# IGD GROUP

# First Quarter Results
# as at 31st March 2006

CONTENTS

# DIRECTORS AND AUDITORS

## ***BOARD OF DIRECTORS***

- CHAIRMAN
  Gilberto Coffari

- VICE CHAIRMAN
  Sergio Costalli

- MANAGING DIRECTOR
  Filippo-Maria Carbonari

- DIRECTORS
  Albertini Claudio
  Mauro Bini
  Canosani Aristide
  Fabio Carpanelli
  Caporioni Leonardo
  Franzoni Massimo
  Francesco Gentili
  Fernando Pellegrini
  Stefano Pozzoli
  Riccardo Sabadini
  Santi Sergio
  Zamboni Roberto

## ***BOARD OF STATUTORY AUDITORS***

- CHAIRMAN
  Romano Conti
- STATUTORY AUDITORS
  Chiusoli Roberto
  Franco Gargani

## ***AUDITING FIRM***

Reconta Ernst&Young S.p.A.

# REPORT ON OPERATIONS

IGD Group's first quarter 2006 quarterly report and the figures used for comparison have been prepared in accordance with International Financial Reporting Standards (IFRS).

## *Report on operating performances*

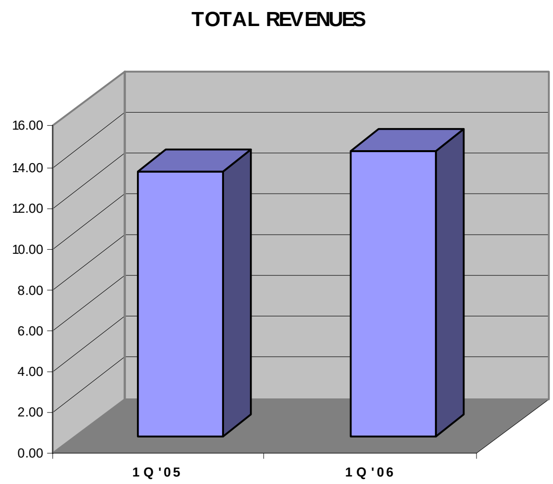
The table below is a summary of operating results as at 31 March 2006, compared with the corresponding figures as of 31 March 2005.
Figures are presented in million euros:

**CONSOLIDATED INCOME STATEMENT**

| | 1 Q '05 | 1 Q '06 | | % |
|---|---|---|---|---|
| Revenue | 12.64 | 13.05 | 0.41 | 3.26% |
| Other income | 0.34 | 0.89 | 0.55 | 163.20% |
| **TOTAL REVENUES** | **12.98** | **13.94** | **0.96** | **7.41%** |
| Purchase of materials and external services | 4.43 | 10.53 | 6.10 | 137.86% |
| Staff charges | 0.34 | 0.57 | 0.23 | 66.30% |
| Other operating costs | 0.46 | 0.77 | 0.30 | 65.54% |
| Changes in inventories | -074 | -6.78 | -6.94 | 812.77% |
| **EBITDA** | **8.49** | **8.85** | **0.37** | **4.33%** |
| Amortisation and depreciation | 0.08 | 0.08 | 0.00 | -3.38% |
| Change in Fair Value | -0.75 | 3.31 | 4.07 | -538.79% |
| **EBIT** | **7.65** | **12.09** | **4.44** | **57.98%** |
| **Financial operations:** | **-146** | **-1.13** | **0.33** | **-22.50%** |
| Financial income | 0.75 | 1.37 | 0.62 | 82.55% |
| Financial charges | 2.21 | 2.50 | 0.29 | 13.16% |
| **PROFIT BEFORE TAX** | **6.19** | **10.96** | **4.76** | **76.90%** |

