



IGD GROUP

Third Quarter Consolidated Results as at 30th September 2006

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DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

➔ **CHAIRMAN**

COFFARI GILBERTO

➔ **VICE CHAIRMAN**

COSTALLI SERGIO

➔ **CHIEF EXECUTIVE OFFICER**

CARBONARI FILIPPO-MARIA

➔ **DIRECTORS**

ALBERTINI CLAUDIO

BINI MAURO

CANOSANI ARISTIDE

CARPANELLI FABIO

CAPORIONI LEONARDO

FRANZONI MASSIMO

GENTILI FRANCESCO

PELLEGRINI FERNANDO

POZZOLI STEFANO

SABADINI RICCARDO

SANTI SERGIO

ZAMBONI ROBERTO

BOARD OF STATUTORY AUDITORS

➔ **CHAIRMAN**

CONTI ROMANO

➔ **STATUTORY AUDITORS**

CHIUSOLI ROBERTO

GARGANI FRANCO

Auditors

Reconta Ernst&Young S.p.A.

MANAGEMENT SUMMARY

The Quarterly Report of the IGD Group for the Third Quarter 2006, and for the period shown in comparison, has been prepared according to the International Financial Reporting Standards (IFRS).

MAIN EVENTS IN THE THIRD QUARTER 2006

In September, the Company signed a contract with Coop Lombardia, an unrelated party, for the acquisition of 100% of the controlled company Società Immobiliare Larice srl, owner of the shopping mall at the CENTROSARCA Shopping Centre in Sesto San Giovanni (Milano). The investment consists of the Mall in a Shopping Centre of recent construction, opened in July 2003. The building hosts a mall of 80 shops, including 7 medium surfaces, for a total area of approximately 22.270 sq.m. In the Centre is located also an hypermarket with a retail surface of 8,000 sq.m., owned by Coop Lombardia.

On 7 September the Deed of Merger through Incorporation of Gescom Srl into IGD SpA was executed as previously approved by the general Shareholders' Meetings of the two companies, respectively.

We note that further to this merger, the Gescom company is terminated, with company IGD assuming all its rights and commitments, as of 1 October 2006.

In August, a financing agreement was signed with Interbanca, for a total amount of 150 million Euros, available 'on demand' to support the Group's investment programs. The loan is guaranteed by pledges on real estate assets and has a maximum life of 15 years.

Also during August, a 12-year loan of 28 million Euros was executed with Banca Nazionale del Lavoro to finance the Rimini project, with a mortgage on the same property.

Review of Key Financial Data

The table below summarises the quarterly operating results as at 30 September 2006, in million Euros, compared with the data of the same period in 2005:

CONSOLIDATED INCOME STATEMENT

	9-Mo. 05	9-Mo. 06	Δ	%
Revenues from Freehold	27,031	31,815	4,785	17,70%
Revenues from Leasehold	11,049	9,788	-1,261	-11,41%
Revenues from Services	0,980	1,960	0,980	99,98%
Other Revenues*	0,081	0,447	0,366	453,26%
Capital Gains	0,000	0,000	0,000	0,00%
TOTAL REVENUES	39,140	44,010	4,870	12,44%
Purchases of Material and Staff Costs	15,910	27,400	11,490	72,22%
Other Operating Costs	1,120	1,940	0,820	73,21%
Changes in Inventory	-4,400	-15,540	-11,140	253,18%
EBITDA	25,040	28,170	3,130	12,50%
Depreciation and Amortisation	0,380	0,580	0,200	52,63%
Change in Fair Value	14,180	39,600	25,420	179,27%
EBIT	38,840	67,190	28,350	72,99%
Net financial result	-2,820	-4,800	-1,980	70,21%
Financial income	3,880	3,910	0,030	0,77%
Financial expenses	6,700	8,710	2,010	30,00%
PROFIT BEFORE TAX	36,020	62,390	26,370	73,21%

The Third Quarter 2006 closed with net consolidated income of € 62.39 millions, an increase of € 26.37 millions, +73.21% if compared to September 2005. The increase is due to an increase in Revenues and to the revaluation of the Fair Value of the real estate assets, following the update of the property professional appraisals.

