770K

- higher financial charges due to use of amortized cost method = €851K (rate increase of 0.5%).

Note 10) Income taxes

Income taxes	2009	2008	Change
Current taxes	2,438	2,384	54
Deferred tax liabilities	2,517	(67,091)	69,608
Deferred tax assets	(2,565)	(16)	(2,549)
Substitute tax on revaluation of Centro Sarca	0	1,306	(1,306)
SIIQ entry tax	0	30,797	(30,797)
Out-of-period income/charges	(168)	11	(179)
TOTAL	**2,222**	**(32,609)**	**34,831**

Current and deferred tax, amounting to €2,222K for the period to 31 December 2009, comes to 9.82% of the pre-tax profit and reflects the positive impact of SIIQ status.
The balances for the two periods are not comparable, due to the reversal of deferred tax liabilities provided on the higher value of properties up to 31 December 2007 and payment of the substitute tax.

Note 11) Earnings per share

Earnings per share (in €/million)	2009	2008
Net profit attributable to parent company shareholders	20	43
Diluted net profit attributable to parent company shareholders	32	53
Weighted average number of ordinary shares for purposes of basic earnings per share	298	300
Weighted average number of ordinary shares for purposes of diluted earnings per share	345	347
Basic earnings per share	**0.068**	**0.143**
Diluted earnings per share	**0.094**	**0.153**

Note 12) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2008	Balance at 01/01/08	Additions	Disposals	Amortization	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/08
Intangible assets with finite useful lives	7	9	0	(78)	224	4	(2)	164
Intangible assets with finite useful lives under development	0	246	0	0	(224)	0		22
Total intangible assets with finite useful lives	**7**	**255**	**0**	**(78)**	**0**	**4**	**(2)**	**186**

Intangible assets with finite useful lives 2009	Balance at 01/01/09	Additions	Disposals	Amortization	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/09
Intangible assets with finite useful lives	164	17	0	(86)	22	3	0	120
Intangible assets with finite useful lives under development	22	0	0	0	(22)	0	0	0
Total intangible assets with finite useful lives	**186**	**17**	**0**	**(86)**	**0**	**3**	**0**	**120**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.
The increase for the year consist of new mall brands and the change in the scope of consolidation.

Note 13) Goodwill

Goodwill 2008	Balance at 01/01/08	Increases	Decreases	Reclassifications	Change in scope of consolidation	Balance at 31/12/08
Goodwill	**26,670**		**(19,092)**	**(523)**	**3,697**	**10,752**

Goodwill 2009	Balance at 01/01/09	Increases	Decreases	Reclassifications	Change in scope of consolidation	Balance at 31/12/09
Goodwill	**10,752**	**1,198**	**0**	**0**	**66**	**12,016**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2009:

Goodwill	31/12/08	31/12/09
Millennium S.r.l.	3,952	3,952
RGD S.r.l.	975	975
Winmagazin S.A.	3,696	4,894
Winmarkt Management S.r.l.	1	1
Faenza Sviluppo area Marcucci S.r.l.		66
Centro Nova	546	546
Città delle Stelle	65	65
San Donà	448	448
San Ruffillo	63	63
Gescom Service	1,006	1,006
Total	**10,752**	**12,016**

Goodwill for Faenza Sviluppo, Millennium, RGD, Winmagazin, and Winmarkt Management refers to consolidation differences from business combinations. The recoverability of the goodwill allocated to these CGUs has been analyzed on the basis of the property appraisal by CBRE, in accordance with the criteria described above for the Group's investment properties (see Note 14). Specifically, this goodwill covers the possibility to sell properties owned by the subsidiaries (through the equity investment) without incurring taxes. Therefore, recoverability lies in the tax savings that could be achieved from the investment's sale, and is measured on the basis of the deferred tax provision covering the higher book value of the property with respect to the tax-deductible amount.

Goodwill for the CGUs Centro Nova, Città delle Stelle, San Donà, San Ruffillo, Service, and Winmarkt Management pertains to business management for properties not owned by the Group, as well as services (facility management) provided at commercial centers owned by the Group and by third parties. The amount attributed to each cash generating unit was determined on the basis of value in use. The figures were retested for impairment during preparation of the financial statements. Value in use was calculated by projecting cash flows estimated in the 2010 budget and in revised plans for 2010-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 5.58%; the risk premium contained in the cost of equity is 4.5%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Most of the change on the previous year is due to:

- the increase in goodwill for recognition of the minimum strike price for the put option on the minority interest in Winmagazin S.A.
- an increase produced by the business combination with Faenza Sviluppo S.r.l., acquired during the year and described earlier.

Note 14) Buildings

Buildings	Balance at 01/01/09	Additions	Disposals	Depreciation	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/09
Historical cost	0	7,987			1			7,988
Accumulated depreciation	0			(128)				(128)
Net carrying value	**0**	**7,987**	**0**	**(128)**	**1**	**0**	**0**	**7,860**

This item refers to the purchase of IGD SIIQ S.p.A.'s head office, at the end of April, through a finance lease.

Note 15) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with additions, disposals, and changes in fair value shown separately.

Investment property 2008	Balance at 01/01/08	Additions	Disposals	Revaluations	Writedowns	Reclassifi-cations	Change in scope of con-solidation	Balance at 31/12/08
Investment property	**947,805**	**75,484**	**(13)**	**7,948**	**(10,536)**	**1,199**	**223,253**	**1,245,140**

Investment property 2008	Balance at 01/01/09	Additions	Disposals	Revaluations	Writedowns	Reclassifi-cations	Change in scope of con-solidation	Balance at 31/12/09
Investment property	**1,245,140**	**157,399**		**21,534**	**(35,259)**	**112,701**	**85,300**	**1,586,815**

The following shopping centers were acquired in 2009:

- Tiburtino (Guidonia, Rome)
- Le Maioliche (Faenza, Ravenna)
- Katanè (Catania)

while the "I Bricchi" mall (Isola d'Asti) was completed and opened during the year, and thus transferred from assets under construction to investment property as shown under the heading "Reclassifications".

This item also includes the down payment and work in progress on the Tiburtino and Katanè shopping centers, as well as the transfer of finished works on the ESP center, which at 31 December 2008 were classified as assets under construction.

The change in the scope of consolidation refers to Le Maioliche, acquired on 8 October 2009.

Minor investments were also made in the shopping centers Afragola, ESP, Borgo, Abruzzo, Portogrande, Lungo Savio, Imola, Livorno and Casilino.

The adjustment to fair value at 31 December 2009 entailed writedowns that exceeded revaluations. The independent appraisal by CB Richard Ellis at 31 December 2009 raised the fair value of certain hypermarkets and most of the new malls, but lowered it for the rest of the portfolio.

The valuation policies used, as certified in the appraisal report, were as follows:

- for malls: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.
- for hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.
- For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used:
  - _ comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
  - _ Income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.
  - _ The values obtained with the above methods are then appropriately mediated.

For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal report by CB Richard Ellis, attached to the financial statements.

Note 16) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
Movements in plant and machinery in 2008 and 2009 are shown below:

Plant and machinery 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/08
Historical cost	1,098	990			(43)	156	(13)	2,188
Accumulated depreciation	(770)			(218)	38	(118)	10	(1,058)
Net carrying value	**328**	**990**	**0**	**(218)**	**(5)**	**38**	**(3)**	**1,130**

Plant and machinery 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/09
Historical cost	2,188	169	(68)				(7)	2,282
Accumulated depreciation	(1,058)		62	(280)			6	(1,270)
Net carrying value	**1,130**	**169**	**(6)**	**(280)**	**0**	**0**	**(1)**	**1,012**

The increase reflects the extraordinary maintenance carried out at Centro Nova shopping center and on IGD's new headquarters.
The following tables show movements in equipment in 2008 and 2009:

Equipment 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/08
Historical cost	1,019	143	(44)		14	231	(19)	1,344
Accumulated depreciation	(562)		37	(127)	35	(49)	15	(651)
Net carrying value	**457**	**143**	**(7)**	**(127)**	**49**	**182**	**(4)**	**693**

Equipment 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/09
Historical cost	1,344	779	(55)		283	65	(13)	2,403
Accumulated depreciation	(651)		12	(230)		(4)	2	(871)
Net carrying value	**693**	**779**	**(43)**	**(230)**	**283**	**61**	**(11)**	**1,532**

The substantial increase in equipment is due mainly to the purchase of the new headquarters. To a small degree it also reflects the new Tiburtino and Katanè malls.
The change in the scope of consolidation refers to equipment acquired through Faenza Sviluppo.
Movements in leasehold improvements in 2008 and 2009:

Leasehold improvements 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/08
Net carrying value	**123**	**1,795**		**(250)**	**(4)**			**1,664**

Leasehold improvements 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifi-cations	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/09
Net carrying value	**1,664**	**178**		**(175)**				**1,667**

There was an increase in leasehold improvements due primarily to the expansion and renovation works at Centro Nova.

Note 17) Assets under construction

Assets under construction 2008	Balance at 01/01/08	Increases	Decreases	Reclassifi-cations	Impairment losses	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/08
Assets under construction	**168,147**	**80,411**	**(46,809)**	**(822)**	**0**	**41,020**	**(61)**	**241,886**

Assets under construction 2009	Balance at 01/01/09	Increases	Decreases	Reclassifi-cations	Impairment losses	Change in scope of con-solidation	Currency translation gain/loss	Balance at 31/12/09
Assets under construction	**241,886**	**22,035**	**(14,125)**	**(112,985)**	**(4,450)**	**54**	**(16)**	**132,399**

The change in assets under construction is due to the following (see Note 44, Commitments and risks):
- further down payments on the preliminary contract in Palermo
- progress on the roadworks of the future shopping center in Chioggia, the restyling of the Afragola center, and works on the retail park at Mondovì
- progress with the investment in the Centro Multifunzionale di Livorno (retail sector only)
- extraordinary maintenance on various Romanian shopping centers
- capitalization of interest according to IAS 23.

The decrease is essentially due to:
- the reimbursement of a down payment due to cancellation of the preliminary contract for the purchase of the shopping center in Trapani
- the transfer to the RGD Group of preliminary contracts for the mall at Il Ducale shopping center in Vigevano (non-consolidated portion)
- the reclassification to investment property of the mall I Bricchi (completed during the year), and of the Tiburtino and Katanè shopping centers (following the final deed of sale), which were opened in 2009
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value.

See section 2.6.2 on the real estate portfolio for further details.

Note 18) Deferred tax assets and deferred tax liabilities

Deferred tax assets consist mainly of the tax effect on IAS entries. There are no deferred tax assets on fiscal losses. The above taxes have been classified as “Non-current deferred tax assets.”

Deferred tax assets and liabilities	31/12/09	31/12/08	Change
Deferred tax assets	12,160	8,102	4,058
Deferred tax liabilities	(48,028)	(41,377)	(6,651)

In detail:

Deferred tax assets from:	31/12/09	31/12/08	Change
Amortization reversal	45	124	(79)
Capital increase	188	624	(436)
IPO costs	0	477	(477)
Goodwill amortization for tax purposes	13	13	0
Taxed provisions	325	167	158
Bonus provision	64	54	10
IAS 40	3,598	547	3,051
Higher land value for tax purposes	762	545	217
IAS 19	1	1	0
Interest rate swaps	3,555	2,043	1,512
Writedowns from impairment testing	648	0	648
Beinasco leasing	2,394	2,787	(393)
Elimination of capital gains	153	526	(373)
Other	414	194	220
Total deferred tax assets	**12,160**	**8,102**	**4,058**

Deferred tax assets relate to:

- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (IPO and capital increase expenses) or expensed in full as they can no longer be capitalized
- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property writedowns in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land
- fair value recognition of interest rate swaps used for hedging purposes (at 31 December 2009 the fair value of these contracts was negative)
- recognition of a loan relating to a finance lease on the Beinasco investment property
- elimination of intercompany capital gains.

Provision for deferred tax liabilities	31/12/09	31/12/08	Change
Depreciation and amortization for tax purposes	117	103	14
Capital gains in installments	66	131	(65)
Tax effect on fair value of properties	45,442	38,692	6,750
Tax effect on post-employment benefits per IAS 19	6	0	6
Tax effect on convertible bond	554	952	(398)
Tax effect on Millennium leasing	1,843	1,499	344
Total deferred tax liabilities	**48,028**	**41,377**	**6,651**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes.
The increase refers primarily to revaluations of investment property and to the change in the scope of consolidation due to the acquisition of Faenza Sviluppo.

Note 19) Sundry receivables and other non-current assets

Other non-current assets	31/12/09	31/12/08	Change
Equity investments	894	479	415
Down payment for purchase of shares	2,000	5,480	(3,480)
Tax credits	4	5	(0)
Beneficial interest	1,807	629	1,178
Security deposits	55	41	14
Total	**4,761**	**6,634**	**(1,873)**

Equity investments	31/12/09	31/12/08	Change
Consorzio Forte di Brondolo	55		55
Iniziative Bologna Nord	773	473	300
Consorzio Proprietari C.C. Leonardo	52		52
Other	14	6	8
Total	**894**	**479**	**415**

Equity investments include the purchase and subsequent capital increase of Immobiliare Bologna Nord (held 15%).
The beneficial interest refers to the corporeal right on the mall at Città delle Stelle shopping center.
The decrease in down payments for the purchase of shares is explained by the termination of the preliminary contract for the purchase of the special purpose vehicle Milano Est S.r.l., designated to build the Peschiera shopping center, and the non-consolidated portion referring to the transfer to the RGD Group of the preliminary contract for the special purpose vehicle Sagittario S.r.l., which owns most of the Vigevano shopping center.

Note 20) Non-current financial assets

Non-current financial assets	31/12/09	31/12/08	Change
Non-current financial assets	**19**	**29**	**(10)**

The change on the previous year concerns the value of derivatives outstanding.

Note 21) Inventory for work in progress

Inventory for work in progress	31/12/09	31/12/08	Change
Multifunctional complex	**55,108**	**49,970**	**5,138**

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased by €5,110K due to the advancement of works and by €28K due to a rise in the consolidation difference allocated to the project.This complex will include residential areas, shopping, services, and overnight accommodation. The shopping section has been restated to assets under construction. See section 2.5 ("Investments") for further details.

Note 22) Trade and other receivables

Trade and other receivables	31/12/09	31/12/08	Change
Trade and other receivables - third parties	17,787	12,722	5.065
Provision for doubtful accounts	(5,754)	(2,450)	(3.304)
	12,033	**10,272**	**1.761**

The increase in trade receivables is due essentially to the growth of revenues with the opening of three shopping centers and a mall in 2009. They are shown net of the provision for doubtful accounts of €5,754K. Movements in the provision for doubtful accounts are shown below:

	31/12/08	Translation effect	Utilizations	Writedown of delinquent interest	Accruals	31/12/09
Provision for doubtful accounts	2,450	(2)	(68)	38	3,336	5,754
Total provision for doubtful accounts	**2,450**	**(2)**	**(68)**	**38**	**3,336**	**5,754**

Note 23) Related party trade and other receivables

Related party trade and other receivables	31/12/09	31/12/08	Change
Parent company	36	391	(355)
Total due from parent company	**36**	**391**	**(355)**
RGD Group		18	(18)
Consorzio dei Proprietari Centro Leonardo	17	0	17
Ipercoop Tirreno	21	21	0
Vignale Comunicazioni S.r.l.	159	0	159
Vignale Immobiliare S.r.l.	0	11	(11)
Unicoop Tirreno Scarl	21	23	(2)
Librerie Coop S.p.A.	29	12	17
Robintur S.p.A.	1	1	0
Total other related parties	248	86	162
Total related parties	**284**	**477**	**(193)**

See Note 40 for comments.

Note 24) Other current assets

Other current assets	31/12/09	31/12/08	Change
Tax credits			
VAT credits	54,664	28,727	25,937
IRES credits	800	1,475	(675)
IRAP credits	40	112	(72)
Due from others			
Due from insurers	14	3	11
Accrued income and prepayments	317	205	112
Deferred costs	355	622	(267)
Other	371	219	152
Total other current assets	**56,561**	**31,363**	**25,198**

Most of the change on the previous year is due to the increase in VAT credits as a result of the purchase and completion of shopping centers opened in 2009. Deferred costs refer to new investments to be completed in coming years.

Note 25) Financial receivables and other current financial assets

Current financial assets	31/12/09	31/12/08	Change
Other financial assets	0	57	(57)
Total due from third parties	**0**	**57**	**(57)**
Parent company	313	123	190
Other related parties	375	528	(153)
Total due from related parties	**688**	**651**	**37**

Financial receivables from related parties concern a loan granted at market rates to Iniziative Immobiliari Bologna Nord (held 15%) and the balance of the pooled account with the parent company Coop Adriatica.

Note 26) Cash and cash equivalents

Cash and cash equivalents	31/12/09	31/12/08	Change
Cash and cash equivalents at banks, financial institutions and post offices	35,678	65,819	(30,141)
Cash on hand	178	67	111
Total cash and cash equivalents	**35,856**	**65,886**	**(30,030)**

Cash and cash equivalents at 31 December 2009 consisted mainly of current account balances and time deposits at banks.

Note 27) Net equity

Movements in net equity are detailed in section 4.4.
As resolved by the annual general meeting, the 2008 profit was allocated as follows:

- to the fair value reserve: €20,867K
- to the legal reserve: €626K
- to each share outstanding, excluding treasury shares, a dividend of €0.035 for a total of €10,440K (taking account of the accretion due as a result of the treasury shares held).

Unallocated earnings of €8,951K were also used to cover the negative reserves generated in prior years by the application of international accounting standards.
Most of the movements in other reserves were a result of:

- the change in derivatives accounted for using the cash flow hedge method;
- the separate recognition of deferred tax liabilities on the bond for the portion corresponding to exempt operations;
- the addition of €1,458K to the translation reserve for the translation of foreign currency financial statements.

Note 28) Non-current financial liabilities

This item mainly includes the convertible bond loan and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/09	31/12/08	Change
Mortgage loans with banks		**544,904**	**323,389**	**221,515**
Banca Pop. di Verona scarl	31/05/2001 - 31/05/2011	1,522	4,489	(2,967)
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	1,615	4,728	(3,113)
Unicredit Banca Impresa S.p.A./Mediocredito	05/04/2001 - 05/04/2011	1,291	3,873	(2,582)
Banca Toscana S.p.A. Casilino	31/12/2001 - 31/12/2015	15,657	18,351	(2,694)
Banca Toscana S.p.A. Casilino	31/12/2001 - 31/12/2013	5,839	7,601	(1,762)
Banca Toscana S.p.A. Livorno	31/12/2001 - 31/12/2013	11,861	15,440	(3,579)
Banca Toscana S.p.A. Livorno	31/12/2001 - 31/12/2013	10,219	13,302	(3,083)
BNL	06/10/2006 - 06/10/2016	20,560	22,398	(1,838)
Interbanca S.p.A.	05/10/2009 - 05/07/2021	138,408	73,377	65,031
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	12,415	13,077	(662)
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	76,741	0	76,741
Unipol Lungo Savio	31/12/2008 - 31/12/2023	11,177	11,570	(393)
Antonveneta	30/11/2007 - 30/11/2012	19,550	13,727	5,823
Unipol Merchant	10/04/2007 - 06/04/2027	89,260	92,241	(2,981)
Carige	17/12/2008 - 30/03/2024	28,325	29,215	(890)
Cassa Risp. Veneto - Mondovi mortgage loan	08/10/2009 - 30/09/2024	29,869	0	29,869
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	18,666	0	18,666
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	51,929	0	51,929
Non-current Financial liabilities (IRS on mortgage loans)		**14,715**	**7,092**	**7,623**
Convertible bond	**28/06/2007 - 28/06/2012**	**211,783**	**205,163**	**6,620**
Due to other sources of finance		**80,277**	**62,397**	**17,880**
Coop Lombardia for Galleria Gran Rondò	31/12/2011	23,000	23,000	0
Due for contingent fee on malls		7,247	0	7,247
Options on equity investments		33,289	27,304	5,985
Hipo Tirol leasing S.p.A.	01/04/2004 - 01/07/2012	2,869	3,833	(964)
New Mall leasing	01/06/2005 - 01/06/2017	7,630	8,260	(630)
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	6,242	0	6,242
Total financial liabilities with third parties		**851,679**	**598,041**	**253,638**
Coop for Faenza Sviluppo loan	31/12/2019	15,000	0	15,000
Total financial liabilities with related parties		**15,000**	**0**	**15,000**

The change in non-current financial liabilities is a result of:
- a new mortgage loan from Mediocredito Italiano for Le Maioliche shopping center in Faenza
- new mortgage loans for the purchase of the Tiburtino shopping center (Carisbo), the Catania shopping center (Credito Siciliano-Mediocreval), and the retail park in Mondovì (Cassa di Risparmio Veneto), as well as an additional drawdown on the Interbanca loan;
- a decrease in existing mortgage loans due to the restatement of amounts due in 2010 to current financial liabilities.

Mortgage loans are secured by properties.
The heading “due to other sources of finance” covers:
- the sum due by 31 December 2011 to Immobiliare Gran Rondò S.r.l. for the purchase of the Crema shopping center, secured by own shares and interests;
- future financial obligations to the minority shareholders of Winmagazin and Portamedicea S.r.l. in connection with options held;
- finance lease payments on the New Mall shopping center and the Millennium center.

Non-current financial liabilities include the fair value recognition of derivatives outstanding at

31 December 2009.
The increase financial payables with related parties concerns the loan received from Coop Adriatica for Le Maioliche shopping center in Faenza.
The following information concerns the convertible bond loan:

- On 28 June 2007 the Group issued a convertible bond of €230,000,000, paying coupons at 2.5%.
- In accordance with IAS 32, this has initially been recognized as a financial liability of €200,305,352, corresponding to the value of a comparable liability with no equity component. The effective interest rate used is 5.53%.
- Under the amortized cost method, the ancillary costs of the bond issue (€4,473,388.98) have been deducted from the amount payable in connection with the bond loan.
- The effect of this method is to increase financial charges, leading to an effective rate of 6.03% (see Note 9).
- The change in 2009 is due to the increase in financial charges.

Covenants

The covenants on loans outstanding at the close of the year are as follows:

- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2009, the ratio was 1.37;
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, the debt-to-equity ratio exceeds 2.0. At the close of 2009, the ratio was 0.91;
- Article 12 bis of the contract with Unipol Banca S.p.A. and Unipol Merchant Banca per le Imprese S.p.A. signed on 26 March 2007 states that the bank can terminate the contract (or increase the spread) if, from 31 December 2007 through maturity, the debt-to-equity ratio exceeds 2.3. At the close of 2009, the ratio was 1.37;
- Article 8 of the contract with Cassa di Risparmio di Bologna signed on 27 March 2009 states that the bank can terminate the contract if, until maturity, the IGD Group's debt-to-equity ratio exceeds 1.6. At the close of 2009, the ratio was 1.37;
- Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 states that the bank can terminate the contract if the financial statements of Faenza Sviluppo Area Marcucci in relation to this activity show a ratio of net external debt to equity plus intercompany financing of more than 2.70. The ratio is presently 2.69;
- Article 87 of the contract with Cassa di Risparmio del Veneto signed on 8 October 2009 states that the bank can terminate the contract if the 2009 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At the close of 2009, the ratio was 1.37;
- Article 13.1.7 of the contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.30, according to the consolidated financial statements for 2009 and subsequent years. Art. 13.1.8 also allows the bank to withdraw if, any time between utilization and final maturity, the LTV ratio exceeds 70%. At the close of 2009, the ratio was 1.37.

The table below shows the amount of loans directly allocable to investment property at 31 December 2009 and the average maturity:

Project/asset	Carrying value of asset	Direct financial debt	Form	Average maturity
Investment property	**1,586,815**	469,086	Mortgage loans, finance leases and bullet loans	12.70

Note 29) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

Severance indemnity provision	Balance at 31/12/07	Transfer	Utilization	Accrual	Financial charges - IAS 19	Balance at 31/12/08
Severance indemnity provision	**364**	**0**	**(82)**	**203**	**16**	**501**

Severance indemnity provision	Balance at 31/12/08	Transfer	Utilization	Accrual	Financial charges - IAS 19	Balance at 31/12/09
Severance indemnity provision	**501**		**(95)**	**123**	**24**	**552**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

	2009	2008
Balance at 01/01	**501**	**364**
Current cost of service	136	92
Financial charges	24	16
Actuarial (gains)/losses	(33)	100
(Benefits paid)	(76)	(71)
Balance at 31/12	**552**	**501**

The provision qualifies as a defined benefit plan.

The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the Group's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic assumptions	Employees
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of resignation	2%
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Financial assumptions	2009
Cost of living increase	2.00%
Discount rate	4.40%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

Note 30) General provisions

General provisions	31/12/08	Utilizations	Accruals	31/12/09
Provision for legal risk (Laterizi dispute)	65			65
Provision for taxation	60	(60)		0
Bonus provision	437	(437)	491	491
Other general provisions	76	(65)	60	71
Provision for shopping center penalties	0		100	100
Provision for Guidonia penalties	1,915	(1,671)		244
TOTAL	**2,553**	**(2,233)**	**651**	**972**

Provision for Laterizi dispute
The provision for the Laterizi dispute was made in prior years to cover potential risks stemming from lawsuits filed by customers of Centro Leonardo S.p.A., which was merged into IGD in 2001. The cases are still pending.
Provision for taxation
This provision was used to cover assessments that are still pending before the tax commission.
Bonus provision
The bonus provision relates to the variable compensation accrued to employees in 2010 on the basis of the Company's estimated results. The utilization refers to the payment made in 2009.
Other general provisions
The accrual for the year covers potential liabilities from pending lawsuits with operators.
Provision for Guidonia penalties
This was set up in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center.
At 31 December 2009, utilizations for settlements amounted to €1,671K. There are only a few situations left to resolve.
Provision for shopping center penalties
This provision covers any damages resulting from the temporary closure of a hypermarket located in a shopping center in southern Italy.

Note 31) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/09	31/12/08	Change
Accrued liabilities and deferred income	7,270	7,323	(53)
Substitute tax for SIIQ status (due beyond one year)	12,319	18,479	(6,160)
Substitute tax for Decree Law 185 (due beyond one year)	435	0	435
Other liabilities	207	308	(101)
Total	**20,231**	**26,110**	**(5,879)**

The decrease in liabilities is essentially explained by the payment of the 2009 installment of the substitute tax due as a result of opting for SIIQ status and the decision to pay taxes in installments. Related party payables are shown below:

Related party sundry payables and other non-current liabilities	31/12/09	31/12/08	Change
Parent company	*8,207*	*8,207*	*0*
Security deposits from Coop Adriatica	8,207	8,207	0
Related parties	3,502	3,416	86
Security deposits from Ipercoop Tirreno S.p.A.	3,352	3,266	86
Security deposits from Vignale Immobiliare S.p.A.	150	150	0
Total	**11,709**	**11,623**	**86**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. They accrue interest at rates allowed by the law on leasing.

Note 32) Current financial liabilities

Current financial liabilities	Duration	31/12/09	31/12/08	Change
Due to banks				
Banca Pop. Emilia Romagna - Hot money		0	5,000	(5,000)
Banca Pop. Emilia Romagna - Bologna	non-revolving	2,637	13,034	(10,397)
Carisbo - Hot money	15/12/2009 - 15/03/2010	10,000	10,000	0
BNL - Bologna	09/12/2009 - 11/01/2010	20,000	15,015	4,985
Banca Toscana MPSA - Hot money	30/11/2009 - 02/03/2010	25,074	0	25,074
BNL - Bologna	non-revolving	10,000	10,000	0
Cassa Risparmio PD RO - Hot money	07/12/2009 - 08/03/2010	10,008	10,094	(86)
Cassa Risparmio PD RO - Rovigo Finanz.	23/12/2008 - 23/06/2010	30,011	30,032	(21)
Unipolbanca - Bologna	07/12/2009 - 07/03/2010	16,821	22,519	(5,698)
Total		**124,551**	**115,694**	**8,857**
Mortgage loans with banks				
Banca Pop. di Verona scarl	31/05/2001 - 31/05/2011	2,993	2,916	77
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	3,119	2,984	135
Unicredit Banca Impresa/Mediocredito	05/04/2001 - 05/04/2011	2,602	2,673	(71)
Banca Toscana S.p.A. Casilino 1	31/12/2001 - 31/12/2015	2,694	2,564	130
Banca Toscana S.p.A. Casilino 2	31/12/2001 - 31/12/2013	1,762	1,677	85
Banca Toscana S.p.A. Livorno 1	31/12/2001 - 31/12/2013	3,579	3,407	172
Banca Toscana S.p.A. Livorno 2	31/12/2001 - 31/12/2013	3,083	2,935	148
BNL - Rimini mortgage loan	06/10/2006 - 06/10/2021	1,908	2,179	(271)
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	781	1,003	(222)
Unipol Lungo Savio	31/12/2008 - 31/12/2023	395	400	(5)
Interbanca loan	05/10/2009 - 06/10/2021	10,587	926	9,661
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	1,031	0	1,031
Antonveneta mortgage loan	30/11/2007- 30/11/2012	2	2	0
Unipol Merchant	10/04/2007 - 06/04/2027	3,283	4,303	(1,020)
Carige	17/12/2008 - 30/03/2024	900	638	262
Cassa Risp. Veneto - Mondovi mortgage loan	08/10/2009 - 30/09/2024	0	0	0
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	1,071	0	1,071
Mediocredito Italiano Faenza	05/10/2009 - 30/06/2029	2,821	0	2,821
Total mortgage loans with banks		**42,611**	**28,607**	**14,004**
Due to leasing companies and bondholders				
Hipo Tirol leasing S.p.A.	01/04/2004 - 01/07/2012	964	939	25
New Mall leasing	01/06/2005 - 01/06/2017	655	635	20
Lease for IGD HQ	30/04/2009 - 30/04/2027	249	0	249
Convertible bond	28/06/2007 - 28/06/2012	2,930	2,930	0
Total due to leasing companies and bondholders		**4,798**	**4,504**	**294**
Total current financial liabilities with third parties		**171,960**	**148,805**	**23,155**
Due to affiliate				
COOP for Lungo Savio loan		0	47	(47)
COOP pooled account		66	27,975	(27,909)
COOP for Larice loan		25,228	25,660	(432)
Coop for Faenza Sviluppo loan		447		447
Total due to related parties		**25,741**	**53,682**	**(27,941)**
Total current financial liabilities with related parties		**25,741**	**53,682**	**(27,941)**

Most of the change in financial liabilities with third parties relates to new hot money loans and to the current portion of new mortgage loans, as well as the short-term portion of the Interbanca loan, which has a new amortization schedule as a result of the final drawdown. This item includes the liability on the bond loan accrued at 31 December 2009 and the current portion of mortgage loans outstanding, including interest accrued. The decrease in current financial liabilities with related parties reflects the reduced exposure to the parent company, Coop Adriatica, with regard to the pooled account. Transactions with the parent company are settled at arm's length.

