



Business Plan 2005 - 2010

**Milan,
October 11th 2005**

Agenda

➤ 1H2005 FINANCIALS

➤ BUSINESS PLAN 2005-2010

➤ IGD STRATEGY

➤ APPENDICES

1H2005 FINANCIALS

1H05 Key Points

KEY POINTS

Property Activity

- Growth through independent lines
 - **April:** shopping mall and retail park in **Mondovì** (Cuneo) total GLA of approximately 18,000 sm (€39.5m)
 - **May:** shopping center in **Guidonia** (Rome) (€ 105m)
- Ongoing restructuring and extension work of free-hold assets
 - **Centro Leonardo** (Imola) and **Centro Borgo** (Bologna) restructuring and extension work

Services Activity

- Signed Agency contracts for third party shopping malls **Galleria Lugo** (Ravenna) and **Centro Arca** (Pescara) total 53 shops
- Completed for **Centro Borgo** (Bologna), **Rimini** and **Minganti** (Bologna)
- Renegotiated expiring **Centro ESP** rental agreements (23 contracts) with an average rental increase of some 23%

Growing Portfolio Fair Value

- New Independent Appraiser by **CB Richard Ellis** on June 30th 2005
- Estimated fair value of **€ 584.7m** (+5.31% vs July 04)

Income Statement

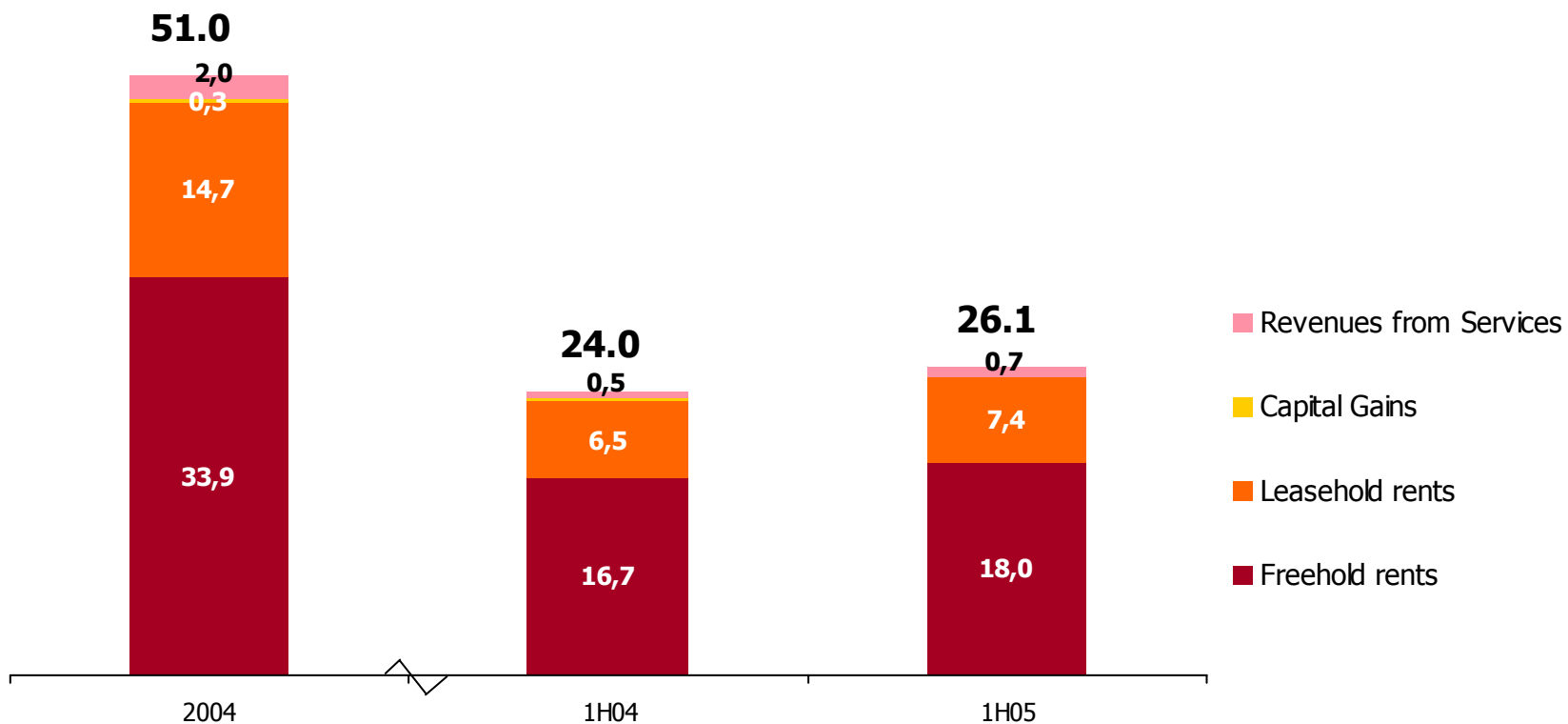
€ m	1H04	1H05	var %
Total Revenues	24,0	26,1	8,8%
EBITDA	15,5	16,6	7,1%
<i>EBITDA %</i>	64,6%	63,6%	
Depreciation	(0,1)	(0,2)	
Change in Assets' Fair Value	10,1	14,2	
EBIT	25,5	30,6	20,0%
Net Financial Income/(Charges)	(2,3)	1,0	
Profit Before Tax	23,2	31,6	36,2%
<i>Profit Before Tax %</i>	96,7%	121,1%	
Taxes *	(9,0)	(11,8)	
Net Profit	14,2	19,8	39,4%
<i>Net Profit %</i>	59,2%	75,9%	

