



Star Conference 2006

Milan, 1st March 2006

Agenda

- COMPANY OVERVIEW
- IV QUARTER 2005 FINANCIALS
- BUSINESS PLAN 2005-2010
- ANNEXES

COMPANY OVERVIEW

IGD Overview

- IGD is one of the main players in the retail segment of the Italian real estate sector



100%



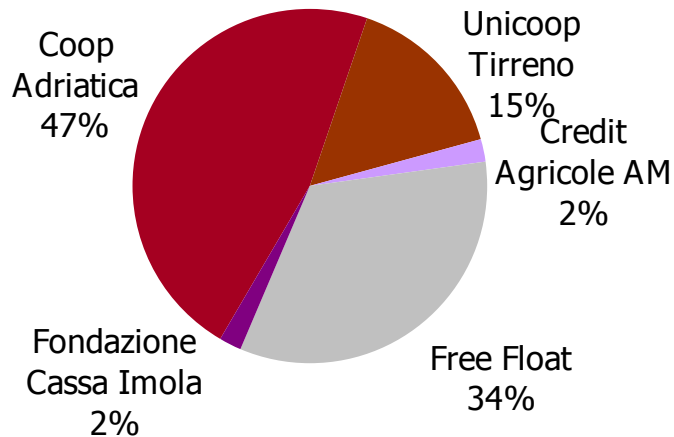
Property management and leasing activity

- Management of freehold properties
- Leasing of supermarkets to large-scale retail and of shopping malls to shop operators

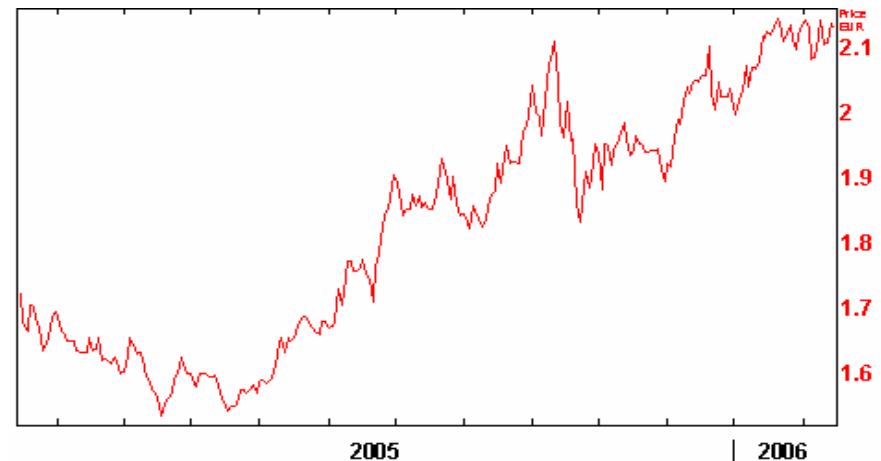
Real estate services

- Sub-leasing of leasehold properties
- Management of IGD and third party's shopping malls
- Real estate services
- Owner of the commercial licenses for the shopping malls' shops

Shareholding Structure



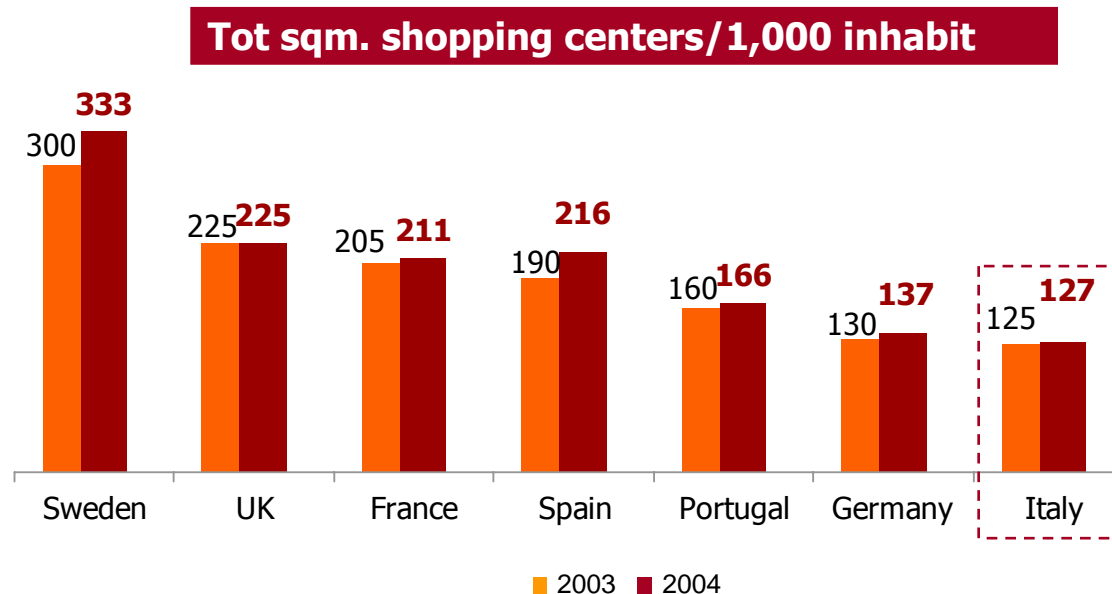
Share Performance Feb05 – Feb 06





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Italian retail real estate market