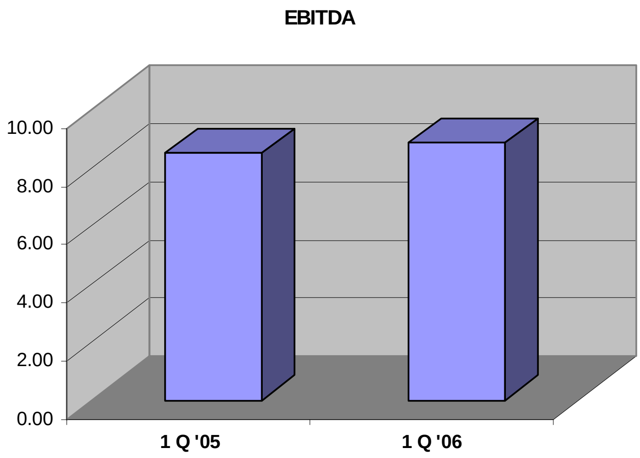
The first quarter of 2006 closed with a consolidated pre-tax profit of € 10.96 million, up € 4.76 million compared to March 2005 (+76.91%). This performance was achieved thank to the implementation of the five-year business plan approved in October 2005.
The increase in profitability, in line with the business plan forecasts, is the result of the following factors:

1. **REVENUE** increased by 0.96 million (+7.41%). The positive performance is due to:
    a. organic growth in rental income;
    b. proceeds from the hypermarket in Rimini, purchased in December 2005;

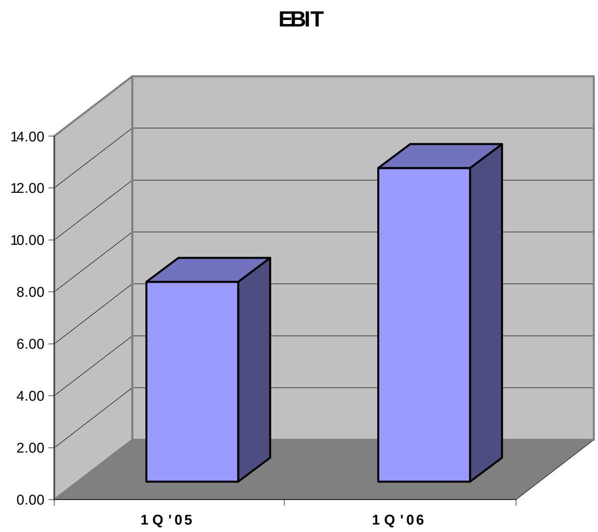


c. purchase of the going concerns of the malls in “Le Fonti del Corallo”, “Le Porte di Napoli”, “Casilino” and “Centro Borgo” shopping centres, occurred in December 2005 and to come into effect as from 1 January 2006.
d. the positive revenue trend deriving from leasing of temporary mall spaces in the shopping centres under management, up by approx. 10% on previous year.
e. new management of the malls in Naples and Livorno, and the marketing of the Minganti shopping centre in Bologna, which was concluded in March 2006.

2. **EBITDA** in the first quarter of 2006 was at 8.85 million, up 4.13% compared to the same period of the previous year, due to the combined effect of increased revenue (+7.41%), and personnel costs (+66.30%). In 2005 and in the first months of 2006 22 people were hired. The increase in personnel costs is in line with the expansion of the business; the local organisational structure has been developed by internalising certain services, with new people hired in the Tyrrhenian area. Costs for purchase of materials and outside services are exclusively related to the expansion of the mall at the Centro Leonardo shopping centre in Imola, and show a total increase of approximately 6 million. First quarter 2006 **EBITDA MARGIN** stood at 63.52%.

