Financial statements

at 31 December

2010

igd SIIQ

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The IGD Group

1

1.1 | Letter to the Shareholders

Dear Shareholders,

*in 2010 your company reported results which show strong growth; net profit, for example, rose +43.8% to €29.3 million and Funds from Operations (FFO) rose 9.1%. This means that **your company is successfully implementing the development plan outlined in the 2009-2013 Business Plan,** despite the very weak consumer environment that persisted throughout the year. That's not all: **the 2010 results,** fully in line with our expectations, **add visibility to the Plan** itself and confirm that, thanks to the steps we have taken, we are headed in the right direction.*

In the picture the Chief Executive Officer Claudio Albertini and the Chairman Gilberto Coffari

*The **fair value of our real estate assets at 31 December 2010 reached €1,803.98 million.** A figure which, on the one hand, reflects the disposal of the 50% interest held in RGD to Beni Stabili for €59.2 million and, on the other, the increase in the portfolio's perimeter thanks to the two new acquisitions made, the mall in the La Torre Shopping Center in Palermo and the mall found in the Conè center in Conegliano Veneto, along with the construction of the retail park at the Conè center. At the same time, the pre-existing portfolio held well thanks to the outstanding quality of the assets and the stabilizing presence of the hypermarkets.*

*The top line of the income statement shows **operating income up by some 2.8%.** The positive contribution of rental income from the last two openings made in December and the gradual increase in rents from the openings made in 2009, which contributed for the full 12 month period in 2010, was in part offset by IGD's decision to support a few key tenants by granting temporary discounts in rent during a year dominated by persistently weak consumption. In 2010 we also continued with the profound reorganization and consolidation, including of the portfolio of brands present in the WinMarkt centers, begun two years ago in Romania in order to improve the visibility and quality of future revenue streams.*

*Testimony to **IGD's truly healthy growth is the increase in consolidated EBITDA** which rose by more than **7% YoY reaching 71% as a percentage of revenues.** All of the openings and acquisitions made – resulting, as we mentioned before, in an impressive six new openings over the last two years - made it possible to allocate operating costs, already subject to significant cost control measures designed to improve efficiency, over a broader revenue base. While the value of the real estate assets and revenues grew, a balance **was maintained between the funding used and the cost of debt.** At the end of 2010 the gearing ratio (debt to equity ratio), in fact, came in at 1.31. In 2010 IGD also confirmed its ability to limit its cost of capital, taking advantage of the opportunity not only to restructure the convertible bond, but also to hedge interest rate risk (74.13% of the loans are now hedged) and to close new loans for a total of €85.5 million at advantageous rates. Net financial income and charges, consequently, were basically unchanged (+621 thousand with respect to 2009).*

*In light of the quality of the results recorded, including in terms of profit, we are proposing that the shareholders approve the payment of a **dividend equal to €0.075 per share, an increase of 50%** with respect to the €0.050 per share paid in 2009. This increase is even more impressive if we consider that the 2009 dividend was already up 42.9% with respect to 2008. As you can see, **IGD's dividend offers its shareholders interesting returns.***

*If you recall, in November 2009 we presented the new five year Business Plan and indicated that it would be updated each year. In November 2010, therefore, we completed our **strategic review,** updating the 2013 targets on the basis of changes in the global market conditions, the portfolio and the investment pipeline.*
*With regard, in particular, to the new developments in our **investments**:*

- *In July 2010 we cancelled the preliminary agreement for the purchase of the shopping center in Gorizia which we intend to replace with a similar type of investment, but after 2011.*
- *Completion of a few parts of the multifunctional complex in Livorno were delayed.*

In the picture the new IGD's headquarter in Bologna

- *We planned the expansion of three shopping centers for a total leasable area that is larger than last year's Plan.*
- *Lastly, we included new investments of €100 million in our pipeline which will be financed with the proceeds from the sale of properties currently held in the freehold portfolio. This type of rotation will make it possible to **optimize capital allocation** and represents a completely new strategic direction for IGD which will allow for greater flexibility and make it possible for IGD to take advantage of interesting market opportunities.*

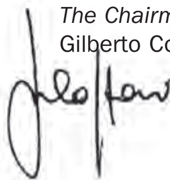
*Despite a 2010 that was more difficult than forecast, the **2013 targets were only slightly changed.** More in detail, we continue to expect to see double digit growth in **EBITDA**, in excess of around 10%, through the end of the plan. **EBITDA margin,** consequently, is expected to reach **76% by the end of the plan,** primarily due to the solid margins of the investments as they gradually become fully operative and begin generating returns, but also to the intense work that will be done on restructuring the core portfolio. We believe, therefore, that by 2013 the average return of the real estate portfolio will be between 6.4% and 6.5%. At the same time, we maintained the peak gearing target of 1.5x.*

*We are confident, therefore, that the results going forward will allow us to pay **our shareholders a good dividend;** moreover, the SIIQ status allows us to translate our solid operating and financial results into a consistently improving bottom line: we expect, therefore, that the dividend will increase significantly each year through 2013.*

*We sincerely hope, also, that over the next few **months the discount at which IGD's stock is trading to its NAV,** of about 43% with respect to the year-end stock price of €1.457, will diminish in light of the 2010 results and the **increased visibility of the Business Plan targets.** More in general, we hope that the transparency and consistency of our investment policies and relationship with the financial community will make it possible to **improve the risk profile associated with our business** going forward.*

*We would also like to point out that the 2010 edition will be the **first edition of IGD's Corporate Sustainability Report.** Sustainability is part of our DNA, given the cooperative identity of our largest shareholders and the culture that the entire IGD team shares.*
The commitment to meeting the needs of all our stakeholders through sustainable growth has always been part of what we do. The Corporate Sustainability Report represents a new tool, a new space, where we can describe and report on our commitment.
We are convinced that a careful analysis of our policies relating to social responsibility will help us understand the positive aspects of what we have already done and where our next challenges lie: an exercise which will most certainly drive us to set our sights even higher.

The Chairman
Gilberto Coffari



The Chief Executive Officer
Claudio Albertini

1.2 | Corporate and Supervisory Bodies

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

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 items in red indicate the independent directors and the different positions held within the Board.

Board of Statutory Auditors	Office	Standing	Alternate
Romano Conti	Chairman	■	
Roberto Chiusoli	Auditor	■	
Franco Gargani	Auditor	■	
Isabella Landi	Auditor		■
Monica Manzini	Auditor		■

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

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

From 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.
In 2010, during the Board of Directors' meeting held on 26 August, the Committee for Related Party Transactions, comprised of three independent directors, was formed. In IGD the duties currently attributable to the new Committee, in accordance with Consob Resolution n. 17221 of 12 March 2010, as amended in Resolution n. 17389 of 23 June 2010, were previously the responsibility of the Internal Control Committee.
The Company also adopted, in the Board of Directors' meeting held on 11 November 2010, the "Procedure for related party transactions". The purpose of this Procedure is to define the rules and principles governing the related party transactions entered into by IGD, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transactions.
The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. As in the past, for the year that closed on 31 December 2010 IGD hired the consulting company Egon Zehnder International to help with this self-assessment process. This survey was conducted in accordance with the most sophisticated international best practices and was carried out on the basis of:

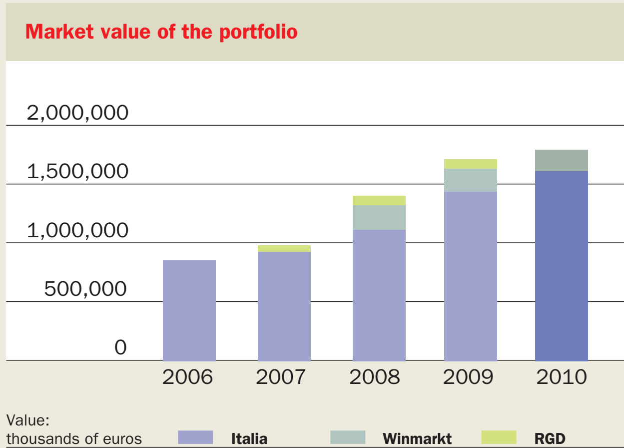
- discussions with each Director, after having completed a questionnaire prepared for this purpose, in light of the areas in need of improvement indicated in the 2009 Board Review;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results, including the areas found to be in need of further improvement, were presented during the Board of Directors' meeting held on 9 March 2011. More in detail, IGD's Board of Directors was found to have achieved levels of market excellence in terms of:

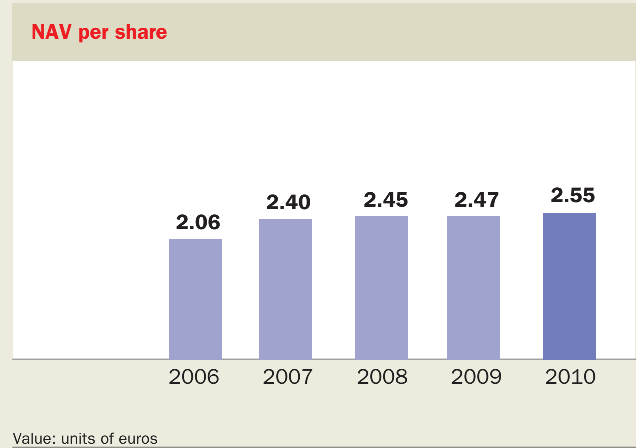
- Size which was found to be adequate and efficient, with a majority of independent directors;
- Balanced composition and, overall, the presence of the necessary expertise and managerial experience;
- Efficient functioning, thanks above all to:
  - a positive and efficient environment; adequate and timely distribution of information to the directors in preparation for the Board meetings;
  - effective dialogue and ability to make decisions, in particular with regard to financial matters and the assessment of investments;
  - 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

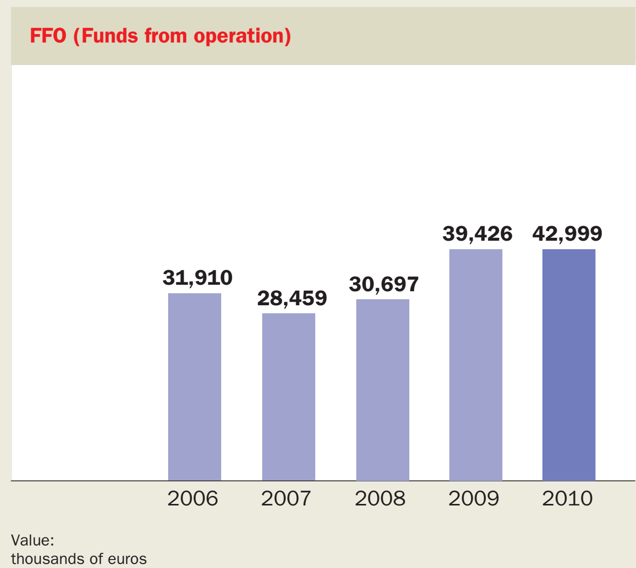


NAV per share

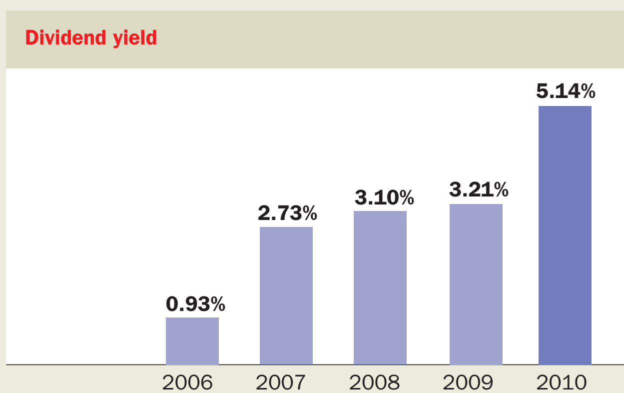


Rental income

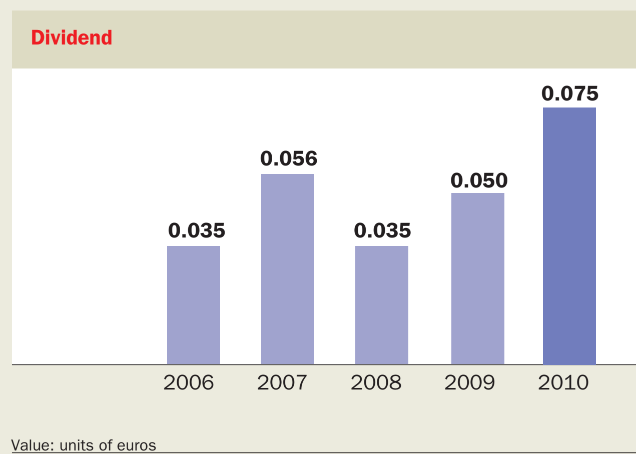
FFO (Funds from operation)



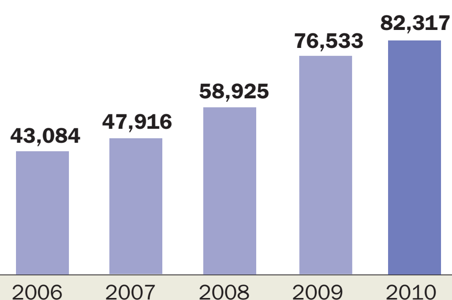
Dividend yield



Dividend

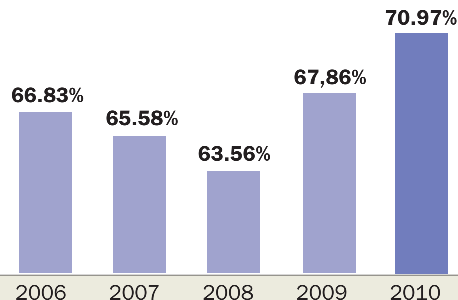


Ebitda



Value:
thousands of euros

Ebitda margin



Consolidated income statement	FY2009	FY2010
Freehold revenues	97,808	101,864
Leasehold revenues	8,735	8,231
Revenues from services	6,238	5,893
Net revenues *	**112,781**	**115,988**
Income from works in progress	226	280
Rents payable	-9,285	-8,382
Direct costs	-17,551	-15,415
General expenses	-9,638	-10,154
Ebitda	**76,533**	**82,317**
Amortization, depreciation & impairment	-5,509	-5,305
Change in fair value	-13,725	-8,746
Ebit	**57,299**	**68,266**
Income fr. Equity investments	0	-1,140
Financial income/(charges)	-34,669	-35,344
Pre tax profit	**22,630**	**31,782**
Tax	-2,222	-2,510
Net profit	**20,408**	**29,272**
Minorities' portion of net profit/ (loss) for the year	0	68
Group's portion of net profit	**20,408**	**29,340**

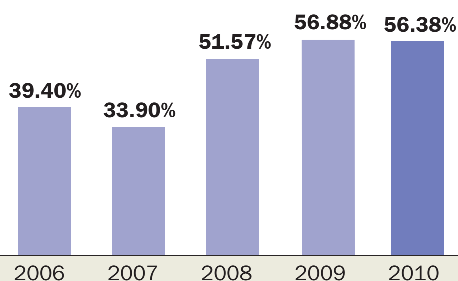
Value:
thousands of euros

*** the item net revenues includes revenues net of chargebacks**

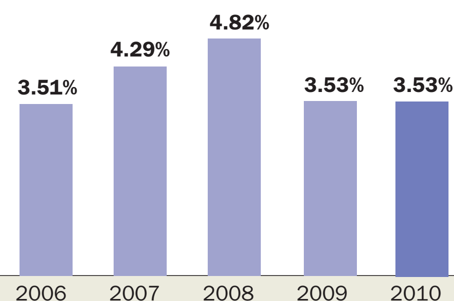
	FY2009	FY2010
Net financial debt (€/mn)	1,027.82	1,017.08
Net equity (€/mn)	747.53	773.45
Loan to value (%)	56.88%	56.38%
Hedging (%)	66.61%	74.13%
Average cost of debt (%)	3.53%	3.53%

2010	Hyper-markets	Malls	Malls Romania
Occupancy rate at 31 12 2010	100%	95.59%	83%
Occupancy rate like-for-like	100%	99.11%	83%
Average yield at 31 12 2010	6.41%	6.5%	8.65%
Average yield like-for-like	6.41%	6.53%	8.65%

Loan to value



Average cost of debt



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Directors' report

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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 2010 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.

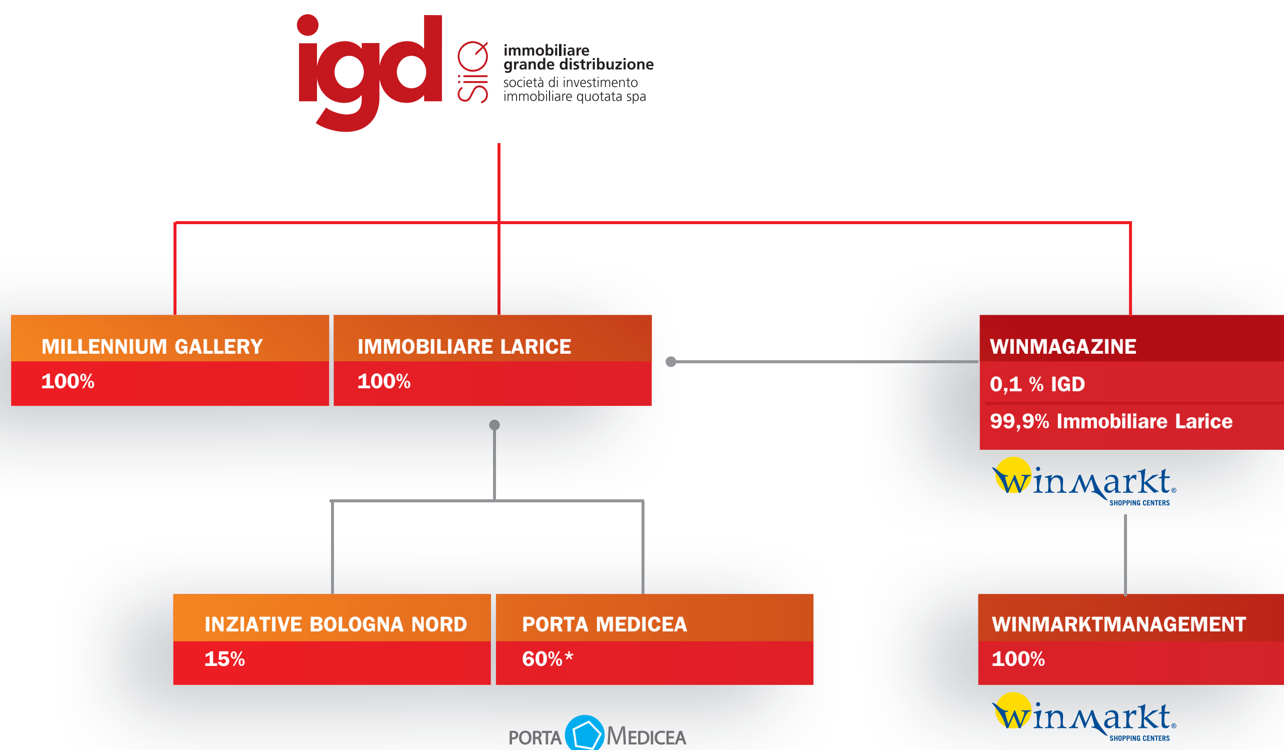
In the picture the Mondovicino Shopping Center and Retail Park in Mondovì (Cuneo)

2.1 | The IGD Group today

IGD, which became a Società di Investimento Immobiliare Quotata (SIIQ or real estate investment trust) in 2008, was the first company to obtain SIIQ status in Italy.
Listed in February 2005 with a real estate portfolio valued at €585 million in September 2004, over the last six years IGD has recorded significant growth: at 31 December 2010 the real estate portfolio was valued by an independent appraiser at €1,803.98 million The IGD Group, focused primarily on the retail real estate sector, is most active in Italy, but is also present in Romania where, through WinMagazine SA (acquired in April 2008), it controls the country's largest chain of Winmarkt brand department stores and is active in 13 midsize cities.
IGD SIIQ's portfolio includes the freehold assets found in Italy. The Parent Company also controls 100% of Millenium Gallery s.r.l., owner of part of the shopping mall in Rovereto, 100% of Immobiliare Larice and 0.1% di Winmagazin SA.
Immobiliare Larice, in addition to owning the CentroSarca shopping mall in Milan, also holds the majority of the operations which are not included in the SIIQ's scope of consolidation:

1. 99.9% of WinMagazine, through which it controls WinMarktManagement, the company responsible for the team of Romanian managers;
2. 60% of Porta Medicea, the requalification and real estate development project of Livorno's seafront;
3. management of the leasehold properties Centro Nova and Centro Piave;
4. service activities which include mandates for the management of freehold and leasehold properties.

The organizational chart below reflects the Group's structure at 31 December 2010.



* Consolidated 80% due to a put & call option on the minority interest of 20%

Our Portfolio

Today IGD's portfolio is comprised almost entirely of hypermarkets and shopping malls that are part of medium-large sized shopping centers.
In Italy the properties are spread out throughout the country, from Piedmont to Sicily. In Romania the domestic presence is also quite widespread as the centers are found in 13 different midsize cities.

The portfolio can be broken down as follows:

IN ITALY

17 hypermarkets and supermarkets
19 shopping malls and retail parks
(including the mall co-owned with Beni Stabili)
3 plots of land for direct development
1 asset held for trading
6 other

IN ROMANIA

15 shopping centers
1 office building

In the picture on the left the Tiburtino Shopping Center in Guidonia-Montecelio (Roma), on the right the Gran Center in Ploiesti Romania

Our Activities

The core of IGD's business has always been **property management and leasing.**
The second line of business, linked to services, consists primarily in the marketing of new shopping centers, including for third parties, and mandates for shopping center management.

Property Management and Leasing

The objective is to enhance the long term value of the portfolio through three distinct activities:

1. the purchase and leasing of properties;
2. the optimization of the returns from the portfolio thanks to the commercial policies and initiatives which continuously improve the center's appeal and make it possible to maintain high occupancy rates;
3. the possible sale of the older or less strategic malls.

Services

Agency Management and Pilotage operations are typically involved in the promotion of newly opened, expanded or restructured centers, as well as in the rotation of existing retailers.
Facility Management services are, rather, linked to marketing and the daily operations of the center such as, for example, security, cleaning and ordinary maintenance.

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

Focus on the **retail segment** primarily in **Italy**: IGD's vocation is the building and management of shopping centers in Italy where the market still offers interesting opportunities.
On the one hand, at 234 m^2 per 1,000 inhabitants (source: CBRE, figures at 31.12. 2010), the density of the shopping centers in Italy continues to be well below the European average which means there is still room for further development and expansion projects.
On the other hand, there are also interesting opportunities in the retail real estate market relating to centers or malls which are already generating revenue, but that are not expressing their full potential. The number of transactions last year points to slow, but clear, recovery. These factors confirm the viability of the strategy to rotate the Group's real estate portfolio and bode well for the purchase of new properties to include in the portfolio.

IGD still believes that in Italy the most important success factor for a shopping center is not its large size, but rather its location near a midsize city well positioned in a primary catchment area: the average size of IGD's shopping centers allows for greater penetration of the relative catchment areas while proximity to the midsize cities offers another way to effectively meet the needs of the elderly, particularly important in a country where the average age of the population continues to rise.
For this reason, with a few exceptions like Mondovicino in Piedmont, capable also of attracting customers from the *Riviera Ligure* and the *Cote d'Azur,* there are no large "weekend" shopping centers in IGD's portfolio, but rather centers that still have a strong food anchor, enhance customer loyalty , meet the daily needs of its shoppers, and include 50 or so different retailers: this guarantees significant traffic also Monday to Friday.
The midsize centers which characterize IGD's portfolio, in addition to being the right size for the primary catchment areas, also help to limit the risk of brand cannibalization which is inevitable when different retailers are part of the same merchandise category.

In 2008 IGD purchased WinMagazine SA, the largest department store chain in Romania, with properties in the historic hearts of 13 different Romanian cities: the transaction was completed in order to diversify the Group's presence in Eastern Europe where the forecast growth in consumption was very attractive. Despite the restructuring

and restyling of the centers implemented over the past two years, during a time of severe economic crisis in Romania, WinMarkt's businesses continue to make a positive contribution to IGD's operating income, thanks to an average yield on the fair value of the properties that is still above the Italian portfolio average.
Overall, both in Italy and Romania, IGD's focus is on creating and "growing" realties which, over time, continue to appeal to the final customer. Centers capable of generating a significant number of footfalls guarantee that the tenant retailers will be able to generate sufficient revenue even during negative phases of the economic cycle. IGD, therefore, pays careful attention to ensuring the sustainability of its rental income over time.

Strategy

When Claudio Albertini joined IGD as Chief Executive Officer, a new approach to planning was initiated and in November 2009 the new 2009-2013 Business Plan was presented. This same approach led to the presentation a year later, in November 2010, of the Strategic Review. While the life of the plan was not extended, which would have been unrealistic given the macroeconomic variables, the Business Plan was updated in light of the what had taken place during the year, namely the results achieved by the IGD Group and the cancellation of the Gorizia investment project, along with the new underlying assumptions.
Growth remains a clear target with the value of the real estate assets expected to reach €2.2 billion in 2013, compared to the beginning of the plan when the valuation at 31 December 2008 amounted to €1.4 billion. The increase in assets is driven decidedly by the new investments of €850 million, represented primarily by highly visible projects for new malls and hypermarkets, already partially completed and generating revenue. IGD also expects to invest €150 million in the purchase of prestigious properties, which will be transformed into shopping malls, in the historic hearts of important Italian cities.
A few changes were made to the investment pipeline following the review completed last November: the cancelled Gorizia project will, in fact, be substituted with a similar project, to be identified, which will be completed after year-end 2012. At the same time, parts of the multifunctional development project in Livorno were delayed. The expansion of three shopping centers was confirmed, but for a total leasable area that is larger than originally planned. Lastly, new investments of €100 million were included in the 2009-2013 plan which will be financed with the proceeds from the sale of properties currently held in the freehold portfolio. This type of rotation represents a completely new strategic direction for IGD, which will make it possible to reallocate capital and increase IGD's flexibility so that it will be well positioned to take advantage of interesting market opportunities in Italy.
Thanks to careful management and continuous requalification of the freehold portfolio, as well as carefully selected new investments, by 2013 the average return of IGD's real estate portfolio should be between 6.4% and 6.5% nel 2013.

Despite a 2010 that was more difficult than forecast, the 2013 targets were only slightly changed with respect to the prior year. More in detail, IGD continues to expect to see double digit growth in EBITDA, in excess of around 10%, through the end of the plan driven primarily by the solid margins of the investments as they gradually become fully operative and begin generating returns. EBITDA margin, consequently, is expected to reach 76% by the end of the plan.
The management is also very committed to ensuring that the gearing (debt to equity ratio) never exceeds its peak of 1.5x. The Loan-to-Value will remain, therefore, below 60% for the duration of the plan. The debt structure will continue to reflect the asset base, meaning long term debt will be maintained at current levels (approximately 85%) and the company will continue to prefer fixed rates.

The results targeted in the Plan through 2013 should ensure that shareholders receive an interesting dividend which is expected to rise substantially each year of the 2009-2013 period.

2.2 Activities

IGD's business activities include three distinct divisions:
- **Property development and portfolio management;**
- **Marketing and management of the network;**
- **Romania.**

1. Property development and portfolio management

Property Development

In the latter part of 2010 IGD opened two new shopping centers, respectively, in Conegliano Veneto and in Palermo (for further information please refer to Section 2.5 Investments and Commercial Agreements). These projects come just after the opening in 2009 of four new shopping centers; in Guidonia, Catania, Faenza and Asti.
Even if no new openings are forecast for 2011, IGD will continue with its investments: the projects continue to move forward in Chioggia and Livorno, where the subsidiary Porta Medicea, after having begun to pre-let the historic Palazzo Orlando, will begin work on the second lot. In 2010 IGD cancelled the preliminary agreement for the Gorizia project due to delays in the authorization process; it will be substituted with an alternative investment of a similar amount and with a similar initial return.

Portfolio Management

In 2010 IGD continued to pay great attention to the **routine maintenance** of its shopping centers (systems, stairs, elevators and parking); a larger sum was dedicated to the older properties in order the maintain the high standard of the entire portfolio.

Asset management, an integral part of the property management activities, involves extraordinary maintenance, precisely structural works which may include, for example, substitution of systems, boilers or roof repairs, heating and cooling units.
Improvements (expansion, restyling), which guarantee that the structures reflect new consumer trends, are also considered part of Asset Management. Building restyling is, in fact, considered key to the success of the "commercial restyling".
A pilot project which called for new play areas, entertainment for kids and health centers was implemented at CentroSarca which was so successful that it will most certainly be replicated, where possible, in other centers that are part of the portfolio, such as Palermo where a dental clinic is the process of being completed. Gradually Wi-fi will also be made available at all the portfolio properties.

In Romania, a gym with a wellness center was created in Ploiesti, while in Galati a "caffè-cinema" was built on the fourth floor where viewers can enjoy watching movies while sitting on comfortable couches and next to the caffè-cinema a game arcade, managed directly by IGD, was installed.

In 2010 restyling was completed of the Le Porte center in Afragola, located in a strategic position near Naples as the terminal for the high speed train is expected to be completed here within the next two years.

Important expansion projects have been planned for *Centro d'Abruzzo* in Pescara and at the ESP center in Ravenna, where the restyling of the pre-existing portion is to be completed ahead of the original schedule in order to not lose opportunities for commercial repositioning while waiting for the completion of the new areas.
Great attention was paid to **energy savings** when completing the restyling projects: more efficient systems were installed and better "performing" materials were used. Greater savings will also be achieved thanks to the instalment of solar panels. Four new systems are expected to be installed in 2011.

IGD is convinced that isolated efforts to improve energy efficiency through the installation of more innovative and efficient systems is not enough: for this reason the company began a process designed to improve operating efficiency by reducing the energy used for heating and cooling systems through careful programming of the hours of operation.

A large part of the refurbishments in Romania was also driven by the search for **new efficiency** in terms of both recovering unproductive areas and the requalification of existing GLA (gross leasable area) thanks, for example, to the installation of escalators like the ones installed at Galati.

In 2010 works continued on improving access to the San Benedetto center, where an underpass is expected to be built.

In 2010 IGD launched a **shopping mall concept identification project,** based on which certain guidelines for the format of

the newly opened centers (Guidonia and Conegliano) and for restyling (Afragola, ESP and Pescara) were defined.
The common denominator is the use of a specific color, red. Other elements involved shapes, like curves, as well as innovative materials, like resins, metals, colored glass and plastics. Innovative lighting systems are also used to create special environments in certain areas and at different times of the day.

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 openings and expansions, as well as pre-letting activities;
2. restyling;
3. the management of tenant turnover in the existing malls.

This division, on the basis of the competitive positioning of each center, works on finding the optimal merchandising and tenant mixes.

In the case of the two centers opened in 2010, IGD's marketing strategy, while there were certain common characteristics given the presence of certain "indispensable" retailers, was focused on the characteristics of each specific catchment areas. If the fact that shoppers at Conegliano have ample spending power and are interested in fashion trends, particularly in clothing, led to the realization of a high profile center, in Palermo, where the shopping center attracts young families who travel a greater distance, the offer included a vaster range of value products.

In 2010 IGD managed to expand the presence in its Italian shopping center network to include **brands,** some internationally known, with which it has consolidated relationships over the past few years. In the new malls and in the pre-existing malls, when contract rotation allowed, tenants which most certainly enhance the center's appeal include, for example, H&M, Marella and *Maison du Mond* (at Conegliano), Jack & Jones, New Yorker, Kiko and GameStop.
As the same time, the partnership entered into with Carrefour in 2009 in Romania was further developed: today the food chain can be found in four different Winmarkt centers in Romania. Two Kentucky Fried Chicken (a US brand, leader in chicken products) fast food restaurants were also opened in centers located in two different cities. Lastly, international brands, like Adidas, took advantage of the Winmarkt chain to establish a presence in Romania.

Contract Management

Contract management is another activity in which the Marketing and Network Management division is involved. In 2010 balance and flexibility continued to be the two principles underlying IGD's contract management philosophy: sustainability of the rents over time was blended with, in light of the persistent consumer crisis, the need to find short term solutions for healthy tenants who were, however, subject to serious drops in revenue, so that they could overcome the difficult period.
In 2010 IGD signed 80 new contracts in Italy for spaces rented in new shopping centers, in addition to 42 renewals. 135 contracts, still underway, were amended in order to assist certain retailers hard hit by the crisis but deemed strategic to IGD's merchandising mix; these adjustments consisted largely in temporary discounts or a redefinition of certain terms and conditions.
In 2010 292 contracts were signed in Romania, 103 of which were renewals.

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.
In 2010 much was done in relation to the Italian portfolio to implement a **new project,** designed to generate synergies and centralize management of the communication and advertising campaigns, as well as of the events launched during the year in the different shopping centers.
Driven, as always, by the desire to generate even more traffic, a new program was developed which focuses on creating a **single image of IGD in the material and events** used to promote its centers, while also **optimizing costs** through economies of scale, including for the purchase of advertising space. Finding the events which offer the greatest returns also makes it possible to develop and share best practices within IGD.
In the second part of 2010 IGD, therefore, defined certain guidelines which are to be used to develop communication

campaigns and organize events founded on the interest in promoting culture, sports, social awareness and solidarity within the local context.
An example of a success story is the event *"A canestro con IGD"* (literally "A Basket with IGD), realized in collaboration with the team Virtus Pallacanestro of Bologna. As part of this event several team members, who were present at IGD's centers in Emilia Romagna, challenged shoppers, particularly the youngest ones, to "make a basket". Another sports event includes a similar initiative that was organized with the women's A1 Series volleyball team, Spes Conegliano, in Conegliano.
In Guidonia a Talent Show was held on more than one occasion. There were two categories, juniors and adults, and artists of all sorts (dancers, singers, musicians, actors and acrobats) performed, along with hundreds of shoppers, for a mixed jury of experts and journalists, as well as a popular jury. The Talent Show generated such interest that similar events are going to be held in the near future at two centers in Campania.
Another event which generated encouraging feedback was the photographic exhibit *"Terre di Libertà"*. Fifteen photos depicted the difficult path undertaken by Libera Terra, the group of cooperatives led by Don Ciotti, who work land confiscated from the mafia. In the first few months the itinerant exhibit, which has already been shown at several centers in Emilia Romagna, will pass through the centers in Sicily. This show, realized in collaboration with Coop, is a first, important example of the joint projects that IGD intends to work on with Coop in the future. A Coop-IGD event is, in fact, being planned to commemorate the 150th anniversary of a united Italy.
In order, once again, to affirm a center-wide identity, the 2010 communication campaigns included a **new pay-off** that appears next to the logo: **IGD, SPACES TO BE LIVED IN.** Based on the campaign, in 2011 the websites of the different shopping centers are to be reviewed and while the uniqueness of each center will be maintained, the idea is to incorporate elements that are easy to recognize and associated with the IGD Group.

Management of the Network also includes the **Facility Management** that IGD oversees for its tenants which involves monitoring general services and a series of activities that are part of the routine operation of each center such as security, cleaning, and various services for a total of approximately €40 million, including maintenance. Steps were also taken in this segment to limit additional expenses for the tenants. The benefits from the improvements made will be reaped beginning in 2011.

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 2010 was comprised of 309,249,261 shares with a par value of €1.00.

IGD ticker symbols:

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

Indices in which IGD is included:

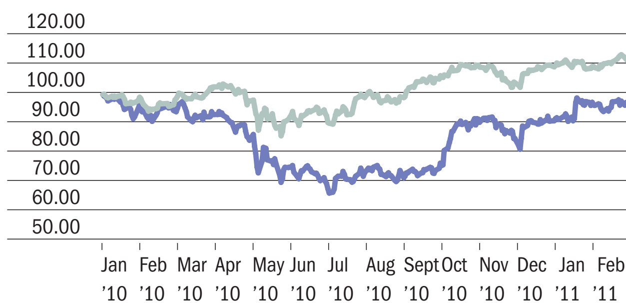
FTSE EPRA/NAREIT Global Real Estate Index;
EPRA: European Public Real Estate Association

Euronext IEIF REIT Europe
IEIF: Institut de l'Epargne Immobilière et Foncière

Stocks of the European real estate sector and included in the EPRA NAREIT Europe Index, rose 10.6% between 4 January and 31 December 2010. In the same period of time IGD's stock fell by 8.6%. We remind that in 2009 the price of IGD's shares rose 39.1%, while the index rose less, by around 20.2%. In 2010 IGD's stock reached its high of €1.59 on 4 January 2010, to then hit its low of €1.05 on 2 July 2010. At 31 December 2010 the stock had rebounded 38.8% with respect to the low recorded at the beginning of July. IGD's stock performed in line with the European index in the first two months of 2010; beginning in March, however, the stock underperformed due primarily to foreign investors' lack of enthusiasm for the Italian real estate market and the fact that the stock's limited liquidity led to its exit from the GPR REIT 250 index. In September, while the index bounced back by more than 10%, IGD's shares were probably penalized by the sell off of a few REIT investors who bought Beni Stabili, in preparation for the Company's imminent transformation into a SIIQ (the Italian equivalent of a REIT). A large part of the underperformance with respect to the index was retraced in October when a foreign investor began to buy shares driving the stock from €1.20 to €1.45. In the month of November all the primary European stock markets were hit by significant corrections linked to higher perceived risk and fears of sovereign debt crises in a few Euro zone countries. IGD's stock also lost more than half the gains recorded in October, to quickly return, however, to levels of around €1.45 in December. In the first weeks of 2011 IGD further reduced the level of underperformance with respect to the index as the stock traded at around €1.55 while the European index continues to remain at year-end levels.

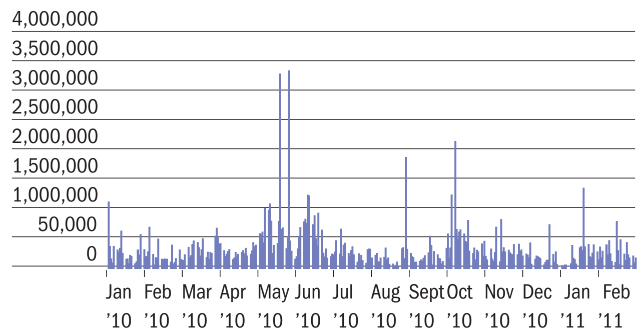
In 2010 an average of 360,000 IGD shares were traded each day.

IGD's stock price compared ot the
European Real Estate Index (base 4/1/2010 = 100)



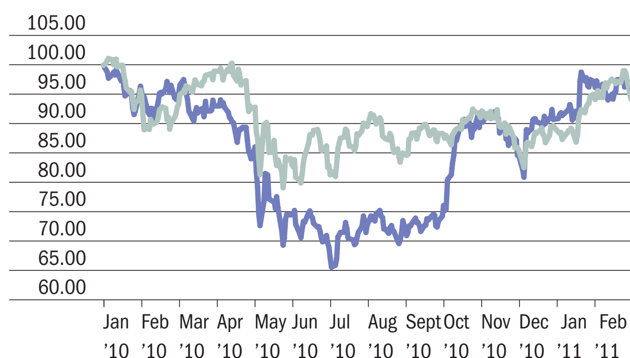
Sources: EPRA data elaborated by IGD — IGD — EPRA NAREIT Europe

Volume of IGD stock traded as of 4/1/2010



Source: *Borsa Italiana*

IGD's stock price compared with
the FTSE Italia All-share Index as of 4/1/2010



Source: *Borsa Italiana* data elaborated by IGD **IGD** **FTSE IT All-share**

The comparison with the Italian Stock Market index shows that the underperformance recorded between March and September was totally retraced thanks to the rise in IGD's stock price in October. In the last two months the stock traded in line with the FTSE Italia All-share Index. In 2010, therefore, the stock fell by 8.6% compared to the drop of around 12.6% recorded by the Italian Stock Market.

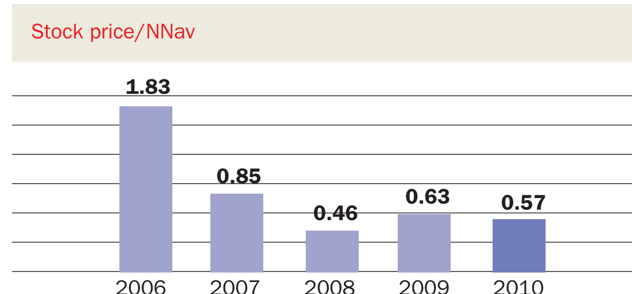
The NAV

The NNAV per share calculation follows.

NNAV per share		FY 2010	FY 2009
Market value freehold properties	A	1,803.98	1,724.86
Investment, land and direct development projects	B	1,804.01	1,726.02
Potential capital gains/ (losses	**C=A-B**	**(0.03)**	**(1.17)**
Net equity (including minorities)		773.45	747.53
Value of treasury shares (incl. Commissions)		22.25	22.25
Adjusted net equity	**H**	**795.71**	**769.79**
IGD's current stock price	**31/12/2010**	**1.46**	**1.56**
Potential capital gain/(loss) on treasury shares	**D**	**(6.12)**	**(5.02)**
Total gain	**E=C+D**	**(6.15)**	**(6.18)**
NAV	**F=E+H**	**789.56**	**763.60**
Number of shares	G	309.25	309.25
NAV per share	***F/G***	***2.55***	***2.47***
Tax rate on capital gains		27.7%	27.9%
Total net capital gain	**I**	**(6.14)**	**(5.86)**
NNAV	**L=H+I**	**789.57**	**763.93**
NNAV per share	***M=L/G***	***2.55***	***2.47***

The NAV rose by 3.24% with respect to December 2009. The NNAV increased by a similar amount. This increase is attributable to the increase in total equity. The tax rate on capital gains is equal to IRES (corporate income tax) (27.5%) and the one-off Irap (regional business tax) to which IGD SIIQ was subject.
The following graph shows the stock price (as of the last day of the 2010)/NNAV ratio from 2005 through 31 December 2010.

Stock price/NNav



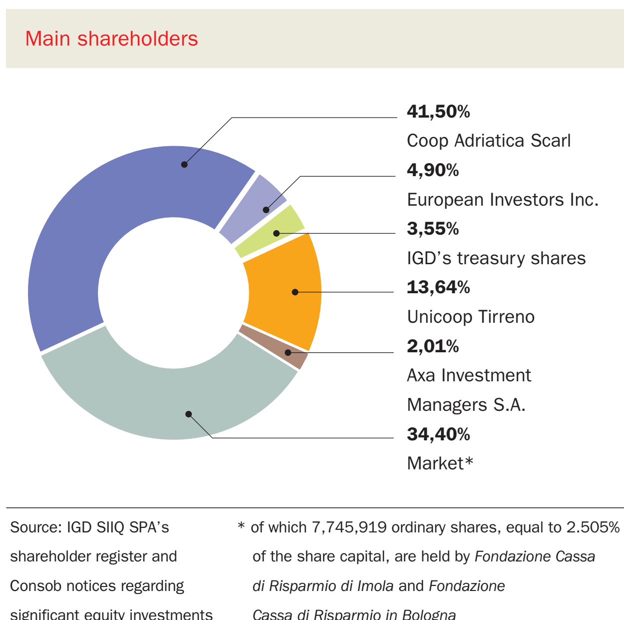
Dividend

IGD's Board of Directors will propose that the Shareholders' Meeting to be held on 20 April 2011 approve the distribution of a dividend of €0.075 per share, an increase of 50% with respect to the dividend of €0.050 paid in 2009.

The Ownership Structure

In 2010 there were no changes in the shareholders with a stake of more than 2% in the share capital.
As of 14 February 2011, therefore subsequent to year-end, AXA Investment Managers holds 2.01% of the share capital.

Main shareholders



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

* of which 7,745,919 ordinary shares, equal to 2.505% of the share capital, are held by *Fondazione Cassa di Risparmio di Imola* and *Fondazione Cassa di Risparmio in Bologna*

Shareholders' Agreements

The Shareholders' Agreement signed by Coop Adriatica and Unicoop Tirreno on 2 February 2011, deemed relevant for the purposes of Art. 122 of TUF, involves 170,516,129 ordinary shares or 55.14% of the Company's share capital; of which 157,713,123 or 51% of the share capital are bound by a voting block; the remaining shares are considered free shares.

Consultation Agreement stipulated by the bank foundations

The agreement signed by *Fondazione Cassa di Risparmio di Imola* and *Fondazione Cassa di Risparmio in Bologna* on 26 May 2008, deemed relevant for the purposes of Art. 122 of TUF, involves 7,745,919 ordinary shares or 2.505% of the share capital.

Investor Relations

In 2010 IGD maintained its open, transparent and proactive approach to communications and its relationships with the financial community.

The coverage of the stock changed little during the year with respect to the end of 2009, quite noteworthy in light of the fact that many equity research departments were downsized, and includes high profile domestic (4) and international (5) brokers.

In 2010 the company organized four presentations for analysts and investors:
- On 11 March, to discuss the FY 2009 results;
- On 13 May, to discuss the results for first quarter 2010;
- On 26 August, to discuss results for first half 2010;
- On 11 November, to discuss the results for the first nine months and the update of the Business Plan 2009-2013.

IGD also organized roadshows in Paris, London and Milan. During the year management also met with investors in Edinburgh, Amsterdam, the Hague and Brussels.
In Milan, IGD participated in the STAR Conference organized by *Borsa Italiana* in March 2010.
Subsequently, in October, IGD participated for the first time in the SoGen Real Estate Conference held in London.
Contacts were maintained with primary institutional investors via the conference calls organized during the year.
IGD also organized field trips, primarily with international investors, to visit its freehold shopping centers.

With regard to specific communication tools, the Newsletter continued to be published in Italian and English four times a year. Each new Newsletter is available on the company's website (www.gruppoigd.it) a week after the publication of the results for the period under examination.
Lastly, the new version of the company's website went live in January 2010 and was continuously enriched with new content, particularly with regard to the real estate portfolio, during the year.

2.4 Corporate Events

Please note that on 11/03/2010 the Board of Directors approved a motion, requiring approval by the general meeting of the bondholders and shareholders, to modify the terms and conditions of the convertible bonds issued by the company for a total of € 230 million as per resolution of 25 June 2007, as follows:

1. extension of the maturity of the convertible bonds from 28 June 2012 until 28 December 2013
2. interest rate raised from 2.50% (final annual payment on 28 June 2010) to 3.50% (act/act, half-yearly, first payment on 28 December 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 with an approved capital increase raised from the nominal maximum amount of €46,653,144 to €83,636,364.