Note 33) Net debt

Net financial position	31/12/09	31/12/08
Cash and cash equivalents	(35,856)	(65,886)
Related party financial receivables and other current financial assets	(688)	(651)
Financial receivables and other current financial assets	0	(57)
Liquidity	**(36,544)**	**(66,594)**
Related party current financial liabilities	25,741	53,682
Current financial liabilities	124,551	115,694
Mortgage loans - current portion	42,611	28,607
Finance leases - current portion	1,868	1,574
Convertible bond loan - current portion	2,930	2,930
Current debt	**197,701**	**202,487**
Current net debt	**161,157**	**135,893**
Non-current financial assets	(19)	(29)
Non-current financial liabilities due to other sources of finance	63,536	50,304
Finance leases - non-current portion	16,741	12,093
Non-current financial liabilities	544,904	323,389
Related party non-current financial liabilities	15,000	0
Convertible bond loan	211,783	205,163
Derivatives	14,715	7,092
Non-current net debt	**866,660**	**598,012**
Total net debt	**1,027,817**	**733,905**

Please see the directors' report for further information on net debt.

Note 34) Trade and other payables

Trade and other payables	31/12/09	31/12/08	Change
Trade payables	**12,277**	**30,234**	**(17,957)**

Trade payables do not charge interest and are usually settled within the following two months. Trade payables decreased due mainly to the balance paid on the land and buildings of the multifunctional complex in Livorno.

Note 35) Related party trade and other payables

Related party trade and other payables	31/12/09	31/12/08	Change
Parent company	2,339	628	1,711
Other related parties:	*57*	*0*	*57*
Consorzio Proprietari Leonardo	*57*	*0*	*57*
Total related parties	**2,396**	**628**	**1,768**

See Note 40 for comments.

Note 36) Current tax liabilities

Current tax liabilities	31/12/09	31/12/08	Change
IRPEF	385	388	(3)
IRAP	65	197	(132)
IRES	45	573	(528)
VAT	188	269	(81)
Environmental consortium	2	17	(15)
Other taxes	13	330	(317)
Substitute tax for reval. Decree 185	450	1,306	(856)
Substitute tax for SIIQ status	6,360	6,806	(446)
Total current tax liabilities	**7,508**	**9,886**	**(2,378)**

This item consists mainly of employee withholding tax, the tax substituting IRES and IRAP (due in June 2009) as a result of opting for SIIQ status, the substitute tax on revaluations made by Immobiliare Larice S.r.l. in accordance with Decree 185 of 29 November 2008 (the "economic stimulus decree" approved with Law 2/2009 of 27 January 2009) on the Sarca investment property, IRES due by companies not included in the group tax election, and the Group's IRAP liability for 2009.

Note 37) Other current liabilities

Other current liabilities	31/12/09	31/12/08	Change
Social security	296	252	44
Accrued liabilities and deferred income	1,059	1,532	(473)
Deferred revenues	0	1,461	(1,461)
Insurance	31	25	6
Due to employees	482	476	6
Security deposits received	2,946	4,477	(1,531)
Unclaimed dividends	1	1	0
Advances due within one year	3	67	(64)
Other liabilities	324	291	33
Total other liabilities	**5,142**	**8,582**	**(3,440)**

The decrease in this item concerns the reimbursement of security deposits, replaced by sureties, and the transfer to the income statement of revenues pertaining to the period in connection with the opening of the new shopping centers.

Note 38) Related party other current liabilities

Related party other current liabilities	31/12/09	31/12/08	Change
	170	0	170
Total other liabilities with related parties	**170**	**0**	**170**

See note 40.

Note 39) Dividends paid and proposed

IGD will propose a dividend on the basis of the separate financial statements of the parent company for the year ended 31 December 2009, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 23 April 2009 (the AGM that approved the 2008 financial statements), a dividend of €0.035 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €10,439,544.

Note 40) Information on related parties

Below is the information required by paragraph 17 of IAS 24.

Information on related parties	Receivables and other current assets	Payables and other liabilities	Revenues - other income - financial income	Costs and financial charges	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica Scarl	349	51,458	20,098	3,569		60	(12)
Robintur S.p.A.	1	0	232	0		0	
Librerie Coop S.p.A.	29	0	514	0		0	
Unicoop Tirreno Scarl	21	150	4,737	90		0	
Ipercoop Sicilia	0	0	388	0		0	
Vignale Comunicazione S.r.l.	159	0	453	0		0	
Ipercoop Tirreno S.p.A.	21	3,352	2,031	86		0	
RGD Group	0	0	385	0	(2,000)		(5,527)
Cons. Forte di Brondolo	0	0	2	0		607	
Consorzio Proprietari Leonardo	17	55	217	4		7	
Iniziative Bologna Nord	375		15				
Total	**972**	**55,014**	**29,072**	**3,750**	**(2,000)**	**673**	**(5,539)**
Amount reported	***124,681***	***1,116,305***	***122,348***	***80,870***	***16,940***	***1,743,421***	***1,743,421***
Ratio	***0.78%***	***4.93%***	***23.76%***	***4.64%***	***-11.81%***	***0.04%***	***-0.32%***

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A. and Librerie Coop S.p.A.), with companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted under arm's-length conditions and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:
- assets and income for the leasing of properties used as hypermarkets;
- liabilities and costs for the rental/use of malls owned by Coop Adriatica;
- liabilities and costs for Coop Adriatica's supply of services in the areas of equity and EDP;

- capitalized costs for services in connection with various real estate initiatives;
- financial collection and payment transactions in the context of treasury services.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.

Transactions with Ipercoop Sicilia concern assets and income from the leasing of properties used as hypermarkets.

Transactions with Ipercoop Tirreno consist of:
- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Librerie Coop S.p.A. concern receivables and income for the leasing of properties inside shopping centers.

Transactions with Iniziative Immobiliari Bologna Nord, held 15%, refer to a loan granted to the company at market interest rates.

Note 41) Management of financial risk

The Group's financial instruments other than derivatives include bank loans and sight/short-term deposits. Such instruments are used to finance its operations. The Group has other financial instruments as well, such as trade payables and receivables, which derive from its operating activities. It has also engaged in interest rate swaps. The purpose of these is to manage the interest rate risk generated by the Group's transactions and sources of financing. The main risks produced by the Group's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies to manage these risks, as summarized below. The Group also monitors the market price risk generated by financial instruments. The accounting standards for hedge derivatives are mentioned in the following note.

Interest rate risk
The Group's exposure to market risk due to changes in interest rates concerns its long-term loans with banks, whose conditions and maturities are reported in Note 28. To manage this risk efficiently, the Group purchases interest rate swaps with which it agrees to exchange, at specific intervals, the difference between fixed-rate interest and floating-rate interest calculated on a predefined notional principal amount. The swaps are designated to hedge the underlying obligations.

Foreign exchange risk
The Group uses the euro as its accounting currency for all purchases and sales.

Price risk
The Group's exposure to price risk is minimal, as revenues and costs are defined in long-term contracts.

Credit risk
The IGD Group only deals with well-known, reliable customers and about 27% of its core revenues are earned from related parties.

Capital management
The primary objective of the Group's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value. The Group manages the capital

structure and adapts it to changing economic conditions. To maintain or adapt the capital structure, it can adjust the level of dividends paid, reimburse share capital, or issue new shares. No changes were made to objectives, policies or procedures in 2008 and 2009. The Group monitors its financial solidity by means of the debt-to-equity ratio, which compares net debt to total equity plus net debt. In net debt it includes interest-bearing loans and trade and other payables, net of cash and cash equivalents. Equity includes the capital attributable to the shareholders of the parent company, less retained earnings.

Capital management	31/12/09	31/12/08
Interest bearing loans	1,064,380	800,528
Trade and other payables	19,985	39,444
Cash and cash equivalents	(36,544)	(66,594)
Net debt	**1,047,821**	**773,378**
Net equity	747,533	742,816
Undistributed net profit	(14,914)	(10,440)
Total capital	**732,619**	**732,376**
Capital and net debt	**1,780,440**	**1,505,754**
Debt/equity ratio	*58.85%*	*51.36%*

Note 42) Derivative instruments

The IGD Group has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads.
The contracts are detailed below:

	UBM 4°	UBM 5°	UBM 6°	Monte Paschi Finance 1	Monte Paschi Finance 2	Monte Paschi Finance 3	Monte Paschi Finance 4	BNP Paribas
Nominal amount	3,873,427	4,381,969	4,727,695	28,742,473	18,350,918	7,601,315	22,461,538	92,500,000
Inception date	05/10/04	31/05/05	31/05/05	31/12/04	31/12/04	31/12/04	06/10/06	06/10/07
Maturity	05/04/11	31/05/11	31/05/11	31/12/13	31/12/15	31/12/13	06/10/16	06/10/17
IRS frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Quarterly	Quarterly
Bank rate	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.35%	3.10%	3.10%	3.20%	3.39%	3.23%	3.84%	4.38%

	Aletti Interbanca	BNP Interbanca	MPS 10198433	MPS 10201705	Carisbo	Carisbo 910270202	MPS 87065
Nominal amount	25,000,000	25,000,000	25,000,000	25,000,000	13,076,526	24,585,128	24,585,128
Inception date	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09	28/10/09
Maturity	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	05/10/21
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Note 43) Subsequent events

As of the approval date, no events have occurred since 31 December 2009 that would require the Group to adjust the figures in the financial statements or report elements not previously disclosed.

Note 44) Commitments and risks

At 31 December 2009 the Group had the following purchase and sale commitments:

- preliminary agreement for the acquisition from an unrelated party of a mall (14,000 square meters GLA) in Palermo; price €46.9 million, of which €32.1 million already provided as down payment and advances;
- preliminary agreement for the purchase of a mall in Vigevano. The provisional price is €43.7 million, of which €15 million provided as a down payment;
- agreement for a joint venture with Gam (a member of the Despar Italia Group), an unrelated party that develops and manages shopping centers in southern Italy. The new company will own a shopping center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. The agreement gives IGD the option, once the start-up phase is over and by the end of 2009, to acquire a 50% interest in the company that owns Centro Commerciale di Vibo (with an estimated value of €70 million). This can take place through the subscription of a private capital increase of up to €70 million, should new development opportunities arise in the area of interest, or through the outright purchase of a stake;
- preliminary agreement for the acquisition of a mall in Gorizia; €7.35 million has been provided as a down payment. This project involves the construction of a hypermarket with attached mall of around 14,300 square meters GLA. IGD's investment is limited to the mall, for a price of €49 million. The center is scheduled to open during the first half of 2011;
- preliminary agreement for the purchase from a related party (Porta Medicea S.r.l.) of the retail section of the Centro Multifunzionale in Livorno, for €77 million;
- the real estate transaction "Darsena City" in Ferrara, which pursues a single goal but will take place in two separate phases involving a number of different contracts, including:
  a. the purchase of a shopping center of 16,368 square meters GLA plus mall and parking lot, for €56 million (subject to adjustment), with a six-year lease and plans for future expansion;
  b. a preliminary contract for the purchase of a building under construction adjacent to the above with an area of 10,500 square meters, for additional GLA of approximately 3,960 square meters, against consideration of about €19.9 million subject to adjustment;
  c. a preliminary company acquisition contract for the entire complex to be created along with the property under construction, at a provisional price of €1 million, subject to adjustment depending on the revenues the company is earning at the time of the definitive transfer of ownership;
  d. a statement defining the contractual links among the various agreements and setting the definitive criteria for determination of the final price of the company and the building under construction and for any price adjustment of the property sold. The seller will have an option to withdraw from the preliminary contracts should the total price of the transaction be less than €70.7 million, provided the seller buys back the property indicated in letter a;
- preliminary contract for the purchase of an additional portion of the Beinasco mall, against payment of 5.8% of rent received;

The advances and down payments made by the Group are backed by sureties.

Note 45) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings, except for a recommendation to pay registration tax on four unregistered preliminary contracts subject to VAT, for approximately €170K including penalties and interest, and to revalue closing inventories for about €645K.
Based on an analysis of the grounds stated in the report, the tax authorities' claims were contested at the administrative and litigative level.
As far as the registration tax is concerned, the company paid the amount required and immediately filed for a refund, on the reasoning that the definitive contracts were subject to VAT, so taxation of the down payment at the proportional rate of 0.50%, as required by the tax authorities, violates the principle that either VAT or registration tax is due, pursuant to Art. 40 of Presidential Decree 131/86. Thus, the registration tax constitutes double taxation and should not have been paid. In October, the refund was denied by the Provincial Tax Commission of Ravenna; the Company plans to appeal that decision with the Regional Tax Commission.
As for the valuation of inventories, the Company filed a response stating that the finding stems from an incorrect interpretation of the type of contract (sale of a future asset, rather than a commissioned job), whose proper classification subjects it to a different set of tax rules. When the response was rejected, the Company appealed the assessment with the Provincial Tax Commission of Ravenna, and is confident that the dispute will be resolved in IGD's favor.

Note 46) IFRS 7 - "Financial instruments: disclosures"

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:
- Financial assets measured at fair value through profit and loss: at 31 December 2009 the Group had no financial instruments in this category.
- Held to maturity investments: the Group has no financial instruments belonging to this category;
- Loans and receivables: in this category the Group has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment);
- Available-for-sale financial assets: the Group has no financial instruments belonging to this category.

There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Balance sheet items

The Group's financial instruments are included in the balance sheet as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.

The balance sheet items are classified below according to the categories required by IAS 39 at 31 December 2008 and 31 December 2009:

Classification 31/12/2009	Book value										Fair value
	Financial assets/liabilities at fair value	Held for trading financial assets/liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments6	Total	of which current	of which non-current	
Assets											
Misc receivables and other assets											
- equity investments			894					894		894	894
- down payments for purchase of quotas			2,000					2,000		2,000	2,000
- due from others											
- security deposits			55					55		55	55
- real property rights			1,807					1,807		1,807	1,807
Financial assets											
Trade and other receivables											
- trade receivables			12,033					12,033	12,033		12,033
- due fr others											
- other receivables											
- supplier advances											
Trade and other receivables fr related parties											
- fr parent company			36					36	36		36
- fr related parties			248					248	248		248
Other assets											
- monthly advances											
- insurance credits			14					14	14		14
- accrued income and prepaid expenses			317					317	317		317
- suspended costs			355					355	355		355
- other			371					371	371		371
Financial receivables and other financial assets											
- other financial assets											
- fr parent company			313					313	313		313
- fr related parties			375					375	375		375
Cash and cash equivalents											
- bank and post office accounts			35,678					35,678	35,678		35,678
- cash			178					178	178		178
Total financial assets	**-**	**-**	**54,675**	**-**	**-**	**-**	**-**	**54,675**	**49,918**	**4,756**	**54,675**
Liabilities											
Financial liabilities											
- IRS							14,715	14,715		14,715	14,715
- bank payables						124,551		124,551		124,551	124,551
- leasing						18,609		18,609	1,868	16,741	18,609
- convertible bond						214,713		214,713	2,930	211,783	221,201
- amounts owed other sources of finance						30,247		30,247		30,247	80,109
- valuation equity investments						33,289		33,289		33,289	
- amts owed banks for mortgage loans						587,515		587,515	42,611	544,904	593,887
Financial liabilities w related parties											
- amts owed associate (TCA)						40,741		40,741	25,741	15,000	40,741
Misc payables and other liabilities											
- accruals and deferrals						7,270		7,270		7,270	7,270
- deposits								0			
- other liabilities						207		207		207	207
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207		8,207		8,207	8,207
- amts owed related parties						3,502		3,502		3,502	3,502
Trade and other payables						**12,277**		**12,277**	**12,277**		**12,277**
Trade and other payables w related parties											
- amts owed parent company						2,339		2,339	2,339		2,339
- amts owed related parties						57		57	57		57
Other liabilities											
- accruals and deferrals						1,059		1,059	1,059		1,059
- suspended revenues						0		0			0
- insurance						31		31	31		31
- security deposits						2,946		2,946	2,946		2,946
- amts owed shareholders for dividends						1		1	1		1
- amts owed directors								0			
- down payments due						3		3	3		3
- other liabilities						324		324	324		324
Other liabilities w related parties						**170**		**170**	**170**		**170**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**1,088,058**	**14,715**	**1,102,773**	**92,357**	**1,010,416**	**1,132,207**

Classification 31/12/2008	Book value										Fair value
	Financial assets/liabilities at fair value	Held for trading financial assets/ liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments6	Total	of which current	of which non-current	
Assets											
Misc receivables and other assets1											
- equity investments			479					479		479	479
- down payments for purchase of quotas			5,480					5,480		5,480	5,480
- due from others			20					20		20	20
- security deposits			41					41		41	41
- real property rights			629					629		629	629
Financial assets							**9**	**9**		**9**	**9**
Trade and other receivables											
- trade receivables			10,272					10,272	10,272		10,272
- due fr others											0
- other receivables											0
- supplier advances											0
Trade and other receivables fr related parties											**0**
- fr parent company			391					391	391		391
- fr related parties			86					86	86		86
Other assets											**0**
- monthly advances			0					0	0		0
- insurance credits			3					3	3		3
- accrued income and prepaid expenses			205					205	205		205
- suspended costs			622					622	622		622
- other			219					219	219		219
Financial receivables and other financial assets											**0**
- other financial assets			57					57	57		57
- fr parent company			123					123	123		123
- fr related parties			528					528	528		528
Cash and cash equivalents											**0**
- bank and post office accounts			65,819					65,819	65,819		65,819
- cash			67					67	67		67
Total financial assets	**-**	**-**	**85,041**	**-**	**-**	**-**	**9**	**85,050**	**78,392**	**6,658**	**85,050**
Liabilities											
Financial liabilities											
- IRS							7,092	7,092		7,092	7,092
- bank payables						115,694		115,694	115,694		115,694
- leasing						13,667		13,667	1,574	12,093	12,624
- convertible bond						208,093		208,093	2,930	205,163	191,589
- amounts owed other sources of finance						23,000		23,000		23,000	23,073
- valuation equity investments						27,304		27,304		27,304	27,304
- amts owed banks for mortgage loans						351,996		351,996	28,607	323,389	351,815
Financial liabilities w related parties											
- amts owed associate (TCA)						53,682		53,682	53,682		53,682
Misc payables and other liabilities											
- accruals and deferrals						7,323		7,323		7,323	7,323
- deposits											
- other liabilities						308		308		308	308
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207		8,207		8,207	8,207
- amts owed related parties						3,416		3,416		3,416	3,416
Trade and other payables						**30,234**		**30,234**	**30,234**		**30,234**
Trade and other payables w related parties											
- amts owed parent company						628		628	628		628
- amts owed related parties								0			0
Other liabilities5											
- accruals and deferrals						1,532		1,532	1,532		1,532
- suspended revenues						1,461		1,461	1,461		1,461
- insurance						25		25	25		25
- security deposits						4,477		4,477	4,477		4,477
- amts owed shareholders for dividends						1		1	1		1
- amts owed directors						12		12	12		12
- down payments due						67		67	67		67
- other liabilities						280		280	280		280
Other liabilities w related parties											
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**851,407**	**7,092**	**858,499**	**241,204**	**617,295**	**840,845**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.

To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.

The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2009 a credit spread of 1.50% was applied to loans with a remaining life of more than 10 years, and of 1% to those maturing earlier. At 31 December 2008 the credit spread applied was 1.50%.

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral pledged	Book value		Amount guaranteed	Expiration	Conterparty
	31/12/09	31/12/08			
Security depostis					
- Misc receivables and other assets	55	41			
- Other current assets	0	57			

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	31/12/09	31/12/08
Opening balance	**2,450**	**2,491**
Impairment		
- individual impairment	3,374	634
Utilization in the year	**-68**	**-791**
Writebacks		
Other movements	**-2**	**116**
Total	**5,754**	**2,450**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.

For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€2,848K in 2009 and to -€4,179K in 2008. The effects of fair value changes in the derivatives held by consolidated subsidiaries, charged to the undistributed earnings reserve under equity (net of the tax effects) amounted to -€1,140K in 2009 and -€5,154K the previous year.

Income statement 31/12/2009	Book value						
	Financial assets/ liabilities valued at fair value	Held for trading financial assets/ liabilities at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							-5,357
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			3,374				
- Other assets							
Total			**3,374**				**-5,357**
31/12/2008							
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							2465
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			634				
- Other assets							
Total	**0**	**0**	**634**	**0**	**0**	**0**	**2,465**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	31/12/2009	31/12/08
Interest income fr financial assets not measured at fair value		
- Deposits	2,651	5,608
- Misc receivables and other assets		
- Amts due fr associates	16	154
- Amts due fr subsidiaries	26	81

Interest payable	31/12/2009	31/12/08
Interest payable on financial assets not measured at fair value		
- Security deposits	332	332
- Deposits	2,652	2,043
- Trade and other payables		
- Other amts owed and liabilities	1,182	1,083
- Amts owed associates (TCA)	722	964
- Amts owed subsidiaries		
- Financial liabilities		
- Mortgage loans	14,213	17,139
- Leasing	447	673
- Convertible bond	12,371	12,010

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives", although on the balance sheet they are included under "financial assets".

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	31/12/2009	31/12/08
Receivables and loans		
Misc receivables and other assets	4,756	5,541
Financial assets		
Trade and other receivables	12,033	10,272
Trade and other receivables fr related parties	284	477
Other assets	1,057	1,049
Cash and cash equivalents	35,678	65,819
Financial receivables and other financial assets	688	123
Amts owed fr third parties (securities)		57
Hedging instruments		**9**
Guarantees		
Total	**54,497**	**83,347**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2009 Liabilities	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non derivative financial instruments								
Trade and other payables								0
Mortgage loans	4,587	945	48,581	27,448	58,604	170,589	521,391	832,145
Leasing	243		248	508	1,049	2,173		4,220
Convertible bond			5,830		5,830	235,846		247,506
Amts owed other sources of finance		72	99	233	23,670			24,074
S/T credit lines	21	125						145
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**4,850**	**1,143**	**54,758**	**28,189**	**89,152**	**408,608**	**521,391**	**1,108,091**
Derivative financial instruments								
Interest rate swaps	-1,861	0	-3,016	-4,047	-5,547	-4,021	3,479	-15,012
Total	**-1,861**	**0**	**-3,016**	**-4,047**	**-5,547**	**-4,021**	**3,479**	**-15,012**
Exposure at 31/12/2009	*2,990*	*1,143*	*51,742*	*24,142*	*83,605*	*404,587*	*524,871*	*1,093,079*

Maturity analysis at 31/12/2008 Liabilities	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	3,528	637	15,137	18,716	72,573	112,114	265,779	488,483
Leasing	266	455	721	1,442	2,884	8,692	12,286	26,746
Convertible bond	0	0	5,830	0	5,830	241,660	0	253,319
Amts owed other sources of finance	0	209	214	340	757	23,939	0	25,459
S/T credit lines	0	0	108	1,720	434	0	0	2,262
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**3,795**	**1,300**	**22,010**	**22,217**	**82,477**	**386,405**	**278,064**	**796,269**
Derivative financial instruments								
Interest rate swaps	324	0	-354	-795	-3,270	-2,282	-693	-7,070
Total	**324**	**0**	**-354**	**-795**	**-3,270**	**-2,282**	**-693**	**-7,070**
Exposure at 31/12/2008	*4,118*	*1,300*	*21,656*	*21,422*	*79,207*	*384,124*	*277,371*	*789,199*

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.

Floating-rate instruments expose the Group to interest rate risks on cash flows, while fixed-rate instruments expose the Group to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7. The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - exposure and sensitivity analysis	Reference benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31/12/09	31/12/08	31/12/09	31/12/08	31/12/09	31/12/08	31/12/09	31/12/08
Interest bearing assets	Euribor	507	944	-127	-944				
Hot money	Euribor	-464	-408	116	408				
Floating rate financial liabilities in cash flow hedge	Euribor	-6,154	-3,692	1,538	3,692				
Hedging instruments	Euribor								
- cash flow		3,449	2,064	-862	-2,064				
- fair value						16,708	7,804	-4,348	-8,129
Totale		**-2,662**	**-1,092**	**665**	**1,092**	**16,708**	**7,804**	**-4,348**	**-8,129**

The assumptions underlying the sensitivity analysis are as follows:

- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial parallel shift in the interest rate curve was assumed to be ±100 basis points;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant;
- for the sake of comparison, the same measurement was conducted on 2009 and 2008.

The method used to analyze and determine significant variables did not change since the previous year.

4.7 | Direction and Control

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the direction and control of that company.
Pursuant to paragraph 4 of Article 2497 bis of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	2008	2007
Balance sheet (per civil code art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,381,175,824	966,199,236
C) - current assets	1,812,867,757	1,878,700,339
D) - accrued income and prepayments	18,168,669	4,053,366
Total assets	**3,212,212,250**	**2,848,952,940**
Equity and liabilities		
A) - net equity	809,695,721	676,169,288
B) - general provisions	29,476,968	35,333,996
C) - provision for employee severance indemnities	77,725,916	77,933,303
D) - payables	2,286,684,578	2,051,313,429
E) - accrued liabilities and deferred income	8,629,068	8,202,924
Total equity and liabilities	**3,212,212,250**	**2,848,952,940**
Memorandum accounts	***601,553,959***	***358,587,741***
Income statement (per civil code art. 2425)		
A) - production value	1,926,011,924	1,789,212,834
B) - production costs	(1,913,929,551)	(1,784,384,530)
C) - financial income and charges	39,985,969	40,318,249
D) - adjustments to the value of financial assets	(30,039,503)	(14,528,798)
E) - extraordinary income and charges	1,861,241	206,749
Income taxes	(4,711,688)	(14,486,449)
Net profit	**19,178,391**	**16,338,055**

4.8 Information Pursuant to Art. 149-*duodecies* of Consob's Regulations for Issuers

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Regulations for Issuers, shows the fees pertaining to 2009 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

In €/000	Service provider	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	123
	Reconta Ernst & Young S.p.A.	Subsidiaries	33
	Mazars S.p.A.	RGD Group subsidiaries	11
	Ernst & Young S.r.l.	Romanian subsidiaries	52
TOTAL			**219**

4.9 Certification of the Consolidated Financial Statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION
ADOPTED WITH RESOLUTION
11971 OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:

   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2009.

2. We also confirm that:
   2.1. the consolidated financial statements:
      a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
      b) correspond to the ledgers and accounting entries;
      c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ S.p.A. and of the companies included in the consolidation;
   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of IGD SIIQ S.p.A. and the companies in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Bologna, 11 March 2010

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

4.10 External Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. and its subsidiaries (the "IGD SIIQ S.p.A.Group") as of and for the year ended December 31, 2009, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the statement of changes in consolidated net equity, the consolidated statement of cash flow and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. With respect to the consolidated financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated March 30, 2009.

4. In our opinion, the consolidated financial statements of IGD SIIQ S.p.A.Group at December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of IGD SIIQ S.p.A.Group for the year then ended.

5. As required by the law, the Company included in the explanatory notes of the consolidated financial statements certain selected financial data derived from the financial statements of the Company that exercises control and coordination activities. Our opinion on the consolidated financial statements of IGD SIIQ S.p.A. Group as of December 31, 2009, does not cover such selected data.

6. The management of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. is responsible for the preparation of the Management Report and the annual report on corporate governance and ownership structures, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Management

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.
Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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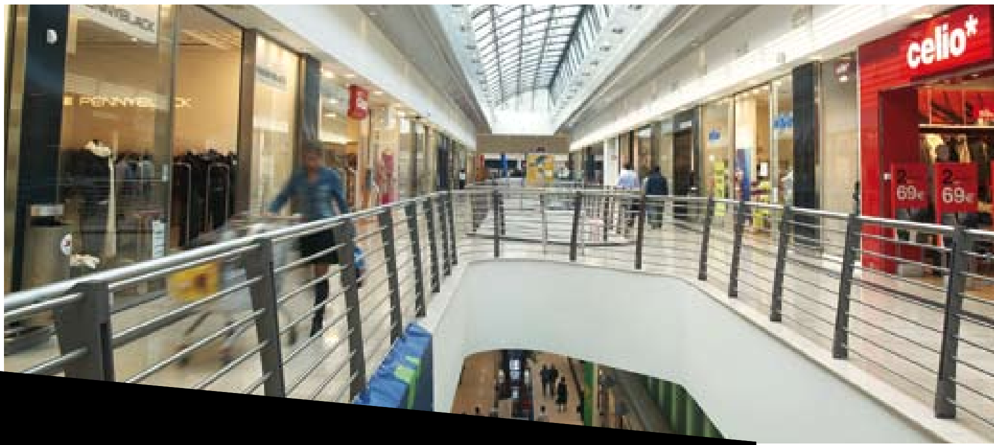
Report and on the information reported in compliance with art. 123-bis of Italian Legislative Decree n° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structures with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report and the information reported in compliance with art. 123-bis of Italian Legislative Decree n° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the report on corporate governance and ownership structures are consistent with the consolidated financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2009.