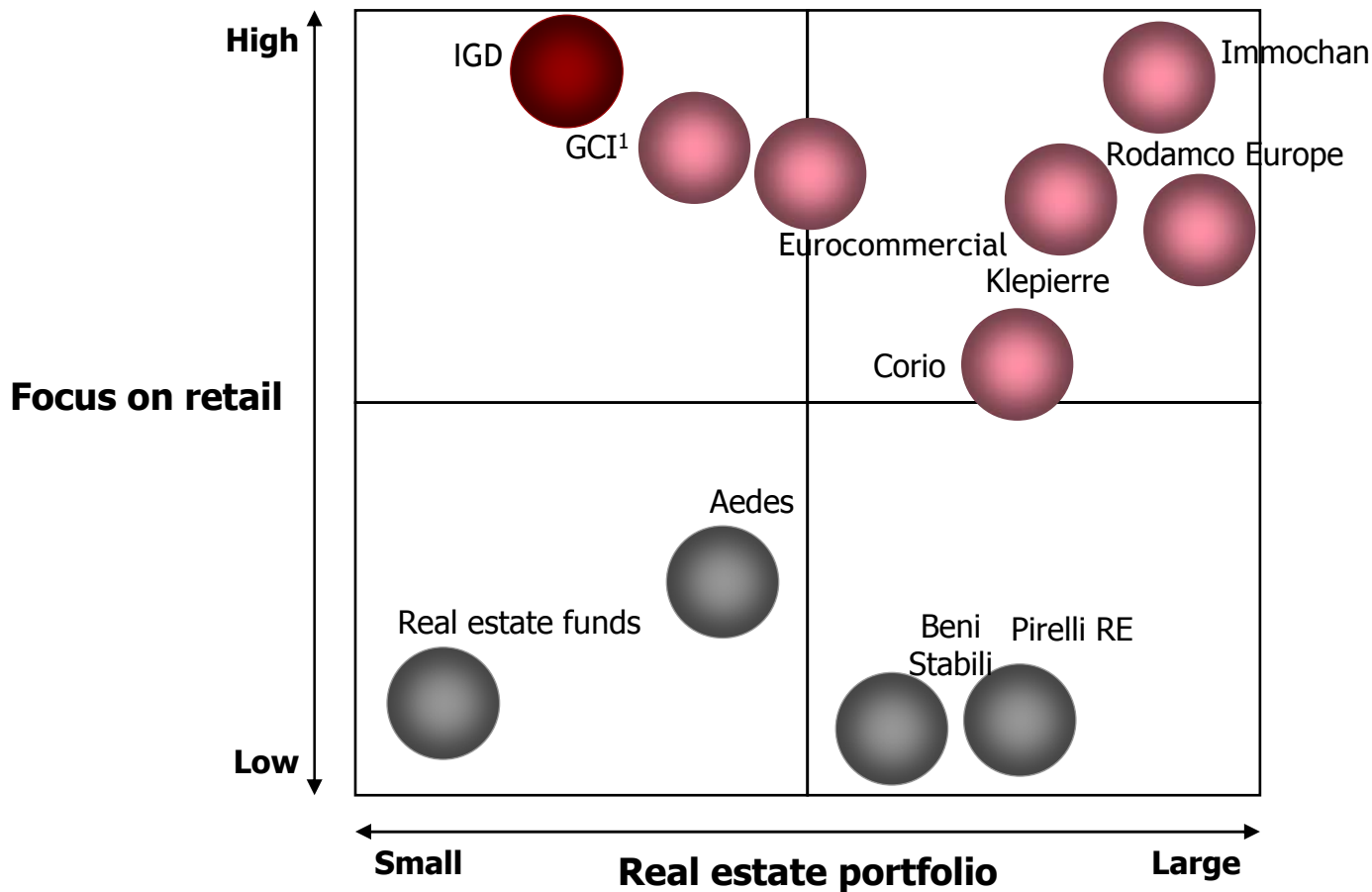


- **Outperformance** of real estate market in Italy and increasing flow of foreign capital in the past 2 years
- Attractive Italian retail property market, still **“under-retailed”**: low rental values and lowest shopping centre floorspace per capita in Western Europe
- **Central Italy** is growing faster but going forward **Southern Italy** will grow the most



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Property activity - IGD's competitive environment



- Since hypermarket operators remain the main developers in the Italian market, the investment activity relies increasingly on strategic partnerships between large-scale retailers and the real estate companies (Carrefour-Klepierre, La Rinascente-Simon)

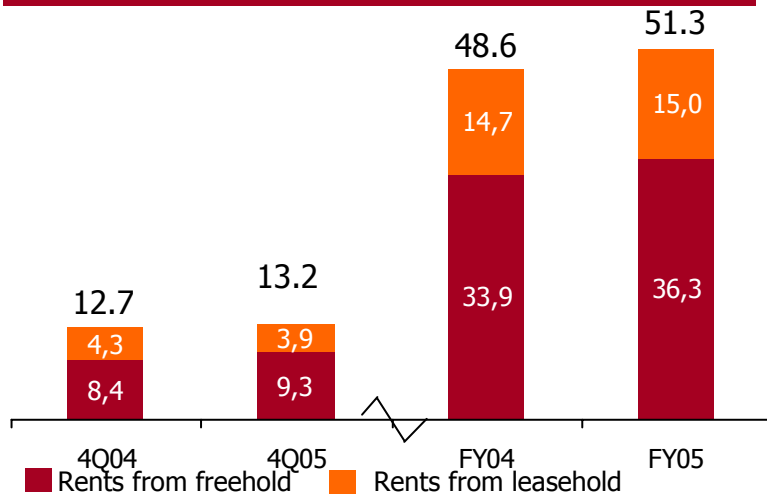


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Property management

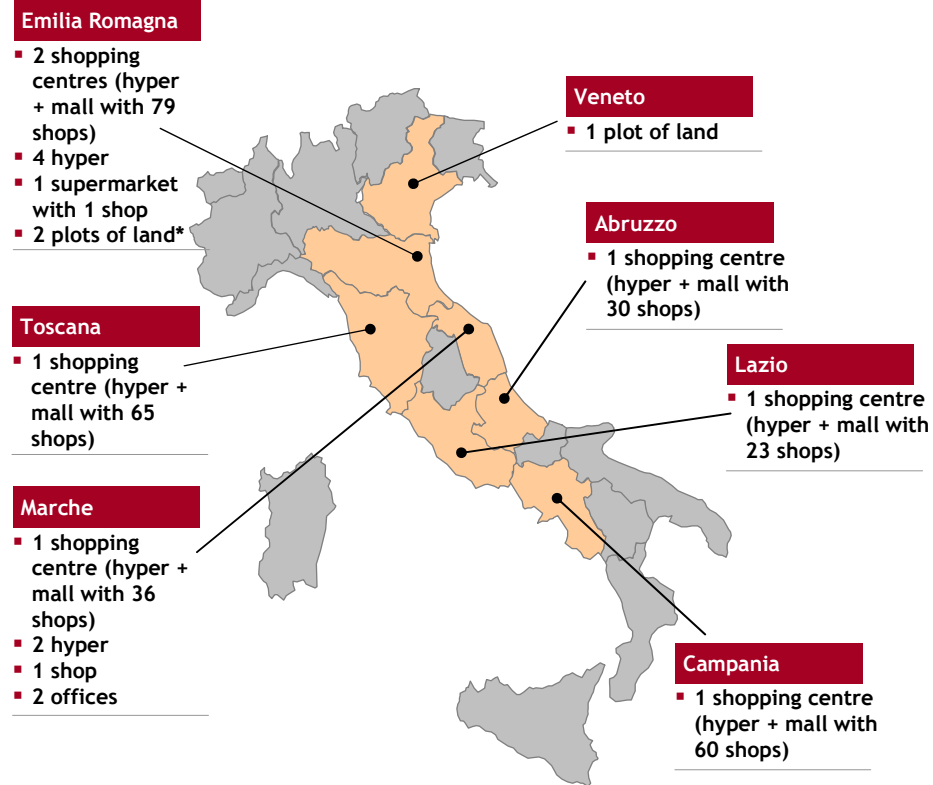
- IGD property management activity consists of:
 - **acquisition** and development of retail real estate assets
 - **increasing the capital value** of the current portfolio (via restructuring, refurbishment and enlargement)
 - **asset disposal**
- Total average **occupancy rate: 99.1%**
 - hypermarkets and supermarket: 100.0%
 - shopping malls: 98.2% *

Total Rents revenues (€ m)



Note: (*) Ongoing extension works at Centro Leonardo (Imola)
FY05 Not yet approved