On 22 April, the bondholders approved the following amendments to the terms and conditions of the €230 million bond loan *("€230,000,000 2.50% convertible bonds due 2012")* convertible in ordinary shares of IGD, issued by the company per resolution of 25 June 2007.
More in detail, the amendments approved at the meeting of the bondholders, effective as of 28 June 2010, include:

- **maturity:** extended from 28 June 2012 until 28 December 2013
- **coupon:** interest rate raised from 2.50% (final annual payment on 28 June 2010) to 3.50% (act/act, half-yearly, first payment on 28 December 2010) with payment once a year rather than every six months.
- **conversion price:** reduced from €4.93 to €2.75 as from 28 June 2010; the approved share capital, therefore, rose from €355,902,405 to €392,885,625.
- **consequent changes to the bond regulations and the trust deed.**

On the same date the Shareholders' Meeting of IGD - Immobiliare Grande Distribuzione SIIQ S.p.A. held in ordinary session approved the financial statements at 31 December 2009. Shareholders also approved the increase of the fees to be paid the external auditors Reconta Ernst & Young S.p.A. for the period 2009-2012 and the replacement of a director.
The Shareholders' Meeting, in extraordinary session, approved the amendments to the terms and conditions of the bond loan effective 28 June 2009 and, more specifically to: a) increase the nominal amount of the capital increase from €46,653,144 to €83,636,364; b) increase the maximum number of shares to be issued from 46,653,144 to 83,636,364; and c) reduce the conversion price from € 4.93 to € 2.75.
The external auditors Reconta Ernst & Young issued an opinion regarding the fairness of the modified conversion price pursuant to Art. 158 - TUF. Changing the terms and conditions of the bond loan will help the IGD Group keep its sources of funding suitably balanced and to align the expiration of the bond loan with that of the Group's 2009/2013 business plan, limiting the Group's cost of debt. The impact of the transaction on the income statement, balance sheet and financial position is, therefore, in line with the group's 2009/2013 Business Plan.
The Shareholders' Meeting, in extraordinary session, also granted the Board of Directors the powers, pursuant to Art. 2365 of the Italian Civil Code, to amend the bylaws in order to comply with current norms and regulations.
In May 2010 IGD's Board of Directors approved the proposed merger by incorporation in Igd Immobiliare Grande Distribuzione Siiq S.p.A. of the wholly-owned subsidiary Faenza Sviluppo – Area Marcucci S.r.l., owner of the shopping center Le Maioliche in Faenza, opened in June 2009. On 28 June the shareholders, convened in extraordinary session, approved the proposed merger.
The merger transaction is in line with the plan to reorganize the Group in order to create a more efficient corporate structure.
On 26 August the Committee for Related Party Transactions, comprised of three independent directors, was formed.
Please note that on 30 September 2010 the merger by incorporation of "Faenza Sviluppo Area Marcucci s.r.l." in "IGD SIIQ S.p.A." was finalized effective 1 October 2010. For the purposes of Art. 2504 bis, paragraph 3 of the Italian Civil Code and Art. 172, paragraph 9 of the Uniform Income Tax Act *(T.u.i.r. or Testo Unico delle imposte sui redditi)* the merger took effect as of 1 January 2010.
On 11 November the Board of Directors approved the updated 2009-2013 Business Plan which calls for total investments of €750 million, in addition to €100 million in portfolio rotation, a new investment strategy for IGD.
IGD expects to see a CAGR in rental income 8.2% over the life of the plan and of 10.8% for the Ebitda margin which should gradually improve from 68% to 76%.
By the end of 2013, IGD expects the average yield of the freehold portfolio to rise from the current 6.3% to 6.4%-6.5%. The 2009-2013 plan forecasts a peak gearing ratio (debt to equity ratio) of 1.5x.
On 13 December the Board of Directors approved amendments made to the bylaws in order to comply with the regulations introduced in Legislative Decree n. 27 of 27 January 2010 as per EC directive n. 2007/36/CE.
In line with the principles found in the Directive and in accordance with the above Legislative Decree, amendments were made to Articles 11.2, 11.3, 12.2, 13.1, 13.2 e 16.3 of the corporate bylaws which relate, in particular to:

- the notice of call;
- the minority shareholders' request to call a shareholders' meeting;
- the right to attend the Shareholders' Meeting and the exercise of voting rights;
- proxy agents and the assignment of voting rights;
- the submission of lists for the appointment of directors and supervisory bodies.

The new measures will be applied as of the company's next shareholder meetings.

2.5 Investment and Commercial Agreements

Investments

In 2010 the IGD Group continued with the development outlined in the Business Plan.
With regard to the activities related to the new **"Porta a Mare"** real estate complex in Livorno, which will include residential areas, shopping, services, and accommodations, the first lot of urbanization works was completed; the renovation of Palazzo Orlando is underway and pre-letting was begun.
On 28 April IGD, through its wholly owned subsidiary Immobiliare Larice S.r.l., signed a preliminary agreement for the sale of a 20% interest in the subsidiary Porta Medicea S.r.l. to CMB, Cooperativa Muratori e Braccianti of Carpi, a premier domestic construction company. The transaction was worth €13.1 million and was finalized on 11 May 2010. The transaction, which is in line with the 2009-2013 business plan presented by the IGD Group last November 2010, will result in the entry of an industrial partner in the development of Livorno's Porto Medicea and the consequent splitting of the investment risk. The transaction will also make it possible for the IGD Group to realise a capital gain of €1.2 million with respect to the book value of the interest sold. Today IGD holds 60% of Porta Medicea's share capital through the holding Immobiliare Larice S.r.l.
Following its entry into Porta Medicea S.r.l.'s share capital, CMB will be involved in Project Management and act as General Contractor, as well as advisor during the marketing of the real estate project.
On 29 November the shareholder CMB sold the entire interest to its subsidiary Finanziaria Immobiliare di Partecipazioni e Costruzioni S.p.A. The development of Livorno's seafront, near the old town, calls for a total investment of more than €200 million with real estate development of more than 70,000 m² GLA (gross leasable area) where a quality, multifunctional area which will include services, accommodations, residential and commercial areas will be built.
On 29 April IGD, through its wholly-owned subsidiary Millennium Gallery S.r.l. Unipersonale, signed a contract for the purchase of a retail sales division involved in the sale of non food products and a food and beverage services division, both of which operate inside the "Millennium Center" in Rovereto (Trento).
The total value for the purchase of the two divisions, including the real estate assets, tax and accessory charges, amounted to €2.5 million.
Following this transaction and combined with the divisions purchased beginning in February 2007, the IGD Group holds approximately 40% of the entire Millennium Center" Shopping Center.
In May the Group finalized its purchase of 10% of the share capital Win Magazine S.A.. Immobiliare Larice, which already held 90% of the capital, acquired an interest of 9.9% while IGD SIIQ acquired 0.1%. The transaction was valued at €21 million. The price was determined on the basis of net equity adjusted for asset value as per CBRE's appraisal at 31/12/2009 with a discount of approximately 2.8% given the early exercise of the Put, exercisable in the period 1 April 2011 and 30 September 2011.
On 15 June 2010 the definitive contract was finalized for the purchase of the mall inside the Torre Ingastone Shopping Center in Palermo from COGEI Costruzioni S.p.A.. The total investment in the Palermo shopping mall amounted to approximately €55 million including the transfer tax and the interest capitalized through the opening.
The new shopping center has a GLA of 12,758 m² comprised of 58 stores, 5 of which midsize. The pre-letting phase was completed and the center was opened on 23 November.
At the end of December IGD finalized the acquisition of the shopping mall in Conegliano which was opened, along with the retail park, on 25 November.
An investment of approximately €13 million was made in the purchase of the land and direct development of the retail park, while €58.2 million, including transfer tax and direct charges, was invested in the mall. The price for the mall purchased from Coop Adriatica S.C.A.R.L., a related party, was determined on the basis of an independent appraisal and was paid when the definitive contract was signed. The Coné Shopping Center in Conegliano has a total GLA of 27,400 m² and has a parking lot with 1,550 parking places. Inside the center there is a Ipercoop brand hypermarket owned by Coop Adriatica, a mall with 59 stores, 5 of which midsize and 3 of which are midsize, but found in the retail park.
The Conegliano Shopping Center and Retail Park is found in an area undergoing a profound transformation which is destined to become the entry way to the historic part of the city. Significant public and private investments have been made in improving viability (new exits along the A27 Venezia-Belluno motorway, improvements along the state and provincial highways) and the growing interest of private businesses is, in fact, turning this densely populated area into a veritable hub for shopping and leisure time activities. IGD assembled a very appealing mix of brands for the center which includes high profile domestic and international tenants such as Euronics (electronics), Maison Du Monde (home furnishings), Cisalfa, H&M, Conbipel, Stradivarius, Alcott, Foot Locker, Jack&Jones and Marella (clothing). An important Coop brand will also be included in the mall: Librerie.Coop.
To date the IGD Group has pre-let 97% of the Shopping Center and the Retail Park.

On 30 June 2010 the preliminary contract signed in May 2008 for the purchase of a shopping mall in Gorizia was cancelled. The contract was cancelled as a delay in the issue of building licenses by the authorities would have lengthened the completion time, thus making the project less attractive vis-à-vis the targets outlined in the IGD Group's 2009-2013 Business Plan. This plan favours a focus of financial resources on projects which have more stable, quicker completion times and, thus, greater cash flow generation capacity in the near term.
Following cancellation of the contract the entire down payment of €7.35 million was reimbursed.
In the latter part of December, the IGD Group sold 50% of its equity investment in RGD s.r.l. to Beni Stabili which resulted in the disposal of two shopping centers (Beinasco and Nerviano), while 50% of the third shopping center (Darsena City, Ferrara) was repurchased by RGD s.r.l..
The equity investment's sale price was set at €59.2 million in accordance with the fairness opinion issued by an independent appraiser, while the 50% of Darsena City was purchased for €22.3 million, including the transfer tax and accessory charges.

Commercial Agreements

In July the subsidiary Winmagazine S.A. and U.S. Food Network SA signed a new five-year commercial agreement based on which the second KFC fast food restaurant will be opened in Winmarkt's shopping center in Buzau; the new 300 m^2 KFC will be opened to the public at the beginning of October and further strengthens the partnership begun in 2005 when the shopping center in Ploiesti was opened.
At the end of July a new Carrefour supermarket was opened in the shopping mall found in Alexandria; this opening completes the first phase of Winmarkt's commercial strategy to diversify its offering by including food anchors in its centers.
In July the JV RGD signed the definitive contract relating to the completion of Section B of the shopping center in Beinasco as per the preliminary agreement for a total of €6.8 million (the portion pertaining to the IGD Group amounts to €3.4 million).

2.6 The Market Scenario

2.6.1 The Real Estate Market

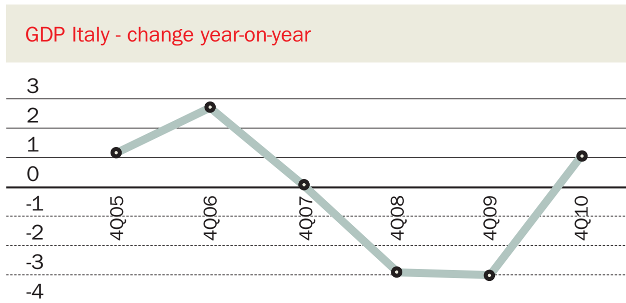
The global market conditions

The preliminary estimate for Italy's GDP in 2010, published by ISTAT on 1 March 2011, indicates growth YoY of +1.3%.

GDP Italy - 2009	1Q	2Q	3Q	4Q	Y
Vs. previous quarter	0.5%	0.4%	0.2%	1.0%	+1.3*
Year-on-year (2009)	0.6%	1.1%	1.0%	1.3%	

The slow recovery in production that took place in 2010 and the forecast for GDP growth over the next three years (approximately 1.1%) point to an Italy that will not return to pre-crisis levels of productivity before 2014 (source: Prometeia).

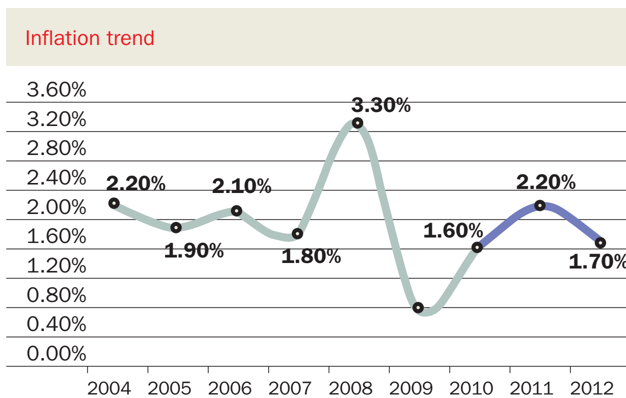
GDP Italy - change year-on-year



Source: ISTAT

Inflation was as expected in 2010, coming in at an average of + 1.6% (Source: EUROSTAT), in line with the European average.
Inflation in Italy is expected to reach +2.2% in 2011 and +1.7% in the period 2012-2013, figures that are in line with the forecasts for other Euro zone countries (Source: Prometeia).

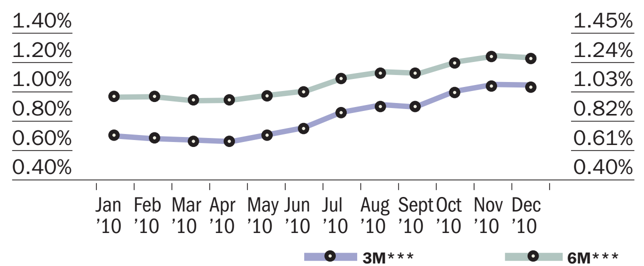
Inflation trend



Source: Prometeia

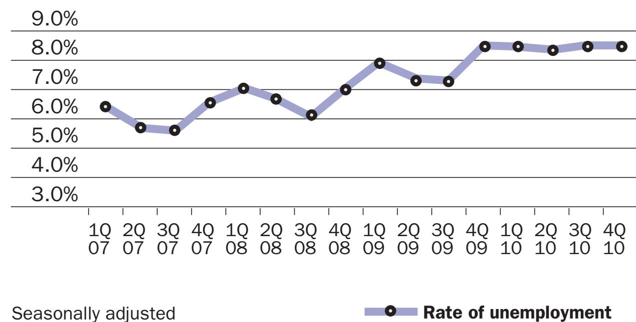
In the first months of 2010 the 3M and 6M Euribor rates continued to fall, just as they did throughout 2009. The trend reversed in May and in December 2010 when 3M and 6M Euribor reached 1.02% and 1.2%, respectively, returning to the levels recorded in June-July 2009.

Euribor 2010



In 2010 the 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) rate in Italy increased further with respect to 2009 and in December 2010 reached 8.6%, still less than the rest of the Euro zone (16 countries) where unemployment reached 10% (Source: ISTAT). Youth unemployment is the highest, however, and in December it reached 29% of the work force.

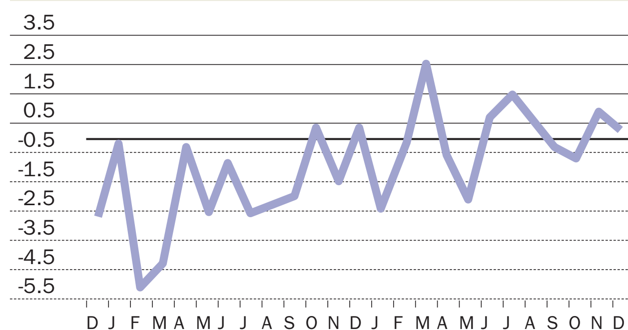
Italy - Rate of unemployment



Seasonally adjusted

With regard to the consumption of families, there were no significant changes with respect to the prior year in 2010.
In 2010 the retail sales index rose +0.2% with respect to 2009 (Source: ISTAT).

Value index of total sales



Source: ISTAT | Percentage change trend | From December 2008 to December 2010

With regard to the retail chains, both non specialized and specialized operations recorded increased sales (+0.6% and +0.2%, respectively).

Indexes of the value of fixed retail trade sales at current prices (base 2005=100) by type of management of the large-scale retail trade. December 2010 (a)

Type of management	Indexes	Trend changes	
	Dec. '10	Dec.'10 Dec. 09	Jan.-Dec.'10 Jan.-Dec.'09
Non-specialized stores	**161.0**	**+0.9**	**+0.6**
Dominated food	141.1	+0.4	+0.2
- Hypermarkets	157.5	+0.1	-0.3
- Supermarkets	132.2	+0.1	+0.4
- Food discounts	112.1	+4.2	+1.3
Dominated non-food	236.8	+1.9	+2.0
Specialized stores	**150.5**	**+0.9**	**+2.0**
Total	**159.5**	**+0.8**	**+0.7**

Source: ISTAT (a) provisional data

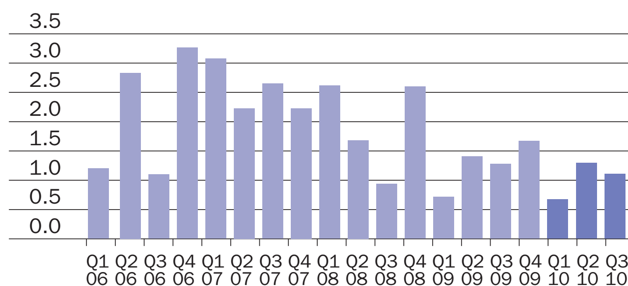
A robust recovery is not expected to take place in the near future and consumption is not expected to pick up before 2012 (+1.6%) when there should be tangible evidence of a growth phase, in line with pre-2007 levels (Source: Confindustria).

The manufacturing index in 2010 finished on a positive note, rising by +5.3% with respect to average recorded in the prior year (Source: ISTAT).

Real estate investments in Italy

In 2010 the number of real estate transactions in Italy was largely unchanged with respect to the prior year, although the mood seems to have improved, even if interest seems to be concentrated in the prime market.

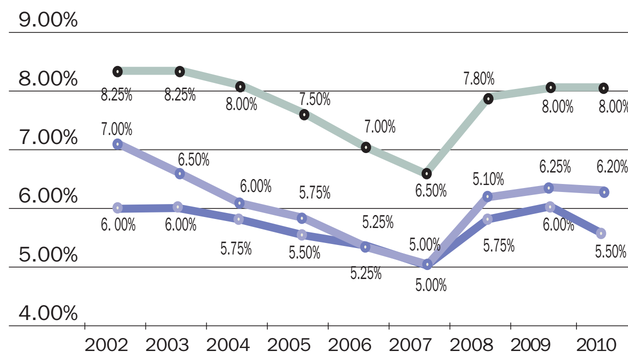
Italy Investment Transaction Volume



Value: billion/€ Source: CBRE

The risk valuations continue to be very limiting and due diligence is key to the ability to close deals.
As in the past, in 2010 the most active investors continued to be the "liquid" investors, namely German mutual funds, insurance companies, a few pan-European funds and funds specialized in the retail sector which focused on prime real estate in prime locations.
For this reason, with the exception of the office sector which fell slightly to 5.5%, the prime yields remained largely unchanged with respect to 2009 confirming yields of 6.20% for the shopping center segment and 8.00% for the logistics segment. It is unlikely that there will be significant changes in the next few months.

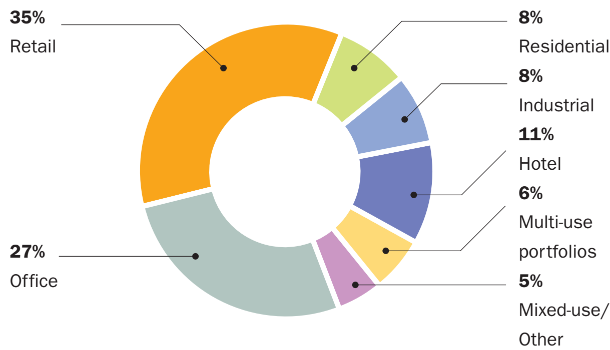
Historical prime yield trend by sector



Source: CBRE Retail Office Logistics

In 2010 the most active sector was, once again, the retail sector which recorded the largest number of transactions.

Transaction by property type H1 2010



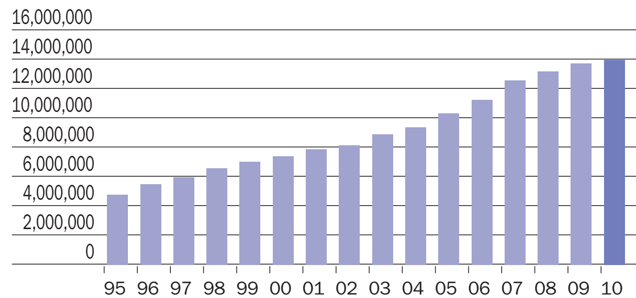
Source: CBRE

The most important transactions which took place between the end of 2009 and 2010 include the sale of the Porta di Roma Shopping Center (in Rome, 73,500 m²; buyer: Corio&Allianz); the Le Vele and Millennium Entertainment Center (in Cagliari; 31,900 m²; buyer: Corio); Torre Ingastone Shopping Center (in Palermo; 14,410 m²; buyer: IGD SIIQ S.p.a.); Coné Shopping Center (in Conegliano Veneto; 11,500 m²; buyer: IGD SIIQ S.p.a.). (Source:CBRE).

Shopping centers in Italy

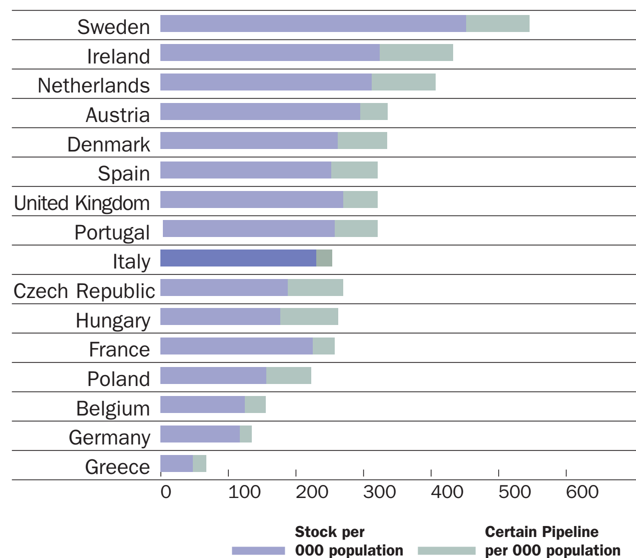
At the end of 2010 the stock of shopping centers (the format hyper/super with a shopping mall excluding retail park and factory outlets) in Italy was around 14.1 million m² in terms of GLA (versus about 12.4 million m² at the end of 2009).

Change of the stock of shopping centers in Italy (GLA)



GLA: SQM Source: CBRE

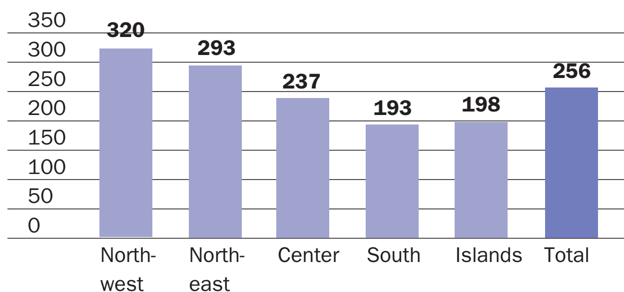
Today the average GLA of a shopping center reaches approximately 18,000 m² while in 1995 it did not exceed 11,000 m². The average density reached 234 m² for every 1,000 inhabitants (versus 214 m² for every 1,000 inhabitants at the end of 2009), still below the European average. There do not appear to be any risks of overcrowding going forward, also because of the lengthy administrative procedures in Italy which cause the authorization process for the opening of a new shopping center to last anywhere from 10 to 15 years and, in some cases, up to 20 years.



The committed development pipeline in Italy, which reaches a GLA 1.45 million m² and includes the expansion of existing centers, will bring the total density of shopping centers over the next few years to 256 m² for every 1,000 inhabitants.

Development will be concentrated in central-southern Italy where the density will remain below 200 m² for every 1,000 inhabitants.

Supply density expected in Italy in 2010-2014
only for shopping centers (GLA/1,000 inhabitants)



Value: m²/1,000 inhabitants Source: CBRE

Despite the continuously changing consumer habits and the drop in consumption that has taken place over the past few years the shopping mall format continues to attract retailers.
The most important shopping centers opened in 2010 include the La Torre Shopping Center in Palermo and the Coné Shopping Center and Retail Park in Conegliano Veneto, both of which are owned by IGD SIIQ S.p.a..
The development pipeline is still quite significant and calls for new projects in Parma (2011), Forlì (2011), Turin, Pompei, Caltanisetta and Catania, as well as the expansion of the existing centers.

Romania

Global market conditions

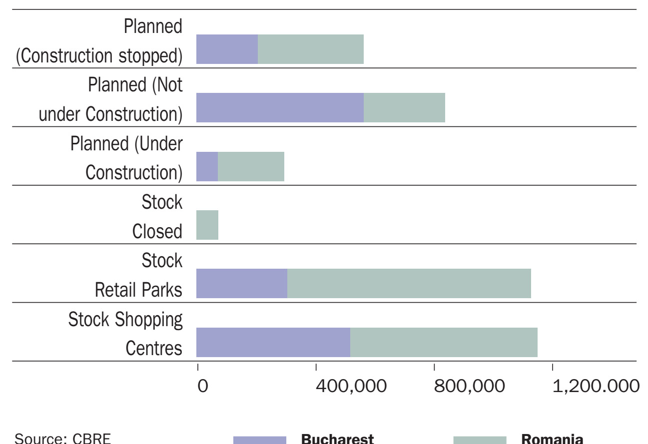
In 2010 the Romanian economy, like all East European economies, continued to record a decrease in its GDP which fell -1.2% with respect to the prior year, while the IMF forecast an increase YoY in 2010 of +0.8%.
(Source:ICE, NBR figures).

Average inflation in 2010 reached +6.1% (Source:Eurostat), higher than the top range of the National Bank of Romania's forecast of 4.5%.
The economic policies adopted by the Romanian government, such as increasing VAT from 19% to 24% as of the end of June, had a negative impact on retail sales which had fallen by -5.3% at the end of 2010 with respect to 2009 (Source:ICE, NBR figures), and on the Ron/Euro exchange rate.
The ron/euro exchange rate in 2010, in fact, vacillated between a minimum of 4.0262 and a maximum of 4.4040 with a yearly average of 4.213.
On a more positive note, the unemployment rate at December 2010 came in at + 6.87% (source: ICE, NBR figures), well below the +10% recorded in other Euro zone countries and exports in the first 11 months of 2010 increased +27% with respect to the prior year (Source: Eurostat).

Consumer trends and the real estate market

In 2010 the stock of shopping centers (including retail parks and outlets) reached a GLA of 2.20 million , 194,000 m² of which pertain to the new GLA that became available in 2010, a drop of 38% with respect to the prior year (Source: CBRE).
There were five new important shopping centers opened in 2010: two in Bucharest (Sun Plaza and Cocor Luxury Center), one in Aran (Atrium Center;) one in Dobreda Turnu Severin (Promenada Mall Severin Center;) and the last one, in Baia Mare (Gold Plaza;).

Retail Stock & Pipeline Bucharest & Romania as of End 2010



Source: CBRE

The pipeline for new centers to be built is comprised of 284,000 m² and includes a GLA of 40,000 m² at the Coresi Shopping City in Brasov; a GLA of 55,000 m² at the Electroputere Shopping City in Craiova, a GLA of 50,000 m² at the Maritimo Shopping Center and a GLA of 46,000 m² in Costanza.

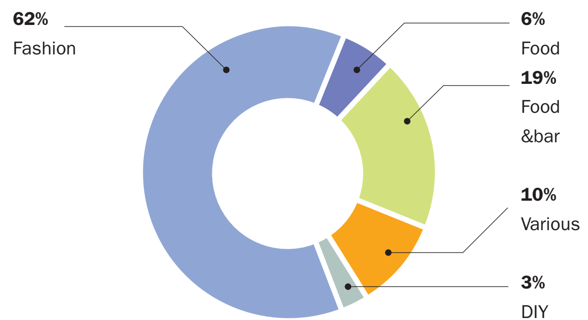
Retail schemes uder development Romania (selection)

Retail Scheme	GLA	Developer	City
Maritimo Shopping Center	50.000	Immofinnanz	Constanta
Galleria Arad	29.000	GTC	Arad
ERP Botosani	Aprox. 20.000	BelRom	Botosani
Electroputere Craiova	51.000	Auchan &BelRom	Craiova
Corall Mall	46.000	Cora Romania	Constanta
Baneasa Shopping City-Extension	15.000	Baneasa Investment	Bucharest
Colosseum	58.000	Nova Imobiliare	Bucharest

Source: CBRE

With regard to real estate transactions, the retail sector was the most dynamic sector in the Romanian real estate market with transactions amounting to approximately €197 million.
The investor NEPI finalized two of the most important real estate transactions: the purchase of Auchan and Bricostore in Pitesti.
The purchase of 50% of the Atrium Center in Arad by Arcadom, of the Trigranit Corporation Group, was another important transaction.
The third transaction of note was Immoeast's purchase of the Polus center in Costanza.
The drop in prime yields for shopping centers, which came in at 9.15%, continued in 2010.
The large international retailers in the capital Bucharest recorded some positive results.
Beginning in 2010 retailers like Camaieu, Brioche-dorée, Gerard Darrel, SIX opened their first stores in Romania. Please note that, with the exception of the large international retailers, most expansion in Romania took place through franchising (70%).
There should be five new direct openings in 2011; H&M in five shopping centers in and around Bucharest, along with single openings in shopping centers found in the cities of Brasov, Costanza, Iasi, Timisoara and Cluj Napoca.
In the same period retailers like Leroy Merlin and Lidl are expected to open for the first time in Romania.

Split of new retailers in Romania by domain of activity



Source: CBRE

2.6.2 The Real Estate Portfolio

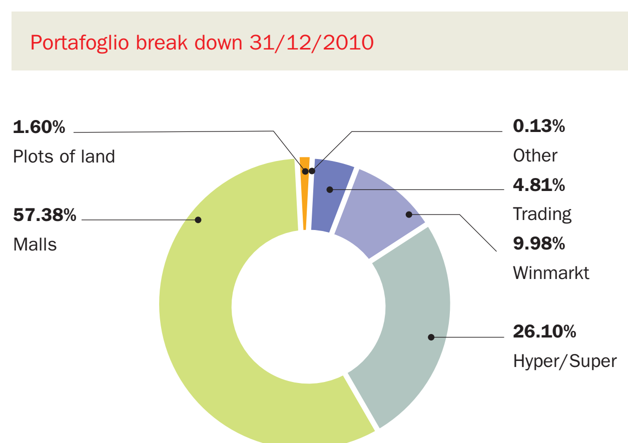
In December 2010 the IGD Group sold its 50% interest in RGD srl to Beni Stabili Spa and, at the same time, repurchased 50% of the Darsena Shopping Center from RGD srl. Following this extraordinary transaction, the IGD Group's real estate portfolio at 31 December 2010 no longer includes the 50% of the real estate owned by RGD Srl, but just the 50% of the Darsena Shopping Center classified under "Shopping malls and retail parks".
The real estate portfolio continues to be comprised primarily of retail properties in Italy and Romania, as well as of assets under construction which are part of real estate projects underway in Italy.
The market value of the IGD Group's real estate portfolio at 31 December 2010 was estimated, based on the independent appraisal of CB Richard Ellis, at €1,803.98 million.

The IGD Group's real estate portfolio at 31 December 2010 includes the following classes of property:
"Hyper and super", found in 6 regions in Italy, with a market value of €470.90 million; "shopping malls and retail parks", found in 11 regions in Italy, with a market value of €1,035.07 million; "other" or miscellaneous properties pertaining to freehold shopping centers in Italy with a market value of €2.43 million; "assets held for trading", relative to the multi-functional project in Livorno, with a market value of €86.69 million; "plots of land", found throughout Italy which are to be used for future expansion and/or new retail projects, with a market value of €28.79 million and "Winmarkt", a portfolio of 16 properties used primarily for retail purposes found throughout Romania, with a market value of €180.10 million.

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

In 2010 the IGD Group's real estate portfolio grew by a GLA of approximately 14,400 m^2 thanks to the La Torre Shopping Mall in Palermo, by a GLA of approximately 17,500 m^2 thanks to the Conè Shopping Mall and Retail Park in Conegliano Veneto, and by two spaces found at the "Millennium" Shopping Center in Rovereto. The IGD Group's real estate portfolio at 31 December 2010 can be broken down as follows:

Portafoglio break down 31/12/2010



IGD's properties in **Italy** total 46 (including the 50% of the "Darsena" Shopping Center) and can be broken down as follows:

- **19 shopping malls and retail parks**
- **17 hypermarkets and supermarkets**
- **3 plots of land for development**
- **1 asset held for trading**
- **6 other**

The breakdown of the properties by region and geographical area is as follows:

ITALY

LOMBARDY
2 malls

TRENTINO ALTO ADIGE
1 Galleria commerciale

PIEDMONT
1 mall,
1 mall and retail park

VENETO
1 plot of land,
1 mall and retail park

EMILIA ROMAGNA
5 malls,
8 Hyper-Super,
1 plot of land,
3 other

MARCHE
1 mall,
3 hyper,
3 other,
1 plot of land

TUSCANY
1mall,
1 hyper,
1 asset held for trading

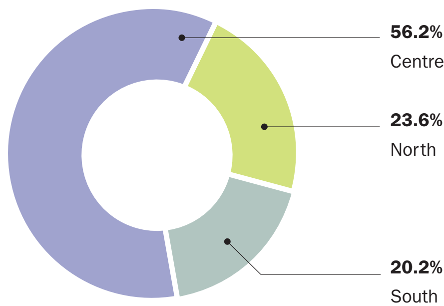
ABRUZZO
1 mall,
1 hyper

LAZIO
2 malls,
2 hyper

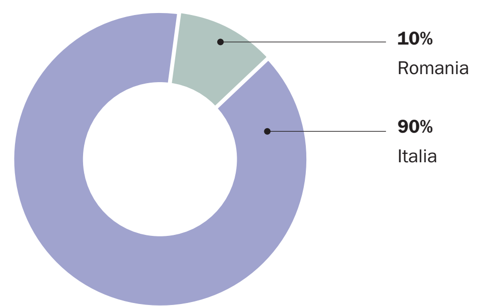
CAMPANIA
1 mall,
1 hyper

SICILY
2 Gallerie commerciali,
1 Ipermercato

Portfolio breakdown by geographic area in Italy at 31/12/2010



Portfolio breakdown in Italy-Romania at 31/12/2010



ROMANIA

BISTRITA
Magura Shopping Center
CLUJ
Somes Shopping Center
TURDA
Big Shopping Center

PIATRA NEAMT
Petrodava Shopping Center
VASLUI
Central Shopping Center

RAMNICU VALCEA
Cozia Shopping Center
SLATINA
Oltul Shopping Center
ALEXANDRIA
Crinul Nou Shopping Center

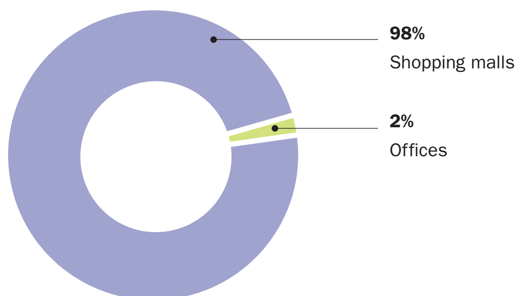
GALATI
Modern Grand Center
TULCEA
Diana Shopping Center

BRAILA
Dunarea Shopping Center
BUZAU
Dacia Shopping Center

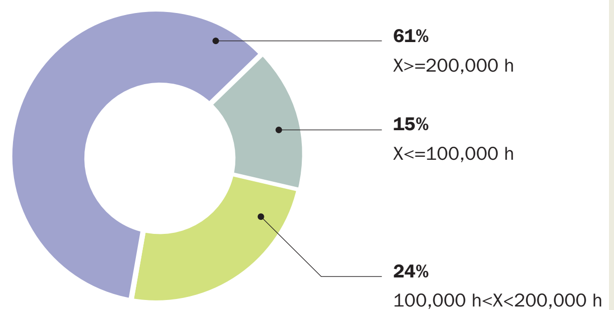
IGD's real estate assets in **Romania** total 16, broken down as follows:
- **15 shopping centers**
- **1 office building**

PLOIESTI
Grand Center
PLOIESTI
Omnia Shopping Center
PLOIESTI
Big Shopping Center

Portfolio breakdown in Romania at 31/12/2010



Breakdown by geographic area in Romania at 31/12/2010



ITALY

Hypermarkets and supermarkets

Hypermarkets and supermarkets are the stable component of the IGD's real estate assets. They are leased on a long-term basis to Coop Adriatic Scrl and Unicoop Tirreno Scrl and 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 6.41% on a like-for-like basis, an increase of 0.04% with respect to the prior year. The market value on a like-for-like basis of this class of property rose +1.28% with respect to 31.12.2009, coming in at € 470.9 million.

The increase in value is primarily attributable to the stability of the revenues and to the expiration of a few lease clauses relative to newly opened hypermarkets, as well as to an increase in rents due to the installation of solar panels.

The perimeter of this class of properties did not change if the increase in GLA of 63 m^2 following the incorporation of a neighboring store by Iper Miralfiore, which resulted in an increase in rent of €9,000 per year, is excluded.

Shopping malls and retail parks

Shopping malls are the dynamic portion of IGD's real estate portfolio. At 31 December 2010 the occupancy rate on a like-for-like basis was 99.11%, an increase of 1.19% with respect to the prior year. The total occupancy rate at 31 December 2010 reached 95.59%. The drop in the total occupancy rate with respect to 31 December 2009 is due to the inclusion in the perimeter of the new openings and, above all, to the I Bricchi di Asti Shopping Mall which, at 31.12.2009, was not considered as it was still in the process of being launched.

The market value of the shopping malls on a like-for-like basis reached €902.6 million at 31 December 2010, a drop of -0.1% with respect to the prior year (which becomes -0.42% if the 50% interest in the Darsena shopping mall is considered). The largest decline was recorded at the Darsena City center.

In 2010 the perimeter of the shopping malls grew due to the purchase of two business divisions at the Millennium Shopping Mall in Rovereto for a total of €2.4 million, to the opening of the La Torre Shopping Mall in Palermo with a market value at 31 December 2010 of €60.4 million and to the opening of the Coné Shopping Mall and Retail Park in Conegliano Veneto (in 2009 the land and the asset under construction were classified under "direct development projects") with a total market value at 31 December 2010 of €72.1 million. Following these acquisitions the total value at 31 December 2010 of the "Shopping malls and retail parks" amounted to €1,035.1 million.

The average yield on a like-for-like basis at 31 December 2010 was 6.53%, an increase of +0.12% with respect to the prior year.

The average yield of the "Shopping malls and retail parks" at 31 December 2010 was 6.5%.

Direct development projects (plots of land)

Following the opening of the Retail Park in Conegliano Veneto, the IGD Group's class of properties "Plots of Land for Development" fell to three plots of land. A new shopping center is in the process of being built on one of them, while the other two will be used for future expansion of existing shopping centers.

The total market value of this class of property at 31 December 2010 amounted to €28.79 million, an increase of +3.19% with respect to 31 December 2009 due to the progress of the construction work done on the land in Chioggia where the construction permits and commercial licenses were obtained.

Assets held for trading

The assets of Porta Medicea, the developer of the multifunctional project in Livorno, were valued at 31 December 2010 by the independent appraiser at €86.69 million, an increase of 10.19% with respect to the prior year due to the progression of the construction work.

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 with respect to the prior year, if the incorporation of a neighboring store by the hypermarket at the Miralfiore Shopping Center is excluded. The market value of this class of property at 31 December 2010 amounted to €2.43 million, a drop with respect to the prior year of -37.69% explained primarily by the pre-letting of the fitness area at the Malatesta Shopping Center in Rimini and the smaller perimeter following the incorporation by the hypermarket of the store at Miralfiore.

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 m^2. The properties are located in 13 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 2010 was €180.1 million, down by 4% with respect to the prior year due entirely to the 15 shopping centers which were valued by an independent appraiser at €175.9 million.
The average yield of the 15 malls was 8.65%, a drop of -0.31% on 31.12.2009.
The market value at 31 December 2010 of the office building in Ploiesti was estimated at €4.2 million, an increase of +2.4% with respect to 31 December 2009.
The occupancy rate at 31 December 2010 reached 83%, an increase of 5.5% with respect to the prior year.
The most important real estate investments and development projects are shown in the table below:

Real estate investments IGD Group	Book value 31/12/2010	Accounting method	Market value at 31/12/2010	Date of last appraisal
Hypermarkets	470.90	fair value	470.90	Feb. 2011
Shopping malls Italy*	1,035.07	fair value	1,035.07	Feb. 2011
Other	2.43	fair value	2.43	Feb. 2011
Total Italy	**1,508.40**		**1,508.40**	
Shopping malls Romania	175.90	fair value	175.90	Feb. 2011
Other Romania	4.20	fair value	4.20	Feb. 2011
Total Romania	**180.10**		**180.10**	
Total IGD Group	**1,688.50**		**1,688.50**	

* The figure includes Darsena City classified in the financial statements under works in progress and down payments.

Direct development initiatives	Book value 31/12/2010	Accounting method	Market value at 31/12/2010	Date of last appraisal
Plots of land and ancillary costs	28.75	Adjusted cost	28.79	Feb. 2011
Total direct development initiatives	**28.75**		**28.79**	

Assets held for trading	Book value 31/12/2010	Accounting method	Market value at 31/12/2010	Date of last appraisal
Asset held for trading	**86.77**	cost	**86.69**	Feb. 2011

2.7 | CBRE Valuations

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Milan, 28 February 2011

To:
IGD
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari
Europei 1957-2007 n. 13
40127 Bologna (BO)

CONTRACT N. 5114
N. 5115

<u>Certified appraisal of the freehold properties of group IGD SIIQ spa (Immobiliare grande distribuzione) at 31.12.2010</u>

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 and 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 2010 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

Sede Legale e Direzione: Via del Lauro 5/7, 20121 Milano Tel.: 02.655670.1 Fax: 02.655670.50
Sedi Secondarie: Via L. Bissolati 20, 00187 Roma Tel.: 06.45238501 Fax: 06.45238531
Palazzo Paravia P.zza Statuto 18, 10122 Torino Tel.: 011.227290.1 Fax: 011.2272905
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c.c.i.a.a. Milano 1004000
Società soggetta all'attività di direzione e coordinamento da parte della Società CB Richard Ellis Ltd

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 and supermarkets currently in operation;
- Market value of the freehold offices, wholesale units, fitness area and retail stores.

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 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

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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.

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:

- No controls were made as to titles, easements, liens or other. We did not verify the presence of any toxic substances nor any liabilities to which the Company could be subject to for environmental damages and/or reclamation;

- No controls were made as to the existence of contractual clauses which could compromise the free exchange of the assets being appraised (for example, pre-emption or similar rights);

- We did not verify with the authorities the status of building permits, authorizations, sewage and road works, nor the compliance of the buildings in general and, therefore, we cannot be held responsible in this regard;

- No legal, tax or financial aspect was taken into account with the exception of what is specifically mentioned in this report;

- 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;

- Our research of the local market, in our opinion, truly represents the market

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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;

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

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 SIIQ SpA's freehold real estate portfolio at 31 December 2010 to be:

Market value: €1,803,975,000.00
(One billion eight hundred three million nine hundred seventy-five thousand and zero hundredths euros)

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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Milan, 28 February 2011

To:
IGD
Immobiliare Grande Distribuzione S.p.A.
Via Trattati Comunitari
Europei 1957-2007 n. 13
40127 Bologna (BO)

CONTRACT N. 5114
N. 5115

Certified Appraisal of the Freehold Properties of group IGD SIIQ spa (Immobiliare Grande Distribuzione) excluding land located in Chioggia, Ravenna and San Benedetto, Livorno at 31.12.2010

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 and 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 2010 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.

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c.c.i.a.a. Milano 1004000
Società soggetta all'attività di direzione e coordinamento da parte della Società CB Richard Ellis Ltd

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:
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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.

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

- No controls were made as to titles, easements, liens or other. We did not verify the presence of any toxic substances nor any liabilities to which the Company could be subject to for environmental damages and/or reclamation;

- No controls were made as to the existence of contractual clauses which could compromise the free exchange of the assets being appraised (for example, pre-emption or similar rights);

- We did not verify with the authorities the status of building permits, authorizations, sewage and road works, nor the compliance of the buildings in general and, therefore, we cannot be held responsible in this regard;

- No legal, tax or financial aspect was taken into account with the exception of what is specifically mentioned in this report;

- 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;

- 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;

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

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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 SIIQ SpA's assets in Italy and Romania to be:

Market value: €1,688,495,000.00
(One billion six hundred eighty-eight million four hundred ninety-five thousand and zero hundredths euros)

CLOSING REMARKS

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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.
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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 Bulletin n. 8/E 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. Further reference was made in this regard in the Tax Board's Resolution n. 136 of 27 December 2010.
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 Ministery 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 who hold less than 2% of the voting rights exercisable in ordinary Shareholders' Meetings and less 2% of the dividend rights, 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"**

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.
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 payment of each installment coincides with the deadline for IRES payments related to the prior tax period. The installments subsequent to the payment of the first installment will be paid 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	16/06/2011	16/06/2012
Payment	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 22 April 2010 the Shareholders' Meeting approved payment of a dividend totalling €14,913,634 for 2009 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 31.12.2010 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 corporate by-law requirements

(art. 3, p. 2, ministerial decree n. 174 of 7 July 2007)

With regard to the requirements related to corporate by-laws, please note the following.

With regard to investments, it is expressly provided in Art. 4.3 lett. i) of the Company's by-laws 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 by-laws 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 by-laws 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

During 2010 there was a substantial consolidation of the Group's organization and staff in Italy. The sales network used fixed term resources without changing the overall organizational structure.

There was a positive trend in staff development with a slight increase in female employees and an increase in clerks due to the hire of younger staff members.

Staff and turnover

The Igd Group Italy at 31/12/2010	Executives	Middle managers	Junior managers	Clerks	Of which fixed term	Total	Percentage
Men	**4**	**10**	**19**	**13**	**(3)**	**46**	**44%**
Women	**1**	**6**	**18**	**33**	**(6)**	**58**	**56%**
Total	**5**	**16**	**37**	**46**	**(9)**	**104**	
Percentage	*5%*	*15%*	*36%*	*44%*		*100%*	*100%*
Percentage of total employees					*(9%)*		
Increase vs. 2009						*5*	*5%*

Turn Over Italy in 2010 (including fixed term resources)	Hires	Resigned	Difference
Managers			0
Middle managers	1	3	-2
Junior managers	3	2	1
Clerks	14	8	6
Total	**18**	**13**	**5**

The Winmarkt Group - Romania at 31/12/2010	Executives	Middle managers	Junior managers	Clerks	Total	Percentage
Men	**1**	**3**	**9**	**8**	**21**	**38%**
Women	**0**	**3**	**8**	**24**	**35**	**62%**
Total	**1**	**6**	**17**	**32**	**56**	**100%**
Percentage	2%	11%	30%	57%	100%	

Turnover - Romania 2010	Hired	Resigned	Change
Managers	0	0	0
Middle managers	0	0	0
Clerks	2	2	0
Workers	4	13	-9
Total	**6**	**15**	**-9**

The first employee of PORTA MEDICEA was hired who is responsible for managing the realization of the Porta a Mare project in Livorno.
IGD activated **7 internship** with young graduates, 3 of which still in progress, and were succesfully concluded. The data on the average age, 38 years, and the schooling of employees do not differ from the previous year.
The company continued to focus on the hire of individuals which are part of the **protected categories** and transformed one orientation into a full hire complying with the provincial requirements in this regard ahead of time.
In collaboration with the regional Social Services Office, an agreement was stipulated based on which the long term unemployed, above the age of 50, were invited to attend seminars designed to facilitate a gradual reinsertion into the workforce.
Hours of paid leave was also granted to employees for serious family matters.

Compensation policies

In 2010 a new **personnel evaluation** system tied to the introduction of **merit based incentives** was launched which resulted in the evaluation of the work done by 39 employee in the prior year and 14 merit based pay raises.
In 2010 **16 management career paths** were initiated of which:
- 8 clerk positions
- 7 middle management positions
- 1 junior management position

Training

Important training, both internal and external, was offered during the year.