Bologna, Italy
March 31, 2010

Reconta Ernst & Young S.p.A.
signed by: Andrea Nobili, partner

5



Separate financial statements

at 31 December 2009

5.1 | Income Statement

Income statement (in EUR)	Note	2009 (A)	2008 (B)	Change (A-B)
Revenues:	**1**	**66,527,038**	**52,177,729**	**14,349,309**
- from third parties		39,414,598	25,779,480	13,635,118
- from related parties		27,112,440	26,398,249	714,191
Other income:	**2**	**3,091,182**	**2,731,575**	**359,607**
- from third parties		2,010,082	1,514,278	495,804
- from related parties		1,081,100	1,217,297	(136,197)
Total operating revenues and income		**69,618,220**	**54,909,304**	**14,708,916**
Material and service costs:	3	10,842,779	10,548,161	294,618
- third parties		8,150,499	7,170,246	980,253
- related parties		2,692,280	3,377,915	(685,635)
Cost of labor	4	3,735,521	4,078,174	(342,653)
Other operating expenses	5	4,958,348	6,178,945	(1,220,597)
Total operating expenses		**19,536,648**	**20,805,280**	**(1,268,632)**
Profit before depreciation & amortization, capital gains/losses, and write-downs/write-backs of non-current assets (ebitda)		**50,081,572**	**34,104,024**	**15,977,548**
(Depreciation & amortization)		(326,045)	(84,262)	(241,783)
(Work in progress impairment)	6	(1,108,334)	0	(1,108,334)
Change in fair value - increases / (decreases)	6	2,489,046	5,669,876	(3,180,830)
EBIT		**51,136,239**	**39,689,638**	**11,446,601**
Income from equity investments	7	0	92,064	(92,064)
Income from equity investments		**0**	**92,064**	**(92,064)**
Financial income		**1,204,063**	**3,433,387**	**(2,229,324)**
- third parties		344,948	2,281,444	(1,936,496)
- related parties		859,115	1,151,943	(292,828)
Financial charges		**27,816,329**	**23,794,101**	**4,022,228**
- third parties		27,448,040	22,666,307	4,781,733
- related parties		368,289	1,127,794	(759,505)
Net financial income (charges)	**8**	**(26,612,266)**	**(20,360,714)**	**(6,251,552)**
Pre-tax profit		**24,523,973**	**19,420,988**	**5,102,985**
Income taxes	9	742,171	(13,964,878)	14,707,049
Net profit for the period		**23,781,802**	**33,385,866**	**(9,604,064)**

5.2 Statement of Comprehensive Income

Statement of Comprehensive Income	2009 (A)	2008 (B)
Profit for the period	23,781,802	33,385,866
Other components of comprehensive income		
Net change in cash flow hedge reserve, gross of tax effects	(3,928,250)	(5,763,686)
Tax effects on cash flow hedge reserve	1,080,269	1,585,014
Other effects on income statement components	194,772	6,229,122
Other components of comprehensive income, net of tax effects	**(2,653,209)**	**2,050,450**
Total comprehensive income for the period	**21,128,593**	**35,436,316**

5.3 | Balance Sheet

Balance Sheet (in EUR)	Note	31/12/2009 (A)	31/12/2008 (B)	Change (A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	10	35,787	27,287	8,500
- Goodwill	11	127,464	127,464	0
		163,251	**154,751**	**8,500**
Property, plant, and equipment				
- Investment property	13	1,115,100,000	841,780,000	273,320,000
- Buildings	12	7,860,302	-	7,860,302
- Plant and machinery	14	95,662	71,893	23,769
- Equipment and other assets	14	1,186,245	296,404	889,841
- Leasehold improvements	14	68,034	85,043	(17,009)
- Assets under construction	15	83,331,560	148,956,590	(65,625,030)
		1,207,641,803	**991,189,930**	**216,451,873**
Other non-current assets				
- Deferred tax assets	16	6,470,576	2,769,415	3,701,161
- Sundry receivables and other	17	200,341,465	199,643,955	697,510
- Non-current financial assets	18	-	9,315	(9,315)
		206,812,041	**202,422,685**	**4,389,356**
Total non-current assets (A)		**1,414,617,095**	**1,193,767,366**	**220,849,729**
Current assets:				
Trade and other receivables	19	5,064,541	3,966,686	1,097,855
Related party trade and other receivables	20	549,509	450,451	99,058
Other current assets	21	40,514,989	8,540,250	31,974,739
Related party other current assets	22	566,066	-	566,066
Related party financial receivables and other current financial assets	23	40,372,817	14,228,119	26,144,698
Financial receivables and other current financial assets	23	-	5,192	(5,192)
Cash and cash equivalents	24	27,947,622	44,869,074	(16,921,452)
Total current assets (B)		**115,015,544**	**72,059,772**	**42,955,772**
Total assets (A+B)		**1,529,632,639**	**1,265,827,138**	**263,805,501**
Total net equity (C)	**25**	**734,042,199**	**723,354,568**	**10,687,631**
Non-current liabilities:				
Non-current financial liabilities	26	638,529,305	417,429,052	221,100,253
Provision for employee severance indemnities	27	330,582	320,644	9,938
Deferred tax liabilities	16	12,554,008	9,550,112	3,003,896
General provisions	28	779,366	2,403,860	(1,624,494)
Sundry payables and other non-current liabilities	29	12,409,711	18,622,017	(6,212,306)
Related party sundry payables other other non-current liabilities	29	11,709,053	11,623,118	85,935
Total non-current liabilities (D)		**676,312,025**	**459,948,803**	**216,363,222**
Current liabilities:				
Current financial liabilities	30	94,758,458	51,739,669	43,018,789
Related party current financial liabilities	30	5,070,135	3,993,417	1,076,718
Trade and other payables	32	7,443,239	12,240,769	(4,797,530)
Related party trade and other payables	33	2,383,112	734,420	1,648,692
Current tax liabilities	34	6,639,443	7,164,848	(525,405)
Other current liabilities	35	2,731,889	5,627,177	(2,895,288)
Related party other current liabilities	36	252,139	1,023,467	(771,328)
Total current liabilities (E)		**119,278,415**	**82,523,767**	**36,754,648**
Total liabilities (F = D+E)		**795,590,440**	**542,472,570**	**253,117,870**
Total net equity and liabilities (C+F)		**1,529,632,639**	**1,265,827,138**	**263,805,501**

5.4 Statement of Changes in Net Equity

	Share capital	Share premium reserve	Legal reserve	Reserve for first-time adoption of IAS/IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Profit (losses) carried forward	Shareholders' equity
Balance at 01/01/2008	309,249,261	147,730,288	4,133,952	(964,851)	23,113	13,735,610	3,323,066	(7,986,480)	0	21,379,981	187,575,370	49,164,166	727,363,476
Profit for the period												33,385,866	33,385,866
Other comprehensive income (losses)							(4,178,672)			6,229,122			2,050,450
Total comprehensive income (losses)							(4,178,672)			6,229,122		33,385,866	35,436,316
Purchase of treasury shares	(10,976,592)								(11,275,891)				(22,252,483)
MV merger effect												(416,719)	(416,719)
Allocation of 2007 profit													
- dividends												(16,776,021)	(16,776,021)
- to legal reserve			2,022,435									(2,022,435)	0
- to other reserves											18,239,169	(18,239,169)	0
Balance at 31/12/2008	**298,272,669**	**147,730,288**	**6,156,387**	**(964,851)**	**23,113**	**13,735,610**	**(855,606)**	**(7,986,480)**	**(11,275,891)**	**27,609,103**	**205,814,539**	**45,095,687**	**723,354,568**

	Share capital	Share premium reserve	Legal reserve	Reserve for first- time adoption of IAS/IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Profit (losses) carried forward	Shareholders' equity
Balance at 01/01/2009	298,272,669	147,730,288	6,156,387	(964,851)	23,113	13,735,610	(855,606)	(7,986,480)	(11,275,891)	27,609,103	205,814,539	45,095,687	723,354,568
Profit for the period												23,781,802	23,781,802
Other comprehensive income (losses)							(2,847,981)			194,772			(2,653,209)
Total comprehensive income (losses)							**(2,847,981)**			**194,772**		**23,781,802**	**21,128,593**
Nikefin merger effect												(1,418)	(1,418)
Allocation of 2008 profit													
- dividends												(10,439,544)	(10,439,544)
- coverage of IAS/IFRS effects				964,851				7,986,480				(8,951,331)	0
- to legal reserve			625,921									(625,921)	0
- to other reserves											20,867,456	(20,867,456)	0
Balance at 31/12/2009	**298,272,669**	**147,730,288**	**6,782,308**	**0**	**23,113**	**13,735,610**	**(3,703,587)**	**0**	**(11,275,891)**	**27,803,875**	**226,681,995**	**27,991,819**	**734,042,199**

5.5 | Statement of Cash Flows

Statement of Cash Flows (in EUR)	2009	2008
Cash flow from operating activities:		
Net profit for the year	**23,781,802**	**33,385,866**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	7,733,862	6,246,832
Depreciation and amortization	326,045	84,262
Work in progress impairment	1,108,334	0
Net change in (deferred tax assets)/provision for deferred tax liabilities	581,538	(45,478,679)
Change in fair value of investment property	(2,489,046)	(5,669,876)
Net change in current assets and liabilities	(36,621,454)	26,528,192
Net change in current assets and liabilities with related parties	212,240	1,384,523
Net change in non-current assets and liabilities	(3,540,631)	32,017,789
Net change in non-current assets and liabilities with related parties	85,935	85,936
Cash flow from operating activities (A)	**(8,821,375)**	**48,584,845**
Investments in fixed assets	(174,369,108)	(111,563,409)
Net investments in subsidiaries	(13,867,152)	7,223,300
Cash flow from investing activities (B)	**(188,236,260)**	**(104,340,109)**
Change in financial receivables and other current financial assets	5,192	40,446,867
Change in related party financial receivables and other current financial assets	(26,144,698)	21,055,007
Purchase of treasury shares	0	(22,252,483)
Distribution of dividends	(10,439,544)	(16,776,021)
Change in current debt	42,380,645	27,937,773
Change in current debt with related parties	(5,902,812)	(109,586,741)
Change in non-current debt	180,232,064	38,005,376
Cash flow from financing activities (C)	**180,130,847**	**(21,170,222)**
Net increase (decrease) in cash balance	**(16,926,789)**	**(76,925,486)**
Cash balance at beginning of year	**44,869,074**	**121,710,183**
Cash acquired with merger	**5,337**	**84,377**
Cash balance at end of year	**27,947,622**	**44,869,074**

5.6 Notes to the Financial Statements

Form and content of the separate financial statements of IGD SIIQ S.p.A.

Introduction

The separate financial statements of Immobiliare Grande Distribuzione at 31 December 2009 were approved and authorized for publication by the Board of Directors on 11 March 2010.

Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A. or IGD) is a company set up and organized under Italian law. It operates exclusively in Italy. IGD is currently the only Società di Investimento Immobiliare Quotata (SIIQ, or real estate investment trust) in Italy. It focuses on medium to large shopping centers comprised of a hypermarket and a mall.

IGD manages and leases properties, with the goal of profiting from its real estate portfolio through (1) the acquisition, construction and leasing of retail properties (shopping centers, hypermarkets, supermarkets and malls), and (2) the optimization of yields on the properties it owns outright or the sale of malls at a profit. It also provides a wide range of services, through agency and facility management operations at properties owned by the Company and third parties.

IGD SIIQ S.p.A. is a member of Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2009 financial statements have been prepared in accordance with the IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and approved by the European Union. The term “IFRS” encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

Significant accounting standards

The accounting standards used to prepare the separate financial statements are the same as those employed in the annual financial statements for the year ended 31 December 2008, with the exception of the following new standards and interpretations applicable from 1 January 2009:

IAS 1 - Presentation of financial statements (revised)
The revised and corrected standard separates owner and non-owner changes in equity. As a result, the statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in a single statement or in two that are linked together. IGD has opted to provide two linked statements.

IAS 23 - Borrowing costs (revised)
The revised version has eliminated the option, followed by IGD until 31 December 2008, of immediately expensing borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale (qualifying assets). The new version of the standard was also amended as part of the IASB’s 2008 improvement project, to revise the definition of borrowing costs eligible for capitalization.

In accordance with the transitional provisions of the standard, IGD has adopted it prospectively from 1 January 2009, capitalizing borrowing costs that are directly attributable to the purchase and construction of investment property in relation to which IGD had incurred expenditure or borrowing costs or which it had begun to prepare for their intended use or sale as of that date. Borrowing costs are capitalized, subject to verification that this will not increase the asset’s value beyond recoverable amount or net realizable value, on new constructions and extensions for which IGD owns the land and/or building and for which the necessary construction permits have been issued.

IFRS 2 - Share-based payments - Vesting conditions and cancellations
This standard has been amended to specify the definition of vesting conditions and to prescribe the accounting treatment in case a grant is effectively canceled due to the failure to meet a non-vesting condition. The adoption of this amendment does not affect IGD's financial position or performance.

IFRS 8 - Operating segments
This standard requires disclosures about the Company's operating segments and replaces the need to determine the primary and secondary reporting segments (for IGD: business and geographical segments, respectively. The adoption this amendment does not affect IGD's financial position or performance. IGD has determined that its operating segments, in accordance with IFRS, correspond to the business segments previously identified in compliance with IAS 14 - Segment reporting. The disclosures for each segment are provided in the "Segment Reporting" section, including revised and corrected comparative information.

IAS 32 - Financial instruments: Presentation and IAS 1 - Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation
This standard has been amended to allow a limited exception for puttable financial instruments to be classified under equity if they meet a certain number of conditions. The adoption of this amendment does not affect IGD's financial position or performance.

IFRIC 13 - Customer loyalty programs
This interpretation requires customer loyalty award credits to be recognized separately from the sale transactions from which they arise. Part of the fair value of the sale price must be allocated to the award credits and deferred. The deferred portion is recognized as revenues when the award credits are redeemed. The adoption of this amendment does not affect IGD's financial position or performance.

IFRIC 16 - Hedges of a net investment in a foreign operation
This interpretation must be applied prospectively. IFRIC 16 constitutes a guideline for recognizing a hedge of a net investment. As such, it provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation; where, within a company, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting; and how an entity should determine the exchange gain or loss considering both the net investment and the hedging instrument, the latter to be offset upon disinvestment. IGD does not engage in this kind of hedge, so the changes do not affect its financial position or performance for the period.

On 5 March 2009 the IASB issued an amendment to *IFRS 7 – Financial instruments: disclosures,* to require enhanced information on *fair value* measurements and reinforce existing principles for disclosures concerning the liquidity risk associated with financial instruments. The amendment is effective from 1 January 2009.

On 12 March 2009, the IASB issued an amendment to *IFRIC 9 – Reassessment of embedded derivatives* and *IAS 39 - Financial instruments: recognition and measurement,* which under given circumstances allows the reclassification of certain financial assets out of the fair-value-through-profit-or-loss category. The amendment clarifies that in reclassifying a financial instrument out of that category, all embedded derivatives must be measured and, if necessary, separately accounted for in the financial statements. The amendment is effective retrospectively from 31 December 2009.

Improvements to IFRS

In May 2008 and April 2009 the IASB published a series of improvements to its standards, fundamentally for the purpose of removing inconsistencies and clarifying terminology. Each standard comes with ad hoc transition rules. The adoption of the following changes has affected accounting standards but has had no impact on the IGD's performance or financial position.

Accounting standards, amendments, and interpretations not yet effective and not applied in advance by IGD:

On 10 January 2008 the IASB issued a revised version of IFRS 3 - Business combinations and amended IAS 27 - Consolidated and separate financial statements. The main changes brought to IFRS 3 are the elimination of the need to measure the individual assets and liabilities of a subsidiary at fair value in every subsequent acquisition, in the case of a business combination achieved in stages. Goodwill will be determined only upon acquiring control, as the difference between the value of the equity interest held prior to the acquisition, the consideration transferred, and the value of the net assets acquired. If the entity does not acquire 100% of the subsidiary, the minority interests in equity may be recognized either at fair value or using the previous method sanctioned by IFRS 3. The revised version also requires all acquisition-related costs to be recognized as expenses, and contingent consideration to be recognized and measured at the acquisition date. In the amendment to IAS 27, the IASB has clarified that changes in an equity interest not leading to loss of control must be accounted for as equity transactions and recognized within equity. When control is lost, the parent shall measure its retained interest in the company at fair value, and recognize any gain or loss arising from loss of control in the income statement. Finally, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to minority interests in equity, even if this results in a deficit balance. The new rules must be applied prospectively from 1 January 2010.

As part of the IASB's 2008 improvement project, a change to *IFRS 5 – Non-current assets held for sale and discontinued operations* states that if an entity is committed to a sale involving loss of control of a subsidiary, it shall classify all of the assets and liabilities of that subsidiary as held for sale, even if the entity will retain a non-controlling interest in its former subsidiary after the sale. The change must be adopted prospectively from 1 January 2010.

On 31 July 2008 the IASB issued an amendment to *IAS 39 - Financial instruments: recognition and measurement,* to be applied retrospectively from 1 January 2010. The amendment provides guidance on defining the hedged item in certain situations. At the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 16 April 2009, the IASB issued the following Improvements to IFRS:

IFRS 2 - Share-based payments:
the amendment, effective from 1 January 2010 (early adoption is permitted), clarifies that following the change made by IFRS 3 to the definition of a business combination, the contribution of a business on the formation of a joint venture and the combination of entities or businesses under common control do not fall within the scope of IFRS 2.

IFRS 5 – Non-current assets held for sale and discontinued operations:
this amendment, to be applied prospectively from 1 January 2010, clarifies that IFRS 5 and other IFRS that make specific reference to non-current assets (or disposal groups) classified as held for sale or discontinued operations set out all the disclosures required in respect of those assets or operations.

IAS 1 - Presentation of financial statements:
this amendment, effective from 1 January 2010 (early adoption is permitted), changes the definition of current liability contained in IAS 1. Under the old definition, a liability was current if it could be settled at any time through the issue of equity instruments. This entailed recognizing as current all liabilities for convertible bonds that could be converted into shares of the issuer at any time. As a result of the change, for the purpose of classifying liabilities as current/non-current, the existence of a currently exercisable option for conversion into equity instruments is no longer relevant.

IAS 7 – Statement of cash flows:
this amendment, effective from 1 January 2010, clarifies that only expenditures that result in a recognized asset are eligible for classification as investing activities in the statement of cash flows; cash flows originating from expenditures that do not result in a recognized asset (such as advertising and promotional costs and employee training) must be classified as cash flows from operating activities.

IAS 17 - Leases:
Under the new formulation, the general conditions required by IAS 17 for classifying a lease as a finance lease or an operating lease will also be applicable to the leasing of land, regardless of whether ownership is transferred upon expiration. Before the changes, if ownership of the leased land was not transferred at the end of the lease, it was classified as an operating lease because land has an indefinite useful life. The amendment is effective from 1 January 2010; at the date of adoption, the classification of all land elements of unexpired leases must be reassessed, with any lease newly classified as a finance lease to be recognized retrospectively.

IAS 36 – Impairment of assets:
this amendment, applicable prospectively from 1 January 2010 (with early application permitted), states that each unit or group of units to which goodwill is allocated for the purpose of impairment testing shall not be larger than an operating segment as defined by IFRS 8 (5), before the aggregation allowed by IFRS 8 (12) on the basis of similar economic and other characteristics.

IAS 38 - Intangible assets:
the 2008 revision of IFRS 3 clarifies that sufficient information exists to measure the fair value of an intangible asset acquired in a business combination if the asset is separable or arises from contractual or other legal rights. IAS 38 has been amended to reflect this change to IFRS 3. The amendment also clarifies the valuation techniques commonly used to measure the fair value of intangible assets not traded in an active market; in particular, such techniques include discounting the estimated future net cash flows from an asset, and estimating the costs the entity avoids by owning the asset and not having to license it from a third party or the costs to recreate or replace it (as in the cost approach). The amendment is effective prospectively from 1 January 2010; however, in case of early adoption of the revised IFRS 3, this amendment must also be applied in advance.

IAS 39 - Financial instruments - recognition and measurement:
this amendment restricts the non-applicability of IAS 39 under paragraph 2(g) of the standard to forward contracts between an acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future date, when the completion of the business combination does not depend on further actions of either party but only on the passage of a normal period of time. The scope of IAS 39 extends to option contracts, whether or not currently exercisable, which allow one party to control the occurrence or non-occurrence of future events and whose exercise will result in control of an entity.
The amendment also clarifies that embedded prepayment options whose exercise price compensates the lender for the loss of additional interest income shall be considered closely related to the host debt contract and therefore not accounted for separately. Finally, it clarifies that gains or losses on a hedged instrument must be reclassified from equity to the income statement during the period that the hedged forecast cash flows affect profit or loss. This amendment applies prospectively from 1 January 2010; early adoption is permitted.

IFRIC 9 – Reassessment of embedded derivatives: this amendment, applicable prospectively from 1 January 2010, excludes from the scope of IFRIC 9 embedded derivatives in contracts acquired in combinations of entities or businesses under common control or in the formation of a joint venture. At 31 December 2009 the EU authorities had not yet finished the endorsement process necessary for application of this improvement.

In June 2009, the IASB issued an amendment to *IFRS 2 - Share-based payment: group cash-settled share-based payment transactions.* The amendment clarifies the scope of IFRS 2 and its interactions with other standards. Specifically, it clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services regardless of which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. It also clarifies that a "group" has the same meaning as in *IAS 27 - Consolidated and separate financial statements,* that is, it includes only a parent and its subsidiaries. Moreover, the amendment states that an entity must measure the goods or services received in an equity-settled or a cash-settled share-based payment transaction from its own perspective, which may not always be the same as the amount recognized in the consolidated financial statements. The amendment incorporates the guidelines previously included in *IFRIC 8 - Scope of IFRS 2* and *IFRIC 11 - IFRS 2 - Group and treasury share transactions.* As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment is applicable from 1 January 2010; At the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 8 October 2009 the IASB issued an amendment to *IAS 32 - Financial instruments: Presentation: Classification of rights issues* to govern the accounting rules for the issue of rights, options or warrants denominated in a foreign currency. Previously, these were accounted for as derivative liabilities; the amendment states that under certain conditions, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from 1 January 2011.

On 4 November 2009 the IASB published a revised version of *IAS 24 – Related party disclosures* that simplifies the disclosure requirements for transactions with government-related entities and clarifies the definition of a related party. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 12 November 2009 the IASB issued *IFRS 9 – Financial instruments* on the classification and measurement of financial assets, effective from 1 January 2013. This publication is the first part of a multi-phase project to replace IAS 39. IFRS 9 uses a single approach based on how an entity manages its financial instruments and the contractual cash flow characteristics of its financial assets to determine how those assets are measured, replacing the many different rules in IAS 39. It also requires a single impairment method to be used for financial assets. At the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for applying the new standard.

On 26 November 2009 the IASB issued a minor amendment to *IFRIC 14 – Prepayments of a minimum funding requirement,* which permits entities to treat the early payment of minimum funding contributions as an asset. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

On 26 November 2009 the IFRIC issued *IFRIC 19 – Extinguishing financial liabilities with equity,* which addresses the accounting treatment of settling a financial liability through the issue of equity instruments. The interpretation states that if an entity renegotiates the terms of a financial liability in order to settle it in the form of shares, then the shares issued by the entity become part of the consideration paid and must be measured at fair value; The difference between the carrying amount of the financial liability extinguished and the initial value of the equity instruments issued is recognized in profit for loss. The amendment is effective from 1 January 2011; at the balance sheet date, the EU authorities had not yet finished the endorsement process necessary for application.

Use of estimates

In preparing the separate financial statements, management has made estimates and assumptions that affect the carrying values of revenues, costs, assets and liabilities and the disclosures on contingent assets and liabilities as of the balance sheet date. Actual results may differ.
Estimates and assumptions are reviewed on a regular basis and any changes are reflected in profit or loss.
The financial statements, tables and explanatory notes are expressed in euro (EUR), unless specified otherwise.

Accounting policies

Intangible assets

Intangible assets are recognized at cost when it is likely that use of the asset will generate future economic benefits and when its cost can be reliably determined. Intangible assets acquired through business combinations are recognized at the fair value defined as of the acquisition date, if that value can be reliably determined.
After their initial recognition, intangible assets are carried at cost. The useful life of intangibles can be either finite or indefinite. Intangible assets with indefinite useful lives are not amortized but are subject to impairment testing each year, or more frequently, whenever there is any indication of impairment. Further to such testing, if the recoverable value

of an asset is less than its book value, the latter is reduced to recoverable value. This reduction constitutes impairment, which is immediately posted to the income statement. An asset's recoverable value is the higher of its net sale value or value in use. Value in use is the present value of expected cash flows generated by the asset. In order to assess losses in value, assets are aggregated to the lowest cash generating unit, i.e. the lowest level for which independent cash flows can be separately identified). In the case of an indicator implying recovery of the value lost, the asset's recoverable value is re-determined and the book value is increased to that new value. However, the increase in book value can never exceed the net book value that the fixed asset would have had if no impairment had occurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the fair value recognition of the identifiable assets (including intangible assets previously not recognized) and identifiable liabilities (including contingent liabilities but excluding future restructuring) of the entity acquired.

Goodwill acquired with a business combination, which in the separate financial statements is added to the value of the investment acquired, is initially recorded at cost and represents the excess purchase cost with respect to the acquirer's share of the net fair value of the acquired companies' identifiable assets, identifiable liabilities, and contingent liabilities. Any negative difference ("negative goodwill") is charged to profit or loss at the time of the acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the acquirer's individual cash generating units or to the groups of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which goodwill is so allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes;
- is not larger than a segment based on either the primary or secondary reporting format determined in accordance with IAS 14 - Segment Reporting.
- When goodwill is part of a cash generating unit or group of cash generating units and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill transferred under these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

If the disposal concerns a subsidiary, the difference between the sale price and net assets plus accumulated translation differences and unamortized goodwill are recognized to profit and loss.

After first-time recognition, goodwill is decreased by any accumulated impairment losses, determined as described below.

The recoverable amount of goodwill is determined each year, or more frequently in the case of events or changes in circumstances that may indicate impairment. Impairment is identified through tests based on the ability of each cash generating unit to produce cash flows suitable for recovering the portion of goodwill that has been allocated to it, following the procedures specified in the section on property, plant and equipment. If the amount recoverable by the cash generating unit is lower than the carrying value attributed, then an impairment loss is recognized. Impairment losses on goodwill cannot be reversed in subsequent years. The Company tests goodwill for impairment at 31 December of each year.

Investment property

Investment property is initially recognized at cost, including negotiation expenses. The carrying value includes the cost of replacing part of an investment property at the time that cost is incurred, provided that the criteria for recognition are met, and excludes the cost of routine maintenance. After initial recognition at cost, investment property is carried at fair value in accordance with IAS 40. Gains and losses from changes in the fair value of investment property are recognized in the income statement the year they arise. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction and must reflect market conditions at the balance sheet date. The fair value of IGD's investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in light of current conditions. It also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Fair value differs from value in use, as defined by IAS 36 - Impairment of Assets. Fair value reflects the knowledge and estimates of knowledgeable, willing buyers and sellers. In contrast, value in use reflects the entity's estimates, including the effects of factors that may be specific to the entity and not applicable to entities in general.

To that end, IGD S.p.A. has hired CB Richard Ellis Professional Services S.p.A., a specialized property appraiser, to determine the fair value of the following portions of currently operating properties: shopping centers, malls, hypermarkets, supermarkets, the wholesale zone and fitness area, offices, and land.

Fair value is defined as the best price at which the sale of a property could be reasonably held to be unconditionally concluded against cash consideration, as of the appraisal date, assuming:

- that the seller genuinely intends to dispose of the asset;
- that there is a reasonable period of time (considering the type of asset and market conditions) to market the property, agree on a price, and settle the terms and conditions of the transaction in order to close the sale;
- that the market trend, the value, and the other economic conditions at the time the preliminary contract is signed are identical to those at the appraisal date;
- that any offers from buyers that are considered unreasonable due to the property's characteristics are not taken into consideration;

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure.

The valuation methods used for the various kinds of asset are reported below.

For malls:

- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For hypermarkets and supermarkets:

- discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.

For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used. The values obtained with these methods are then appropriately mediated:

- comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
- Income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.

The financial statements at 31 December 2009 incorporate the property appraisals as follows:

- The market value of the properties includes the value of the pertinent plant and machinery.
- Investment property is eliminated from the balance sheet on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any income or losses from the withdrawal or disposal of investment property are recognized to profit or loss in the period in which the withdrawal or disposal takes place.

Assets under construction

Assets under construction, consisting of deposits and advance payments, are valued at cost. Land and accessory works on which investment property will be developed are measured at fair value, as described above, once the building permits are obtained. Until that time, the cost method is applicable. Assets under construction are reduced by impairment losses if fair value falls below cost. When construction or development of an investment property is completed, it is restated to "investment property."