Freehold properties – geographical distribution



- 7 Shopping Centres
- 6 Hypermarkets
- 1 Supermarket
- 3 Plots of land

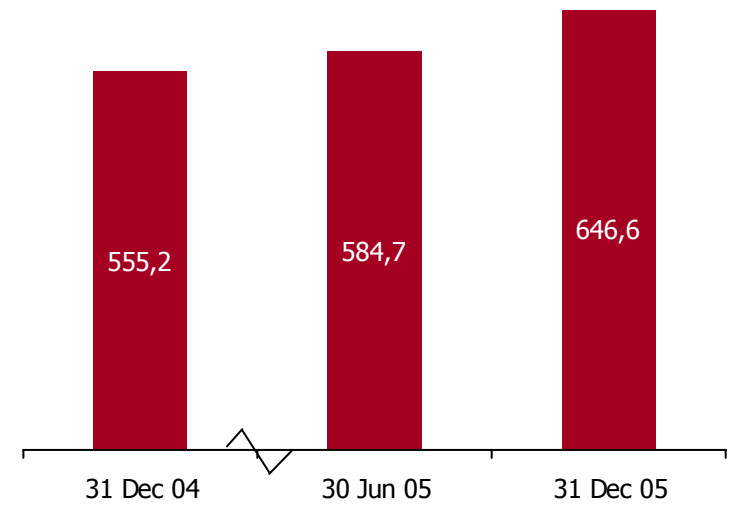


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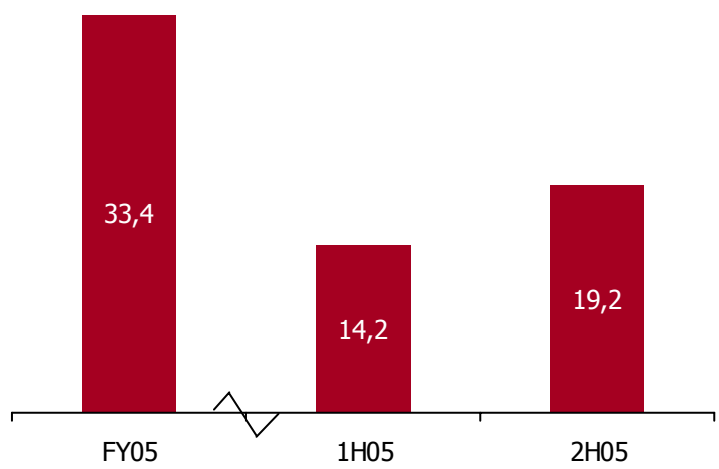
CB Richard Ellis New Appraisal

- Market value of IGD freehold properties is **€646.6m** as of December 05 (CB Richard Ellis)
- 2005 change in fair value was affected by:
 - **WACC decrease**
 - **Exit Cap Rates decrease**
 - improvements of the existing portfolio
 - market trend
 - **Acquisition of a hypermarket in Rimini**

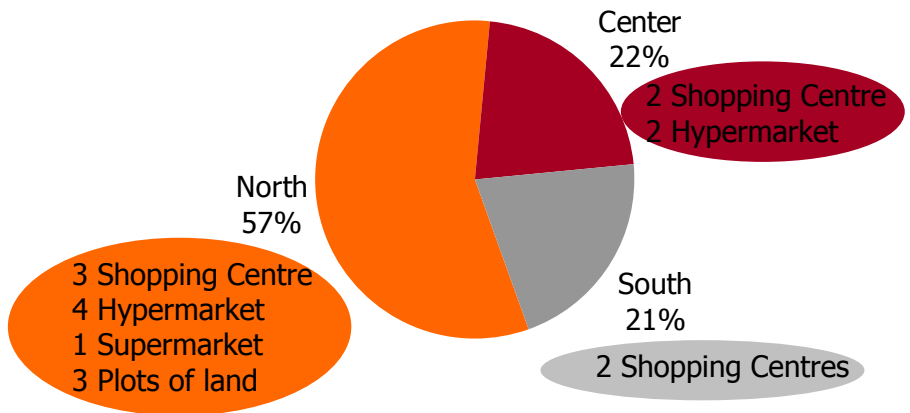
Igd's Freehold Properties fair value (€ m)



Change in fair value (€ m)



Igd's Freehold Properties fair value by region





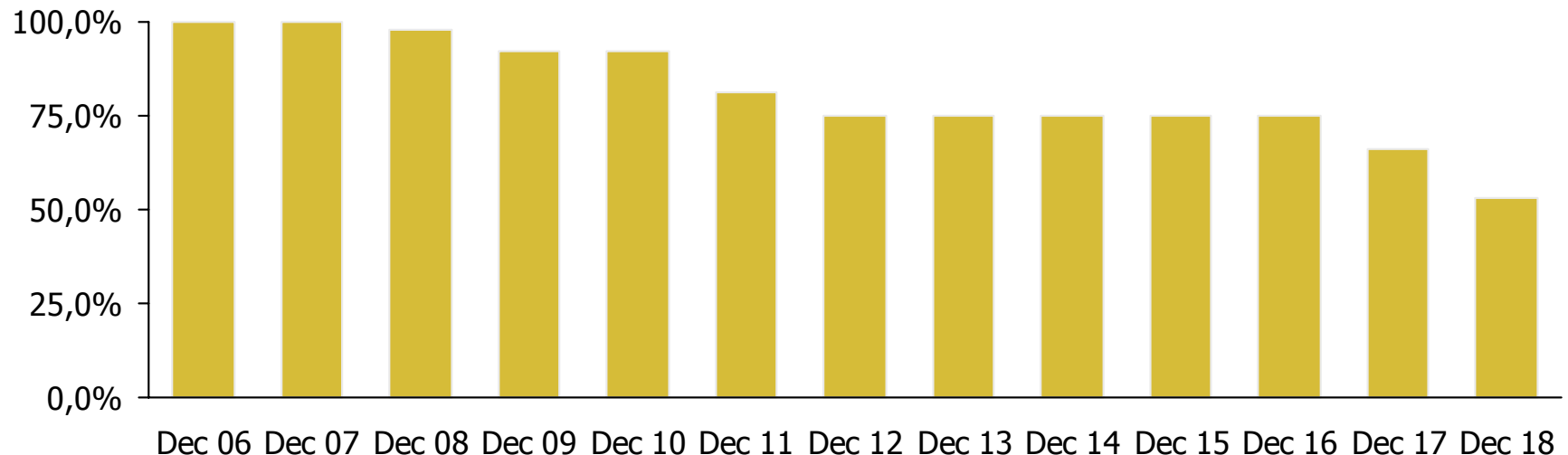
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Hypermarkets and supermarket: lease terms and main tenants

Main lease terms:

