IGD GROUP

Fourth Quarter Consolidated Results as at 31st December 2006

(Board Meeting of 14/02/2007)

TABLE OF CONTENTS

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 Fourth Quarter 2006, and for the period shown in comparison, has been prepared according to the International Financial Reporting Standards (IFRS). The Quarterly Report consolidates the economic and balance sheet results of IGD S.p.A., Immobiliare Larice S.r.l., fully acquired by IGD in September 2006, and of Consorzio Forte di Brondolo, owner of the rights for the development of the infrastructure road-works of the Chioggia shopping centre.

The Fourth Quarter 2006 closed with consolidated earnings before tax of € 29.58 millions, compared with € 26.45 millions in the 4th Quarter 2005, that is an 11.83% growth.

A strong increase was shown at the EBITDA level, up 84.77% due to revenue growth, mainly from the lease of real estate assets in Ferrara and Sarca, purchased during 2006.

MAIN EVENTS IN THE FOURTH QUARTER 2006

✓ ***Millennium Shopping Centre Acquisition***

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 Shopping Mall at the MILLENNIUM Shopping Centre in Rovereto (Trento).

The investment, of a total €21 millions amount, 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 sq.m. and hosts also a Coop megastore.

✓ ***Joint Venture: RGD***

In November 2006, a preliminary memorandum was signed for the creation of an equal joint-venture with Beni Stabili with the objective of establishing “RGD- Riqualificazione Grande Distribuzione”, a company for the acquisition and valorisation of existing shopping centres. The initial equity base of the company will amount € 120 millions, represented by 2 shopping malls: Darsena City and Nerviano, both recently acquired by the two companies, the former purchased by IGD in May 2006 and the latter was previously part of the Comit portfolio and recently acquired by Beni

Stabili. The new company has an investment target of € 500 millions over the next three years. The capital investments will be mainly financed through the use of financial leverage, in order to maximise the value of the company.

- ✓ ***Disposal of the Centro Leonardo Imola Mall extension***

In November, IGD, after terminating the extension and restructuring works at the Centro Leonardo mall in Imola, has signed a contract with the Eurocommercial Properties group for the sale of this mall. The transaction value amounted to € 43.03 millions. The mall extension was carried out on land owned by IGD. The transaction does not fall into the company strategy but shows the ability of IGD to capitalise on its investments and generate maximum returns.

REVIEW OF KEY FINANCIAL DATA

INCOME STATEMENT REVIEW

The table below summarises the quarterly operating results as at 31 December 2006, in million Euros, compared with the data of the same period in 2005:

During the Fourth Quarter 2006, the company sold the mall extension at the Centro Leonardo of Imola, realising a gain (partly from the sale of the business activity, partly as margin from the extension and restructuring activity on the mall) of €3.467 millions; in the schedules overleaf and the related notes, only the latter margin has been accounted for. A reconciliation statement with the balance sheet situation is presented below:

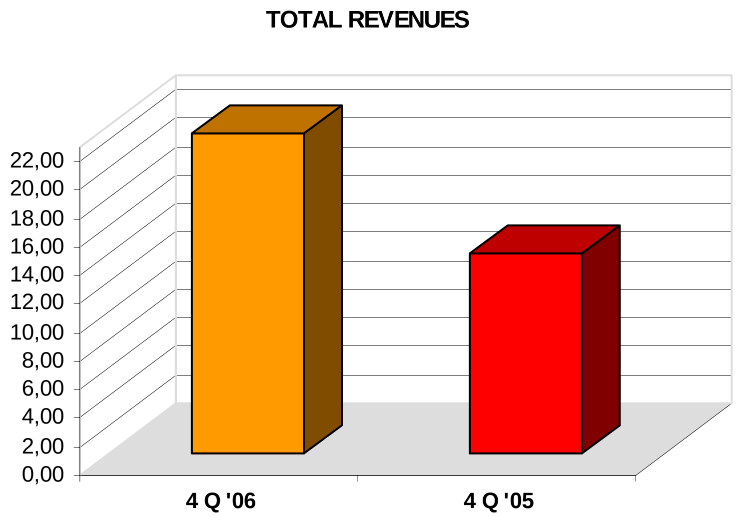
PROCEEDS FROM SALE	43,03
Δ INVENTORY	-29,50
EXPENSES IN Q4	-10,07
CAPITAL GAIN	**3,47**