Plant, machinery and equipment

Plant, machinery and equipment that are owned by IGD and are not attributable to investment property are recognized at cost, less commercial discounts and rebates, considering directly attributable expenses as well as an initial estimate of the cost of dismantling and removing the asset and restoring the site where it was located. Costs incurred after purchase are capitalized only if they increase the future economic benefits expected of the asset. All other costs (including financial expenses directly attributable to the purchase, construction or production of the asset) are recognized to profit or loss when incurred. The capitalized charge is recognized to profit and loss throughout the useful life of the tangible asset by means of depreciation. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, as follows:

Plant, machinery and equipment	%
Wiring, sprinkler system, compressed air	10 %
HVAC system	15 %
Fittings	20 %
Plant management computer	20 %
Special communication systems – telephone	25 %
Special plant	25 %
Alarm/security system	30 %
Sundry equipment	15 %
Office furnishings	12 %
Cash registers and EDP machines	20 %
Personal computers and accessories	40 %

An asset is subject to impairment testing whenever events or changes in circumstances indicate that its carrying value cannot be fully recovered. If the carrying value exceeds the recoverable amount, the asset is written down to reflect the impairment. An asset's recoverable value is the higher of its net sale value or value in use.

In measuring value in use, the discount rate used should be the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the value is determined in relation to the cash generating unit to which the asset belongs. Impairment is charged to the income statement as depreciation. Impairment is reversed if the reasons cease to apply.

When an asset is sold or when its use is no longer expected to produce future economic benefits, it is eliminated from the balance sheet, and any loss or profit (calculated as the difference between the sale value and carrying value) is recognized in the income statement the year the asset is eliminated.

Leasing

Goods held under finance leases, in which IGD assumes all of the risks and benefits of ownership, are capitalized from the inception of the lease at the fair value of the leased good or, if lower, at the present value of the minimum lease payments, including the price of the redemption option.
The liability is recognized under financial payables. Leasing installments are divided into principal and interest so as to obtain a constant interest rate applicable to the remaining principal due. The financial charges are recognized to profit and loss.
Leased investment property is recognized at fair value, on the same basis as investment property owned by IGD.

Equity investments

Equity investments in subsidiaries and associates are recognized at cost less any impairment. The positive difference, at the time of the acquisition, between the purchase cost and IGD's share of net equity at present values is therefore included in the carrying value of the investment.
Should IGD's share of the acquiree's losses exceed the carrying value of the investment, the investment is written off, and the Company's share of further losses is recognized as a liability provision if IGD is liable for this.

Other non-current assets

Other non-current assets consist of deferred tax assets, financial assets relating to derivatives, and miscellaneous.
Receivables and other financial assets other than derivatives, to be held until maturity, are recognized at cost which corresponds to the fair value of the initial consideration paid plus transaction costs. The initial value recognized is subsequently adjusted to take account of the reimbursement of principal, any impairment losses, and amortization of the difference between the redemption value and the initial carrying value. Amortization is charged at the internal effective interest rate, corresponding to the rate which, upon first-time recognition, makes the present value of projected cash flows equal to the initial carrying value (amortized cost method).

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all purchase, transformation and other costs incurred to bring the inventory to its present location and condition. The specific cost method is used.

Trade and other receivables

Receivables are shown at fair value, which coincides with their face value less any impairment. For trade receivables, an impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the Company will not be able to recover all amounts due under the original terms of the invoice. The carrying value of the receivable is reduced by means of a separate provision. Impaired receivables are written off when they are found to be irrecoverable.

Cash and cash equivalents

Cash and cash equivalents are recognized, depending on their nature, at face value or amortized cost.
Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, with an original maturity of no more than three months.

Financial receivables and other current financial assets

These refer mainly to financial assets held for trading purposes in order to profit from short-term fluctuations in the price or the margin. They are recognized at fair value, without any deduction for the transaction costs that may be incurred on their sale.

Financial liabilities

Financial liabilities consist of borrowings, trade payables and other payables. They are initially recognized at fair value plus transaction costs; subsequently, they are carried at amortized cost which corresponds with their initial value, net of principal reimbursed, and adjusted upward or downward for the amortization of any differences between initial value and value at maturity (using the effective interest method).

General provisions

General provisions cover liabilities of a definite nature that are certain or likely to arise, but whose amount or timing were unknown at the close of the year. Provisions are recognized when they cover a present obligation (legal or constructive) that stems from a past event, if settlement of the obligation will likely involve an outflow in an amount that can be reliably estimated.
The provision covers the best estimate of the amount the company would pay to settle the obligation or transfer it to third parties at the close of the financial period. If the effect

is significant, provisions are determined by discounting projected cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When cash flows are discounted, the increase in the provision due to the passing of time is recorded as a financial charge.

Employee benefits

Employee termination indemnities, which are mandatory for Italian companies pursuant to Law 297/1982 (trattamento di fine rapporto or TFR), qualify as defined benefit plans and are based, among other factors, on employees' working lives and on the compensation they receive during a pre-determined period of service. The liability for a defined benefit plan, net of any assets servicing the plan, is determined on the basis of actuarial assumptions and is recognized on an accruals basis consistently with the amount of service required to receive the benefits; the liability is valued by independent actuaries. Gains and losses arising from the actuarial calculation are recognized to profit or loss. The Company does not offer compensation in the form of share-based payments, as employees do not render services in exchange for shares or options on shares. In addition, the Company does not offer employee incentive plans in the form of share participation instruments.

Revenues

Revenues are recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. They are shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following recognition criteria must always be satisfied before revenues are posted to the income statement.

Rental income

Rental income from the Company's freehold properties is recorded on an accruals basis, according to the leases in force.

Service income

Service income is recorded with reference to the state of completion of the transaction and only when the outcome of the service can be reliably estimated.

Interest

Interest income and expense is recorded on an accruals basis with reference to the net value of the financial assets and liabilities concerned, using the effective interest rate.

Dividends

Dividends received are recognized when the right to receive payment is established, provided they derive from the allocation of profits earned after the interest in the company was acquired. If they derive from the distribution of reserves that pre-date the acquisition, dividends are deducted from the cost of the investment.

Income taxes

Current taxes

Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.
Other taxes not related to income, such as those on property and capital, are booked to operating expenses.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

The carrying value of a deferred tax asset shall be reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Income taxes relating to items that are credited or charged directly to equity are also charged or credited directly to equity and not to profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company still has the right to receive cash flows from the asset, but has a contractual obligation to pay these immediately and in full to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company has transferred the right to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, then the asset is recognized to the extent of the Company's continuing involvement. Continuing involvement, which takes the form of a guarantee on the transferred asset, is recognized at the lower of the initial carrying value of the asset and the maximum amount that IGD could be required to pay.

Financial liabilities

A financial liability is removed from the balance sheet when the underlying obligation is expired, canceled or discharged.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments for the purpose of hedging its exposure to the risk of interest rate changes affecting specific recognized liabilities.

In accordance with IAS 39, derivative financial instruments used for hedging qualify for hedge accounting only if:

a) at the inception of the hedge there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is highly effective throughout the financial reporting periods for which it was designated.

All derivative financial instruments are measured at fair value. When the financial instruments qualify for hedge accounting, the following rules apply:

Fair value hedge - If a derivative financial instrument is designated as a hedge against changes in the fair value of an asset or liability attributable to a particular risk, the gain or loss arising from subsequent fair value accounting of the hedge is recognized in profit or loss. The part of the gain or loss from remeasuring the hedged item at fair value that is attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Cash flow hedge - If a financial instrument is designated as a hedge against exposure to variations in the cash flows of a recognized asset or liability or a forecast transaction that is highly probable, the effective portion of the gain or loss from remeasuring the instrument at fair value is recognized in a separate equity reserve. The cumulative gain or loss is reversed from the equity reserve and transferred to profit or loss the same year that the effects of the hedged transaction are recognized in profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. If a hedging instrument is closed but the hedged transaction has not yet taken place, the cumulative gains and losses remain in the equity reserve and are restated to profit or loss when the transaction is realized or when a loss in value occurs. If the transaction is no longer expected to occur, the unrealized gains or losses still recognized in the equity reserve are immediately reclassified to profit or loss.

If hedge accounting does not apply, the gains or losses arising from measurement at fair value of the derivative financial instrument are recognized directly to profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ (similar to a real estate investment trust or REIT), pursuant to Law 296 of 27 December 2006 (as amended) and Ministry Decree 174 of 7 September 2007, can exclude income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax).

On 16 April 2008, IGD SIIQ S.p.A., which meets the organizational, ownership and statutory requirements, opted for this special status. At the close of both 2009 and 2008, it satisfied the financial and earnings parameters set by law and thus met the objective requirements (see note 9).

In demanding that property rentals and the equivalent (known as "exempt operations") be the prevailing factor in a company's income statement and balance sheet, SIIQ rules do not require that they be its sole activity.

IGD SIIQ S.p.A. does maintain marginal operations other than property rental and the equivalent ("taxable operations"). Income from taxable operations has been subject to the standard rules of computation and taxation, while the rules stated in paragraphs 119 et seq. of Law 296/06 and in its implementation decree have been followed for income from exempt operations.

To distinguish the operating results subject to different accounting and tax treatment, in accordance with paragraph 121 of Law 296/06, IGD SIIQ S.p.A. has kept separate accounts for exempt rental operations and taxable marginal operations.

In keeping with the accounting standards, income from exempt operations include revenues and costs typical of the property rental business, as well as those typical of operations considered to be equivalent. Likewise, revenues and costs stemming from the company's remaining activities have been allocated to taxable operations.

In accordance with paragraph 121 of Law 296/06 and with the recommendations contained in Revenue Office Circular 8/E of 7 February 2008, general, administrative and financial costs that cannot be directly attributed to exempt or taxable operations or allocated on the basis of objective parameters have been split according to the ratio of exempt revenues to total revenues.

As for properties (owned or held on the basis of corporeal rights) forming part of rental package deals, the accurate and objective representation of the portion of fees pertaining to the real estate itself has been ensured by making the exempt/taxable allocation on the basis of expert appraisals that quantify the fair value of fees pertaining to rent.

Likewise, the costs common to package deals as a whole (such as shopping center promotion and advertising costs) have been allocated to exempt and taxable operations in the same proportions used for rent. In this specific case, such a policy was thought to be more representative than an allocation based on the company's total revenues. Since these costs relate directly to the package deals and not to IGD's operations as a whole, their correlation with contractual fees is immediate and objective.

Seasonal trends

The Company's operations do not reflect any seasonal or cyclical trends.

Segment reporting

The income statement and balance sheet are broken down below by business segment, followed by a geographical breakdown of revenues from freehold properties.

Income statement (€/000)	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
	Rent		Services		Mutual		Total	
Revenues	**66,449**	**52,245**	**2,002**	**1,615**	**0**	**0**	**68,450**	**53,860**
Change in inventory					0	0	0	0
Direct costs	(9,919)	(11,871)	(1,717)	(1,151)			(11,636)	(13,022)
Gross margin	**56,530**	**40,374**	**284**	**464**	**0**	**0**	**56,814**	**40,839**
Mutual costs					(6,733)	(6,734)	(6,733)	(6,734)
EBITDA	**56,530**	**40,374**	**284**	**464**	**(6,733)**	**(6,734)**	**50,082**	**34,104**
Impairment/dep.&amort	1,256	5,590	(0)	(0)	(201)	(4)	1,055	5,586
EBIT	**57,785**	**45,964**	**284**	**464**	**(6,933)**	**(6,738)**	**51,136**	**39,690**
Net financial income (charges)					**(26,612)**	**(20,361)**	**(26,612)**	**(20,361)**
Net extraordinary income (charges)					**0**	**92**	**0**	**92**
Taxes					**(742)**	**13,965**	**(742)**	**13,965**
Net profit							**23,782**	**33,386**

Balance sheet (€/000)	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
	Rent		Services		Mutual		Total	
Fixed assets	1,116,477	842,233	0	0	7,833	0	1,124,310	842,233
Other non-current assets	0	0	0	0	206,975	202,568	206,975	202,568
Current investments	83,332	148,957	0	0	0	0	83,332	148,957
Net working capital	(7,379)	(15,403)	182	194	34,442	1,375	27,245	(13,834)
Other non-current liabilities	(37,536)	(42,250)	(247)	(269)	0	0	(37,783)	(42,519)
Total use of funds	**1,154,894**	**933,537**	**(65)**	**(75)**	**249,250**	**203,943**	**1,404,080**	**1,137,405**
Net debt	424,522	210,905	(3,735)	(798)	249,250	203,943	670,037	414,050
Equity	730,372	722,632	3,670	723	0	0	734,042	723,355
Total sources of funds	**1,154,894**	**933,537**	**(65)**	**(75)**	**249,250**	**203,943**	**1,404,080**	**1,137,405**

Business combinations

Acquisition of Faenza Sviluppo area Marcucci S.r.l.

On 8 October 2009 IGD acquired 100% of Faenza Sviluppo Area Marcucci S.r.l. from a related party.
Costing €13,885,634, the company was paid for in cash, as it had already taken out a mortgage and another loan prior to the acquisition. The following table compares the fair value and carrying value (according to IAS/IFRS) of Faenza Sviluppo Area Marcucci S.r.l.'s identifiable assets and liabilities at the acquisition date:

Faenza Sviluppo Area Marcucci s.r.l. (in EUR)	Carrying value	Fair value
Intangible assets	2,942	2,942
Property, plant, and equipment	85,415,720	85,415,720
Other non-current assets	3,548	3,548
Total non-current assets	***85,422,210***	***85,422,210***
Current assets		
Inventory	0	0
Trade receivables	620,064	620,064
Other current assets	161,935	161,935
Related party financial receivables and other current financial assets	5,089,077	5,089,077
Cash and cash equivalents	64,855	64,855
Total current assets	***5,935,931***	***5,935,931***
Total assets	**91,358,141**	**91,358,141**
Non-current liabilities		
Related party non-current financial liabilities	15,000,200	15,000,200
Non-current financial liabilities	54,743,674	54,743,674
Deferred tax liabilities	3,813,041	3,813,041
Total non-current liabilities	***73,556,916***	***73,556,916***
Current liabilities		
Related party current financial liabilities	0	0
Trade payables	1,757,426	1,757,426
Related party trade payables	386,800	386,800
Other current liabilities	1,837,024	1,837,024
Total current liabilities	***3,981,250***	***3,981,250***
Total liabilities	**77,538,166**	**77,538,166**
Net assets	**13,819,975**	**13,819,975**
Goodwill		**65,658**
Acquisition cost		**13,885,634**

Notes to the Financial Statements

Note 1) Revenues

Ricavi	2009	2008	Change
Freehold hypermarkets	**25,677,559**	**24,458,371**	**1,219,188**
Rent	**25,677,559**	**24,458,371**	**1,219,188**
Related parties	25,677,559	24,458,371	1,219,188
Third parties	0	0	0
Leasehold hypermarkets	**0**	**661,694**	**(661,694)**
Rent	**0**	**644,571**	**(644,571)**
Related parties	0	644,571	(644,571)
Third parties	0	0	0
Business lease	**0**	**17,123**	**(17,123)**
Related parties	0	17,123	(17,123)
Third parties	0	0	0
Freehold supermarkets	**365,249**	**360,560**	**4,689**
Rent	**365,249**	**360,560**	**4,689**
Related parties	365,249	360,560	4,689
Third parties	0	0	0
Total hypermarkets/supermarkets	***26,042,808***	***25,480,625***	***562,183***
Freehold malls	**35,502,564**	**23,686,785**	**11,815,779**
Rent	**5,974,383**	**2,218,239**	**3,756,144**
Related parties	281,582	264,592	16,990
Third parties	5,692,801	1,953,647	3,739,154
Business lease	**29,528,181**	**21,468,546**	**8,059,635**
Related parties	334,650	193,014	141,636
Third parties	29,193,531	21,275,532	7,917,999
Leasehold malls	**3,413,845**	**1,452,227**	**1,961,618**
Rent	**63,193**	**155,631**	**(92,438)**
Related parties	0	6,557	(6,557)
Third parties	63,193	149,074	(85,881)
Business lease	**3,350,652**	**1,296,596**	**2,054,056**
Related parties	0	33,461	(33,461)
Third parties	3,350,652	1,263,135	2,087,517
Other contracts	**444,349**	**497,664**	**(53,315)**
Other contracts and temporary rent at leasehold malls	444,349	497,664	(53,315)
Temporary rent at freehold malls	**1,123,472**	**1,060,428**	**63,044**
Related parties	453,400	420,000	33,400
Third parties	670,072	640,428	29,644
Total malls	***40,484,230***	***26,697,104***	***13,787,126***
Grand total	**66,527,038**	**52,177,729**	**14,349,309**
of which related parties	27,112,440	26,398,249	714,191
of which third parties	39,414,598	25,779,480	13,635,118

The increases for hypermarkets/supermarkets derive mainly from the purchase of new hypermarkets at Katanè and Tiburtino shopping centers and from ISTAT inflation indexing. The rise in rent and business lease income in freehold malls is due to revenues from the new shopping centers Tiburtino (Guidonia) from 2 April 2009, Katanè (Catania) from 5 May 2009, and I Bricchi from 3 December 2009. It is also explained by the full-year contribution of the acquisitions made in 2008. See the directors' report for further information.

Note 2) Other income

Other income	2009	2008	Change
Refund of maintenance charges and other refunds	14,900	3,766	11,134
Out-of-period income (charges)	(445)	(43,817)	43,372
Shopping center management revenues	0	1,039,372	(1,039,372)
Cost charge-backs	115,473	103,958	11,515
Revenues from marketing, pilotage and management contracts	1,780,781	210,969	1,569,812
Gains from disposals	10	30	(20)
One-off revenues	0	200,000	(200,000)
Other	99,363	0	99,363
Total other income from third parties	**2,010,082**	**1,514,278**	**495,804**
Refund of maintenance charges from related parties	29,888	47,205	(17,317)
Center management revenues from related parties	0	150,112	(150,112)
Cost charge-backs with related parties	8,916	491,964	(483,048)
Revenues from marketing, pilotage and management contracts w/related parties	67,526	62,110	5,416
Proceeds from transfer of preliminary contracts to related parties	621,834	0	621,834
Administrative services with related parties	352,936	334,111	18,825
Miscellaneous income from related parties	0	131,795	(131,795)
Total other income from related parties	**1,081,100**	**1,217,297**	**(136,197)**
TOTAL	**3,091,182**	**2,731,575**	**359,607**

This item consists mainly of marketing and pilotage revenues and income from new facility management contracts in relation to new openings in 2009. Most of the rest consists of shopping center management fees charged back to the relative consortiums, income from services rendered to related parties, and the proceeds from the transfer to the RGD Group of preliminary contracts for the mall at Il Ducale shopping center in Vigevano.

Note 3) Material and service costs

Material and service costs	2009	2008	Change
Material and service costs	**8,150,499**	**7,170,246**	**980,253**
Rent paid/property usage fees	383,207	1,908,264	(1,525,057)
Utilities	92,981	77,799	15,182
Advertisements, listings, advertising & promotions	225,846	263,816	(37,970)
Guidonia promotional costs	730,000	0	730,000
Mondovicino promotional costs	240,000	277,200	(37,200)
Asti launch	322,146	0	322,146
Center management fees	1,002,501	311,669	690,832
Center administration fees	0	121,295	(121,295)
Insurance	396,816	296,402	100,414
Professional fees	253,976	407,243	(153,267)
Directors' and statutory auditors' fees	476,680	322,345	154,335
External auditing fees	123,197	98,898	24,299
Investor relations, Consob, Monte Titoli costs	345,736	383,530	(37,794)
Recruitment, training and other personnel costs	192,423	322,677	(130,254)
Travel and accommodation	106,782	203,021	(96,239)
Failed project costs	126,148	387,167	(261,019)
Guidonia launch	0	328,312	(328,312)
Mondovicino pilotage and construction site charges	14,315	0	14,315
Asti pilotage and construction site charges	154,000	0	154,000
Guidonia pilotage and construction site charges	972,662	0	972,662
Catania pilotage and construction site charges	360,625	0	360,625
Consulting	960,911	593,821	367,090
Charge-backs	124,389	438,807	(314,418)
Maintenance and repairs	126,878	227,871	(100,993)
Bank fees and commissions	39,325	41,530	(2,205)
Cleaning, porterage and security	227,159	43,308	183,851
Other	151,796	115,271	36,525
Material and service costs with related parties	**2,692,280**	**3,377,915**	**(685,635)**
Rent paid	2,226,073	2,906,109	(680,036)
Utilities	3,081	6,364	(3,283)
Advertisements, listings, advertising & promotions	0	719	(719)
Service	301,341	194,691	106,650
Directors' and statutory auditors' fees	161,051	103,000	58,051
Consulting	0	7,003	(7,003)
Charge-backs	0	157,114	(157,114)
Maintenance and repairs	0	1,204	(1,204)
Other	734	1,711	(977)
TOTAL	**10,842,779**	**10,548,161**	**294,618**

The principal component of this item is rent and usage fees paid for properties managed by IGD, as well as costs awaiting charge-back and pilotage/construction site expenses (that will also be charged back to the operators). Because of the new openings, sizeable amounts were invested in promotions and advertising in order to support the centers during their start-up phase, and to improve the visibility of those opened in the last 24-36 months.

Note 4) Cost of labor

The cost of labor is detailed below:

Cost of labor	2009	2008	Change
Wages and salaries	2,818,020	2,890,375	(72,355)
Social security	746,101	849,638	(103,537)
Severance pay	104,447	226,485	(122,038)
Other costs	66,953	111,676	(44,723)
Total	**3,735,521**	**4,078,174**	**(342,653)**

Severance pay includes contributions to supplementary funds in the amount of €33,615. The workforce is broken down by category below:

Division of workforce by category	31/12/2009	31/12/2008
Executives	5	5
Middle managers	11	11
White collar	38	32
Total	**54**	**48**

The following table provides details of directors' and statutory auditors' fees for their work at the parent company and its subsidiary. The fees indicated make up the annual compensation approved by the shareholders and the Board of Directors when these officers were appointed.

Name	Title	Dates in office in 2009	End of term	Emoluments for office held at the reporting company
Board of Directors				
Gilberto Coffari	Chairman	01/01/09-30/04/09		25,000
		30/04/09-31/12/09	2011 FY appr.	56,500
Sergio Costalli	Vice Chairman	01/01/09-30/04/09		25,000
		30/04/09-31/12/09	2011 FY appr.	56,500
Claudio Albertini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09		16,500
	Chief Executive Officer	30/04/09-31/12/09	2011 FY appr.	250,000
Roberto Zamboni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Aristide Canosani	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Francesco Gentili	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500

Name	Title	Dates in office in 2009	End of term	Emoluments for office held at the reporting company
Sergio Santi	Director	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Andrea Parenti	Director	23/04/09-31/12/09	2011 FY appr.	16,500
Giorgio Boldreghini	Director	23/04/09-31/12/09	2011 FY appr.	16,500
Corrado Pirazzini	Director	09/07/09-31/12/09	2011 FY appr.	16,500
Board of Statutory Auditors				
Romano Conti	Chairman	01/01/09-23/04/09		22,500
		23/04/09-31/12/09	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01/09-23/04/09		15,000
		23/04/09-31/12/09	2011 FY appr.	16,500
Internal Control Committee				
Massimo Franzoni	Director (Supervisor)	01/01/09-31/12/09	when no longer director	12,000
Aristide Canosani	Director	01/01/09-31/12/09	when no longer director	8,000
Leonardo Caporioni	Director	01/01/09-31/12/09	when no longer director	8,000
Supervisory Board				
Fabio Carpanelli	Director (Chairman)	01/01/09-31/12/09	when no longer director	12,000
Francesco Gentili	Director	01/01/09-31/12/09	when no longer director	8,000
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	8,000
Compensation Committee				
Riccardo Sabadini	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Nominations Committee				
Fabio Carpanelli	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Andrea Parenti	Director	30/04/09-31/12/09	when no longer director	500 per meeting attended
Chairman's Committee				
Gilberto Coffari	Chairman	01/01/09-31/12/09	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01/09-31/12/09	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	30/04/09-31/12/09	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01/09-31/12/09	when no longer director	500 per meeting attended
Lead Independent Director				
Riccardo Sabadini	Director	01/01/09-31/12/09	2011 FY appr.	500 per meeting attended

Note 5) Other operating costs

Other operating costs	2009	2008	Change
Taxes	2,667,838	2,151,570	516,268
Contract registration	227,622	186,311	41,311
Capital losses	6	13,826	(13,820)
Out-of-period (income)/charges	27,217	35,351	(8,134)
Membership fees	62,138	50,572	11,566
Losses on receivables	113,082	129,142	(16,060)
Provision for doubtful accounts	912,964	443,200	469,764
Provision for delayed Guidonia opening	0	1,914,813	(1,914,813)
Charges for delayed Guidonia opening	0	850,038	(850,038)
Other provisions	60,000	0	60,000
Shopping center penalties provision	100,000	0	100,000
Penalties for delayed Asti opening	550,000	0	550,000
Fuel and tolls	88,068	123,660	(35,592)
Magazine subscriptions, office supplies, forms	91,984	100,553	(8,569)
Other operating expenses	57,429	179,909	(122,480)
TOTAL	**4,958,348**	**6,178,945**	**(1,220,597)**

"Taxes" refer mainly to local property tax (ICI), and the increase is due to the acquisition of new malls. The accrual to the provision for doubtful accounts was made in order to adjust its balance to estimated realizable value.

Note 6) Change in fair value and impairment

This covers the adjustment to fair value of the investment property discussed in Note 13) and the writedowns discussed in Note 15).

Note 7) Capital gain from the sale of equity investments

Capital gains from equity investments	2009	2008	Change
Capital gains from equity investments	0	92,064	(92,064)
Total third parties	**0**	**92,064**	**(92,064)**

Note 8) Financial income and charges

Financial income	2009	2008	Change
Bank interest income	313,686	2,273,418	(1,959,732)
Other interest income	31,262	8,026	23,236
Total third parties	**344,948**	**2,281,444**	**(1,936,496)**
Interest income from related parties	845,446	1,085,798	(240,352)
Interest income from Coop Adriatica account	13,669	66,145	(52,476)
Total related parties	**859,115**	**1,151,943**	**(292,828)**
Total financial income	**1,204,063**	**3,433,387**	**(2,229,324)**

Interest income from banks decreased substantially due to the use of cash to finance the Company's development. Interest income from subsidiaries refers to the financial receivable mentioned in Note 23.

Financial charges	2009	2008	Change
Interest expense to subsidiaries	*25,026*	*776,340*	*(751,314)*
Interest expense on security deposits	332,152	332,200	(48)
Interest expense on Coop Adriatica (formerly TCA) account	11,111	19,254	(8,143)
Total related parties	**368,289**	**1,127,794**	**(759,505)**
Interest expense to banks	872,138	810,784	61,354
Other interest and charges	533,836	660,001	(126,165)
Mortgage loan interest	10,846,039	11,132,378	(286,339)
Financial leasing charges	95,964	0	95,964
Bond interest and charges	12,370,317	12,010,285	360,032
IRS spreads	2,729,746	(1,947,141)	4,676,887
Total third parties	**27,448,040**	**22,666,307**	**4,781,733**
Total financial charges	**27,816,329**	**23,794,101**	**4,022,228**

The increase in net financial charges is explained by the growth of net debt in support of IGD's development. For the portion of loans not hedged by interest rate swaps, the growth is mitigated by the decrease in rates throughout the year.

Net spreads on hedge derivatives have been classified here to reflect the substance of the hedging transaction, which is to stabilize the financial charge at a fixed rate.

Bond interest and charges, at €12,370,317, are made up as follows:
- interest to bondholders at 2.5% = €5,750,000
- higher financial charges due to rise in effective interest rate from 2.5% to 5.53% = €5,769,722
- higher financial charges due to use of amortized cost method = €850,595 (rate increase of 0.5%)

Note 9) Income taxes

Income taxes	2009 (A)	2008 (B)	Change (A - B)
Current taxes	312,343	705,684	(393,341)
Deferred tax liabilities	3,198,668	(45,664,121)	48,862,789
Deferred tax assets	(2,617,130)	185,443	(2,802,573)
SIIQ entry tax	0	30,797,217	(30,797,217)
Out-of-period income/charges	(151,710)	10,899	(162,609)
TOTAL	**742,171**	**(13,964,878)**	**14,707,049**

Current taxes amount to €312,343: €248,382 for IRAP (regional business tax) and €63,961 for IRES (corporate income tax). Deferred tax assets and liabilities mostly concern the application of IAS 40. See Note 16 for further information.

The balances for the two periods are not comparable, due to the reversal of deferred tax liabilities provided on the higher value of properties up to 31 December 2007 and payment of the substitute tax.