- Average maturity: from 6 to 18 years + 6 years
- Rents indexation: 75% of inflation rate
- Maintenance: ordinary and extraordinary maintenance works charged to the tenant. External maintenance of the properties (façade, etc.) payable by the landlord
- All hypermarkets and the supermarket of IGD Portfolio are leased to Coop Adriatica and Unicoop Tirreno Group
 - 10 hypermarkets and 1 supermarket to Coop Adriatica
 - 3 hypermarkets to Unicoop Tirreno Group
- Coop Adriatica and Unicoop Tirreno are among the major cooperatives of Coop, the first retailer in Italy

2005 freehold rents arising from hypermarkets still rented at a certain date





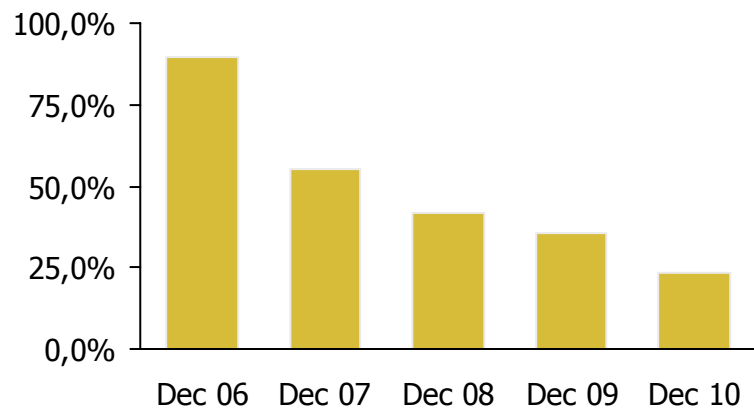
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Shopping malls: lease terms and tenant mix

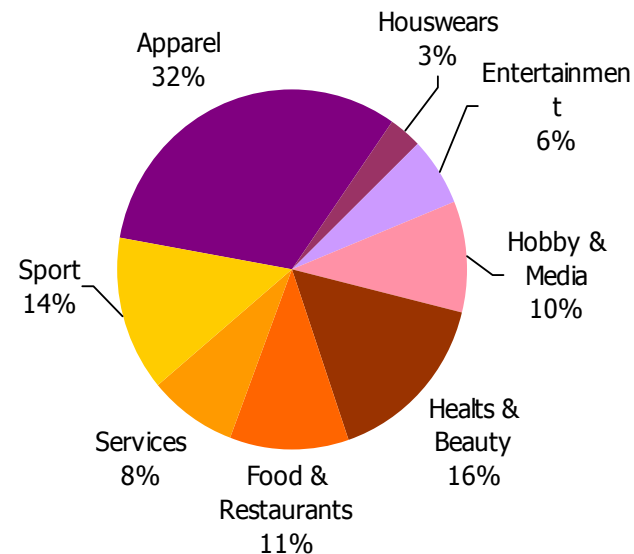
Main lease terms:

- Average maturity:
 - lease agreement of the going concern¹: 5 years
 - rental agreement: 6 years
- Rental income: a minimum guaranteed rent plus a percentage based on the occupier's sales
- Key money (non-recurrent): approximately 20% of annual rent
- Rents indexation
 - lease agreement of the going concern¹: 100% of inflation rate
 - rental agreement: 75% of inflation rate
- Lease of temporary spaces
- IGD can benefit from a very diversified tenants base, with limited credit risk, thanks to a careful screening of potential new tenants

Rents arising from shopping malls still rented at a certain date



Surface breakdown by retail sector*



¹ Rental agreement regarding the shop and the commercial licences

*Analysis based on shop operators. Source: company data



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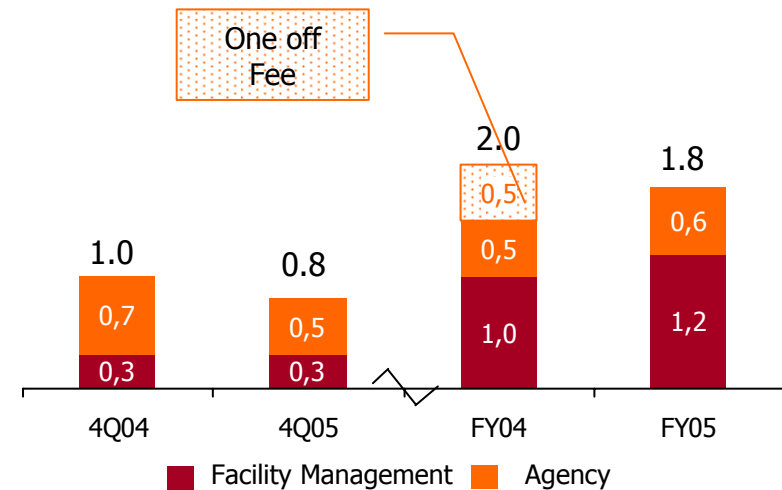
Real estate services - Gescom

- The **facility management** activity includes:
 - preparation and implementation of the shopping centre's marketing plan
 - shopping centre's internal budgeting and reporting system
 - organisation of security, cleaning, and maintenance services

- The **agency** activity includes:
 - Marketing/promotion activity of the shopping centre and management of mall expansion
 - analysis of potential synergies
 - tenant mix definition and screening
 - lease negotiations with shop operators

- Revenues from Agency only refers to **activities towards third parties**
- Revenues from Agency develop around the **shopping centre opening** date that mainly occurs in the **2nd Half of the year**
- 2004 revenues from **Agency** included a one-off fee relating to Centro Esp Ravenna

Real estate services revenues (€ m)