The internal employee training addressed matters relating to:
- security
- privacy
- update of the organizational model pursuant to Legislative Decree 231/2001
- update of software used to manage e-mail

Other topics addressed internally include:
- marketing campaigns
- accounts receivable
- purchase orders

An e-learning course was also organized relating to the “Management of shopping centers” for the entire sales and marketing network. Funds deposited by the company with FONCOOP and co-funding from FONCOOP itself were used to finance the project.
External training involved updates on specialized topics for all the different divisions.
The training hours totalled 2,101 with an investment of approximately €38,000.

2.10 Performance in 2010

2.10.1 Income Statement Review

2010 closed with a net profit of €29,340 thousand compared to €20,408 thousand in 2009, an increase of 43.77% which is due primarily to the increased revenues, improved and more efficient cost control, as well as to a drop in impairment losses and the change in fair value of the real estate portfolio.

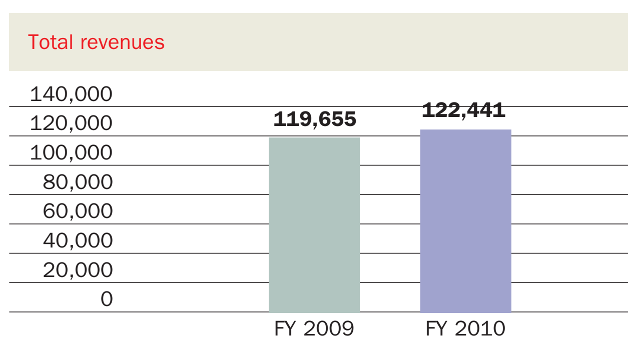
A summary of the results for the years closed on 31 December 2010 and 2009 is shown below:

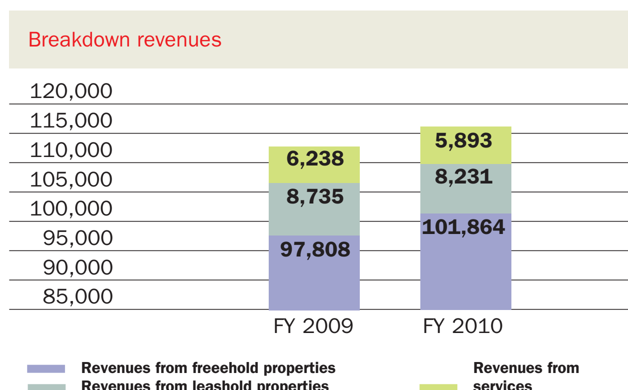
Consolidated Income Statement	FY 2009	FY 2010	Δ	%
Revenues from freehold properties	97,808	101,864	4,056	4.15%
Revenues from leasehold properties	8,735	8,231	(504)	(5.77%)
Revenues from services	6,238	5,893	(345)	(5.52%)
Operating income	**112,781**	**115,988**	**3,207**	**2.84%**
Other income	6,874	6,453	(421)	(6.13%)
Total revenues	**119,655**	**122,441**	**2,786**	**2.33%**
Income from works in progress	226	280	54	24.02%
Other costs	(6,874)	(6,453)	421	(6.13%)
Direct costs	(23,680)	(20,429)	3,251	(13.73%)
Direct personnel expense	(3,156)	(3,368)	(212)	6.71%
Divisional gross margin	**86,171**	**92,471**	**6,300**	**7.31%**
General expenses	(4,220)	(4,922)	(702)	16.64%
Payroll costs at headquarters	(5,418)	(5,232)	186	(3.43%)
EBITDA	**76,533**	**82,317**	**5,784**	**7.56%**
Other provisions	(160)	(563)	(403)	251.56%
Depreciation and amortization	(899)	(900)	(1)	0.15%
Impairment	(4,450)	(3,842)	608	(13.66%)
Change in fair value	(13,725)	(8,746)	4,979	(36.28%)
EBIT	**57,299**	**68,266**	**10,967**	**19.14%**
Financial income	2,693	2,675	(18)	(0.68%)
Financial charges	(37,362)	(38,019)	(657)	1.76%
Financial income/(charges):	**(34,669)**	**(35,344)**	**(675)**	**1.95%**
Income/(charges) from equity investments	**0**	**(1,140)**	**(1,140)**	**n.a.**
Pre-tax profit	**22,630**	**31,782**	**9,152**	**40.44%**
Income tax for the period	(2,222)	(2,510)	(288)	12.98%
Net profit	**20,408**	**29,272**	**8,864**	**43.43%**
(Profit)/Loss pertaining to minorities		68	68	n.a.
Group's portion of net profit	**20,408**	**29,340**	**8,932**	**43.77%**

- *In 2010 some cost and revenue items were reclassified. For the sake of comparison, the 2009 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 2009 (the purchase was finalized in October).*

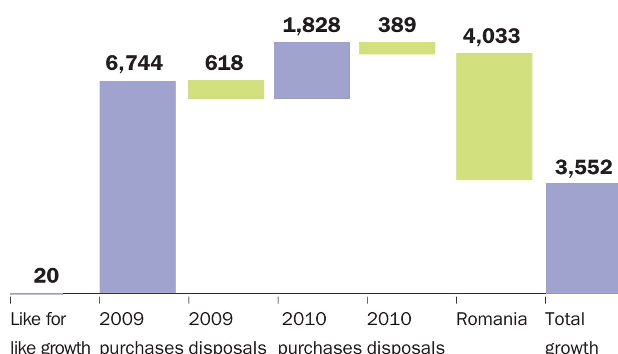
Revenues

The IGD Group generated **total revenues** at 31 December 2010 amounting to €**122.4 million, an increase of 2.33%** with respect to the €119.7 million recorded in 2009. This increase is primarily attributable to the positive contribution of the rental income from the last two openings which took place in December 2010, namely of the Conè Shopping Center and Retail Park in Conegliano and the La Torre Shopping Center in Palermo, as well as the rise in the rents due to the full-year contribution of the four openings completed in 2009.





Rental income increased 3.33% with respect to 2009, rising from €106,543 thousand to €110,095 thousand. Please note that this item also includes one-off items connected to the new openings net of which the increase would have reached 5.57%.
The breakdown of the changes in rental income is shown below:



The growth of €3,552 thousand is attributable to:

- For €20 thousand to like-for-like growth; please note that this figure, while the overall trend was positive, was negatively impacted by temporary closings for restructuring and the temporary discounts which continued to be granted in order to sustain tenants experiencing difficulties.
- For €6,744 thousand to the new openings and acquisitions made in 2009 (fully operative in 2010), which include: the Tiburtino Shopping Center, opened on 2 April 2009; the Katanè Shopping Center, opened on 5 May 2009; the Le Maioliche Shopping Center, purchased on 8 October 2009; and the I Bricchi Shopping Mall, opened on 3 December 2009. The increase in rental income was compromised by one-off revenues of approximately €3,000 generated in 2009 relating to the new openings.
- For €1,828 thousand to the new openings in 2010, namely the La Torre Shopping Center opened on 23 November, and the Conè Shopping Center opened on 25 November. These revenues include one-off items.
- Negative components, totalling €5,040 thousand, include:
  - For €618 thousand, the termination of the lease with the hypermarket at Centro Nova, as of 1 March 2009. Please not that the lack of revenues from Iper Nova was offset by a drop in rental charges.
  - For €389 thousand, the disposal of the business division at San Ruffillo, drop in rental income following the termination of a few management mandates and the disposal of the 50% interest in RGD on 15 December 2010;
  - For €4,033 thousand, the drop in sales in Romania caused by:
    - The difficult Romanian market which resulted in a decrease in the average rents for renewals and the granting of larger discounts;
    - The portfolio consolidation underway, focused on including more appealing national and international tenants in the centers, but which pay lower rents.
- Service income, down 5.52% with respect to 2009, is comprised primarily of Facility Management for €4,258 thousand or 72.26% of the total revenues from services in 2010. These revenues rose 3.09% due to the

management mandates signed for the new openings in 2009 (which impacted the entire period) and the openings in 2010. Pilotage revenues, rather, fell by €515 thousand; please note that the loss in pilotage revenues is offset by a drop in pilotage costs.

- Other income, equal to €6,453 thousand include chargebacks and are entirely offset by other cost items.

Margins

The divisional gross margin increased by 7.31%, rising from the €86,171 thousand recorded in 2009 to €92,471 thousand in 2010. The table below shows the income statement highlights by business segment and the trend in margins at 31 December:

Consolidated income statement	FY 2009	FY 2010	Δ	%
Margin from freehold properties	83,439	89,372	5,933	7.11%
Margin from leasehold properties	1,367	1,740	373	27.31%
Margin from services	1,139	1,079	(60)	(5.25%)
Income from works in progress	226	280	54	24.02%
Divisional gross margin	**86,171**	**92,471**	**6,300**	**7.31%**
Payroll costs at headquarters	(5,418)	(5,232)	186	(3.43%)
General expenses	(4,220)	(4,922)	(702)	16.64%
EBITDA	**76,533**	**82,317**	**5,784**	**7.56%**
Other provisions	(160)	(563)	(403)	251.56%
Depreciation and amortization	(899)	(900)	(1)	0.15%
Impairment	(4,450)	(3,842)	608	(13.66%)
Change in fair value	(13,725)	(8,746)	4,979	(36.28%)
EBIT	**57,299**	**68,266**	**10,967**	**19.14%**
Financial income	(34,669)	(35,344)	(675)	1.95%
Income/(loss) from equity investments	0	(1,140)	(1,140)	n.a.
Pre-tax profit	**22,630**	**31,782**	**9,152**	**40.44%**
Income tax for the period	(2,222)	(2,510)	(288)	12.98%
Net profit	**20,408**	**29,272**	**8,864**	**43.43%**
(Profit)/Loss pertaining to minorities		68	68	n.a.
Group's portion of net profit	**20,408**	**29,340**	**8,932**	**43.77%**

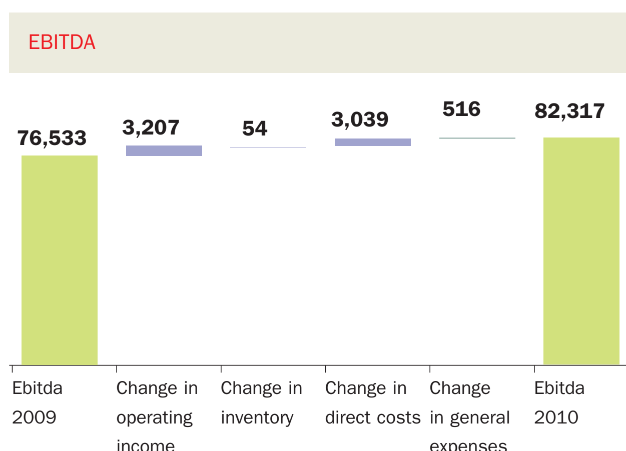
SBU 1 - Property leasing – margin on freehold properties: in 2010 this margin reached €89,372 thousand versus €83,439 thousand in the same period of the prior year, an increase of 7.11%. This segment recorded very interesting margins, 87.74% versus 85.31% in the prior year. Revenues rose by 4.15%, even though the growth was offset by the above mentioned one-off revenues. Direct costs, despite the increase tied to the increased perimeter of the portfolio (which included, for example, Ici (property tax) and insurance for 8 new properties between 2009 and 2010), fell more than proportionately by 13.07%. In addition to implementing measures designed to limit costs, temporary discounts were also granted to tenants experiencing difficulties.

SBU 1 - Property leasing – margin on leasehold properties: the margin, which reached €1,740 thousand, rose by 27.31% with respect to the same period in the prior year. The margin, as a percentage of revenues, came in at 21.14% versus 15.65% in 2009.

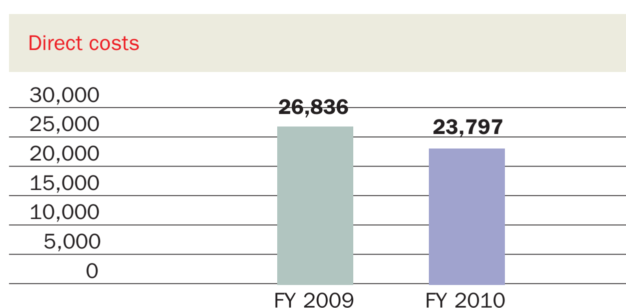
SBU 2 – Services - margin from services:
the margin from services amounted to €1,079 thousand, a drop of 5.25% with respect to 2009. This activity features low capital absorption and generated a margin of 18.32% versus 18.26% in the prior year. While revenues dropped 5.52% due, above all, to a decrease in Pilotage revenues, there was a slight increase in costs due to the new human resources present at the newly opened shopping centers.

EBITDA

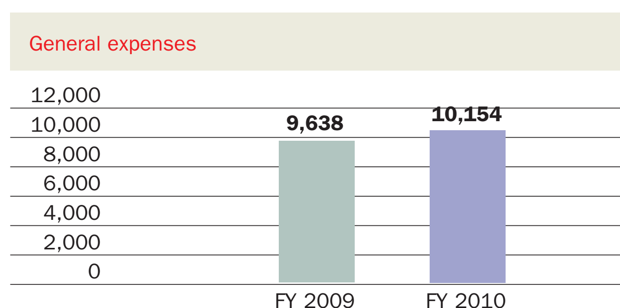
EBITDA reached €82,317 thousand, an increase with respect to the prior year of 7.56%.
Please note that, with respect to prior directors' reports, a few income statement items have been reclassified and banking fees are now classified under "financial income and charges" and the provisions for risk are now classified under "other provisions".
For the sake of comparison, the same items were also reclassified in the income statement for FY 2009.
The changes in the Ebitda components in 2010 are shown below:



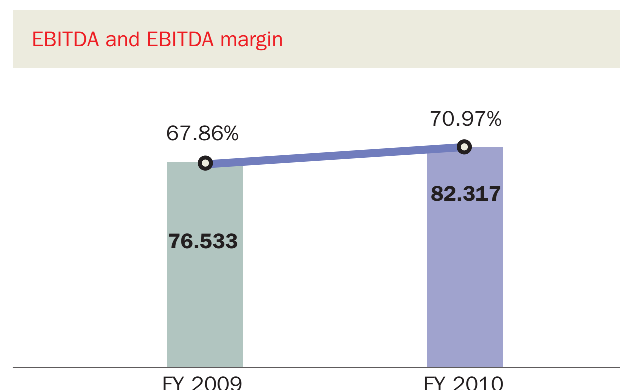
Direct costs, including direct personnel expense, amounted to €23,797 thousand, a drop with respect to 2009 of 11.32%. The impact was described above in the section on "Margins".



General expenses, including payrolls costs at headquarters, amounted to €10,154 thousand, an increase of 5.35% with respect to 2009. The increase is explained by the completion of a few projects and other non-recurring charges relating to the termination of the preliminary agreement for the acquisition in Gorizia. Significant cost control measures were implemented by the Romanian subsidiary.



The **Ebitda Margin,** calculated as a percentage of operating income, reached 70.97%, an increase of 3.11 pp with respect to the 67.86% reported in 2009, which confirms the solid operating trend.



EBIT

EBIT rose with respect to 2009 by 19.14% to €68,266. The difference between Ebit and Ebitda is due to amortization, depreciation and other provisions (for a total of €1,463 thousand), to impairment and the adjustment to the fair value of the real estate portfolio (the decrease of the last two items with respect to 2009 amounted €5,587 thousand).

Income/(charges) from equity investments

This item in 2010 reflects the writedown of €157 thousand on the carrying value of Iniziative Bologna Nord and the impact of the RGD Group deconsolidation of €983 thousand.

Financial income and charges

In 2010 the balance of financial income and charges came in at €35,344 thousand, versus the €34,669 thousand recorded in 2009. This excellent result, in line with the prior period despite the new loans stipulated for the purchase of the new shopping centers in 2009 (but impacting all 12 months of 2010), is explained by:

- low and stable interest rates in the first half and an increase in the second half
- negative swap differentials offset by lower fees on mortgage loans
- lower fees on short term credit lines
- net debt which fell in the second half with respect to the prior year
- capitalization of interest following application of IAS 23.

Tax

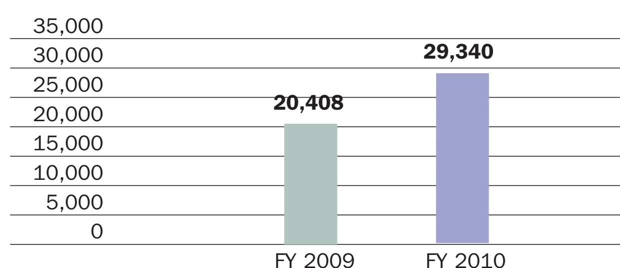
Income taxes	31/12/10	31/12/09	Change
Current taxes	2,834	2,438	396
Deferred tax liabilities	3,026	2,517	509
Deferred tax assets	(3,514)	(2,565)	(949)
Contingent assets/liabilities	164	(168)	332
Total	**2,510**	**2,222**	**288**

The tax burden, current and deferred at 31 December 2010 amounted to €2,510 thousand, reflecting a tax rate of 7.90% which is attributable to the positive effects of the SIIQ regime. Tax fell with respect to the prior year due primarily to the reversal of deferred tax liabilities accrued of approximately €489 thousand related to Irap (regional business tax) for the company Faenza Sviluppo which was adjusted to reflect IGD SIIQ's Irap rate following the merger in October 2010, as well as the percentage of the Parent Company's exempt income which rose from 87.21% to 93.39%.

The Group's Portion of Net Profit

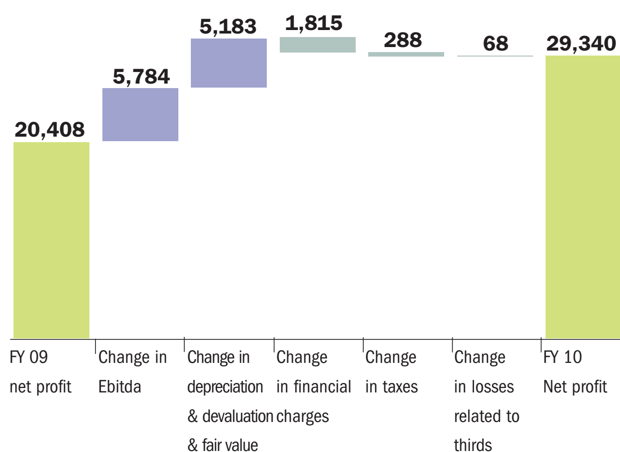
The Parent Company's portion of the net profit for the year rose by 43.77% with respect to the prior year to €29,340 thousand.

Net income for thr group



The change in net profit with respect to the previous year is shown below.

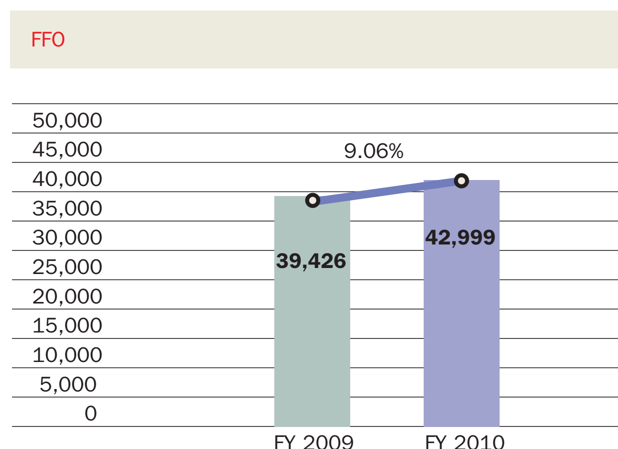
Change in net profit between 2009 and 2010



Funds from operations

The Funds from Operations (FFO) , a significant indicator used in the real estate market to define the cash flow from a company's operations, rose from €39,426 thousand at 31 December 2009 to €42,999 thousand at 31 December 2010, an increase of 9.06%. This figure is calculated excluding non monetary items and solely on the basis of the current tax burden.

Funds From Operations	FY2009	FY2010	Δ
Pre-tax profit	**22,630**	**31,782**	**9,152**
Depreciation & other provisions	1,059	1,463	404
Devaluations	4,450	3,842	-608
Change in fair value	13,725	8,746	-4,979
Income tax for the period	-2,438	-2,834	-396
Ffo	**39,426**	**42,999**	**3,573**



2.10.2 Balance Sheet and Financial Review

The IGD Group's balance sheet and financial situation at 31 December 2010 can be summarized as follows:

Source - use of funds	31/12/2010	31/12/2009	Δ	%
Fixed assets	1,782,089	1,760,342	21,747	1.24%
NWC	85,239	96,500	(11,261)	(11.67%)
Other non- current liabilities	(76,792)	(81,492)	4,700	(5.77%)
Total use of funds	**1,790,536**	**1,775,350**	**15,186**	**0.86%**
Net equity	773,454	747,533	25,921	3.47%
NFP	1,017,082	1,027,817	(10,735)	(1.04%)
Total source of funding	**1,790,536**	**1,775,350**	**15,186**	**0.86%**

The main changes that occurred in 2010 compared to 31 December 2009 are:

Fixed assets

rose from €1,760,342 thousand at 31 December 2009 to €1,782,089 thousand at 31 December 2010; the change of +€21,747 thousand is explained by increases and decreases in:

Real estate investments (+€79,815 thousand).

The increases are explained primarily by the purchase of the Conè Shopping Mall in Conegliano from the Parent Company Coop Adriatica S.c.a.r.l. in December 2010 and of the La Torre Shopping Mall in Palermo from Cogei S.p.A., in June; these increases are net down payments made in the prior year. The other increases are explained by the acquisition of two properties, along with the businesses, found inside the Millennium Center mall in Rovereto for €2,412 thousand and to extraordinary maintenance at a large part of the shopping centers. The midsize spaces at the Coné Shopping Center were also completed and reclassified as investment property upon completion of works in progress. The following items were also similarly reclassified upon completion of works in progress: restyling of the Le Porte Shoping Center in Naples, the works relating to the Esp Shopping Center, the retail park at Mondovì and the Le Maioliche Shopping Center.

The decreases are explained by the sale of the shopping centers in Beinasco and Nerviano following the disposal of the 50% held in RGD. Fair value adjustments of the real estate investments resulted in a net decrease of €8,746 thousand. Please refer to the section "The Real Estate Portfolio" for more information.

Goodwill (- €589 thousand).

The change is due to:

• An increase in goodwill resulting from the early acquisi-

tion, with respect to the put option, of a 10% interest in Winmagazin S.A. This business combination took place in 2008 and involved a put & call option on the interests held by third parties. As a result, the company was consolidated at 100%, minority interests were cancelled, and a financial liability was recognized in the amount of the discounted minimum strike price of the option. For this reason the early exercise of the option was treated according to the previous version of IFRS 3.

- The decrease following the sale of the business division San Ruffillo to Coop Adriatica.
- An increase and a corresponding decrease recorded under impairment losses (€950 thousand) with regard to the Group's share of the amount given to the sellers of units at the Beinasco shopping center, owned by the joint venture Riqualificazione Grande Distribuzione S.r.l., upon adjustment of the purchase price. Also in consideration of the fair value measurement of those units, this item has been written off in full.
- The decrease relative to the deconsolidation of the RGD Group following the sale of the 50% interest held in same.
- The reclassification as a real estate investment of goodwill following the merger by incorporation of Faenza Sviluppo – Area Marcucci Srl.

Assets under construction (-€58,108 thousand).
The change is primarily attributable to:

- purchase of the La Torre Shopping Mall, completion of the midsize stores at the Conè Shopping Center, restyling of the Afragola center, and work on the retail park at the shopping center in Mondovì and the Esp Shopping Center;
- progress on the roadworks at the shopping center being built in Chioggia;
- progress 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 following application of IAS 23.
- decreases following the reclassification to investment property, due to the completion of works and opening to the public, of the mall at La Torre Shopping Center, the midsize stores at Conè Shopping Center, the restyled Afragola center, and the improvements to the retail park at the shopping center in Mondovì and to the Esp Shopping Center
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value, net of reversals of impairment losses charged the year.
- termination of the preliminary contract for the purchase of the Gorizia mall and consequent reimbursement of the down payment.

Deferred tax assets (+€944 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.

Net working capital (-€11,261 thousand)
The change is explained by:

- for +€9,181 thousand by the Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno;
- For -€12,749 thousand to current assets; the increase is largely to the decrease in VAT credits following the refunds received;
- for -€5,984 thousand to the increase in payables for construction and contract work on the new investments in Palermo and Conegliano and renewal of the beneficial interest on the mall at Citta delle Stelle Shopping Center;
- for -€1,613 thousand by other current liabilities, which increased substantially following the cashing in of the security deposits relating to the opening of the two new shopping malls (Palermo and Conegliano), as well as the receipt of security deposits and down payments following the stipulation of the preliminary contract for the future sale of a property in Livorno.

Other non-current liabilities (+€4,700).
The change is explained by:

- Utilization of provisions, net utilization, made for certain legal disputes with third parties and audits still pending with the tax authorities (-€600);
- Recognition of deferred tax attributable primarily to the fair value adjustments of the IRS contracts,
 -€882 thousand;
- Reclassification of the substitute tax equal to €6,160 thousand to be paid by 16 June 2011 under other current liabilities.

Net equity

At 31 December 2010 amounted to €773,454 thousand. The change of +€25,921 thousand is explained by:

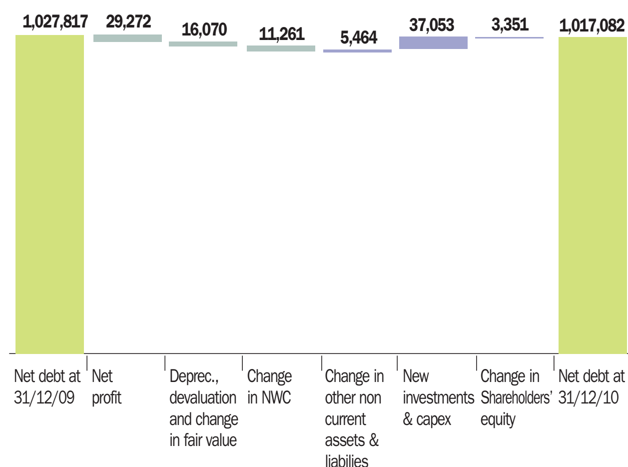
- the distribution of the 2009 profit of €14,914 thousand;
- the decrease in the derivatives accounted for using the cash flow hedge method, - €369;
- changes in the translation reserve for the translation of foreign currency financial statements, -€3,085;
- the parent company's shareholders' portion of net profit equal to €29,340;
- the minorities' portion of net profit, -€68 thousand;
- recognition of the capital gain realized following the sale of 20% of the subsidiary Porta Medicea s.r.l. equal to +1,202 thousand;
- the amendments to the convertible bond for +€1,895 thousand.
- the entry of minority shareholders in the share capital of the subsidiary Portamedicea s.r.l.

Net financial position

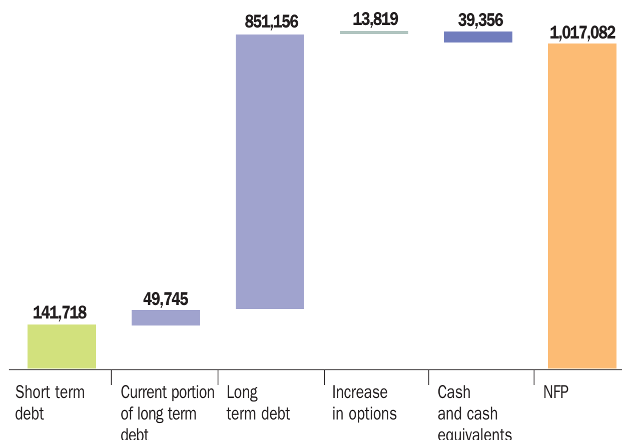
At 31/12/2010 showed improvement of €10,735 thousand with respect to the prior year. This improvement shows how, while the value of the IGD Group's real estate portfolio rose along with its revenues, a balance was maintained between funding and the cost of debt.

The changes are shown below:

Reconciliation of the net financial position

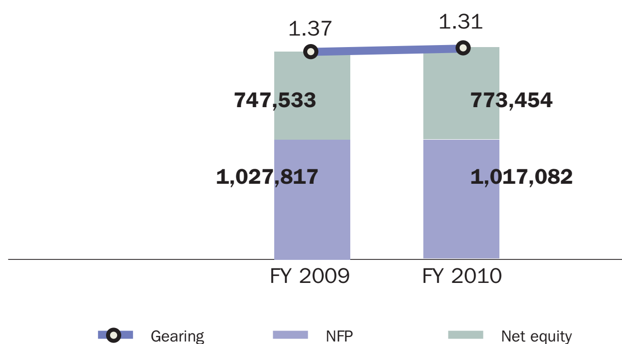


Breakdown of the net financial position



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. At the end of 2010 the gearing ratio (debt to equity ratio), in fact, came in at 1.31, compared to 1.37 at 31 December 2009. In 2010 IGD also confirmed its ability to contain its cost of capital (unchanged with respect to the prior year at 3.53%), taking advantage of the opportunity not only to restructure the convertible bond, but also to hedge interest rate risk and to close new loan agreements at advantageous rates, of which the net financial income and charges, basically unchanged, are testimony.

Gearing ratio



2.11 Subsequent Events

Please note that on 7 February 2011 Coop Adriatica scarl and Unicoop Tirreno Società Cooperativa renewed the shareholders' agreement which establishes a voting block of **"IGD"** shares pursuant to Art. 122, paragraphs 1 and 5 lett. A) and B), of Legislative Decree n. 58/1998 (the **"Agreement"**) designed to facilitate the Company's strategic decisions and their management.
The Agreement involves 170,516,129 ordinary IGD shares or 55.140% of the company's share capital (the **"Syndicated Shares"**), of which 157,713,123 or 51% of the share capital are bound by a voting block (the **"Block Shares"**).
The agreement will expire on 30 June 2012.

2.12 Outlook

Despite the persistently critical situation of the global market conditions in 2010, the IGD Group feels comfortable confirming all the financial-economic targets presented to the market in November 2010, when the 2009-2013 business plan was updated. More in detail, the Group expects to see growth in all the primary indicators such as revenue, Ebitda, Ebitda margin and average return of the real estate portfolio thanks to the new openings which will be fully operational, as well as a gearing below the peak of 1.5x.
We also expect that the results next year will show further growth and make it possible to offer our shareholders an interesting payout.

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.
In order to systematically assess and monitor its risks, IGD SiiQ SpA implemented a Enterprise Risk Management (ERM) system which confirms with the highest international standards.
This system is designed to support Top Management in understanding the primary corporate risks and how to manage them, as well as how to organize control mechanisms.
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 or consumer trends

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 tenants' 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 tenants 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;
• third party restitution claims requesting the return of real property;

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.
With regard to third party restitution claims, please note that the statute of limitations for filing such claims has run. The Group, however, stipulated a "Title Insurance" policy to protect against risks linked to this type of claim in order to protect the value of the assets held in Romania.

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 tenants 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 which 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 tenants' 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 tenants are subject to pre-contractual selection based on parameters linked to the business's 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 tenants, 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 tenants.
Intense public relations activities are carried out with the tenants 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.
During its weekly meetings, the Sales & Marketing Division analyse 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 are budgeted in order to improve the quality and appeal of the properties.

2.4 Risks associated with natural disasters (i.e. earthquakes, floods, fires) or damages caused by third parties and third party liability

Risk factors:
- natural disasters (for example, floods, earthquakes, etc.);
- catastrophic events (for example, fires);
- damages caused by third parties;
- damages incurred by third parties in the course of business or related activities;

which could impact the value of the Group's assets or cash flow.

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 tenants and/or owners must stipulate its own All Risk policy with an insurance company.
With regard to third party liability, the insurance covers civil damages for which the Company may be liable in the event an accident should occur during the normal course of business and related activities.
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;
- delays, problems and/or breach of contract related to the independent appraisers;

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

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 Regulatory Risk

Risk factors:
- Sanctions for violations of the regulations issued by the stock exchange and regulatory agencies relating to companies with financial instruments traded on a regulated market.

Risk management:
The company pays great attention to the norms and regulations governing listed companies.
More in detail, the Corporate & Legal Affairs and Investor Relations Departments work to comply with the norms and regulations issued by the stock exchange and the regulatory agencies, while also organizing the disclosure of any information to the market. This process, which calls for the close collaboration of the internal divisions involved in compiling, checking and disclosing data and information regarding the company's administration, accounts and operations, is done in accordance with internal procedures and under the supervision of the Chief Executive Officer and the Financial Reporting Officer.
The company constantly monitors the changes made to market norms and regulations and the possible repercussions for the company.

3.3 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.

3.4 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.
The results of the tests are shared with management.

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. Cash flow sensitivity tests, along with stress testing and VAR estimates for any financial risks, are all performed on a regular basis.
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 €316 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 65.07% of its medium/long term interest rate risk by exchanging the difference between fixed rate and floating rate interest at specific intervals. The Finance Division monitors and measures interest rate risk and liquidity constantly in order to understand possible risk management solutions.

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 tenants' rents are in LEI but anchored to the euro; therefore the company is exposed to the risk that the tenants 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 2010-2012 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.

With regard to the rules of corporate governance and the "Procedures for Related Party Transactions", please refer to Chapter 3, "Report on Corporate Governance and Ownership Structure".

Details of related party transactions carried out in 2010 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 31/12/2009	Purchases	Sales	N of shares at 31/12/2010
Albertini Claudio	IGD	0	0	0	0
Boldreghini Giorgio	IGD	0	0	0	0
Canosani Aristide	IGD	0	0	0	0
Caporioni Leonardo	IGD	0	0	0	0
Carpanelli Fabio	IGD	0	0	0	0
Coffari Gilberto	IGD	0	11,000	0	11,000
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	5,000	0	0	5,000
Parenti Andrea	IGD	40,000	0	0	40,000
Sabadini Riccardo	IGD	5,000	0	0	5,000
Santi Sergio	IGD	0	20,000	0	20,000
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 2010 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 2010, 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 31.12.2010

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	**32,845**		**755,047**	
Eliminaiton of dividends	(32,000)			
Elimination of writedowns of consolidated equity investments	23,109			
Book value of the consolidated equity investments			(460,645)	
Subsidiaries' net profit and equity	10,110	(68)	460,659	11,851
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	
- Sale of JV RGD	(3,681)		(3,039)	
- Goodwill from consolidation of Winmagazine			5,410	
- Goodwill from consolidation of Winmarkt management			1	
- Recognition of capital gains at equity for transactions with minorities	(1,121)		0	
- Sale of group assets	77		(68)	
- Other adjustments	2		6	
Balance - consolidated financial statements	**29,340**	**(68)**	**761,603**	**11,851**

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 2010 which closed with a net profit of €32,844,608.
The Board of Directors proposes that this profit be allocated as follows:
- *€ 5,142,536 to the fair value reserve*
- *€ 1,385,104 to the legal reserve*
- *€ 22,370,451 to the shareholders as a dividend equal to €0.075 per each outstanding share which reflects treasury share accretion*
- *€ 3,946,517 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, 9 March 2011

The Chairman
Gilberto Coffari

TEZENIS
Orari di apertura
Lunedì
dal Martedì al Sabato

Report
on Corporate Governance and Ownership Structure

3

3.1 | Issuer Profile

IGD SIIQ S.p.A. adheres to and complies with the Corporate Governance code for Italian Companies issued in March 2006, and amended in March 2010, by the Corporate Governance Committee of *Borsa Italiana S.p.A.*.
In compliance with the law, this Report contains a general description of the company's corporate governance structure and contains information about the ownership structure and adhesion to the Corporate Governance Code.
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, and amended in March 2010, 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 Market Regulator)

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

SUBSIDIARIES:
subsidiaries belonging to the IGD Group

TUF/*"Testo unico delle disposizioni in materia di intermediazione finanziaria"* Legislative Decree n. 58 dated 24 February 1998 - Financial Markets Consolidation Act

YEAR:
financial year closed on 31.12.2010 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 9 March 2011 totals €392,855,265.00, of which €309,249,261.00 is fully paid-in and subscribed, divided in ordinary shares with a par value of €1 each.

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 9 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 7 February 2011 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 55.139% 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 2008 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 no 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.

The above agreements are available to the public on the Consob's website, in accordance with the law.

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)

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.

Subsequently, on 22 April 2010, the Shareholders' Meeting, in extraordinary session, approved amendments to the terms and conditions of the above mentioned convertible bond to extend the expiration from June 2012 to 28 December 2013, increase the cash coupon from 2.50% to 3.50% with payment of the coupon half-yearly instead of yearly, and lower the conversion price from € 4.93 a € 2.75. Consequently, the Extraordinary Shareholders' Meeting resolved to increase share capital in order to service the conversion of the bond for up to a maximum amount of € 83,636,364.00, in one or more instalments, through the issue of up to maximum of 83,636,364 ordinary shares with a par value of €1.00 each.

On 9 March 2011 the company's Board of Directors resolved to propose that the Shareholders' Meeting, in ordinary session, to be held on 20 April 2011, approve the

authorization to buy and sell treasury shares in accordance with Art. 2357, second paragraph, of the Italian Civil Code. 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 on the company's website (www.gruppoigd.it)) in compliance with the recent directives relating to shareholders' rights. 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. In order to comply with Legislative Decree 27/2010 and directives relating to shareholders' rights, during the meeting held on 13 December 2010, the Board of Directors amended the bylaws pursuant Art. 2365 of the Italian Civil Code. The amendments were made to the bylaws in order to facilitate shareholder participation and the exercise of voting rights during the shareholder meetings.

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.
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. 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.
The company's subsidiaries include the Romanian company which, however, has no impact on IGD's current corporate governance structure

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 Articles 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, was recently renewed on 7 February 2011 and will expire on 30 June 2012.
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.

Composition
(pursuant to Art. 123-*bis,* para 2, lett. d) TUF)
The Board of Directors in office through 31.12.2010 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.
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 and updated during the meeting held on 9 March 2011, 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, including in light of the maximum permitted number of appointments described below.
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.

Maximum number of appointments allowed in other companies

In order to regulate the maximum permitted number of appointments in another company that a director may hold, the Company drafted specific regulations referred to as the "Limits to the maximum number of appointments allowed in other companies" which were approved by the Board of Directors on 13 December 2010, in accordance with the proposal received from the Nominations Committee. Based on the regulations, the term "maximum number" does not refer solely to the number of offices held, but also attributes a weight to each type of appointment in relation to the nature and size of the company, as well as the position held by IGD's directors in other companies, in light of the fact that more time is dedicated to certain positions than to others. In light of this consideration, IGD's Board of Directors held that the weight to be attributed to the office of Chairman, Executive Director be different, for example, than that of a non-executive director or member of the Board of Statutory Auditors. Lastly, the weight attributed each office was also different based on the type and size of the company and two sub-categories were established; Group A andr Group B. Group A includes other companies listed on regulated markets, financial institutions, banks, insurance companies or other large companies. All the companies which are not part of Group A are automatically considered part of Group B. In light of these considerations, the Board listed the overall weight of the offices held in other companies which can be considered compatible with acting effectively as a director in IGD.
The general criteria described above were approved by the Nominations Committed and then by IGD's Board of Directors in light of the fact that in order to act as a director the appointees must be able to devote the time necessary to diligently and effectively fulfil his/her obligations. On the basis, therefore, of the regulations governing "Limits to the maximum number of appointments allowed in other companies" the current board was found to be fully compliant [1].
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 31.12.2010", attached.

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 2011:

- 9 March 2011: Board of Directors' meeting to examine the separate and consolidated financial statements at 31.12.2010;
- 11 May 2011: Board of Directors' meeting to examine the Interim Management Statement at 31.03.2011;
- 25 August 2011: Board of Directors' meeting to examine the Half-year Financial Report at 30.06.2011;
- 10 November 2011: Board of Directors' meeting to examine the Interim Management Statement at 30.09.2011.

If the company deems it opportune it may convene, in accordance with the bylaws, other board of director meetings in 2011.
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 of the bylaws also provides for Board of Directors' meetings to be called by the Board of Statutory Auditors.
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

1 Corporate Governance Code: Art. 1.C.3.

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 2010, the Board of Directors held 9 meetings, on 11.03, 13.05, 9.06, 01.07, 28.06, 26.08, 11.11 and 13.12, at 3:00 pm in extraordinary session and at 3:40 pm in ordinary session, 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 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 [2]

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 9 March 2011, 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 [3]

The Board of Directors, in accordance with the bylaws[4] and the current norms and regulations[5] 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[6]

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[7]

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

Board performance evaluation[8]

The Board of Directors continued with the Board Review process begun in 2007 in order to remain in line with international best practices and to fully comply with the Corporate Governance Code. As in the past, for the year that closed on 31 December 2010 IGD hired the consulting company Egon Zehnder International to help with this self-assessment process. This survey was conducted in accordance with the most sophisticated international best practices and was carried out on the basis of:

- discussions with each Director, after having completed a questioniare prepared for this purpose, in light of the areas in need of improvement indicated in the 2009 Board Review;
- analysis of the comments and observations received and the preparation of a summary report which was presented to the Board;
- discussion of the main results and relative follow-up strategies with the Board.

The Board Review results, including the areas found to be in need of further improvement, were presented during the Board of Directors' meeting held on 9 March 2011. More in detail, IGD's Board of Directors was found to have achieved levels of 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:
  - positive and efficient environment; adequate and timely distribution of information to the directors in preparation for the Board meetings;
  - effective dialogue and ability to make decisions, in particular with regard to financial matters and the assessment of investments;
  - 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.

Supervisory board

Chief Executive Officer

The bylaws[9] 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.

2 Corporate Governance Code: Art. 1.C.1., lett. b)

3 Corporate Governance Code: Art 1.C.1., lett. e)

4 Art. 23.2 of the bylaws

5 Art. 150 of TUF

6 Corporate Governance Code: Art 1.C.1., lett. d)

7 Corporate Governance Code: Art: 1.C.1., lett. f)

8 Corporate Governance Code: Art. 1.C.1., lett. g)

9 Art. 23 of the bylaws

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 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[10].

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 are published in full on the Company's website (www.gruppoigd.it).

Other executive directors[11]

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 9 March 2011 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[12]. 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[13], 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 twice in 2010 (8 March and 11 November 2010) 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.

10 Art. 24.1 of the bylaws
11 Corporate Governance Code: Art. 2.C.1.
12 Corporate Governance Code: Art 3.C.4
13 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 the directors, statutory auditors, managers and employees who have access, on a continuous basis to price sensitive information, are listed in the 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. 5.P.1. 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 2 times in 2010 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 2 times in 2010 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.
In 2011 the Board of Directors will change the function of the Compensation Committee in order to comply with the new recommendations found in Art. 7 of the Corporate Governance Code.

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 7 times in 2010.

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).
There are no agreements between the Company and the directors regarding dismissal and/or termination without just cause.

3.11 | Internal Control Committee[14]

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[15].

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[16], 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[17].
The Chairman of the Board of Statutory Auditors, or who on his behalf[18], may be invited to attend the meetings of the Internal Control Committee.
In 2010 the Internal Control Committee met 5 times, on 8 March, 13 May, 9 August, 4 November and 13 December and minutes were regularly taken. Each meeting lasted an average of 1 hour with attendance reaching 100% for Massimo Franzoni, 100% for Aristide Canosani and 80% 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[19]; 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[20];
- 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[21];
- evaluates the plan of work and periodic reports prepared by the internal control officers[22];
- evaluates accounting firm's bids for the external auditing assignment, and reviews the external auditing plan and the auditors' reports and recommendations[23];
- monitors the efficacy of the external auditing process[24];
- 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[25].

Through the end of 2010 the Internal Control Committee held a particular role with regard to transactions with related parties which is discussed in paragraph 14 "Directors' Interests and Transactions with Related Parties" based on the "Procedure for Related Party Transactions" adopted by the Company through the previously mentioned date. At the end of 2010, IGD' Board of Directors, in accordance with Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob regulations governing related party transactions as per Resolution n. 17389 of 23.06.2010, adopted a new "Procedure for Related Party Transactions" and, at the same time, formed a new "Committee for Related Party Transactions" which is responsible for topics pertinent to related party transactions effective 1 January 2011.
During the meetings held in 2010 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.

14 The Internal Control Committee referred to is the committee formed in accordance with the Corporate Governance Code to which the Internal Control Committee defers, as does the Board of Statutory Auditors, in accordance with regulations related to financial audit pursuant to Art. 19 of Legislative Decree 39/2010
15 Corporate Governance Code: Art. 8.P.4.
16 Corporate Governance Code: Art. 5.C.1., lett. a)
17 Corporate Governance Code: Art. 8.P.4.
18 Corporate Governance Code: Art. 8.C.4.
19 Corporate Governance Code: Art 8.C.1.
20 Corporate Governance Code: Art 8.C.3., lett. a)
21 Corporate Governance Code: Art 8.C.3., lett. b)
22 Corporate Governance Code: Art 8.C.3, lett. c)
23 Corporate Governance Code: Art. 8.C.3, lett. d)
24 Corporate Governance Code: Art. 8.C.3, lett. e)
25 Corporate Governance Code: Art. 8.C.3, lett. g)

3.12 Committee for related party transactions

The Committee for Related Party Transactions was formed in accordance with Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob regulations governing related party transactions as per Resolution n. 17221 of 12 March 2010, as subsequently amended in Resolution n. 17389 of 23 June 2010.

The Committee for Related Party Transactions is comprised of three independent directors; Riccardo Saladini, who also acts as Chairman, Giorgio Boldreghini and Andrea Parenti, appointed by the Board of Directors on 26 agosto and has the functions outlined in more detail in the "Procedure for Related Party Transactions" approved by the Board of Directors on 11 November 2010.

The Committee for Related Party Transactions met twice in 2010; on 20 October and 10 November.

More in detail, the Committee for Related Party Transactions:

a) expresses a non-binding opinion regarding the Company's interest in completing less material related party transactions, as well as the substantial correctness and fairness of the terms and conditions of said transaction;

b) with regard to material related party transactions the Committee may avail itself of one or more appointed delegates to assist it during the negotiations and preliminary phases of the transaction as per the means outlined in the Procedure. Once the preliminary phases are completed, the Committee expresses a binding opinion regarding the Company's interest in completing the material related party transaction, as well as the substantial correctness and fairness of the terms and conditions of said transaction.

3.13 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.

Thanks to the Enterprise Risk Management project completed by IGD, the results of which were presented to the Board of Directors on 13 December 2010, a systematic management system was implemented which makes it possible for the Group and top management to identify, measure and assess strategic, operational, financial and compliance risks.
The risk management system adopted is constantly updated and developed by management in order to ensure that it is adequate in light of changes in the organizational structure or business.
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.
In 2011 a specific project was launched in order to ensure that the Group is equipped with the instruments needed to fully implement the ERM system and assess risk. As part of this project, the company Unilab, under the supervision of the Chief Executive Officer, was appointed to act as Risk Manager. The Risk Management team will coordinate the activities relating to the implementation of the model and the control of the risk control activities.
A specific working group was formed in order to carry out the initial phase of the activities listed above.

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 internal control systems..

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 the Financial Reporting Officer in the development of the accounting and administrative control system are those described in specific guidelines drafted in this regard which are in line with the recommendations for the Finanical Reporting Officer found in the COSO Report issued by ANDAF.

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.