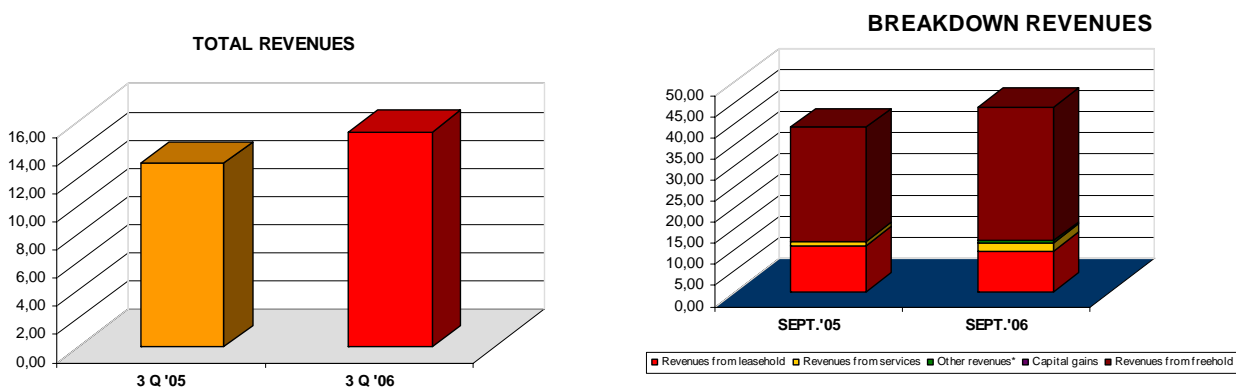
We present below the income statement for the third quarter 2006, as compared with the same period of 2005:

INCOME STATEMENT

	Q3 06	Q3 05	Δ	%
Sales	14,42	12,77	1,65	12,92%
Other Revenues	0,84	0,28	0,56	200,00%
TOTAL REVENUES	15,26	13,05	2,21	16,93%
Purchases of Materials and Outside Services	7,49	5,55	1,94	34,95%
Personnel Costs	0,59	0,33	0,26	78,79%
Other Operating Costs	0,56	0,43	0,13	30,23%
Change in Inventory	-3,25	-1,71	-1,54	90,06%
EBITDA	9,87	8,45	1,42	16,80%
Depreciation and Amortisation	0,08	0,23	-0,15	-65,22%
Change in Fair Value	-0,33	0,00	-0,33	0,00%
EBIT	9,46	8,22	1,24	15,09%
Net financial result	-2,26	-0,86	-1,40	162,79%
Financial income	1,28	1,43	-0,15	-10,49%
Financial expenses	3,54	2,29	1,25	54,59%
PROFIT BEFORE TAX	7,20	7,36	-0,16	-2,17%

The increase in profitability, in line with the business plan forecasts, is explained by the following factors:

- ✓ **REVENUES** increased by € 2,21 millions, +16,93%.

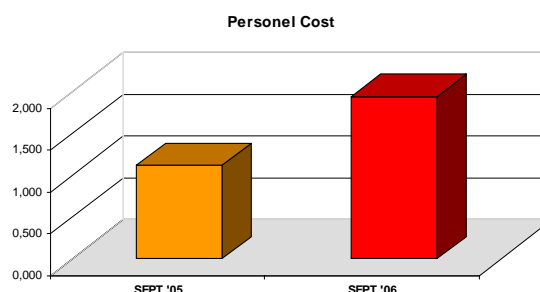


- Revenues from Freehold Assets: this class of revenues has grown due to the following:
 - Organic growth of rents, yearly adjusted to the ISTAT;
 - The Rimini Hypermarket, acquired from Coop Adriatica in December 2005, and therefore not recognised in revenues for Q305;
 - Acquisition of the Darsena City Shopping Centre
 - Re-negotiation of the terms of the lease contracts in Centro d'Abruzzo