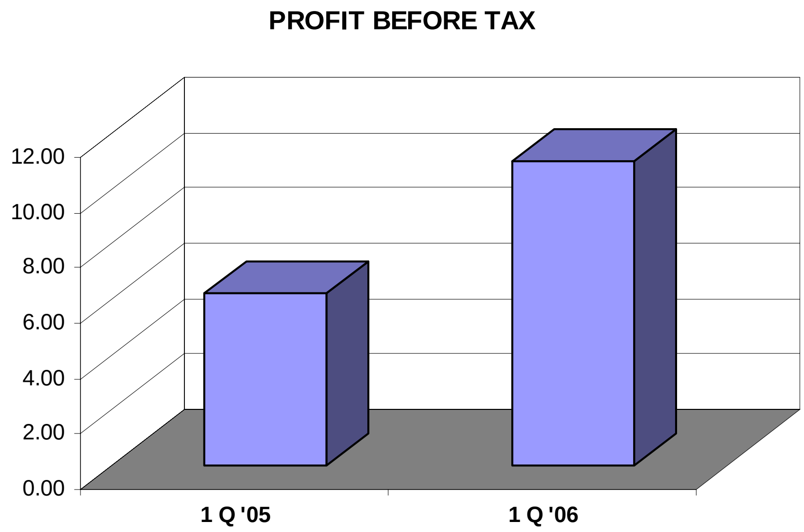



3. As at 31 March 2006, **EBIT** amounted to 12.09 million, up +57.98%. The increase is almost entirely related to the increase in the change of the fair value of property. No up-dates were made to the assessment on 31 March; rather, the market values were used for the malls for which ownership of licences was acquired. The upward change is related to the difference between the market value of these malls and the previously



recognised head-lease value net of the purchase price of these going concerns.

4. Financial operations show a negative balance of  1.13 million, down 22.50%, due to the increase in financial income (  0.62 million, +82.50%) resulting from a reduction in the net financial position from the share capital increase. Medium to long term borrowing is entirely hedged by interest rate swaps.
5. The pre-tax result was equal to  10.96 million, up +76.91%.



## Assets, liabilities, and financial position

Assets and liabilities as at 31.03.06 can be summarised as follows:

| | 1 Y '05 | 1 Q '06 | |
|---|---|---|---|
| **Intangible assets** | **2.91** | **2.91** | **0.00** |
| - Intangible assets with a finite life | 0.01 | 0.01 | 0.00 |
| - Goodwill | 2.90 | 2.90 | 0.00 |
| **Tangible assets** | **661.47** | **678.41** | **16.95** |
| - Real estate investments | 603.11 | 612.01 | 8.90 |
| - Plant and machinery | 0.41 | 0.37 | -0.03 |
| - Equipment | 0.14 | 0.13 | -0.01 |
| - Leasehold improvements | 0.35 | 0.31 | -0.03 |
| - Assets under construction/acquisition | 57.46 | 65.58 | 8.12 |
| **Other non current assets** | **7.84** | **7.83** | **-0.02** |
| - Prepaid taxes | 3.76 | 3.76 | 0.00 |
| - Miscellaneous receivables and other non current assets | 4.08 | 4.07 | -0.02 |
| **TOTAL NON CURRENT ASSETS (A)** | **672.21** | **689.15** | **16.93** |
| | | * | |
| **Current assets:** | | | |
| Inventories | 14.02 | 20.80 | 6.78 |
| Trade and other receivables | 7.66 | 7.39 | -0.27 |
| Other current assets | 13.15 | 8.63 | -4.52 |
| Financial receivables and other current financial assets | 35.61 | 41.90 | 6.30 |
| Cash and cash equivalents | 25.43 | 18.38 | -7.06 |
| **TOTAL CURRENT ASSETS (B)** | **95.87** | **97.11** | **1.23** |
| **Assets sold/held for sale:** | | | |
| of a financial nature | 0.00 | 0.00 | 0.00 |
| **TOT ASSETS sold/dheld for sale (C):** | **0.00** | **0.00** | **0.00** |
| **TOTAL ASSETS (A+B+C)** | **768.08** | **786.25** | **18.17** |