As part of the yearly and half-yearly financial reporting process, in order to understand the principal risks to which IGD and the Group are exposed, the Financial Reporting Officer works with the parties involved in the Company's and the Group's Enterprise Risk Management system (the working group initially dedicated to the launch of the ERM system) in order to identify and assess business risks.

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 constantly reviewed each year by the Company to determine if any changes are needed, including with regard to the companies doing business in Romania. Another review of the perimeter was made in the second half of 2010 in order to update the administrative-accounting controls in light of changes in the Group's organizational structure and business.
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 internal 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 2010 the analyses of the processes used to identify and control risks continued as part of the risk assessment and the scoping reviews conducted pursuant to Law 262/05. The Financial Reporting Officer constantly monitored the adequacy of the controls implemented and, if necessary, took corrective action.
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 2010 the Company also standardized the administrative-accounting procedures used by the Romanian 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. These controls are made of the entire perimeter of the companies active in Italy, with the support of Internal Audit, as well as in Romania.

* * *

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, as well as the reports prepared by the Chief Executive Officer, the Financial Reporting Office and Internal Audit.

* * *

Executive director in charge of internal control

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 Corporate Governance Code for listed companies.

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, as subsequently amended, 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.

In 2010 the Board of Directors updated the Model in order to comply with the law and, therefore, added new procedures and a special section which lists the criminal offences referred to in the Decree, how to identify the potential criminal liability and the controls instituted by the Company with regard to the new procedures and controls.

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 2010 it met four times; on 5 March, 13 May, 23 September, and 13 December with the participation of 100% of all components.
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 2006-2014. 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 2010 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 must provide a written declaration which accompanies the announcements made by the Company to the market, as well as the interim and financial reports, attesting that the information contained reflects the underlying records, ledgers and accounting entries.

The Financial Reporting Officer 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.

3.14 Directors’ interests and transactions with related parties

With regard to the transactions with related parties, in 2010 the Company continued to apply the “Procedure for Related Party Transactions” based on which the Internal Control Committee had an important role in matters reserved and not reserved for the Board of Directors. In this regard, the Internal Control Committee verified that the transactions were being carried out at arms’ length and, therefore, the conditions were the same as those applied to transactions carried out with non related parties, and then issued a non-binding opinion.
At the end of 2010, precisely on 11 November 2010, the Board of Directors approved the new “Procedure for Related Party Transactions” subject to the favorable opinion of the Committee for Related Party Transactions, pursuant to Art. 2391-bis of the Italian Civil Code and Art. 4, paragraphs 1 and 3, of the Consob regulations relating to procedures for related party transactions adopted in Resolution n. 17221 of 12 March 2010, as subsequently amended in Resolution n. 17389 of 23 June 2010. The Company’s Board of Statutory Auditors also verified that the procedure approved by the Board of Directors complied with the Consob Regulations.
The above mentioned procedure took effect on 1 January 2011 and up until that time the Company, therefore throughout 2010, applied the “Procedure for Related Party Transactions” approved in February 2007.
The purpose of the new “Procedure for Related Party Transactions” is to define the rules governing the approval and execution of related party transactions entered into by the Company, directly or through its subsidiaries, in order to ensure the transparency, as well as the substantive and procedural fairness of the transaction.
The term “Related Party” is defined explicitly in the Regulations, as per IAS 24, with marginal adjustments in order to ensure that the perimeter of related parties and related transactions is correctly determined. In order to maintain consistency in the financial statements, the Company decided to apply the Procedure to the subsidiaries of the company which exercises a significant influence over IGD, pursuant to Art. 4, para. 2, of the Regulations.
Related party transactions are transactions in which there is a transfer of resources, services or obligations between one or more related parties, regardless of whether a price is charged.

The Regulations distinguishes between:

Material related party transactions (including cumulatively): one in which at least one of the following Consob materiality ratios has a value of 5% or more:
(i) transaction materiality ratio: this is the ratio between the amount of the transaction and the higher of the amount of equity IGD SIIQ’s capitalization;
(ii) assets materiality ratio: the ratio between the total assets of the entity involved in the transactions and IGD SIIQ’s total assets;
(iii) liabilities materiality ratio: the ratio between acquired entity’s total liabilities and IGD SIIQ’s total assets.

Less material related party transactions, which includes all the other transactions.
The Regulations establish the criteria to be used in approving the material and less material transactions:
- the Committee for Related Party Transactions and the body involved in the approval of the transaction must be provided with complete and adequate information in a timely manner prior to approval;
- the Committee for Related Party Transactions may, at the expense of the Company, avail itself of independent experts;
- a statement attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct must be included in the minutes, when recorded.
- the Board of Directors and the Board of Statutory Auditors must be informed as to the status of the transactions at least on a quarterly basis.

Furthermore, pursuant to and in accordance with the Regulations, the Procedure for Related Party Transactions also includes a list of the transactions which are not governed by the Regulations (with the exception of certain disclosure requirements) and which include:
1. immaterial transactions (below the amount indicated in the Company’s Procedure).
2. resolutions relating to remuneration of directors holding particular offices (Chairman, Chief Executive Officer, committee members) and under certain condi-

tions (i.e. if the company's compensation policy calls for the involvement of the Compensation Committee).
3. compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-bis of TUF.
4. routine transactions concluded in accordance with market equivalent or standard conditions (i.e. service contracts).
5. transactions with or between subsidiaries and associate companies (when the transaction does not correspond to a material interest of other related parties, without prejudice to any periodic accounting information provided).

The Committee for Related Party Transactions with regard to
- less material transactions, will issue a non-binding opinion regarding the company's interest in completing the transaction, its fairness and procedural correctness;
- material transactions, without prejudice to the transactions subject to a Board of Directors' resolution, will issue a binding opinion. Furthermore, the Committee for Related Party Transactions, or who on its behalf, will be involved in the preliminary phases (by receiving the information distributed) and the negotiations and is entitled to request information and share comments with the parties involved in the negotiations of this type of transaction. Once the preliminary phases are terminated, the Committee for Related Party Transactions must issue, in a timely manner, a favorable, binding opinion attesting to the fact that the transaction is in the best interest of the Company and that the terms and conditions are fair and substantively correct. In order to formulate its opinion, if deemed necessary and opportune, the Committee for Related Party Transactions may avail itself of one or more independent experts of its choosing. The experts chosen by the Committee must be recognized professionals, experts in the subject matter involved and proven to be without any conflict of interest with regard to the transaction. In the event the Committee is not in favour of the transaction, and if so provided in the bylaws, the Board may, at any rate, proceed with the transaction as long as it is approved by the shareholders. In this instance and whenever the Board of Directors intends to submit a material transaction to the shareholders for approval despite the negative opinion issued by the Committee for Related Party Transactions, the transaction may not be completed in the event a majority of non-related shareholders vote against the transaction, as long as said shareholders represent at least 10% of the share capital with voting rights.

The procedure described above can be found on the Company's website (www.gruppoigd.it).

3.15 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. 26 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.

3.16 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 2010 the Board of Statutory Auditors met 9 times on 11 January, 26 January, 4 March, 23 March, 31 March, 28 June, 23 September, 7 October and 23 December. 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.

3.17 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.

3.18 | Shareholders' Meetings

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.

Regulations governing the attendance and the exercise of voting rights at Shareholders' Meetings have recently been changed pursuant to Legislative Decree n. 27 of 27 January 2010, (the "D. Lgs. 27/2010"), in implementation of EC directive 2007/36/EC relating to shareholders' rights, in order to facilitate attendance of listed companies' Shareholders' Meetings. Partial integration of D. Lgs. 27/2010 in the Company's bylaws was approved by the Board of Directors on 13 December 2010, pursuant to Art. 2365, para. 2, of the Italian Civil Code and Art. 22.1(ii) of the bylaws.

In accordance with the law, the Shareholders' Meetings are convened as per the notice published on the Company's website and in at least one national daily newspaper (Art. 125-bis TUF and Resolution n. 17002 of 17 August 2009). Under Art. 125-bis TUF the notice of call must be published at least 30 days prior to the day in which the Shareholders' Meeting is to be held. The timeframe is different when the Shareholders' Meetings are called to (i) appoint members of the corporate bodies (i.e. 40 days prior to the day in which the Shareholders' Meeting is to be held); (ii) resolve on takeover bids (i.e. 15 days prior to the day in which the Shareholders' Meeting is to be held); and (iii) resolve on reducing share capital and appoint a liquidator (i.e. 21 days prior to the day in which the Shareholders' Meeting is to be held).

Pursuant to Art. 12.2 of the bylaws, in order to attend and vote at the Shareholders' Meetings, shareholders must provide the Company with the certification issued by a licensed intermediary indicating the shareholdings recorded as of the seventh trading day prior to the date set for the Shareholders' Meeting in first call (the record date). Under Art. 83-sexies TUF, any movements in the shareholdings subsequent to this period will not be considered for the purposes of voting rights.

Pursuant to Art. 13 of the bylaws, those in possession of voting rights may be represented via a written proxy submitted in accordance with the law. The proxy may also be submitted by accessing a specific section on the Company's website, as well as via certified e-mail submitted in accordance with the modalities indicated in the notice of call.

Furthermore, unless otherwise provided for in the bylaws, the Company may appoint a designated representative for each Shareholders' Meeting to which the proxies with voting instructions relative to all or some of the items on the agenda may be granted (Art. 135-undecies TUF). The Board of Directors resolved to submit a proposal to the shareholders for approval at the Annual General Meeting convened, in first call, on 20 April and, in second call, on 21 April, to amend the bylaws so that the Company may appoint a representative for each Shareholders' Meeting to whom shareholders may grant their proxies with voting instructions.

Under the new regulations, shareholders may submit questions relating to the items on the agenda prior to the Shareholders' Meeting. These questions will be answered, at the latest, during the meeting itself (Art. 127-ter TUF). Questions for which answers are provided in the Q&A section of the Company's website need not be answered.

The current Regulations for Shareholder Meetings, approved during the Shareholders' Meeting held on 26 March 2003 and published on www.gruppoigd.it in the Investor Relations section, are designed to guarantee that the Shareholders' Meetings are conducted in an orderly fashion and in full respect of the rights of each shareholder to request clarifications in relation to certain issues being discussed, to express opinions and submit proposals.

The Board of Directors resolved to submit a proposal to the shareholders for approval at the Annual General Meeting convened, in first call, on 20 April and, in second call, on 21 April to amend the Regulations for Shareholder Meetings in order to comply with D. Lgs. 27/2010 and the provisions relating to shareholders' rights.

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 31.12.2010

Board of Statutory Auditors
Table 5: Offices held by the statutory auditors at 31.12.2010

Table 1: information on the Ownership Structure

Share capital structure				
	N. of shares	% of share capital	Listed(specify markets) / not listed	Rights and obligations
Ordinary shares	309,249,261	100%	Listed on the STAR segment of the Italian Stock Exchange	
Shares with limited voting rights	None			
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(specify markets) / not listed	N. of securities in circulation	Class of shares subject to conversion	Number of shares subject to conversion
Convertible bonds		2,300	Shares convertible in ordinary shares excluding option rights	83,636,364
Warrant	No			

Significant interest in share capital			
Dichiarante	Azionista diretto	Quota % su capitale ordinario	Quota % su capitale votante
Coop Adriatica	Coop Adriatica	41.497	43.024
Unicoop Tirreno	Unicoop Tirreno	13.642	14.143
IGD SIIQ SpA	IGD SIIQ SpA	3.549	(without voting rights)
European Investors Inc.	European Investors Inc.	4.903	5.083
Axa Investment Managers	Axa Investment Managers	2.005	2.084

Table 2: structure of the Board of Directors and Committees at 31 December 2010

Board of Directors											Internal Control Committee		Compensa-tion Committee		Nomina-tions Committee		Lead Indipendent		Chairman's Committee		Supervisory Board		Committee for Related Party Transactions	
Office	Members	In office since	In office until	List (M/m) *	Exec.	Non exec.	Indep. as per the Code	Indep. under TUF	(%) **	N. of other appoint-ments ***	****	**	****	**	****	**	****	**	****	**	****	**	****	**
Chairman	Coffari Gilberto	23-4-2009	31-12-2011	M		x			100%	11									x	86%				
Chief Executive Officer	Albertini Claudio	23-4-2009	31-12-2011	M	x				100%	12									x	100%				
	Zamboni Roberto	23-4-2009	31-12-2011	M		x			44%	5									x	71%				
	Costalli Sergio	23-4-2009	31-12-2011	M		x			56%	6									x	43%				
	Caporioni Leonardo	23-4-2009	31-12-2011	M		x			56%	6	x	80%												
	Pellegrini Fernando	23-4-2009	31-12-2011	M		x			56%	2														
	Canosani Aristide	23-4-2009	31-12-2011	M		x	x	x	100%	5	x	100%					x	100%						
	Carpanelli Fabio	23-4-2009	31-12-2011	M		x	x	x	100%	4					x	100%	x	100%			x	100%		
	Franzoni Massimo	23-4-2009	31-12-2011	M		x	x	x	56%	1	x	100%					x	50%						
	Gentili Francesco	23-4-2009	31-12-2011	M		x	x	x	100%	2			x	100%			x	50%			x	100%		
	Parenti Andrea	23-4-2009	31-12-2011	M		x	x	x	100%	22					x	100%	x	100%					x	100%
	Sabadini Riccardo	23-4-2009	31-12-2011	M		x	x	x	67%	2			x	100%			x	100%					x	100%
	Boldreghini Giorgio	23-4-2009	31-12-2011	M		x	x	x	89%	1					x	100%	x	100%					x	100%
	Santi Sergio	23-4-2009	31-12-2011	m		x	x	x	89%	14			x	100%			x	50%	x	86%	x	100%		
	Pirazzini Corrado	23-4-2009	31-12-2011	M		x			89%	14														
Directors who vacated office during the year																								
Quorum required for submitting lists at the latest election:																								
N. of meetings held as of 1 January 2010							BOD: 9			ICC: 5			CC: 2		NC: 2		LI: 2		ChC: 7		SB: 4		RPT:2	

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 at 31 December 2010

Board of Statutory Auditors								
Office	Members	In office since	In office until	List (M/m)	Indep as per the Code	** (%)	N. of other appointments***	**** (%)
Chairman	Conti Romano	23-04-2009	31-12-2011	m	X	100%	19	67%
Standing Auditor	Chiusoli Roberto	23-04-2009	31-12-2011	M	X	100%	6	67%
Standing Auditor	Gargani Franco	23-04-2009	31-12-2011	M	X	100%	21	67%
Alternate Auditor	Landi Isabella	23-04-2009	31-12-2011	M				
Alternate Auditor	Manzini Monica	23-04-2009	31-12-2011	m				
Statutory auditors who vacated office during the year								
Name								
Quorum required for submitting lists at the latest election:								
Number of meetings held during the year: 9								

Note:

* 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 2010

	Offices held in other companies	IGD Group Companies	IGD Group Shareholder Companies
Coffari Gilberto **Chairman**	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 the Board 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.		
	Vice Chairman of the Board UGF BANCA S.P.A.		
	Director UGF S.P.A.		
	Director UNIPOL GRUPPO FINANZIARIO ASSICURAZIONI S.P.A.		
	Director SPRING 2 S.R.L.		
	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
	Chairman of the Board LIMA SRL		
Albertini claudio **Chief Executive Officer**	Standing Auditor CEFLA CAPITAL SERVICES S.P.A.		
	Director EUROMILANO S.P.A.		
	Director FINANZIARIA DI PARTECIPAZIONE E SERVIZI S.R.L FIN. P.A.S.		
	Director PEGASO FINANZIARIA S.P.A.		
	Director SOFINCO S.P.A		
	Director SORIN S.P.A		
	Director UGF MERCHANT - BANCA PER LE IMPRESE S.P.A.		
	Chairman of the Board UGF PRIVATE EQUITY SOCIETA' DI GESTIONE DEL RISPARMIO S.P.A		
	Director HOLCOA S.P.A.		
	Director PROTOS - SOCIETA' DI CONTROLLI TECNICI E FINANZIARI S.P.A.		
	Chairman of the Board HOTEL VILLAGGIO CITTA' DEL MARE S.P.A.		
	Director NOMISMA - SOCIETA' DI STUDI ECONOMICI - S.P.A.		
Zamboni Roberto **Director**	Director UNAGRO S.P.		
	Vice Chairman INRES - ISTITUTO NAZIONALE CONSULENZA, PROGETTAZIONE, INGEGNERIA- SOCIETA' COOPERATIVA		
	Director FORUM - S.R.L.		
	Director INIZIATIVE BOLOGNA NORD S.R.L.		
	Director CONSORZIO BOLOGNESE ENERGIA-GALVANI S.C.R.L.		
Costalli Sergio **Vice Chairman**	Director FINSOE S.P.A. - FINANZIARIA DELL'ECONOMIA SOCIALE S.P.A.		
	Director HOLMO S.P.A.		
	Director UGF BANCA S.P.A		
	Chairman of the Board UGF MERCHANT S.P.A.		
	Vice Chairman and CEO UNICOOP TIRRENO SOCIETA' COOPERATIVA A RESPONSABILITA LIMITATA		X
	Director UGF S.P.A.		
Caporioni Leonardo **Director**	Vice Chairman of the Board TIRRENO LOGISTICA S.R.L.		
	Director COOPERARE S.p.A.		
	Director COOPERATIVA LAVORATORI DELLE COSTRUZIONI-SOCIETA COOPERATIVA		
	Director COOPFOND S.p.A.		
	Vice Chairman of the Board IMMOBILIARE SVILUPPO DELLA COOPERAZIONE S.p.A.		
	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 Board 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 Board CREDITRAS ASSICURAZIONI S.P.A.		
	Chairman of the Board CREDITRAS VITA S.P.A.		

continue: **Table 4: Offices held by the Directors at 31 December 2010**

	Offices held in other companies	IGD Group Companies	IGD Group Shareholder Companies
Carpanelli Fabio **Director**	Chairman of the Surveillance Board MANUTENCOOP FACILITY MANAGEMENT SOCIETA' PER AZIONI		
	Chairman of the Board PORTA MEDICEA SRL	X	
	Sole Director VEICOLO 5 SRL		
	Chairman of the Board AUTOSTAZIONE DI BOLOGNA SRL		
Franzoni Massimo **Director**	Representative of the shareholders holding privileged shares UNIPOL GRUPPO FINANZIARIO S.P.A.		
Gentili Francesco **Director**	Director BANCA DELLA MAREMMA - CREDITO COOPERATIVO DI GROSSETO - SOCIETA' COOPERATIVA		
	Sole Director GLISCO S.A.S.		
Parenti Andrea **Director**	Standing Auditor MONTE PASCHI FIDUCIARIA S.P.A.		
	Director CECCHI GORI HOME VIDEO SRL		
	Standing Auditor CONSORZIO MACROLOTTO IND. N.2 DI PRATO		
	Standing Auditor ORTOINVEST SRL		
	Standing Auditor EDILSVILUPPO SPA		
	Chairman of the Board of Statutory Auditors F.LLI CIAMPOLINI & C. SPA		
	Chairman of the Board of Statutory Auditors FRAMAFRUIT SPA		
	Chairman of the Board of Statutory Auditors FRUTTITAL FIRENZE SPA		
	Chairman of the Board of Statutory Auditors GALANDI & C. SPA		
	Chairman of the Board of Statutory Auditors GIOTTOFRUIT COMMERCIALE SRL		
	Chairman of the Board of Statutory Auditors IMMOBILIARE SUD-EST SPA		
	Standing Auditor MEGA SRL		
	Standing Auditor FOND. OSPEDALE PEDIATRICO MEYER		
	Chairman of the Board of Statutory Auditors IMMOBILIARE MINERVA SPA		
	Chairman of the Board of Statutory Auditors PENTAFIN SPA		
	Chairman of the Board of Statutory Auditors PICCHI SPA		
	Chairman of the Board of Statutory Auditors PI.DA SPA		
	Chairman of the Board of Statutory Auditors SDI SOCIETA' DISTIRIBUZIONE IMBALLAGGI SRL		
	Chairman of the Board of Statutory Auditors TIRRENO IMMOBILIARE SRL		
	Standing Auditor UNICA S.C. DI ABITAZIONE		
	Chairman of the Board of Statutory Auditors EGAN IMMOBILIARE SRL		
	Standing Auditor BINFI SPA		
Sabadini Riccardo **Director**	Director SAPIR S.P.A.		
	Director DINAZZANO PO SPA		
Boldreghini Giorgio **Director**	Chairman of the Board TECONOPOLIS SOC. COOP		
Santi Sergio **Director**	Chairman of the Board of Statutory Auditors HERA S.P.A.		
	Chairman of the Board FONDAZIONE CASSA DI RISPARMIO DI IMOLA		
	Chairman of the Board of Statutory Auditors WIMAXER 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		
	Standing Auditor AKRON S.P.A.		

continue: **Table 4: Offices held by the Directors at 31 December 2010**

	Offices held in other companies	IGD Group Companies	IGD Group Shareholder Companies
Pirazzini Corrado **Director**	Director FEDERAZIONE DELLE COOPERATIVE DELLA PROVINCIA DI RAVENNA SOCIETA' COOPERATIVA PER AZIONI		
	Vice Chairman of the CONSORZIO NAZIONALE E SERVIZI S.C.		
	Director ASSICOOP RAVENNA SPA		
	Chairman of the Board COPU RA SOC. COOP.		
	Chairman of the Board ARMONIA HOLDING SPA		
	Chairman of the Board ATHENA SRL		
	Director CENTROPLAST SPA		
	Director DISTER ENERGIA SPA		
	Director GRUPPO NETTUNO SPA		
	Chairman of the Board ECOCAMER SRL		
	Vice Chairman of the Board MORINA SRL		
	Director UNAGRO S.P.A.		
	Director PEGASO SOCIETA' CONSORTILE A R.L.		
	Vice-Chairman of the Board EDILNET		

Table 5: Offices held by the Statutory Auditors at 31 December 2010

Statutory Auditor	Offices held in other companies	Company
Romano Conti Chairman of the Board of Statutory Auditors	Sole Director	Finmeco S.R.L.
	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.
	Standing Auditor	Comet S.P.A.
	Chairman of the Board of Statutory Auditors	Ferrario S.P.A.
	Standing Auditor	Galotti S.P.A.
	Sole Director	Fin.Gi - S.R.L.
	Chairman of the Board of Statutory Auditors	Seconda S.P.A.
	Director	Simbuleia S.P.A.
	Chairman of the Board of Statutory Auditors	Centro Sperimentale del Latte Spa
	Director	D. & C.- Compagnia di Importazione Prodotti Alimentari, Dolciari, Vini E Liquori - S.P.A.
	Chairman of the Internal Control Committee	Majani Spa
	Director	Acbgroup S.P.A.
	Chairman of the Board of Statutory Auditors	A.M. General Contractor S.P.A.
	Chairman of the Board of Statutory Auditors	Zeroquattro Srl
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
	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 Regionale Eturia Società Cooperativa A R.L.
	Standing Auditor	Polo Universitario Grossetano Societa Consortile A.R.L.
	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
	Standing Auditor	Axis S.R.L.
	Chairman of the Board of Statutory Auditors	S.G.F. S.R.L.
	Chairman of the Board of Statutory Auditors	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
	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.)
	Standing Auditor	Sof S.P.A.
	Standing Auditor	L'ormeggio - Società Cooperativa A R.L.
	Chairman of the Board of Statutory Auditors	Port Security Piombino S.R.L.U.

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Consolidated financial statements

at 31 December 2010

4

4.1 Consolidated Income Statement

Consolidated income statement (in €/000)	Note	31/12/2010 (A)	31/12/2009 (B)	Change (A-B)
Revenues:	1	**109,882**	**106,287**	**3,595**
- from third parties		78,956	77,932	1,024
- from related parties		30,926	28,355	2,571
Other income:	2	**12,559**	**13,368**	**(809)**
- from third parties		11,487	12,688	(1,201)
- from related parties		1,072	680	392
Total operating revenues and income		**122,441**	**119,655**	**2,786**
Change in work in progress inventory		3,434	5,110	(1,676)
Cost of work in progress		(3,154)	(4,884)	1,730
Income (loss) from work in progress	6	**280**	**226**	**54**
Material and service costs:	3	25,641	27,091	(1,450)
- third parties		21,551	24,396	(2,845)
- related parties		4,090	2,695	1,395
Cost of labor	4	7,529	7,422	107
Other operating costs	5	5,355	5,585	(230)
Total operating costs		**38,525**	**40,098**	**(1,573)**
(Depreciation, amortization and provisions)	7	(3,482)	(4,395)	913
(Impairment losses)/reversals on work in progress and goodwill	13.17	(3,842)	(4,450)	608
Fair value change - increases/(decreases)	15	(8,746)	(13,725)	4,979
Total depreciation, amortization, provisions, impairment and change in fair value		**(16,070)**	**(22,570)**	**6,500**
EBIT		**68,126**	**57,213**	**10,913**
Income/(loss) from equity investments	8	**(1,140)**	**0**	**(1,140)**
Income/(loss) from equity investments		(1,140)	0	(1,140)
Financial income	9	**2,675**	**2,693**	**(18)**
- third parties		2,644	2,651	(7)
- related parties		31	42	(11)
Financial charges	9	**37,879**	**37,276**	**603**
- third parties		36,949	36,222	727
- related parties		930	1,054	(124)
Net financial income (charges)		**(35,204)**	**(34,583)**	**(621)**
PRE-TAX PROFIT		**31,782**	**22,630**	**9,152**
Income taxes	10	2,510	2,222	288
NET PROFIT		**29,272**	**20,408**	**8,864**
Minority interests in net (profit)/loss		68	0	68
IGD SIIQ S.p.A. share of net profit		**29,340**	**20,408**	**8,932**
- basic earnings per share	11	0.098	0.068	
- diluted earnings per share	11	0.113	0.094	

4.2 Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income (in €/000)	31/12/2010	31/12/2009
Net Profit	**29,272**	**20,408**
Other components of comprehensive income		
Impact of hedge derivatives on equity	(509)	(5,501)
Tax effect of hedge derivatives on equity	140	1,513
Impact of transactions with third parties on equity	1,202	
Other effects on income statement components	(1,190)	(1,263)
Other components of comprehensive income, net of tax effects	**(357)**	**(5,251)**
Total comprehensive income	**28,915**	**15,157**
Minority interests in net (profit)/loss	68	0
IGD SIIQ S.p.A. share of net profit	**28,983**	**15,157**

4.3 | Consolidated Balance Sheet

Consolidated Balance Sheet (in €/000)	Noe	31/12/2010 (A)	31/12/2009 (B)	Change (A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	12	69	120	(51)
- Goodwill	13	11,427	12,016	(589)
		11,496	12,136	(640)
Property, plant, and equipment				
- Investment property	15	1,666,630	1,586,815	79,815
- Buildings	14	7,668	7,860	(192)
- Plant and machinery	16	1,130	1,012	118
- Equipment and other assets	16	1,549	1,532	17
- Leasehold improvements	16	1,640	1,667	(27)
- Assets under construction	17	74,291	132,399	(58,108)
		1,752,908	**1,731,285**	**21,623**
Other non-current assets				
- Deferred tax assets	18	13,104	12,160	944
- Sundry receivables and other	19	4,581	4,761	(180)
- Non-current financial assets	20	4,399	19	4,380
		22,084	**16,940**	**5,144**
Total non-current assets (a)		**1,786,488**	**1,760,361**	**26,127**
Current assets:				
Work in progress inventory and advances	21	64,289	55,108	9,181
Inventory		7	7	0
Trade and other receivables	22	12,265	12,033	232
Related party trade and other receivables	23	714	284	430
Other current assets	24	43,812	56,561	(12,749)
Related party financial receivables and other current financial assets	25	1,091	688	403
Financial receivables and other current financial assets	25	6,001	-	6,001
Cash and cash equivalents	26	32,264	35,856	(3,592)
Total current assets (b)		**160,443**	**160,537**	**(94)**
Total assets (a + b)		**1,946,931**	**1,920,898**	**26,033**
Net equity:	27			
IGD SIIQ S.p.A. share		761,603	747,533	14,070
minority interests		11,851	-	11,851
Total net equity (c)		**773,454**	**747,533**	**25,921**
Non-current liabilities:				
Non-current financial liabilities	28	854,374	851,679	2,695
Related party non-current financial liabilities	28	15,000	15,000	0
Provision for employee severance indemnities	29	612	552	60
Deferred tax liabilities	18	48,910	48,028	882
General provisions	30	1,645	972	673
Sundry payables and other non-current liabilities	31	13,687	20,231	(6,544)
Related party sundry payables and other non-current liabilities	31	11,938	11,709	229
Total non-current liabilities (d)		**946,166**	**948,171**	**(2,005)**
Current liabilities:				
Current financial liabilities	32	187,336	171,960	15,376
Related party current financial liabilities	32	4,127	25,741	(21,614)
Trade and other payables	34	15,733	12,277	3,456
Related party trade and other payables	35	4,924	2,396	2,528
Current tax liabilities	36	8,266	7,508	758
Other current liabilities	37	6,911	5,142	1,769
Related party other current liabilities	38	14	170	(156)
Total current liabilities (e)		**227,311**	**225,194**	**2,117**
Total liabilities (f = d + e)		**1,173,477**	**1,173,365**	**112**
Total net equity and liabilities (c + f)		**1,946,931**	**1,920,898**	**26,033**

4.4 Consolidated Statement of Changes in 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	Group net equity	Minority interests	Total net equity
Balance at 01/01/2009	**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																	
- dividends														(10,440)	(10,440)		(10,440)
- coverage of IAS/IFRS effects				965				7,986						(8,951)	0		0
- to undistributed earnings reserve													9,952	(9,952)	0		0
- to legal reserve			626											(626)	0		0
- to other reserves											20,867			(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**

	Share capital	Share premium reserve	Legal reserve	Euro conversion reserve	Goodwill reserve	Cash flow hedge reserve	Reserve for treasury shares	Bond issue reserve	Fair value reserve	Translation reserve	Undistributed earnings reserve	Profit (losses) carried forward	Group net equity	Minority interests	Total net equity
Balance at 01/01/2010	**298,273**	**147,730**	**6,782**	**23**	**13,736**	**(3,704)**	**(11,276)**	**27,804**	**226,682**	**(860)**	**17,725**	**24,619**	**747,533**	**0**	**747,533**
Profit for the year												29,340	29,340	(68)	29,272
Other comprehensive income (losses)						567		1,895		(3,085)	266		(357)		(357)
Total comprehensive income (losses)						**567**		**1,895**		**(3,085)**	**266**	**29,340**	**28,983**	**(68)**	**28,915**
Change in scope of consolidation														11,919	11,919
Allocation of 2009 profit															
- dividends												(14,914)	(14,914)		(14,914)
- to undistributed earnings reserve											(3,985)	3,985			0
- to legal reserve			836									(836)			0
- to other reserves									7,075			(7,075)			0
Balance at 31/12/2010	**298,273**	**147,730**	**7,618**	**23**	**13,736**	**(3,137)**	**(11,276)**	**29,699**	**233,757**	**(3,945)**	**14,006**	**35,120**	**761,603**	**11,851**	**773,454**

4.5 | Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows (in €/000)	31/12/2010	31/12/2009
Cash flow from operating activities:		
Net profit	**29,272**	**20,408**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	3,878	8,752
Depreciation, amortization and provisions	3,482	4,395
(Impairment losses)/reversals on work in progress and goodwill	3,842	4,450
Net change in (deferred tax assets)/provision for deferred tax liabilities	(543)	(2)
Change in fair value of investment property	8,746	13,725
Change in inventories	(6,472)	(5,138)
Net change in current assets and liabilities	12,843	(56,701)
Net change in current assets and liabilities with related parties	1,944	1,749
Net change in non-current assets and liabilities	(8,127)	(5,680)
Net change in non-current assets and liabilities with related parties	229	86
Cash flow from operating activities (a)	**49,094**	**(13,956)**
(Investments) in fixed assets	(128,331)	(189,762)
Disposals of fixed assets	11,515	14,174
Disposals of equity investments in subsidiaries	72,311	
(Investments) in subsidiaries		(13,886)
Cash flow from investing activities (b)	**(44,505)**	**(189,474)**
Change in non-current financial assets	0	(1)
Change in financial receivables and other current financial assets	(6,001)	57
Change in related party financial receivables and other current financial assets	(761)	5,052
Exchange gains (losses)	(27)	(1,137)
Change in borrowings	0	(61)
Distribution of dividends	(14,914)	(10,440)
Change in current debt	18,310	23,155
Change in current debt with related parties	(21,614)	(27,941)
Change in non-current debt	20,369	184,651
Change in non-current debt with related parties	0	0
Cash flow from financing activities (c)	**(4,638)**	**173,335**
Net increase (decrease) in cash balance	**(49)**	**(30,095)**
Cash balance at beginning of year	**35,856**	**65,886**
Cash (disposed of)/acquired through the sale/purchase of consolidated equity investments	**(3,543)**	**65**
Cash balance at end of year	**32,264**	**35,856**

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 2010 were approved and authorized for publication by the Board of Directors on 9 March 2011.
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.
IGD SIIQ S.p.A. belongs to Gruppo Coop Adriatica Società Cooperativa a.r.l.

Preparation criteria

The 2010 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 2009, with the exception of the following new standards and interpretations applicable from 1 January 2010:

IFRS 3 (2008) – Business combinations

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 is only determined 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 endorsed by IFRS 3.
If control is achieved in stages, the minority interest previously held (which had been accounted for in accordance with IAS 39 - *Financial instruments: recognition and measurement,* IAS 28 – I*nvestments in associates,* or IAS 31 – *Interests in joint ventures*) must be treated as if it had been sold and repurchased as of the date control is acquired. Such an interest must therefore be carried at its fair value on the date of "sale," and the resulting gains and losses are recognized in the income statement. In addition, any amount previously recognized in equity as other comprehensive income or losses, which should be charged to the income statement due to the sale of the asset in question, must be reclassified to profit or loss. The goodwill or badwill deriving from a deal that concludes with subsequent acquisition must be calculated as the sum of the price paid to obtain control, the value of minority interests (according to one of the methods allowed by the standard), and the fair value of the non-controlling interest previously held, net of the fair value of the net identifiable assets

acquired. According to the previous version of this standard, achievement of control in stages was recognized transaction by transaction, as a series of separate acquisitions that generated overall goodwill calculated as the sum of goodwill from each transaction. 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. IFRS 3 (2008) requires that contingent consideration be treated as part of the transfer price of the net assets acquired and measured at fair value as of the acquisition date. Likewise, if the seller has agreed to refund certain price components to the acquirer under given conditions, the acquirer shall classify this right to indemnification as an asset. The original accounting treatment shall be adjusted by any subsequent changes in fair value only if such changes are caused by more or better information on fair value, and if they take place within 12 months of the acquisition date; all other changes are recognized in profit or loss.
Under the previous version of this standard, contingent consideration was recognized on the acquisition date only if it was likely to be paid and its amount could be reliably determined.
Each subsequent change in the value of that consideration was recognized as an adjustment to goodwill.
In accordance with the transitional provisions of this standard, the group has adopted the 2008 revision of IFRS 3 prospectively for business combinations occurring as from 1 January 2010.

IAS 27 (2008) – Consolidated and separate financial statements

The changes to IAS 27 mostly concern the treatment of transactions or events that modify a parent company's interest in a subsidiary, and the attribution of a subsidiary's losses to non-controlling interests. According to IAS 27 (2008), once control of an entity is acquired, transactions in which the parent acquires or disposes of additional minority interests without losing control are treated as transactions with shareholders and are therefore recognized in equity. Therefore, the book value of the controlling investment and the minority interests must be adjusted to reflect the change of interest in the subsidiary, and any difference between the amount of the adjustment to minority interests and the fair value of the consideration paid or received for the transaction is recognized directly in equity and attributed to the owners of the parent company. There are no adjustments to the value of goodwill or gains/losses recognized in the income statement. Previously, with no specific standard or interpretation on this matter, when the Group acquired additional interests in a subsidiary it had used the "parent entity extension method," by which the difference between the purchase cost and the carrying value of the assets and liabilities acquired were recognized in goodwill. If a minority interest was sold without this resulting in a loss of control, the difference between the carrying value of the assets and liabilities sold and the consideration received was recognized in profit or loss.

Accounting standards, amendments and interpretations effective from 1 January 2010 and not relevant for the Group

The following amendments, improvements and interpretations, effective from 1 January 2010, govern cases and circumstances not applicable to the Group as of this writing but could affect future agreements or transactions:

- Improvement to IFRS 5 – *Non-current assets held for sale and discontinued operations.* This improvement clarifies that the mandatory disclosures regarding non-current assets and disposal groups classified as held for sale or discontinued operations are only those required by IFRS 5. It has been adopted prospectively and has had no impact on the Group's financial position or performance.
- Amendments to IAS 28 - *Investments in associates* and IAS 31 – *Interests in joint ventures,* due to the changes to IAS 27.
- Improvements to IFRS (2009).
- Amendment to IFRS 2 – *Share-based payments: group cash-settled share-based payment transactions.* The IASB issued an amendment to IFRS 2 which clarifies the accounting of share-based payments at Group level. This amendment supersedes IFRIC 8 and IFRIC 11. Its adoption has had no impact on the Group's financial position or performance.
- IFRIC 17 – *Distributions of non-cash assets to owners.* This interpretation provides guidance for the accounting of transactions in which the company distributes non-cash assets to shareholders as dividends or from reserves. It has had no effect on the Group's financial position or performance.
- IFRIC 18 – *Transfers of assets from customers.* This interpretation is especially relevant for utility companies and clarifies the accounting rules to be followed for agreements under which an entity receives an asset from a customer and uses that asset to connect the customer to a network or to guarantee the customer ongoing access to a supply of goods and services (e.g. electricity, water or gas). Its adoption has had no impact on the consolidated financial statements.

- Amendment to IAS 39 – *Financial instruments: recognition and measurement (exposures qualifying for hedge accounting).* The amendment concerns the designation of a one-sided risk in a hedged instrument and the designation of inflation as a hedged risk or a portion of hedged risk in certain situations. Its adoption has had no impact on the Group's financial position or performance.

Accounting standards, amendments, and interpretations not yet effective and not applied in advance by the Group

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.

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 31 December 2010, the EU authorities had not yet finished the endorsement process necessary for adoption of 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.

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.

On 6 May 2010, the IASB issued a set of improvements to IFRS that are applicable from 1 January 2011. The most relevant are described below; 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 7 - *Financial instruments - disclosures:* the improvement emphasizes the interaction between the qualitative and quantitative disclosures required by the standard regarding the nature and extent of risks associated with financial instruments. This should help users make connections between the different disclosures and form an overall picture of the nature and extent of risks arising from financial instruments. The improvement has also eliminated the mandatory disclosure of the *fair value* of collateral and of past-due financial assets that have been renegotiated or determined to be impaired.
- IAS 1 - *Presentation of financial statements:* requires a reconciliation of changes in each component of equity, either in the notes or the financial statements.
- IAS 34 – *Interim financial reporting:* provides examples to clarify the disclosures required in interim financial statements.

At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of these improvements.

On 7 October 2010, the IASB published amendments to IFRS 7 – *Financial instruments: disclosures,* applicable for financial periods beginning on or after 1 July 2011. The purpose of these is to improve users' understanding of transfer transactions of financial assets, including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of these amendments.

On 20 December 2010, the IASB issued a minor amendment to IFRS 1 – *First-time adoption of International Financial Reporting Standards (IFRS)* to eliminate the reference to 1 January 2004 as the date of transition to IFRS and to provide guidance on the presentation of IFRS-compliance

financial statements after a period of hyperinflation. The amendment is applicable from 1 July 2011. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of this amendment.

On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes* that requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21 – *Income taxes: recovery of revalued non-depreciable assets* will no longer be applicable. The amendment is effective from 1 January 2012. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of this amendment.

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 (€/000 or €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 2010, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
Since 31 December 2009, the scope of consolidation has changed in terms of minority interests due to the sale of 20% of the interest in Porta Medicea S.r.l. and the disposal of Joint Venture RGD on 15 December 2010.
Pursuant to Consob Circular DEM/6064293 of 28 July 2006, below is a list of Group companies showing the location of their registered office, share capital in the local currency and consolidation method. The interests held directly or indirectly by IGD SIIQ S.p.A. and each of its subsidiaries are also specified.

Name	Registered office	Country	Share capital	Currency	Percent consoli-dated	Held by	Percent of share capital held	Operations
IGD SIIQ S.p.A.	Ravenna via Agro Pontino 13	Italy	309,249,261.00	EUR				Shopping center management
Subsidiaries consolidated on a line-by-line basis								
Immobiliare Larice s.r.l.	Ravenna via Villa Glori 4	Italy	75,071,221.00	Eur	100.00%	IGD SIIQ S.p.A.	100.00%	Shopping center management and services
Millennium Gallery s.r.l	Ravenna via Villa Glori 4	Italy	100,000.00	Eur	100.00%	IGD SIIQ S.p.A.	100.00%	Shopping center management
Porta Medicea s.r.l.*	Bologna via Trattati Comunitari europei 1957-2007	Italy	60,000,000.00	Eur	80%*	Immobiliare Larice s.r.l.	60.00%	Construction
Winmagazin S.A.	Bucarest	Romania	113,715.30	Lei	100.00%	Immobiliare Larice s.r.l. 99,9%	100.00%	Shopping center management
						IGD SIIQ S.p.A. 0,1%		
Winmarkt management s.r.l.	Bucarest	Romania	1,001,000	Lei	100.00%	Win Magazin S.A.	100.00%	Agency and facility management services
Subsidiaries valued at cost								
Consorzio I Bricchi	Isola d'Asti loc. Molini via Prato Boschiero	Italy	6,000.00	Eur		IGD SIIQ S.p.A.	72.25%	Shopping center promotion and management of common areas
Consorzio Forte di Brondolo	Castenaso (Bologna) Via Villanova 29/7	Italy	67,179.00	Eur		IGD SIIQ S.p.A.	75.79%	Urban development consortium
Consorzio Proprietari C.C.Leonardo	Imola (Bologna) Via Amendola 129	Italy	100,000.00	Eur		IGD SIIQ S.p.A.	52.00%	Shopping center promotion and management of common areas
Associates valued at cost								
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda n.175	Italy	10,000.00	Eur		Millennium Gallery s.r.l	35.40%	Shopping center promotion and management of common areas
Others valued at cost								
Iniziative Bologna Nord	Caselecchio di Reno (Bologna) via Isonzo n. 67	Italia	3,000,000.00	Eur		Immobiliare Larice s.r.l.	15.00%	Real estate development

*Consolidated 80% due to put & call option on the 20% minority interest

Consolidation methods

The consolidated financial statements include the financial statements of IGD SIIQ S.p.A. and its subsidiaries at 31 December 2010. The financial statements of subsidiaries are prepared each year using the same accounting standards as IGD. 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. Transaction costs are recognized as soon as they are incurred.

Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.

Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.

Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year form the business combination), regarding facts and circumstances that existed on the acquisition date.

In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold. If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.
Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.
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 goodwill are recognized in profit or 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 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, wholesale and fitness zones, 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 2010 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. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used as described above. Until that time, the asset is recognized at the lower of fair value and cost. When construction or development of an investment property is completed, it is restated to "investment property".

IAS 23 - Borrowing costs (revised)

Borrowing costs are capitalized when they are directly attributable to the purchase and construction of investment property relating to both new constructions and extensions for which the Group owns the land and/or building and for which the necessary construction permits have been issued. Interest is capitalized provided that the augmented cost of the asset does *not* increase its value *beyond fair value.*

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	Rate
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 and tools	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 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, work in progress and advances
Inventory is valued at the lower of cost and net realizable value. The cost of inventory includes all purchase, transformation and other expenses (including borrowing 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 consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

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.

Treasury shares
Treasury shares held by the Group directly reduce net equity. Their original cost and any proceeds from their subsequent sale are recorded as equity movements.

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 costs.

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 exception:

- 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 exception:

- 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 IGD SIIQ S.p.A. 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 IGD SIIQ S.p.A. 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 IGD 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 in profit or loss.

SIIQ status - accounting standards

A company defined as an SIIQ *(Società di Investimento Immobiliare Quotata,* 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 2010, 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, 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

IGD'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 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
	Rent		Services		Shared		Total	
Revenues	**110,095**	**106,543**	**5,893**	**6,238**			**115,988**	**112,781**
Change in inventory					280	226	280	226
Direct costs	(18,983)	(21,736)	(4,814)	(5,100)			(23,797)	(26,836)
Gross margin	**91,112**	**84,807**	**1,079**	**1,138**	**280**	**226**	**92,471**	**86,171**
Shared costs					(10,154)	(9,638)	(10,154)	(9,638)
Ebitda	**91,112**	**84,807**	**1,079**	**1,138**	**(9,874)**	**(9,412)**	**82,317**	**76,533**
Provisions/impairment/ dep.&amort	(5,592)	(6,107)	(76)	(82)	(8,383)	(13,045)	(14,051)	(19,234)
Ebit	**85,520**	**78,700**	**1,003**	**1,056**	**(18,257)**	**(22,457)**	**68,266**	**57,299**
Net financial income (charges)					**(35,344)**	**(34,669)**	**(35,344)**	**(34,669)**
Net income (loss) from equity investments					**(1,140)**	**0**	**(1,140)**	**0**
Taxes					**(2,510)**	**(2,222)**	**(2,510)**	**(2,222)**
Net profit							**29,272**	**20,408**
Loss pertaining to minority interests					68	0	68	0
Group net profit							**29,340**	**20,408**

Balance sheet (€/000)	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
	Rent		Services		Shared		Total	
Real estate portfolio	1,670,949	1,591,054	0	0	7,668	7,833	1,678,617	1,598,887
Other non-current assets	0	0	0	0	29,181	29,056	29,181	29,056
Current investments	74,291	132,399	0	0	0	0	74,291	132,399
Net working capital	49,252	46,977	442	469	35,545	49,054	85,239	96,500
Other non-current liabilities	(76,300)	(81,079)	(492)	(413)	0	0	(76,792)	(81,492)
Total use of funds	**1,718,192**	**1,689,351**	**(50)**	**56**	**72,394**	**85,943**	**1,790,536**	**1,775,350**
Net debt	948,605	945,556	(3,917)	(3,682)	72,394	85,943	1,017,082	1,027,817
Equity	769,587	743,795	3,867	3,738	0	0	773,454	747,533
Total sources	**1,718,192**	**1,689,351**	**(50)**	**56**	**72,394**	**85,943**	**1,790,536**	**1,775,350**

Revenues from freehold properties	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
	Northern Italy		Central/Southern Italy & Islands		Abroad		Total	
Lease & rental income	45,461	40,787	40,318	34,916	12,658	16,642	98,437	92,345
One-off revenues	493	78	585	3,086	0	0	1,078	3,164
Temporary location rentals	1,181	1,137	901	861	0	0	2,082	1,998
Other rental income	52	70	71	40	144	191	267	301
Total	**47,187**	**42,072**	**41,875**	**38,903**	**12,802**	**16,833**	**101,864**	**97,808**

Notes to the consolidated financial statements

Note 1) Revenues

Revenues	2010	2009	Change
Freehold hypermarkets	**29,038**	**25,929**	**3,109**
Rent and business lease	**29,038**	**25,929**	**3,109**
Related parties	29,038	25,929	3,109
Leasehold hypermarkets	**108**	**732**	**(624)**
Rent	**0**	**625**	**(625)**
Related parties	0	625	(625)
Business lease	**108**	**107**	**1**
Related parties	108	107	1
Freehold supermarkets	**367**	**365**	**2**
Rent	**367**	**365**	**2**
Related parties	367	365	2
Total Hypermarkets/Supermarkets	***29,513***	***27,026***	***2,487***
Freehold malls	**70,136**	**65,796**	**4,340**
Rent	**25,079**	**29,200**	**(4,121)**
Related parties	281	282	(1)
Third parties	24,798	28,918	(4,120)
Business lease	**45,057**	**36,596**	**8,461**
Related parties	377	335	42
Third parties	44,680	36,261	8,419
Leasehold malls	**7,595**	**10,867**	**(3,272)**
Rent	**336**	**559**	**(223)**
Related parties	79	79	0
Third parties	257	480	(223)
Business lease	**7,259**	**10,308**	**(3,049)**
Related parties	167	180	(13)
Third parties	7,092	10,128	(3,036)
Other contracts	**1,003**	**1,035**	**(32)**
Other contracts and temporary rent at leasehold malls	967	1,035	(68)
Other contracts and temporary rent at leasehold malls - related parties	36	0	36
Temporary rent at freehold malls	**1,635**	**1,563**	**72**
Related parties	473	453	20
Third parties	1,162	1,110	52
Total malls	***80,369***	***79,261***	***1,108***
Grand total	**109,882**	**106,287**	**3,595**
of which related parties	30,926	28,355	2,571
of which third parties	78,956	77,932	1,024

The increase in rent and business lease revenues from hypermarkets/supermarkets derives mainly from the full-year rent of the hypermarkets at Katanè (Catania) and La Maioliche (Faenza) shopping centers, which in 2009 began to produce income in May and October, respectively, and from ISTAT inflation indexing. The decrease in rent from leasehold hypermarkets is due to termination of the lease on the Centro Nova hypermarket in March 2009.The rise in business lease income from freehold malls is explained by contracts for two

new malls—La Torre (Palermo) since 23 November 2010 and Conè (Conegliano) since 25 November 2010—and by the full-year contribution of the Katanè and Le Maioliche shopping centers, which in 2009 produced income from 5 May and 8 October, respectively. Rental income from freehold malls went down mostly as a result of declining revenues in Romania. The reduction in business lease income from leasehold malls reflects income from the Katanè shopping center, which in 2009 was classified under this heading until the closing took place on 29 October. See the directors' report for further information.