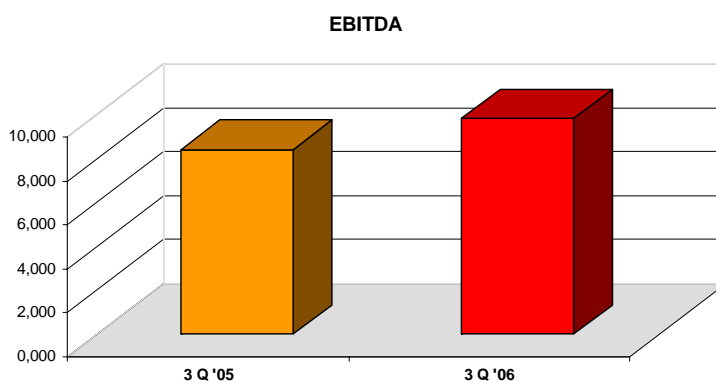
- Purchase of the Afragola, Casilino, Livorno and Borgo business concerns.
- An overall increase of occupancy in the gallery malls.
- Revenues from Leasehold Assets: regarded as IGD non-core revenues have declined due to:
 - Acquisition of the Borgo business concern, with the accounting of these revenues in the previous class
 - Restructuring work at the Centro Leonardo shopping mall.
- Revenues from Services: this segment of revenues has reached 4,5%, during the first 9 months of 2006, over the 4% target stated in the business plan. Both the more stable part of this segment (facility management), due to the acquisition of new management contracts, and the less stable agency activity, due to the payment of signing fees for the replacement of some operators, have increased.

✓ **EBITDA** in September 2006 amounted to € 28.17 millions up 12.50%. Costs have increased in line with revenues:

- Purchases of materials and external services are mainly linked to the extension work-site at the Centro Leonardo Mall in Imola, to be reviewed together with the Inventory item.
- Staff costs increased by approx. 73% for the hiring of new resources, in accordance with the growth plan. At the end of 2006 IGD will employ 56 staff.

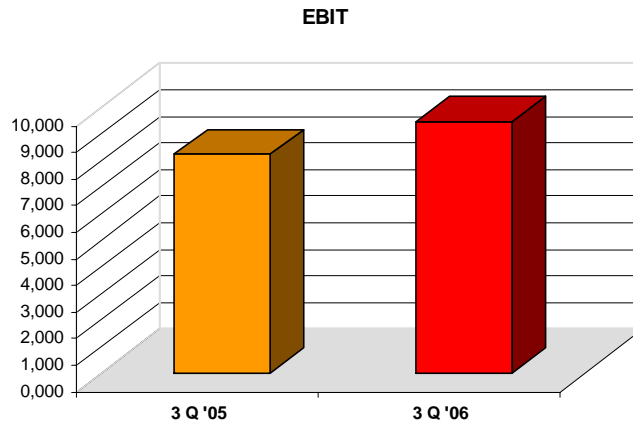


The chart displays the change in Ebitda in the third quarter 2006, compared with the same period in 2005.

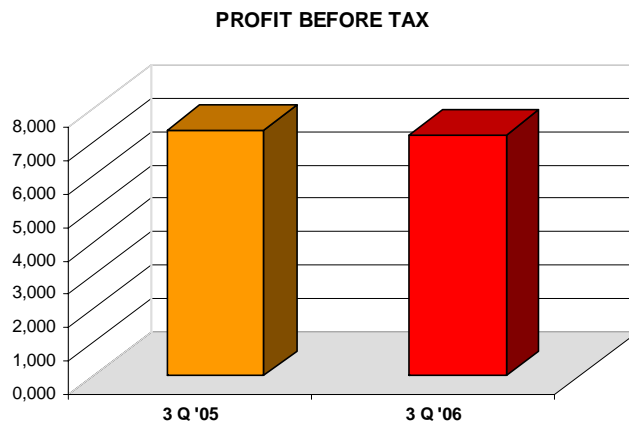


Ebitda margin stayed at 64.14%, up 0.05% compared with September 2005.

- ✓ **EBIT** increased by nearly 15%, the decrease in fair value is related with the increase in some real estate investments and will be absorbed with the next professional appraisal.



- ✓ **PROFIT BEFORE TAX** accounts for the result of the financial operations, which shows an increase of charges; this is explained by the changes in net financial position, which reflects the group investment plan.