(*) Taxes are comprehensive of deferred taxes raised from IAS/IFRS principle adoption.

Note: Igd adopted the international accounting principles (IAS/IFRS) starting from 1H05.
As a consequence 1H04 was restated and 1H03 comparison is unavailable.

Revenue growth and breakdown

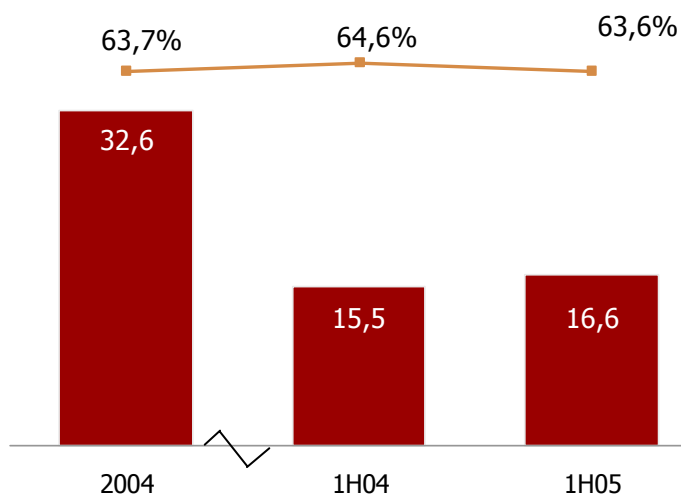
Revenues (€m)



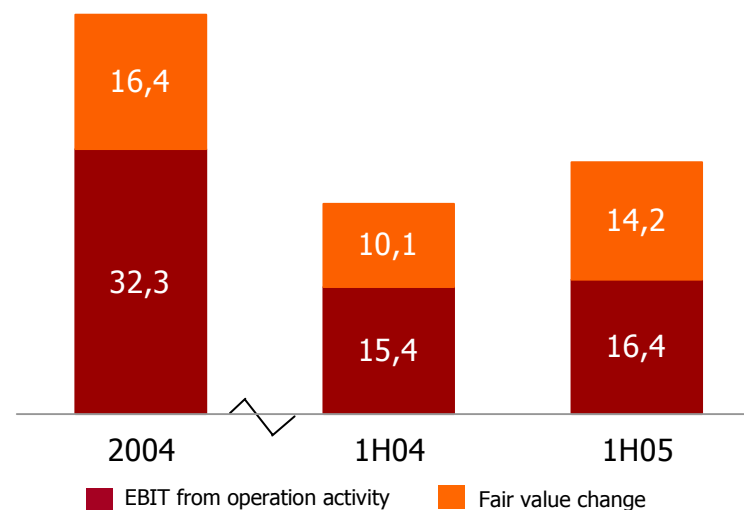
Note: Igd adopted the international accounting principles (IAS/IFRS) starting from 1H05.
As a consequence 2004 and 1H04 were restated and 1H03 comparison is unavailable.

EBITDA and EBIT Trend

EBITDA and EBITDA Margin (€m)



EBIT (€m)



Note: Igd adopted the international accounting principles (IAS/IFRS) starting from 1H05.
As a consequence 2004 and 1H04 were restated and 1H03 comparison is unavailable.