The following tables show the results of applying SIIQ tax rules and the calculations used to confirm the economic and financial conditions for maintaining SIIQ status:

Income statement: exempt operations and taxable operations (in EUR)	2009 total	2009 exempt operations	2009 taxable operations
Total operating revenues and income	69,618,220	61,764,054	7,854,166
Total operating expenses	19,536,648	16,513,326	3,023,322
Profit before depreciation & amortization, capital gains/losses, and write-downs/write-backs of non-current assets (ebitda)	**50,081,572**	**45,250,728**	**4,830,844**
(Depreciation & Amortization)	(326,045)	(270,150)	(55,895)
(Writedowns)	(1,108,334)	0	(1,108,334)
Change in fair value - increases / (decreases)	2,489,046	0	2,489,046
EBIT	**51,136,239**	**44,980,578**	**6,155,661**
Income from equity investments	**0**	**0**	**0**
Income from equity investments	0	0	0
Financial income	1,204,063	30,249	1,173,814
Financial charges	(27,816,329)	(24,965,505)	(2,850,824)
Net financial income (charges)	**(26,612,266)**	**(24,935,256)**	**(1,677,010)**
Pre-tax profit	**24,523,973**	**20,045,322**	**4,478,651**
Income taxes	742,171	0	742,171
Net profit	**23,781,802**	**20,045,322**	**3,736,480**

Confirmation of economic condition	FY 2009
Rental and equivalent income (exempt income) (A)	61,764,054
Total positive components (B)	70,822,283
Income ratio (A/B)	**87.21%**

Confirmation of financial condition		FY 2009
Value of properties owned		1,115,100,000
Total rental properties		**1,115,100,000**
Beneficial interests		**1,807,462**
Properties under construction		83,331,560
Total properties under construction		**83,331,560**
Total rental properties and properties under construction	**A**	**1,200,239,022**
Total assets	***B***	***1,529,632,639***
Elements excluded from ratio:	**C**	**(120,954,676)**
Cash and cash equivalents		(27,947,622)
Loans /Group companies		(40,153,521)
Trade receivables		(5,614,050)
IGD SIIQ head office		(7,860,302)
VAT credit		(39,379,181)
Total adjusted assets B - C = D	**D**	**1,408,677,963**
FINANCIAL RATIO A/D		**85.20%**

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2008 and 31 December 2009.

	2009	2008
Pre-tax profit	**24,523,973**	**19,420,988**
Theoretical tax charge (at 27.5%)	6,744,093	5,340,772
Profit shown in income statement	24,523,973	19,420,988
Increases:		
ICI (local property tax)	2,622,726	2,095,204
other increases	8,947,061	14,524,958
Decreases:		
temporary changes:		
change in exempt income	(26,187,622)	(25,834,264)
depreciation & amortization	(2,296,084)	(2,295,753)
fair value	(2,489,046)	(5,669,876)
other changes	(2,057,498)	(832,287)
Taxable income	**3,063,511**	**1,408,970**
Current taxes	***842,466***	***387,467***
Income from group tax election	***778,505***	
Total current taxes for the year	***63,961***	
Difference between value and cost of production	**53,324,004**	**38,097,936**
Theoretical IRAP charge (3.9%)	2,079,636	1,485,820
Difference between value and cost of production	**53,324,004**	**38,097,936**
temporary changes:		
Decreases		
permanent changes:		
increases	5,413,628	5,669,876
decreases	(2,366,730)	(2,393,215)
non-deductible costs		2,095,204
Costs not relevant for IRAP purposes		2,901,845
change in exempt income	(49,298,819)	(37,568,219)
other deductions	(822,938)	(841,236)
Taxable income for IRAP purposes	**6,249,146**	**7,962,192**
Current IRAP for the year	**248,382**	**318,218**

Note 10) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2008	Balance at 01/01/08	Additions	Disposals	Amortization	Reclassifi-cations	Balance at 31/12/08
Intangible assets with finite useful lives	6,573	0	0	(1,436)	0	5,137
Intangible assets with finite useful lives under development	0	246,150	(224,000)	0	0	22,150
Total intangible assets with finite useful lives	**6,573**	**246,150**	**(224,000)**	**(1,436)**	**0**	**27,287**

Intangible assets with finite useful lives 2009	Balance at 01/01/09	Additions	Disposals	Amortization	Reclassifi-cations	Balance at 31/12/09
Intangible assets with finite useful lives	5,137	13,500	0	(5,000)	22,150	35,787
Intangible assets with finite useful lives under development	22,150	0	0	0	(22,150)	0
Total intangible assets with finite useful lives	**27,287**	**13,500**	**0**	**(5,000)**	**0**	**35,787**

Intangible assets with finite useful lives consist of expenses incurred for the design and registration of trademarks used by the Company, which are amortized over 10 years.
Additions for the year reflect the cost of new trademarks designed for malls.
During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.

Note 11) Goodwill

Goodwill 2008	Balance at 01/01/08	Increases	Decreases	Reclassifications	Balance at 31/12/08
Goodwill	2,544,184	0	(2,000,095)	(416,625)	127,464

Goodwill 2009	Balance at 01/01/09	Increases	Decreases	Reclassifications	Balance at 31/12/09
Goodwill	127,464	0	0	0	127,464

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2009.

Goodwill	31/12/08	31/12/09
Città delle Stelle	64,828	64,828
San Ruffillo	62,636	62,636
Total	**127,464**	**127,464**

With regard to Citta delle Stelle and San Ruffillo, the amount attributed to each cash generating unit was determined on the basis of value in use. The recoverable amount was calculated by projecting cash flows estimated in the 2010 budget and in revised plans for 2010-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 5.58%; the risk premium contained in the cost of equity is 4.5%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. The test did not suggest the need to adjust the amounts reported.

Note 12) Buildings

Buildings	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifications	Balance at 31/12/09
Historical cost	0	7,986,862			880	7,987,743
Accumulated depreciation	0			(127,441)		(127,441)
Net carrying value	**0**	**7,986,862**	**0**	**(127,441)**	**880**	**7,860,302**

This item refers to the purchase of IGD SIIQ S.p.A.'s head office, at the end of April, through a finance lease.

Note 13) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with additions, disposals, and changes in fair value shown separately.

Investment property 2008	Balance at 01/01/08	Increases	Decreases	Revaluations	Writedowns	Reclassifi-cations	MV merger	Balance at 31/12/08
Investment property	**699,790,000**	**73,323,990**	**(13,544)**	**7,792,668**	**(2,122,792)**	**709,678**	**62,300,000**	**841,780,000**

Investment property 2009	Balance at 01/01/09	Increases	Decreases	Revaluations	Writedowns	Reclassifi-cations	Nikefin merger	Balance at 31/12/09
Investment property	**841,780,000**	**156,812,771**		**19,793,061**	**(17,304,015)**	**114,018,183**		**1,115,100,000**

The following shopping centers were acquired in 2009:
- Tiburtino (Guidonia, Rome)
- Katanè (Catania)

while the "I Bricchi" mall (Isola d'Asti) was completed and opened during the year, and thus transferred from assets under construction to investment property as shown under the heading "Reclassifications".

This item also includes the down payment and work in progress on the Tiburtino and Katanè shopping centers, as well as the transfer of finished works on the ESP center, which at 31 December 2008 were classified as assets under construction.

Minor investments were also made in the shopping centers Afragola, ESP, Borgo, Abruzzo, Portogrande, Lungo Savio, Imola, Livorno and Casilino.

The adjustment to fair value at 31 December 2009 entailed revaluations that exceeded writedowns. The independent appraisal by CB Richard Ellis at 31 December 2009 raised the fair value of certain hypermarkets and most of the new malls, but lowered it for the rest of the portfolio.

The valuation policies used, as certified in the appraisal report, were as follows:
- for malls: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.
- for hypermarkets and supermarkets: discounted cash flow projections based on net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalizing the final year's rental income at an applicable market rate for similar investments.
- For the freehold portions used as stores, wholesale zone, fitness area, and offices, the following methods were used:
  - comparative or market method, based on a comparison between the investment property and similar properties recently sold or currently offered on the same or competing markets.
  - Income method, based on the present value of the potential market income of a property, obtained by capitalizing the income at an applicable market rate.
  - The values obtained with the above methods are then appropriately mediated.

For the calculation of fair value and an analysis of the real estate portfolio, see the appraisal report by CB Richard Ellis, attached to the financial statements.

Note 14) Plant and machinery, equipment, and leasehold improvements

Most of the changes in plant and machinery, equipment, and leasehold improvements reflect depreciation for the year and the purchase of plant and equipment. Leasehold improvements consist of structural work on properties not owned by IGD and are amortized over the duration of the lease.
Movements in plant and machinery in 2008 and 2009 are shown below:

Plant and machinery 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifi-cations	MV merger	Balance at 31/12/08
Historical cost	1,088,408	17,340	(882,798)		(42,563)		180,387
Accumulated depreciation	(768,417)		640,104	(17,357)	37,176		(108,494)
Net carrying value	**319,991**	**17,340**	**(242,694)**	**(17,357)**	**(5,387)**	**0**	**71,893**

Plant and machinery 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifi-cations	Nikefin merger	Balance at 31/12/09
Historical cost	180,387	49,630	(8,500)				221,517
Accumulated depreciation	(108,494)		8,500	(25,861)			(125,855)
Net carrying value	**71,893**	**49,630**	**0**	**(25,861)**	**0**	**0**	**95,662**

The increase concerns investments for the new headquarters.

The following tables show movements in equipment in 2008 and 2009:

Equipment and other assets 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifi-cations	MV merger	Balance at 31/12/08
Historical cost	694,060	7,633	(366,345)			199,746	535,094
Accumulated depreciation	(508,680)		324,211	(48,461)		(5,760)	(238,690)
Net carrying value	**185,380**	**7,633**	**(42,134)**	**(48,461)**	**0**	**193,986**	**296,404**

Equipment and other assets 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifi-cations	Nikefin merger	Balance at 31/12/09
Historical cost	535,094	773,189	(17,557)		280,324		1,571,050
Accumulated depreciation	(238,690)		4,619	(150,734)			(384,805)
Net carrying value	**296,404**	**773,189**	**(12,938)**	**(150,734)**	**280,324**	**0**	**1,186,245**

The substantial increase in equipment is due mainly to the purchase of the new headquarters. To a small degree it also reflects the new Tiburtino and Katanè malls. Movements in leasehold improvements in 2008 and 2009:

Leasehold improvements 2008	Balance at 01/01/08	Increases	Decreases	Depreciation	Reclassifi-cations	MV merger	Balance at 31/12/08
Net carrying value	**123,236**	**72,384**	**(89,233)**	**(17,008)**	**(4,336)**		**85,043**

Leasehold improvements 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Reclassifi-cations	Nikefin merger	Balance at 31/12/09
Net carrying value	**85,043**			**(17,009)**			**68,034**

Note 15) Assets under construction

Assets under construction 2008	Balance at 01/01/08	Increases	Decreases	Reclassifi-cations	Writedowns	MV merger	Balance at 31/12/08
Assets under construction	**108,626,352**	**87,139,890**	**(46,526,324)**	**(283,328)**	**0**	**0**	**148,956,590**

Assets under construction 2009	Balance at 01/01/09	Increases	Decreases	Reclassifi-cations	Writedowns	Nikefin merger	Balance at 31/12/09
Assets under construction	**148,956,590**	**19,904,190**	**(11,158,096)**	**(114,299,388)**	**(1,108,334)**	**41,036,598**	**83,331,560**

The change in assets under construction is due to the following (see Note 42, Commitments and risks):

- further down payments on the preliminary contract in Palermo
- progress on the roadworks of the future shopping center in Chioggia, the restyling of the Afragola center, and works on the retail park at Mondovì
- capitalization of interest according to IAS 23.

The decrease is essentially due to:
- the transfer to the RGD Group of preliminary contracts for the mall at Il Ducale shopping center in Vigevano
- the reclassification to investment property of the mall I Bricchi (completed during the year), and of the Tiburtino and Katanè shopping centers (following the final deed of sale), which were opened in 2009
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value.

See section 2.6.2 on the real estate portfolio for further details.

Note 16) Deferred tax assets and deferred tax liabilities

Deferred tax assets consist mainly of the tax effect on IAS entries. There are no deferred tax assets on fiscal losses. The above taxes have been classified as "Non-current deferred tax assets".

Deferred tax assets and liabilities	31/12/09	31/12/08	Change
Deferred tax assets	6,470,576	2,769,415	3,701,161
Deferred tax liabilities	(12,554,008)	(9,550,112)	(3,003,896)

Deferred tax assets are shown in detail below:

Deferred tax assets from:	31/12/09	31/12/08	Change
Amortization reversal	38,885	115,598	(76,713)
Capital increase	187,963	623,949	(435,986)
IPO costs	0	476,721	(476,721)
Taxed provisions	156,790	122,942	33,848
Bonus provision	10,523	12,755	(2,232)
IAS 40	3,598,387	546,759	3,051,628
Impairment (IAS 36)	309,655	0	309,655
Higher land value for tax purposes	761,555	545,160	216,395
IAS 19	789	991	(202)
Interest rate swaps	1,404,809	324,540	1,080,269
Deferred tax assets - Nikefin	1,220	0	1,220
Total deferred tax assets	**6,470,576**	**2,769,415**	**3,701,161**

In accordance with SIIQ regulations, deferred tax assets arising from expenses incurred before the Company became an SIIQ are calculated as provided for in Law 296 of 27 December 2006 (paragraph 132) and in Circular 8/E of 31 January 2008, and refer to:
- amortization and depreciation charged for tax purposes in connection with the use of IAS 38 and IAS 32 on start-up and expansion costs recognized in prior years in a specific equity reserve (IPO and capital increase expenses) or expensed in full as they can no longer be capitalized.

For differences arising after SIIQ status was achieved, deferred tax assets are calculated for the portion pertaining to taxable operations only, and refer to:

- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property writedowns in accordance with IAS 40
- advance payment of the substitute tax on the difference between the fair value and the carrying value (cost) of land.

Deferred tax assets	Balance at 31/12/08						Balance at 31/12/09	
			Increases	Decreases	Increases	Reversal		
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
IAS 19, tax effect 2008	22,411	991					22,411	991
IAS 19, adjustment 2008				22,411		202	-22,411	-202
Fair value adj.	1,988,215	546,759	10,927,090	35,754	3,052,892	9,988	12,879,551	3,589,663
2008 fair value adj. on portion of IRAP (3.9% x 11.25%)			1,988,215	0	8,723		1,988,215	8,723
land at fair value for SIIQ	2,725,801	545,160	0	0	0	0	2,725,801	545,160
land at fair value for SIIQ - adjustment			2,725,801		216,395		2,725,801	216,395
IAS 36 impairment	0	0	1,108,334	0	309,655	0	1,108,334	309,655
IAS 38 2008 & 2009	10,525	465	11,028	4,837	388	170	16,716	683
IAS 38 2008 and2009, adjustment for exempt %				10,525		95	-10,525	-95
IAS 38 2008 Nikefin merger			1,263	316	396	11	947	385
IAS 38 2008 Nikefin merger adjustments				1,263	0	352	-1,263	-352
writedowns of receivables 2008 taxable operations 57.32%	245,486	38,700	0	20,000	0	3,151	225,486	35,548
writedowns of receivables 2009 taxable operations 3.02%			633,700	0	5,263	0	633,700	5,263
writedowns of receivables 2009 taxable operations 100%			115,409	0	31,738	0	115,409	31,738
provision for doubtful accounts 2007	306,330	84,242	0	0	0	0	306,330	84,242
bonus provision 2009			38,267		10,523		38,267	10,523
borrowing costs past IRES 50%	55,626	15,298	0	23,073	0	3,174	32,552	12,124
borrowing costs past adjustment				55,626		7,649	-55,626	-7,649
bonus provision 2008	46,379	12,755	0	46,379	0	12,755	0	0
IAS 38 past IRES 50% & IRAP 11.25%	8,465	2,658	0	3,891	0	552	4,574	2,106
IAS 38 past adjustment				8,465		1,457	-8,465	-1,457
IPO IRES 50% & IRAP 11.25%	1,518,222	476,721	0	1,518,222	0	215,417	0	261,305
IPO adjustment				1,518,222		261,305	-1,518,222	-261,305
capital increase IRES 50% & IRAP 11.25%	1,987,099	623,949	0	662,366	0	93,982	1,324,732	529,967
capital increase adjustment				1,987,099		342,004	-1,987,099	-342,004
IAS 38 MV past IRES 50% & IRAP 11.25%	310,116	97,177	0	81,104	0	11,509	229,012	85,668
IAS 38 MV past adjustments				310,116		53,175	-310,116	-53,175
IAS 38 Nikefin past IRES 50% & IRAP 11.25%			6,832	2,277	2,145	323	4,555	1,822
IAS 38 2007 Nikefin past merger adjustment				6,832		1,176	-6,832	-1,176
Deferred tax assets Nikefin merger			4,437		1,220		4,437	1,220
Interest rate swaps*	1,180,146	324,540	3,928,249	0	1,080,269	0	5,108,395	1,404,809
TOTAL	**10,404,820**	**2,769,415**	**21,488,625**	**6,318,777**	**4,719,607**	**1,018,446**	**25,574,668**	**6,470,576**

* effect charged or credited directly to equity.

Below are the details of deferred tax liabilities:

Provision for deferred tax liabilities	31/12/09	31/12/08	Change
Capital gains in installments	65,515	131,031	(65,516)
Tax effect on fair value of properties	11,934,618	8,467,499	3,467,119
Tax effect on convertible bond	553,875	951,582	(397,707)
Total deferred tax liabilities	**12,554,008**	**9,550,112**	**3,003,896**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. Most of the increase is explained by the revaluation of investment property.

Deferred tax liabilities	Balance at 31/12/08						Balance at 31/12/09	
			Increases	Decreases	Increases	Reversal		
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
Capital gains from disposals	476,475	131,031		238,238		65,515	238,237	65,515
IAS borrowing costs on bond for adjustment Taxable portion from 16.08% to 12.79%**	3,460,299	951,582		708,261		194,772	2,752,037	756,810
Borrowing cost on bond 2009				737,947		202,936	-737,947	-202,936
	3,460,299	**951,582**		**1,446,209**		**397,707**	**2,014,090**	**553,875**
Fair value adj. 2009	7,658,090	2,105,975	19,757,307	6,376,925	5,519,945	1,781,633	21,038,472	5,844,285
2008 fair value adj. on portion of IRAP (3.9% x 11.25%)			7,658,091		33,600		7,658,091	33,600
MV merger effect adjustment of IRAP rate	20,259,632	6,361,524				304,792	20,259,632	6,056,732
Total for IAS 40 adjustment	**27,917,722**	**8,467,499**	**27,415,398**	**6,376,925**	**5,553,544**	**2,086,425**	**48,956,195**	**11,934,618**
Total	**31,854,496**	**9,550,112**	**27,415,398**	**8,061,371**	**5,553,544**	**2,549,648**	**51,208,522**	**12,554,008**

** effect on bond loan charged to equity in the amount of €194,772

Note 17) Sundry receivables and other non-current assets

Other non-current assets	31/12/09	31/12/08	Change
Equity investments	198,498,245	193,506,540	4,991,705
Down payment for purchase of shares	0	5,480,000	(5,480,000)
Tax credits	4,489	4,653	(164)
Beneficial interest	1,807,462	629,358	1,178,104
Due from others	3	3	0
Security deposits	31,266	23,401	7,865
Total	**200,341,465**	**199,643,955**	**697,510**

The beneficial interest refers to the corporeal right on the mall at Città delle Stelle shopping center. The decrease in down payments for the purchase of shares is explained by the termination of the preliminary contract for the purchase of the special purpose vehicle Milano Est S.r.l., designated to build the Peschiera shopping center, and the transfer to the RGD Group of the preliminary contract for the special purpose vehicle Sagittario S.r.l., which owns most of the Vigevano shopping center. Equity investments are detailed in the table below:

Equity investments	31/12/09	31/12/08	Change
Immobiliare Larice S.r.l.	170,183,477	170,183,477	0
Millennium Gallery S.r.l.	14,313,025	14,313,025	0
Nikefin Asti S.r.l.	0	8,883,411	(8,883,411)
Winmarkt Management S.r.l.	0	18,482	(18,482)
Sviluppo Faenza area Marcucci S.r.l.	13,885,634	0	13,885,634
Consorzio Forte di Brondolo	55,319	55,319	0
Consorzio Proprietari C.C. Leonardo	52,000	52,000	0
Other	8,790	826	7,964
Total	**198,498,245**	**193,506,540**	**4,991,705**

Most of the changes during the year were due to:
- the merger of Nikefin Asti S.r.l.
- the acquisition of an interest in Sviluppo Faenza area Marcucci S.r.l. from a related party
- the sale of 10% of Winmarkt Management to Winmagazin S.A.

The recoverability of the value of equity investments was tested using the discounted cash flow method. For each investment, the equity value (enterprise value + NFP) was determined and compared with the carrying value. Enterprise value was calculated by projecting each company's cash flows as estimated in the 2010 budget and in revised plans for 2010-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 5.58%; the risk premium contained in the cost of equity is 4.5%, while the borrowing rate used is the average rate paid by the company to obtain funding. A growth rate of 1.5% was assumed in the projection. No adjustments in value were found to be necessary.

Note 18) Non-current financial assets

Non-current financial assets	31/12/09	31/12/08	Change
Non-current financial assets	**0**	**9,315**	**(9,315)**

The decrease refers to the fair value change in hedge derivatives at 31 December 2009 See Note 40 - Derivatives for further information.

Note 19) Trade and other receivables

Trade and other receivables	31/12/09	31/12/08	Change
Trade and other receivables - third parties	8,118,913	6,128,887	1,990,026
Provision for doubtful accounts	(3,054,372)	(2,162,201)	(892,171)
	5,064,541	**3,966,686**	**1,097,855**

The increase in trade receivables is due essentially to the growth of revenues with the opening of three shopping centers and a mall in 2009. They are shown net of the provision for doubtful accounts of €3,054,372. Movements in the provision for doubtful accounts are shown below:

	31/12/08	Utilizations	Writedown of delinquent interest	Accruals	31/12/09
Provision for doubtful accounts	2,162,201	(45,240)	24,447	912,964	3,054,372
Total provision for doubtful accounts	**2,162,201**	**(45,240)**	**24,447**	**912,964**	**3,054,372**

Note 20) Related party trade and other receivables

Related party trade and other receivables	31/12/09	31/12/08	Change
Parent company	23,498	86,079	(62,581)
Total parent company	**23,498**	**86,079**	**(62,581)**
RGD Group	0	36,000	(36,000)
Immobiliare Larice S.r.l.	0	130,764	(130,764)
Porta Medicea S.r.l.	78,000	30,000	48,000
Winmagazin SA	4,700	91,791	(87,091)
Winmarkt Management S.r.l.	163,156	0	163,156
Consorzio dei Proprietari Centro Leonardo	15,405	15,454	(49)
Consorzio Forte di Brondolo	0	3,434	(3,434)
Sviluppo Faenza	34,135	0	34,135
Ipercoop Tirreno	20,629	20,629	0
Vignale Comunicazioni S.r.l.	159,400	0	159,400
Vignale Immobiliare S.r.l.	0	17	(17)
Unicoop Tirreno Scarl	20,677	23,361	(2,684)
Librerie Coop S.p.A.	29,251	12,036	17,215
Robintur S.p.A.	658	887	(229)
Total other related parties	526,011	364,372	161,639
Total related parties	**549,509**	**450,451**	**99,058**

See Note 38) for comments.

Note 21) Other current assets

Other current assets	31/12/09	31/12/08	Change
Tax credits			
VAT credits	39,379,181	6,627,316	32,751,865
IRES credits	640,392	1,100,277	(459,885)
IRAP credits	0	92,275	(92,275)
Due from others			
Due from insurers	0	2,000	(2,000)
Accrued income and prepayments	220,725	120,436	100,289
Deferred costs	147,182	515,422	(368,240)
Other	127,509	82,524	44,985
Total other current assets	**40,514,989**	**8,540,250**	**31,974,739**

Most of the change on the previous year is due to the increase in VAT credits as a result of the purchase and completion of shopping centers opened in 2009. Deferred costs refer to new investments to be completed in coming years.

Note 22) Related party other current assets

Related party other current assets	31/12/09	31/12/08	Change
Receivables from group tax election	**566,066**	**0**	**566,066**
in detail:			
Immobiliare Larice S.r.l.	566,066	0	566,066

This item consists of the amount due from Immobiliare Larice as a result of transferring the subsidiary's 2009 taxable income and IRES credits to the tax consolidation scheme valid for participating Italian companies.

Note 23) Financial receivables and other current financial assets

Current financial assets	31/12/09	31/12/08	Change
Other financial assets	-	5,192	(5,192)
Total due from third parties	**-**	**5,192**	**(5,192)**
Parent company	219,296	47,309	171,987
Due from other related parties	40,153,521	14,180,810	25,972,711
Total due from related parties	**40,372,817**	**14,228,119**	**26,144,698**

The amounts due from related parties refer to financial receivables from the subsidiaries Millennium Gallery S.r.l. and Immobiliare Larice S.r.l. by way of a pooled account, charging interest at going market rates, and to the balance of the pooled account with the parent company Coop Adriatica.

Note 24) Cash and cash equivalents

Cash and cash equivalents	31/12/09	31/12/08	Change
Cash and cash equivalents at banks, financial institutions and post offices	27,879,394	44,842,893	(16,963,499)
Cash on hand	68,228	26,181	42,047
Total cash and cash equivalents	**27,947,622**	**44,869,074**	**(16,921,452)**

Cash and cash equivalents at 31 December 2009 consisted mainly of current account balances and time deposits at banks.

Note 25) Net equity

The detailed statement of changes in equity is provided in section 5.4.
As resolved by the annual general meeting, the 2008 profit was allocated as follows:

- to the fair value reserve: €20,867,456
- to the legal reserve: €625,921
- to each share outstanding, excluding treasury shares, a dividend of €0.035 for a total of €10,439,544 (taking account of the accretion due as a result of the treasury shares held).

Unallocated earnings of €8,951,331 were also used to cover the negative reserves generated in prior years by the application of international accounting standards.
Most of the movements in other reserves were a result of:

- the change in derivatives accounted for using the cash flow hedge method;
- the separate recognition of deferred tax liabilities on the bond for the portion corresponding to exempt operations.

Pursuant to Civil Code Article 2427, paragraph 7 bis, the components of net equity are shown along with their origin, possibility for use and eligibility for distribution. The fair value reserve incorporates the revaluation reserve pursuant to Law 266/2005, for €150,411,622 net of the substitute tax of €20,510,676.

Item €/000	Amount	Eligibility for use	Amount available	Summary of utilizations in financial years since 2003	
				for loss coverage	for other reasons
Share capital	**309,249,261**				
Treasury shares purchased	**-10,976,592**				
Capital reserves:					
Share premium reserve	147,730,288	A, B	147,730,288	-	-
Translation reserve	23,113	A, B	23,113	-	-
Merger surplus reserve	13,735,610	A, B	13,735,610	-	-
Fair value reserve	226,681,995	B	226,681,995		
Other reserves	12,824,397	–			
Profit reserves:					
Legal reserve	6,782,308	B	6,782,308	-	-
Unallocated earnings (losses carried forward)	4,210,017	A, B, C	4,210,017	(416,719)	(8,951,331)
Total	**710,260,397**		**399,163,331**	**(416,719)**	**(8,951,331)**
Non-distributable portion			394,953,314		
Remaining amount distributable			**4,210,017**	**(416,719)**	**(8,951,331)**

Key: **A:** for capital increases **B:** for loss coverage **C:** for dividends

Note 26) Non-current financial liabilities

This item includes the convertible bond loan and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/09	31/12/08	Change
Mortgage loans with banks				
Banca Pop. di Verona scarl	31/05/2001 - 31/05/2011	1,521,985	4,489,324	(2,967,339)
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	1,614,829	4,727,695	(3,112,866)
Unicredit Banca Impresa S.p.A./Mediocredito	05/04/2001 - 05/04/2011	1,291,143	3,873,427	(2,582,284)
Banca Toscana S.p.A. Casilino	31/12/2001 - 31/12/2015	15,657,252	18,350,918	(2,693,666)
Banca Toscana S.p.A. Casilino	31/12/2001 - 31/12/2013	5,839,358	7,601,316	(1,761,958)
Banca Toscana S.p.A. Livorno	31/12/2001 - 31/12/2013	11,861,196	15,440,172	(3,578,976)
Banca Toscana S.p.A. Livorno	31/12/2001 - 31/12/2013	10,218,877	13,302,302	(3,083,425)
BNL	06/10/2006 - 06/10/2016	20,560,088	22,398,073	(1,837,985)
Interbanca S.p.A.	05/10/2009 - 05/07/2021	138,408,282	73,377,451	65,030,831
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	12,415,380	13,076,526	(661,146)
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	76,739,663	0	76,739,663
Unipol Lungo Savio	31/12/2008 - 31/12/2023	11,176,998	11,569,786	(392,788)
Carige	17/12/2008 - 30/03/2024	28,324,681	0	28,324,681
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 30/09/2024	29,868,968	0	29,868,968
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	18,666,186	0	18,666,186
Total mortgage loans		**384,164,885**	**188,206,990**	**195,957,895**
Non-current Financial liabilities (IRS on mortgage loans)		**6,091,788**	**1,059,309**	**5,032,479**
Convertible bond	**28/06/2007 - 28/06/2012**	**211,783,070**	**205,162,753**	**6,620,317**
Due to other sources of finance		**36,489,562**	**23,000,000**	**13,489,562**
Coop Lombardia for Galleria Gran Rondò	31/12/2011	23,000,000	23,000,000	0
Contingent liability for mall	31/12/2014	7,247,280	0	7,247,280
Sardaleasing for Bologna office	30/04/2009 - 30/04/2027	6,242,282	0	6,242,282
Total		**638,529,305**	**417,429,052**	**221,100,253**

The change in non-current financial liabilities is a result of:
- new mortgage loans for the purchase of the Tiburtino shopping center (Carisbo), the Catania shopping center (Credito Siciliano-Mediocreval), and the retail park in Mondovì (Cassa di Risparmio Veneto), as well as an additional drawdown on the Interbanca loan;
- the transfer to IGD of the mortgage loan with Carige due to the merger of Nikefin Asti S.r.l.,
- a decrease in existing mortgage loans due to the restatement of amounts due in 2010 to current financial liabilities.