Balance Sheet and Financial Review

The balance sheet at 30 September 2006 is summarised below:

SOURCES - USES OF FUNDS

	jun-06	sep-06	Δ	%
Fixed Assets	777,94	943,17	165,23	21,24%
Net Working Capital	37,28	37,19	-0,09	-0,24%
Other L/T Assets and Liabilities	-38,62	-40,16	-1,54	3,99%

TOTAL USES	776,60	940,20	163,60	21,07%
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Net Equity	557,93	586,41	28,48	5,10%
Net Financial Position	218,67	353,79	135,12	61,79%

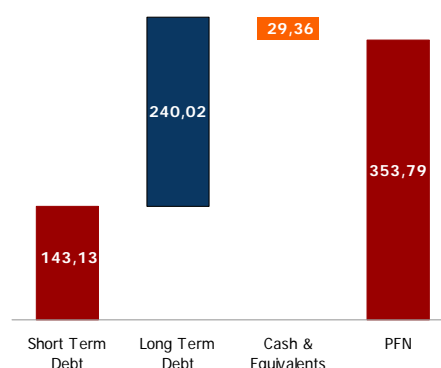
TOTAL SOURCES	776,60	940,20	163,60	21,07%
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*Please note that the Net Equity at 30 September 2006 accounts for pre-tax income.

The main changes in the third quarter of 2006 area are:

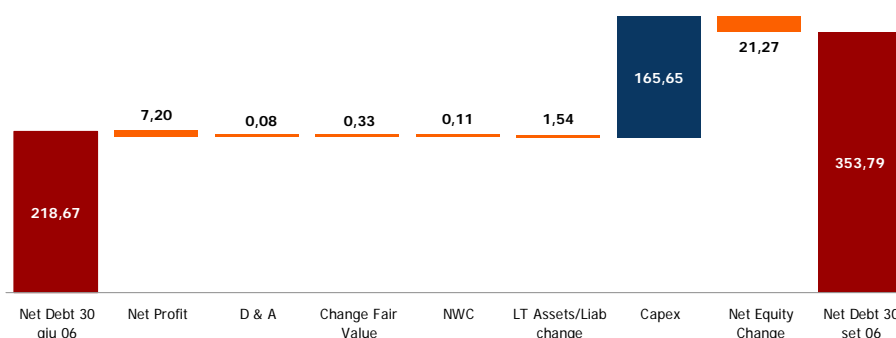
- ✓ **Fixed Assets** increased from € 777,94 millions to € 943,17 millions; the increase by € 165,23 millions is mainly due to the following:
 - Intangible Assets:
 - Increase by € 19,05 millions, as goodwill, due to the netting of the investment in the company Immobiliare Larice, acquired at the end of September 2006. *
 - Real Estate Assets:
 - Purchase of the Centro Sarca mall, through the acquisition of the Immobiliare Larice
 - Work in Progress:
 - Increased by € 16,81 millions, mainly for the second advance payment for the investment in the Palermo mall and the land in Conegliano.
- ✓ **NWC**, the Net Working Capital during the Third Quarter 2006 has remained substantially unchanged, with a small negative difference of €0.09 millions:
 - Assets: Current Assets have increased by € 6.27 millions primarily due to:
 - Inventory: open worksite for the extension of the Centro Leonardo mall
 - Trade Receivables increased by € 1.6 millions
 - Liabilities: liabilities increased by € 6.36 millions:
 - Trade payables: increased by € 7.31 millions, related to the deferred payment of the technical suppliers, in relation to the work-site for the extension of the mall Centro Leonardo in Imola.
 - Other current liabilities: related to the June taxation effect.
- ✓ **Other long term assets and liabilities:** show a negative balance € 1.54 millions primarily due to:
 - Assets: no significant changes
 - Liabilities:

- Deferred tax liabilities: it deals with the change of the tax effect at 30 June, besides the booking of the corresponding ELISIONE of the investment in Immobiliare Larice.
- ✓ **Net Equity:** In the Third Quarter 2006 it totalled € 586.41 millions, including pre-tax income.
- ✓ **Net financial position:** During the Third Quarter 2006 the development activity of the company has continued, in line with the business plan presented to the financial community. In particular the acquisition of the company Immobiliare Larice was entirely financed with debt. Two important financing contracts were signed:
 - A mortgage with BNL for an amount of € 28 millions aimed at the acquisition of the hypermarket and two mid-sized surfaces in Rimini, completed in December 2005.
 - A facility of € 150 millions with Interbanca, revolving for the first three years; as of 30th September the facility was drawn for € 85.5 millions to fund the acquisition of Immobiliare Larice.