Note 2) Other income

Other income	2010	2009	Change
Refund of maintenance charges and other refunds	0	15	(15)
Insurance refunds	6	14	(8)
Out-of-period income (charges)	14	60	(46)
Facility management revenues	3,538	3,917	(379)
Cost charge-backs	6,399	6,495	(96)
Pilotage and construction revenues	1,301	1,814	(513)
Portfolio management revenues	0	11	(11)
Marketing revenues - related parties	12	60	(48)
Gains from disposals	20	18	2
Other	197	284	(87)
Total other income from third parties	**11,487**	**12,688**	**(1,201)**
Facility management revenues - related parties	720	214	506
Cost charge-backs - related parties	49	8	41
Portfolio management and rent management revenues - related parties	103	114	(11)
Marketing revenues - related parties	173	10	163
Proceeds from preliminary sales - related parties	0	334	(334)
Gains from disposals - related parties	26	0	26
Miscellaneous income - related parties	1	0	1
Total other income from related parties	**1,072**	**680**	**392**
Total	**12,559**	**13,368**	**(809)**

Other income consists mainly of pilotage and facility management revenues.
Most of the decrease on 2009 concerns a reduction in pilotage revenues at the Guidonia and Catania shopping centers, which was partially offset by pilotage revenues at the new Conegliano and Palermo locations.
The remainder consists of income from services rendered to related parties.

Note 3) Material and service costs

Material and service costs	2010	2009	Change
Material and service costs	**21,551**	**24,396**	**(2,845)**
Rent paid	6,732	7,399	(667)
Rented vehicles	196	191	5
Utilities	107	112	(5)
Advertisements, listings, advertising & promotions	413	256	157
Shopping center promotional costs	184	1,292	(1,108)
Service	188	151	37
Facility management costs	1,049	1,349	(300)
Facility management administration costs	551	524	27
Insurance	540	519	21
Professional fees	412	434	(22)
Directors' and statutory auditors' fees	706	522	184
External auditing fees	195	219	(24)
Investor relations, CONSOB, Monte Titoli costs	361	346	15
Recruitment, training and other personnel costs	427	400	27
Travel and accommodation	162	152	10
Failed project costs	233	126	107
Shopping center pilotage and construction costs	589	1,502	(913)
Consulting	1,475	1,463	12
Charge-backs	6,245	6,394	(149)
Maintenance and repairs	184	406	(222)
Bank fees and commissions	141	86	55
Cleaning, porterage and security	180	240	(60)
Other	281	313	(32)
Material and service costs with related parties	**4,090**	**2,695**	**1,395**
Rent paid	1,807	2,226	(419)
Shopping center promotional costs	100	0	100
Pilotage and construction costs	585	0	585
Service	455	303	152
Facility management costs	878	0	878
Insurance	43	0	43
Directors' and statutory auditors' fees	177	161	16
Maintenance and repairs	39	0	39
Other	6	5	1
Total	**25,641**	**27,091**	**(1,450)**

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 expenses (that will also be charged back to the operators). Because of the new openings, in 2010 the Group continued to invest 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.

Materials and service costs with related parties increased due to the rise in maintenance charges and pilotage fees for the new shopping center in Conegliano, which were partially offset by the decrease in rent/usage fees caused by the sale of the San Ruffillo business branch on 1 January 2010.

Overall, material and service costs went down due mainly to the pilotage, construction and promotional costs incurred in 2009 for the opening of the Guidonia and Catania shopping centers.

Note 4) Cost of labor

Cost of labor	2010	2009	Change
Wages and salaries	5,604	5,713	(109)
Social security	1,525	1,434	91
Severance pay	234	191	43
Other costs	166	84	82
Total	**7,529**	**7,422**	**107**

The cost of labor is in line with 2009.
Severance pay includes contributions to supplementary funds in the amount of €74K.
The workforce is broken down by category below:

Division of workforce by category	2010	2009
Executives	6	6
Middle managers	22	28
White collar	132	127
Total	**160**	**161**

The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. 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 2010	End of term	Emoluments
Board of Directors				
Gilberto Coffari	Chairman	01/01 - 31/12	2011 FY appr.	56,500
Sergio Costalli	Vice Chairman	01/01 - 31/12	2011 FY appr.	56,500
Claudio Albertini	Director	01/01 - 31/12	2011 FY appr.	16,500
	Chief Executive Officer	01/01 - 31/12	2011 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01 - 31/12	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01 - 31/12	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01 - 31/12	2011 FY appr.	16,500
Aristide Canosani	Director	01/01 - 31/12	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01 - 31/12	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01 - 31/12	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01 - 31/12	2011 FY appr.	16,500
Francesco Gentili	Director	01/01 - 31/12	2011 FY appr.	16,500
Sergio Santi	Director	01/01 - 31/12	2011 FY appr.	16,500
Andrea Parenti	Director	01/01 - 31/12	2011 FY appr.	16,500
Giorgio Boldreghini	Director	01/01 - 31/12	2011 FY appr.	16,500
Corrado Pirazzini	Director	01/01 - 31/12	2011 FY appr.	16,500
Board Of Statutory Auditors				
Romano Conti	Chairman	01/01 - 31/12	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01 - 31/12	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01 - 31/12	2011 FY appr.	16,500

Continue Name	Title	Dates in office in 2010	End of term	Emoluments
Internal Control Committee				
Massimo Franzoni	Director (Supervisor)	01/01 - 31/12	when no longer director	12,000
Aristide Canosani	Director	01/01 - 31/12	when no longer director	8,000
Leonardo Caporioni	Director	01/01 - 31/12	when no longer director	8,000
Compliance Committee				
Fabio Carpanelli	Director (Chairman)	01/01 - 31/12	when no longer director	12,000
Francesco Gentili	Director	01/01 - 31/12	when no longer director	8,000
Sergio Santi	Director	01/01 - 31/12	when no longer director	8,000
Compensation Committee				
Riccardo Sabadini	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Nominations Committee				
Fabio Carpanelli	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Andrea Parenti	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Chairman's Committee				
Gilberto Coffari	Chairman	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01 - 31/12	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Related Parties Committee				
Riccardo Sabadini	Director (Supervisor)	26/08 - 31/12	when no longer director	12,000 per year
Andrea Parenti	Director	26/08 - 31/12	when no longer director	8,000 per year
Giorgio Boldreghini	Director	26/08 - 31/12	when no longer director	8,000 per year
Lead Independent Director				
Riccardo Sabadini	Director	01/01 - 31/12	2011 FY appr.	500 per meeting attended
Compliance committee Subsidiary: Immobiliare Larice				
Fabio Carpanelli	Director (Chairman)	26/08 - 31/12	2011 FY appr.	3,000 per year
Francesco Gentili	Director	26/08 - 31/12	2011 FY appr.	2,000 per year
Sergio Santi	Director	26/08 - 31/12	2011 FY appr.	2,000 per year
Board of directors Subsidiary: Porta Medicea				
Fabio Carpanelli	Chairman	01/01 - 31/12	2011 FY appr. 2010	5,000

Note 5) Other operating costs

Other operating costs	2010	2009	Change
Taxes	4,408	3,956	452
Contract registration	329	305	24
Out-of-period (income)/charges	(30)	122	(152)
Membership fees	70	62	8
Losses on receivables	161	244	(83)
Sundry penalties	60	550	(490)
Fuel and tolls	129	139	(10)
Magazine subscriptions, office supplies, forms	142	92	50
Other	86	115	(29)
Total	**5,355**	**5,585**	**(230)**

“Taxes” refer mainly to local property tax (ICI), and the increase is due to the acquisition of new shopping centers. The remaining items consist primarily of penalties, losses on receivables and other operating costs, and decreased with respect to 2009.

Note 6) Change in work in progress inventory

Change in work in progress inventory	2010	2009	Change
Change in work in progress inventory	3,434	5,110	(1,676)
Cost of work in progress	(3,154)	(4,884)	1,730
Total	**280**	**226**	**54**

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased by €3,154K due to the advancement of works.
Financial charges of €280K were capitalized for the year.

Note 7) Depreciation, amortization and provisions

Depreciation, amortization and provisions	2010	2009	Change
Amortization intangible assets	(93)	(86)	(7)
Amortization tangible assets	(807)	(813)	6
Accrual to provision for doubtful accounts	(2,019)	(3,336)	1,317
Other provisions	(563)	(160)	(403)
Total depreciation, amortization and provisions	**(3,482)**	**(4,395)**	**913**

Depreciation and amortization are discussed in notes 12 and following.
The accrual to the provision for doubtful accounts was made in order to adjust its balance to estimated realizable value. See note 22 for changes in this provision.
Other provisions cover estimated penalties that are likely to be paid in connection with various disputes.

Note 8) Income/(loss) from equity investments

Income/(loss) from equity investments	2010	2009	Change
impairment of equity investments	(157)	0	(157)
deconsolidation of RGD joint venture	(983)	0	(983)
Total income/(loss) from equity investments	**(1,140)**	**0**	**(1,140)**

The net loss from equity investments in 2010 stems from the impairment of Iniziative Bologna Nord (€157K) and the deconsolidation of RGD (€983K).

Note 9) Financial income and charges

Financial Income	2010	2009	Change
Bank interest income	195	711	(516)
Other interest income	341	227	114
Repo payment received	2	0	2
Interest on VAT refund	42	0	42
Exchange gains	2,064	1,713	351
Total third parties	**2,644**	**2,651**	**(7)**
Interest income from related parties	12	16	(4)
Interest income from Coop Adriatica account	19	26	(7)
Total related parties	**31**	**42**	**(11)**
Total financial income	**2,675**	**2,693**	**(18)**

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	2010	2009	Change
Interest expense on security deposits	113	332	(219)
Interest expense on Coop Adriatica account	817	722	95
Total related parties	**930**	**1,054**	**(124)**
Interest expense to banks	1,562	2,652	(1,090)
Other interest and charges	1,633	1,472	161
Exchange losses	1,989	616	1,373
Mortgage loan interest	10,386	13,642	(3,256)
Financial charges on leasing	380	447	(67)
Bond interest and charges	12,648	12,371	277
IRS spreads	9,452	5,357	4,095
Interest capitalized	(1,101)	(335)	(766)
Total third parties	**36,949**	**36,222**	**727**
Total financial charges	**37,879**	**37,276**	**603**

IFinancial charges went from €37,276K in 2009 to €37,879K in 2010. The relative stability from one year to the next, despite new loans taken out in 2009 (but impacting all of 2010) for the purchase of shopping centers, is explained by:

- low, stable interest rates in the first half of the year, followed by a rise in the second half
- negative spreads on interest rate swaps, offset by lower charges on mortgage loans
- lower charges on short-term credit lines
- a decline in net debt in the second half, with respect to the same period in 2009
- the capitalization of interest in accordance with IAS 23.

Due to changes in the terms of the convertible bond loan, bond interest and charges of €12,648K are made up as follows:
- Interest to bondholders (2.5%) = €2,820K (from 1 January to 28 June 2010)
- Interest to bondholders (3.5%) = €4,025K (28 June to 28 December 2010)
- Interest to bondholders (3.5%) = €66K (28 December to 31 December 2010)
- Higher financial charges due to rise in effective interest rate from 3.5% to 5.57% = €4,894K
- Higher financial charges due to use of amortized cost method = €843K (rate increase of 0.48%)

The effective interest rate rose from 6.03% to 6.05%.

Note 10) Income taxes

Income taxes	2010	2009	Change
Current taxes	2,834	2,438	396
Deferred tax liabilities	3,026	2,517	509
Deferred tax assets	(3,514)	(2,565)	(949)
Out-of-period income/charges	164	(168)	332
Total	**2,510**	**2,222**	**288**

Current and deferred tax, amounting to €2,510K for the year, comes to 7.90% of the pre-tax profit and reflects the positive impact of SIIQ status.
The tax rate was lower than in 2009, due mainly to the release of the 2009 portion of deferred tax liabilities for IRAP by Faenza Sviluppo (€489K) after adjustment to the IRAP rate of IGD SIIQ as a result of the merger in October 2010, and to IGD's greater share of exempt operations, which rose from 87.21% to 93.39%.

Note 11) 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 IGD SIIQ S.p.A. 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 IGD SIIQ S.p.A. by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing profit or loss (for the computation of diluted profit, the payout reserved to IGD's shareholders was adjusted by the amount of interest related to the bond, net of the tax effect) attributable to ordinary equity holders of IGD 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.

Earnings per share	2010	2009
Net profit attributable to IGD SIIQ S.p.A. shareholders	29,340	20,408
Diluted net profit attributable to IGD SIIQ S.p.A. shareholders	41,758	32,343
Weighted average number of ordinary shares for purposes of basic earnings per share	298,272,669	298,272,669
Weighted average number of ordinary shares for purposes of diluted earnings per share	370,560,757	344,925,813
Basic earnings per share	**0.098**	**0.068**
Diluted earnings per share	**0.113**	**0.094**

Note 12) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2009	Balance at 01/01/09	Increases	Decreases	Amortization	Reclassifications	Change in scope of consolidation	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 2010	Balance at 01/01/10	Increases	Decreases	Amortization	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Intangible assets with finite useful lives	120	42	0	(93)	0	0	0	69
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**120**	**42**	**0**	**(93)**	**0**	**0**	**0**	**69**

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 is due to the cost of software licenses and website creation for the promotion of the multifunctional development project “Porta a Mare” in Livorno.

Note 13) Goodwill

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 2010	Balance at 01/01/10	Increases	Decreases	Reclassifications	(Impairment losses)/Reversals	Change in scope of consolidation	Balance at 31/12/10
Goodwill	**12,016**	**1,465**	**(63)**	**(66)**	**(950)**	**(975)**	**11,427**

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

- An increase in goodwill resulting from the early acquisition, with respect to the put option, of a 10% interest in Winmagazin S.A. This business combination took place in 2008 and involved a put & call option on the interests held by third parties. As a result, the company was consolidated at 100%, minority interests were canceled, and a financial liability was recognized in the amount of the discounted minimum strike price of the option. For this reason the early exercise of the option was treated according to the previous version of IFRS 3.
- A decrease from the sale of the San Ruffillo business branch to Coop Adriatica.
- An increase and a corresponding decrease recorded under impairment losses (€950 thousand) with regard to the Group's share of the amount given to the sellers of units at the Beinasco shopping center, owned by the joint venture Riqualificazione Grande Distribuzione S.r.l., upon adjustment of the purchase price. Also in consideration of the fair value measurement of those units, this item has been written off in full.
- A decrease from the deconsolidation of the RGD group further to sale of IGD's 50% interest.
- A reclassification from goodwill to investment property due to the merger of Faenza Sviluppo - Area Marcucci S.r.l.

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2010.

Goodwill	31/12/09	31/12/10
Millennium S.r.l.	3,952	3,952
RGD S.r.l.	975	-
Winmagazin S.A.	4,894	5,409
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	-
Gescom Service	1,006	1,006
Total	**12,016**	**11,427**

Goodwill for Millennium and Winmagazin 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 15). 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, 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 2011 budget and in revised plans for 2012-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.06%; the risk premium contained in the cost of equity is 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 14) - Buildings

Buildings	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	0	7,987			1			7,988
Accumulated depreciation	0			(128)				(128)
Net carrying value	**0**	**7,987**	**0**	**(128)**	**1**	**0**	**0**	**7,860**

Buildings	Balance at 01/01/10	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Historical cost	7,988							7,988
Accumulated depreciation	(128)			(192)				(320)
Net carrying value	**7,860**	**0**	**0**	**(192)**	**0**	**0**	**0**	**7,668**

This item refers to IGD SIIQ S.p.A.'s head office, purchased in 2009 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 increases, disposals, and changes in fair value shown separately.

Investment property 2009	Balance at 01/01/09	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Balance at 31/12/09
Investment property	**1,245,140**	**157,399**		**21,534**	**(35,259)**	**112,701**	**85,300**	**1,586,815**

Investment property 2010	Balance at 01/01/10	Increases	Decreases	Revaluations	Writedowns	Reclassifications	Change in scope of consolidation	Balance at 31/12/10
Investment property	**1,586,815**	**67,727**	**(19)**	**16,333**	**(25,079)**	**72,903**	**(52,050)**	**1,666,630**

Increases refer mainly to the purchase of the Conè mall in Conegliano from the Group's parent, Coop Adriatica S.c.a.r.l., in December 2010, and the purchase of the La Torre mall in Palermo from Cogei S.p.A. in June; the latter is shown net of advances paid the previous year.
Other increases consist of the purchase of two real estate units and their businesses at Millennium Center mall in Rovereto (€2,412 thousand), and extraordinary maintenance work performed chiefly at shopping centers.
In addition, the midsize stores at Conè shopping center were completed and opened to the public, and transferred from assets under construction to investment property. Due to the completion of works, this item also includes the restyling of the Le Porte shopping center in Naples and improvements to the Esp and Le Maioliche shopping centers and the Mondovì retail park.
The change in the scope of consolidation refers to the disposal of the Beinasco and Nerviano shopping centers through the sale of the 50% interest in RGD.
The adjustment to fair value at 31 December 2010 entailed writedowns that exceeded revaluations.

The independent appraisal by CB Richard Ellis at 31 December 2010 raised the fair value of certain hypermarkets and most of the new malls, but lowered it for the rest of the portfolio, in particular for older malls in Italy and Romania.
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 this and the previous year are shown below:

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**

Plant and machinery 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Historical cost	2,282	277	(155)					2,404
Accumulated depreciation	(1,270)		127	(131)				(1,274)
Net carrying value	**1,012**	**277**	**(28)**	**(131)**	**0**	**0**	**0**	**1,130**

The increase concerns investments at the Nova and Piave shopping centers and at the Group's head office, while the decrease refers to equipment forming part of the San Ruffillo business branch sold to the parent, Coop Adriatica.
The following tables show movements in equipment in 2010 and 2009:

Equipment 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	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**

Equipment 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Historical cost	2,403	338	(16)		2		(4)	2,723
Accumulated depreciation	(871)		11	(316)			2	(1,174)
Net carrying value	**1,532**	**338**	**(5)**	**(316)**	**2**	**0**	**(2)**	**1,549**

The increase in equipment reflects the complete outfitting of the head office and the acquisition of the new malls in Palermo and Faenza, as well as the businesses purchased at Millennium Center mall in Rovereto.

Movements in leasehold improvements in 2010 and 2009:

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

Leasehold improvements 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Reclassifications	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Net carrying value	**1,667**	**194**	**(53)**	**(168)**				**1,640**

The decrease refers to the sale of the San Ruffillo business to Coop Adriatica. The increase stems from investments at the mall inside the Nova shopping center.

Note 17) Assets under construction

Assets under construction 2009	Balance at 01/01/09	Increases	Decreases	Reclassifications	Impairment	Change in scope of consolidation	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**

Assets under construction 2010	Balance at 01/01/10	Increases	Decreases	Reclassifications	Impairment	Change in scope of consolidation	Currency translation gain/loss	Balance at 31/12/10
Assets under construction	**132,399**	**58,288**	**(11,347)**	**(75,549)**	**(2,892)**	**(26,615)**	**7**	**74,291**

The change in assets under construction stems from the following (see Note 44, Commitments and risks):
- purchase of the mall at La Torre shopping center, completion of the midsize stores at the Conè shopping center, restyling of the Afragola center, and work on the retail park at Mondovì shopping center and the Esp shopping center
- purchase of 50% of the Darsena City shopping center in Ferrara, classified here because of a seller's repurchase option
- progress on the roadworks of the shopping center being built in Chioggia
- 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.

Decreases are essentially due to:
- the reclassification to investment property, due to the completion of works and opening to the public, of the mall at La Torre shopping center, the midsize stores at Conè shopping center, the restyled Afragola center, and the improvements to the retail park at Mondovì shopping center and to the Esp shopping center
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value, net of reversals of impairment losses charged the previous year
- termination of the preliminary contract for the purchase of the Gorizia mall and consequent reimbursement of the down payment
- a change in the scope of consolidation, namely the sale of the 50% interest in RGD.

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 and liabilities consist mainly of the tax effect on IFRS entries. There are no deferred tax assets on fiscal losses.

Deferred tax assets and liabilities	31/12/10	31/12/09	Change
Deferred tax assets	13,104	12,160	944
Deferred tax liabilities	(48,910)	(48,028)	(882)

In detail:

Deferred tax assets	31/12/10	31/12/09	Change
Amortization reversal	32	45	(13)
Capital increase	93	188	(95)
Goodwill amortization for tax purposes	9	13	(4)
Taxed provisions	304	325	(21)
Bonus provision	64	64	0
IAS 40	6,632	3,598	3,034
Higher land value for tax purposes	756	762	(6)
Interest rate swaps	4,903	3,555	1,348
Impairment losses on land and construction in progress	310	648	(338)
Beinasco leasing	0	2,394	(2,394)
Elimination of capital gains	0	153	(153)
Other effects	1	415	(414)
Total deferred tax assets	**13,104**	**12,160**	**944**

Deferred tax assets relate to:
- taxed provisions, such as the provision for doubtful accounts and the bonus provision
- the effect of investment property and construction in progress 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 liabilities	31/12/10	31/12/09	Change
Depreciation and amortization for tax purposes	80	117	(37)
Capital gains in installments	6	66	(60)
Tax effect on amortization reversal	53	0	53
Tax effect on fair value of properties	45,067	45,442	(375)
Tax effect on interest rate swaps	1,207	0	1,207
Tax effect on post-employment benefits per IAS 19	10	6	4
Tax effect on convertible bond	227	554	(327)
Tax effect on Millennium leasing	2,194	1,843	351
Other effects	66	0	66
Total deferred tax liabilities	**48,910**	**48,028**	**882**

Provisions for deferred tax liabilities mostly concern the difference between the fair value of investment property and its value for tax purposes. The increase is due primarily to the fair value recognition of interest rate swaps.

Note 19) Sundry receivables and other non-current assets

Other non-current assets	31/12/10	31/12/09	Change
Equity investments	740	894	(154)
Down payment for purchase of shares	0	2,000	(2,000)
Tax credits	4	4	0
Beneficial interest	3,785	1,807	1,978
Security deposits	51	55	(4)
Total	**4,581**	**4,761**	**(180)**

Equity investments	31/12/09	Increases	Decreases	Writedowns	31/12/10
Consorzio Forte di Brondolo	55				55
Iniziative Bologna Nord	773			(157)	616
Consorzio Proprietari C.C. Leonardo	52				52
Consorzio C.C. i Bricchi	0	4			4
Other	14		(1)		13
Total	**894**	**4**	**(1)**	**(157)**	**740**

The change in equity investments refers mainly to the writedown of €157 thousand on the carrying value of Iniziative Bologna Nord.
The beneficial interest refers to the corporeal right on the mall at Città delle Stelle shopping center. It increased due to its renewal for 2011 and 2012.
The decrease in down payments for the purchase of shares relates to the deconsolidation of the RGD group.

Note 20) Non-current financial assets

Non-current financial assets	31/12/2010	31/12/2009	Change
Non-current financial assets	**4,399**	**19**	**4,380**

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

Note 21) Work in progress inventory and advances

Work in progress inventory and advances	31/12/09	Increases	Reclassifications	31/12/10
Multifunctional complex	55,108	3,434	2,709	61,251
Advances	0	3,038	0	3,038
Total work in progress inventory and advances	**55,108**	**6,472**	**2,709**	**64,289**

Work in progress inventory relating to the land, buildings, and urbanization works of the multifunctional complex in Livorno increased due to the continuation of works and to advance payments on contracts. In addition, €2709K was reclassified from assets under construction to work in progress inventory, due to the use of the GFA method for all types of use. 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	31/12/2010	31/12/2009	Change
Trade and other receivables - third parties	17,726	17,787	(61)
Provision for doubtful accounts	(5,460)	(5,754)	294
Total	**12,265**	**12,033**	**232**

The increase in trade receivables is due essentially to the growth of revenues, with the opening of two malls in 2010. Movements in the provision for doubtful accounts are shown below:

	31/12/09	Change in scope of con-solidation	Translation effect	Utilizations	Writedown of delinquent interest	Impairment	31/12/10
Provision for doubtful accounts	5,754	(1,623)	(21)	(658)	(11)	2,019	5,460
Total provision for doubtful accounts	**5,754**	**(1,623)**	**(21)**	**(658)**	**(11)**	**2,019**	**5,460**

Note 23) Related party trade and other receivables

Related party trade and other receivables	31/12/10	31/12/09	Change
Parent	108	36	71
Total parent	**108**	**36**	**71**
Consorzio dei Proprietari Centro Leonardo	2	17	(15)
Consorzio C.C. i Bricchi	68	0	68
Ipercoop Sicilia	6	0	6
Ipercoop Tirreno	13	21	(8)
Vignale Comunicazioni S.r.l.	308	159	149
Unicoop Tirreno S.c.a.r.l.	77	21	56
Librerie Coop S.p.A.	9	29	(20)
Robintur S.p.A.	12	1	11
Consorzio La Torre	36	0	36
Consorzio Conè	39	0	39
Albos	37	0	37
Other related parties	**607**	**248**	**359**
Total related parties	**714**	**284**	**430**

See Note 40 for comments.

Note 24) Other current assets

Other current assets	31/12/10	31/12/09	Change
Tax credits			
VAT credits	41,746	54,664	(12,918)
IRES credits	440	800	(360)
IRAP credits	193	40	153
Due from others			
Advances paid to suppliers	4	0	4
Due from insurers	17	14	3
Accrued income and prepayments	374	317	57
Deferred costs	218	355	(137)
Other	820	371	449
Total other current assets	**43,812**	**56,561**	**(12,749)**

Other current assets decreased since the previous year, due mainly to a €12,918K reduction in VAT credits, resulting from a refund of €16,900K offset by an increase stemming primarily from the purchase of new malls.
Deferred costs refer to new investments to be completed in coming years.
The heading "other" includes €637K due from the City of Livorno for its contribution to urban infrastructure costs.

Note 25) Financial receivables and other current financial assets

Current financial assets	31/12/10	31/12/09	Change
Other financial assets	6,001	0	6,001
Total due from third parties	**6,001**	**0**	**6,001**
Parent	449	313	136
Other related parties	642	375	267
Total due from related parties	**1,091**	**688**	**403**

"Other financial assets" include a repurchase agreement maturing in March 2011, initially recognized at cost, and valued at amortized cost at 31 December 2010. 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, Coop Adriatica.

Note 26) Cash and cash equivalents

Cash and cash equivalents	31/12/10	31/12/09	Change
Cash and cash equivalents at banks, financial institutions and post offices	32,155	35,678	(3,523)
Cash on hand	109	178	(69)
Total cash and cash equivalents	**32,264**	**35,856**	**(3,592)**

Cash and cash equivalents at 31 December 2010 consisted mainly of current account balances at banks.

Note 27) Net equity

Movements in net equity are detailed in section 4.4.
Most of the movements in reserves were a result of:

- the distribution of the 2009 profit of €14,914K;
- the loss of €3,085K from the translation reserve for the translation of foreign currency financial statements;
- the change in derivatives accounted for using the cash flow hedge method (+€567K for derivatives held by IGD SIIQ S.p.A. and -€936K for those held by a subsidiary);
- the profit for the period allocable to owners of IGD SIIQ S.p.A. and non-controlling interests, for a total of €29,272K;
- recognition of the capital gain from the sale of 20% of the subsidiary Porta Medicea S.r.l. (+€1,202K);
- changes in the convertible bond loan amounting to +€1,895K.

Note 28) Non-current financial liabilities

This item includes the convertible bond loan, the fair value of interest rate swaps, amounts due to other sources of finance (head office lease and contingent liability), and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/10	31/12/09	Change
Mortgage loans with banks		**590,707**	**544,904**	**(62,464)**
Banca Pop. di Verona S.c.a.r.l.	31/05/01 - 31/05/11	0	1,522	(1,522)
Intesa BCI S.p.A.	31/05/01 - 31/05/11	0	1,615	(1,615)
Unicredit Banca Impresa S.p.A./Mediocredito	05/04/01 - 05/04/11	0	1,291	(1,291)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/15	12,827	15,657	(2,830)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/13	3,988	5,839	(1,851)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	8,101	11,861	(3,760)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	6,979	10,219	(3,240)
BNL	06/10/06 - 06/10/16	18,722	20,560	(1,838)
Interbanca S.p.A.	25/09/06 - 05/10/21	128,055	138,408	(10,353)
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	11,715	12,415	(700)
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	72,554	76,741	(4,187)
Unipol Lungo Savio	31/12/08 - 31/12/23	10,760	11,177	(417)
Antonveneta	30/11/07 - 30/11/12	0	19,550	(19,550)
Unipol Merchant	10/04/07 - 06/04/27	86,276	89,260	(2,984)
Carige	17/12/08 - 30/03/24	27,374	28,325	(951)
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/09/24	28,711	29,869	(1,158)
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/03/24	17,256	18,666	(1,410)
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	49,122	51,929	(2,807)
MPS Palermo	21/12/10 - 30/11/25	34,137	0	34,137
Centrobanca Conegliano	22/12/10 - 31/12/25	46,564	0	46,564
Centrobanca Livorno	01/02/10 - 17/06/13	10,875	0	10,875
MPS	30/12/10 - 30/11/12	16,691	0	16,691
Non-current Financial liabilities (IRS on mortgage loans)		**19,665**	**14,715**	**4,950**
Convertible bond	**28/6/07 - 28/12/13**	**214,642**	**211,783**	**2,859**
Due to other sources of finance		**29,360**	**80,277**	**(50,917)**
Coop Lombardia for Galleria Gran Rondò	31/12/11	0	23,000	(23,000)
Contingent liability for mall		7,678	7,247	431
Options on equity investments	30/04/14	13,819	33,289	(19,470)
Hipo Tirol leasing S.p.A.	01/04/04 - 01/07/12	1,878	2,869	(991)
New Mall leasing	01/06/05 - 01/06/17	0	7,630	(7,630)
Sardaleasing for Bologna office	30/04/09 - 30/04/27	5,985	6,242	(257)
Total financial liabilities with third parties		**854,374**	**851,679**	**2,695**
Coop loan - Le Maioliche	31/12/2019	15,000	15,000	0
Total financial liabilities with related parties		**15,000**	**15,000**	**0**

The change in non-current financial liabilities is a result of:
- new mortgage loans taken out for the purchase of the La Torre mall in Palermo (Monte dei Paschi di Siena) and the Conegliano mall (Centrobanca);
- a new loan from Centrobanca for development of the multifunctional complex in Livorno;
- assumption of 50% of the offset mortgage for the Darsena City property, further to its purchase in co-ownership with RGD S.r.l.;
- decrease in existing mortgage loans due to the restatement of amounts due

in 2011 to current financial liabilities.
Mortgage loans are secured by properties.
The amount due to Coop Lombardia has been reclassified to current financial liabilities.
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 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.

This accounting method has increased financial charges, for an effective rate of 6.03% until 22 April 2010, when the extraordinary general meeting voted to restructure the bond loan. In short, the changes include postponement of the bond's maturity from 28 June 2012 until 28 December 2013, an increase in the interest rate from 2.5% to 3.5% with coupons payable every six months, and a change in the conversion price from €4.93 to €2.75 per share with a consequent increase in capital from €46,653,144 to €83,636,364 to service the conversion. The transaction costs for the extraordinary operation came to €1,219,749 and were charged against the liability for the convertible bond, which was reduced by the same amount. The application of IAS 32 has led to a remeasurement of the financial liability and of the equity component that expresses the value of the option embedded in the convertible bond. The effective interest rate went from 6.03% to 6.05%.

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 2010, the ratio was 1.31.
- 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, IGD SIIQ S.p.A.'s debt-to-equity ratio exceeds 2.0. At the close of 2010, the ratio was 1.09.
- 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 IGD Group's debt-to-equity ratio exceeds 2.3. At the close of 2010, the ratio was 1.31.
- 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 2010, the ratio was 1.31.
- 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 2010, the ratio was 1.31.
- 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 loan-to-value (LTV) ratio exceeds 70%. At the close of 2010, debt/equity was 1.31 and LTV was 56.38%.

- Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 by Faenza Sviluppo Area Marcucci (merged into IGD SIIQ S.p.A.) states that the bank can terminate the contract if the financial statements of IGD SIIQ S.p.A. for any financial year show a ratio of net external debt to equity plus intercompany financing of more than 2.70; at 31 December 2010 that ratio was 1.06.
- Article 2 of the contract with MPS signed on 21 December 2010 states that the bank can call in the loan if the debt/equity ratio exceeds 1.7 and the loan-to-value ratio exceeds 70%; At the close of 2010, debt/equity was 1.31 and LTV was 56.38%.
- Article 9 of the contract with Centrobanca S.p.A. signed on 22 December 2010 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.0. At the close of 2010, debt/equity was 1.31.

The table below shows the amount of loans directly allocable to investment property at 31 December 2010 and the average maturity:

Project/asset	Carrying value of asset	Direct financial debt	Form	Average maturity
Investment property	**1,666,630**	**514,535**	**Mortgage loans, finance leases and bullet loans**	**12.61**

Note 29) Provision for employee severance indemnities

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

Provision for employee severance indemnities	Balance at 31/12/08	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/09
Provision for employee severance indemnities	**501**		**(95)**	**123**	**24**	**552**

Provision for employee severance indemnities	Balance at 31/12/09	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/10
Provision for employee severance indemnities	**552**		**(124)**	**160**	**24**	**612**

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

	2010	2009
Balance at 01/01	**552**	**501**
Current cost of service	168	136
Financial charges	24	24
Actuarial (gains)/losses	(32)	(33)
(benefits paid)	(100)	(76)
Balance at 31/12	**612**	**552**

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	
Cost of living increase	2.00%
Discount rate	4.90%
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	31/12/09	Utilizations	Allocations	31/12/10
Bonus provision	492	(492)	565	565
Other general provisions	136		809	945
Provision for shopping center penalties	100	(100)		0
Provision for Guidonia penalties	244	(109)		135
Total	**972**	**(702)**	**1,374**	**1,645**

Bonus provision
The bonus provision covers the variable compensation that will be paid to employees in 2011 on the basis of the Group's 2010 estimated results. Utilizations refer to the payment made in 2010.
Other general provisions
This amount covers liabilities deemed likely to arise from lawsuits with third parties and from tax assessments pending before the tax commission.
Provision for shopping center penalties
This provision was used in full to pay damage claims resulting from the temporary closure of a hypermarket located in a shopping center in southern Italy in 2009.
Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. Utilizations for settlements came to €109K in 2010.

Note 31) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/10	31/12/09	Change
Accrued liabilities and deferred income	7,266	7,270	(4)
Substitute tax for SIIQ status (due beyond one year)	6,159	12,319	(6,160)
Substitute tax for Decree Law 185 (due beyond one year)	0	435	(435)
Other liabilities	262	207	55
Total	**13,687**	**20,231**	**(6,544)**

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:

Related party sundry payables and other non-current liabilities	31/12/10	31/12/09	Change
Parent	*8,532*	*8,207*	*325*
Security deposits from Coop Adriatica	8,532	8,207	325
Other related parties	*3,406*	*3,502*	*(96)*
Security deposits from Ipercoop Tirreno S.p.A.	1,091	3,352	(2,261)
Security deposits from Unicoop Tirreno	2,290	0	2,290
Security deposits from Vignale Comunicazione	25	0	25
Security deposits from Vignale Immobiliare S.p.A.	0	150	(150)
Total	**11,938**	**11,709**	**229**

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	31/12/10	31/12/09	Change
Banca Pop. Emilia Romagna - Bologna	non-revolving	0	2,637	(2,637)
BRE Banca - hot money	12/01/11	10,001	0	10,001
Carisbo - hot money	28/10/10 - 26/01/11	8,000	10,000	(2,000)
Cassa Risparmio PD RO	23/06/10 - 23/02/11	5,000	0	5,000
Cassa Risparmio PD RO	23/06/10 - 23/08/11	5,000	0	5,000
Banca Pop Commercio e Industria - hot money	17/09/10 - 12/01/11	5,000	0	5,000
Banca Pop Commercio e Industria - hot money	17/09/10 - 12/01/11	5,000	0	5,000
Banca Popolare di Verona - hot money	14/12/10 - 14/03/11	12,008	0	12,008
BNL - Bologna	29/12/10 - 29/03/11	10,000	20,000	(10,000)
Cassa Risp. Firenze - hot money	02/12/10 - 02/03/11	15,017	25,074	(10,057)
BNL - Bologna	non-revolving	9,486	10,000	(514)
Cassa Risparmio PD RO - hot money	08/09/10 - 10/01/11	10,047	10,008	39
Cassa Risparmio PD RO - Rovigo Finanz.	23/06/10 - 23/12/11	20,012	30,011	(9,999)
Banca Pop Commercio e Industria		19	0	19
Mps 28634 ipotecario		1	0	1
Unipolbanca - Bologna	07/08/09	0	16,821	(16,821)
Total due to banks		**114,591**	**124,551**	**(9,960)**
Banca Pop. di Verona S.c.a.r.l.	31/05/01 - 31/05/11	1,516	2,993	(1,477)
Intesa BCI S.p.A.	31/05/01 - 31/05/11	1,617	3,119	(1,502)
Unicredit Banca Impresa/Mediocredito	05/04/01 - 05/04/11	1,297	2,602	(1,305)
Banca Toscana S.p.A. Casilino 1	31/12/01 - 31/12/15	2,830	2,694	136
Banca Toscana S.p.A. Casilino 2	31/12/01 - 31/12/13	1,851	1,762	89
Banca Toscana S.p.A. Livorno 1	31/12/01 - 31/12/13	3,760	3,579	181
Banca Toscana S.p.A. Livorno 2	31/12/01 - 31/12/13	3,240	3,083	157
BNL - Rimini mortgage loan	06/10/06 - 05/10/21	1,913	1,908	5
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	818	781	37
Unipol Lungo Savio	31/12/08 - 31/12/23	419	395	24
Interbanca loan	25/09/06 - 05/10/21	10,989	10,587	402
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	4,142	1,031	3,111
Antonveneta mortgage loan		0	2	(2)
Unipol Merchant	10/04/07 - 06/04/27	3,323	3,283	40
Carige	17/12/08 - 30/03/24	960	900	60
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/09/24	1,167	0	1,167
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/03/24	1,429	1,071	358
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	2,821	2,821	0
MPS Palermo	21/12/10 - 30/11/25	1,669	0	1,669
Centrobanca Conegliano	22/12/10 - 31/12/25	2,670	0	2,670
Total mortgage loans with banks		**48,431**	**42,611**	**5,820**
Hipo Tirol leasing S.p.A.	01/04/04 - 01/07/12	990	964	26
New Mall leasing	01/06/05 - 01/06/17	0	655	(655)
Lease for IGD HQ	30/04/09 - 30/04/27	258	249	9
Coop Lombardia for Galleria Gran Rondò	31/12/11	23,000	0	23,000
Convertible bond	28/06/07 - 28/12/12	66	2,930	(2,864)
Total due to other sources of finance		**24,314**	**4,798**	**19,516**
Total current financial liabilities with third parties		**187,336**	**171,960**	**15,376**
Coop pooled account		2,988	66	2,922
Coop Larice loan		0	25,228	(25,228)
Coop price ads. Galleria Le Maioliche	31/12/11	1,000	0	1,000
Coop Le Maioliche loan	31/12/19	139	447	(308)
Total due to related parties		**4,127**	**25,741**	**(21,614)**
Total current financial liabilities with related parties		**4,127**	**25,741**	**(21,614)**

Financial liabilities to third parties changed due to new hot money loans and reimbursements, and to the reclassification from non-current financial liabilities of 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. The current portion of new mortgage loans also contributed to the change. Financial liabilities with third parties include the liability on the bond loan accrued at 31 December 2010, the current portion of lease payments on the new head office, and the current portion of mortgage loans outstanding, including interest accrued.
Current financial liabilities with related parties include, at 31 December 2010, the balance of the pooled account with Coop Adriatica for treasury management, the current portion of the loan for Le Maioliche shopping center, and the amount due for the adjustment of Le Maioliche's purchase price.

Note 33) Net financial position

La posizione finanziaria netta del Gruppo IGD è la seguente:

Net Financialposition	31/12/2010	31/12/2009
Cash and cash equivalents	(32,264)	(35,856)
Related party financial receivables and other current financial assets	(1,091)	(688)
Financial receivables and other current financial assets	(6,001)	0
Liquidity	**(39,356)**	**(36,544)**
Related party current financial liabilities	4,127	25,741
Current financial liabilities	137,591	124,551
Mortgage loans - current portion	48,431	42,611
Finance leases - current portion	1,248	1,868
Convertible bond loan - current portion	66	2,930
Current debt	**191,463**	**197,701**
Net current debt	**152,107**	**161,157**
Non-current financial assets	(19)	(19)
Derivative assets	(4,380)	0
Non-current financial liabilities due to other sources of finance	21,497	63,536
Finance leases - non-current portion	7,863	16,741
Non-current financial liabilities	590,707	544,904
Related party non-current financial liabilities	15,000	15,000
Convertible bond	214,642	211,783
Derivative liabilities	19,665	14,715
Net non-current debt	**864,975**	**866,660**
Total net debt	**1,017,082**	**1,027,817**

See the directors' report for further information on net debt.

Note 34) Trade and other payables

Trade and other payables	31/12/10	31/12/09	Change
Trade payables	**15,733**	**12,277**	**3,456**

Most of the change is due to payables for construction and contract work on the new investments in Palermo and Conegliano.

Note 35) Related party trade and other payables

Related party trade and other payables	31/12/10	31/12/09	Change
Parent	4,759	2,339	2,420
Other related parties:	*165*	*57*	*108*
Consorzio Lame	*27*	*0*	*27*
Consorzio La Torre - PA	3	0	3
Consorzio Conè	112	0	112
Consorzio Proprietari Leonardo	23	57	(34)
Total related parties	**4,924**	**2,396**	**2,528**

See Note 40 for comments.

Note 36) Current tax liabilities

Current tax liabilities	31/12/10	31/12/09	Change
IRPEF	431	385	46
IRAP	0	65	(65)
IRES	204	45	159
VAT	172	188	(16)
Environmental consortium	0	2	(2)
Other taxes	0	13	(13)
Substitute tax for reval. Decree 185	447	450	(3)
Substitute tax for SIIQ status	7,012	6,360	652
Total current tax liabilities	**8,266**	**7,508**	**758**

This item consists mainly of employee withholding tax, the tax substituting IRES and IRAP (due in June 2010) as a result of IGD's opting for SIIQ status, the substitute tax on revaluations made by Larice S.r.l. in accordance with Decree 185 of 29 November 2008 (the economic stimulus decree approved with Law 2/09 of 27 January 2009) on the Sarca investment property, and IRES due by companies not participating in the tax consolidation.

Note 37) Other current liabilities

Other current liabilities	31/12/10	31/12/09	Change
Social security	315	296	19
Accrued liabilities and deferred income	851	1,059	(208)
Insurance	25	31	(6)
Due to employees	598	482	116
Security deposits received	3,827	2,946	881
Unclaimed dividends	1	1	0
Down payments and advances received, due within one year	1,198	3	1,195
Other liabilities	96	324	(228)
Total other liabilities	**6,911**	**5,142**	**1,769**

The increase in this item is due primarily to the rise in security deposits received for the opening of the two new malls in Palermo and Conegliano. Down payments and advances were received in the amount of €1,197K under a preliminary contract for the future sale of a property in Livorno.

Note 38) Related party other current liabilities

Related party other current liabilities	31/12/10	31/12/09	Change
Other	14	170	(156)
Total other liabilities with related parties	**14**	**170**	**(156)**

See note 40.

Note 39) Dividends paid and proposed

IGD SIIQ S.p.A. will propose a dividend on the basis of its separate financial statements for the year ended 31 December 2010, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 22 April 2010 (the AGM that approved the 2009 financial statements), a dividend of €0.050 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 €14,913,634.