Mortgage loans are secured by properties.

The heading “due to other sources of finance” covers:
- the sum due by 31 December 2011 to Immobiliare Gran Rondò S.r.l. for the purchase of the Crema shopping center, secured by own shares and interests;
- finance lease payments for the company’s new headquarters.

Non-current financial liabilities include the fair value recognition of derivatives outstanding at 31 December 2009.

The following information concerns the convertible bond loan:

- On 28 June 2007 IGD issued a convertible bond of €230,000,000, paying coupons at 2.5%.
- In accordance with IAS 32, this was initially recognized as a financial liability of €200,305,352, corresponding to the value of a comparable liability with no equity component. The effective interest rate used is 5.53%.
- Under the amortized cost method, the ancillary costs of the bond issue (€4,473,388.98) have been deducted from the amount payable in connection with the bond loan.
- The effect of this method is to increase financial charges, leading to an effective rate of 6.03% (see Note 8).
- The change in 2009 is due to the increase in financial charges.

Covenants

The covenants on loans outstanding at the close of the year are as follows:

- Article 13 of the contract with Interbanca signed on 1 August 2006 states that the bank can terminate the contract if, in the consolidated financial statements at 31 December 2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0. At the close of 2009, the ratio was 1.37;
- Article 5 of the contract with BNL signed on 7 August 2006 states that the bank can terminate the contract if, from 31 December 2006 through maturity, the debt-to-equity ratio exceeds 2.0. At the close of 2009, the ratio was 0.91;
- Article 8 of the contract with Cassa di Risparmio di Bologna signed on 27 March 2009 states that the bank can terminate the contract if, until maturity, the IGD Group's debt-to-equity ratio exceeds 1.6. At the close of 2009, the ratio was 1.37;
- Article 87 of the contract with Cassa di Risparmio del Veneto signed on 8 October 2009 states that the bank can terminate the contract if the 2009 or subsequent consolidated financial statements show a debt-to-equity ratio of more than 1.6. At the close of 2009, the ratio was 1.37;
- Article 13.1.7 of the contract with Mediocreval S.p.A. signed on 23 December 2009 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.30, according to the consolidated financial statements for 2009 and subsequent years. Art. 13.1.8 also allows the bank to withdraw if, any time between utilization and final maturity, the LTV ratio exceeds 70%. At the close of 2009, the ratio was 1.37.

Note 27) Provision for employee severance indemnities

Movements in the provision for employee severance indemnities are shown below:

	Balance at 31/12/07	Transfer	Utilization	Accrual	Financial charges - IAS 19	Balance at 31/12/08
Severance indemnity provision	**363,872**	**(173,240)**	**(69,533)**	**187,038**	**12,507**	**320,644**

	Balance at 31/12/08	Transfer	Utilization	Accrual	Financial charges - IAS 19	Balance at 31/12/09
Severance indemnity provision	**320,644**		**(75,594)**	**70,833**	**14,699**	**330,582**

The following table shows the recalculation of the employee severance indemnity provision in accordance with IAS 19:

	2009	2008
Balance at 01/01	**320,644**	**363,872**
Transfer		(173,240)
Current cost of service	94,849	70,456
Financial charges	14,699	12,507
Actuarial (gains)/losses	(35,731)	104,894
(Benefits paid)	(63,879)	(57,845)
Balance at 31/12	**330,582**	**320,644**

The provision qualifies as a defined benefit plan.
The liability was determined using the projected unit credit cost method, which involves the following steps:

- using a series of financial assumptions (cost of living increase, pay increase, etc.) to project the future benefits that might be paid to each employee covered by the plan in the event of retirement, death, invalidity, resignation, etc. The estimate of future benefits includes any increases corresponding to accrued seniority and the presumable rise in salary level at the valuation date;
- calculating, at the valuation date, the average present value of future benefits on the basis of the annual interest rate used and the probability that each benefit will be effectively paid;
- defining the company's liability by calculating the portion of the average present value of future benefits that refers to the service already accrued by the employee at the valuation date;
- using the liability determined as above and the provision made in the financial statements for Italian statutory purposes to identify the provision recognized under IAS.

Demographic assumptions	Employees
Probability of death	RG 48
Probability of long-term disability	INPS (national statistics) by age and gender
Probability of resignation	2%
Probability of retirement	Achievement of retirement age under mandatory general insurance
Probability of receiving TFR advance at beginning of the year (provisioned at 70%)	1%

Specifically, the following assumptions were used:

Financial assumptions	Employees
Cost of living increase	2.00%
Discount rate	4.40%
Increase in total compensation	Executives 2.5% White collar/Middle managers 1.0% Blue collar 1.0%
Increase in severance indemnity provision	3.00%

Note 28) General provisions

	31/12/08	Utilizations	Accruals	31/12/09
Provision for legal risk (Laterizi dispute)	64,721			64,721
Provision for taxation	60,037	(60,037)		0
Bonus provision	288,428	(288,428)	299,192	299,192
Other general provisions	75,861	(64,898)	60,000	70,963
Provision for shopping center penalties	0		100,000	100,000
Provision for Guidonia indemnities	1,914,813	(1,670,323)		244,490
TOTAL	**2,403,860**	**(2,083,686)**	**459,192**	**779,366**

Provision for Laterizi dispute
The provision for the Laterizi dispute was made in prior years to cover potential risks stemming from lawsuits filed by customers of Centro Leonardo S.p.A., which was merged into IGD in 2001. The cases are still pending.

Provision for taxation
This provision was used to cover assessments that are still pending before the tax commission.

Bonus provision
The bonus provision relates to the variable compensation that will be paid to employees in 2010 on the basis of the Group's 2009 estimated results. The utilization refers to the payment made in 2009.

Other general provisions
This amount was set aside in previous years to cover potential liabilities from pending lawsuits with suppliers.

Provision for Guidonia indemnities
This was set up in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center.
At 31 December 2009, utilizations for settlements amounted to €1,670,323. There are only a few situations left to resolve.

Provision for shopping center penalties
This provision covers any damages resulting from the temporary closure of a hypermarket located in a shopping center in southern Italy.

Note 29) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/09	31/12/08	Change
Accrued liabilities and deferred income	4,487	57,350	(52,863)
Substitute tax for SIIQ status (due beyond one year)	12,318,887	18,478,330	(6,159,443)
Other liabilities	86,337	86,337	0
Total	**12,409,711**	**18,622,017**	**(6,212,306)**

The decrease in liabilities is explained by the payment of the substitute tax following the achievement of SIIQ status.

Related party payables are shown below:

Sundry payables and other non-current liabilities	31/12/09	31/12/08	Change
Parent company	*8,207,241*	*8,207,241*	*0*
Security deposits from Coop Adriatica	8,207,241	8,207,241	0
Related parties	3,501,812	3,415,877	85,935
Security deposits from Ipercoop Tirreno S.p.A.	3,351,812	3,265,877	85,935
Security deposits from Vignale Immobiliare S.p.A.	150,000	150,000	0
Total	**11,709,053**	**11,623,118**	**85,935**

Security deposits refer to the sums advanced on the leasing of hypermarkets and malls. They accrue interest at going market rates.

Note 30) Current financial liabilities

Current financial liabilities	Duration	31/12/2009	31/12/2008	Change
Due to banks				
Banca Pop. Emilia Romagna - Hot money		0	47	(47)
Banca Pop. Emilia Romagna - Bologna	non-revolving	0	129,612	(129,612)
Carisbo - Hot money	15/12/2009 - 15/03/2010	10,000,000	10,000,000	0
BNL - Bologna	09/12/2009 - 11/01/2010	20,000,000	15,014,699	4,985,301
Banca Toscana MPSA - Hot money	30/11/2009 - 02/03/2010	25,072,979	0	25,072,979
Total		**55,072,979**	**25,144,358**	**29,928,621**
Mortgage loans with banks				
Banca Pop. di Verona scarl	31/05/2001 - 31/05/2011	2,993,281	2,916,163	77,118
Intesa BCI S.p.A.	31/05/2001 - 31/05/2011	3,118,636	2,984,154	134,482
Unicredit Banca Impresa/Mediocredito	05/04/2001 - 05/04/2011	2,602,216	2,673,397	(71,181)
Banca Toscana S.p.A. Casilino 1	31/12/2001 - 31/12/2015	2,693,666	2,563,870	129,796
Banca Toscana S.p.A. Casilino 2	31/12/2001 - 31/12/2013	1,761,957	1,677,056	84,901
Banca Toscana S.p.A. Livorno 1	31/12/2001 - 31/12/2013	3,578,976	3,406,520	172,456
Banca Toscana S.p.A. Livorno 2	31/12/2001 - 31/12/2013	3,083,425	2,934,849	148,576
BNL - Rimini mortgage loan	06/10/2006 - 06/10/2021	1,907,968	2,178,886	(270,918)
Banca BRE - Mondovì mortgage loan	23/11/2006 - 10/01/2023	781,219	1,003,535	(222,316)
Unipol Lungo Savio	31/12/2008 - 31/12/2023	394,781	400,286	(5,505)
Interbanca loan	05/10/2009 - 05/07/2021	10,587,093	926,458	9,660,635
Carisbo - Guidonia mortgage loan	27/03/2009 - 27/03/2024	1,031,000	0	1,031,000
Carige - Asti ex-NK mortgage loan	17/12/2008 - 30/03/2024	900,311	0	900,311
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/2009 - 30/09/2024	0	0	0
Cr. Siciliano Mediocreval Catania	23/12/2009 - 30/03/2024	1,071,429	0	1,071,429
Total mortgage loans with banks		**36,505,959**	**23,665,174**	**12,840,785**
Due to leasing companies and bondholders				
Lease for IGD HQ	30/04/2009 - 30/04/2027	249,383	0	249,383
Convertible bond	28/06/2007 - 28/06/2012	2,930,137	2,930,137	0
Total due to leasing companies and bondholders		**3,179,520**	**2,930,137**	**249,383**
Total current financial liabilities with third parties		**94,758,458**	**51,739,669**	**43,018,789**
Due to subsidiaries				
Millennium Gallery S.r.l. pooled account		950,825	59,691	891,134
Immobiliare Larice S.r.l. pooled account		0	776,339	(776,339)
Sviluppo Faenza area Marcucci S.r.l. pooled account		4,116,853	0	4,116,853
Total subsidiaries		**5,067,678**	**836,030**	**4,231,648**
Due to parent company				
COOP for Lungo Savio loan		0	47,200	(47,200)
COOP pooled account		2,457	3,110,187	(3,107,730)
Total parent company		**2,457**	**3,157,387**	**(3,154,930)**
Total current financial liabilities with related parties		**5,070,135**	**3,993,417**	**1,076,718**

Most of the change in financial liabilities with third parties relates to new hot money loans and to the current portion of new mortgage loans, as well as the short-term portion of the Interbanca loan, which has a new amortization schedule as a result of the final drawdown. This item includes the liability on the bond loan accrued at 31 December 2009 and the current portion of mortgage loans outstanding, including interest accrued. Current financial liabilities with related parties include, at 31 December 2009, the balance of the pooled account with Coop Adriatica for treasury management and the amounts due to the subsidiaries Faenza Sviluppo S.r.l. and Millennium Gallery S.r.l.

Note 31) Net debt

Net financial position	31/12/2009	31/12/2008
Cash and cash equivalents	(27,947,622)	(44,869,074)
Related party financial receivables and other current financial assets	(40,372,817)	(14,228,119)
Financial receivables and other current financial assets	0	(5,192)
Liquidity	**(68,320,439)**	**(59,102,385)**
Related party current financial liabilities	5,070,135	3,993,417
Current financial liabilities	55,072,979	25,144,358
Mortgage loans - current portion	36,505,959	23,665,174
Finance leases - current portion	249,383	0
Convertible bond loan - current portion	2,930,137	2,930,137
Current debt	**99,828,593**	**55,733,086**
Net current debt	**31,508,154**	**(3,369,299)**
Non-current financial assets	0	(9,315)
Non-current financial liabilities due to other sources of finance	30,247,280	23,000,000
Finance leases - non-current portion	6,242,282	0
Non-current financial liabilities	384,164,885	188,206,990
Convertible bond loan	211,783,070	205,162,753
Derivatives for hedging purposes	6,091,788	1,059,309
Net non-current debt	**638,529,305**	**417,419,737**
Total net debt	**670,037,459**	**414,050,438**

Please see the directors' report for further information on net debt.

Note 32) Trade and other payables

Trade and other payables	31/12/09	31/12/08	Change
Trade payables	**7,443,239**	**12,240,769**	**(4,797,530)**

Trade payables do not charge interest and are usually settled within the following two months. Most of the change is due to the balance of payables for construction and contract work on the Guidonia and Catania shopping centers.

Note 33) Related party, trade and other payables

Related party, trade and other payables	31/12/09	31/12/08	Change
Parent company	2,338,567	617,068	1,721,499
Other related parties:	*44,545*	*117,352*	*(72,807)*
Robintur		(103)	103
Immobiliare Larice		10,664	(10,664)
Cons. Forte di Brondolo		76,447	(76,447)
Consorzio Proprietari Leonardo	44,545	30,344	14,201
Total related parties	**2,383,112**	**734,420**	**1,648,692**

See Note 38 for comments.

Note 34) Current tax liabilities

Current tax liabilities	31/12/09	31/12/08	Change
IRPEF	267,645	284,311	(16,666)
IRAP	10,351	1	10,350
Environmental consortium	1,526	16,545	(15,019)
Registry tax	0	58,310	(58,310)
Substitute tax for SIIQ status	6,359,921	6,805,681	(445,760)
Total current tax liabilities	**6,639,443**	**7,164,848**	**(525,405)**

This item consists mainly of employee withholding tax and the SIIQ entry tax (due in June 2010) that replaces IRES and IRAP.

Note 35) Other current liabilities

Other current liabilities	31/12/09	31/12/08	Change
Social security	144,028	157,160	(13,132)
Accrued liabilities and deferred income	0	52,863	(52,863)
Deferred revenues	0	1,461,312	(1,461,312)
Insurance	17,302	18,000	(698)
Due to employees	214,425	245,964	(31,539)
Security deposits received	2,281,110	3,656,759	(1,375,649)
Unclaimed dividends	859	1,028	(169)
Advances due within one year	1,354	0	1,354
Other liabilities	72,811	34,091	38,720
Total other liabilities	**2,731,889**	**5,627,177**	**(2,895,288)**

The decrease in this item concerns the reimbursement of security deposits, replaced by sureties, and the transfer to the income statement of revenues pertaining to the period in connection with the opening of the new shopping centers.

Note 36) Related party & other current liabilities

Related party & other current liabilities	31/12/09	31/12/08	Change
Due for group tax election	82,139	229,733	(147,594)
Due for group VAT filing	0	793,734	(793,734)
Other	170,000	0	170,000
Total other liabilities with related parties	**252,139**	**1,023,467**	**(771,328)**

The amount due for the group tax election stems from the option for consolidated fiscal reporting exercised by IGD SIIQ S.p.A. and its subsidiaries Immobiliare Larice S.r.l., Porta Medicea S.r.l. and Millennium S.r.l. in June 2008. The payable of €82,139 at 31 December 2009 results from the transfer of Millennium's and Porta Medicea's 2009 taxable income and IRES credits to the tax consolidation scheme, in the amount of €43,015 and €39,124, respectively.

Note 37) Dividends paid and proposed

IGD will propose a dividend on the basis of the separate financial statements of the parent company for the year ended 31 December 2009, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 23 April 2009 (the AGM that approved the 2008 financial statements), a dividend of €0.035 was paid for each of the 298,272,669 shares outstanding (309,249,261 net of 10,976,592 treasury shares), for a total of €10,439,544.

Note 38) Information on related parties

IGD S.p.A., the parent company, controls 100% of Immobiliare Larice S.r.l., Faenza Sviluppo area Marcucci S.r.l., and Millennium Gallery S.r.l.; 52% of Consorzio dei Proprietari Centro Leonardo; and 75.79% of Consorzio Forte di Brondolo. Below is the information required by paragraph 17 of IAS 24.

Information on related parties	Receivables and other current assets	Payables and other liabilities	Revenues -other income- financial income	Costs and financial charges	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica Scarl	242,794	10,718,265	19,091,413	2,856,282	13,817,559	60,660	(12,939)
Robintur S.p.A.	658	0	153,295	0		0	
Librerie Coop S.p.A.	29,251	0	334,650	0		0	
Unicoop Tirreno Scarl	20,677	150,000	4,736,558	90,244		0	
Ipercoop Sicilia	0	0	388,441	0		0	
Vignale Comunicazione S.r.l.	159,400	0	453,400	0		0	
Ipercoop Tirreno S.p.A.	20,629	3,351,812	2,030,856	85,935		0	
Immobiliare Larice S.r.l.	35,697,527	0	840,142	7,569		0	
Millennium Gallery S.r.l.	5,022,055	993,840	158,109	20,429		0	
Porta Medicea S.r.l.	78,000	39,124	120,133	0		0	
Sviluppo Faenza	34,140	4,116,853	19,676	109		0	
RGD GROUP	0	0	721,834	0	(4,000,000)		(8,054,252)
Cons. Forte di Brondolo	0	0	1,630	0		606,880	
Consorzio Proprietari Leonardo	15,405	44,545	1,393	0		6,676	
Winmarkt Management S.r.l.	163,156	0	0	(162,130)		0	
Winmagazin S.A.	4,700	0	1,125	0		0	
Total	**41,488,392**	**19,414,439**	**29,052,655**	**2,898,439**	**9,817,559**	**674,216**	**(8,067,191)**
Amount reported	***87,067,922***	***781,926,484***	***70,822,283***	***47,352,977***	***206,812,041***	***1,207,805,054***	***1,207,805,054***
Ratio	***47.48%***	***2.48%***	***41.02%***	***6.12%***	***4.75%***	***0.06%***	***-0.67%***

IGD has financial and economic relationships with its controlling company, Coop Adriatica, with other companies in the Coop Adriatica Group (Robintur S.p.A. and Librerie Coop S.p.A.), with companies in the Unicoop Tirreno Group (Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno), and with IperCoop Sicilia. Related party transactions are conducted under arm's-length conditions and are recognized at face value.

Transactions with the controlling company Coop Adriatica refer to:
- assets and income for the leasing of properties used as hypermarkets;
- liabilities and costs for the rental/use of malls owned by Coop Adriatica;
- liabilities and costs for Coop Adriatica's supply of services in the areas of equity and EDP;
- capitalized costs for services in connection with various real estate initiatives;
- financial collection and payment transactions in the context of treasury services;
- acquisition of Faenza Sviluppo area Marcucci (the difference with respect to carrying value is due to transaction costs).

Financial transactions with subsidiaries are settled at arm's length and recognized at face value.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.

Transactions with Ipercoop Sicilia concern assets and income from the leasing of properties used as hypermarkets.

Transactions with Ipercoop Tirreno consist of:
- security deposits received on leases;
- receivables and income for the leasing of properties used as hypermarkets.

Transactions with Librerie Coop S.p.A. concern receivables and income for the leasing of properties inside shopping centers.

Note 39) Management of financial risk

The Company's financial instruments other than derivatives include bank loans and sight/short-term deposits. Such instruments are used to finance IGD's operations. The Company has other financial instruments as well, such as trade payables and receivables, which derive from its operating activities. It has also engaged in interest rate derivatives. The purpose of these is to manage the interest rate risk generated by the Company's transactions and sources of financing. The main risks produced by IGD's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies to manage these risks, as summarized below. The Company also monitors the market price risk generated by financial instruments. The accounting standards for hedge derivatives are mentioned in the following note.

Interest rate risk
IGD's exposure to market risk due to changes in interest rates concern its long-term loans with banks, whose conditions and maturities are reported in Note 26. To manage this risk efficiently, the Company purchases interest rate swaps with which it agrees to exchange, at specific intervals, the difference between fixed-rate interest and floating-rate interest calculated on a predefined notional principal amount. The swaps are designed to hedge the underlying obligations.

Foreign exchange risk
IGD uses the euro as its accounting currency for all purchases and sales.

Price risk
The Company's exposure to price risk is minimal, as revenues and costs are defined in long-term contracts.

Credit risk
The Company only deals with well-known, reliable customers and about 41% of its core revenues are earned from related parties.

Capital management
The primary objective of IGD's capital management is to make sure it maintains a solid credit rating and sufficient capital indicators to support the business and maximize shareholder value. The Company manages the capital structure and adapts it to changing economic conditions. To maintain or adapt the capital structure, it can adjust the level of dividends paid, reimburse share capital, or issue new shares. No changes were made to objectives, policies or procedures in 2008 and 2009. IGD monitors its financial solidity by means of the debt-to-equity ratio, which compares net debt to total equity plus net debt. In net debt it includes interest-bearing loans and trade and other payables, net of cash and cash equivalents. Equity includes the capital attributable to the shareholders of the parent company, less retained earnings.

Capital management	31/12/09	31/12/08
Interest bearing loans	738,357,898	473,162,138
Trade and other payables	12,810,379	19,625,833
Cash and cash equivalents	(68,320,439)	(59,102,385)
Net debt	**682,847,838**	**433,685,586**
Net equity	734,042,199	723,354,568
Undistributed net profit	(14,913,634)	(10,439,544)
Total capital	**719,128,565**	**712,915,024**
Capital and net debt	**1,401,976,403**	**1,146,600,610**
Debt/equity ratio	*48.71%*	*37.82%*

Note 40) Derivative instruments

The Company has engaged in derivative contracts for the use of structured products called interest rate swaps. These fall under the management of interest rate risk and aim to reduce such risk on outstanding loans. Under these agreements, the parties agree to pay or collect certain amounts on given dates on the basis of various interest rate spreads.

The contracts are detailed below:

	UBM 4°	UBM 5°	UBM 6°	Monte Paschi Finance 1	Monte Paschi Finance 2	Monte Paschi Finance 3	Monte Paschi Finance 4
Nominal amount	3,873,427	4,381,969	4,727,695	28,742,473	18,350,918	7,601,315	22,461,538
Inception date	05/10/04	31/05/05	31/05/05	31/12/04	31/12/04	31/12/04	06/10/06
Maturity	05/04/11	31/05/11	31/05/11	31/12/13	31/12/15	31/12/13	06/10/16
IRS frequency	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Half-yearly	Quarterly
Bank rate	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	6-month Euribor	3-month Euribor
Customer rate	3.35%	3.10%	3.10%	3.20%	3.39%	3.23%	3.84%

	Aletti Interbanca	BNP Interbanca	MPS 10198433	MPS 10201705	Carisbo	Carisbo 910270202	MPS 87065
Nominal amount	25,000,000	25,000,000	25,000,000	25,000,000	13,076,526	24,585,128	24,585,128
Inception date	10/06/09	10/06/09	11/06/09	12/06/09	12/02/09	28/10/09	28/10/09
Maturity	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	05/10/21
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%

Note 41) Subsequent events

At the date of approval, no events following the balance sheet date had occurred that would require the company to adjust the figures in the financial statements or report elements not previously disclosed.

Note 42) Commitments and risks

At 31 December 2009 the Company had the following purchase and sale commitments:

- preliminary agreement for the acquisition from an unrelated party of a mall (14,000 square meters GLA) in Palermo; price €46.9 million, of which €32.1 million already provided as down payment and advances;
- agreement for a joint venture with Gam (a member of the Despar Italia Group), an unrelated party that develops and manages shopping centers in southern Italy. The new company will own a shopping center in Vibo Valentia, comprised of a 6,000 square meter hypermarket and a mall with GLA of 12,632 square meters. The agreement gives IGD the option, once the start-up phase is over and by the end of 2009, to acquire a 50% interest in the company that owns Centro Commerciale di Vibo (with an estimated value of €70 million). This can take place through the subscription of a private capital increase of up to €70 million, should new development opportunities arise in the area of interest, or through the outright purchase of a stake;
- preliminary agreement for the acquisition of a mall in Gorizia; €7.35 million has been provided as a down payment. This project involves the construction of a hypermarket with attached mall of around 14,300 square meters GLA. IGD's investment is limited to the mall, for a price of €49 million. The center is scheduled to open during the first half of 2011;
- preliminary agreement for the purchase from a related party (Porta Medicea S.r.l.) of the retail section of the Centro Multifunzionale in Livorno, for €77 million;

The advances and down payments made by the Company are backed by sureties.

Note 43) Tax litigation

Following the tax audit concluded on 11 September 2008, the audit report was delivered without significant findings, except for a recommendation to pay registration tax on four unregistered preliminary contracts subject to VAT, for approximately €170K including penalties and interest, and to revalue closing inventories for about €645K.
Based on an analysis of the grounds stated in the report, the tax authorities' claims were contested at the administrative and litigative level.
As far as the registration tax is concerned, the company paid the amount required and immediately filed for a refund, on the reasoning that the definitive contracts were subject to VAT, so taxation of the down payment at the proportional rate of 0.50%, as required by the tax authorities, violates the principle that either VAT or registration tax is due, pursuant to Art. 40 of Presidential Decree 131/86. Thus, the registration tax constitutes double taxation and should not have been paid. In October, the refund was denied by the Provincial Tax Commission of Ravenna; the Company plans to appeal that decision with the Regional Tax Commission.
As for the valuation of inventories, the Company filed a response stating that the finding stems from an incorrect interpretation of the type of contract (sale of a future asset, rather than a commissioned job), whose proper classification subjects it to a different set of tax rules. When the response was rejected, the Company appealed the assessment with the Provincial Tax Commission of Ravenna, and is confident that the dispute will be resolved in IGD's favor.

Note 44) IFRS 7 - Financial instruments: disclosures

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.
For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss: at 31 December 2009 the company had no financial instruments in this category.
- Held to maturity investments: the Company has no financial instruments belonging to this category;
- Loans and receivables: in this category the Company has trade, financial and other receivables, and cash and deposits. They mature within 12 months and are therefore carried at face value (net of any impairment);
- Available-for-sale financial assets: the Company has no financial instruments belonging to this category.