The company has a gearing ratio of 0,60x, with a declared target at the end of the plan of 1,5x.

For more details we refer to the notes to the financial statements.



As integration and similarly as for the income statement review we provide below the balance sheet with comparison with 31st December 2005.

SOURCES - USES OF FUNDS

	2005	sep-06	Δ	%
Fixed Assets	664,37	943,17	278,80	41,96%
Net Working Capital	-1,72	37,19	38,91	-2256,30%
Other L/T Assets and Liabilities	-18,78	-40,16	-21,38	113,87%
TOTAL USES	643,87	940,20	296,33	46,02%
Net Equity	527,23	586,41	59,18	11,22%
Net Financial Position	116,63	353,79	237,16	203,33%
TOTAL SOURCES	643,87	940,20	296,33	46,02%

SEGMENT INFORMATION

Both areas of activity of the Group have grown: lease intermediation and services. The share of revenues has reached 4.50%, over the significant target of 4.00% announced in the industrial plan. This figure is important considering that this activity is not capital intensive. Thus, revenue growth in this segment has a more substantial positive impact on the results of the company as neither additional capital is required, nor it generates new lines of cost, except for directly related labour costs.

INCOME STATEMENT	30-sep-06	30-sep-05	30-sep-06	30-sep-05	30-sep-06	30-sep-05
	RENTALS		SERVIZI		TOTAL	
SALES	42.054.899	38.161.401	1.959.824	980.026	44.014.723	39.141.427
DIRECT COSTS	11.227.735	11.376.879	859.504	670.022	12.087.239	12.046.901
DIVISIONAL GROSS MARGIN	30.827.164	26.784.522	1.100.320	310.004	31.927.484	27.094.526
OTHER COSTS (UNDIVIDED)					3.753.582	2.056.684
EBITDA	30.827.164	26.784.522	1.100.320	310.004	28.173.902	25.037.842
REVALUATION, DEPR. & AMORT:	39.015.680	13.798.454			39.015.680	13.798.454
EBIT	69.842.844	40.582.976	1.100.320	310.004	67.189.582	38.836.296
NET INCOME					62.386.523	36.016.337

BALANCE SHEET	30-sep-06	30-jun-06	30-sep-06	30-jun-06	30-sep-06	30-jun-06
	RENTALS		SERVIZI		TOTAL	
REAL ESTATE PORTFOLIO	779.847.945	650.483.212	0	0	779.847.945	650.483.212
INVESTMENTS	141.710.306	124.896.454	0	0	141.710.306	124.896.454
NET WORKING CAPITAL	19.637.489	38.676.648	206.759	780.384	19.844.248	39.457.032
OTHER L/T LIABILITIES	-47.806.849	-46.178.261	-163.674	-135.056	-47.970.523	-46.313.317
OTHER ASSETS (UNDIVIDED)					46.768.770	8.083.733
TOTAL ASSETS	893.388.891	767.878.054	43.085	645.327	940.200.746	776.607.114
NET FINANCIAL POSITION	309.914.197	212.733.578	-2.888.949	-2.144.343	307.025.248	210.589.235
NET EQUITY	583.474.694	555.144.475	2.932.034	2.789.671	586.406.728	557.934.146
OTHER LIABILITIES (UNDIVIDED)					46.768.770	8.083.733
TOTAL LIABILITIES & EQUITY	893.388.891	767.878.054	43.085	645.327	940.200.746	776.607.114

KEY EVENTS TAKING PLACE AFTER THE END OF THE THIRD QUARTER AND BUSINESS TRENDS

In October the Company has signed a preliminary contract with Gruppo Santoni Costruzioni, an unrelated party, for the acquisition of 100% of a company owning the Mall at the MILLENNIUM Shopping Centre in Rovereto (Trento).

The investment is part of the Business Plan presented in October 2005 and is the first acquisition in the Trentino Alto Adige region: the final closing of the contract is expected by February 2007. The Mall consists of 38 shops, with one mid-size surface, for a total area of 7,430 mq and hosts also a Coop megastore.