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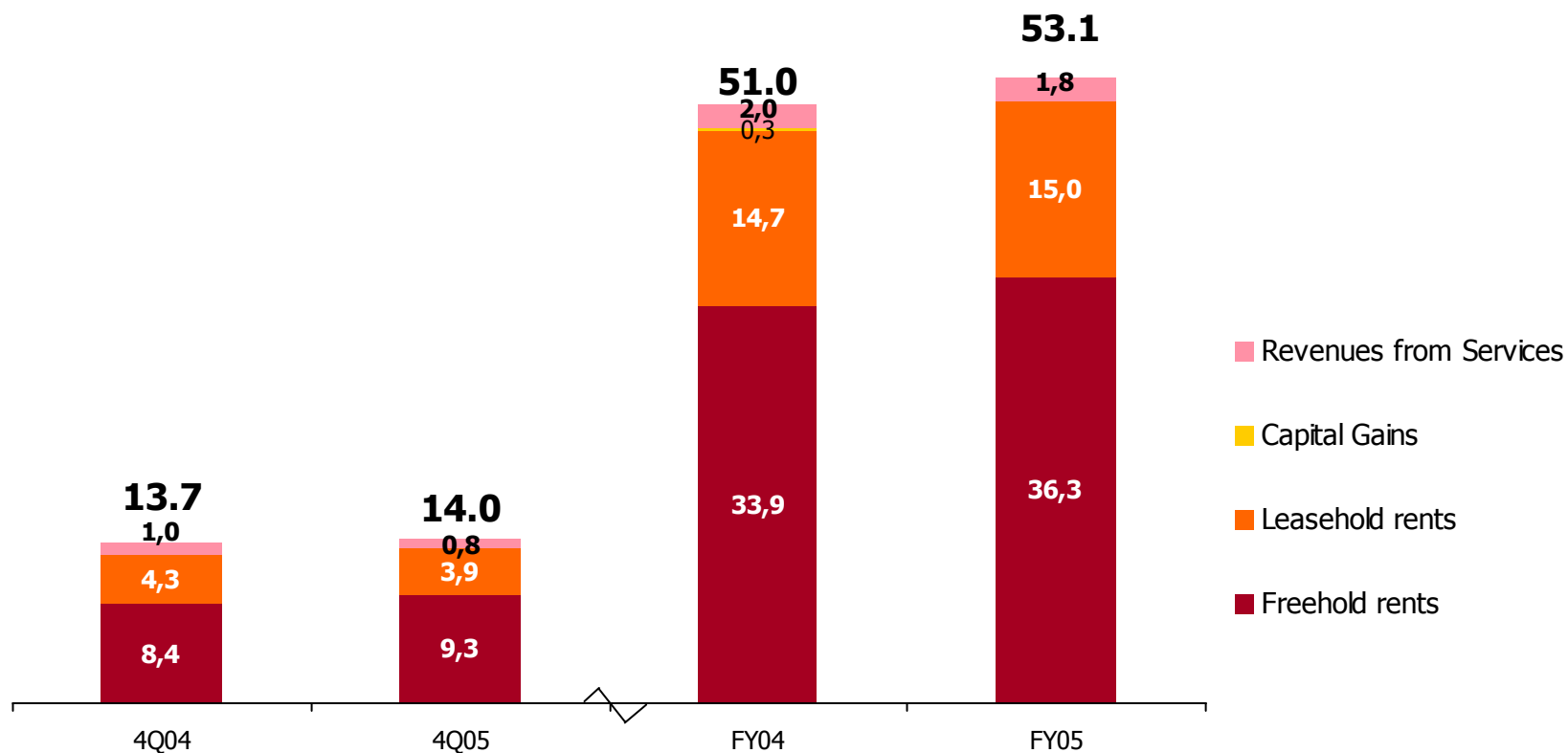
IV QUARTER 2005 FINANCIALS



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Revenue growth and breakdown

Revenues (€m)



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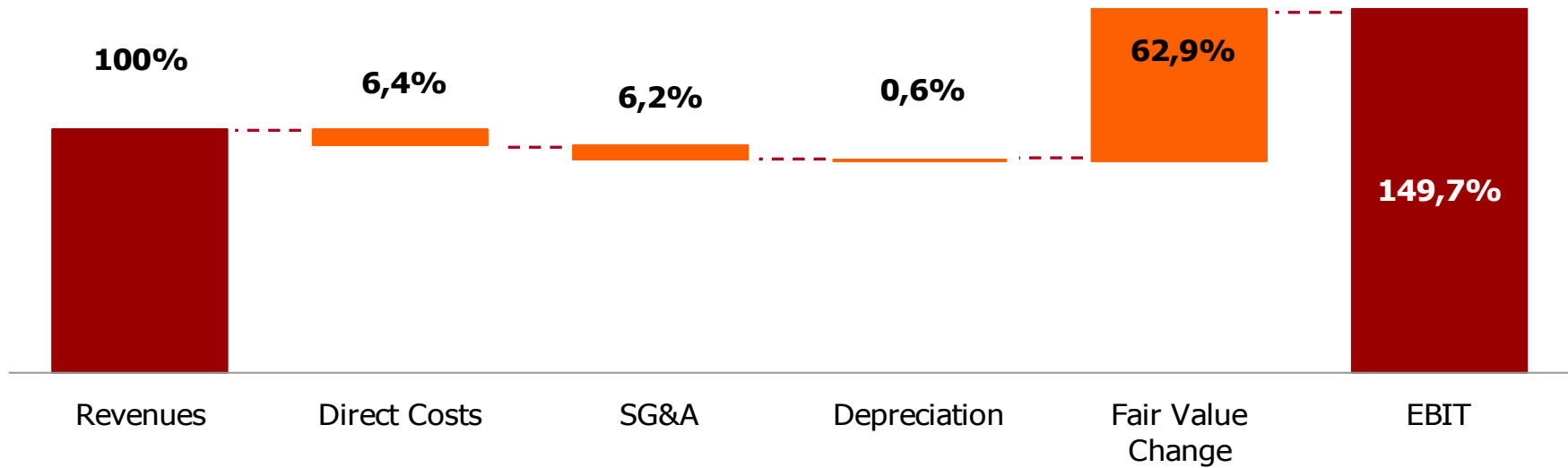
Note: FY05 Not yet approved



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Cost structure (pre passive rents)

Cost reconciliation to FY 2005 EBIT—% of sales

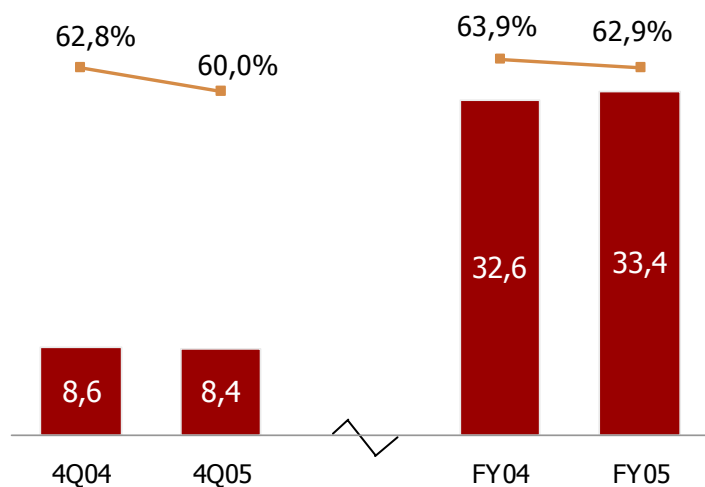




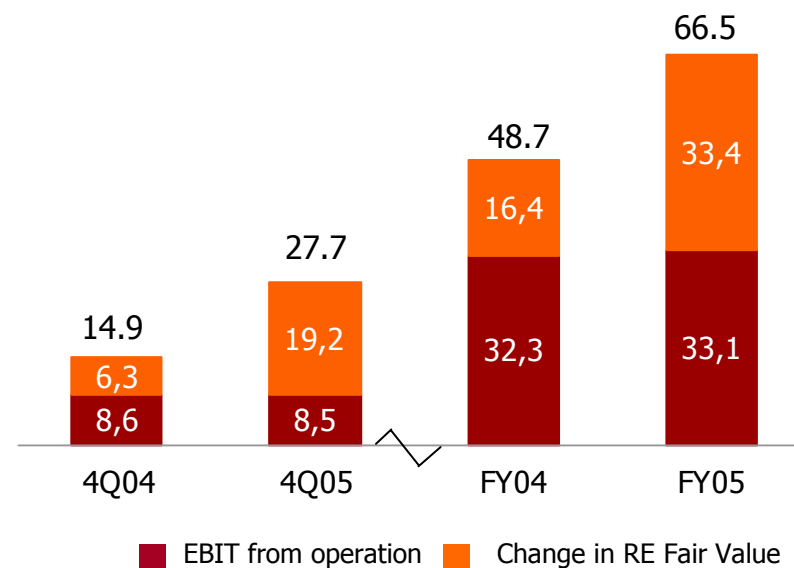
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EBITDA and EBIT Trend