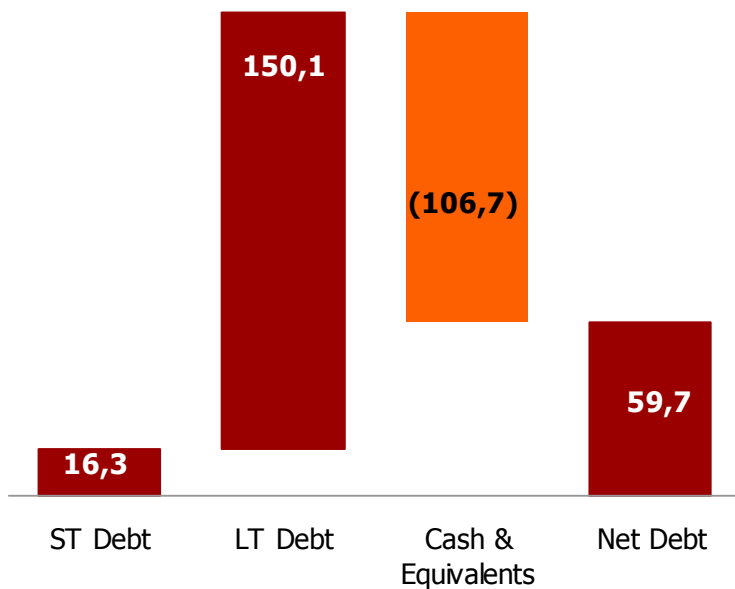
Balance Sheet

€ m	2004	1H05
Total Fixed Assets	547,0	596,8
Inventory	4,5	7,2
Receivables	15,1	9,1
Payables	(70,9)	(90,4)
Invested Capital	495,7	522,7
<i>Funded by:</i>		
Shareholders' Equity	304,0	463,0
NFP	(191,7)	(59,7)
Total Sources of funding	495,7	522,7

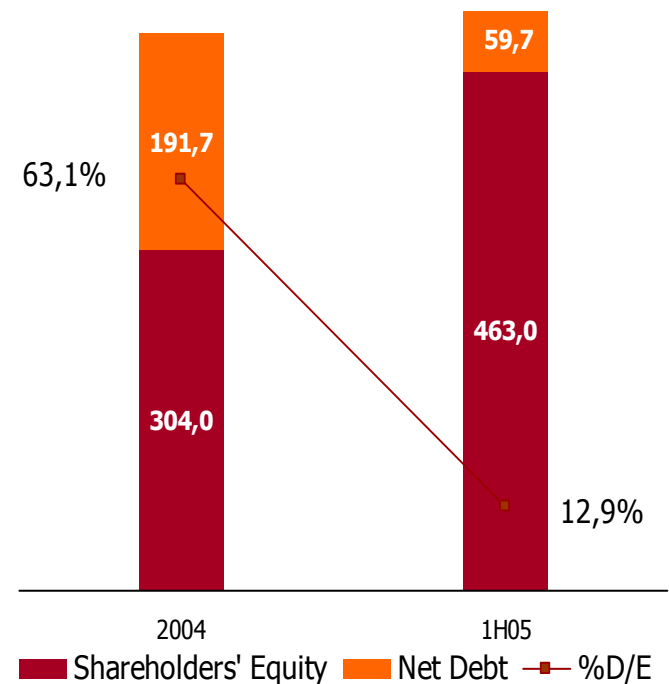
Note: Igd adopted the international accounting principles (IAS/IFRS) starting from 1H05.
As a consequence 2004 was restated.

Capital Structure

Net Debt as at June 30, 2005 (€m)



Total Capitalisation (€m)



Interest Expense

- 100% long term debt is hedged with Interest Rate Swaps at a fixed average rate of 3.59%
- Short term debt is linked to Euribor plus a spread from 0.5% to 0.85%



BUSINESS PLAN 2005 - 2010

Real Estate Sector – Market Overview

Cyclical Sector

- Counter-cyclical of the retail real estate market, less volatile than other sectors
- Regular long term growth, no shocks

Affected by interest rate trend

- Rather stable mid term EU interest rates
- Euro assures less volatility
- Correlation b/w population ageing and interest rate (avg. long term decrease 0.7bp – 1.2bp)
- Recession and Euro weaknesses
 - Low growth 1.20%-1.40% (Source: ECB)
 - Controlled inflation (Source: ECB)

Igd

- Focus on shopping centre sub-segment
- High-quality assets, and fragmented-risk
- Average occupancy rate: 98% - 100%

Igd

- Bank debt is hedged with IRS

Hypermarket is a traffic builder and draw shopping mall development especially in recession periods

Spread on shopping centre yield remains significant even with increasing interest rate