CONSOLIDATED FINANCIAL STATEMENTS IGD GROUP

CONSOLIDATED BALANCE SHEET

	30-Sep-06 (a)	30-Jun-06 (b)	31-Dec-06	Changes (a-b)
NON CURRENT ASSETS				
Intangible Assets:				
- Intangible Assets with a finite life	0,05	0,01	0,01	0,04
- Goodwill	21,56	2,55	2,90	19,01
	<u>21,61</u>	<u>2,56</u>	<u>2,91</u>	<u>19,05</u>
Tangible Assets				
- Real Estate Assets	778,94	649,74	603,11	129,20
- Plant and Machinery	0,38	0,34	0,41	0,04
- Equipment	0,29	0,12	0,14	0,17
- Leasehold Improvements	0,24	0,28	0,35	-0,04
- Assets under Construction	141,71	124,90	57,46	16,81
	<u>921,56</u>	<u>775,38</u>	<u>661,47</u>	<u>146,18</u>
Other Non Current Assets				
- Prepaid Taxes	3,79	3,68	3,76	0,11
- Miscellaneous Receivables and Other Non Current Assets	4,02	4,01	4,08	0,01
- Non Current Financial Receivables	2,13	3,24	0,00	-1,11
	<u>9,94</u>	<u>10,93</u>	<u>7,84</u>	<u>0,12</u>
TOTAL NON CURRENT ASSETS (A)	953,11	788,87	672,21	165,35
CURRENT ASSETS				
Inventory	29,49	25,81	14,02	3,68
Trade and Other Receivables	7,06	5,42	7,66	1,64
Other Current Assets	17,97	17,02	13,15	0,95
Financial Receivables and Other Current Financial Assets	22,97	21,85	35,61	1,12
Cash and Other Cash Equivalents	6,39	1,96	25,43	4,43
TOTAL CURRENT ASSETS (B)	83,88	72,06	95,87	11,82
TOTAL ASSETS (C=A+B)	1.036,99	860,93	768,08	177,17
NET EQUITY				
Parent Company Interest	586,40	557,92	527,23	28,48
Minority Interest	0,01	0,01	0,00	0,00
TOTAL NET EQUITY (D)	586,41	557,93	527,23	28,48
NON CURRENT LIABILITIES				
Non Current Financial Liabilities	217,61	112,47	123,05	105,14
Severance Indemnity Fund	0,27	0,24	0,21	0,03
Deferred Tax Liabilities	29,83	28,27	8,80	1,56
Provision for Risks and Deferred Charges	0,36	0,32	0,43	0,04
Miscellaneous Payables and Other Non Current Liabilities	17,51	17,48	17,18	0,03
TOTAL NON CURRENT LIABILITIES (E)	265,58	158,78	149,67	106,80
CURRENT LIABILITIES				
Current Financial Liabilities	167,67	133,25	54,63	34,42
Trade and Other Payables	14,62	7,31	9,96	7,31
Current Tax Liabilities	0,63	2,16	21,64	-1,53
Other Current Liabilities	2,08	1,50	4,95	0,58
TOTAL CURRENT LIABILITIES (F)	185,00	144,22	91,18	40,78
TOTAL LIABILITIES (G=E+F)	450,58	303,00	240,85	147,58
TOTAL NET EQUITY AND LIABILITIES (H=D+G)	1.036,99	860,93	768,08	176,06

CONSOLIDATED INCOME STATEMENT

	30-Sep-06	30-Sep-06	Changes	Third Quarter		
	(a)	(b)	(a-b)	2006	2005	changes
Sales	41,63	38,18	3,45	14,42	12,77	1,65
Other Revenues	2,38	0,96	1,42	0,84	0,28	0,56
Total Sales and Other Revenues	44,01	39,14	4,87	15,26	13,05	2,21
Purchases of Materials and External Services	27,40	15,91	11,49	7,49	5,55	1,94
Personnel Costs	1,94	1,12	0,82	0,59	0,33	0,26
Other Operating Costs	2,04	1,47	0,57	0,56	0,43	0,13
Change in Inventory	15,54	4,40	11,14	3,25	1,71	1,54
EARNINGS BEFORE DEPRECIATION, AMORTISATION GAIN/LOSSES AND REVERSAL/WRITE-DOWNS OF NON CURRENT ASSETS	28,17	25,04	3,13	9,87	8,45	1,42
Depreciation & Amortisation	0,58	0,38	0,20	0,08	0,23	-0,15
Change in Fair Value of the Real Estate Assets	39,60	14,18	25,42	-0,33	0,00	-0,33
OPERATING RESULT (EBIT)	67,19	38,84	28,35	9,46	8,22	1,24
Financial Income	3,91	3,88	0,03	1,28	1,43	-0,15
Financial Expense	8,71	6,70	2,01	3,54	2,29	1,25
PRE-TAX EARNINGS (EBT)	62,39	36,02	26,37	7,20	7,36	-0,16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**PREPARATION CRITERIA AND AREA OF CONSOLIDATION****INTRODUCTION**