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	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial payables	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica S.c.a.r.l.	108	448	4,759	8,532	19,127	3,709	57,176	(144)
Robintur S.p.A.	12	0	0	0	0	0	0	
Librerie Coop S.p.A.	9	0	0	0	0	0	0	
Unicoop Tirreno S.c.a.r.l.	77	0	14	2,290	0	0	0	
Vignale Comunicazione S.r.l.	308	0	0	25	0	0	0	
Ipercoop Tirreno S.p.A.	13	0	0	1,091	0	0	0	
IPK Sicilia	6	0	0	0	0	0	241	
Cons. Forte di Brondolo	0	0	0	0	0	0	60	
Consorzio Proprietari Leonardo	2	0	23	0	0	0	18	
Consorzio Bricchi	68	0	0	0	0	0	0	
Consorzio Lame	0	0	27	0	0	0	0	
Consorzio Conè	39	0	112	0	0	0	0	
Consorzio La Torre	36	0	3	0	0	0	0	
Albos	37	0	0	0	0	0	0	
Iniziative Bologna Nord	0	642	0	0	0	0	0	
Total	**714**	**1,091**	**4,938**	**11,938**	**19,127**	**3,709**	**57,494**	**(144)**
Amount reported	**121,087**	**7,092**	**27,582**	**25,625**	**1,060,837**	**22,084**	**1,764,404**	**1,764,404**
Ratio	**0.59%**	**15.38%**	**17.90%**	**46.59%**	**1.80%**	**16.80%**	**3.26%**	**-0.01%**

	Revenues/other income	Financial income	Costs	Financial charges
Coop Adriatica S.c.a.r.l.	20,661	19	2,926	902
Robintur S.p.A.	230	0	6	0
Librerie Coop S.p.A.	544	0	0	0
Unicoop Tirreno S.c.a.r.l.	4,986	0	101	0
Vignale Comunicazione S.r.l.	473	0	0	0
Ipercoop Tirreno S.p.A.	2,052	0	0	29
IPK Sicilia	2,243	0	0	0
RGD	38	0	0	0
Consorzio Proprietari Leonardo	212	0	38	0
Consorzio Bricchi	109	0	758	0
Consorzio Lame	165	0	0	0
Consorzio Katanè	185	0	131	0
Consorzio Conè	34	0	112	0
Consorzio La Torre	30	0	18	0
Albos	37	0	0	0
Iniziative Bologna Nord	0	12	0	0
Total	**31,998**	**31**	**4,090**	**930**
Amount reported	**122,441**	**2,675**	**38,525**	**37,879**
Ratio	**26.13%**	**1.16%**	**10.62%**	**2.46%**

LIGD SIIQ S.p.A. has financial and economic relationships with its parent, 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, Albos, 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 parent, 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;
- security deposits received on leases;
- financial collection and payment transactions in the context of treasury services;
- loans to Group companies;
- purchase of the mall at Conegliano shopping center.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.
Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers.
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 Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers.
Transactions with Consorzio Forte di Brondolo concern payables and costs for construction work on the land in Chioggia.
Transactions with Consorzio Proprietari Leonardo, Consorzio Lamè, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Albos, and Consorzio Bricchi concern receivables and income for facility management services at shopping

centers; the costs incurred with Consorzio Bricchi, Consorzio Conè, Consorzio La Torre and Consorzio Katanè refer to service charges for vacant units.
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 is exposed to foreign exchange risk for its operations in Romania. Because the rent charged in Romania is anchored to the euro, the risk is that currency fluctuations could limit tenants' ability to pay it in full.

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 26.13% 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 do so, it can adjust the level of dividends paid, reimburse share capital, or issue new shares. 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 IGD SIIQ S.p.A., less retained earnings.

Capital management	31/12/10	31/12/09
Interest bearing loans	1,060,837	1,064,380
Trade and other payables	27,582	19,985
Cash and cash equivalents	(39,356)	(36,544)
Net debt	**1,049,063**	**1,047,821**
Net equity	761,603	747,533
(Undistributed)/distributed net profit	(22,370)	(14,914)
Total capital	**739,233**	**732,619**
Capital and net debt	**1,788,296**	**1,780,440**
Debt/equity ratio	*58.66%*	*58.85%*

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	1,291,142	1,614,828	1,479,946	22,080,072	15,657,252	5,839,358	20,615,385	89,500,000
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 now Banca CRF	Mps 10201705 now Banca CRF	Carisbo	Carisbo 910270202	Mps 87065 now Banca CRF	Aletti Asti
Nominal amount	23,317,047	23,317,047	23,317,047	23,317,047	12,415,380	23,317,047	23,317,047	8,538,463
Inception date	10/06/09	10/06/09	10/06/09	10/06/09	12/02/09	28/10/09	28/10/09	28/04/10
Maturity	05/10/21	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	05/10/21	31/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	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	3-month Euribor
Customer rate	3.42%	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%	3.29%

	Aletti Guidonia	Carisbo 100540011	Carisbo 1004290251	Mps 92285	Mps Guidonia	Carisbo Guidonia	Carisbo Guidonia	
Nominal amount	19,242,250	11,384,618	11,204,933	8,538,463	19,242,250	19,242,250	19,242,250	
Inception date	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10	27/08/10	27/08/10	
Maturity	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24	27/03/24	27/03/24	
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly	
Bank rate	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	
Customer rate	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%	2.29%	

Note 43) Subsequent events

As of the approval date, no events have occurred since 31 December 2010 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 2010 the Company had the following purchase and sale commitments:

- 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. Under the agreement, in 2011 IGD will acquire a 50% interest in the owner of the Vibo Valentia shopping center. The due diligence began in 2010.
- 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.
- Due to the dissolution of the joint venture with Beni Stabili (resulting in the sale of 50% of RGD S.r.l.) and the joint purchase of the Darsena City shopping center, IGD SIIQ S.p.A. has a commitment with RGD S.r.l. to assume its share of all income and costs associated with the definitive and preliminary contracts signed on 15 March 2006 and transferred to RGD S.r.l. on 29 March 2007, following the property's change of ownership on 9 March 2007.

As mentioned in earlier financial reports, although the "Darsena City" real estate transaction in Ferrara pursues a single goal, it 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.

Note that the companies Partxco S.p.A., Magazzini Darsena S.p.A. and Darsena F.M. S.r.l., the Group's counterparties in the above contracts, are currently facing financial difficulties. Together with RGD S.r.l., the Group is studying various options to protect the parties' mutual interests given the complexity of the agreements in force.

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 appealed against the assessment and related penalties, 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 2009, the appeal was rejected by the Provincial Tax Commission of Ravenna.
Based on the reasoning presented above, IGD plans to file for a refund of the amount it feels was unduly paid.
As for the assessment regarding inventories, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified the inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 has been rejected.
IGD plans to appeal at a higher level as it disagrees with the grounds for rejection.

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 2010 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 classification

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 2010 and 31 December 2009:

Classification 31/12/2010	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			740					740		740	740
- down payment for purchase of shares			0					0		0	0
- due from others											
- security deposits			51					51		51	51
- beneficial interest			3,785					3,785		3,785	3,785
Financial assets											
Trade and other receivables											
- trade receivables			12,265					12,265	12,265		12,265
- due from others											
- other receivables											
- advances paid to suppliers											
Related party trade and other receivables											
- parent			108					108	108		108
- other related parties			607					607	607		607
Other assets											
- monthly advances			4					4	4		4
- due from insurers			17					17	17		17
- accrued income and prepayments			374					374	374		374
- deferred costs			218					218	218		218
- Other			820					820	820		820
Financial assets for interest rate swaps							4,380	4,380		4,380	4,380
Financial receivables and other financial assets											
- other financial assets			6,001					6,001	6,001		6,001
- parent			449					449	449		449
- other related parties			642					642	642		642
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			32,155					32,155	32,155		32,155
- cash on hand			109					109	109		109
Total financial assets	**-**	**-**	**58,345**	**-**	**-**	**-**	**4,380**	**62,725**	**53,769**	**8,956**	**62,725**
Liabilities											
Financial liabilities								0			
- financial liabilities for interest rate swaps							19,665	19,665		19,665	19,665
- due to banks						114,591		114,591	114,591		114,591
- leasing						9,111		9,111	1,248	7,863	8,963
- convertible bond						214,708		214,708	66	214,642	227,821
- due to other sources of finance						44,497		44,497	23,000	21,497	43,052
- valuation of equity investments								0			
- mortgage loans with banks						639,138		639,138	48,431	590,707	534,107
Related party financial liabilities								0			
- due to affiliate (TCA)						19,127		19,127	4,127	15,000	19,127
Sundry payables and other liabilities								0			
- accrued liabilities and deferred income						7,266		7,266		7,266	7,266
- down payment								0			
- other						262		262		262	262
Related party sundry payables and other liabilities								0			
- parent						8,532		8,532		8,532	8,532
- other related parties						3,406		3,406		3,406	3,406
Trade and other payables						15,733		15,733	15,733		15,733
Related party trade and other payables								0			
- parent						4,759		4,759	4,759		4,759
- other related parties						165		165	165		165
Other liabilities								0			
- accrued liabilities and deferred income						851		851	851		851
- deferred sales revenues						0		0	0		0
- insurance						25		25	25		25
- security deposits received						3,827		3,827	3,827		3,827
- unclaimed dividends						1		1	1		1
- due to directors								0			
- advances due within one year						1,198		1,198	1,198		1,198
- other						96		96	96		96
Related party other liabilities						14		14	14		14
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**1,087,307**	**19,665**	**1,106,972**	**218,132**	**888,840**	**1,013,461**

Classification 31/12/2009	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receiva-bles and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities meas-ured at amortized cost	Hedging instru-ments	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			894					894		894	894
- down payment for purchase of shares			2,000					2,000		2,000	2,000
- due from others											
- security deposits			55					55		55	55
- beneficial interest			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 from others											
- other receivables											
- advances paid to suppliers											
Related party trade and other receivables											
- parent			36					36	36		36
- other related parties			248					248	248		248
Other assets											
- monthly advances											
- due from insurers			14					14	14		14
- accrued income and prepayments			317					317	317		317
- deferred costs			355					355	355		355
- Other			371					371	371		371
Financial receivables and other financial assets											
- other financial assets											
- parent			313					313	313		313
- other related parties			375					375	375		375
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			35,678					35,678	35,678		35,678
- cash on hand			178					178	178		178
Total financial assets	-	-	**54,675**	-	-	-	-	**54,675**	**49,918**	**4,756**	**54,675**
Liabilities											
Financial liabilities								0			
- financial liabilities for interest rate swaps							14,715	14,715		14,715	14,715
- due to banks						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
- due to other sources of finance						30,247		30,247		30,247	80,109
- valuation of equity investments						33,289		33,289		33,289	
- mortgage loans with banks						587,515		587,515	42,611	544,904	593,887
Related party financial liabilities								0			
- due to affiliate (TCA)						40,741		40,741	25,741	15,000	40,741
Sundry payables and other liabilities								0			
- accrued income and prepayments						7,270		7,270		7,270	7,270
- down payment								0			
- other						207		207		207	207
Related party sundry payables and other liabilities								0			
- parent						8,207		8,207		8,207	8,207
- other related parties						3,502		3,502		3,502	3,502
Trade and other payables						12,277		12,277	12,277		12,277
Related party trade and other payables								0			
- parent						2,339		2,339	2,339		2,339
- other related parties						57		57	57		57
Other liabilities											
- accrued liabilities and deferred income						1,059		1,059	1,059		1,059
- deferred sales revenues						0		0	0		0
- insurance						31		31	31		31
- security deposits received						2,946		2,946	2,946		2,946
- unclaimed dividends						1		1	1		1
- due to directors								0	0		
- advances due within one year						3		3	3		3
- other						324		324	324		324
Related party other liabilities						170		170	170		170
Total financial liabilities	-	-	-	-	-	**1,088,058**	**14,715**	**1,102,773**	**92,357**	**1,010,416**	**1,132,207**

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, the Group 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 2010 a credit spread of 1.50% was applied (unchanged since the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral given	Carrying value	
	31/12/10	31/12/09
Security deposits		
- Sundry receivables and other assets	51	55
- Other current assets		

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	31/12/10	31/12/09
Opening balance	**5.754**	**2.450**
Allocations		
- for individual writedowns	2.008	3.374
Utilizations	**-658**	**-68**
Impairment reversals		
Other movements	**-1.644**	**-2**
Total	**5.460**	**5.754**

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 +€566K in 2010 and to -€2,848K in 2009. 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 -€935K in 2010 and -€1,140K the previous year.

Income statement 2010 Net gain (loss)	Book value						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							-9,452
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
- Trade receivables			-2,008				
Total	**0**	**0**	**-2,008**	**0**	**0**	**0**	**-9,452**

Income statement 2009 Net gain (loss)	Valore contabile						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments
Sundry receivables and other assets							
Financial assets							- 5,357
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other assets							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
- Trade receivables			-3,374				
Total	**0**	**0**	**-3,374**	**0**	**0**	**0**	**-5,357**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest Income	2010	2009
Interest income on financial assets not measured at fair value		
- Deposits	536	938
- Sundry receivables and other assets	2	
- From parent	19	16
- From affiliates	12	26

Interest Expense	2010	2009
Interest expense on financial assets not measured at fair value		
- Security deposits	113	332
- Deposits	1,562	2,652
- Trade and other payables		
- Sundry payables and other liabilities	1,633	1,472
- To parent	817	722
- To subsidiaries		
- Financial liabilities		
- Mortgage loans	10,386	13,642
- Leasing	380	447
- Convertible bond	12,648	12,371
- Interest capitalized	-1,101	-335

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	2010	2009
Receivables and loans		
Sundry receivables and other assets	791	2,949
Financial assets		
Trade and other receivables	12,265	12,033
Related party trade and other receivables	714	284
Other assets	1,433	1,057
Cash and cash equivalents	32,155	35,678
Financial receivables and other financial assets	7,092	688
Due from third parties (securities)		
Hedging instruments	**4,380**	
Guarantees		
Total	**58,831**	**52,690**

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, except for the four entered into in August 2010;
- 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.

Breakdown of maturities 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
Due to other sources of finance		72	99	233	23,670			24,074
Short-term credit lines	21	125						145
Other liabilities								
Related party payables								
Sureties								
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***

Breakdown of maturities at 31/12/2010 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	4,643	8,846	20,123	49,891	50,513	157,735	494,870	786,621
Leasing	22	223	248	501	1,751	1,068	7,229	11,042
Convertible bond					5,830	235,846		241,676
Due to other sources of finance		91	118	23,214				23,422
Short-term credit lines	72	32	77					181
Other liabilities								
Related party payables								
Sureties								
Commitments and risks								
Total	**4,737**	**9,193**	**20,566**	**73,606**	**58,094**	**394,649**	**502,098**	**1,062,943**
Derivative financial instruments								
Interest rate swaps	-1,939	-408	-2,914	-4,765	-7,544	-5,918	8,897	-14,591
Total	**-1,939**	**-408**	**-2,914**	**-4,765**	**-7,544**	**-5,918**	**8,897**	**-14,591**
Exposure at 31/12/2010	***2,798***	***8,784***	***17,652***	***68,841***	***50,550***	***388,731***	***510,996***	***1,048,352***

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	Benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Interest-bearing assets	Euribor	339	507	-170	-127				
Hot money	Euribor	-195	-464	97	116				
Floating rate financial liabilities	Euribor	-6,805	-6,154	3,309	1,538				
Hedging instruments1	Euribor								
- cash flow		4,270	3,449	-2,135	-862				
- fair value						22,041	16,708	-11,582	-4,348
Total		**-2,390**	**-2,662**	**1,101**	**665**	**22,041**	**16,708**	**-11,582**	**-4,348**

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 shift in the interest rate curve was assumed to be +100/-50 basis points, compared with a shift of -25 bp the previous year, when short-term interest rates were close to zero;
- 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 technique was used for 2010 and 2009.

The method used to analyze and determine significant variables has not changed since the previous year.

4.7 Management and coordination

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.
Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	2009	2008
Balance sheet (per Civil Code Art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,476,450,998	1,381,175,824
C) - current assets	1,868,932,892	1,812,867,757
D) - accrued income and prepayments	10,439,544	18,168,669
Total assets	***3,355,823,433***	***3,212,212,250***
Equity and liabilities		
A) - net equity	838,814,233	809,695,721
B) - general provisions	30,598,678	29,476,968
C) - provision for employee severance indemnities	75,794,840	77,725,916
D) - payables	2,407,813,018	2,286,684,578
E) - accrued liabilities and deferred income	2,802,665	8,629,068
Total equity and liabilities	***3,355,823,433***	***3,212,212,250***
Memorandum accounts	**447,390,003**	**601,553,959**
Income statement (per Civil Code Art. 2425)		
A) - production value	1,949,248,770	1,926,011,924
B) - production costs	-1,942,715,044	(1,913,929,551)
C) - financial income and charges	48,866,295	39,985,969
D) - adjustments to the value of financial assets	-18,424,466	(30,039,503)
E) - extraordinary income and charges	6,420,662	1,861,241
Income taxes	-14,235,516	(4,711,688)
Net profit	***29,160,702***	***19,178,391***

4.8 Significant equity investments pursuant to Art. 125 of the Consob's Regulations for Issuers

Pursuant to Consob Resolution no. 11971 of 14 May 1999, as amended (Arts. 125-126), below is a full list of significant equity investments held by IGD SIIQ S.p.A. at 31 December 2010.

Name	Registered office	Country	Held by	% held directly	% held indirectly	Total % held
Immobiliare Larice S.r.l.	Ravenna, via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Millennium Gallery S.r.l.	Ravenna, via Villa Glori 4	Italy	IGD SIIQ S.p.A.	100.00%		100.00%
Porta Medicea s.r.l.	Bologna via Tattati Comunitari europei 1957-2007	Italy	Immobiliare Larice S.r.l.		60.00%	60.00%
Win Magazin S.A.	Bucharest	Romania	Immobiliare Larice S.r.l.		99.9%	100.00%
			IGD SIIQ S.p.A.	0.1%		
Winmarkt Management s.r.l.	Bucharest	Romania	Win Magazin SA		100.00%	100.00%
Millennium Center soc. cons. r.l.	Rovereto (Trento) via del Garda, 175	Italy	Millennium Gallery S.r.l.		35.40%	35.40%
Iniziative Bologna Nord	Caselecchio di Reno (Bologna) via Isonzo, 67	Italy	Immobiliare Larice S.r.l.		15.00%	15.00%

4.9 Information pursuant to Art. 149-*duodecies* of the Consob's Regulations for Issuers

The following chart, prepared in accordance with Art. 149-*duodecies* of the Consob Listing Rules, shows the fees pertaining to 2010 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.	110
	Reconta Ernst & Young S.p.A.	Subsidiaries Immobilare Larice S.r.l., Millennium Gallery S.r.l., Portamedicea S.r.l.	33
	Mazars S.p.A.	RGD Group subsidiaries	12
	Ernst & Young S.r.l.	Romanian subsidiaries	40
Bond opinion	Reconta Ernst & Young S.p.A.	IGD SIIQ S.p.A.	162
Other services	Ernst & Young Financial-Business Advisors S.p.A.	IGD SIIQ S.p.A.	79
Total			**436**

4.10 Certification of the Consolidated Financial Statements

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURSUANT TO ART. 154 BIS (5) OF LEGISLATIVE DECREE 58/09 AND 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 2010.

2. We also confirm that:

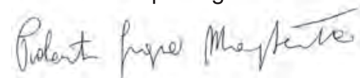
   2.1. the consolidated financial statements:
   - a) have been prepared in accordance with the applicable International Accounting Standards recognized by the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of 19 July 2002;
   - b) correspond to the ledgers and accounting entries;
   - c) provide fair and truthful disclosure of the financial status and performance of IGD SIIQ S.p.A. and 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, 9 March 2011

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer



4.11 External auditors' report

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 art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(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, 2010, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 Legislative Decree n. 38/2005 is the responsibility of 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 performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, 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.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 31, 2010.

3. In our opinion, the consolidated financial statements of the IGD SIIQ S.p.A. Group at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of 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 the IGD SIIQ S.p.A. Group for the year then ended.

4. 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, 2010, 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 in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Management Report and the specific section on Corporate Governance and the Company's Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1,

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 CC.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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letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the consolidated financial statements of the IGD SIIQ S.p.A.Group as of December 31, 2010.

Bologna, Italy
March 24, 2011

Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, Partner

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USCITA DI
MERGENZA
Artigli

Separate financial statements
at 31 December 2010

5

5.1 Income Statement

Income statement (in EUR)	Note	2010 (A)	2009 (B)	Change (A-B)
Revenues:	**1**	**75,881,854**	**66,527,038**	**9,354,816**
- from third parties		45,347,831	39,414,598	5,933,233
- from related parties		30,534,023	27,112,440	3,421,583
Other income:	**2**	**2,207,517**	**3,091,182**	**(883,665)**
- from third parties		1,641,420	2,010,082	(368,662)
- from related parties		566,097	1,081,100	(515,003)
Total operating revenues and income		**78,089,371**	**69,618,220**	**8,471,151**
Material and service costs:	3	10,757,040	10,842,779	(85,739)
- third parties		6,651,006	8,150,499	(1,499,493)
- related parties		4,106,034	2,692,280	1,413,754
Cost of labor	4	3,922,359	3,735,521	186,838
Other operating costs	5	3,768,077	3,885,384	(117,307)
Total operating costs		**18,447,476**	**18,463,684**	**(16,208)**
(Depreciation, amortization and provisions)	6	(1,598,011)	(1,399,009)	(199,002)
(Impairment losses)/reversals on work in progress	15	(6,976)	(1,108,334)	1,101,358
Fair value change - increases / (decreases)	13	1,152,538	2,489,046	(1,336,508)
Total depreciation, amortization, provisions, impairment and fair value changes		**(452,449)**	**(18,297)**	**(434,152)**
EBIT		***59,189,446***	***51,136,239***	***8,053,207***
Income/(loss) from equity investments	**7**	**8,891**	**0**	**8,891**
Income/(loss) from equity investments		8,891	0	8,891
Financial income	**8**	**762,244**	**1,204,063**	**(441,819)**
- third parties		215,601	344,948	(129,347)
- related parties		546,643	859,115	(312,472)
Financial charges	**8**	**27,745,111**	**27,816,329**	**(71,218)**
- third parties		27,344,230	27,448,040	(103,810)
- related parties		400,881	368,289	32,592
Net financial income (charges)		**(26,982,867)**	**(26,612,266)**	**(370,601)**
Pre-tax profit		***32,215,470***	***24,523,973***	***7,691,497***
Income taxes	9	(629,138)	742,171	(1,371,309)
Net profit		***32,844,608***	***23,781,802***	***9,062,806***

5.2 Statement of comprehensive income

Statement of comprehensive income	2010 (A)	2009 (B)
Profit for the year	32,844,608	23,781,802
Other components of comprehensive income		
Impact of hedge derivatives on equity	780,895	(3,928,250)
Tax effect of hedge derivatives on equity	(214,746)	1,080,269
Other effects on income statement components	1,895,334	194,772
Other components of comprehensive income, net of tax effects	**2,461,483**	**(2,653,209)**
Total comprehensive income for the period	**35,306,091**	**21,128,593**

5.3 | Balance sheet

Balance sheet (in EUR)	Note	31/12/2010 (A)	31/12/2009 (B)	Change (A-B)
Non-current assets:				
Intangible assets				
- Intangible assets with finite useful lives	10	39,468	35,787	3,681
- Goodwill	11	64,828	127,464	(62,636)
		104,296	163,251	(58,955)
Property, plant, and equipment				
- Investment property	13	1,335,730,000	1,115,100,000	220,630,000
- Buildings	12	7,668,141	7,860,302	(192,161)
- Plant and machinery	14	54,851	95,662	(40,811)
- Equipment and other assets	14	1,241,134	1,186,245	54,889
- Leasehold improvements	14	11,331	68,034	(56,703)
- Assets under construction	15	59,282,288	83,331,560	(24,049,272)
		1,403,987,745	**1,207,641,803**	**196,345,942**
Other non-current assets				
- Deferred tax assets	16	10,349,935	6,470,576	3,879,359
- Sundry receivables and other	17	188,619,709	200,341,465	(11,721,756)
- Non-current financial assets	18	4,379,823	0	4,379,823
		203,349,467	**206,812,041**	**(3,462,574)**
Total non-current assets (A)		**1,607,441,508**	**1,414,617,095**	**192,824,413**
Current assets:				
Trade and other receivables	19	8,178,300	5,064,541	3,113,759
Related party trade and other receivables	20	517,098	549,509	(32,411)
Other current assets	21	31,583,897	40,514,989	(8,931,092)
Related party other current assets	22	1,580,594	566,066	1,014,528
Related party financial receivables and other current financial assets	23	19,232,413	40,372,817	(21,140,404)
Financial receivables and other current financial assets	23	6,001,485	0	6,001,485
Cash and cash equivalents	24	22,900,600	27,947,622	(5,047,022)
Total current assets (B)		**89,994,387**	**115,015,544**	**(25,021,157)**
Total assets (A + B)		**1,697,435,895**	**1,529,632,639**	**167,803,256**
Total net equity (C)	25	**755,046,623**	**734,042,199**	**21,004,424**
Non-current liabilities:				
Non-current financial liabilities	26	731,682,447	638,529,305	93,153,142
Related party non-current financial liabilities	26	15,000,200	0	15,000,200
Provision for employee severance indemnities	27	398,069	330,582	67,487
Deferred tax liabilities	16	20,401,252	12,554,008	7,847,244
General provisions	28	1,434,962	779,366	655,596
Sundry payables and other non-current liabilities	29	6,245,781	12,409,711	(6,163,930)
Related party sundry payables and other non-current liabilities	29	11,937,698	11,709,053	228,645
Total non-current liabilities (D)		**787,100,409**	**676,312,025**	**110,788,384**
Current liabilities:				
Current financial liabilities	30	123,476,244	94,758,458	28,717,786
Related party current financial liabilities	30	3,849,546	5,070,135	(1,220,589)
Trade and other payables	32	11,565,801	7,443,239	4,122,562
Related party trade and other payables	33	4,939,675	2,383,112	2,556,563
Current tax liabilities	34	7,304,586	6,639,443	665,143
Other current liabilities	35	3,962,118	2,731,889	1,230,229
Related party other current liabilities	36	190,893	252,139	(61,246)
Total current liabilities (E)		**155,288,863**	**119,278,415**	**36,010,448**
Total liabilities (F = D + E)		**942,389,272**	**795,590,440**	**146,798,832**
Total net equity and liabilities (C + F)		**1,697,435,895**	**1,529,632,639**	**167,803,256**

5.4 Statement of changes in 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	Total
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 year												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**

	Share capital	Share premium reserve	Legal reserve	Reserve for first-time adoption of IAS/IFRS	Euro conversion reserve	Goodwill reserve	Cash flow hedge	IPO and capital increase reserves	Reserve for treasury shares	Bond issue reserve	Fair Value reserve	Profit (losses) carried forward	Total
Balance at 01/01/2010	**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**
Profit for the year												32,844,608	32,844,608
Other comprehensive income (losses)							566,149			1,895,334		0	2,461,483
Total comprehensive income (losses)							**566,149**			**1,895,334**		**32,844,608**	**35,306,091**
Effect of Faenza Sviluppo merger												611,968	611,968
Allocation of 2009 profit													
- dividends												(14,913,634)	(14,913,634)
- to legal reserve			835,350									(835,350)	0
- to other reserves											7,074,817	(7,074,817)	0
Balance at 31/12/2010	**298,272,669**	**147,730,288**	**7,617,658**	**0**	**23,113**	**13,735,610**	**(3,137,438)**	**0**	**(11,275,891)**	**29,699,209**	**233,756,812**	**38,624,593**	**755,046,623**

5.5 | Statement of Cash Flows

Statement of Cash Flows (in EUR)	2010	2009
Cash flow from operating activities:		
Net profit	**32,844,608**	**23,781,802**
Adjustments to reconcile net profit with cash flow generated (absorbed) by operating activities:		
(Capital gains) capital losses and other non-monetary items	3,026,368	7,733,862
Depreciation, amortization and provisions	1,598,011	1,399,009
Impairment losses	6,976	1,108,334
Net change in (deferred tax assets)/provision for deferred tax liabilities	(189,476)	581,538
Change in fair value of investment property	(1,152,538)	(2,489,046)
Net change in current assets and liabilities	10,343,110	(37,534,418)
Net change in current assets and liabilities with related parties	1,479,902	212,240
Net change in non-current assets and liabilities	(7,976,752)	(3,700,631)
Net change in non-current assets and liabilities with related parties	228,645	85,935
Cash flow from operating activities (A)	**40,208,854**	**(8,821,375)**
Investments in fixed assets	(118,037,883)	(185,540,143)
Disposals of fixed assets	8,010,956	11,171,034
Net disposals of equity investments	0	18,481
Net acquisitions of equity investments	(210,000)	(13,885,633)
Cash flow from investing activities (B)	**(110,236,927)**	**(188,236,260)**
Change in financial receivables and other current financial assets	(6,001,485)	5,192
Change in related party financial receivables and other current financial assets	25,281,166	(26,144,698)
Distribution of dividends	(14,913,634)	(10,439,544)
Change in current debt	28,761,246	42,380,645
Change in current debt with related parties	(1,667,844)	(5,902,812)
Change in non-current debt	33,415,767	180,232,064
Cash flow from financing activities (C)	**64,875,216**	**180,130,847**
Net increase (decrease) in cash balance	**(5,152,857)**	**(16,926,789)**
Cash balance at beginning of year	**27,947,622**	**44,869,074**
Cash acquired with merger	**105,836**	**5,337**
Cash balance at end of year	**22,900,600**	**27,947,622**

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 2010 were approved and authorized for publication by the Board of Directors on 9 March 2011.
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 2010 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 2009, with the exception of the following new standards and interpretations applicable from 1 January 2010:

IFRS 3 (2008) – Business combinations
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 is only determined 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.
If control is achieved in stages, the minority interest previously held (which had been accounted for in accordance with IAS 39 - *Financial instruments: recognition and measurement,* IAS 28 – *Investments in associates,* or IAS 31 – I*nterests in joint ventures*) must be treated as if it had been sold and repurchased as of the date control is acquired. Such an interest must therefore be carried at its fair value on the date of "sale," and the resulting gains and losses are recognized in the income statement. In addition, any amount previously recognized in equity as other comprehensive income or losses, which should be charged to the income statement due to the sale of the asset in question, must be reclassified to profit or loss. The goodwill or badwill deriving from a deal that concludes with subsequent acquisition must be calculated as the sum of the price paid to obtain control, the value of minority interests (according to one of the methods allowed by the standard), and the fair value of the non-controlling interest previously held, net of the fair value of the net identifiable assets

acquired. According to the previous version of this standard, achievement of control in stages was recognized transaction by transaction, as a series of separate acquisitions that generated overall goodwill calculated as the sum of goodwill from each transaction. 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. IFRS 3 (2008) requires that contingent consideration be treated as part of the transfer price of the net assets acquired and measured at fair value as of the acquisition date. Likewise, if the seller has agreed to refund certain price components to the acquirer under given conditions, the acquirer shall classify this right to indemnification as an asset. The original accounting treatment shall be adjusted by any subsequent changes in fair value only if such changes are caused by more or better information on fair value, and if they take place within 12 months of the acquisition date; all other changes are recognized in profit or loss.
Under the previous version of this standard, contingent consideration was recognized on the acquisition date only if it was likely to be paid and its amount could be reliably determined.
Each subsequent change in the value of that consideration was recognized as an adjustment to goodwill.
In accordance with the transitional provisions of this standard, the Company has adopted the 2008 revision of IFRS 3 prospectively for business combinations occurring as from 1 January 2010.

IAS 27 (2008) – Consolidated and separate financial statements

The changes to IAS 27 mostly concern the treatment of transactions or events that modify a parent company's interest in a subsidiary, and the attribution of a subsidiary's losses to non-controlling interests. According to IAS 27 (2008), once control of an entity is acquired, transactions in which the parent acquires or disposes of additional minority interests without losing control are treated as transactions with shareholders and are therefore recognized in equity. Therefore, the book value of the controlling investment and the minority interests must be adjusted to reflect the change of interest in the subsidiary, and any difference between the amount of the adjustment to minority interests and the fair value of the consideration paid or received for the transaction is recognized directly in equity and attributed to the owners of the parent company. There are no adjustments to the value of goodwill or gains/losses recognized in the income statement. Previously, with no specific standard or interpretation on this matter, when the Group acquired additional interests in a subsidiary it had used the "parent entity extension method," by which the difference between the purchase cost and the carrying value of the assets and liabilities acquired were recognized in goodwill. If a minority interest was sold without this resulting in a loss of control, the difference between the carrying value of the assets and liabilities sold and the consideration received was recognized in profit or loss.

Accounting standards, amendments and interpretations effective from 1 January 2010 and not relevant for IGD

The following amendments, improvements and interpretations, effective from 1 January 2010, govern cases and circumstances not applicable to the Company as of this writing but could affect future agreements or transactions:

- Improvement to IFRS 5 – *Non-current assets held for sale and discontinued operations.* This improvement clarifies that the mandatory disclosures regarding non-current assets and disposal groups classified as held for sale or discontinued operations are only those required by IFRS 5. It has been adopted prospectively and has had no impact on the Company's financial position or performance.
- Amendments to IAS 28 - *Investments in associates* and IAS 31 – *Interests in joint ventures,* due to the changes to IAS 27.
- Improvements to IFRS (2009).
- Amendment to IFRS 2 – *Share-based payments: group cash-settled share-based payment transactions.* The IASB issued an amendment to IFRS 2 which clarifies the accounting of share-based payments at Group level. This amendment supersedes IFRIC 8 and IFRIC 11. Its adoption has had no impact on the Company's financial position or performance.
- IFRIC 17 – *Distributions of non-cash assets to owners.* This interpretation provides guidance for the accounting of transactions in which the company distributes non-cash assets to shareholders as dividends or from reserves. It has had no effect on the Company's financial position or performance.
- IFRIC 18 – *Transfers of assets from customers.* This interpretation is especially relevant for utility companies and clarifies the accounting rules to be followed for agreements under which an entity receives an asset from a customer and uses that asset to connect the customer to a network or to guarantee the customer ongoing access to a supply of goods and services (e.g. electricity, water or gas). Its adoption has had no impact on the financial statements.
- Amendment to IAS 39 – *Financial instruments: recognition and measurement (exposures qualifying for hedge accounting).* The amendment concerns the designation of a one-sided risk in a hedged instrument and the designation of inflation as a hedged risk or a portion of hedged risk in certain situations. Its adoption has had no impact on the Company's financial position or performance.

Accounting standards, amendments, and interpretations not yet effective and not applied in advance:

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.

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 31 December 2010, the EU authorities had not yet finished the endorsement process necessary for adoption of 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.

On 26 November 2009 the IFRIC issued IFRIC 19 – *Extinguishing financial liabilities with equity, which ad*dresses 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.

On 6 May 2010, the IASB issued a set of improvements to IFRS that are applicable from 1 January 2011. The most relevant are described below; 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.

- IFRS 7 - *Financial instruments - disclosures:* the improvement emphasizes the interaction between the qualitative and quantitative disclosures required by the standard regarding the nature and extent of risks associated with financial instruments. This should help users make connections between the different disclosures and form an overall picture of the nature and extent of risks arising from financial instruments. The improvement has also eliminated the mandatory disclosure of the fair value of collateral and of past-due financial assets that have been renegotiated or determined to be impaired.
- IAS 1 - *Presentation of financial statements:* requires a reconciliation of changes in each component of equity, either in the notes or the financial statements.
- IAS 34 – *Interim financial reporting:* provides examples to clarify the disclosures required in interim financial statements.

At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of these improvements.

On 7 October 2010, the IASB published amendments to IFRS 7 – *Financial instruments: disclosures,* applicable for financial periods beginning on or after 1 July 2011. The purpose of these is to improve users' understanding of transfer transactions of financial assets, including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of these amendments.

On 20 December 2010, the IASB issued a minor amendment to IFRS 1 – *First-time adoption of International Financial Reporting Standards (IFRS)* to eliminate the reference to 1 January 2004 as the date of transition to IFRS and to provide guidance on the presentation of IFRS-compliance financial statements after a period of hyperinflation. The amendment is applicable from 1 July 2011. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of this amendment.

On 20 December 2010, the IASB issued a minor amendment to IAS 12 – *Income taxes* that requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC 21 – *Income taxes: recovery of revalued non-depreciable assets* will no longer be applicable. The amendment is effective from 1 January 2012. At 31 December 2010 the EU authorities had not yet finished the endorsement process necessary for the adoption of this amendment.

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. Transaction costs are recognized as soon as they are incurred.
Goodwill acquired in a business combination, which in the separate financial statements is incorporated into the value of the investment acquired, is calculated as the excess of the total consideration transferred, minority interests in net equity and the fair value of any previously held interest in the company over the acquisition-date fair value of the net assets acquired and the liabilities assumed. If the acquisition-date fair value of the net assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, minority interests in net equity and the fair value of any previously held interest in the acquiree, the excess is recognized immediately as income arising from the transaction.
Minority interests in net equity, as of the acquisition date, can be measured at fair value or as a pro-quota proportion of the value of the net assets recognized for the acquiree. This choice is made on a case-by-case basis.
Any contingent consideration provided for in the acquisition agreement is measured at its acquisition-date fair value, and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Subsequent changes in fair value that qualify as adjustments arising during the measurement period are included in goodwill retrospectively. Such changes are those caused by additional information, obtained during the measurement period (not to exceed one year form the business combination), regarding facts and circumstances that existed on the acquisition date.
In the case of business combinations achieved in stages, the interest previously held by the Group is remeasured at fair value as of the date control is acquired, and any resulting gain or loss is recognized in the income statement. Any amounts deriving from the previously held interest and reported in other comprehensive income or losses are reclassified to profit or loss as if the interest had been sold.
If the initial values of a business combination are incomplete at the end of the financial period in which it occurred, in the consolidated financial statements the Group uses provisional amounts for those elements that cannot be measured in full. The provisional amounts are adjusted during the measurement period to take account of new information on facts and circumstances existing on the acquisition date which, if known, would have affected the acquisition-date value of the assets and liabilities recognized.
Business combinations occurring before 1 January 2010 are reported according to the previous version of IFRS 3.
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 goodwill are recognized in profit or 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 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. For land and accessory works on which investment property will be developed, once the building permits and commercial licenses are obtained and construction is well underway, fair value can be reliably determined and the fair value method is therefore used as described above. Until that time, the asset is recognized at the lower of fair value and cost. When construction or development of an investment property is completed, it is restated to "investment property".

IAS 23 - Borrowing costs (revised)

Borrowing costs are capitalized when they are directly attributable to the purchase and construction of investment property relating to both new constructions and extensions for which IGD owns the land and/or building and for which the necessary construction permits have been issued. Interest is capitalized provided that the augmented cost of the asset does *not* increase its value *beyond fair value.*

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	Rate
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 expenses (including borrowing 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 consist mainly of financial assets held to maturity. This category includes financial assets with fixed or determinate payments and a set maturity, that the company plans and is able to hold until that time. They are initially valued at cost, and subsequently at amortized cost.

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 exception:

- 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 exception:

- 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 *(Società di Investimento Immobiliare Quotata,* 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 2010, 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, 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, in accordance with IFRS 8.

Income statement (€/000)	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
	Rent		Services		Shared		Total	
Revenues	**75,940**	**66,599**	**1,760**	**2,246**			**77,700**	**68,845**
Change in inventory							0	0
Direct costs	(8,701)	(9,659)	(1,338)	(1,802)			(10,039)	(11,461)
Gross margin	**67,239**	**56,940**	**422**	**444**			**67,661**	**57,384**
Mutual costs					(8,500)	(7,102)	(8,500)	(7,102)
Ebitda	**67,239**	**56,940**	**422**	**444**	**(8,500)**	**(7,102)**	**59,161**	**50,282**
Provisions/impairment/ dep.&amort	437	1,096			(305)	(201)	132	895
Ebit	**67,676**	**58,036**	**422**	**444**	**(8,805)**	**(7,303)**	**59,293**	**51,177**
Net financial income (charges)					**(27,086)**	**(26,652)**	**(27,086)**	**(26,652)**
Net income (loss) from equity investments					**9**	**0**	**9**	**0**
Taxes					**629**	**(742)**	**629**	**(742)**
Net profit							**32,845**	**23,782**

Balance sheet (€/000)	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
	Rent		Services		Shared		Total	
Real estate portfolio	1,336,998	1,116,477	39	0	7,669	7,833	1,344,706	1,124,310
Other non-current assets	0	0	0	0	199,074	206,975	199,074	206,975
Current investments	59,282	83,332	0	0	0	0	59,282	83,332
Net working capital	13,452	(7,379)	363	182	82	34,442	13,897	27,245
Other non-current liabilities	(18,990)	(37,536)	(512)	(247)	(20,916)	0	(40,418)	(37,783)
Total use of funds	**1,390,742**	**1,154,894**	**(110)**	**(65)**	**185,909**	**249,250**	**1,576,541**	**1,404,080**
Net debt	658,347	424,522	(22,761)	(3,735)	185,909	249,250	821,494	670,037
Equity	732,395	730,372	22,651	3,670	0	0	755,047	734,042
Total sources	**1,390,742**	**1,154,894**	**(110)**	**(65)**	**185,909**	**249,250**	**1,576,541**	**1,404,080**

Notes to the Financial Statements

Note 1) Revenues

Revenues	2010	2009	Change
Freehold hypermarkets	**29,037,192**	**25,677,559**	**3,359,633**
Rent and business lease	**29,037,192**	**25,677,559**	**3,359,633**
Related parties	29,037,192	25,677,559	3,359,633
Leasehold hypermarkets	**0**	**0**	**0**
Rent	**0**	**0**	**0**
Business lease	**0**	**0**	**0**
Freehold supermarkets	**367,136**	**365,249**	**1,887**
Rent	**367,136**	**365,249**	**1,887**
Related parties	367,136	365,249	1,887
Total hypermarkets/supermarkets	***29,404,328***	***26,042,808***	***3,361,520***
Freehold malls	**44,839,071**	**35,502,564**	**9,336,507**
Rent	**6,093,864**	**5,974,383**	**119,481**
Related parties	280,588	281,582	(994)
Third parties	5,813,276	5,692,801	120,475
Business lease	**38,745,207**	**29,528,181**	**9,217,026**
Related parties	376,604	334,650	41,954
Third parties	38,368,603	29,193,531	9,175,072
Leasehold malls	**0**	**3,413,845**	**(3,413,845)**
Rent	**0**	**63,193**	**(63,193)**
Third parties	0	63,193	(63,193)
Business lease	0	3,350,652	(3,350,652)
Third parties	0	3,350,652	(3,350,652)
Other contracts	**469,333**	**444,349**	**24,984**
Other contracts and temporary rent at leasehold malls	469,333	444,349	24,984
Temporary rent at freehold malls	**1,169,122**	**1,123,472**	**45,650**
Related parties	472,503	453,400	19,103
Third parties	696,619	670,072	26,547
Total malls	***46,477,526***	***40,484,230***	***5,993,296***
Grand total	**75,881,854**	**66,527,038**	**9,354,816**
of which related parties	30,534,023	27,112,440	3,421,583
of which third parties	45,347,831	39,414,598	5,933,233

The increase in rent and business lease revenues from hypermarkets/supermarkets derives mainly from the full-year rent of the hypermarkets at Katanè (Catania) and La Maioliche (Faenza) shopping centers, which in 2009 began to produce income in May and October, respectively, and from ISTAT inflation indexing. The rise in business lease income from freehold malls is explained by contracts for two new malls—La Torre (Palermo) since 23 November 2010 and Conè since 25 November 2010—and by the full-year contribution of the Katanè and Le Maioliche shopping centers, which in 2009 produced income from 5 May and 8 October, respectively. The reduction in business lease income from leasehold malls reflects income from the Katanè shopping center, which in 2009 was classified under this heading until the closing took place on 29 October. See the directors' report for further information.

Note 2) Other income

Other income	2010	2009	Change
Refund of maintenance charges and other refunds	0	14,900	(14,900)
Cost charge-backs	321,592	115,473	206,119
Pilotage and construction revenues	1,277,024	1,769,766	(492,742)
Portfolio management revenues	0	11,015	(11,015)
Other	42,804	98,928	(56,124)
Total other income from third parties	***1,641,420***	***2,010,082***	***(368,662)***
Refund of maintenance charges from related parties	28,000	29,888	(1,888)
Cost charge-backs with related parties	54,788	8,916	45,872
Portfolio management and rent management revenues - related parties	141,329	167,526	(26,197)
Proceeds from preliminary sales - related parties	0	621,834	(621,834)
Gains on disposal from related parties	25,595	0	25,595
Administrative services with related parties	314,735	252,936	61,799
Miscellaneous income from related parties	1,650	0	1,650
Total other income from related parties	***566,097***	***1,081,100***	***(515,003)***
Total	**2,207,517**	**3,091,182**	**(883,665)**

Pilotage and construction revenues refer to services rendered to tenants for fitting out and adapting stores at the new malls in Palermo and Conegliano.
The heading “Other” consists mainly of facility management fees charged back to the relative consortiums, and income from services provided to related parties.

Note 3) Material and service costs

Material and service costs	2010	2009	Change
Material and service costs	**6,651,006**	**8,150,499**	**(1,499,493)**
Rent paid	190,778	274,971	(84,193)
Rented vehicles	103,968	108,236	(4,268)
Utilities	99,779	92,981	6,798
Advertisements, listings, advertising & promotions	256,318	225,846	30,473
Shopping center promotional costs	184,028	1,292,146	(1,108,118)
Facility management costs	851,997	1,002,501	(150,504)
Insurance	423,146	396,816	26,330
Professional fees	241,066	253,976	(12,910)
Directors' and statutory auditors' fees	657,888	476,680	181,208
External auditing fees	109,550	123,197	(13,647)
Investor relations, CONSOB, Monte Titoli costs	361,073	345,736	15,337
Recruitment, training and other personnel costs	222,714	192,423	30,291
Travel and accommodation	121,260	106,782	14,478
Failed project costs	233,159	126,148	107,011
Pilotage and construction costs	589,993	1,501,602	(911,609)
Consulting	1,166,648	960,911	205,737
Charge-backs	358,499	124,389	234,110
Maintenance and repairs	123,261	126,878	(3,617)
Bank fees and commissions	103,071	39,325	63,746
Cleaning, porterage and security	169,307	227,159	(57,852)
Other	83,503	151,796	(68,293)
Material and service costs with related parties	**4,106,034**	**2,692,280**	**1,413,754**
Rent paid	1,809,862	2,226,073	(416,211)
Utilities	0	3,081	(3,081)
Advertisements, listings, advertising & promotions	164	0	164
Shopping center promotional costs	100,000	0	100,000
Pilotage and construction costs	585,002	0	585,002
Service	452,595	301,341	151,254
Center management fees	877,879	0	877,879
Insurance	42,872	0	42,872
Directors' and statutory auditors' fees	176,500	161,051	15,449
Charge-backs	17,880	0	17,880
Maintenance and repairs	34,618	0	34,618
Other	8,662	734	7,928
Total	**10,757,040**	**10,842,779**	**(85,739)**

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 expenses (that will also be charged back to the operators). Because of the new openings, in 2010 the Group continued to invest 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.

Materials and service costs with related parties increased due to the rise in maintenance charges and pilotage fees for the new shopping center in Conegliano, which were partially offset by the decrease in rent/usage fees caused by the sale of the San Ruffillo business branch on 1 January 2010.