**Real Estate Retail market slow down represents a consolidation of growth
Interest rate increases filter the market and counter speculative actions**

Igd Business Model

BUSINESS PLAN 2005 - 2010

Preliminary Agreement

- Signed preliminary agreement
- Down payment

18 to 24
Months

Agency Activity

- Tenant mix definition and promotion of the shopping centre
- Agency costs
- Key money

Building Activity

- Developers' monitoring

Debt Structuring

- Definition of the financial leverage

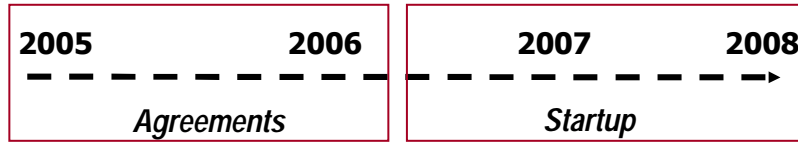
Shopping Centre Opening

- Payment of the final instalment
- Assets' booking at Fair Value
- Shopping centre dynamic management
- Income generation



OCTOBER
2005

Development Strategy



- Extract value from existing portfolio
- Sign preliminary agreements
- Other projects at an advanced stage of negotiation
- Potential market monitoring

- Extract value from upgraded portfolio
- Fair value increase
- Sign new preliminary agreements
- Potential market monitoring

Focus on growth drivers

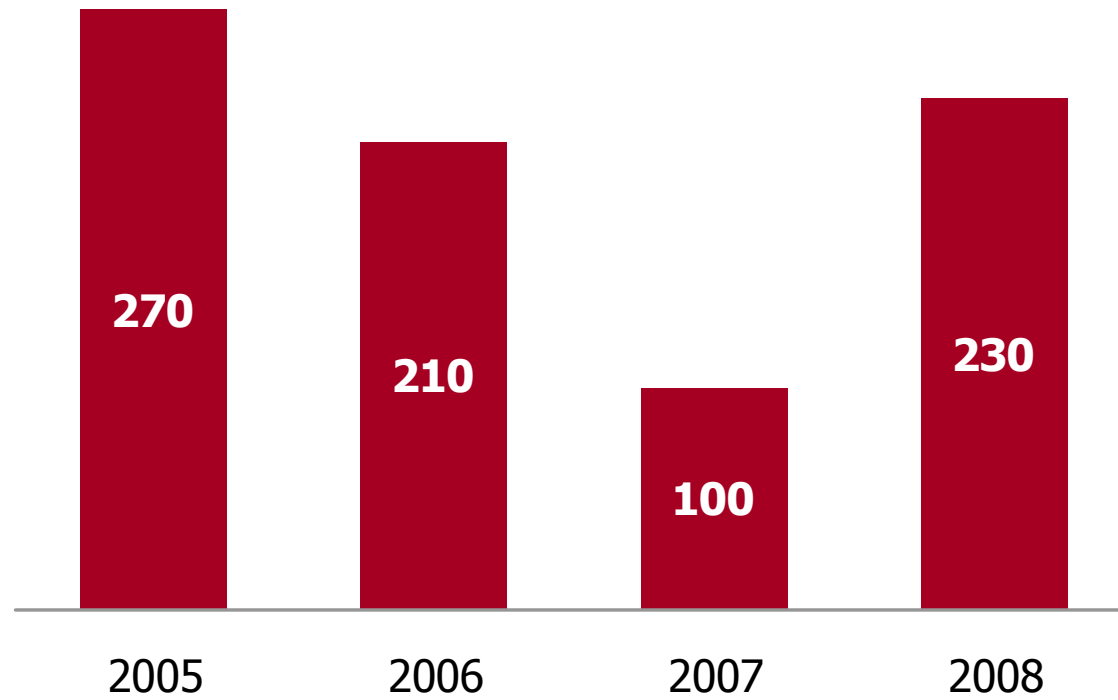
- Revenues increase
- EBITDA
- Cost of Capital
- Financial Structure