The Quarterly Report and the consolidated accounting statements at 30 September 2006 are unaudited and have been prepared according to the evaluation and assessment criteria set by the IFRS and adopted by the European Commission, pursuant to the procedure laid out by art. 6 of the EC Regulation n. 1606/2002 of the European Parliament and of the Council of 19 July 2002, regarding the application of the International Accounting Standards, as well as in compliance with the provisions of art. 82 of the Consob Regulation n. 11971 of 14 May 1999 "Rules on the implementation guidelines of Law Decree n. 58 of 24 February 1998, on the matter of Listed Companies", and subsequent amendments/additions.

We outline in particular that the Quarterly Report as at 30 September 2006 has been prepared on the basis of the criteria set out in Annex 3D of the above mentioned "Regulation".

The publication of the Quarterly Report as at 30 September 2006 was authorised by the competent board with a resolution dated 14 November 2006.

PREPARATION CRITERIA

The consolidated accounting statements have been prepared on the basis of the financial situation as of 30 September 2006, as laid out by the companies comprised in the area of consolidation and adjusted, if required, to comply with the accounting principles and the reclassification criteria of the Group, in line with the IFRS.

The accounting and valuation criteria and the consolidation principles adopted for the preparation of the Quarterly Report are homogeneous with those adopted for the preparation of the IFRS transition document attached as appendix to the Financial Statements as at 31.12.05, to which we make full and explicit reference.

We remark that the evaluation and measurements of the accounting items presented are based on the International Accounting Standards and the relevant interpretations currently in use; therefore, these data could undergo changes to reflect the changes that could take place until 31 December 2006, as to future adoption by the European Commission of new standards, new interpretations, or guidelines issued by the International Financial reporting Interpretation Committee (IFRIC).

The consolidated financial statements, tables and notes are presented in million euros, unless specified otherwise.

In compliance with CONSOB provisions, the Income Statement figures are supplied for the quarter under review and for the period going from the start of the financial year to the end of the quarter (cumulated); they are compared with the figures for the same period in the previous financial year. The Balance Sheet data, as at the closing date of the quarter, are compared with the figures as of the closing date of the previous quarter and of the last financial year.

Consequently, the notes to items in the Income Statement are made comparing with the same period of the previous year (30 September 2005), while for the balance sheet items, reference is made to the previous quarter (30 June 2006).

Estimated data have not been employed to a significantly different extent than for the preparation of the full year accounts.

Finally, we note that current taxes, or any deferred and/or prepaid taxes, have not been accounted for, while they are accounted in the comparable data at 30 June 2006.

CONSOLIDATION AREA

We outline that with respect to the situation as at 30/06/2006 the company "Immobiliare Larice srl", acquired on 25 September, has entered into the consolidation area.

In the current situation, the investment in Immobiliare Larice srl, has been fully consolidated, but as the acquisition transaction took place at the end of the quarter, only the balance sheet is consolidated in the situation, as the income for the period, already accounted for in the purchase price, has been recognised in the value of the net equity and netted out upon consolidation. Therefore, the Consolidated Income Statements do not include that of Immobiliare Larice.