Note 4) Cost of labor

The cost of labor is detailed below:

Cost of labor	2010	2009	Change
Wages and salaries	2,856,395	2,818,020	38,375
Social security	811,838	746,101	65,737
Severance pay	136,531	104,447	32,084
Other costs	117,595	66,953	50,642
Total	**3,922,359**	**3,735,521**	**186,838**

Severance pay includes contributions to supplementary funds in the amount of €38,869. The workforce is broken down by category below:

Division of workforce by category	31/12/10	31/12/09
Executives	5	5
Middle managers	11	11
White collar	42	38
Total	**58**	**54**

The following table provides details of directors' and statutory auditors' fees for their work at IGD SIIQ S.p.A. 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 2010	End of term	Emoluments for office held at the reporting company
Board of directors				
Gilberto Coffari	Chairman	01/01 - 31/12	2011 FY appr.	56,500
Sergio Costalli	Vice Chairman	01/01 - 31/12	2011 FY appr.	56,500
Claudio Albertini	Director	01/01 - 31/12	2011 FY appr.	16,500
	Chief Executive Officer	01/01 - 31/12	2011 FY appr.	250,000 plus bonus max 30%
Roberto Zamboni	Director	01/01 - 31/12	2011 FY appr.	16,500
Leonardo Caporioni	Director	01/01 - 31/12	2011 FY appr.	16,500
Fernando Pellegrini	Director	01/01 - 31/12	2011 FY appr.	16,500
Aristide Canosani	Director	01/01 - 31/12	2011 FY appr.	16,500
Massimo Franzoni	Director	01/01 - 31/12	2011 FY appr.	16,500
Riccardo Sabadini	Director	01/01 - 31/12	2011 FY appr.	16,500
Fabio Carpanelli	Director	01/01 - 31/12	2011 FY appr.	16,500
Francesco Gentili	Director	01/01 - 31/12	2011 FY appr.	16,500
Sergio Santi	Director	01/01 - 31/12	2011 FY appr.	16,500
Andrea Parenti	Director	01/01 - 31/12	2011 FY appr.	16,500
Giorgio Boldreghini	Director	01/01 - 31/12	2011 FY appr.	16,500
Corrado Pirazzini	Director	01/01 - 31/12	2011 FY appr.	16,500
Board of statutory auditors				
Romano Conti	Chairman	01/01 - 31/12	2011 FY appr.	24,750
Roberto Chiusoli	Standing Auditor	01/01 - 31/12	2011 FY appr.	16,500
Franco Gargani	Standing Auditor	01/01 - 31/12	2011 FY appr.	16,500

continue: Name	Title	Dates in office in 2010	End of term	Emoluments for office held at the reporting company
Internal control committee				
Massimo Franzoni	Director (Supervisor)	01/01 - 31/12	when no longer director	12,000
Aristide Canosani	Director	01/01 - 31/12	when no longer director	8,000
Leonardo Caporioni	Director	01/01 - 31/12	when no longer director	8,000
Compliance committee				
Fabio Carpanelli	Director (Chairman)	01/01 - 31/12	when no longer director	12,000
Francesco Gentili	Director	01/01 - 31/12	when no longer director	8,000
Sergio Santi	Director	01/01 - 31/12	when no longer director	8,000
Compensation committee				
Riccardo Sabadini	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Francesco Gentili	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Nominations committee				
Fabio Carpanelli	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Giorgio Boldreghini	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Andrea Parenti	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Chairman's committee				
Gilberto Coffari	Chairman	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Costalli	Vice Chairman	01/01 - 31/12	when no longer director	500 per meeting attended
Claudio Albertini	Chief Executive Officer	01/01 - 31/12	when no longer director	500 per meeting attended
Sergio Santi	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Roberto Zamboni	Director	01/01 - 31/12	when no longer director	500 per meeting attended
Related parties committee				
Riccardo Sabadini	Director (Supervisor)	26/08/10 - 31/12/10	when no longer director	12,000 per year
Andrea Parenti	Director	26/08/10 - 31/12/10	when no longer director	8,000 per year
Giorgio Boldreghini	Director	26/08/10 - 31/12/10	when no longer director	8,000 per year
Lead independent director				
Riccardo Sabadini	Director	01/01 - 31/12	2011 FY appr.	500 per meeting attended

Note 5) Other operating costs

Other operating costs	2010	2009	Change
Taxes	3,160,838	2,667,838	493,000
Contract registration	225,759	227,622	(1,863)
Capital losses	0	6	(6)
Out-of-period (income)/charges	(53,382)	27,217	(80,599)
Membership fees	69,532	62,138	7,394
Losses on receivables	56,729	113,082	(56,353)
Sundry penalties	59,625	550,000	(490,375)
Fuel and tolls	85,929	88,068	(2,139)
Magazine subscriptions, office supplies, forms	106,048	91,984	14,064
Other operating costs	56,999	57,429	(430)
Total	**3,768,077**	**3,885,384**	**(117,307)**

“Taxes” refer mainly to local property tax (ICI), and the increase is due to the acquisition of new malls.

Note 6) Depreciation, amortization and provisions

Depreciation, amortization and provisions	2010	2009	Change
Amortization intangible assets	(7,008)	(5,001)	(2,007)
Amortization tangible assets	(444,732)	(321,044)	(123,688)
Allocation to provision for doubtful accounts	(583,771)	(912,964)	329,193
Other provisions	(562,500)	(160,000)	(402,500)
Total depreciation, amortization and provisions	**(1,598,011)**	**(1,399,009)**	**(199,002)**

This item is comprised of:
- amortization and depreciation (see movements in intangible assets and in property, plant and equipment for further information);
- the allocation to the provision for doubtful accounts, which reduces trade receivables to their estimated realizable value (see note 19 for changes in this provision);
- other provisions, covering estimated penalties that are likely to be paid in connection with various disputes.

Note 7) Income/(loss) from equity investments

Income/(loss) from equity investments	2010	2009	Change
Dividends	32,000	0	32,000
Writedowns of equity investments	(23,109)	0	(23,109)
Total income/(loss) from equity investments	**8,891**	**0**	**8,891**

During the year, IGD SIIQ S.p.A. directly acquired a 0.1% interest in Winmagazin S.A. and an additional 9.9% through the subsidiary Immobiliare Larice S.r.l. The dividend was approved and distributed in July 2010. See Note 17 for information on the writedown.

Note 8) Financial income and charges

Financial income	2010	2009	Change
Bank interest income	86,994	313,686	(226,692)
Other interest income	84,936	31,262	53,674
Repo payment received	2,000	0	2,000
Interest on VAT refund	41,671	0	41,671
Total third parties	***215,601***	***344,948***	***(129,347)***
Interest income from related parties	530,138	845,446	(315,308)
Interest income from Coop Adriatica account	16,505	13,669	2,836
Total related parties	***546,643***	***859,115***	***(312,472)***
Total financial income	**762,244**	**1,204,063**	**(441,819)**

Interest income from banks decreased further due to the use of cash to finance the Company's development. "Interest on VAT refund" consists of the interest received as a result of the VAT refund (see Note 21) that accrued from the date

the refund was requested (10 February 2010) until the date it was received (23 July 2010). Interest income from subsidiaries refers to the financial receivable mentioned in Note 23.

Financial charges	31/12/10	31/12/09	Change
Interest expense to subsidiaries	1,237	25,026	(23,789)
Interest expense on security deposits	113,344	332,152	(218,808)
Interest expense on Coop Adriatica account	286,300	11,111	275,189
Total related parties	***400,881***	***368,289***	***32,592***
Interest expense to banks	616,621	872,138	(255,517)
Other interest and charges	340,033	533,836	(193,803)
Mortgage loan interest	8,564,045	11,180,997	(2,616,952)
Financial leasing charges	150,861	95,964	54,897
Bond interest and charges	12,647,694	12,370,317	277,377
IRS spreads	6,126,273	2,729,746	3,396,527
Interest capitalized	(1,101,297)	(334,958)	(766,339)
Total third parties	***27,344,230***	***27,448,040***	***(103,810)***
Total financial charges	**27,745,111**	**27,816,329**	**(71,218)**

This item was essentially in line with the previous year, but as a consequence of interest capitalized in accordance with IAS 23, as shown in the table above. After adjusting for that effect, the slight increase in net financial charges is due to the trend in net debt, which rose from €670,037,459 at 31 December 2009 to €821,494,116 in support of the Company's growth.
Due to changes in the terms of the convertible bond loan, bond interest and charges of €12,647,694 are made up as follows:
- Interest to bondholders (2.5%) = €2,819,863 (from 1 January to 28 June 2010)
- Interest to bondholders (3.5%) = €4,025,000 (from 28 June to 28 December 2010)
- Interest to bondholders (3.5%) = €66,164 (from 28 to 31 December 2010)
- higher financial charges due to rise in effective interest rate from 3.5% to 5.57% = €4,893,528
- higher financial charges due to use of amortized cost method = €843,139 (rate increase of 0.48%)

The effective interest rate rose from 6.03% to 6.05%.

Note 9) Income taxes

Income taxes	2010	2009	Change
Current taxes	(301,924)	312,343	(614,267)
in detail:			
IRES	*450,443*	*842,466*	*(392,023)*
IRAP	*149,825*	*248,382*	*(98,557)*
Income from tax consolidation	*(902,192)*	*(778,505)*	*(123,687)*
Deferred tax liabilities	2,696,884	3,198,668	(501,784)
Deferred tax assets	(2,886,358)	(2,617,130)	(269,228)
Out-of-period income/charges	(137,740)	(151,710)	13,970
Total	**(629,138)**	**742,171**	**(1,371,309)**

As shown in the table above, current taxes were lower than in 2009 as concerns both IRES (corporate income tax) and IRAP (regional business tax), as a direct consequence of the increased share of exempt operations allowed by SIIQ rules, which rose from 87.21% in 2009 to 93.39%.
Deferred tax liabilities and deferred tax assets refer mainly to the application of IAS 40; see Note 16 for details.
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)	2010 total	2010 exempt operations	2010 taxable operations
Total operating revenues and income	***78,089,372***	***73,670,481***	***4,418,891***
Total operating costs	***18,447,476***	***16,285,141***	***2,162,335***
(Depreciation, amortization and provisions)	(1,598,012)	(1,688,316)	90,304
(Impairment losses)/reversals on work in progress	(6,976)	0	(6,976)
Fair value change - increases / (decreases)	1,152,538	0	1,152,538
EBIT	**59,189,446**	**55,697,024**	**3,492,422**
Income/(loss) from equity investments	***8,891***	***0***	***8,891***
Income/(loss) from equity investments	8,891	0	8,891
Financial income	***762,244***	***23,009***	***739,235***
Financial charges	***(27,745,111)***	***(26,241,090)***	***(1,504,021)***
Net financial income (charges)	***(26,982,867)***	***(26,218,081)***	***(764,786)***
Pre-tax profit	**32,215,470**	**29,478,943**	**2,736,527**
Income taxes	(629,138)	0	(629,138)
Net profit	**32,844,608**	**29,478,943**	**3,365,665**

Confirmation of economic condition	FY 2010
Rental and equivalent income (exempt income) (A)	73,670,481
Total positive components (B)	78,883,615
Income ratio (A/B)	**93.39%**

Confirmation of financial condition		FY 2010
Value of properties owned		1,335,730,000
Total rental properties		**1,335,730,000**
Beneficial interests		**3,785,151**
Properties under construction		59,282,288
Total properties under construction		**59,282,288**
Total rental properties and properties under construction	**A**	**1,398,797,439**
Total assets	***B***	***1,697,435,895***
Elements excluded from ratio:	**C**	**(88,889,326)**
Cash and cash equivalents		(22,900,600)
Loans /Group companies		(19,220,932)
Trade receivables		(8,695,398)
IGD SIIQ head office		(7,668,141)
VAT credit		(30,404,255)
Total adjusted assets B - C = D	**D**	**1,608,546,569**
Financial ratio A/D		***86.96%***

Below is a reconciliation between theoretical income tax and actual income tax for the years ended 31 December 2009 and 31 December 2010.

	2010	2009
Pre-tax profit	**32,215,470**	**24,523,973**
Theoretical tax charge (at 27.5%)	*8,859,254*	*6,744,093*
Profit shown in income statement	32,215,470	24,523,973
Increases:		
ICI (local property tax)	3,114,372	2,622,726
other increases	8,281,439	8,947,061
Decreases:		
temporary changes:		
change in exempt income	(38,312,130)	(26,187,622)
depreciation & amortization	(779,313)	(2,296,084)
fair value	(1,152,538)	(2,489,046)
other changes	(1,729,327)	(2,057,498)
Taxable income	**1,637,972**	**3,063,511**
Current taxes	***450,443***	***842,466***
Income from tax consolidation	***(902,192)***	***(778,505)***
Total current taxes for the year	***(451,749)***	***63,961***
Difference between value and cost of production	**61,913,891**	**53,324,004**
Theoretical IRAP charge (3.9%)	2,414,642	2,079,636
Difference between value and cost of production	**61,913,891**	**53,324,004**
temporary changes:		
Decreases		
permanent changes:		
increases	6,810,355	5,413,628
decreases	(1,181,783)	(2,366,730)
non-deductible costs		
Costs not relevant for IRAP purposes		
change in exempt income	(62,947,503)	(49,298,819)
other deductions	(825,448)	(822,938)
Taxable income for IRAP purposes	**3,769,511**	**6,249,146**
Current IRAP for the year	***149,825***	***248,382***

Note 10) Intangible assets with finite useful lives

Intangible assets with finite useful lives 2009	Balance at 01/01/09	Additions	Disposals	Amortization	Reclassifications	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 2010	Balance at 01/01/10	Effect of merger	Additions	Disposals	Amortization	Reclassifications	Balance at 31/12/10
Intangible assets with finite useful lives	35,787	2,742	8,208	(261)	(7,008)	0	39,468
Intangible assets with finite useful lives under development	0	0	0	0	0	0	0
Total intangible assets with finite useful lives	**35,787**	**2,742**	**8,208**	**(261)**	**(7,008)**	**0**	**39,468**

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.

The increase for the year concerns the Le Maioliche tradename acquired with the merger of Faenza Sviluppo Area Marcucci S.r.l. (€2,742) and the purchase of a software license (€8,208). The license is being amortized over three years. During the year, no intangible asset impairment was charged to or reversed from either the income statement or net equity.

Note 11) Goodwill

Goodwill 2009	Balance at 01/01/09	Increases	Decreases	Reclassifications	Balance at 31/12/09
Goodwill	**127,464**	**0**	**0**	**0**	**127,464**

Goodwill 2010	Balance at 01/01/10	Increases	Decreases	Reclassifications	Balance at 31/12/10
Goodwill	**127,464**	**0**	**(62,636)**	**0**	**64,828**

Goodwill has been allocated to the individual cash generating units (CGUs). Below is the breakdown of goodwill by CGU at 31 December 2010.

Goodwill	31/12/09	31/12/10
Città delle Stelle	64,828	64,828
San Ruffillo	62,636	0
Total	**127,464**	**64,828**

With regard to Citta delle Stelle, 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 2011 budget and in revised plans for 2012-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.06%; the risk premium contained in the cost of equity is 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 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Transfers from assets under construction	Balance at 31/12/09
Historical cost	0	7,986,862	0	0	880	7,987,743
Accumulated depreciation	0	0	0	(127,441)	0	(127,441)
Net carrying value	**0**	**7,986,862**	**0**	**(127,441)**	**880**	**7,860,302**

Buildings 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Transfers from assets under construction	Balance at 31/12/10
Historical cost	7,987,743	0	0	0	0	7,987,743
Accumulated depreciation	(127,441)	0	0	(192,161)	0	(319,602)
Net carrying value	**7,860,302**	**0**	**0**	**(192,161)**	**0**	**7,668,141**

This item refers to the purchase of IGD SIIQ S.p.A.'s head office, at the end of April 2009, 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 increases, decreases, and changes in fair value shown separately.

Investment property 2009	Balance at 01/01/09	Increases	Decreases	Revaluations	Writedowns	Transfers from assets under construction	Nikefin merger	Balance at 31/12/09
Investment property	841,780,000	156,812,771	0	19,793,061	(17,304,015)	114,018,183	0	1,115,100,000

Investment property 2010	Balance at 01/01/10	Increases	Decreases	Revaluations	Writedowns	Transfers from assets under construction	Faenza Sviluppo merger	Balance at 31/12/10
Investment property	1,115,100,000	61,857,762	(19,020)	16,237,926	(15,085,388)	72,273,062	85,365,658	1,335,730,000

In 2010 the Conè mall in Conegliano was acquired from the parent, Coop Adriatica S.c.a.r.l., in December; and the La Torre mall in Palermo was acquired from Cogei S.p.A. in June. For the latter, the increase for the year is net of advances paid in 2009. In addition, IGD properties now include Le Maioliche shopping center in Faenza due to the merger of Faenza Sviluppo Area Marcucci S.r.l.
La Torre mall and the midsize stores at Conè shopping center were completed and opened to the public, and transferred from assets under construction to investment property. Due to the completion of works, this item also includes the restyling of the Le Porte shopping center in Naples and improvements to the Esp and Le Maioliche shopping centers and the Mondovì retail park.
The adjustment to fair value at 31 December 2010 entailed revaluations that exceeded writedowns.
The independent appraisal by CB Richard Ellis at 31 December 2010 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 2010 and 2009 are shown below:

Plant and machinery 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Transfers from assets under construction	Nikefin merger	Balance at 31/12/09
Historical cost	180,387	49,630	(8,500)	0	0	0	221,517
Accumulated depreciation	(108,494)	0	8,500	(25,861)	0	0	(125,855)
Net carrying value	**71,893**	**49,630**	**0**	**(25,861)**	**0**	**0**	**95,662**

Plant and machinery 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Transfers from assets under construction	Faenza Sviluppo merger	Balance at 31/12/10
Historical cost	221,517	6,000	(71,541)	0	0	0	155,976
Accumulated depreciation	(125,855)	0	42,957	(18,227)	0	0	(101,125)
Net carrying value	**95,662**	**6,000**	**(28,584)**	**(18,227)**	**0**	**0**	**54,851**

The increase concerns investments at the new head office, while the decrease refers to equipment forming part of the San Ruffillo business branch sold to the parent, Coop Adriatica.
The following tables show movements in equipment in 2010 and 2009:

Equipment and other assets 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Transfers from assets under construction	Nikefin merger	Balance at 31/12/09
Historical cost	535,094	773,189	(17,557)	0	280,324	0	1,571,050
Accumulated depreciation	(238,690)	0	4,619	(150,734)	0	0	(384,805)
Net carrying value	**296,404**	**773,189**	**(12,938)**	**(150,734)**	**280,324**	**0**	**1,186,245**

Equipment and other assets 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Transfers from assets under construction	Faenza Sviluppo merger	Balance at 31/12/10
Historical cost	1,571,050	225,946	0	0	0	64,638	1,861,634
Accumulated depreciation	(384,805)	0	0	(230,567)	0	(5,128)	(620,500)
Net carrying value	**1,186,245**	**225,946**	**0**	**(230,567)**	**0**	**59,510**	**1,241,134**

This item increased due to the completion of equipment at the head office and to the purchase of the new malls in Palermo and Faenza.

Movements in leasehold improvements in 2010 and 2009:

Leasehold improvements 2009	Balance at 01/01/09	Increases	Decreases	Depreciation	Transfers from assets under construction	Nikefin merger	Balance at 31/12/09
Net carrying value	**85,043**	**0**	**0**	**(17,009)**	**0**	**0**	**68,034**

Leasehold improvements 2010	Balance at 01/01/10	Increases	Decreases	Depreciation	Transfers from assets under construction	Faenza Sviluppo merger	Balance at 31/12/10
Net carrying value	**68,034**	**0**	**(52,926)**	**(3,777)**	**0**	**0**	**11,331**

The decrease refers to the sale of the San Ruffillo business to Coop Adriatica.

Note 15) Assets under construction

Assets under construction 2009	Balance at 01/01/09	Increases	Decreases	Reclassifications	Impairment	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**

Assets under construction 2010	Balance at 01/01/10	Increases	Decreases	Reclassifications	Impairment	Faenza Sviluppo merger	Balance at 31/12/10
Assets under construction	**83,331,560**	**55,939,966**	**(7,847,529)**	**(72,273,062)**	**(6,976)**	**138,328**	**59,282,288**

The change in assets under construction stems from the following (see Note 42, Commitments and risks):
- purchase of the mall at La Torre shopping center, completion of the midsize stores at the Conè shopping center, restyling of the Afragola center, and work on the retail park at Mondovì shopping center and the Esp shopping center
- purchase of 50% of the Darsena City shopping center in Ferrara, classified here because of a seller's repurchase option
- progress on the roadworks of the shopping center being built in Chioggia
- capitalization of interest according to IAS 23.

The decrease is essentially due to:
- the reclassification to investment property, due to the completion of works and opening to the public, of the mall at La Torre shopping center, the midsize stores at Conè shopping center, the restyled Afragola center, and the improvements to the retail park at Mondovì shopping center and to the Esp shopping center.
- impairment losses on land and construction in progress to reflect the difference between cost and appraised fair value, net of reversals of impairment losses charged the previous year.
- termination of the preliminary contract for the purchase of the Gorizia mall and consequent reimbursement of the down payment

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 and liabilities consist mainly of the tax effect on IAS entries. There are no deferred tax assets on fiscal losses.

Deferred tax assets and liabilities	31/12/10	31/12/09	Change
Deferred tax assets	10,349,935	6,470,576	3,879,359
Deferred tax liabilities	(20,401,252)	(12,554,008)	(7,847,244)

Deferred tax assets are shown in detail below:

Deferred tax assets	31/12/10	31/12/09	Change
Amortization reversal	22,812	38,885	(16,073)
Capital increase	92,535	187,963	(95,428)
Taxed provisions	131,133	156,790	(25,658)
Bonus provision	6,451	10,523	(4,072)
IAS 40	6,632,253	3,598,387	3,033,866
Impairment losses on land and construction in progress	309,625	309,655	(29)
Higher land value for tax purposes	755,602	761,555	(5,953)
IAS 19	789	789	0
Interest rate swaps	2,397,515	1,404,809	992,707
Deferred tax assets - Nikefin	1,220	1,220	0
Total deferred tax assets	**10,349,935**	**6,470,576**	**3,879,359**

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 (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 and construction in progress 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 31/12/09						Balance at 31/12/10	
			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)		0		0	(22,411)	(202)
Fair value adj.	12,879,551	3,589,663	12,142,455	1,096,437	3,365,931	303,936	23,925,569	6,651,658
2008 fair value adj. on portion of IRAP to (3.9% x 11.25%)	1,988,215	8,723	0	0	0	0	1,988,215	8,723
2009 fair value adj. on portion of IRAP from (3.9% x 11.25%) to (3.9% x 5.65%)				12,879,551		28,129	(12,879,551)	(28,129)
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 - 2009 adjustment	2,725,801	216,395	0	0	0	0	2,725,801	216,395
land at fair value for SIIQ - 2010 adjustment	2,725,801		0		0	5,953	2,725,801	(5,953)
IAS 36 impairment	1,108,334	309,655	905,817	898,841	251,096	251,125	1,115,310	309,625
IAS 38 2008 & 2009	16,716	683	0	4,837	0	88	11,880	595
IAS 38 2008, 2009 & 2010, adjustment for exempt %	(10,525)	(95)		16,716		284	(27,242)	(379)
IAS 38 2008 Nikefin merger	947	385		316	0	6	631	380
IAS 38 2008 Nikefin merger - adj. for exempt %	(1,263)	(352)		947	0	16	(2,210)	(368)
Allocation to provision for doubtful accounts	1,280,925	156,790	27,205	120,505	7,481	33,139	1,187,625	131,133
Bonus provision 2009	38,267	10,523	0	38,267	0	10,523	0	0
Bonus provision 2010			23,460	0	6,451	0	23,460	6,451
borrowing costs past IRES 50%	32,552	12,124	0	23,073	0	3,173	9,479	8,952
borrowing costs past adjustment 2009	(55,626)	(7,649)				0	(55,626)	(7,649)
IAS 38 past IRES 50% & (IRAP 11.25%) and IRAP 5.65%	4,574	2,106	0	3,891	0	544	682	1,562
IAS 38 past adjustment 2009	(8,465)	(1,457)		0		0	(8,465)	(1,457)
IAS 38 past adjustment 2010				4,574		10	(4,574)	(10)
capital increase IRES 50% & (IRAP 11.25%) and IRAP 5.65%	1,324,732	529,967	0	662,366	0	92,535	662,366	437,432
capital increase adjustment 2009	(1,987,099)	(342,004)				0	(1,987,099)	(342,004)
capital increase adjustment 2010				1,324,732		2,893	(1,324,732)	(2,893)
IAS 38 MV past IRES 50% & IRAP 5.65%	229,012	85,668	0	80,248	0	11,211	148,763	74,457
IAS 38 MV past adjustments 2009	(310,116)	(53,175)		856		120	(310,972)	(53,294)
IAS 38 MV past adjustment 2010				229,012		500	(229,012)	(500)
IAS 38 Nikefin past IRES 50% & IRAP 5.65%	4,555	1,822		2,277	0	318	2,277	1,504
IAS 38 Nikefin past IRAP adj. 5.65%				4,555		10	(4,555)	(10)
IAS 38 2007 Nikefin past merger adjustment	(6,832)	(1,176)		0		0	(6,832)	(1,176)
Deferred tax assets Nikefin merger	4,437	1,220					4,437	1,220
Deferred tax assets Faenza merger								294
Deferred tax assets Faenza merger - adjustments			9,642	2,304	175	264	7,338	(89)
Interest rate swaps*	5,108,395	1,404,809	3,609,843	0	992,707	0	8,718,238	2,397,515
Total	**29,818,690**	**6,470,576**	**16,718,421**	**17,394,305**	**4,623,841**	**744,777**	**29,142,807**	**10,349,935**

* effect charged or credited directly to equity

Below are the details of deferred tax liabilities:

Deferred tax liabilities	31/12/10	31/12/09	Change
Capital gains in installments	5,689	65,515	(59,826)
Tax effect on fair value of properties	18,960,679	11,934,618	7,026,061
Tax effect on interest rate swaps	1,207,453	0	1,207,453
Tax effect on convertible bond	227,431	553,875	(326,444)
Total deferred tax liabilities	**20,401,252**	**12,554,008**	**7,847,244**

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 concerns the revaluation of investment property and the fair value measurement of some hedging instruments (the latter effect has been charged directly to equity).

Deferred tax liabilities	Balance at 31/12/09						Balance at 31/12/10	
			Increases	Decreases	Increases	Reversal		
	Temporary difference	Deferred	Temporary difference		Deferred		Temporary difference	Deferred
Capital gains from disposals	238,237	65,515	25,861	243,410	7,112	66,938	20,688	5,689
IAS borrowing costs on bond for adjustment Taxable portion from 12.79% to 6.61%)*	2,752,037	756,810	109,583	973,189	30,135	267,627	1,888,432	519,319
Borrowing cost on bond charged to profit or loss	-737,947	-202,936		323,462		88,952	-1,061,410	-291,888
	2,014,090	**553,875**	**109,583**	**1,296,651**	**30,135**	**356,579**	**827,023**	**227,431**
Fair value adj. 2010			14,605,555	2,407,000	4,048,711	667,229	12,198,556	3,381,483
Fair value adj. 2009 on portion of IRAP from (3.9% x 11.25%) to (3.9% x 5.65%)						45,948		-45,948
Fair value adj. 2009	21,038,472	5,844,285					21,038,472	5,844,285
Fair value adj. 2008 on portion of IRAP from (3.9% x 13.51%) to (3.9% x 11.25%)	7,658,091	33,600					7,658,091	33,600
MV merger effect - rate adjustment	20,259,632	6,056,732					20,259,632	6,056,732
Faenza Sviluppo merger effect - rate adjustment			13,313,373		4,180,399	489,873	0	3,690,526
Total for IAS 40 adjustment	**48,956,195**	**11,934,618**	**27,918,928**	**2,407,000**	**8,229,110**	**1,203,050**	**61,154,751**	**18,960,679**
Derivatives*			4,390,737		1,207,453		0	1,207,453
Total	***51,208,522***	***12,554,008***	***32,445,109***	***3,947,060***	***9,473,810***	***1,626,566***	***62,002,462***	***20,401,252***

* effect on derivatives and bond loan charged directly to equity.

Note 17) Sundry receivables and other non-current assets

Other non-current assets	31/12/10	31/12/09	Change
Equity investments	184,803,321	198,498,245	(13,694,924)
Down payment for purchase of shares	0	0	0
Tax credits	4,489	4,489	0
Beneficial interest	3,785,151	1,807,462	1,977,689
Due from others	3	3	0
Security deposits	26,745	31,266	(4,521)
Total	**188,619,709**	**200,341,465**	**(11,721,756)**

The beneficial interest refers to the corporeal right on the mall at Città delle Stelle shopping center. It increased due to its renewal for 2011 and 2012.
Equity investments are detailed in the table below:

Equity investments	31/12/09	Increases	Decreases	Writedowns	31/12/10
Immobiliare Larice S.r.l.	170,183,477				170,183,477
Millennium Gallery S.r.l.	14,313,025				14,313,025
Sviluppo Faenza area Marcucci S.r.l.	13,885,634		(13,885,634)		0
Consorzio Forte di Brondolo	55,319				55,319
Consorzio Proprietari C.C. Leonardo	52,000				52,000
Winmagazin S.A.		210,000		(23,109)	186,891
Consorzio I Bricchi		4,335			4,335
Other	8,790		(516)		8,274
Total	**198,498,245**	**214,335**	**(13,886,150)**	**(23,109)**	**184,803,321**

Most of the changes during the year were due to:
• the merger of Faenza Sviluppo area Marcucci S.r.l.
• the purchase of a 0.1% interest in 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 2011 budget and in revised plans for 2012-2013, extrapolated for subsequent years on the basis of medium/long-term growth rates. The discount rate (WACC) was 6.06%; the risk premium contained in the cost of equity is 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, except for a writedown of €23,109 regarding Winmagazin S.A.

Note 18) Non-current financial assets

Non-current financial assets	31/12/10	31/12/09	Change
Non-current financial assets	**4,379,823**	**0**	**4,379,823**

The decrease refers to the fair value change in hedge derivatives at 31 December 2010. See Note 40 - Derivatives for further information.

Note 19) Trade and other receivables

Trade and other receivables	31/12/10	31/12/09	Change
Trade and other receivables - third parties	11,719,451	8,118,913	3,600,538
Provision for doubtful accounts	(3,541,151)	(3,054,372)	(486,779)
	8,178,300	**5,064,541**	**3,113,759**

The increase in trade receivables is due essentially to the growth of revenues, with the opening of two malls in 2010 and the acquisition by merger of an additional shopping center. They are shown net of the provision for doubtful accounts of €3,541,451. Movements in the provision for doubtful accounts are shown below:

Movements in provision for doubtful accounts	31/12/09	Utilizations	Writedown of delinquent interest	Allocations	31/12/10
Provision for doubtful accounts	3,054,372	(106,093)	9,101	583,771	3,541,151
Total provision for doubtful accounts	**3,054,372**	**(106,093)**	**9,101**	**583,771**	**3,541,151**

Receivables are written down based on an analysis of each tenant's position.

Note 20) Related party trade and other receivables

Related party trade and other receivables	31/12/10	31/12/09	Change
Parent	19,430	23,498	(4,068)
Total parent	**19,430**	**23,498**	**(4,068)**
Porta Medicea S.r.l.	54,473	78,000	(23,527)
Winmagazin S.A.	0	4,700	(4,700)
Winmarkt Management S.r.l.	0	163,156	(163,156)
Consorzio dei Proprietari Centro Leonardo	39	15,405	(15,366)
Consorzio I Bricchi	67,695	0	67,695
Ipercoop Sicilia	6,181	0	6,181
Sviluppo Faenza	0	34,135	(34,135)
Ipercoop Tirreno	13,243	20,629	(7,386)
Vignale Comunicazioni S.r.l.	307,513	159,400	148,113
Unicoop Tirreno S.c.a.r.l.	27,816	20,677	7,139
Librerie Coop S.p.A.	8,760	29,251	(20,491)
Robintur S.p.A.	11,948	658	11,290
Total other related parties	**497,668**	**526,011**	**(28,343)**
Total related parties	**517,098**	**549,509**	**(32,411)**

See Note 38 for comments.

Note 21) Other current assets

Other current assets	31/12/10	31/12/09	Change
Tax credits			
VAT credits	30,404,255	39,379,181	(8,974,926)
IRES credits	439,573	640,392	(200,819)
IRAP credits	184,979	0	184,979
Due from others			
Due from insurers	17,361	0	17,361
Accrued income and prepayments	280,100	220,725	59,375
Deferred costs	128,877	147,182	(18,305)
Other	128,752	127,509	1,243
Total other current assets	**31,583,897**	**40,514,989**	**(8,931,092)**

Other current assets decreased since the previous year due mainly to a €16,900,000 reduction in VAT credits, resulting from a refund requested in February 2010 and received in July, offset by an increase stemming primarily from the purchase of new malls.
Deferred costs refer to new investments to be completed in coming years.

Note 22) Related party other current assets

Related party other current assets	31/12/10	31/12/09	Change
Receivables from tax consolidation	**1,580,594**	**566,066**	**1,014,528**
In detail:			
Immobiliare Larice S.r.l.	1,580,594	566,066	1,014,528

This item consists of the amount due from Immobiliare Larice as a result of transferring the subsidiary's 2010 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	31/12/10	31/12/09	Change
Other financial assets	6,001,485	0	6,001,485
Total due from third parties	**6,001,485**	**0**	**6,001,485**
Parent	11,481	219,296	(207,815)
Other related parties	19,220,932	40,153,521	(20,932,589)
Total due from related parties	**19,232,413**	**40,372,817**	**(21,140,404)**

"Other financial assets" include a repurchase agreement maturing in March 2011, initially recognized at cost, and valued at amortized cost at 31 December 2010.
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, Coop Adriatica.

Note 24) Cash and cash equivalents

Cash and cash equivalents	31/12/10	31/12/09	Change
Cash and cash equivalents at banks, financial institutions and post offices	22,861,960	27,879,394	(5,017,434)
Cash on hand	38,640	68,228	(29,588)
Total cash and cash equivalents	**22,900,600**	**27,947,622**	**(5,047,022)**

Cash and cash equivalents at 31 December 2010 consisted mainly of current account balances 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 2010 profit was allocated as follows:

- to the fair value reserve: €7,074,817;
- to the legal reserve: €835,350;
- to each share outstanding, excluding treasury shares, a dividend of €0.050 for a total of €14,913,634 (taking account of the accretion due as a result of the treasury shares held).

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, and the changes to the terms of the convertible bond.

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.

Net equity €/000	Amount	Eligibility for use	Amount available	Summary of utilizations in the past three years	
				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		
Other reserves	15,285,880	–			
Profit reserves:					
Legal reserve	7,617,658	B	7,617,658		
Fair value reserve	233,756,812	B	233,756,812		
Unallocated earnings (losses carried forward)	5,779,985	A, B, C	5,779,985	(416,719)	
Total	**722,202,015**		**408,643,466**	**(416,719)**	
Non-distributable portion			402,863,481		
Remaining amount istributable			**5,779,985**	**(416,719)**	

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, the fair value of interest rate swaps, amounts due to other sources of finance (head office lease and contingent liability), and the non-current portion of floating-rate loans from banks, as detailed below:

Non-current financial liabilities	Duration	31/12/10	31/12/09	Change
Mortgage loans with banks				
Banca Pop. di Verona S.c.a.r.l.	31/05/01 - 31/05/11	0	1,521,985	(1,521,985)
Intesa BCI S.p.A.	31/05/01 - 31/05/11	0	1,614,829	(1,614,829)
Unicredit Banca Impresa S.p.A./Mediocredito	05/04/01 - 05/04/11	0	1,291,143	(1,291,143)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/15	12,827,220	15,657,252	(2,830,033)
Banca Toscana S.p.A. Casilino	31/12/01 - 31/12/13	3,988,202	5,839,358	(1,851,156)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	8,101,035	11,861,196	(3,760,161)
Banca Toscana S.p.A. Livorno	31/12/01 - 31/12/13	6,979,353	10,218,877	(3,239,524)
BNL	06/09/06 - 06/10/16	18,722,102	20,560,088	(1,837,986)
Interbanca S.p.A.	25/09/06 - 05/10/21	128,055,367	138,408,282	(10,352,914)
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	11,715,330	12,415,380	(700,049)
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	72,553,920	76,739,663	(4,185,744)
Unipol Lungo Savio	31/12/08 - 31/12/23	10,759,559	11,176,998	(417,439)
Carige	17/12/08 - 30/03/24	27,374,007	28,324,681	(950,674)
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/09/24	28,711,168	29,868,968	(1,157,800)
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/03/24	17,256,021	18,666,186	(1,410,165)
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	49,121,526	0	49,121,526
MPS Palermo	21/12/10 - 30/11/25	34,137,199	0	34,137,199
Centrobanca Conegliano	22/12/10 - 31/12/25	46,564,240	0	46,564,240
MPS	30/11/07 - 30/11/12	16,690,522	0	16,690,522
Total mortgage loans		**493,556,770**	**384,164,885**	**109,391,885**
Non-current Financial liabilities (IRS on mortgage loans)		**9,821,279**	**6,091,788**	**3,729,491**
Convertible bond	28/06/07 - 28/06/12	**214,642,146**	**211,783,070**	**2,859,076**
Due to other sources of finance		**13,662,252**	**36,489,562**	**(22,827,310)**
Coop Lombardia for Galleria Gran Rondò	31/12/11	0	23,000,000	(23,000,000)
Contingent liability for Catania mall	31/12/14	7,677,568	7,247,280	430,288
Sardaleasing for Bologna office	30/04/09 - 30/04/27	5,984,684	6,242,282	(257,598)
Non-current financial liabilities		**731,682,447**	**638,529,305**	**93,153,142**
Due to parent				
Coop loan - Le Maioliche	31/12/19	15,000,200	0	15,000,200
Total parent		**15,000,200**	**0**	**15,000,200**
Related party non-current financial liabilities		**15,000,200**	**0**	**15,000,200**

The change in non-current financial liabilities is a result of:
- new mortgage loans taken out for the purchase of the La Torre mall in Palermo (Monte dei Paschi di Siena) and the Conegliano mall (Centrobanca);
- take-over of the mortgage loan with Mediocredito Italiano due to the merger of Faenza Sviluppo Area Marcucci S.r.l.;
- assumption of 50% of the offset mortgage for the Darsena City property, further to its purchase in co-ownership with RGD S.r.l.;
- decrease in existing mortgage loans due to the restatement of amounts due in 2011 to current financial liabilities.

Mortgage loans are secured by properties.

The amount due to Coop Lombardia has been reclassified to current financial liabilities.
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 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.

This accounting method has increased financial charges, for an effective rate of 6.03% until 22 April 2010, when the extraordinary general meeting voted to restructure the bond loan. In short, the changes include postponement of the bond's maturity from 28 June 2012 until 28 December 2013, an increase in the interest rate from 2.5% to 3.5% with coupons payable every six months, and a change in the conversion price from €4.93 to €2.75 per share with a consequent increase in capital from €46,653,144 to €83,636,364 to service the conversion. The transaction costs for the extraordinary operation came to €1,219,749 and were charged against the liability for the convertible bond, which was reduced by the same amount. The application of IAS 32 has led to a remeasurement of the financial liability and of the equity component that expresses the value of the option embedded in the convertible bond. The effective interest rate went from 6.03% to 6.05%.

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 2010, the ratio was 1.31.
- 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, IGD SIIQ S.p.A.'s the debt-to-equity ratio exceeds 2.0. At the close of 2010 , the ratio was 1.09.
- 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 2010, the ratio was 1.31.
- 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 2010, the ratio was 1.31.
- 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 loan-to-value (LTV) ratio exceeds 70%. At the close of 2010, debt/equity was 1.31 and LTV was 56.38%.
- Article 5 of the contract with Mediocredito Italiano S.p.A. signed on 5 October 2009 by Faenza Sviluppo Area Marcucci (merged into IGD SIIQ S.p.A.) states that the bank can terminate the contract if the financial statements of IGD SIIQ S.p.A. for any financial year show a ratio of net external debt to equity plus intercompany financing of more than 2.70; at 31 December 2010 that ratio was 1.06.

- Article 2 of the contract with MPS signed on 21 December 2010 states that the bank can call in the loan if the debt/equity ratio exceeds 1.7 and the loan-to-value ratio exceeds 70%; at the close of 2010, debt/equity was 1.31 and LTV was 56.38%.
- Article 9 of the contract with Centrobanca S.p.A. signed on 22 December 2010 states that the bank can terminate the contract if the debt-to-equity ratio exceeds 2.0. At the close of 2010, debt/equity was 1.31.

Note 27) Provision for employee severance indemnities

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

	Balance at 31/12/08	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/09
Severance indemnity provision	**320,644**	**0**	**(75,594)**	**70,833**	**14,699**	**330,582**

	Balance at 31/12/09	Transfer	Utilization	Allocation	Financial charges - IAS 19	Balance at 31/12/10
Severance indemnity provision	**330,582**	**0**	**(45,334)**	**97,662**	**15,159**	**398,069**

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

	2010	2009
Balance at 01/01	**330,582**	**320,644**
Transfer	0	0
Current cost of service	107,502	94,849
Financial charges	15,159	14,699
Actuarial (gains)/losses	(24,375)	(35,731)
(Benefits paid)	(30,799)	(63,879)
Balance at 31/12	**398,069**	**330,582**

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.

Specifically, the following assumptions were used:

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	Employees
Cost of living increase	2.00%
Discount rate	4.90%
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

General provisions	31/12/09	Utilizations	Allocations	31/12/10
Bonus provision	299,192	(299,192)	354,913	354,913
Other general provisions	135,684		809,093	944,777
Provision for shopping center penalties	100,000	(100,000)	0	0
Provision for Guidonia penalties	244,490	(109,218)	0	135,272
Total	**779,366**	**(508,410)**	**1,164,006**	**1,434,962**

Bonus provision
The bonus provision relates to the variable compensation that will be paid to employees in 2011 on the basis of the Group's 2010 estimated results. The utilization refers to the payment made in 2010.
Other general provisions
This amount covers liabilities deemed likely to arise from lawsuits with third parties and from tax assessments pending before the tax commission.
Provision for shopping center penalties
This provision was used in full to pay damage claims resulting from the temporary closure of a hypermarket located in a shopping center in southern Italy in 2009.
Provision for Guidonia penalties
This contains the rest of the funds set aside in 2008 to cover risks and charges stemming from the delayed opening of the Guidonia shopping center. Utilizations for settlements in 2010 amounted to €109,218.

Note 29) Sundry payables and other non-current liabilities

Sundry payables and other non-current liabilities	31/12/10	31/12/09	Change
Accrued liabilities and deferred income	0	4,487	(4,487)
Substitute tax for SIIQ status (due beyond one year)	6,159,444	12,318,887	(6,159,443)
Other liabilities	86,337	86,337	0
Total	**6,245,781**	**12,409,711**	**(6,163,930)**

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:

Related party sundry payables and other non-current liabilities	31/12/10	31/12/09	Change
Parent	*8,532,241*	*8,207,241*	*325,000*
Security deposits from Coop Adriatica	8,532,241	8,207,241	325,000
Related parties	3,405,457	3,501,812	(96,355)
Security deposits from Ipercoop Tirreno S.p.A.	1,091,029	3,351,812	(2,260,783)
Security deposits from Unicoop Tirreno	2,289,428	0	2,289,428
Security deposits from Vignale Comunicazione	25,000	0	25,000
Security deposits from Vignale Immobiliare S.p.A.	0	150,000	(150,000)
Total	**11,937,698**	**11,709,053**	**228,645**

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	31/12/10	31/12/09	Change
Due to banks				
Banca Pop Commercio e Industria		19,064	0	19,064
MPS 28634		955	0	955
Carisbo - hot money	28/10/10 - 26/01/11	8,000,000	10,000,000	(2,000,000)
BNL - Bologna	29/12/10 - 29/03/11	10,000,000	20,000,000	(10,000,000)
Banca Toscana MPSA - Hot money	02/12/10 - 02/03/11	15,017,781	25,072,979	(10,055,198)
Banca Pop Commercio e Industria - hot money	17/09/10 - 12/01/11	5,000,000	0	5,000,000
Banca Pop Commercio e Industria - hot money	17/09/10 - 12/01/11	5,000,000	0	5,000,000
Banca Popolare di Verona - hot money	14/12/10 - 14/03/11	12,008,205	0	12,008,205
Total		**55,046,006**	**55,072,979**	**(26,973)**
Mortgage loans with banks				
Banca Pop. di Verona S.c.a.r.l.	31/05/01 - 31/05/11	1,515,763	2,993,281	(1,477,518)
Intesa BCI S.p.A.	31/05/01 - 31/05/11	1,617,171	3,118,636	(1,501,466)
Unicredit Banca Impresa/Mediocredito	05/04/01 - 05/04/11	1,297,129	2,602,216	(1,305,087)
Banca Toscana S.p.A. Casilino 1	31/12/01 - 31/12/15	2,830,033	2,693,666	136,367
Banca Toscana S.p.A. Casilino 2	31/12/01 - 31/12/13	1,851,156	1,761,957	89,199
Banca Toscana S.p.A. Livorno 1	31/12/01 - 31/12/13	3,760,161	3,578,976	181,186
Banca Toscana S.p.A. Livorno 2	31/12/01 - 31/12/13	3,239,524	3,083,425	156,098
BNL - Rimini mortgage loan	06/10/06 - 05/10/21	1,912,786	1,907,968	4,818
Banca BRE - Mondovì mortgage loan	23/11/06 - 10/01/23	817,949	781,219	36,730
Unipol Lungo Savio	31/12/08 - 31/12/23	419,434	394,781	24,652
Interbanca loan	25/09/06 - 05/10/21	10,988,608	10,587,093	401,515
Carisbo - Guidonia mortgage loan	27/03/09 - 27/03/24	4,141,959	1,031,000	3,110,959
Carige - Asti ex-NK mortgage loan	17/12/08 - 30/03/24	960,273	900,311	59,962
Cassa Risp. Veneto - Mondovì mortgage loan	08/10/09 - 30/09/24	1,166,667	0	1,166,667
Cr. Siciliano Mediocreval Catania	23/12/09 - 30/03/24	1,428,571	1,071,429	357,143
Mediocredito Italiano Faenza	05/10/09 - 30/06/29	2,820,513	0	2,820,513
MPS Palermo	21/12/10 - 30/11/25	1,668,806	0	1,668,806
Centrobanca Conegliano	22/12/10 - 31/12/25	2,669,972	0	2,669,972
Total mortgage loans with banks		**45,106,476**	**36,505,959**	**8,600,517**
Lease for IGD HQ	30/04/09 - 30/04/27	257,598	249,383	8,215
Convertible bond	28/06/07 - 28/12/13	66,164	2,930,137	(2,863,973)
Coop Lombardia for Galleria Gran Rondò	31/12/11	23,000,000	0	23,000,000
Due to other sources of finance		**23,323,762**	**3,179,520**	**20,144,242**
Total current financial liabilities with third parties		***123.476.244***	***94.758.458***	***28.717.786***
Due to subsidiaries				
Millennium Gallery S.r.l. pooled account		0	950,825	(950,825)
Immobiliare Larice S.r.l. pooled account		0	0	0
Sviluppo Faenza area Marcucci S.r.l.		0	4,116,853	(4,116,853)
Total subsidiaries		**0**	**5,067,678**	**(5,067,678)**
Due to parent				
Coop for Le Maioliche loan	31/12/19	138,529	0	138,529
COOP pooled account		2,711,017	2,457	2,708,560
Price adjustment for Le Maioliche mall	31/12/11	1,000,000	0	1,000,000
Total parent		**3,849,546**	**2,457**	**3,847,089**
Total current financial liabilities with related parties		***3,849,546***	***5,070,135***	***(1,220,589)***

Financial liabilities to third parties mostly changed due to the reclassification from non-current financial liabilities of 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. The current portion of new mortgage loans also contributed to the change. Financial liabilities with third parties include the liability on the bond loan accrued at 31 December 2010, the current portion of lease payments on the new head office, and the current portion of mortgage loans outstanding, including interest accrued.
Current financial liabilities with related parties include, at 31 December 2010, the balance of the pooled account with Coop Adriatica for treasury management, the current portion of the loan for Le Maioliche shopping center, and the amount due for the adjustment of Le Maioliche's purchase price.