**CONSOLIDATED BALANCE SHEET: LIABILITIES**

| | 1 Y '05 | 1 Q '06 | |
|---|---|---|---|
| **Net equity:** | | | |
| Parent Company interest | 527.23 | 537.58 | 10.34 |
| minority interest | 0.00 | 0.00 | 0.00 |
| **TOTAL NET EQUITY (D)** | **527.23** | **537.58** | **10.34** |
| **Non current liabilities:** | | | |
| Non current financial liabilities | 123.05 | 118.59 | -4.45 |
| Provision for severance indemnity | 0.21 | 0.21 | 0.00 |
| Deferred tax liabilities | 8.80 | 8.80 | 0.00 |
| Provisions for future risks and charges | 0.43 | 0.43 | 0.00 |
| Miscellaneous payables and other non current liabilities | 17.18 | 17.47 | 0.30 |
| **TOTAL NON CURRENT LIABILITIES (E)** | **149.67** | **145.51** | **-4.15** |
| **Current liabilities:** | | | |
| Current financial liabilities | 54.63 | 65.55 | 10.92 |
| Trade and other payables | 9.96 | 14.50 | 4.54 |
| Current liabilities | 21.64 | 21.62 | -0.02 |
| Other current liabilities | 4.95 | 1.49 | -3.47 |
| **TOTAL CURRENT LIABILITIES (F)** | **91.18** | **103.16** | **11.98** |
| **TOTAL LIABILITIES (G=E + F)** | 240.85 | 248.68 | 7.83 |
| **TOTAL NET EQUITY AND LIABILITIES (D + G)** | **768.08** | **786.25** | **18.17** |

* please note that net equity as at 31.03.06 includes pre-tax profit.

The most significant change was registered by real estate investments, the increase in which is due to the measurement at fair value of the malls for which ownership of the relative going concerns was acquired in 2006. The other change is related to assets under construction for the worksite of the Centro Leonardo parking lot and for the down payment on the Catania mall future property.

The change in inventories is related to the Centro Leonardo ad Imola worksite.

The net financial position shows an increase of debt for € 7.23 million, mainly due to the increase in short-term debt. Indeed, the company is currently waiting on structuring of a medium-to-long-term financing operation for the Rimini investment. For further details on the financing structure and related costs, please refer to the notes.

| NET FINANCIAL POSITION | 1 Y '05 | 1 Q '06 | □ |
|---|---|---|---|
| Non current financial liabilities | 123.05 | 118.59 | -4.45 |
| Current financial liabilities | 54.63 | 65.55 | 10.92 |
| **TOTAL FINANCIAL LIABILITIES** | **177.67** | **184.15** | **6.47** |
| Financial receivables and other current financial assets | 35.61 | 41.90 | 6.30 |
| Cash and cash equivalents of a financial nature | 25.43 | 18.38 | -7.06 |
| | 0.00 | 0.00 | 0.00 |
| **TOTAL FINANCIAL ASSETS** | **61.04** | **60.28** | **-0.76** |
| **NET FINANCIAL POSITION** | **116.63** | **123.86** | **7.23** |

The group's net equity as at 31 December 2005 amounted to € 537.58 million, including pre-tax profit.

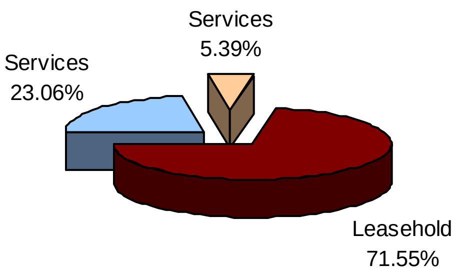
## SEGMENT INFORMATION

The IGD Group's activity can be divided into two strategic areas of business:

- Property leasing
- Services (agency and facilities management)

| INCOME STATEMENT | mar-31st-06 | mar-31st-05 | mar-31st-06 | mar-31st-05 | mar-31st-06 | mar-31st-05 |
|---|---|---|---|---|---|---|
| | RENTALS | | SERVICES | | TOTAL | |
| **REVENUES** | **13,188,461** | **12,654,752** | **749,139** | **320,830** | **13,937,600** | **12,975,582** |
| *DIRECT COSTS* | 3,576,154 | 3,768,386 | 260,012 | 210,733 | 3,836,166 | 3,979,119 |
| **DIVISIONAL GROSS MARGIN** | **9,612,307** | **8,886,366** | **489,127** | **110,097** | **10,101,434** | **8,996,463** |
| *UNDIVIDED COSTS* | | | | | 1,247,440 | 509,907 |
| **EBITDA** | **9,612,307** | **8,886,366** | **489,127** | **110,097** | **8,853,994** | **8,486,556** |
| *REASSESSMENT AND DEPRECIATION AND AMORTIZATION* | 3,234,739 | - 834,542 | | | 3,234,739 | - 834,542 |
| **EBIT** | **12,847,046** | **8,051,824** | **489,127** | **110,097** | **12,088,733** | **7,652,014** |
| **NET PROFIT** | | | | | **10,959,490** | **6,194,881** |