Finally we outline that the consolidated figures at 30/09/2006 include the financial statements of the parent Immobiliare Grande Distribuzione S.p.A., the financial statements of Gescom s.r.l., 100% owned, the financial statements of Immobiliare Larice srl, also 100% owned, and the financial statements of Consorzio Forte di Brondolo, controlled with 86.08%.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2006

NON CURRENT ASSETS

The change in Non Current Assets between 30 June 2006 and 30 September 2006 is primarily due to:

- ✓ An increase of the item "Goodwill" due to the netting out of the investment in Società Immobiliare Larice srl, item that matches with the item "Deferred Tax Liabilities"
- ✓ Increase of the item "Real Estate Assets" due exclusively to the acquisition of the Centrosarca Shopping Centre in Sesto San Giovanni (Milano)
- ✓ Increase of the item "Work in Progress" due to the effect of the second advance payment provided in the preliminary contract for the investment in Palermo, the first advance payment for the purchase of land in Conegliano, the payment of various works at the ESP Commercial Centre in Ravenna, in addition to an increase of minor work in progress.
- ✓ Small changes of the item "Plant and Machinery", "Equipment" and "leasehold Improvements" refer to changes in the consolidation area and to the regular depreciation rate for the period.
- ✓ The decrease in the item "Non Current Financial Assets" refers to the mark-to-market of the outstanding IRS contracts at the end of the quarter.

CURRENT ASSETS

The net change in "Inventory" with respect to 30 June 2006 is due exclusively to the increase in inventory related to the continuing works at the Leonardo Shopping Centre for the extension of the parking area and of the Mall area for the portion earmarked for sale.

The increase in "Trade Receivables" is due to the normal operating activity.

The change in "Other Current Assets" is caused by a reduction of VAT Receivable and to the calculation of taxes on the situation at 30 June 2006.

We also note that the increase of the item "Financial Receivables" is due to the increase of owned securities, while the increase of the item "cash and Other Liquid Assets" is due to the change in the area of consolidation.

NET EQUITY

The change in Net Shareholders' Equity is mainly due to the earnings, before tax, for the period and a positive change of the Cash Flow Hedge Reserve, due to IAS accounting.

NON CURRENT LIABILITIES

The net change in “Non Current Financial Liabilities” is mainly due to the stipulation of the new financing contract with Interbanca and of the mortgage with BNL.

In the item “Deferred Tax Liabilities” is recognised the matching entry to the goodwill recorded with the netting out of the investment in Immobiliare Larice srl: please note that this item also include the tax calculation at 30 June 2006.

There are no significant changes in the other items.

CURRENT LIABILITIES

The most relevant changes in Current Liabilities are due to an increase of “Current Financial Liabilities” due to the negative balance of the establishment of new Hot Money financing contracts and the utilisation of loan facilities.

The decrease of “Trade Payables” is also the result of normal operating activity.

The decrease of “Current Tax Liabilities” is due to the effect of the tax for the previous 2006 quarter.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT AS OF 30 SEPTEMBER 2006

RICAVI E PROVENTI OPERATIVI

Consolidated revenues and other income at 30 September 2006 amounted to € 44.01 millions, recording an increase by € 2.21 millions compared with the same period of the previous financial year. The positive balance is due to:

- ✓ Organic growth of rents
- ✓ additional rents following the purchase of the going concerns of the shopping malls in Casilino, Afragola, Fonti del Corallo and Borgo, effective 1 January 2006
- ✓ additional rents following the acquisition of the Rimini hypermarket and the Darsena City Shopping Centre in Ferrara, dated December 2005 and May 2006, respectively
- ✓ turnover in the Malls of Centro D'Abruzzo and Centro Esp
- ✓ rent decrease in the Centro Leonardo mall due to a partial closure for restructuring
- ✓ new management of the Malls in Fonti del Corallo, Afragola, Minganti, Arca, Colleferro and Rimini.

PURCHASE OF MATERIALS AND EXTERNAL SERVICES

This item includes mainly rent expense on real estate managed by the Group and costs for the extension of the mall and the parking lot at the Leonardo shopping centre.

The increase, compared to 30 September 2005, is due mainly to costs incurred for the above mentioned construction works.

STAFF COSTS

Staff Costs rose, compared to the same period in 2005, due to an increase of the number of employees, in line with the growth of the Group and its planned organisation structure.

OTHER OPERATING COSTS

No significant changes are noted.

FINANCIAL INCOME AND CHARGES

The result of financial operations showed a negative balance of €4.80 millions, with an increase of financial charges, when compared to the same period of 2005, due

to higher banking interest costs related to the new Hot Money / financing / mortgage contracts and the utilisation of bank loans.