Ebitda and Ebitda Margin (€m)



Ebit (€m)



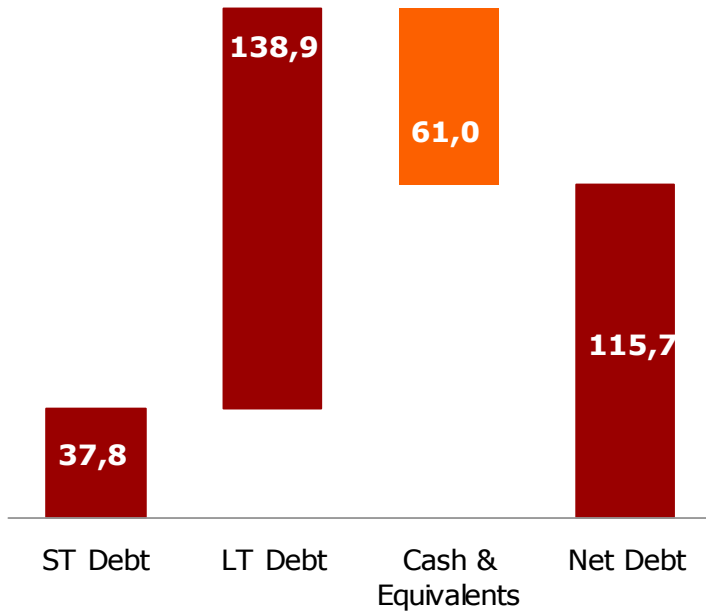
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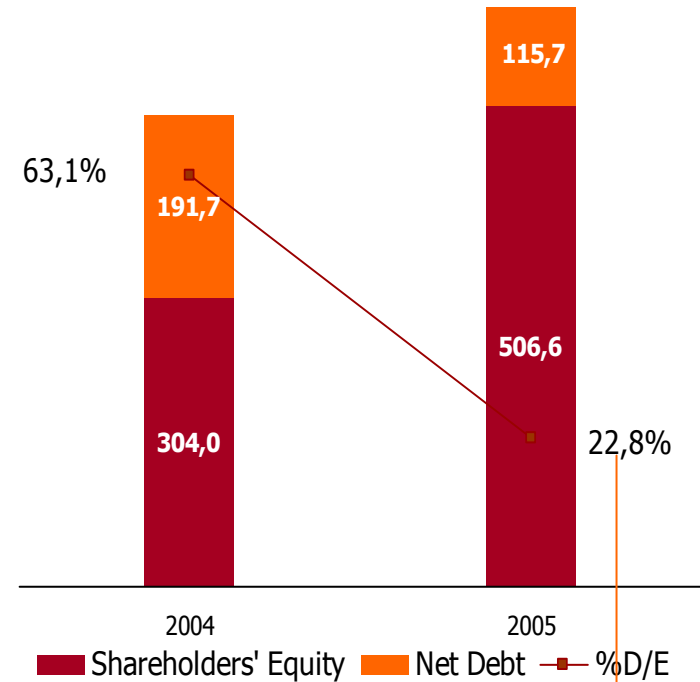
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Capital Structure

Net Debt – December, 31 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 0.3%

2005 Net Equity includes PBT instead of Net income

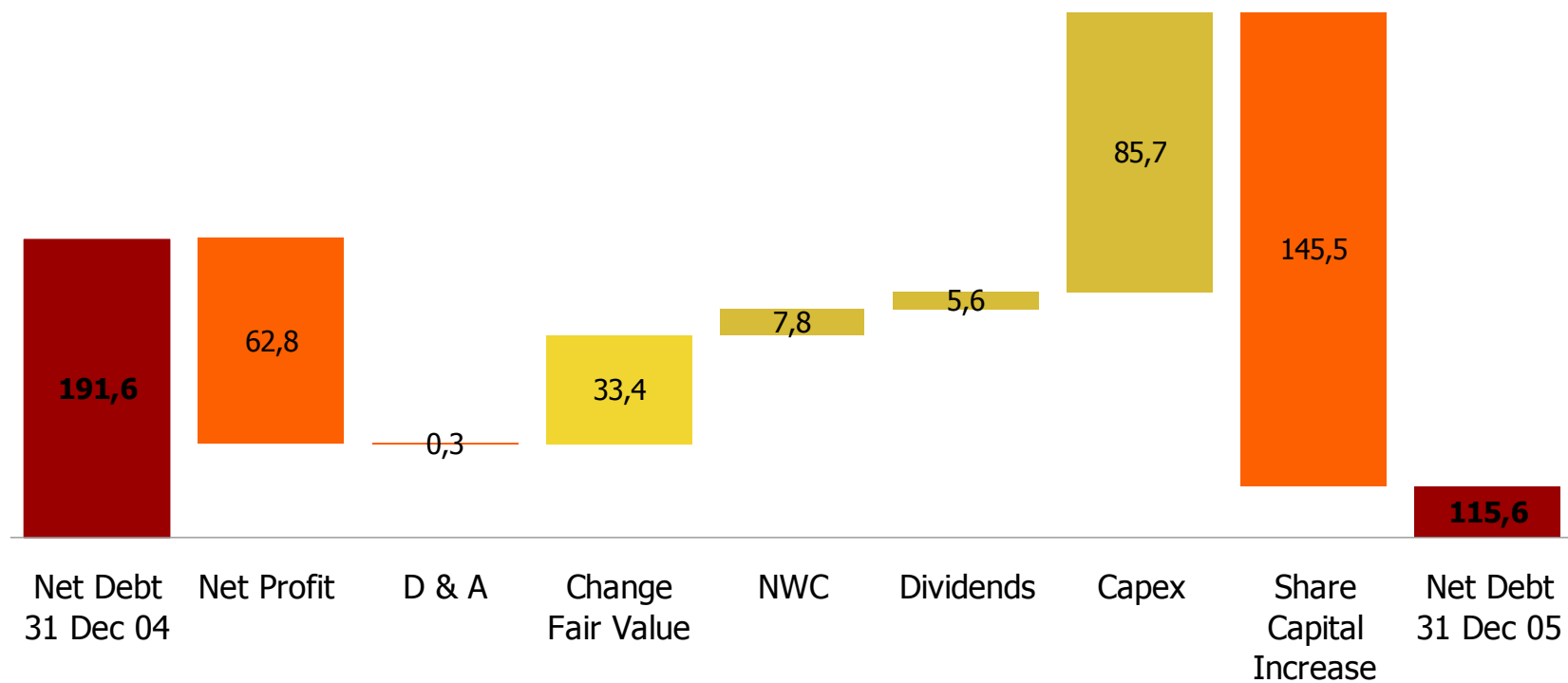




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Net Debt Change

Net Debt Change 31 Dec 04 – 31 Dec 05





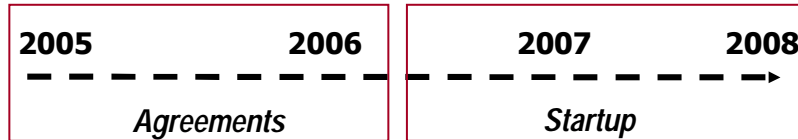
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BUSINESS PLAN 2005 - 2010