Focus on growth opportunities

- Financial structure evolution
- Potential capex level
- Market monitoring

Igd will invest some € 810m between 2005 and 2008

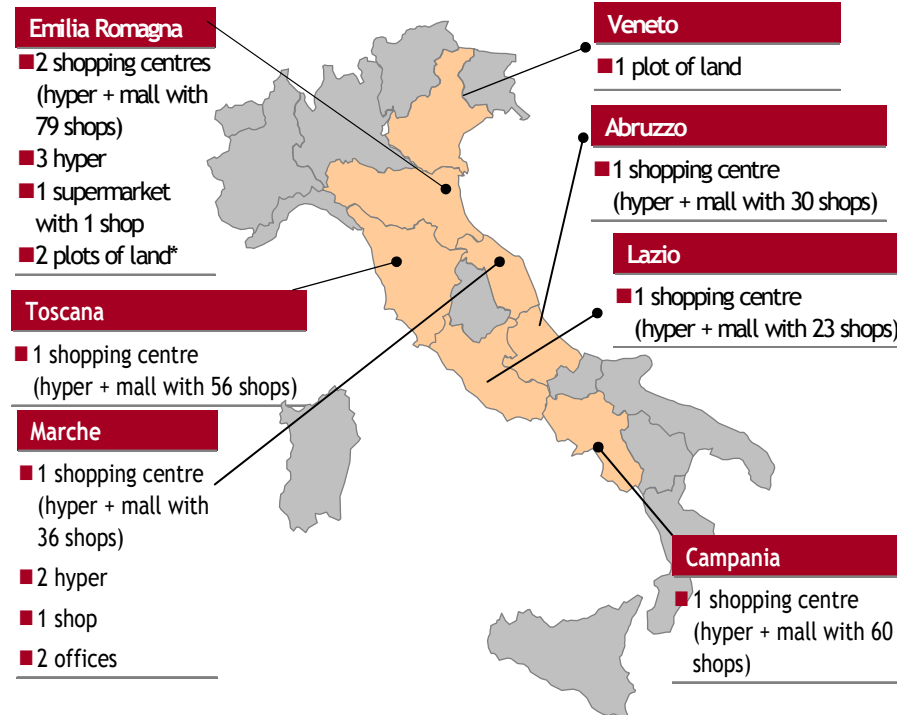
Capex 2005 – 2008 (€m)



High Quality Existing Real Estate Portfolio

BUSINESS PLAN 2005 - 2010

Igd real estate portfolio – geographical distribution



- New estimated fair value of **€ 584.7m** on June 2005 (+5.31% vs July 04) as per Independent Appraisal by **CB Richard Ellis**

Target 2008 - Extract Value from Existing Portfolio

Revenues

Rent Revenues

- Like for like 2008 **CAGR 3.0% - 3.5%** (1.5% net of inflation)

Services Revenues

- 4%** of 2008 revenues (like for like)

Disposals

- Centro Leonardo** (Imola) shopping mall expansion to be completed and disposed by 2006 for some € 38m

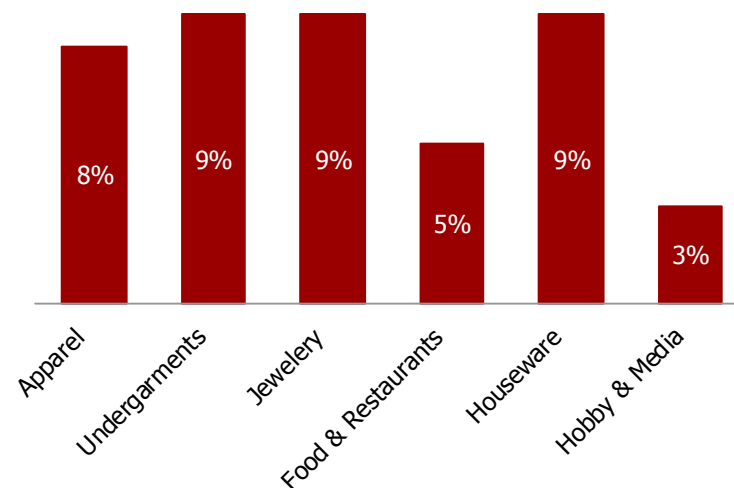
EBITDA

- EBITDA margin range of **65 - 68%**

Financial Structure

- 2005 – 2008 cash flow of € 90m
- 100% long term debt hedged with IRS at a fixed average rate of 3.59%
- Average short term debt in the range of 8 – 10% of total debt (Euribor plus a spread from 0.5% to 0.85%)