Note 31) Net financial position

Net financial position	31/12/2010	31/12/2009
Cash and cash equivalents	(22,900,600)	(27,947,622)
Related party financial receivables and other current financial assets	(19,232,413)	(40,372,817)
Financial receivables and other current financial assets	(6,001,485)	0
Liquidity	**(48,134,498)**	**(68,320,439)**
Related party current financial liabilities	3,849,546	5,070,135
Current financial liabilities	78,046,006	55,072,979
Mortgage loans - current portion	45,106,476	36,505,959
Finance leases - current portion	257,598	249,383
Convertible bond loan - current portion	66,164	2,930,137
Current debt	**127,325,790**	**99,828,593**
Net current debt	**79,191,292**	**31,508,154**
Non-current financial assets	0	0
Derivative assets	(4,379,823)	0
Non-current financial liabilities due to other sources of finance	7,677,568	30,247,280
Finance leases - non-current portion	5,984,684	6,242,282
Non-current financial liabilities	493,556,770	384,164,885
Related party non-current financial liabilities	15,000,200	0
Convertible bond loan	214,642,146	211,783,070
Derivative liabilities	9,821,279	6,091,788
Net non-current debt	**742,302,824**	**638,529,305**
Total net debt	**821,494,116**	**670,037,459**

See the directors' report for further information on net debt.

Note 32) Trade and other payables

Trade and other payables	31/12/10	31/12/09	Change
Trade payables	**11,565,801**	**7,443,239**	**4,122,562**

Most of the change is due to payables for construction and contract work on the new investments in Palermo and Conegliano.

Note 33) Related party trade and other payables

Related party trade and other payables	31/12/10	31/12/09	Change
Parent	4,758,593	2,338,567	2,420,026
Other related parties:	*181,082*	*44,545*	*136,537*
Consorzio Lame	*26,951*	*0*	*26,951*
Consorzio La Torre - PA	*2,831*	*0*	*2,831*
Consorzio Conè	*112,036*	*0*	*112,036*
Immobiliare Larice	*17,880*	*0*	*17,880*
Unicoop Tirreno	*321*	*0*	*321*
Consorzio Proprietari Leonardo	*21,063*	*44,545*	*(23,482)*
Total related parties	**4,939,675**	**2,383,112**	**2,556,563**

See Note 38 for comments.

Note 34) Current tax liabilities

Current tax liabilities	31/12/10	31/12/09	Change
IRPEF	292,987	267,645	25,342
IRAP	0	10,351	(10,351)
Environmental consortium	0	1,526	(1,526)
Substitute tax for SIIQ status	7,011,599	6,359,921	651,678
Total current tax liabilities	**7,304,586**	**6,639,443**	**665,143**

This item consists mainly of employee withholding tax and the SIIQ entry tax (due in June 2011) that replaces IRES and IRAP.

Note 35) Other current liabilities

Other current liabilities	31/12/10	31/12/09	Change
Social security	163,535	144,028	19,507
Insurance	8,000	17,302	(9,302)
Due to employees	263,518	214,425	49,093
Security deposits received	3,438,276	2,281,110	1,157,166
Unclaimed dividends	835	859	(24)
Advances due within one year	1,350	1,354	(4)
Other liabilities	86,604	72,811	13,793
Total other liabilities	**3,962,118**	**2,731,889**	**1,230,229**

The increase in this item is due primarily to the rise in security deposits received for the opening of the two new malls in Palermo and Conegliano.

Note 36) Related party other current liabilities

Related party other current liabilities	31/12/10	31/12/09	Change
Due for tax consolidation	176,409	82,139	94,270
Other	14,484	170,000	(155,516)
Total other liabilities with related parties	**190,893**	**252,139**	**(61,246)**

The amount due for the tax consolidation 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 €176,409 at 31 December 2010 results from the transfer of Millennium's and Porta Medicea's 2010 taxable income and IRES credits to the tax consolidation scheme, in the amount of €89,543 and €86,866, respectively.

Note 37) Dividends paid and proposed

IGD SIIQ S.p.A. will propose a dividend on the basis of its separate financial statements for the year ended 31 December 2010, as mentioned in the directors' report. During the year, further to the shareholders' resolution of 22 April 2010 (when the AGM approved the 2009 financial statements), a dividend of €0.050 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 €14,913,634.

Note 38) Information on related parties

IGD SIIQ S.p.A. controls 100% of Immobiliare Larice S.r.l. and Millennium Gallery S.r.l.; 52% of Consorzio dei Proprietari Centro Leonardo; 72.25% of Consorzio I Bricchi; 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	Financial receivables	Current payables and other liabilities	Non-current payables and other liabilities	Financial payables	Other non-current assets	Fixed assets - increases	Fixed assets - decreases
Coop Adriatica S.c.a.r.l.	19,430	11,481	4,758,594	8,532,241	18,849,746	3,709,164	57,175,643	(144,405)
Robintur S.p.A.	11,948	0	0	0	0	0	0	
Librerie Coop S.p.A.	8,760	0	0	0	0	0	0	
Unicoop Tirreno S.c.a.r.l.	27,816	0	14,805	2,289,428	0	0	0	
Vignale Comunicazione S.r.l.	307,513	0	0	25,000	0	0	0	
Ipercoop Tirreno S.p.A.	13,243	0	0	1,091,029	0	0	0	
IPK Sicilia	6,181	0	0	0	0	0	240,625	
Immobiliare Larice S.r.l.	1,580,594	15,214,051	17,880	0	0	0	0	
Millennium Gallery S.r.l.	0	4,006,880	89,543	0	0	0	0	
Porta Medicea S.r.l.	54,473	0	86,866	0	0	0	0	
Cons. Forte di Brondolo	0	0	0	0	0	0	60,325	
Consorzio Proprietari Leonardo	39	0	21,063	0	0	0	17,552	
Consorzio Bricchi	67,695	0	0	0	0	0	0	
Consorzio Lame	0	0	26,951	0	0	0	0	
Consorzio Conè	0	0	112,036	0	0	0	0	
Consorzio La Torre	0	0	2,831	0	0	0	0	
Total	**2,097,692**	**19,232,413**	**5,130,568**	**11,937,698**	**18,849,746**	**3,709,164**	**57,494,146**	**(144,405)**
Amount reported	**41,859,889**	**25,233,898**	**20,658,487**	**18,183,479**	**874,008,437**	**203,349,467**	**1,404,092,041**	**1,404,092,041**
Ratio	**5.01%**	**76.22%**	**24.84%**	**65.65%**	**2.16%**	**1.82%**	**4.09%**	**-0.01%**

	Advances to suppliers for assets under construction	Revenues/other income	Financial income	Costs	Financial charges
Coop Adriatica S.c.a.r.l.		20,415,725	16,505	2,925,039	370,999
Robintur S.p.A.		151,085	0	6,309	0
Librerie Coop S.p.A.		376,604	0	0	0
Unicoop Tirreno S.c.a.r.l.		4,947,661	0	99,000	0
Vignale Comunicazione S.r.l.		472,503	0	0	0
Ipercoop Tirreno S.p.A.		2,051,915	0	0	28,645
IPK Sicilia		2,242,923	0	0	0
Immobiliare Larice S.r.l.		136,480	489,312	22,627	0
Millennium Gallery S.r.l.		53,000	40,826	0	1,237
Porta Medicea S.r.l.	7,687,400	171,085	0	0	0
RGD		76,274	0	0	0
Consorzio Proprietari Leonardo		0	0	34,268	0
Consorzio Bricchi		4,866	0	758,145	0
Consorzio Katanè		0	0	130,779	0
Consorzio Conè		0	0	112,036	0
Consorzio La Torre		0	0	17,831	0
Winmarkt Management S.r.l.		0	0	(29,034)	0
Total	**7,687,400**	**31,100,120**	**546,643**	**4,077,000**	**400,881**
Amount reported	**59,282,288**	**78,089,371**	**762,244**	**18,447,476**	**27,745,111**
Ratio	**12.97%**	**39.83%**	**71.71%**	**22.10%**	**1.44%**

La Società intrattiene rapporti finanziari ed economici con la controllante 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;
- security deposits received on leases;
- financial collection and payment transactions in the context of treasury services;
- loans to Group companies;
- purchase of the Conè shopping center in Conegliano.

Transactions with Robintur S.p.A. concern the leasing of store space at malls and the supply of services.
Transactions with Librerie Coop S.p.A. concern receivables and income for the business lease of properties inside shopping centers.
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 Vignale Comunicazione concern receivables and income for the rental of premises at shopping centers.
Transactions with Consorzio Forte di Brondolo concern payables and costs for

construction work on the land in Chioggia.
Transactions with Consorzio Proprietari Leonardo, Consorzio Lamè, Consorzio Conè, Consorzio La Torre, Consorzio Katanè, Albos, and Consorzio Bricchi concern receivables and income for facility management services at shopping centers; the costs incurred with Consorzio Bricchi, Consorzio Conè, Consorzio La Torre and Consorzio Katanè refer to service charges for vacant units.
Transactions with Iniziative Immobiliari Bologna Nord, held 15%, refer to a loan granted to the company at market interest rates.
Transactions with Group companies consist of loans granted under standard market conditions and technical/administrative service contracts.

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 designated 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 39.83% 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 do so, it can adjust the level of dividends paid, reimburse share capital, or issue new shares.
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 IGD SIIQ S.p.A., less retained earnings.

Capital management	31/12/10	31/12/09
Interest bearing loans	874,008,437	738,357,898
Trade and other payables	20,658,487	12,810,379
Cash and cash equivalents	(48,134,498)	(68,320,439)
Net debt	**846,532,426**	**682,847,838**
Net equity	755,046,623	734,042,199
Distributed/(undistributed) net profit	(22,370,451)	(14,913,634)
Total capital	**732,676,172**	**719,128,565**
Capital and net debt	**1,579,208,598**	**1,401,976,403**
Debt/equity ratio	53.60%	48.71%

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	Aletti Interbanca
Nominal amount	1,291,142	1,614,828	1,479,946	22,080,072	15,657,252	5,839,358	20,615,385	23,317,047
Inception date	05/10/04	31/05/05	31/05/05	31/12/04	31/12/04	31/12/04	06/10/06	10/06/09
Maturity	05/04/11	31/05/11	31/05/11	31/12/13	31/12/15	31/12/13	06/10/16	05/10/21
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%	3.42%

	BNP Interbanca	MPS 10198433 (now Banca CRF)	MPS 10201705 (now Banca CRF)	Carisbo	Carisbo 910270202	MPS 87065 (now Banca CRF)	Aletti Asti
Nominal amount	23,317,047	23,317,047	23,317,047	12,415,380	23,317,047	23,317,047	8,538,463
Inception date	10/06/09	10/06/09	10/06/09	12/02/09	28/10/09	28/10/09	28/04/10
Maturity	05/10/21	05/10/21	05/10/21	10/01/23	05/10/21	05/10/21	31/03/24
IRS frequency	Quarterly	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	3.44%	3.44%	3.42%	3.35%	3.18%	3.18%	3.29%

	Aletti Guidonia	Carisbo 100540011	Carisbo 1004290251	MPS 92285	MPS Guidonia	Carisbo Guidonia	Carisbo Guidonia
Nominal amount	19,242,250	11,384,618	11,204,933	8,538,463	19,242,250	19,242,250	19,242,250
Inception date	27/08/10	28/04/10	28/04/10	28/04/10	27/08/10	27/08/10	27/08/10
Maturity	27/03/24	28/03/24	29/12/23	28/03/24	27/03/24	27/03/24	27/03/24
IRS frequency	Quarterly	Quarterly	Half-yearly	Quarterly	Quarterly	Quarterly	Quarterly
Bank rate	3-month Euribor	3-month Euribor	6-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor	3-month Euribor
Customer rate	2.30%	3.27%	3.41%	3.25%	2.30%	2.30%	2.29%

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 2010 the Company had the following purchase and sale commitments:

- 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. Under the agreement, by the end of 2011 IGD will acquire a 50% interest in the owner of the Vibo Valentia shopping center. The due diligence began in 2010.
- 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.
- Due to the dissolution of the joint venture with Beni Stabili (resulting in the sale of 50% of RGD S.r.l.) and the joint purchase of the Darsena City shopping center, IGD SIIQ S.p.A. has a commitment with RGD S.r.l. to assume its share of all income and costs associated with the definitive and preliminary contracts signed on 15 March 2006 and transferred to RGD S.r.l. on 29 March 2007, following the property's change of ownership on 9 March 2007.

As mentioned in earlier financial reports, although the "Darsena City" real estate transaction in Ferrara pursues a single goal, it 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.

Note that the companies Partxco S.p.A., Magazzini Darsena S.p.A. and Darsena F.M. S.r.l., the Group's counterparties in the above contracts, are currently facing financial difficulties. Together with RGD S.r.l., the Group is studying various options to protect the parties' mutual interests given the complexity of the agreements in force.

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 appealed against the assessment and related penalties, 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 2009, the appeal was rejected by the Provincial Tax Commission of Ravenna. Based on the reasoning presented above, IGD plans to file for a refund of the amount it feels was unduly paid.
As for the assessment regarding inventories, claiming that IGD had mistakenly interpreted the type of contract (sale of a future asset rather than a commissioned job) and therefore misclassified the inventories, subjecting them to the wrong set of tax rules, the Company's appeal to the Provincial Tax Commission of Ravenna filed in January 2011 has been rejected.
IGD plans to appeal at a higher level as it disagrees with the grounds for rejection.

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 2010 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 classification

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 2010 and 31 December 2009:

Classification 31/12/2010	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedging instruments	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			184,803,321					184,803,321		184,803,321	184,803,321
- Beneficial interests			3,785,151					3,785,151		3,785,151	3,785,151
- due from others			3					3		3	3
- security deposits			26,745					26,745		26,745	26,745
Financial assets								-			-
Trade and other receivables								-			-
- trade receivables			8,178,300					8,178,300	8,178,300		8,178,300
- due from others								-			-
- other receivables								-			-
- advances paid to suppliers								-			-
Related party trade and other receivables								-			-
- parent			19,430					19,430	19,430		19,430
- subsidiaries								-			-
- other related parties			497,668					497,668	497,668		497,668
Other assets								-			-
- monthly advances								-			-
- due from insurers			17,361					17,361	17,361		17,361
- accrued income and prepayments			280,100					280,100	280,100		280,100
- Other			257,629					257,629	257,629		257,629
Financial assets for interest rate swaps							4,379,823	4,379,823		4,379,823	4,379,823
Financial receivables and other financial assets								-			
- other related parties								-			-
- subsidiaries			19,220,932					19,220,932	19,220,932		19,220,932
- parent			11,481					11,481	11,481		11,481
- other			6,001,485					6,001,485	6,001,485		6,001,485
Cash and cash equivalents								-			-
- cash and cash equivalents at banks, financial institutions and post offices			22,861,960					22,861,960	22,861,960		22,861,960
- cash on hand			38,640					38,640	38,640		38,640
Total financial assets	**-**	**-**	**246,000,206**	**-**	**-**	**-**	**4,379,823**	**250,380,029**	**57,384,986**	**192,995,043**	**250,380,029**
Liabilities											
Financial liabilities											
- financial liabilities for interest rate swaps							9,821,279	9,821,279		9,821,279	9,821,279
- due to banks						55,046,006		55,046,006	55,046,006		55,046,006
- due to other sources of finance						30,677,568		30,677,568	23,000,000	7,677,568	13,465,583
- leasing						6,242,282		6,242,282	257,598	5,984,684	5,853,352
- convertible bond						214,708,310		214,708,310	66,164	214,642,146	227,821,055
- mortgage loans with banks						538,663,246		538,663,246	45,106,476	493,556,770	451,265,533
Related party financial liabilities								-			-
- due to subsidiary						-		-			-
- due to affiliate (TCA)						18,849,746		18,849,746	3,849,546	15,000,200	18,849,746
Sundry payables and other liabilities											-
- accrued income and prepayments						-		-			-
- down payment								-			-
- other						86,337		86,337		86,337	86,337
Related party sundry payables and other liabilities											-
- parent						8,532,241		8,532,241		8,532,241	8,532,241
- other related parties						3,405,457		3,405,457		3,405,457	3,405,457
Trade and other payables						11,565,801		11,565,801	11,565,801		11,565,801
Related party trade and other payables								-			-
- parent						4,758,593		4,758,593	4,758,593		4,758,593
- subsidiaries								-			-
- other related parties						181,082		181,082	181,082		181,082
Other liabilities											-
- accrued liabilities and deferred income						-		-			-
- insurance						8,000		8,000	8,000		8,000
- security deposits received						3,438,276		3,438,276	3,438,276		3,438,276
- other						88,789		88,789	88,789		88,789
Related party other liabilities						14,484		14,484	14,484		14,484
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**896,266,218**	**9,821,279**	**906,087,498**	**147,380,815**	**758,706,682**	**814,201,614**

Classification 31/12/2009	Book value										Fair value
	Financial assets/ liabilities designated at fair value	Held for trading financial assets/ liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Hedge derivatives6	Total	of which: current	of which: non-current	
Assets											
Sundry receivables and other assets											
- equity investments			198,498,245					198,498,245		198,498,245	198,498,245
- beneficial interest			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 from others								0			
- other receivables								0			
- advances paid to suppliers								0			
Related party trade and other receivables											
- parent			23,498					23,498	23,498		23,498
- subsidiaries								0			0
- other related parties			526,011					526,011	526,011		526,011
Other assets											
- monthly advances								0			0
- due from insurers			0					0			0
- accrued income and prepayments			220,725					220,725	220,725		220,725
- Other			274,691					274,691	274,691		274,691
Financial receivables and other financial assets											
- other related parties			40,153,521					40,153,521	40,153,521		40,153,521
- subsidiaries								0			0
- parent			219,296					219,296	219,296		219,296
- accrued income on financial assets								0			0
Cash and cash equivalents											
- cash and cash equivalents at banks, financial institutions and post offices			27,879,394					27,879,394	27,879,394		27,879,394
- cash on hand			68,228					68,228	68,228		68,228
Total financial assets	**-**	**-**	**274,766,881**	**-**	**-**	**-**	**-**	**274,766,881**	**74,429,905**	**200,336,976**	**274,766,881**
Liabilities											
Financial liabilities											
- financial liabilities for interest rate swaps							6,091,788	6,091,788		6,091,788	6,091,788
- due to banks						55,072,979		55,072,979	55,072,979		55,072,979
- due to other sources of finance						30,247,280		30,247,280		30,247,280	36,321,467
- leasing						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
- mortgage loans with banks						420,670,844		420,670,844	36,505,959	384,164,885	409,929,883
Related party financial liabilities								0			
- due to subsidiary						2,457		2,457	2,457		2,457
- due to affiliate						5,067,678		5,067,678	5,067,678		5,067,678
Sundry payables and other liabilities											
- accrued liabilities and deferred income						4,487		4,487		4,487	4,487
- down payment								0			
- other						86,337		86,337		86,337	86,337
Related party sundry payables and other liabilities											
- parent						8,207,241		8,207,241		8,207,241	8,207,241
- other 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
Related party trade and other payables								0			
- parent						2,338,567		2,338,567	2,338,567		2,338,567
- subsidiaries								0			0
- other related parties						44,545		44,545	44,545		44,545
Other liabilities											
- accrued income and prepayments						0		0			0
- insurance						17,302		17,302	17,302		17,302
- security deposits received						2,281,110		2,281,110	2,281,110		2,281,110
- other						75,024		75,024	75,024		75,024
Related party other liabilities						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**

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 2010 a credit spread of 1.50% was applied (unchanged since the previous year).

Collateral

Below is a list of financial assets pledged as collateral for contingent liabilities.

Collateral pledged	Book value	
	31/12/10	31/12/09
Security deposits		
- Sundry receivables and other assets	26,745	31,266
- Other current assets		

The following table shows the impairment of trade receivables:

Impairment	Impairment of trade receivables	
	31/12/10	31/12/09
Opening balance	3,054,372	2,162,201
Transfers		
Impairment		
- individual writedowns	592,872	937,411
Utilizations	-106,093	-45,240
Writebacks		
Other movements		
Total	**3,541,151**	**3,054,372**

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 +€566,149 in 2010 and to -€2,847,981 in 2009.

Income statement 31/12/2010 Net gain/(loss)	Book value						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Derivatives for hedging purposes
Sundry receivables and other assets							
Financial assets							-6,126,273
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
Losses from impaired financial instruments							
- Trade receivables			-592,872				
Total	**-**	**-**	**-592,872**	**-**	**-**	**-**	**-6,126,273**

Income statement 31/12/2009 Net gain/(loss)	Book value						
	Financial assets/ liabilities measured at fair value	Held for trading financial assets/liabilities measured at fair value	Receivables and loans	Held to maturity financial assets	Available for sale financial assets	Financial liabilities measured at amortized cost	Derivatives for hedging purposes
Sundry receivables and other assets							
Financial assets							-2,729,746
Trade and other receivables							
Related party trade and other receivables							
Financial receivables							
Other							
Cash and cash equivalents							
Financial liabilities							
Sundry payables and other liabilities							
Related party sundry payables and other liabilities							
Trade and other payables							
Related party trade and other payables							
Other liabilities							
Losses from impaired financial instruments							
- Trade receivables			-937,411				
Total	**-**	**-**	**-937,411**	**-**	**-**	**-**	**-2,729,746**

The next table shows income and charges from financial assets and liabilities not measured at fair value:

Interest income	2010	2009
Interest income on financial assets not measured at fair value		
- Deposits	171,930	344,948
- Sundry receivables and other assets		
- Due from parent	16,505	13,669
- Due from subsidiaries	530,138	845,446

Interest expense	2010	2009
Interest expense on financial assets not measured at fair value		
- Security deposits	113,344	332,152
- Deposits	616,621	872,138
- Trade and other payables		
- Sundry payables and other liabilities	340,033	533,836
- Due to parent	286,300	11,111
- Due to subsidiaries	1,237	25,026
- Financial liabilities		
- Convertible bond	12,647,694	12,370,317
- Leasing	150,861	95,964
- Mortgage loans	8,564,045	11,180,997
- Interest capitalized	(1,101,297)	(334,958)

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	31/12/10	31/12/09
Receivables and loans		
Sundry receivables and other assets	26,748	31,269
Trade and other receivables	8,178,300	5,064,541
Related party trade and other receivables	517,098	549,509
Other	555,090	495,416
Cash and cash equivalents	22,861,960	27,879,394
Financial receivables and other financial assets	25,233,898	40,372,817
Due from third parties (securities)		
Derivatives for hedging purposes	**4,379,823**	
Guarantees		
Total	**61,752,917**	**74,392,946**

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, except for the four entered into in August 2010;
- 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.

Breakdown of maturities at 31/12/09 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
Leasing	242,688		247,672	507,683	1,049,135	2,173,121		4,220,300
Convertible bond			5,829,861		5,829,861	235,845,833		247,505,556
Short-term credit lines	20,578	124,870						145,447
Other liabilities		72,423	99,238	233,137	23,669,648			24,074,446
Related party payables								
Sureties								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*

Breakdown of maturities at 31/12/10 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	3,480,497	3,416,368	16,944,932	20,040,360	41,014,147	124,072,214	317,411,730	526,380,249
Leasing	19,921	40,202	60,314	121,332	239,336	638,042	2,518,584	3,637,732
Convertible bond					5,829,861	235,845,833		241,675,694
Short-term credit lines	14,795	32,400						47,195
Other liabilities								
Related party payables								
Sureties								
Commitments and risks								
Total	**3,515,212**	**3,488,970**	**17,005,246**	**20,161,692**	**47,083,344**	**360,556,090**	**319,930,315**	**771,740,870**
Derivative financial instruments								
Interest rate swaps	-1,154,315	-408,480	-2,153,643	-3,303,805	-5,002,421	-2,005,307	9,814,909	-4,213,062
Total	**-1,154,315**	**-408,480**	**-2,153,643**	**-3,303,805**	**-5,002,421**	**-2,005,307**	**9,814,909**	**-4,213,062**
Exposure at 31/12/2010	*2,360,898*	*3,080,489*	*14,851,604*	*16,857,887*	*42,080,924*	*358,550,783*	*329,745,224*	*767,527,808*

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	Benchmark	Income statement				Net equity			
		Shock up		Shock down		Shock up		Shock down	
		31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Interest-bearing assets	Euribor	253,707	363,611	-126,853	-363,611				
Hot money	Euribor	-126,667	-500,239	63,333	125,060				
Floating rate financial liabilities	Euribor	-5,256,286	-4,228,900	2,628,143	1,057,225				
Derivatives	Euribor								
- cash flow		3,375,311	2,523,861	-1,687,656	-630,965				
- fair value						17,160,185	11,258,362	-9,011,593	-2,917,512
Total		**-1,753,934**	**-1,841,666**	**876,967**	**187,708**	**17,160,185**	**11,258,362**	**-9,011,593**	**-2,917,512**

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 shift in the interest rate curve was assumed to be +100/-50 basis points, compared with a shift of -25 bp the previous year, when short-term interest rates were close to zero);
- 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 technique was used for 2010 and 2009.

The method used to analyze and determine significant variables did not change since the previous year.

5.7 | Management and coordination

IGD is a subsidiary of Coop Adriatica S.c.a.r.l. of Villanova di Castenaso (province of Bologna) and is under the management and coordination of that company.
Pursuant to Article 2497 bis (4) of the Italian Civil Code, key figures from the latest approved financial statements of Coop Adriatica S.c.a.r.l. are presented below:

	2009	2008
Balance sheet (per Civil Code Art. 2424)		
Assets		
A) - subscribed capital unpaid		
B) - non-current assets	1,476,450,998	1,381,175,824
C) - current assets	1,868,932,892	1,812,867,757
D) - accrued income and prepayments	10,439,544	18,168,669
Total assets	**3,355,823,433**	**3,212,212,250**
Equity and liabilities		
A) - net equity	838,814,233	809,695,721
B) - general provisions	30,598,678	29,476,968
C) - provision for employee severance indemnities	75,794,840	77,725,916
D) - payables	2,407,813,018	2,286,684,578
E) - accrued liabilities and deferred income	2,802,665	8,629,068
Total equity and liabilities	**3,355,823,433**	**3,212,212,250**
Memorandum accounts	***447,390,003***	***601,553,959***
Income statement (per Civil Code art. 2425)		
A) - production value	1,949,248,770	1,926,011,924
B) - production costs	(1,942,715,044)	(1,913,929,551)
C) - financial income and charges	48,866,295	39,985,969
D) - adjustments to the value of financial assets	(18,424,466)	(30,039,503)
E) - extraordinary income and charges	6,420,662	1,861,241
Income taxes	(14,235,516)	(4,711,688)
Net profit	**29,160,702**	**19,178,391**

5.8 Information pursuant to Art. 149-*duodecies* of the Consob's Regulations for Issuers

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2010 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.	109,550
Bond opinion	Reconta Ernst & Young S.p.A.	IGD Siiq S.p.A.	162,000
Other services	Ernst & Young Financial- Business Advisors S.p.A.	IGD Siiq S.p.A.	79,226
Total			**350,776**

5.9 | Certification of the Separate Financial Statements

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

PURSUANT TO ART. 154 BIS (5) OF LEGISLATIVE DECREE 58/09 AND 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 2010.

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, 9 March 2011

Claudio Albertini
Chief Executive Officer

Grazia Margherita Piolanti
Financial Reporting Officer

5.10 Attachments

CERTIFICATION PURSUANT TO ART. 37

of the Market Regulations adopted with
Consob Resolution 16191 of 29 October 2007 (as amended)

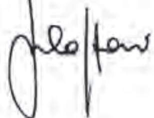
Per Art. 2.6.2 (13) of the Regulations for Markets
Organized and Managed by Borsa Italiana S.p.A.

Resolved by the shareholders of Borsa Italiana on 16 July 2010
and approved by Consob with Resolution 17467 of 7 September 2010

Pursuant to Article 2.6.2 (13) 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 Coop Adriatica S.c.a.r.l., meets the listing conditions stated in Art. 37 of Consob Resolution 16191/2007 (as amended).

9 March 2011

Gilberto Coffari
Chairman of the Board of Directors



List of equity investments

Name	Registered office	Share capital (in EUR) (*)	Net profit (loss) (in EUR) (*)	Net equity (in EUR) (*)	% held	Control	Number of shares/ quotas	Carrying value (in EUR)
Immobiliare Larice s.r.l.	Ravenna Via Villa Glori 4	75,071,221	6,119,360	178,643,398	100%	IGD SIIQ S.p.A.	75,071,221	170,183,477
Millennium Gallery s.r.l	Ravenna Via Villa Glori 4	100,000	-241,906	1,180,366	100%	IGD SIIQ S.p.A.	100,000	14,313,025
WinMagazin S.A.	Bucarest Romania	31,128	3,010,652	47,288,961	0.10%	IGD SIIQ S.p.A.	31	186,891
Consorzio I Bricchi	Isola d'Asti loc. Molini via prato boschiero	6,000	0	6,000	72.25%	IGD SIIQ S.p.A.	4,335	4,335
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.		8,274

(*) per separate financial statements of the subsidiaries

5.11 External Auditors' Report

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 art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(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, 2010, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 Legislative Decree n. 38/2005 is the responsibility of 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 performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, 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.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated 31 marzo 2010.

3. In our opinion, the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of 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, 2010, 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 in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Management Report and the specific section on Corporate Governance and the Company's Ownership Structure regarding the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1,

Reconta Ernst & Young S.p.A.
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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letters c), d), f), l), m) and paragraph 2, letter b), as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the specific section of the report, are consistent with the financial statements of Immobiliare Grande Distribuzione Società di Investimento Immobiliare Quotata S.p.A. as of December 31, 2010.

Bologna, Italy
March 24, 2011

Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, Partner

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5.12 Board of Statutory Auditors' Report

IMMOBILIARE GRANDE DISTRIBUZIONE

SOCIETA' DI INVESTIMENTO IMMOBILIARE QUOTATA S.p.A.

Registered Office Via Agro Pontino 13, 48100 Ravenna, Italy

REA 88573 Company Register no. 00397420399

Share capital approved: € 392,855,256.00, €309,249,261.00 paid-in

Company under the management and control of Coop Adriatica S.c.a.r.l.

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,

of Immobiliare Grande Distribuzione Società di investimento immobiliare quotata S.p.A. (IGD SIIQ SPA), 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.

* * * * *

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 fulfil 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 and the Italian Stock Exchange.

As was the case in last year's report, we have essentially followed the format and numbering specified in the relative Consob bulletin.

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

- On 22 April 2010 the general meeting of the bondholders approved the following amendments to the terms and conditions of the €230 million bond loan approved on 25 June 2007:
  - Conversion price reduced from €4.93 to €2.75 with the share capital increase rising from € 46,653,144 to €83,636,364;
  - Maturity extended 18 months from 28 June 2012 to 28 December 2013;
  - Coupon rate raised from 2.5% to 3.5% with payment every six months rather than once a year.

The audit company Reconta Ernst & Young Spa issued a fairness opinion in accordance with Art. 158 T.U.F..

- The proposed amendments to the terms and conditions of the bond loan, as well as the granting of the power to the Board of Directors to amend the bylaws in order to comply with Art. 2365 of the Italian Civil Code, were approved during the Extraordinary Shareholders' Meeting held on 22 April 2011.
- On 13 May the Board of Directors approved the proposed merger by incorporation in the the Company of the wholly-owned subsidiary FAENZA SVILUPPO – AREA MARCUCCI S.R.L.. The merger act was finalized on 30 September while for tax and accounting purposes the merger took effect as of the beginning of the year (1 January 2010).
- On 26 August the Board of Directors instituted the Committee for Related Party Transactions comprised of three independent directors.
- On 13 December 2010 the Board of Directors approved amendments to the bylaws in order to comply with new regulations relating to shareholders' rights introduced in Legislative Decree n. 27 of 27 January 2010, in implementation of EC directive 2007/36/EC.

Corporate Transactions

- On 15 June 2010 the contract for the purchase of the mall inside the Torre Ingastone Shopping Center in Palermo was finalized. The works were completed subsequent to the inauguration of the center which took place on 23 November 2010. The investment made amounted to €55 million.
- On 30 June 2010 the preliminary contract for the purchase of the shopping mall in Gorizia was cancelled due to delay in the authorization process.
- On 11 November 2010 the Board of Directors approved the updated 2009-2013 Business Plan which calls for investments totalling €750 million, as well as €100 million from the rotation of the real estate portfolio.
- In December the contract for the purchase of the shopping mall in Conegliano was finalized. The mall was purchased from COOP ADRIATICA S.C.A.R.L. for a price determined on the basis of a valuation received from an independent appraiser and after examination by the Internal Control Committee.
- On 30 December the company acquired, in equal parts with Beni Stabili Spa, the Darsena City Shopping Center in Ferrara from RGD SRL. This acquisition followed the sale to Beni Stabili

Spa of the 50% interest held in RGD Srl, the owner of the two shopping centers located in Beinasco and Nerviano.

* * *

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 2010 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. On 26 August 2010 the Company's Board of Directors, pursuant to Consob Resolution of 12 March 2010, and as amended in its resolution of 23 June 2010, relative to related party transactions, appointed a Committee for Related Party Transactions comprised of three independent directors. This committee met twice during the year: on 20 October and 10 November. The relative Regulations, which define and govern the transactions, were approved by the Board of Directors on 11 November 2010, as per the Board of Statutory Auditors' recommendation.

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 2010 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 by CONSOB .

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 24 March 2011 the external auditors, Reconta Ernst & Young SpA, issued their report pursuant to Articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010 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 2010 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 2010 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 22 April 2010, per our favorable opinion, shareholders approved an adjustment to the fees to be paid Reconta Ernst & Young S.p.A., for the ongoing audit of the parent company and consolidated financial statements through 2012. The fees matured for these activities in 2010 amounted to € 110 thousand, including expenses and Consob charges. The above mentioned company was also paid € 162 thousand for the fairness opinion relative to the amendment to the terms and conditions of the bond loan, issued as per shareholder resolution dated 25 June 2007 and amended by shareholders on 22 April 2010.

The company also granted Ernst & Young Financial Business Advisor Spa the assignment to i) provide assistance with the enterprise risk management (ERM) project and ii) provide support in defining the methods to be used to assess interest rate risk. Fees of €79 thousand were paid.

The financial audit of the Romanian subsidiaries was performed by Ernst & Young Srl which received fees of €40 thousand for completing the assignment.

In 2010 Reconta Ernst & Young S.p.A. also received € 33 thousand for the audit of subsidiaries:

Immobiliare Larice Srl; Millennium Gallery Srl, and PortaMedicea Srl.

Mazar Spa was granted the assignment for the audit of the RGD Group for a fee, in 2010, of €12 thousand.

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 2010 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 2010

In 2010 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, including in light of the SIIQ regime, 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 2010:

- The Board of Directors met more often than as indicated in the financial calendar, for a total of 9 meetings.
- The Board of Statutory Auditors met more frequently than required by law (every 90 days). The statutory auditors met on 9 times on 11/1/2010; 26/01/2010; 4/03/2010; 23/03/2010; 31/03/2010; 28/06/2010; 23/09/2010; 07/10/2010; 23/12/2010. These meetings include those held under Art. 2404 of the Italian Civil Code and those held to finalize preparation of the report pursuant to Art. 2429 (2) of the Italian Civil Code 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, the meetings of the Committee for Related Party Transactions and meetings with company management, the external auditors and Internal Audit.

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 bylaws. 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, the Committee for Related Party Transactions, 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 bylaws 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 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 discussions with top management, 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 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 2010.

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.

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.. The administrative-accounting system was found to be adequate and to have met the needs of the new initiatives implemented during 2010 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 fulfil 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 of which the Board of Directors confirmed, on 9 March 2011, qualify as independent. 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 2010 the committee held meetings with continuity and in keeping with operational needs. It met five 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 2010 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. The committee works with the Internal Audit on monitoring and limiting risk exposure.
- Compensation Committee: comprised of three independent directors. In 2010 it held two meetings.
- 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 2010 it held seven meetings.
- Nominations Committee: comprised of three directors, of whom two are independent and one is non-executive. It met two times in 2010 and expressed its opinion regarding the

directors and managers of the company's subsidiaries.

- Committee for Related Party Transactions. This is the last committee to be formed as resolved by the Board of Directors on 26 August 2010, in compliance with Consob regulations (Resolutions n. 17221 and 17389, of March and June 2010, respectively). The committee is comprised of three independent directors and held two meetings in 2010.

With regard to independent directors, please note that 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 Board of Directors also hired Egon Zehnder International S.p.A., headquartered in Milan, to perform a "board review". The purpose of this review is the yearly assessment of the size, composition and functioning of the Board of Directors and its committees. The results were contained in a report that was presented to and discussed by the Board on 9 March 2011. Board review is an effective means of self-assessing the composition and functioning of the Board of Directors and its committees.

At the end of the above discussion, including in light of the timely institution of the committee called for by Consob, the Board of Statutory Auditors expressed a positive opinion of the Company's corporate governance.

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. In its meeting of 7 March 2011 the Board of Statutory Auditors, including in compliance with the recent "Code of Conduct"

issued by the Italian Accounting Profession assessed the commitment and the time required to fulfil its duties in light complexity and scope of the assignment. Upon completion of this self-assessment process we came to a positive conclusion about the adequacy of the structure and organization of the Board of Statutory Auditors.

19. CLOSING REMARKS

We conclude this report by confirming that all of the corporate bodies, the heads of the administrative and operating departments, and the external auditors 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 2010, 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

<u>Ordinary session</u>

First item – Financial statements at 31 December 2010; directors' report; external auditors' report; statutory auditors' report; presentation of the consolidated financial statements at 31 December 2010, allocation of the net profit for the year; related and consequent resolutions.

- We recommend that you approve the financial statements at 31 December 2010 and the Board of Directors' proposal for allocation of the net profit for the year.

Second item – authorization for the purchase and disposal of treasury shares; related and consequent resolutions.

- We found the information provided by the Board of Directors in its report in this regard to be adequate and complete. At year-end (31/12/2010) the Company held 10,976,592 (3.549%) treasury shares, for a total of € 22,141,778.

  In light of the amount of treasury shares held it is possible to propose approval for the purchase of additional shares and the Board of Statutory Auditors found that the law (Art. 2357 of the Italian Civil Code) and the bylaws would not be violated as a result of the purchase of additional treasury shares, conducted in accordance with the law.

Third item – Amendment of Articles 2, 11, 12 and 18 of the Regulations for Shareholder Meetings; related and consequent resolutions.

This resolution was deemed necessary in order to comply with Legislative Decree 27 of 27 January 2010 relating to shareholders' rights in implementation of EC Directive n. 2007/36 EC.

<u>Extraordinary session</u>

First item – Amendment of Articles 13 and 22 of the corporate bylaws; related and consequent resolutions.

The Statutory Auditors have no particular observations to make in this regard. The amendments were necessary in order to comply with new regulations introduced in Legislative Decree 27 of 27 January 2010.

* * * * *

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, 25 March 2011

The Board of Statutory Auditors

Signed

(Romano Conti)

(Franco Gargani)

(Roberto Chiusoli)

Annex to the Report of the Board of Statutory Auditors of IGD SIIQ S.p.A. to the financial statements at 31 December 2010

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 t25 March 2011 (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	Sole director	Small
4	AM.GENERAL CONTRACTOR SPA	Genoa	Chairman of the Board of Statutory Auditors	Medium
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 Board of Statutory Auditors	Medium
18	ACB GROUP SPA	Bologna	Director	Small
19	ZEROQUATTRO SRL	Bologna	Chairman of the Board of Statutory Auditors	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 SPA	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	GRANAROLO SPA	Bologna	Chairman of the Board of Statutory Auditors	Large
5	MANUTENCOOP FACILITY MANAGEMENT SPA	Bologna	Member of the Surveillance Board	Large
6	HPS SPA	Bologna	Standing auditor	Medium
7	INIZIATIVE BOLOGNA NORD	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 SPA	Ravenna	Standing auditor	Issuer
2	CONSORZIO REGIONALE ETURIA SOCIETA' COOPERATIVA A R.L.	Montelupo Fiorentino	Standing auditor	Large
3	POLO UNIVERSITARIO GROSSETANO SOCIETA CONSORTILE A.R.L.	Grosseto	Standing auditor	Small
4	ASIU SPA	Piombino (Li)	Chairman of the Board of Statutory Auditors	Medium
5	CALDANA S.R.L.	Gavorrano (Gr)	Chairman of the Board of Statutory Auditors	Small
6	ORIZZONTE S.R.L.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Small
7	COMPAGNIA PORTUALI - SOC. COOP. A R.L.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Medium
8	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	Campiglia M. (Li)	Chairman of the Board of Statutory Auditors	Small
9	GEMA COMMERCIALE S.R.L.	Prato	Chairman of the Board of Statutory Auditors	Medium
10	SAN GIACOMO - SOCIETA' COOPERATIVA SOCIALE	Portoazzurro (Li)	Standing auditor	Small
11	AXIS S.R.L.	Napoli	Standing auditor	Small
12	S.G.F. S.R.L.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Small
13	MAISIS - SOCIETA' A RESPONSABILITA' LIMITATA	Montelupo (Fi)	Chairman of the Board of Statutory Auditors	Small
14	TIRRENO LOGISTICA S.R.L.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Large
15	SOLARIA S.R.L.	Grosseto	Standing auditor	Small
16	UNICOOP TIRRENO SOC. COOP. A R.L.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Large
17	TECNOLOGIE AMBIENTALI PULITE - T.A.P. SPA	Piombino (Li)	Chairman of the Board of Statutory Auditors	Small
18	INDAL. 2000 S.R.L.	Suvereto (Li)	Chairman of the Board of Statutory Auditors	Medium
19	SVILUPPO DISCOUNT S.P.A. (O SOLO S.D. S.P.A.)	Milano	Chairman of the Board of Statutory Auditors	Large
20	SOF S.P.A.	Firenze	Standing auditor	Medium
21	L'ORMEGGIO - SOCIETA' COOPERATIVA A R.L.	Piombino (Li)	Standing auditor	Small
22	PORT SECURITY PIOMBINO S.R.L.U.	Piombino (Li)	Chairman of the Board of Statutory Auditors	Small

The Board of Statutory Auditors
Signed
(Romano Conti)
(Franco Gargani)
(Roberto Chiusoli)

Prezzo iniziale
% sconto
10€
Prezzo iniziale
% sconto
5€

Glossary

AGENCY MANAGEMENT
Activities aimed at finding the most profitable tenant mix and negotiating leases for stores at malls.

DEVELOPMENT PIPELINE
Program of investments in development.

DIRECT COSTS
Costs directly attributable to the shopping 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 its ordinary shares at the end of the year.

EBIT (operating profit)
EBIT, or Earnings before Interest and Taxes, differs from EBITDA in that it includes information on amortization, depreciation, and changes in the fair value of properties held. In the case of IGD, which follows International Accounting Standards (IAS), amortization and depreciation are not overly significant as the value of the freehold properties is updated every six months, based on an independent appraisal; properties are recognized at market value in the balance sheet, while the difference in fair value is shown in the income statement between EBITDA and EBIT.

EBITDA
EBITDA, or Earnings Before Interest, Taxes, Depreciation & Amortization, is the most significant measure of a company's operating performance as it indicates earnings regardless of the company's means of financing, taxes or 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
Net profit divided by the average number of shares outstanding in the year.

ESTIMATED RENTAL VALUE / ERV
The estimated value at market rates for rentable space, according to an independent appraisal based on similar properties in comparable areas.

FACILITY MANAGEMENT
Supply of specialized services to shopping centers such as security, cleaning and routine maintenance.

FFO / FUNDS FROM OPERATIONS
Net profit plus deferred taxes, depreciation & amortization, net change in the market value of properties and writedowns. This is the indicator most commonly used to evaluate a REIT's performance.

GLA
Gross leasable area.

GROSS FLOOR AREA
Surface area of a property including external walls.

GROSS MARGIN
The result obtained by subtracting direct costs from revenues.

HEDGING RATIO
The total amount of mortgage loans hedged with interest rate swaps and bonds divided by the total amount of mortgage loans and bonds.

HYPERMARKET
Property with a sales floor in excess of 2,500 m^2, used for the retail sale of food and non-food products.

INTEREST RATE SWAPS / IRS
Financial instrument whereby two parties agree to exchange a certain interest rate stream on a pre-established date. Used to convert floating rate debt into fixed rate debt.

IPD
Investment Property Databank. An index which produces an independent benchmark for real estate investment returns.

INITIAL YIELD
The annualized rental income from a property as a percentage of its valuation at the time of purchase.

JOINT VENTURE
Entity controlled on a long-term basis by two 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 the amount borrowed and the fair market value of freehold properties.

MALL / SHOPPING MALL
Property comprised of many stores plus the common spaces around which they are situated. Usually called a "galleria" in Italian.

MARKET VALUE (FAIR VALUE)
The estimated amount for which a property could be exchanged as of the valuation date, between a buyer and seller each acting prudently and with knowledge

of all the facts.
The definition of market value used by the appraiser is as follows:
"Pursuant to the 6th and latest 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 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 knowledgeably, prudently, and without compulsion".

MIDSIZE STORE
A property with a sales floor of 250 to 2,500 m^2 used for the retail sale of non-food consumer goods.

NAV / NET ASSET VALUE
Difference between the value of properties (Asset Value) and net debt. The NAV per share indicated in IGD's financial statements is the Triple Net Asset Value (3NAV), which is expressed net of latent capital gains and the tax effect. In the calculation, potential capital gains on freehold property are added to net equity. The tax effect, based on the company's tax rate, is then deducted from this result. This Net NAV (NNAV) figure is then divided by the number of shares issued.

OCCUPANCY RATE
Gross let surface area as a percentage of properties' total surface area.

OVER-RENTED
Space rented for an amount exceeding its ERV.

PRE-LET
Lease signed by a tenant before development of the property has been completed.

REAL ESTATE PORTFOLIO
The portfolio of freehold and leasehold properties rented out by the IGD Group.

REIT
Real Estate Investment Trust. Comparable to an SIIQ in Italy.

RETAIL PARK
Group of three or more complexes with a combined area of more than 4,500 m^2 and shared parking.

REVERSIONARY POTENTIAL YIELD
The net annual rent that a property would generate if it were fully let at going market rates, as a percentage of the property's value.

ROACE / RETURN ON AVERAGE CAPITAL EMPLOYED
Operating income divided by average capital employed in the year.

ROE / RETURN ON EQUITY
Net profit divided by net equity after dividends.

SHARED COSTS
Corporate costs not attributable to the individual shopping center.

SHOPPING CENTER
Real estate complex comprised of a hypermarket and a shopping mall, featuring common areas and services located in a covered area with heating and air conditioning.

SIIQ
Società di Investimento Immobiliare Quotata. Real estate investment model comparable to a REIT. SIIQ rules allow income tax exemptions for publicly held listed companies whose prevalent activity is the rental of properties and the equivalent, provided they meet a series of earnings and balance sheet requirements.

STORE
Property for the retail sale of non-food consumer goods.

SUPERMARKET
A property with a sales floor of 250 to 2,500 m^2 used for the retail sale of food and non-food products.

TENANT MIX
Set of store operators and brands found within a mall.

UNDER-RENTED
Space rented for an amount less than its ERV.

WACC / WEIGHTED AVERAGE COST OF CAPITAL
The weighted average cost of debt and all other sources of capital, used to calculate the expected return on investments.

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igd SIIQ

SPACES TO BE LIVED IN