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Development Strategy



- Extract value from existing portfolio
- Framework agreement
- Sign preliminary agreements
- Other projects at an advanced stage of negotiation

- Extract value from upgraded portfolio
- Framework agreement upgrade
- Fair value increase
- Evolution and diversification of the portfolio

- Focus on growth drivers**
- Revenues increase
 - EBITDA
 - Cost of Capital
 - Financial Structure

- Focus on growth opportunities**
- Financial structure evolution
 - Potential capex level
 - Market monitoring



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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

- 2008 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%)



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2005 – 2008 New Investments for some € 810m

Revenues

- Expected initial gross yield from capex in the range of 6.5% - 7.0% (IRR of 7.0 % - 8.0%)
- Pilotage* - one off agency activity (approximately 20% of the tenant's annual rent)
- Key money* – 20 to 30% of tenant's annual rent

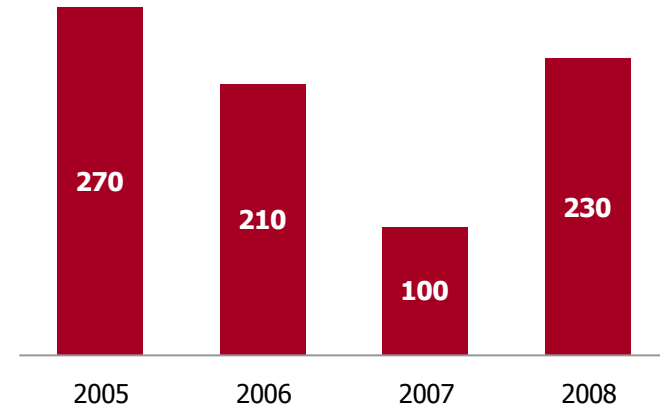
Costs

- 2008 G&A: 5.0% of revenues

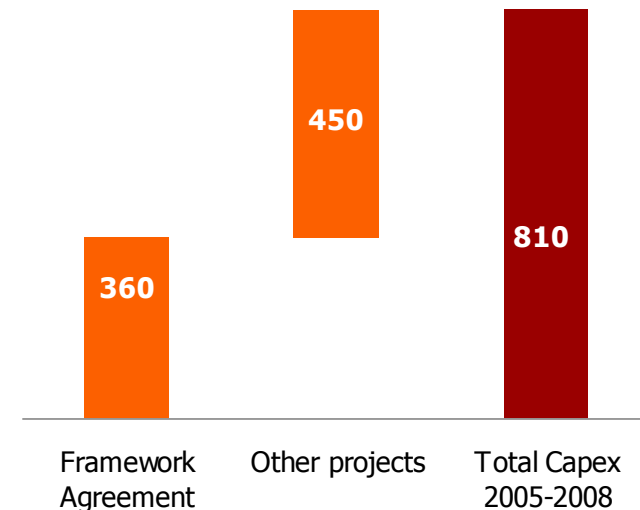
Debt

- Aimed D/E: 60% Debt, 40% Equity
- Debt maturity: 10 – 15 years
- LT debt fully hedged, expected fixed average rate of 4.0%

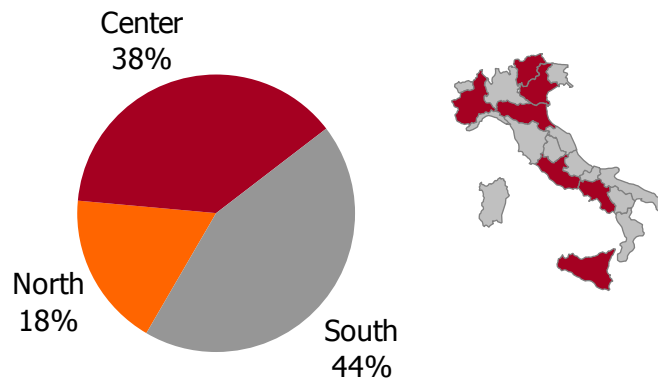
Total Capex by Year (€ m)



Capex 2005-2008 by nature (€m)