An analysis of the contribution of each area of business shows that income from services accounts for approximately 5.39% of total revenue. The change in revenue from services as at 31.03.06 compared to the same period of 2005 is +133.50%; the significant increase is due to the collection related to the marketing of the “Officine Minganti” shopping centre.




Although the absolute value of this type of revenue is not comparable to that of rental activities, it represents a important area of development for the group, especially given its high profit margin. Revenue from rentals amounts to 94.61% of the total (71.55% related to group property, 23.06% to third party property).

| BALANCE SHEET | mar-31st-06 | dec-31st-05 | mar-31st-06 | dec-31st-05 | mar-31st-06 | dec-31st-05 | mar-31st-06 | dec-31st-05 |
|---|---|---|---|---|---|---|---|---|
| | RENTALS | | SERVICES | | UNDIVIDED | | TOTAL | |
| *NON CURRENT ASSETS* | 612,832,041 | 604,006,646 | 0 | 0 | 10,731,670 | 10,747,043 | 623,563,711 | 614,753,689 |
| *INVESTMENTS* | 65,582,761 | 57,458,899 | 0 | 0 | | 0 | 65,582,761 | 57,458,899 |
| *NWC* | 20,396,768 | 19,439,565 | 439,356 | 475,548 | -21,621,752 | -21,639,828 | -785,628 | -1,724,715 |
| *OTHER LONG TERM LIABILITIES* | -26,840,657 | -26,527,196 | -81,003 | -92,086 | | 0 | -26,921,660 | -26,619,282 |
| **TOTAL OUTFLOW** | **671,970,913** | **654,377,914** | **358,353** | **383,462** | **- 10,890,082** | **- 10,892,785** | **661,439,184** | **643,868,591** |
| *NFP* | 137,083,144 | 129,780,049 | -2,329,525 | -2,252,708 | -10,890,082 | -10,892,785 | 123,863,537 | 116,634,556 |
| *EQUITY* | 534,887,769 | 524,597,865 | 2,687,878 | 2,636,170 | | | 537,575,647 | 527,234,035 |
| **TOTAL SOURCES** | **671,970,913** | **654,377,914** | **358,353** | **383,462** | **- 10,890,082** | **- 10,892,785** | **661,439,184** | **643,868,591** |

## SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2006

The purchase of the corporate divisions of the malls “Le Fonti del Corallo” (Livorno), “Casilino” (Rome), “Le Porte di Napoli" (Afragola), and “Centro Borgo” (Bologna) have become effective as at 1 January 2006. In this way, real estate holdings were combined with the ownership of local administrative authorisations. Still on January 1, Gescom started its facility management activities in the Livorno and Naples shopping centres, also successfully completing the marketing of the “Minganti” centre in Bologna, not owned by IGD.

On 12 January 2006, a preliminary agreement was signed for the acquisition of a shopping mall in Gravinia, Catania. The mall will have a surface of 14,919 m² of GLA and will house 57 medium sized shops and 6 big boxes (medium size surfaces).

## EVENTS TAKING PLACE AFTER THE END OF THE QUARTER AND TREND IN OPERATIONS

On 29 April, both the ordinary and extraordinary meeting of IGD were held, appointing the new Board of Directors, the new Board of Auditors and approving the merger project of the subsidiary Gescom, 100% owned by IGD.