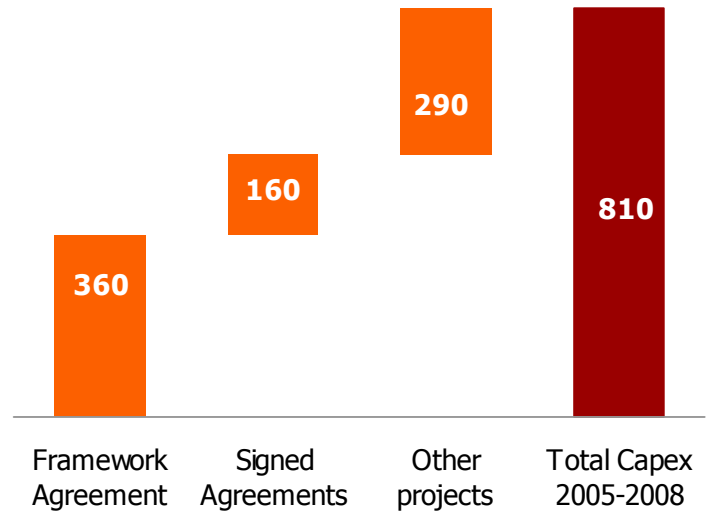
Rent Revenues Sustainability



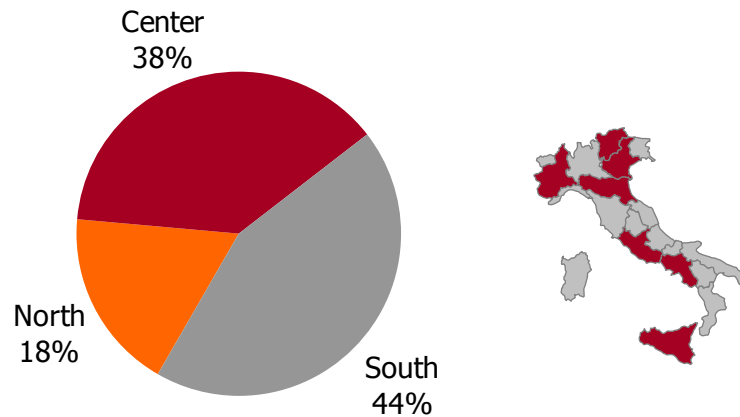
Significant New Investments for some € 810m

- Investments secured by the Framework Agreement
- Signed preliminary agreements
 - **Mondocivino** (Mondovì) € 39.5m
 - **Guidonia** (Rome) € 105.0m
- Projects under negotiation

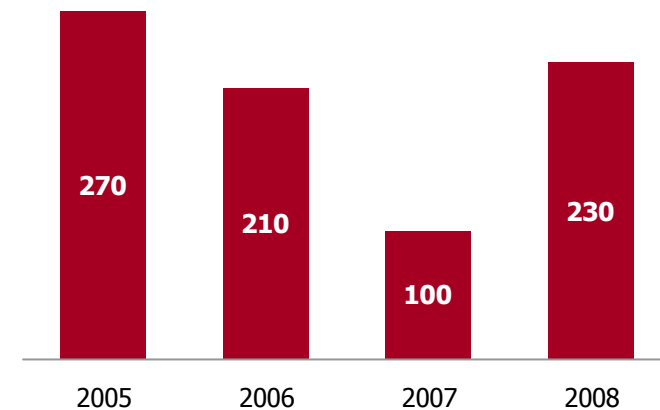
Capex 2005-2008 by nature (€m)



Total Capex by region



Total Capex by Year (€ m)



New investments impact

Revenues

Revenues from Rents

- Rental contracts from new hypermarkets and shopping malls
- Expected yield from capex in the range of 6.5% - 7.0%

Revenues from Services

- *Pilotage* - one off agency activity (approximately 20% of the tenant's annual rent)
- *Key money* - 20 to 30% of tenant's annual rent

Costs

- Organisational structure growth in line with:
 - Portfolio assets improvement (i.e. shopping centres' director, area managers, administrative and legal division, etc.)
 - Igd lean and flexible organisational model
- 2008 G&A as some 5.0% of revenues

Debt

- Mid term financial leverage in the range of 50% - 80% (depending on risk level)
- Aimed mid term D/E ratio of 1.5
- Debt maturity in the range of 10 – 15 years
- Long term debt fully hedged with an expected fixed average rate of 4.0%

2008 - 2010 Potential Capex

- Framework Agreement
 - Cooperatives will submit all new investments to IGD
 - Full visibility on Cooperatives future development
 - At least 3 new projects currently expected after 2008

- Market monitoring to catch business opportunities (Positive track record)

- Consolidator of the real estate portfolios owned by the other cooperatives
 - Coop Italia includes 9 cooperatives
 - 2006-2008 capex include projects with non-captive cooperatives

Potential capex driven by Igd financial strengths

2005 – 2010 expected Cash flow generation of some € 120m

Leveraged expansion

Business Plan's Hidden Value

- Expected Capex only include projects under discussion
- Framework Agreement projects could transform into market opportunities (i.e. Guidonia)
- Diversification of the assets under management (i.e. Retail park, Open shopping centres, Superstores, etc)
- Disposal of shopping malls fully valued by the market
- Revaluation of the existing portfolio
- Gradual increase of the mid term financial leverage target
- More developed network
- Achievement of the Portfolio critical mass, key of Gescom's success