Total Capex by region



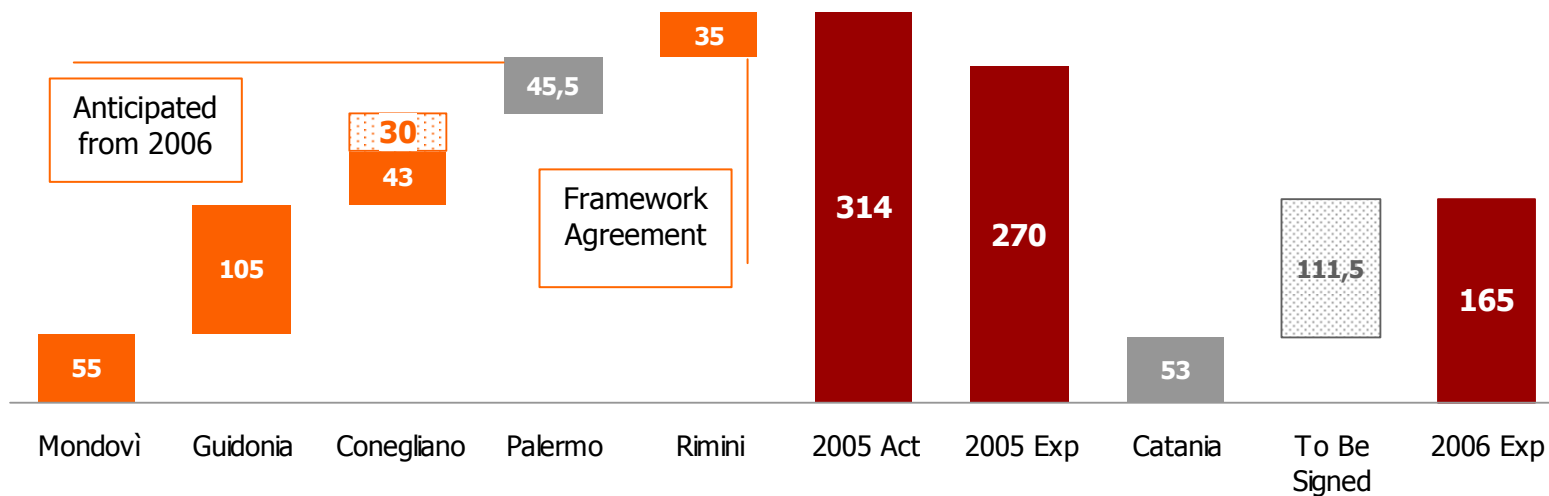


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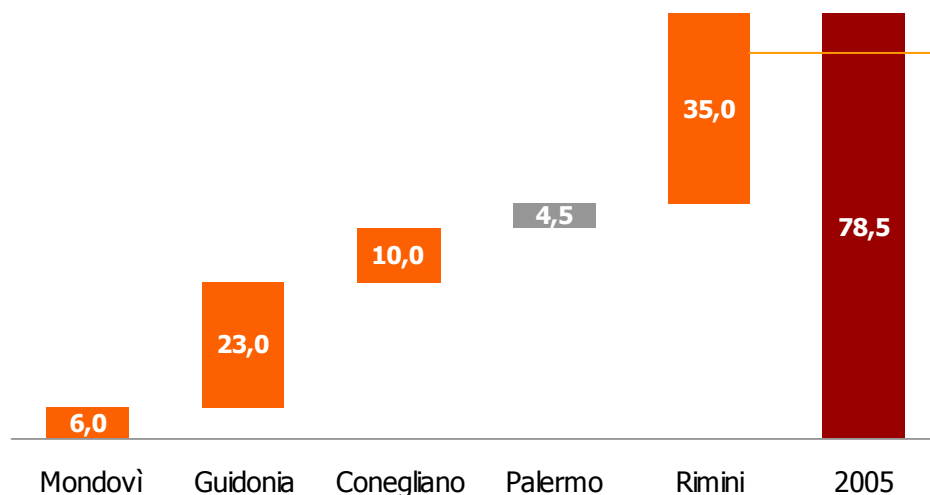
2005 – 2006 Achievements

BUSINESS PLAN 2005 - 2010

Signed Preliminary Agreements (€ m)



Cash-out on signed Preliminary Agreements (€ m)



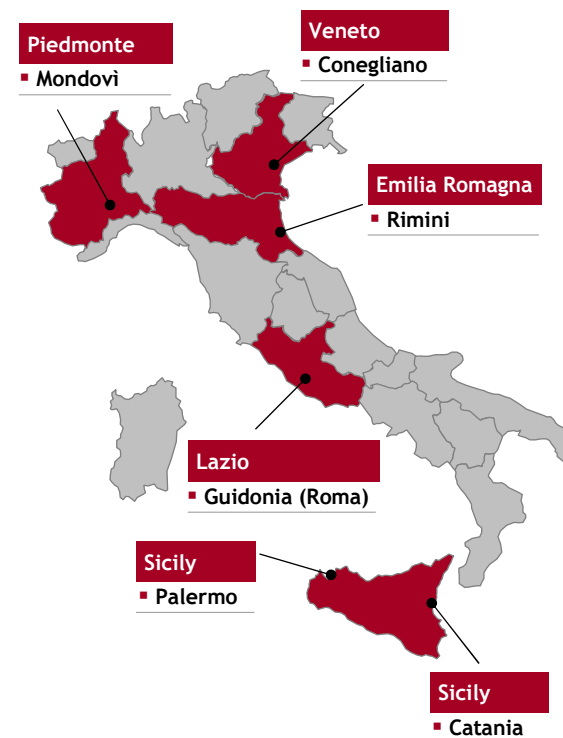
-€ 28m Financing
 -15 years maturity
 - to be hedged with IRS at a fixed costs of approx. 4% in line with Business Plan targets



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2005 – 2006 Acquisition Summary

Signing Date	Location		Capex Value € m	IGD Freehold Properties			
	City	Region		Land	Hypermkt	Shopping Mall	Retail Park
Apr 05	Mondovì	Piedmonte	39,5 ⁽¹⁾			✓	✓
May 05	Guidonia (Roma)	Lazio	105,0	✓		✓	
Oct 05	Conegliano	Veneto	43,0 ⁽²⁾	✓			
Dec 05	Palermo	Sicily	45,5			✓	
Dec 05	Rimini	Emilia Romagna	35,0	✓			
Jan 06	Catania	Sicily	53,0			✓	



- (1) The Preliminary agreement amount refers to the property housing the retail park and the company which owns the mall. As a consequence the value of the investment is higher and amounts to approximately Euro 55 m
- (2) The Preliminary agreement amount refers only to the land value. The final value of the investment (relating to both the land and the shopping center) will be of approximately Euro 73 m. The works completion date refers to the opening of the shopping center





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ANNEXES

Balance Sheet

€ m	FY04	FY05
Intangible Fixed Assets	2,9	2,9
Tangible Fixed Assets	543,2	661,5
Other Fixed Assets	0,9	5,0
Total Fixed Assets	547,0	669,4
Inventory	4,5	14,0
Receivables	12,7	5,9
Other receivables	1,6	15,6
Payables	(2,1)	(8,1)
Other payables	(1,8)	(4,8)
Net Working Capital	14,9	22,6
Long term payables	(66,2)	(69,7)
Invested Capital	495,7	622,3
<i>Funded by:</i>		
Shareholder's Equity	304,0	506,6
Cash and Equivalents	0,8	61,0
ST Financial Debts	(39,0)	(37,8)
Long Term Financial Debt	(153,5)	(138,9)
NFP	(191,7)	(115,7)
Total Sources of funding	495,7	622,3

Income Statement

€ m	4Q04	4Q05	Var %	FY04	FY05	Var %
Rents from Freehold Properties	8,4	9,3	10,7%	33,9	36,3	7,1%
Rents from Leasehold Properties	4,3	3,9	-9,3%	14,7	15,0	2,0%
Revenues from Services	1,0	0,8	-20,0%	2,0	1,8	-10,0%
Revenues from Sales	-	-		0,3	-	-100,0%
Total Revenues	13,7	14,0	2,2%	51,0	53,1	4,1%
Direct Costs	(4,1)	(4,4)	7,3%	(15,6)	(16,4)	5,1%
<i>of which passive rents</i>	<i>(3,3)</i>	<i>(3,2)</i>	-3,0%	<i>(12,6)</i>	<i>(13,0)</i>	3,2%
SG&A	(1,0)	(1,2)	20,0%	(2,8)	(3,3)	17,9%
EBITDA	8,6	8,4	-2,3%	32,6	33,4	2,5%
EBITDA %	62,8%	60,0%		63,9%	62,9%	
Depreciation	0,0	0,0		(0,3)	(0,3)	0,0%
Fair Value Change	6,3	19,2	204,8%	16,4	33,4	103,7%
EBIT	14,9	27,6	85,2%	48,7	66,5	36,6%
Net Financial income/(charges)	(2,3)	(0,9)	-60,9%	(6,3)	(3,7)	-41,3%
Profit Before Tax	12,6	26,7	111,9%	42,4	62,8	48,1%