# CONSOLIDATED FINANCIAL STATEMENTS
# AS OF 31 MARCH 2006

## IGD GROUP

**CONSOLIDATED BALANCE SHEET**

| | mar-31st-06 (a) | dec-31st-05 (b) | mar-31st-05 | Changes (a-b) |
|---|---|---|---|---|
| **NON CURRENT ASSETS:** | | | | |
| **Intangible assets** | | | | |
| - Intangible assets with a finite life | 0.01 | 0.01 | 0.01 | 0.00 |
| - Goodwill | 2.90 | 2.90 | 2.90 | 0.00 |
| | 2.91 | 2.91 | 2.91 | (0.00) |
| **Tangible assets** | | | | |
| - Real estate investments | 612.01 | 603.11 | 529.34 | 8.90 |
| - Plant and machinery | 0.37 | 0.41 | 0.50 | -0.03 |
| - Equipment | 0.13 | 0.14 | 0.18 | -0.01 |
| - Leasehold improvements | 0.31 | 0.35 | 0.45 | -0.03 |
| - Assets under construction/acquisition | 65.58 | 57.46 | 13.02 | 8.12 |
| | 678.41 | 661.47 | 543.49 | 16.95 |
| **Other non current assets** | | | | |
| - Prepaid taxes | 3.76 | 3.76 | 4.70 | 0.00 |
| - Miscellaneous receivables and other non current assets | 4.07 | 4.08 | 0.03 | -0.02 |
| | 7.83 | 7.84 | 4.73 | -0.02 |
| **TOTAL NON CURRENT ASSETS (A)** | **689.15** | **672.21** | **551.13** | **16.93** |
| **CURRENT ASSETS:** | | | | |
| Inventories | 20.80 | 14.02 | 5.22 | 6.78 |
| Trade and other receivables | 7.39 | 7.66 | 14.37 | -0.27 |
| Other current assets | 8.63 | 13.15 | 0.44 | -4.52 |
| Financial receivables and other current financial assets | 41.90 | 35.61 | 36.82 | 6.30 |
| Cash and cash equivalents | 18.38 | 25.43 | 101.16 | -7.06 |
| **TOTAL CURRENT ASSETS (B)** | **97.11** | **95.87** | **158.01** | **1.23** |
| **TOTAL ASSETS (C=A+B)** | **786.25** | **768.08** | **709.14** | **18.17** |
| **NET EQUITY:** | | | | |
| Parent Company interest | 537.58 | 527.23 | 452.36 | 10.34 |
| minority interest | 0.00 | 0.00 | 0.00 | 0.00 |
| **TOTAL NET EQUITY (D)** | **537.58** | **527.23** | **452.36** | **10.34** |
| **NON CURRENT LIABILITIES:** | | | | |
| Non current financial liabilities | 118.59 | 123.05 | 134.82 | -4.45 |
| Provision for severance indemnity | 0.21 | 0.21 | 0.16 | 0.00 |
| Deferred tax liabilities | 8.80 | 8.80 | 51.81 | 0.00 |
| Provisions for future risks and charges | 0.43 | 0.43 | 0.34 | 0.00 |
| Miscellaneous payables and other non current liabilities | 17.47 | 17.18 | 19.44 | 0.30 |
| **TOTAL NON CURRENT LIABILITIES (E)** | **145.51** | **149.67** | **206.57** | **-4.15** |
| **CURRENT LIABILITIES:** | | | | |
| Current financial liabilities | 65.55 | 54.63 | 36.52 | 10.92 |
| Trade and other payables | 14.50 | 9.96 | 5.11 | 4.54 |
| Current liabilities | 21.62 | 21.64 | 1.45 | -0.02 |
| Other current liabilities | 1.49 | 4.95 | 7.14 | -3.47 |
| **TOTAL CURRENT LIABILITIES (F)** | **103.16** | **91.18** | **50.21** | **11.98** |
| **TOTAL LIABILITIES (G=E+F)** | **248.68** | **240.85** | **256.78** | **7.83** |
| **TOTAL NET EQUITY AND LIABILITIES (D+G)** | **786.25** | **768.08** | **709.14** | **18.17** |