Hidden Value deriving from potential Italian tax legislation change

- Italian tax legislation could possibly follow the SIIC French experience
- SIIC highlights
 - Obligatory listing
 - Mandatory dividend distribution
 - Fiscal transparency
- Positive impact on the Real estate sector
 - Expansion of the Italian real estate sector
 - Creation of new companies
 - Italian Stock Exchange expansion
 - Attraction of foreign capital

IGD STRATEGY

Igd corporate strategy

IGD STRATEGY

Growth of the Portfolio

Keep on increasing the "Portfolio size" in light of:

- Stable cash flow generation
- Positive track record of catching market opportunities

Business model evolution

- Partnerships/Alliances with developers and real estate funds in complex projects (i.e. residential, offices, retail) following restructuring of urban areas

Expand the service business

- Cross-selling between the facility and agency businesses
- Benefits from the increase of Igd portfolio in order to achieve the critical mass to attract interest from anchor tenants
- Expand the offer of real estate services to new customers
- Allows IGD to have access to third-parties' centres and identify the best strategic positioning

Optimise capital structure

- Increase of financial leverage considering the favourable low interest rate momentum
- Use of derivatives to hedge interest rate exposure
- Payout ratio of around 70-80% of the net profit DISTRIBUIBILE (after minority interests)

APPENDICES

CB Richard Ellis New Appraiser

New estimated fair value of **€ 584.7m** on **June 2005** (+5.31% vs July 04) as per Independent Appraiser by CB Richard Ellis

Main appraiser assumption:

- Quantification of Igd's asset Fair Value
- Gradual positive adjustment of the rent contracts to reach the expected market value
- Expected average revenues increase of 2.7% (gross of inflation rate) per year
- Applied WACC in the range of 7% - 10%
- Igd Assets include Freehold properties and 4 shopping malls licenses to be acquired by the end of 2005 from Coop Adriatica and Unicoop Tirreno (as per framework agreement signed in October 2004). Licences are valued by an independent appraiser)

Real Estate in Italia: Commerciale best performer del 2005

"Anche se in rallentamento, continua la lunga marcia del mercato immobiliare italiano"

Fonte: Scenari Immobiliari, Luglio 2005



OCTOBER
2005

Balance Sheet 1H04 - 2004 - 1H05

€ m	1H04	2004	1H05
Intangible Fixed Assets	1,6	2,9	2,9
Tangible Fixed Assets	533,1	543,2	586,2
Other Fixed Assets	0,9	0,9	7,7
Total Fixed Assets	535,6	547,0	596,8
Inventory	4,4	4,5	7,2
Receivables	23,5	15,1	9,1
Payables	(67,0)	(70,9)	(90,4)
	(39,1)	(51,3)	(74,1)
Invested Capital	496,5	495,7	522,7
<i>Funded by:</i>			
Shareholder's Equity	303,2	304,0	463,0
ST Financial Debts	(37,0)	(39,0)	(16,3)
Long Term receivables	0,0	0,0	53,0
Cash and Equivalents	4,0	0,8	53,7
Long Term Financial Debt	(160,3)	(153,5)	(150,1)
NFP	(193,3)	(191,7)	(59,7)
Total Sources of funding	496,5	495,7	522,7

Note: Igd adopted the international accounting principles (IAS) starting from 1H05.
As a consequence 1H04 and 2004 were restated and 1H03 comparison is unavailable.

Income Statement 2004 – 1H04 – 1H05

€ m	2004	1H04	1H05
Rents from Freehold Properties	33,9	17,7	18,0
Rents from Leasehold Properties	14,7	5,5	7,4
Revenues from Services	2,0	0,5	0,7
Revenues from Sales	0,3	0,3	-
Total Revenues	51,0	24,0	26,1
Direct Costs	(15,6)	(7,8)	(8,1)
<i>of which passive rents</i>	<i>12,6</i>	<i>6,1</i>	<i>6,5</i>
SG&A	(2,8)	(0,7)	(1,4)
EBITDA	32,6	15,5	16,6
Depreciation	(0,3)	(0,1)	(0,2)
Fair Value Change	16,4	10,1	14,2
EBIT	48,7	25,5	30,6
Net Financial income/(charges)	(6,3)	(2,3)	1,0
Profit Before Tax	42,4	23,2	31,6
Tax	(16,4)	(9,0)	(11,8)
Net Profit	26,0	14,2	19,8