There are only two categories of financial liability:

- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

Balance sheet items

The Group's financial instruments are included in the balance sheet as follows.
The item "Other non-current assets" covers sundry receivables and other non-current assets, including derivative instruments.
The item "Current assets" includes trade receivables, other current receivables, and cash and cash equivalents. "Cash and cash equivalents" include bank and post office deposits and cash and valuables on hand. The other assets consist of investments outstanding at the balance sheet date.
The item "Non-current liabilities" includes mortgage loans from banks, the bond loan, sundry payables and security deposits.
The item "Current liabilities" covers short-term payables to banks, the current portion of medium/long-term loans, trade payables and other current payables.
The balance sheet items are classified below according to the categories required by IAS 39 at 31 December 2008 and 31 December 2009:

Classification 31/12/2009	Book value										Fair value
	Financial assets/ liabilities at fair value	Held for trading financial assets/ liabilities at fair value	Receiva-bles and loans	Held to maturity invest-ments	Available for sale financial assets	Financial liabilities meas-ured at amortized cost	Hedging instru-ments	Total	of which current	of which non-current	
Assets											
Misc receivables and other assets											
- equity investments								0			0
- real property rights			1,807,462					1,807,462		1,807,462	1,807,462
- due from others			3					3		3	3
- security deposits			31,266					31,266		31,266	31,266
Financial assets			**0**					**0**			**0**
Trade and other receivables											
- trade receivables			5,064,541					5,064,541	5,064,541		5,064,541
- due fr others								0			
- other receivables								0			
- supplier advances								0			
Trade and other receivables fr related parties											
- fr parent company			23,498					23,498	23,498		23,498
- fr subsidiaries								0			0
- fr related parties			526,011					526,011	526,011		526,011
Other assets											
- monthly advances								0			0
- insurance credits			0					0			0
- accrued income and prepaid expenses			220,725					220,725	220,725		220,725
- other			274,691					274,691	274,691		274,691
Financial receivables and other financial assets											
- fr related parties			40,153,521					40,153,521	40,153,521		
- verso parti correlate								0			0
- fr subsidiaries			219,296					219,296	219,296		
- accrued income on financial assets								0			0
Cash and cash equivalents											
- bank and post office accounts			27,879,394					27,879,394	27,879,394		27,879,394
- cash			68,228					68,228	68,228		68,228
Total financial assets	-	-	**76,268,636**	-	-	-	-	**76,268,636**	**74,429,905**	**1,838,731**	**76,268,636**
Liabilities											
Financial liabilities											
- IRS							6,091,788	6,091,788		6,091,788	6,091,788
- bank payables						55,072,979		55,072,979	55,072,979		55,072,979
- leasing						30,247,280		30,247,280		30,247,280	36,321,467
- amounts owed other sources of finance						6,491,665		6,491,665	249,383	6,242,282	6,491,665
- convertible bond						214,713,207		214,713,207	2,930,137	211,783,070	221,201,462
- amts owed banks for mortgage loans						420,670,844		420,670,844	36,505,959	384,164,885	409,929,883
Financial liabilities w related parties											
- amts owed subsidiaries						2,457		2,457	2,457		2,457
- amts owed associate						5,067,678		5,067,678	5,067,678		5,067,678
Misc payables and other liabilities											
- accruals and deferrals						4,487		4,487		4,487	4,487
- deposits								0			
- other liabilities						86,337		86,337		86,337	86,337
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207,241		8,207,241		8,207,241	8,207,241
- amts owed related parties						3,501,812		3,501,812		3,501,812	3,501,812
Trade and other payables						**7,443,239**		**7,443,239**	**7,443,239**		**7,443,239**
Trade and other payables w related parties											
- amts owed parent company						2,338,567		2,338,567	2,338,567		2,338,567
- amts owed subsidiaries								0			0
- amts owed related parties						44,545		44,545	44,545		44,545
Other liabilities											
- accruals and deferrals						0		0			0
- insurance						17,302		17,302	17,302		17,302
- security deposits						2,281,110		2,281,110	2,281,110		2,281,110
- other liabilities						75,024		75,024	75,024		75,024
Other liabilities w related parties						**170,000**		**170,000**	**170,000**		**170,000**
Total financial liabilities	-	-	-	-	-	**756,435,775**	**6,091,788**	**762,527,563**	**112,198,380**	**650,329,182**	**764,349,043**

Classification 31/12/2008	Book value										Fair value
	Financial assets/ liabilities at fair value	Held for trading financial assets/ liabilities at fair value	Receivables and loans	Held to maturity investments	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which current	of which non-current	
Assets											
Misc receivables and other assets											
- equity investments			193,506,540					193,506,540		193,506,540	193,506,540
- down payments for purchase of quotas			5,480,000					5,480,000		5,480,000	5,480,000
- due from others			3					3		3	3
- security deposits			23,401					23,401		23,401	23,401
- real property rights			629,358					629,358		629,358	629,358
Financial assets							**9,315**	**9,315**		**9,315**	**9,315**
Trade and other receivables											
- trade receivables			3,966,686					3,966,686	3,966,686		3,966,686
- due fr others											
- other receivables											
- supplier advances											
Trade and other receivables fr related parties											
- fr parent company			86,079					86,079	86,079		86,079
- fr subsidiaries			307,442					307,442	307,442		307,442
- fr related parties			56,930					56,930	56,930		56,930
Other assets											
- monthly advances								0	0		0
- insurance credits			2,000					2,000	2,000		2,000
- accrued income and prepaid expenses			120,436					120,436	120,436		120,436
- suspended costs			515,422					515,422	515,422		515,422
- other			82,524					82,524	82,524		82,524
Financial receivables and other financial assets											
- fr related parties			5,192					5,192	5,192		40,452,060
- verso parti correlate			47,309					47,309	47,309		47,309
- fr subsidiaries			14,180,810					14,180,810	14,180,810		14,180,810
- accrued income on financial assets								0			0
Cash and cash equivalents											
- bank and post office accounts			44,842,893					44,842,893	44,842,893		44,842,893
- cash			26,181					26,181	26,181		26,181
Total financial assets	-	-	**263,879,206**	-	-	-	**9,315**	**263,888,521**	**64,239,904**	**199,648,617**	**263,888,521**
Liabilities											
Financial liabilities											
- IRS							1,059,309	1,059,309		1,059,309	1,059,309
- bank payables						25,144,358		25,144,358	25,144,358		25,144,358
- leasing						0					
- amounts owed other sources of finance						23,000,000		23,000,000		23,000,000	22,469,597
- convertible bond						208,092,890		208,092,890	2,930,137	205,162,753	191,589,383
- amts owed banks for mortgage loans						211,872,164		211,872,164	23,665,174	188,206,990	204,091,493
Financial liabilities w related parties											
- amts owed subsidiaries						836,030		836,030	836,030		836,030
- amts owed associates						3,157,387		3,157,387	3,157,387		3,157,387
Misc payables and other liabilities											
- accruals and deferrals						57,350		57,350		57,350	57,350
- deposits											
- other liabilities						86,337		86,337		86,337	86,337
Misc payables and other liabilities w related parties											
- amts owed parent company						8,207,241		8,207,241		8,207,241	8,207,241
- amts owed related parties						3,415,877		3,415,877		3,415,877	3,415,877
Trade and other payables						**12,240,769**		**12,240,769**	**12,240,769**		**12,240,769**
Trade and other payables w related parties											
- amts owed parent company						617,068		617,068	617,068		617,068
- amts owed subsidiaries						117,455		117,455	117,455		117,455
- amts owed related parties						-103		-103	-103		-103
Other liabilities											
- accruals and deferrals						52,863		52,863	52,863		52,863
- insurance						38,000		18,000	18,000		18,000
- security deposits						4,556,843		3,656,759	3,656,759		3,656,759
- amts owed shareholders for dividends						1,461,311		1,461,311	1,461,311		1,461,311
- amts owed directors						12,000		12,000	12,000		12,000
- down payments due						1,028		1,028	1,028		1,028
- other liabilities						189,468		22,092	22,092		22,092
Other liabilities w related parties											
Total financial liabilities	-	-	-	-	-	**503,156,336**	**1,059,309**	**503,128,185**	**73,932,328**	**429,195,857**	**478,313,604**

For each financial instrument, both carrying value and fair value are indicated. The two values coincide for most instruments, as their maturity is short term. They differ for long-term instruments, such as mortgage loans, leasing installments and the convertible bond.

To calculate the fair value of liabilities measured at amortized cost, IGD has discounted future cash flows to present value using the interest rate curve at 31 December, as reported by Bloomberg. The calculation takes account of the credit spread that banks would currently grant to IGD.

The fair value of interest rate swaps for which no active market exists is determined according to market-based quantitative techniques, i.e. accredited pricing models based on parameters taken as of the individual measurement dates. This method therefore reflects a prioritization of the input data consistent with level 2 of the fair value hierarchy defined by IFRS 7: although quoted prices in active markets (level 1) are not available for these instruments, it is possible to base measurements on data observable either directly or indirectly in the market. The fair value of financial liabilities was calculated using the credit spread that banks would grant to IGD as of the measurement date. At 31 December 2009 a credit spread of 1.50% was applied to loans with a remaining life of more than 10 years, and of 1% to those maturing earlier. At 31 December 2008 the credit spread applied was 1.50%.

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral pledged	Book value		Amount guaranteed	Expiration	Conterparty
	31/12/09	31/12/08			
Security depostis					
- Misc receivables and other assets	31,266	23,401			
- Other current assets	-	5,192			

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	31/12/09	31/12/08
Opening balance	**2,162,201**	**2,436,609**
Transfers		
Impairment		
- individual impairment	937,411	466,048
Utilization in the year	**-45,240**	**-740,456**
Writebacks		
Other movements		
Total	**3,054,372**	**2,162,201**

Gains and losses from financial instruments

The table below reports the gains and losses from financial instruments held. These derive from securities trading, the impairment of trade receivables, and hedge derivatives.

For hedge derivatives, the table shows the amount of the differentials paid and collected. The effects of fair value changes charged to the CFH reserve under equity (net of the tax effects) came to -€2,847,981 in 2009 and to -€4,178,672 in 2008.

Income statement 31/12/2009	Book value						
	Financial assets/ liabilities valued at fair value	Held for trading financial assets/ liabilities at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							2,729,746
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			-937,411				
Total	**-**	**-**	**-937,411**	**-**	**-**	**-**	**2,729,746**
31/12/2008							
Net gain/(loss)							
Misc receivables and other assets							
Financial assets							-1,947,141,00
Trade and other receivables							
Trade and other receivables fr related parties							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Misc payables and other liabilities							
Misc and other liabilities w related parties							
Trade and other payables							
Trade and other payables fr related parties							
Other liabilities							
Losses due to impairment of financial instruments							
- Trade receivables			-466,048				
Total	**-**		**-466,048**	**-**	**-**	**-**	**-1,947,141**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	31/12/2009	31/12/08
Interest income fr financial assets not measured at fair value		
- Deposits	344,948	2,281,445
- Misc receivables and other assets		
- Amts due fr associates	13,669	66,145
- Amts due fr subsidiaries	845,446	1,085,798

Interest payable	31/12/2009	31/12/08
Interest payable on financial assets not measured at fair value		
- Security deposits	332,152	332,200
- Deposits	872,138	810,784
- Trade and other payables		
- Other amts owed and liabilities	533,836	660,001
- Amts owed associates (TCA)	11,111	19,254
- Amts owed subsidiaries	25,026	776,340
- Financial liabilities		
- Convertible Bond	12,370,317	12,010,285
- Leasing	95,964	
- Mortgage loans	10,846,039	11,132,378

Credit risk

The maximum credit risk on the Group's other financial assets, including cash and cash equivalents, financial assets available for sale and certain derivative instruments, is the carrying value of these assets in the event of the counterparty's insolvency. This analysis includes off-balance sheet positions, such as future commitments. The maximum exposure is shown gross of any mitigation through the use of various kinds of hedge.

The table below presents the maximum exposure to credit risk for balance sheet components, divided into categories, including derivatives with a positive fair value. Derivative financial instruments are listed as "hedge derivatives," although on the balance sheet they are included under "financial assets."

Where financial instruments are measured at fair value, the amounts shown represent current credit risk, but not the maximum exposure to credit risk that could arise in the future due to changes in fair value.

Maximum exposure to credit risk	31/12/09	31/12/08
Receivables and loans		
Misc receivables and other assets	1,838,731	5,503,404
Trade and other receivables	5,064,541	3,966,686
Trade and other receivables fr related parties	549,509	450,451
Other assets	495,416	122,436
Cash and cash equivalents	27,879,394	44,842,893
Financial receivables and other financial assets	40,372,817	14,228,119
Amts owed fr third parties (securities)		5,192
Hedging instruments		**9,315**
Guarantees		
Total	**76,200,408**	**69,128,496**

Liquidity risk

Maturities are broken down below on the basis of undiscounted cash flows; the amounts shown take account of the first date on which payment can be requested.

The assumptions underlying the maturity analysis are as follows:

- for the future cash flows of long-term floating-rate payables, the forward rate curve at 31 December has been used;
- for the future cash flows of the fixed-rate convertible bond loan, the contractual flows have been used;
- for derivatives, the analysis includes those representing assets at 31 December, for which both outflows and inflows are shown, as their purpose is to hedge financial liabilities. At the balance sheet date, all derivatives had a negative fair value;
- amounts include cash flows from both the interest and the principal component.

The method used to analyze and determine significant variables did not change since the previous year.

Maturity analysis at 31/12/2008 Liabilities	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non derivative financial instruments								
Trade and other payables								
Mortgage loans	1,929,231		12,674,223	14,000,911	34,532,470	85,280,068	110,365,963	258,782,866
Convertible Bond	0	0	5,829,861	0	5,829,861	241,659,722	0	253,319,444
Amts owed other sources of finance	0	208,564	213,934	339,618	757,047	23,939,461	0	25,458,624
S/T credit lines			107,940	777,357	252,534			1,137,831
Other liabilities								
Amts owed related parties								
Pledges								
Commitments and risks								
Total	**1,929,231**	**208,564**	**18,825,958**	**15,117,886**	**41,371,913**	**350,879,251**	**110,365,963**	**538,698,766**
Derivative financial instruments								
Interest rate swaps	92,558	0	7,573	-159,619	-1,104,808	20,433	109,500	-1,034,362
Total	**92,558**	**0**	**7,573**	**-159,619**	**-1,104,808**	**20,433**	**109,500**	**-1,034,362**
Exposure at 31/12/2008	2,021,789	208,564	18,833,530	14,958,267	40,267,105	350,899,685	110,475,463	537,664,404

Maturity analysis at 31/12/2009 Liabilities	On sight	< 3 months	3 - 6 months	6 months - 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Non derivative financial instruments								
Trade and other payables								0
Mortgage loans	3,628,116	640,467	15,472,954	22,855,160	48,155,176	134,736,382	327,504,559	552,992,813
Convertible Bond	242,688		247,672	507,683	1,049,135	2,173,121		4,220,300
S/T credit lines			5,829,861		5,829,861	235,845,833		247,505,556
Other liabilities		72,423	99,238	233,137	23,669,648			24,074,446
Amts owed related parties	20,578	124,870						145,447
Pledges								0
Commitments and risks								0
Total	**3,891,382**	**837,760**	**21,649,725**	**23,595,980**	**78,703,820**	**372,755,337**	**327,504,559**	**828,938,562**
Derivative financial instruments								
Interest rate swaps	-1,002,146	0	-2,171,816	-2,643,335	-3,279,292	-981,313	4,002,040	-6,075,862
Total	**-1,002,146**	**0**	**-2,171,816**	**-2,643,335**	**-3,279,292**	**-981,313**	**4,002,040**	**-6,075,862**
Exposure at 31/12/2009	2,889,235	837,760	19,477,909	20,952,646	75,424,528	371,774,024	331,506,599	822,862,700

Interest rate risk

The basic objective of managing interest rate risk is to immunize the Group's net financial income from changes in market rates, by keeping volatility in check through the consistent management of the risk/yield profile of the Group's financial liabilities.

Floating-rate instruments expose the Company to interest rate risks on cash flows, while fixed-rate instruments expose it to interest rate risk on fair value.

The following table presents the sensitivity analysis of interest rate risk, showing the impact on equity and profit/loss, as required by IFRS 7.

The sensitivity analysis was conducted in consideration of the balance sheet items that generate interest at floating rates or that are exposed to fair value changes, assuming parallel increases or decreases in the interest rate curves of each currency in proportion to the annual volatility observed.

Interest rate risk - exposure and sensitivity analysis	Reference benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31/12/09	31/12/08	31/12/09	31/12/08	31/12/09	31/12/08	31/12/09	31/12/08
Interest bearing assets	Euribor	363,611	224,214	-363,611	-224,214				
Hot money	Euribor	-500,239	-129,167	125,060	129,167				
Floating rate financial liabilities in cash flow hedge	Euribor	-4,228,900	-2,136,637	1,057,225	2,136,637				
Hedging instruments	Euribor								
- cash flow		2,523,861	1,109,400	-630,965	-1,109,400				
- fair value						11,258,362	2,805,671	-2,917,512	-3,108,698
Total		**-1,841,666**	**-932,189**	**187,708**	**932,189**	**11,258,362**	**2,805,671**	**-2,917,512**	**-3,108,698**

The assumptions underlying the sensitivity analysis are as follows:
- medium- and long-term mortgage loans were analyzed according to exposure at the reporting date;
- hot money and deposits were analyzed according to average exposure for the year;
- the initial parallel shift in the interest rate curve was assumed to be ±100 basis points;
- in determining changes associated with floating-rate financial instruments, it was assumed that no interest rates have already been set;
- the values affecting equity have been calculated as the difference between the fair values calculated with the shock-modified curve and the fair values of derivatives at the balance sheet date;
- the analysis assumes that all other risk variables remain constant;
- for the sake of comparison, the same measurement was conducted on 2007 and 2006.

The method used to analyze and determine significant variables did not change since the previous year.

5.7 Direction and Control

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the direction and control of that company.
Pursuant to paragraph 4 of Article 2497 bis of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	2008	2007
Balance sheet (per Civil Code Art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,381,175,824	966,199,236
C) - current assets	1,812,867,757	1,878,700,339
D) - accrued income and prepayments	18,168,669	4,053,366
Total assets	**3,212,212,250**	**2,848,952,940**
Equity and liabilities		
A) - net equity	809,695,721	676,169,288
B) - general provisions	29,476,968	35,333,996
C) - provision for employee severance indemnities	77,725,916	77,933,303
D) - payables	2,286,684,578	2,051,313,429
E) - accrued liabilities and deferred income	8,629,068	8,202,924
Total equity and liabilities	**3,212,212,250**	**2,848,952,940**
Memorandum accounts	***601,553,959***	***358,587,741***
Income statement (per Civil Code Art. 2425)		
A) - production value	1,926,011,924	1,789,212,834
B) - production costs	(1,913,929,551)	(1,784,384,530)
C) - financial income and charges	39,985,969	40,318,249
D) - adjustments to the value of financial assets	(30,039,503)	(14,528,798)
E) - extraordinary income and charges	1,861,241	206,749
Income taxes	(4,711,688)	(14,486,449)
Net profit	**19,178,391**	**16,338,055**

5.8 Information Pursuant to Art. 149-*duodecies* of Consob's Regulations for Issuers

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Regulations for Issuers, shows the fees pertaining to 2009 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

	Service provider	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	123,197
Total			**123,197**

5.9 Certification of the Separate Financial Statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

PURSUANT TO ART. 81 TER OF THE CONSOB REGULATION ADOPTED
WITH RESOLUTION 11971
OF 14 MAY 1999, AS AMENDED

1. We, the undersigned, Claudio Albertini as chief executive officer and Grazia Margherita Piolanti as financial reporting officer of IGD SIIQ S.p.A., hereby declare, including in accordance with Art. 154-bis (3) and (4) of Legislative Decree 58/98:

   - the adequacy of in relation to the characteristics of the business; and
   - the company's due compliance with the administrative and accounting procedures for the preparation of the separate financial statements during the year 2009.

2. We also confirm that:

   2.1. the separate financial statements:

   a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
   b) correspond to the ledgers and accounting entries;
   c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ S.p.A.;

   2.2 the directors' report contains a reliable analysis of the performance, results, and current situation of IGD SIIQ S.p.A., along with a description of the main risks and uncertainties to which it is exposed.

Bologna, 11 March 2010

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

5.10 | Attachments

Certification pursuant to Art. 37 of Consob Resolution 16191/2007

Pursuant to Article 2.6.2 of the Regulations for Markets Organized and Managed by Borsa Italiana S.p.A., it is hereby declared that Immobiliare Grande Distribuzione SIIQ S.p.A., under the management and control of the parent company Coop Adriatica S.c.a.r.l., meets the listing conditions stated in Art. 37 of Consob Resolution 16191/2007 (as amended).

11 March 2010

Gilberto Coffari
Chairman of the Board of Directors

List of equity investments:

Name	Registered office	Share capital (in EUR)	of net profit	Net equity	% held	Control	Number of shares/ quotas	Carrying value
Immobiliare Larice S.r.l.	Ravenna, via Villa Glori 4	75,071,221	(6,430,318)	172,524,038	100%	IGD SIIQ S.p.A.	75,071,221	170,183,477
Millennium Gallery S.r.l.	Ravenna, via Villa Glori 4	100,000	(262,938)	1,422,272	100%	IGD SIIQ S.p.A.	100,000	14,313,025
Faenza Sviluppo Area Marcucci S.r.l.	Castenaso (Bologna), Via Villanova 29/7	5,165,000	(201,640)	4,977,387	100%	IGD SIIQ S.p.A.	5,165,000	13,885,634
Consorzio Forte di Brondolo	Castenaso (Bologna), Via Villanova 29/7	67,179	0	67,179	75.79%	IGD SIIQ S.p.A.	50,915	55,319
Consorzio Proprietari C.C. Leonardo	Imola (Bologna), Via Amendola 129	100,000	0	100,000	52%	IGD SIIQ S.p.A.	52,000	52,000
Other minor investments						IGD SIIQ S.p.A.		8,790

5.11 External Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Independent auditors' report
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders
of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.

1. We have audited the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of and for the year ended December 31, 2009, comprising the balance sheet, the statement of comprehensive income, the statement of changes in net equity, the statement of cash flow and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   With respect to the financial statements of the prior year, presented for comparative purposes, which have been restated to apply IAS 1, reference should be made to our report dated March 30, 2009.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at December 31, 2009 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. for the year then ended.

4. As required by the law, the Company included in the explanatory notes of the financial statements certain selected financial data derived from the financial statements of the company that exercises control and coordination activities. Our opinion on the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2009, does not cover such selected data.

5. The management of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. is responsible for the preparation of the Management Report and the report on corporate governance and ownership structures, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Management

Report and on the information reported in compliance with art. 123-bis of Italian Legislative Decree n° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structures, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Management Report and the information reported in compliance with art. 123-bis of Italian Legislative Decree n° 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the report on corporate governance and ownership structures are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2009.

Bologna, Italy
March 31, 2010

Reconta Ernst & Young S.p.A.
signed by: Andrea Nobili, partner

5.12 Statutory Auditors' Report

IMMOBILIARE GRANDE DISTRIBUZIONE

SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.p.A.

Via Agro Pontino 13, 48100 Ravenna, Italy

REA 88573 Company Register no. 00397420399

Share capital: €309,249,261.00 fully paid-in

Company under the management and control of Coop Adriatica S.c.a.r.l. (Civil Code Art. 2497)

Statutory auditors' report to the Shareholders' Meeting of IGD Immobiliare Grande Distribuzione Società di investimento immobiliare quotata (SIIQ) S.p.A. pursuant to Art. 153 of Legislative Decree 58/1998 and Art. 2429 of the Italian Civil Code

*****

Dear Shareholders:

We would first like to remind you that Art. 153 of Legislative Decree 58 of 24 February 1998 requires the Board of Statutory Auditors to report to the general meeting called to approve the year-end financial statements on the board's supervisory activities during the year and on any findings of omission or inappropriate conduct, and allows it to make recommendations concerning the financial statements and their approval and to propose adjustments to the external auditors' fees, in this case for the years 2009-2012.

We therefore present this report, which also complies with Art. 2429 (2) of the Italian Civil Code.

* * * * *

From the date of our appointment through the preparation of this report, we have proceeded with the control and supervisory activities assigned to us by law. These activities have been carried out in compliance with the "Standards of conduct for the Board of Statutory Auditors" recommended by the Italian Accounting Profession and with other instructions issued by Consob (the stock market regulator) on the subject of corporate control. During the year the Board of Statutory Auditors received the information necessary to fulfill its duties through meetings with corporate bodies;

at meetings of the Board of Directors which the statutory auditors always attended; through the exchange of information with the external auditors Reconta Ernst & Young S.p.A. and the Internal Audit division; and by attending the meetings of the Internal Control Committee and the Supervisory Board.

During the year, in a timely manner, the Board of Directors informed us of the activities of the company, of those transactions with a major impact on its balance sheet, income statement and financial position, of those transactions presenting a potential conflict of interest (i.e. intercompany transactions or transactions with related parties), of any unusual or atypical transactions and any other activity or transaction which was deemed necessary to include in this report.

More specifically, this report describes our activities in accordance with instructions issued by Consob.

As was the case in last year's report, we have essentially followed the format and numbering specified in the Consob bulletin of 6 April 2001.

1 - DESCRIPTION OF TRANSACTIONS WITH A MAJOR IMPACT ON THE COMPANY'S BALANCE SHEET, INCOME STATEMENT AND FINANCIAL POSITION

On the basis of the information received and on our analyses and verifications, the following were singled out as the transactions with a major impact on the company's balance sheet, income statement and financial position, carried out either directly or through direct/indirect affiliates:

Corporate actions

- **23 April 2009:** The annual general meeting elected a new Board of Directors and Board of Statutory Auditors, whose members will remain in office until approval of the 2011 financial statements. The shareholders also extended the directors' authorization to buy and sell treasury shares, which would have expired in July 2009.

- **30 April 2009:** the Board of Directors appointed the i) chairman, re-electing Gilberto Coffari; ii) vice chairman, re-electing Sergio Costalli; and iii) chief executive officer, in the person of Claudio Albertini; and determined the powers and responsibilities of those officers.
- The Board also appointed the members of the following corporate bodies:
  - i) Chairman's Committee
  - ii) Internal Control Committee
  - iii) Compensation Committee
  - iv) Nominations Committee
  - v) Supervisory Board
  - vi) Lead Independent Director
- **14 May 2009:** The Board approved the merger plan for the absorption of Nikefin Asti S.r.l., a wholly-owned subsidiary and owner of I Bricchi shopping center in Isola d'Asti.
- **25 May 2009:** IGD finished moving its Bologna headquarters to Via dei Trattati Comunitari 13. The premises were acquired previously (29 April 2009) under a finance lease.
- **13 November 2009:** The Board approved the new Business Plan for 2009-2013.

Real estate transactions

- **27 March 2009:** final deed of purchase signed for the Tiburtino shopping center in Guidonia, along with the relative mortgage loan contract. The center was opened to the public on 2 April 2009.
- **29 April 2009:** finance lease signed for the premises at Via dei Trattati Comunitari 13 in Bologna, to be used as IGD's new headquarters.
- **5 May 2009:** inauguration of the Katanè shopping center in Gravina di Catania. Purchase of the entire complex was finalized in October 2009, after the center was opened.
- **8 October 2009:** acquisition from a related party (Coop Adriatica) of 100% of Faenza Sviluppo Area Marcucci S.r.l., owner of the shopping center Le Maioliche in

Faenza. Le Maioliche had been open to the public since June 2009.

- **3 December 2009:** inauguration of the shopping center “I Bricchi di Isola d’Asti.”
- **15 December 2009:** RGD, the company’s joint venture with Beni Stabili S.p.A., signed a preliminary contract for the acquisition of Il Ducale mall and shopping center in Vigevano, replacing IGD SIIQ S.p.A. as party to the preliminary agreement.

In 2009, IGD i) terminated the preliminary contracts for the purchase of a shopping center in Trapani and a mall in Peschiera Borromeo, in both cases at the fault of the aspiring seller, due to delays in the authorization process or substantial changes to the original plans; (ii) continued to commission work on a new shopping center in Palermo. The preliminary agreement calls for the purchase of a future asset, against down payments reflecting the state of progress.

Regarding the company’s subsidiaries:

- PORTA A MARE - LIVORNO

  Urban development works on the Piazza Mazzini sector went ahead and were partially completed. The company obtained permits to renovate an existing building (Palazzo Orlando) and commenced these works.
- WIN MAGAZIN

  Commercial agreements were signed with major operators whose businesses will be set up at the shopping locations owned by Win Magazin. IGD’s original objective in its 2008 acquisition of this subsidiary was to upgrade the shopping centers by attracting popular domestic and European retailers.

* * *

The Board of Statutory Auditors, to the extent of its responsibility, has verified that the transactions described above were conducted in compliance with the law, the by-laws and the standards of proper and correct administration and that said transactions were not manifestly imprudent or hazardous, in violation of shareholder or Board of Director resolutions, or liable to compromise the company’s financial soundness.

2 - UNUSUAL AND/OR ATYPICAL TRANSACTIONS, INCLUDING TRANSACTIONS WITH OTHER GROUP COMPANIES AND RELATED PARTIES

The Board of Statutory Auditors found that no unusual or atypical transactions were carried out in 2009 or up to this writing, with third or related parties (including group companies).

Ordinary intercompany and related party transactions were conducted under normal market conditions, and are described in the Directors' Report in terms of both type and financial and economic impact. Significant related party transactions are governed by the "Procedure for transactions with related parties" approved by the Board of Directors on 14 February 2007.

When considered necessary the Board of Directors passed specific resolutions in relation to intercompany and/or related party transactions which, if deemed opportune, were subject to approval by the Internal Control Committee who obtained opinions from independent experts if the transaction was of a significant size or the market value was not overly clear.

As part of its controls, the Board of Statutory Auditors valued the above-mentioned transactions based on the amounts and business practices held to be in the company's best interest.

We view the methodology used as trustworthy and believe it provides timely and complete information.

3 - EVALUATION OF THE INFORMATION PROVIDED BY THE DIRECTORS REGARDING ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING INTERCOMPANY AND RELATED PARTY TRANSACTIONS

In 2009 the directors periodically provided adequate and complete information about their activities, transactions with a significant impact on the business and on operations, and transactions with other group companies and/or related parties. They declared that no unusual and/or atypical transactions with third parties or other group companies had occurred, as defined in the CONSOB Bulletin of 28 July 2006.

4 - REPORT OF THE EXTERNAL AUDITORS

The financial audit reports issued by the external auditors did not contain any qualifications or complaints regarding the quality and completeness of information, or any reservations, complaints or observations regarding specific shortcomings or problems with internal control and administrative procedures that might substantively affect the reliability, fairness and completeness of the information and figures examined during the financial audit.

On 31 March 2010 the external auditors, Reconta Ernst & Young SpA, issued their report pursuant to Art. 156 of Legislative Decree 58/1998 which provides a positive opinion of the separate and consolidated financial statements, confirming that these documents were prepared in compliance with the law and generally accepted accounting standards and that they correctly and truthfully represent the company's financial position and performance.

The external auditors' report, annexed to the financial statements, does not contain any specific disclosures or complaints regarding the quality or correctness of the information provided.

Nor does it contain any observations and/or complaints about the nature of the information, or reservations as to the reliability of the bookkeeping and/or accounting system, which appear to be adequate and to meet the company's needs.

5 - INAPPROPRIATE CONDUCT AND ACTIONS TAKEN UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE

In 2009 and up to this writing, the Board of Statutory Auditors received no reports from shareholders of inappropriate conduct pursuant to Art. 2408 of the Italian Civil Code, hence no actions were taken in this regard.

6 - COMPLAINTS RECEIVED AND ACTIONS TAKEN

In 2009 and up to this writing, the Board of Statutory Auditors did not receive any reports or complaints from shareholders; nor is it aware that the company received any reports or complaints from shareholders and/or third parties, hence no actions were taken in this regard.

7 - ADDITIONAL ASSIGNMENTS GRANTED TO THE EXTERNAL AUDITORS AND THEIR COSTS.

Please note that on 23 April 2007, per our favorable opinion, the shareholders renewed the assignment granted to Reconta Ernst & Young S.p.A. for accounting control pursuant to Art. 2409 bis of the Italian Civil Code and for the ongoing audit of the parent company and consolidated financial statements in accordance with Art. 156 of Legislative Decree 58/1998. Reconta Ernst & Young was also assigned to the limited audit of the half-yearly reports until 31 December 2012. The fees paid for these activities in 2009 amounted to €123.2 thousand, including expenses and Consob charges.
No other compensation was paid to Reconta Ernst & Young S.p.A. during the course of 2009.

8 - ASSIGNMENTS GRANTED TO COMPANIES AFFILIATED WITH THE EXTERNAL AUDITORS AND THEIR COSTS

The Board of Statutory Auditors is not aware of any assignments made in 2009 to companies connected to the financial audit company Reconta Ernst & Young S.p.A. on a continuous basis.