**CONSOLIDATED INCOME STATEMENT**

| | mar-31st-06 (a) | mar-31st-05 (b) | Changes (a-b) | 1 Q 2006 | 1 Q 2005 | 1 Q changes |
|---|---|---|---|---|---|---|
| Revenue | 13.05 | 12.64 | 0.41 | 13.05 | 12.64 | 0.41 |
| Other income | 0.89 | 0.34 | 0.55 | 0.89 | 0.34 | 0.55 |
| **Total revenues and operating income** | **13.94** | **12.98** | **0.96** | **13.94** | **12.98** | **0.96** |
| | | | | | | |
| Purchase of materials and external services | 10.53 | 4.43 | 6.10 | 10.53 | 4.43 | 6.10 |
| Staff charges | 0.57 | 0.34 | 0.23 | 0.57 | 0.34 | 0.23 |
| Other operating costs | 0.77 | 0.46 | 0.30 | 0.77 | 0.46 | 0.30 |
| Change in inventories | 6.78 | 0.74 | 6.04 | 6.78 | 0.74 | 6.04 |
| **OPERATING RESULT BEFORE AMORTISATION, DEPRECIATION CAPITAL GAINS/LOSSES AND REVALUATIONS/DEVALUATIONS FOR NON CURRENT ASSETS** | **8.85** | **8.49** | **0.37** | **8.85** | **8.49** | **0.37** |
| | | | | | | |
| Amortisation and depreciation | 0.08 | 0.08 | 0.00 | 0.08 | 0.08 | 0.00 |
| Fair value change | 3.31 | -0.75 | 4.07 | 3.31 | -0.75 | 4.07 |
| **OPERATING RESULT** | **12.09** | **7.65** | **4.44** | **12.09** | **7.65** | **4.44** |
| | | | | | | |
| Financial income | 1.37 | 0.75 | 0.62 | 1.37 | 0.75 | 0.62 |
| Financial charges | 2.50 | 2.21 | 0.29 | 2.50 | 2.21 | 0.29 |
| **PRE-TAX RESULT** | **10.96** | **6.19** | **4.76** | **10.96** | **6.19** | **4.76** |

# *NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*

## PREPARATION CRITERIA AND CONSOLIDATION AREA

### INTRODUCTION

The quarterly report and the consolidated accounting schedules as at 31.03.06, which have not been subject to auditing, have been prepared in compliance with the measurement and assessment criteria laid out by IFRS and adopted by the European Commission in accordance with the procedure laid out by art. 6 of EC Regulation no. 1606/2002 of 19 July 2002 of the European Parliament and Council, regarding application of international accounting standards, as well as in compliance with the provisions of art. 82 of CONSOB ruling no. 11971 of 14 May 1999, "Standards related to listed companies for implementation of Legislative Decree no. 58 of 24 February 1998", and subsequent amendments.

Specifically, please note that the quarterly report as at 31.03.06 has been presented on the basis of the criteria indicated in Annex 3D of the aforementioned "Standards".

### DRAFTING CRITERIA

The consolidated accounting schedules have been prepared based on the account statements as at 31.03.06 drafted by the companies included in the consolidation area, and adjusted, when necessary, to them into line with the group's accounting standards and classification criteria under IFRS.

The accounting and measurement criteria, and the consolidation standards adopted in drafting the quarterly report, are identical to those used to prepare the IFRS transition document attached to the yearly report as at 31.12.05, to which we make full and explicit reference.

The consolidated accounting schedules, tables, and notes are expressed in million euros, unless otherwise specified.

To allow for uniform comparison, figures for 2005 have been recalculated in accordance with IFRS.

In compliance with CONSOB provisions, income statement figures are provided for the quarter under examination and the period between the beginning of the year and the closing date of the quarter (progressive); they are compared with data for the analogous periods of the previous year. The balance sheet figures at the closing date of the quarter are compared with the closing figures for the previous quarter and the previous year. Therefore, notes to income statement items are made in comparison to the same period of the previous year (31.03.05), whereas for assets and liabilities they are made in comparison with the previous quarter (31.12.05).