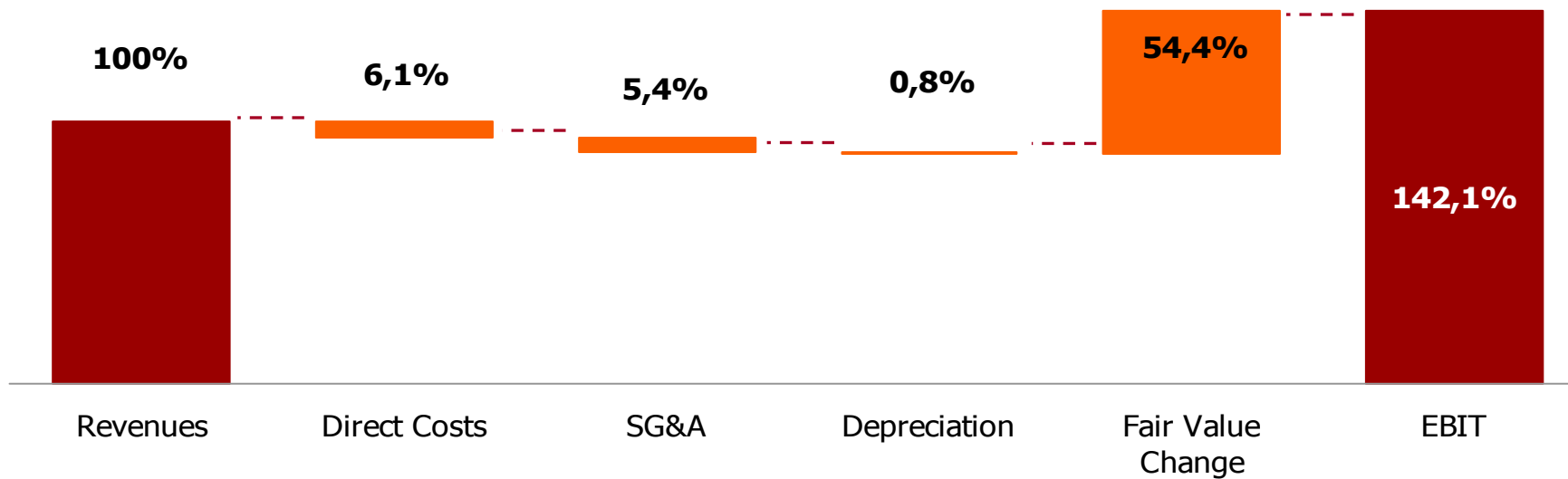
Note: Igd adopted the international accounting principles (IAS) starting from 1H05.
As a consequence 1H04 and 2004 were restated and 1H03 comparison is unavailable.

IAS – IFRS IMPACT

/1,000	Shareholder's		Shareholder's		Shareholder's	
	Equity	Net Profit	Equity	Net Profit	Equity	Equity
	01-gen-04	31-dic-04	31-dic-04	30-giu-05	30-giu-05	30-giu-05
Italian Gaap	231.016,6	6.506,1	226.584,7	3.391,6	376.581,3	
IAS 12: Tax Impact	(34.428,1)	(11.556,8)	(45.969,2)	(9.064,8)	(51.334,2)	
IAS 32: IPO costs	-	-	-	759,1	(6.832,0)	
IAS 32/39: Financial Management	-	-	-	3.016,5	3.000,1	
IAS 38: Intangible Fixed Assets	(245,5)	24,7	(220,7)	19,1	(201,6)	
IAS 39: Derivatives Instruments	(88,3)	206,1	70,3	(16,4)	(3.429,3)	
IAS 40: Assets' Fair Value	94.742,1	30.340,6	125.082,6	21.373,2	146.455,8	
IFRS 3: Goodwill	(1.993,9)	477,1	(1.516,8)	284,8	(1.232,0)	
IAS/IFRS	289.002,9	25.997,8	304.030,9	19.763,1	463.008,1	
<i>Change</i>	<i>57.986</i>	<i>19.492</i>	<i>77.446</i>	<i>16.372</i>	<i>86.427</i>	
<i>Change (%)</i>	<i>25,1%</i>	<i>299,6%</i>	<i>34,2%</i>	<i>482,7%</i>	<i>23,0%</i>	

Cost structure (pre passive rents)

Cost reconciliation to 1H05 EBIT—% of sales



NFP change

NFP change (€ m)