9 - OPINIONS ISSUED AS PROVIDED FOR BY LAW IN 2009

In 2009 and up to this writing, the Board of Statutory Auditors did not issue any opinions as provided for by law.

The only opinions of which the Board of Statutory Auditors is aware are those requested by the company from independent experts and/or consulting firms regarding compliance with fiscal and legal provisions, as well as appraisals of fixed assets.

10 - FREQUENCY AND NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

In the interests of thorough disclosure, we report the number of meetings held by the above mentioned bodies in 2009:

- The Board of Directors met almost once a month, for a total of 10 meetings. They were held on 22 January, 12 March, 30 April, 14 May, 8 June, 9 July (two meetings), 26 August, 13 November, and 17 December 2009.
- The Board of Statutory Auditors met more frequently than required by law (every 90 days). The statutory auditors met on 22 January, 27 January, 26 February, 1 April, 14 May, 9 July, 3 August, and 14 October 2009. These meetings include those held under Art. 2404 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Civil Code Art. 2429 (2). The Board of Statutory Auditors also attended the meetings of the Board of Directors, the annual general meeting, the meetings of the Internal Control Committee and the Supervisory Board, and meetings with company management, the external auditors and the head of Internal Audit.

  The company has not thought it necessary to form an Executive Committee for the management of corporate governance.

11 - OBSERVATIONS REGARDING COMPLIANCE WITH THE PRINCIPLES OF CORRECT ADMINISTRATION

It is the opinion of this Board of Statutory Auditors that the company is run competently and in accordance with the law and the company's by-laws. The structure of powers and delegated authority is deemed appropriate to the company's size and operations and is adequately described in the directors' report, or more specifically in the corporate governance report introduced by Art. 123 bis of Legislative Decree 58/1998. Regarding the directors' activities and actions, we have nothing to report, nor does any other corporate body invested with specific duties of control. We wish to emphasize that we did verify, within the limits of our responsibilities, compliance with the principles of correct administration through direct inspections, information received from department heads, and meetings with the Financial Reporting Officer, Internal Audit, the Internal Control Committee, and the Supervisory Board, as well as through information exchanged with the external auditors.

More in detail, the Board of Statutory Auditors attended the Board of Directors' meetings in order to verify that the resolutions approved by the directors were in compliance with the law and the company's by-laws and were supported by appropriate opinions and studies generated internally or, when necessary, by professionals and/or external experts, particularly with regard to the economic and financial feasibility of the transactions and their compatibility with the company's best interests.

12 - COMMENTS ON THE ORGANIZATIONAL STRUCTURE

The Board of Statutory Auditors also verified and monitored, to the extent of its responsibility, the adequacy and proper functioning of the company's organizational structure.

In order to meet the company's needs, due in part to the growth of the business, the organizational structure was modified during the year. We have no comments nor anything to report regarding the company's organizational structure.

We did not find any particular deficiencies, critical areas or situations worth mentioning in this report with respect to the functioning of the corporate bodies, divisions, systems and business processes, having acknowledged the constant improvements sought in connection with the company's growth and business needs, and its ongoing efforts to strengthen and refine procedures.

The organization and services, both internal and outsourced, were found to be adequate and in compliance with the law and to guarantee correct, effective and efficient operations.

13 - COMMENTS ON THE INTERNAL CONTROL SYSTEM

The internal control system is under the responsibility of the Board of Directors, with assistance from the Internal Control Committee, and is defined in the document "IGD – Sistema di Controllo Interno" approved by the Board of Directors on 14 May 2008.
That document describes and explains how the control system works and what it does. Such details are in line with those recommended by the Corporate Governance Code, which the company has followed since its stock market listing.
The Board of Statutory Auditors evaluated and verified the adequacy of the internal control system including through periodic meetings with (i) the financial reporting officer, (ii) the internal control officer, (iii) the Internal Control Committee, and (iv) the external auditors, as well as through documentation provided by the company, and has nothing to report in this regard.
The internal control activities were outsourced to a company specialized in this area which periodically reported to the Board of Statutory Auditors, the Internal Control Committee, the Supervisory Board and the Board of Directors on its actions and progress, mentioning specific operational needs wherever necessary and recommending the most appropriate means of implementing the Plan of Work.
The Internal Audit activities were focused primarily on traditional forms of audit involving the activities of the financial reporting officer and the updating of internal procedures, including implementation of the Organizational Model pursuant to Legislative Decree 231/01.
Internal Audit reported periodically to the Internal Control Committee and the Board of Statutory Auditors on its activities, on recommendations made, and on plans for the new year, already submitted to the designated officers.
The Internal Control Committee prepared a report on its activities in 2009.
Based on the controls performed and the information obtained during periodic

meetings with the Internal Control Committee, Internal Audit, the external auditors and the financial reporting officer, and on comments received from the Supervisory Board created as part of the Organizational Model pursuant to Legislative Decree 231/01, we found that the internal control system adequately meets the company's needs and is reliable, timely, and able to manage information correctly, enabling an accurate analysis of business trends and performance.

Data and documentation related to the proposed agendas of the Board of Directors meetings and the various committee meetings was provided ahead of time in the most efficient and discrete way possible, to prevent the disclosure of price sensitive and other information.

14 - COMMENTS ON THE ADMINISTRATIVE - ACCOUNTING SYSTEM AND ITS ABILITY TO PROVIDE A FAIR REPRESENTATION OF PERFORMANCE

The Board of Statutory Auditors evaluated and verified the adequacy of the administrative-accounting system and its ability to represent performance correctly, through information provided by company divisions, direct inspection of the most significant company documentation, examination of the reports provided by the external auditors Reconta Ernst & Young S.p.A., and the work of the Internal Audit department.

The administrative-accounting system was found to be adequate and to have met the needs of the new initiatives implemented during the year in pursuit of business growth.

The external auditors tested the accounting and administrative procedures and found these to be reliable. They also verified that the accounting records of operations were correct and that the information and accounting standards used to prepare the parent company and consolidated financial statements were complete, and had no complaints or observations in this regard.

Though the statutory auditors are not specifically responsible for financial audit duties under Art. 2409 bis of the Italian Civil Code, which are assigned to the external auditors, we found on the basis of information received and inspections made pursuant to

Civil Code Articles 2403 et seq. that as a whole, the administrative-accounting system is adequate and reliable and that results of operations are accurately and promptly recorded.

15 - COMMENTS ON THE ADEQUACY OF INFORMATION PROVIDED TO SUBSIDIARIES UNDER ART. 114 OF LEGISLATIVE DECREE 58/1998

The Board of Statutory Auditors verified the adequacy of the information provided by the company to its subsidiaries pursuant Art. 114 of Legislative Decree 58/98 and found that the disclosure requirements provided for by law had been satisfied.
With regard to close functional and operational ties and the presence of contact people at the subsidiaries, the company guarantees a correct and adequate flow of information supported by suitable documentation and accounting records.
The company is, therefore, able to fulfill all reporting requirements related to significant events and consolidation provided for by law.
The company is fully able to exercise management and coordination of its subsidiaries as expressly contemplated by law.

16 - COMMENTS ON MEETINGS HELD WITH THE EXTERNAL AUDITORS

The Board of Statutory Auditors, through direct inspections and information obtained from the external auditors Reconta Ernst Young S.p.A., verified compliance with all current laws and regulations regarding the preparation and drawing up of the separate and consolidated financial statements as well as the accompanying Directors' Report.
The statutory auditors met with the external auditors responsible for both the accounting controls under Art. 2409 bis of the Italian Civil Code and the audit of the consolidated and separate financial statements, exchanging information as required under Art. 150 of Legislative Decree 58 dated 24 February 1998.
During these meetings the external auditors reported no irregularities, problem areas or omissions in the company's accounts. On these occasions we informed the external

auditors of the Board of Statutory Auditors' activities and of the relevant and significant corporate events of which we are aware.

17 - COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies, through the adoption of its own Corporate Governance regulations, with the standards and recommendations included in the Corporate Governance Code published by the Borsa Italiana's Committee for the Corporate Governance of Listed Companies in order to regulate, in accordance with laws and regulations, the composition, responsibilities and role of the corporate bodies in charge of the company's management.

The Board of Directors, elected by the annual general meeting of 23 April 2009 on the basis of the voting lists presented by the shareholders, is comprised of fifteen members of whom fourteen are non-executive and eight qualify as independent according to the Board of Directors. The Board of Directors has appointed the following committees from among its members:

- Internal Control Committee: comprised of three non-executive directors, of whom two are independent. In 2009 the committee held meetings with continuity and in keeping with operational needs. It met seven times during the year. Meetings of the Internal Control Committee are attended by the chairman of the Board of Statutory Auditors or by another designated statutory auditor.
- Supervisory Board: comprised of three independent directors. In 2009 it met as appropriate to the company's needs, for a total of four meetings, attended by the chairman of the Board of Statutory Auditors or another designated statutory auditor.
- Compensation Committee: comprised of three independent directors. In 2009 it held one meeting.
- Chairman's Committee: comprised of five directors (the chairman, the vice chairman and the chief executive officer, in addition to one independent director and one non-executive director). In 2009 it held nine meetings.

- Nominations Committee: comprised of three independent directors. It met three times in 2009.

In 2007 the company introduced the title of "Lead Independent Director" to act as the reference person and coordinator for all positions and activities involving the independent directors, with a view to fostering their greater autonomy from management.

The Lead Independent Director may also call meetings of the independent directors only to discuss topics related to the company's operations or the functioning of the Board of Directors. The Lead Independent Director, upon request, called a meeting of the independent directors just once in 2009.

Also in 2007, the Board of Directors hired Egon Zehnder International S.p.A., headquartered in Milan, to perform a "board review" to achieve prompt compliance with the Corporate Governance Code. Egon Zehnder's task was to analyze and assess the functioning of the Board of Directors. The results were contained in a report that was presented to and discussed by the Board. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its sub-committees. The commentary and discussion that resulted from this process indicate a positive assessment of the Board's size, functioning, participation and coordination.

In light of the above, the Board of Statutory Auditors expresses a favorable opinion of the company's corporate governance system, which is structured according to the "traditional" model pursuant to Chapter V, Part VI of the Italian Civil Code.

18 - OTHER POSITIONS HELD BY THE STATUTORY AUDITORS

Pursuant to Art. 144-quinquiesdecies of the implementation provisions of Legislative Decree 58 of 24 February 1998 (issuers' regulations), adopted by Consob with Resolution 11971 of 14 May 1999 (as amended), in an annex to this report is a list of positions held by each member of the Board of Statutory Auditors of IGD SIIQ S.p.A. at the companies specified in Book V, Section V, Chapters V, VI and VII of the Italian Civil Code as of the issue date of this report.

19 - CLOSING REMARKS

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, the external auditors, and the Internal Audit department cooperated with us fully during our supervisory activities.

We have found no omissions, inappropriate conduct, imprudent transactions, or irregularities worthy of mention, thus there are no circumstances discovered during our work that require reporting to the supervisory authorities or disclosure in this report.

The shares held by the directors and statutory auditors are listed in the Directors' Report. We have no comments to make in this regard.

A statement indicating the compensation paid to the company's directors and statutory auditors has also been provided and we have no comments to make in this respect.

20 - PROPOSALS TO THE SHAREHOLDERS' MEETING

Having seen and acknowledged the financial statements for the year ended 31 December 2009, the Board of Statutory Auditors has no objections to the Board of Directors' proposal for allocation of the net profit, including in light of the rule (Law 296/07) by which companies with SIIQ status must pay a dividend of at least 85% of the profit from "tax-exempt" income.

More in detail, we refer to the following items of the agenda discussed at the annual general meeting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

First item – Financial statements at 31 December 2009; directors' report; external auditors' report; statutory auditors' report; presentation of the consolidated financial statements at 31 December 2009 with related and consequent resolutions.

- For the reasons stated above, we recommend that you approve the financial statements at 31 December 2009 and the Board of Directors' proposal for allocation of the net profit for the year.

Second item - Motion to adjust the fees due to the external auditors Reconta Ernst

& Young S.p.A. for the years 2009-2012; related resolutions.

- Having acknowledged and considered that:
  - new legislation in 2009 has extended the responsibilities of the external auditors to include verifying the consistency of i) the Directors' Report with respect to the separate and consolidated financial statements pursuant to Civil Code Art. 2409 ter; and ii) the information in the Directors' Report concerning the thoroughness and reliability of the corporate governance report per Art. 123 bis of Legislative Decree 58/1998;
  - the above circumstances could affect the fees previously requested by the external auditors and approved by the shareholders on 23 April 2009;

the Board of Statutory Auditors, having seen the external auditors' proposal of 25 January 2010, which itemizes the following for each of the years considered:

- fee for additional services: €15,000
- time required by the auditing team 170 hours

and considering the nature and purpose of the assignment and the fact that Reconta Ernst & Young S.p.A. is qualified as provided for by law;

Hereby moves

that the amount allotted for financial years 2009-2012 be increased by €15,000 plus 8% of that amount to cover out-of-pocket expenses for auditing, clerical services and communications, not including Consob charges and VAT.

Third item - End of director's term pursuant to Civil Code Art. 2386 (I) and election of a new director.

- The shareholders' meeting marks the end of the term of office of Corrado Pirazzini, co-opted by the Board on 30 April 2009, requiring election of a new director. Please see the information provided by the directors, which we find to be adequate for this purpose.

* * * * *

Dear shareholders:

In concluding this report, we would like to express our sincerest thanks to those inside and outside the company who have assisted us in the course of our work and to you for your continued support.

Bologna, 31 March 2010

The Board of Statutory Auditors

signed

(Romano Conti)

(Roberto Chiusoli)

(Franco Gargani)

Annex to the Report of the Board of Statutory Auditors of IGD SIIQ S.p.A. to the financial statements at 31 December 2009

Pursuant to Art. 144-quinquiesdecies of the implementation provisions of Legislative Decree 58 of 24 February 1998 (issuers' regulations), adopted by Consob with Resolution 11971 of 14 May 1999 (as amended), the following statements disclose the positions held by each member of the Board of Statutory Auditors of IGD SIIQ S.p.A. at the companies specified in Book V, Section V, Chapters V, VI and VII of the Italian Civil Code as of the date on which the Board of Statutory Auditors issued its report in accordance with Art. 58 [1] of Legislative Decree 58/1998.

* * * * *

Romano Conti

I, Romano Conti, in my capacity as chairman of the Board of Statutory Auditors of Immobiliare Grande Distribuzione SIIQ S.p.A., hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

	Name	Head office	Position	Category
1	IGD SIIQ SPA	Ravenna	Chairman of the Board of Statutory Auditors	issuer
2	CENTRO SPERIMENTALE DEL LATTE SPA	Lodi	Chairman of the Board of Statutory Auditors	medium
3	FINMECO SPA	Rome	Chairman of the Board of Directors	small
4	F.G.F. FINANZIARIA GENERALE FELSINEA SPA	Bologna	Director	small
5	COMET SPA	Bologna	Standing auditor	large
6	COMET HOLDING SPA	Bologna	Chairman of the Board of Statutory Auditors	large
7	DESPINA SPA	Bologna	Director	small
8	UNICREDIT LEASING SPA	Bologna	Standing auditor	public interest
9	SIMBULEIA SPA	Bologna	Director	medium
10	GALOTTI SPA	Bologna	Standing auditor	medium
11	FIN.GI SRL	Bologna	Sole director	small
12	EDITORIALE CORRIERE DI BOLOGNA	Bologna	Standing auditor	small
13	SECONDA SPA	Bologna	Chairman of the Board of Statutory Auditors	small
14	G.M.G. GROUP SPA	Bologna	Director	small
15	FERRARIO SPA	Bologna	Chairman of the Board of Statutory Auditors	small
16	D&C SPA	Bologna	Director	small
17	MAJANI 1796 SPA	Bologna	Chairman of the Management Control Committee	medium
18	ACB GROUP SPA	Bologna	Director	small

Roberto Chiusoli

I, Roberto Chiusoli, in my capacity as standing auditor of Immobiliare Grande Distribuzione SIIQ S.p.A., hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

	Name	Head office	Position	Category
1	IGD SIIQ S.p.A.	Ravenna	Standing auditor	Issuer
2	UNIPOL GRUPPO FINANZIARIO SPA	Bologna	Chairman of the Board of Statutory Auditors	Issuer
3	UGF BANCA SPA	Bologna	Chairman of the Board of Statutory Auditors	public interest
4	BANCA DI BOLOGNA – CREDITO COOPERATIVO	Bologna	Standing auditor	public interest
5	HOLMO SPA	Bologna	Chairman of the Board of Statutory Auditors	large
6	GRANAROLO SPA	Bologna	Chairman of the Board of Statutory Auditors	large
7	MANUTENCOOP FACILITY MANAGEMENT SPA	Bologna	Member of the Oversight Board	large
8	HPS SPA	Bologna	Standing auditor	medium
9	INIZIATIVE BOLOGNA NORD SRL	Bologna	Chairman of the Board of Statutory Auditors	small

Franco Gargani

I, Franco Gargani, in my capacity as standing auditor of Immobiliare Grande Distribuzione SIIQ SpA, hereby

declare

that I currently hold directorships or control positions at the following companies relevant for the purposes of Book V, Section V, Chapters V, VI and VII of the Italian Civil Code (joint-stock companies, limited partnerships with share capital and limited liability companies):

	Name	Head office	Position	Category
1	IGD SIIQ S.p.A.	Ravenna	Standing auditor	issuer
2	ASIU S.p.A	Piombino (LI)	Chairman of the Board of Statutory Auditors	medium
3	S.G.F. S.r.l	Piombino (LI)	Chairman of the Board of Statutory Auditors	small
4	TIRRENO LOGISTICA Srl	Piombino (LI)	Chairman of the Board of Statutory Auditors	large
5	GESTIONE STRUTTURE COOPERATIVE DEL TIRRENO Srl	Piombino (LI)	Chairman of the Board of Statutory Auditors	large
6	SVILUPPO DISCOUNT SpA	Milan	Chairman of the Board of Statutory Auditors	large
7	GEMA COOMERCIALE Srl	Prato	Chairman of the Board of Statutory Auditors	medium
8	CEVALCO SpA	Campiglia M. (LI)	Chairman of the Board of Statutory Auditors	small
9	TAP TECNOLOGIE AMBIENTALI PULITE Srl	Piombino (LI)	Chairman of the Board of Statutory Auditors	medium
10	INDAL 2000 Srl	Suvereto (LI)	Chairman of the Board of Statutory Auditors	medium
11	CALDANA Srl	Gavorrano (GR)	Chairman of the Board of Statutory Auditors	small
12	FOLCENTER Srl	Follonica (GR)	Chairman of the Board of Statutory Auditors	small
13	ORIZZONTE Srl	Piombino (LI)	Chairman of the Board of Statutory Auditors	small
14	AXIS Srl	Naples	Standing auditor	small
15	MAISIS Srl	Montelupo (FI)	Standing auditor	small
16	SOLARIA Srl	Grosseto	Standing auditor	small
17	CIGRI SpA (in liquidation)	Campiglia M. (LI)	Chairman of the Board of Statutory Auditors	small
18	EDILIZIA PROVINCIALE GROSSETANA SPA	Grosseto	Standing auditor	medium
19	ULTIMA SPIAGGIA Srl	Follonica (GR)	Non-executive director	small
20	CONSORZIO REGIONALE ETURIA	Montelupo Fiorentino	Standing auditor	large
21	COMPAGNIA-PORTUALI SOC. COOP	Piombino (LI)	Chairman of the Board of Statutory Auditors	medium
22	UNICOOP TIRRENO SOC. COOP	Piombino (LI)	Chairman of the Board of Statutory Auditors	large
23	POLO UNIVERSITARIO GROSSETANO SOC. CONSORTILE	Grosseto	Standing auditor	small
24	SOF SPA	Florence	Standing auditor	medium
25	L'ORMEGGIO SOC. COOP	Piombino (LI)	Standing auditor	small
26	SAN GIACOMO - SOCIETA' COOPERATIVA SOCIALE	Portoazzurro (LI)	Standing auditor	small

* including assignments at cooperatives.

The Board of Statutory Auditors

signed

(Romano Conti)

(Franco Gargani)

(Roberto Chiusoli)

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Glossary

AGENCY MANAGEMENT
Activity carried out in order to single out the Tenant Mix and negotiate the lease agreements for the stores located in the malls.

COMMERCIAL CENTER
Real estate complex comprised of a Hypermarket and a Shopping Mall, featuring common areas and infrastructures located in a covered area with heating and air conditioning.

DEVELOPMENT PIPELINE
Program for investments in development.

DIRECT COSTS
Costs directly attributable to the commercial centers.

DIVIDEND YIELD
The dividend yield, or price/dividend ratio, on a company stock is the company's annual dividend payments made or announced divided by closing price of the ordinary shares at the end of the year.

EBIT (operating profit)
EBIT or Earnings before Interest and Taxes, is a figure which, when compared to EBITDA, includes some information on amortization, depreciation and the change in the property's fair value. In the case of IGD, which adheres to the IAS (International Accounting Standards), amortization and depreciation are not overly significant as every six months, based on an independent appraisal, the value of the freehold properties is updated: the property is booked in the balance sheet at market value, while the difference in fair value is posted in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings before Interests, Taxes, Depreciation & Amortization, is the most significant measurement of a company's operating performance. It shows the earnings before interest, taxes, depreciation and amortization and, therefore, does not reflect the company's source of financing, taxes or its investment cycle. EBITDA is a proxy for the operating cash flow that the company is capable of generating.

EPRA
European Public Real Estate Association.

EPS / EARNINGS PER SHARE
Total earnings divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV
The estimated rental value at market rates of rentable space based on an independent appraiser's valuation of the rent which could be reasonably expected for similar properties located in similar areas.

FACILITY MANAGEMENT
Supply of specialized services to commercial centers such as security services, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
Net income to which the real estate portfolio depreciation and amortization expenses and the net change in the market value are added.
It is the indicator most commonly used to evaluated a REIT's performance.

GENERAL EXPENSES
Undivided costs, not attributable to individual commercial centers which, as such, are referred to as corporate costs.

GLA / GROSS LEASABLE AREA
Gross leasable area.

GROSS DIVISIONAL MARGIN
The result obtained by subtracting direct costs from revenues.
GROSS SURFACE AREA
Area of the buildings including the outside walls.

HYPERMARKET
Property with a sales area in excess of 2,500 m² used for the retail sale of food and non food products.

INITIAL YIELD
The initial annual income from a real estate asset expressed as a percentage of its valuation at the time of purchase.

HEDGING
The total number of mortgage loans hedged with IRS divided by the total amount of mortgage loans and bonds.

IPD
Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

IRS/INTEREST RATE SWAPS
Financial instrument based on which two parties agree to exchange interest payments on a specific principle amount on a predetermined date. Used to convert floating rate debt into fixed rate debt.

JOINT VENTURE
Entity in which IGD holds a long term interest, controlled jointly by one or more parties based on a contractual agreement which calls for decisions regarding the management and financing of the enterprise to be made jointly.

LIKE-FOR-LIKE PORTFOLIO
Real estate assets held in the portfolio for the entire year and the entire prior year.

LTV / LOAN TO VALUE
Ratio between fair market value of real estate assets and the relative financing.

MALL / SHOPPING MALL
Common space shared by the operators of a Commercial Center.
In Italian a Shopping Mall is usually referred to as a Galleria.

MARKET VALUE
The estimated amount for which a property coud be exchanged on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion.
Following is the definition of market value used by the appraiser:
"Pursuant to the 6th and last edition of the "RICS Appraisal and Valuation Manual" ("The Red Book") published by the Royal Institution of Chartered Surveyors in the United Kingdom and translated into Italian on 1 January 2008, market value is the Market Value is the estimated amount for which a property could be bought and sold on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgably, prudently, and without compulsion".

MEDIUM SIZED AREA
Property Immobile avente area di vendita compresa tra mq. 250 e mq. 2.500 adibito alla vendita al dettaglio di prodotti di largo consumo non alimentari.

NAV / NET ASSET VALUE
Expresses the difference between the value of the real estate assets (Asset Value) and net debt. The NAV per share indicated in IGD's financial statements is the Triple Net Asset Value (3NAV): it is, in fact, expressed net latent capital gains and the tax effect. In the calculation potential capital gains on freehold property are to be added to the net equity. The tax effect, based on the company's tax rate, is then deducted from this result. This Net NAV figure is then divided by the number of shares issued.

OCCUPANCY RATE
Gross let surface area expressed as a percentage of total real estate surface area.

OVER-RENTED
Space rented at a level above its ERV.

PRE-LET
Rental contract signed by an operator before the development of the property has been completed.

REAL ESTATE PORTFOLIO
The portfolio of real estate assets, both freehold and third party, managed by the IGD Group.

REIT
Real Estate Investment Trust. Equivalent to a SIIQ in Italy.

RETAIL PARK
Group of three or more complex which together cover more than 4,500 m^2, with shared parking.

REVERSIONARY POTENTIAL YIELD
The net annual rent which should be generated once the rent reaches the estimated rental value expressed as a percentage of the property value.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by the average capital employed in the year.

ROE/RETURN ON EQUITY
Net income divided by net equity after dividends

SHOPPING MALL
Real estate complex that includes a group of retails shops and the shared common areas STORE
Property used for the retail sale of non food products.

SIIQ
Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. The regulatory framework allows for publicly held listed companies, whose primary activities are related to real estate, to take tax exemptions once certain requirements related to income, equity and rental activities are satisfied.

SUPERMARKET
Property with a sales area of between 250 m^2 and 2,500 m^2 used for the retail sale of food and non food products.

TENANT MIX
All the operators, brands and trademarks found within a shopping mall.

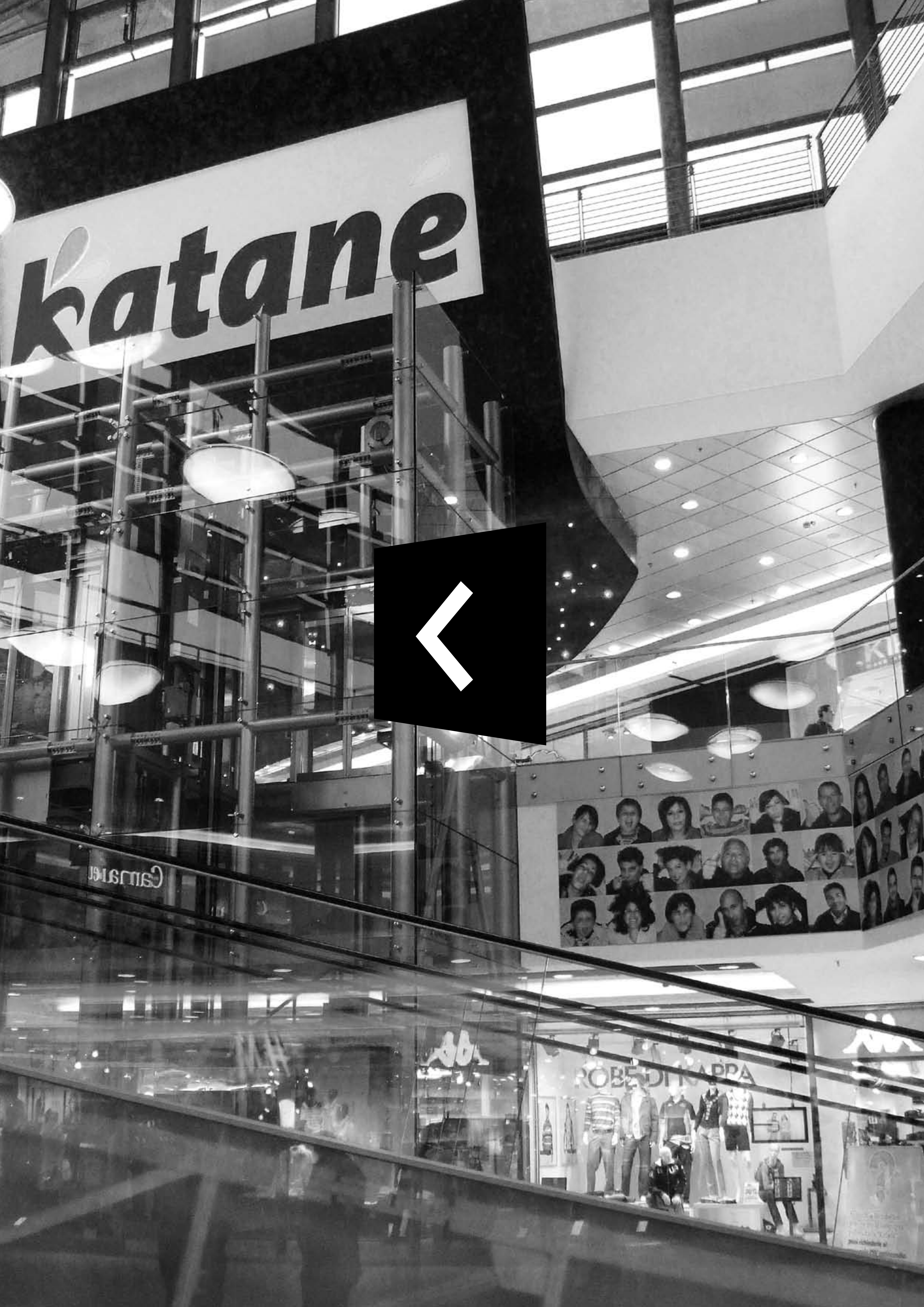
UNDER-RENTED
Space rented at a level below its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL
The average cost of capital (debt and all other sources of capital) used in order to calculate the expected return on investments.

Finito di stampare
nel mese di aprile 2009

Grafica e impaginazione
R. Bertuccioli

Stampa
Grafiche dell'Artiere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