Estimates are not employed to a significantly different degree than at the time of drafting the annual accounts. Furthermore, please note that the consolidated figures include accounts for the parent company Immobiliare Grande Distribuzione S.p.A. and accounts as at 31.03.06 for Gescom s.r.l., its fully-owned subsidiary.

Lastly, please note that current, deferred and/or prepaid taxes have not been calculated.

**CONSOLIDATION AREA**

The consolidation area as at 31 March 2006 has not undergone any changes compared to 31 December 2005. Please note that the Consorzio Forte di Brondolo has not been consolidated given its lack of significance in terms of a true and correct picture of the consolidated financial, economic and equity situation as at 31.03.06.

## NOTES TO THE PRIMARY ITEMS IN THE CONSOLIDATED BALANCE SHEET AS AT 31.03.06

### NON CURRENT ASSETS

The change in non-current assets from 31 December 2005 to 31 March 2006 is mainly due to the increases to the items:

- ✓ "Real Estate Investments", referring to the purchase of assets in Borgo, Livorno, Casilino, and Afragola, combining the ownership of the companies and the real estate property and the subsequent adjustment of said investments to measurement at fair value;
- ✓ "Assets under construction" due to the impact of the down payment made relative to the increase of investment in the Guidonia Shopping Centre and the preliminary purchase contract for a mall in Catania.

### CURRENT ASSETS

The net variation in inventories compared to 31.12.05, is exclusively due to an increase in inventories related to ongoing work at the Leonardo Shopping Centre to expand the car park and mall for the portion held for sale.

The decrease in other current assets is mainly due to the acceptance of the irreversible offer to purchase with subsequent re-allocation of the cautionary deposit to "Assets under construction".

Lastly, please note that the decrease in the item "Cash and Other Available Liquidity" is due to the use of liquidity to acquire securities with subsequent increase of financial resources under the item "Financial Receivables and Other Current Financial Assets".

### NET EQUITY

The change in Equity is primarily due to pre-tax profit for the 1st Quarter 2006, and a decrease in the cash flow hedge reserve due to IAS accounting.

### NON CURRENT LIABILITIES

The net change in non current financial liabilities is primarily due to the transfer of loan payments due within the next 12 months from non current to current liabilities, and to IAS effects related to the measurement of financial hedging instruments.

### CURRENT LIABILITIES

The most significant changes in current liabilities are due to an increase in :

- Current Financial Assets, due to the impact of the positive balance generated by the raising of hot money contracts and loans
- Trade payables caused by progress made on works for the Leonardo Shopping Centre
- Other Current Liabilities for the return of cautionary deposits.

## NOTES TO THE PRIMARY ITEMS IN THE CONSOLIDATED INCOME STATEMENT AS AT 31.03.06

### OPERATING REVENUE AND INCOME

Consolidated turnover and other income as at 31 March 2006 were equal to 13.94 million, an increase of 0.96 million over the same period of the previous financial year, mainly due to the 7.4% increase in rent relative to the new hypermarket in Rimini and to revenues from the Livorno, Casilino, and Afragola shopping centres subsequent to acquisition of ongoing concerns.

### PURCHASE OF MATERIALS AND OUTSIDE SERVICES

This item primarily includes rent paid as lessee on properties managed by the Group, and work costs for expanding the car park and mall at the Leonardo shopping centre.

The increase, compared to 31.03.06, is specifically due to costs incurred for the aforementioned construction works.

### PERSONNEL COSTS

Personnel costs rose compared to the same period in 2005, due to an increase in employee numbers.

### OTHER OPERATING COSTS

There have been no significant changes.

### FINANCIAL INCOME AND CHARGES

Financial revenue show an increase over the same period of 2005 due both to the impact of the result of asset management present for the entirety of first quarter 2006, and to the increase of positive IRS differentials.

The increase in financial charges is due to an increase in interest payable on new loans and hot money, and an increase in negative IRS spreads.