	GENERAL	OPERATING	DELTA
REVENUES	61,99	18,96	43,03
PURCHASES	15,35	5,28	10,07
Δ INVENTORY	29,50	0,00	29,50
CAPITAL GAIN	0,00	3,47	-3,47

CONSOLIDATED INCOME STATEMENT

	Q406	Q405	Δ	Δ
Revenues from Freehold	12,87	9,25	3,62	39,11%
Revenues from Leasehold	3,40	3,90	-0,50	-12,86%
Revenues from Services	1,25	0,79	0,46	58,27%
Other Revenues*	1,44	0,08	1,36	1743,18%
Capital Gains	3,47	0,00	3,47	0,00%
TOTAL REVENUES	**22,42**	**14,02**	**8,40**	**59,94%**
Purchases of Material and Services	5,28	4,12	1,16	28,24%
Staff Costs	0,98	0,75	0,23	30,67%
Changes in Inventory	0,99	0,94	0,05	5,32%
EBITDA	**15,17**	**8,21**	**6,96**	**84,77%**
Depreciation and Amortisation	-0,06	-0,06	0,00	0,00%
Change in Fair Value	17,52	19,25	-1,73	-8,99%
EBIT	**32,75**	**27,52**	**5,23**	**19,00%**
Net financial result	**-3,17**	**-1,07**	**-2,10**	**196,26%**
Financial income	1,28	1,38	-0,10	-7,25%
Financial expenses	4,45	2,45	2,00	81,63%
EARNINGS BEFORE TAX	**29,58**	**26,45**	**3,13**	**11,83%**

The Fourth Quarter 2006 showed consolidated revenues of € 22.42 millions, an increase of 59.94% over the Fourth Quarter of 2005. The € 3.47 million gain on the sale of the business activity of the Centro Leonardo and the positive margin on the restructuring and extension of this same mall contributed to this result.



Revenues were up in all business areas in line with the targets of the industrial plan, with the exception of the revenues from leasehold assets, which dropped by 12.86%, for the sale of the Centro Leonardo business activity.

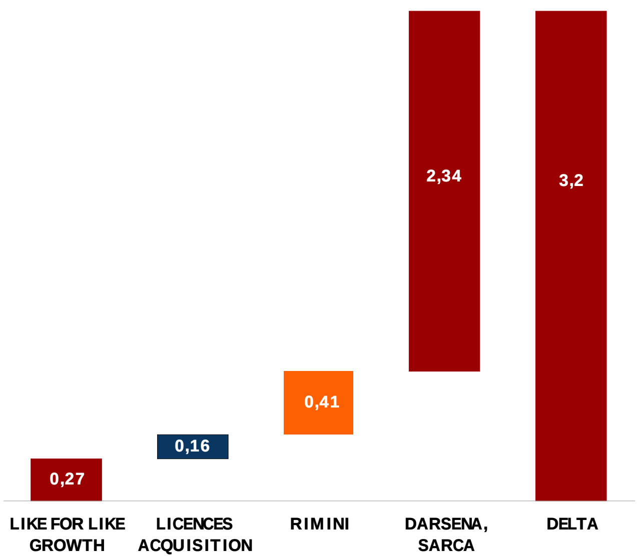
A positive result was also achieved on the growth of rents, if measured on a same assets basis (like-for-like), which stood at 3.48%, compared with an average official ISTAT inflation rate adjustment below 2%; this result was obtained thanks to the renegotiation of lease contracts in two malls and good results from the lease of temporary surfaces.
Positive results were achieved in terms of margins by Strategic Business Units (SBUs), as shown in the table below:

CONSOLIDATED INCOME STATEMENT

	4 Q '06	4 Q '05	Δ	Δ
Margin from Leasehold Assets	11,87	8,69	3,18	36,62%
Margin from Freehold Assets	0,69	0,54	0,15	27,20%
Margin from Services	0,82	0,36	0,47	131,42%
Capital Gain	3,47	0,00	3,47	0,00%
BUSINESS UNITS GROSS MARGIN	**16,85**	**9,58**	**7,26**	**75,78%**
Headquarter Staff Cost	0,72	0,49	0,23	45,85%
General Expense	0,96	0,88	0,08	8,80%
EBITDA	**15,17**	**8,21**	**6,96**	**84,79%**
Depreciation and Amortisation	-0,06	-0,06	-0,00	0,66%
Change in Fair Value	17,52	19,25	-1,73	-8,97%
EBIT	**32,75**	**27,52**	**5,23**	**19,01%**
Margin on Financial Operations	-3,17	-1,07	-2,10	196,56%
EARNINGS BEFORE TAX	**29,58**	**26,45**	**3,13**	**11,83%**

✓ ***SBU1-Real Estate Leasing: Margin on Freehold Assets:***

This margin in the fourth quarter amounted to € 11.87 millions, as compared to € 8.69 millions in the fourth quarter 2005, up 36.62%. The increase by € 3.18 millions is due for its 73.5% by the acquisition of the Darsena City Shopping Centre in Ferrara and the Centro Sarca mall in Milan, which took place in 2006 and were accounted for during the whole quarter; the purchase of the hypermarket in Rimini



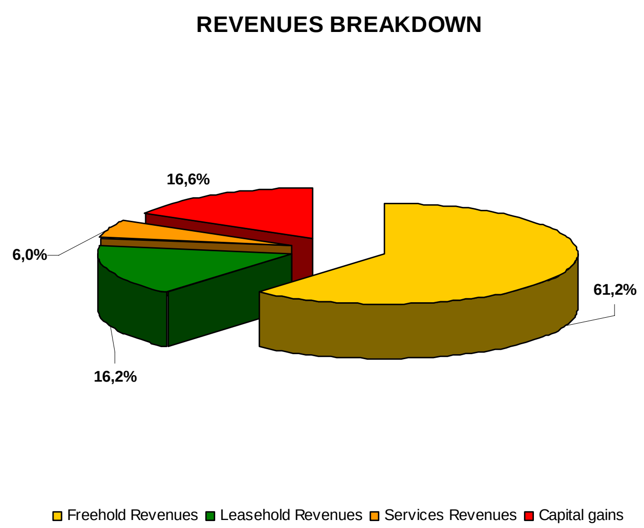
contributes for 12.9% and took place at the end of the quarter. An important component (7,86%) of the margin growth was due to the purchase of the business activities of the malls in Afragola, Casilino, Livorno and Borgo. Worth noting also the contribution of like for like growth (4,09%) in this business unit, due to the renegotiation of the lease contracts in the Porto Grande and Centro d'Abruzzo malls and a good result from the lease of temporary spaces. The profitablity margin on this activity in the fourth quarter of 2006 amounted to 92.74%.

✓ ***SBU1-Real Estate Leasing: Margin on Leasehold Assets:***

Even if there's been a drop in revenues by –12.86%, the margin on this business unit stayed at € 0.74 millions, compared to a result of € 0.54 millions in the fourth quarter 2005. The improvement is due both to organic growth of the like-for-like margin and the sale of the Centro Leonardo business concern, which yielded a negative margin due to unoccupied surfaces. This activity, in continuous decline, has generated in the fourth quarter 2006 a profitability margin of 20,25%, improved from 6.38% in the fourth quarter 2005.

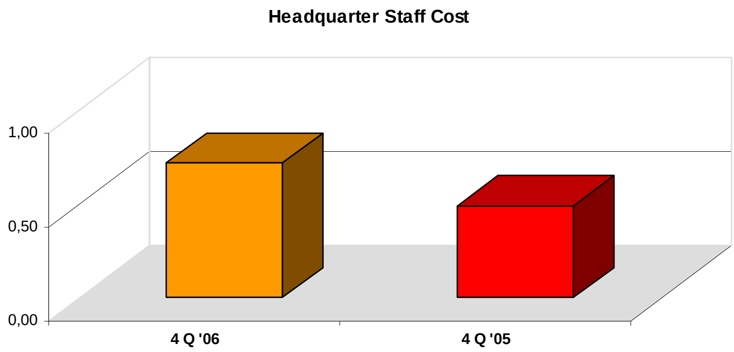
✓ ***SBU2- Real Estate Services: Agency and Facility Management:***

The gross margin of the services activity in the fourth quarter 2006 stood at € 0.82 millions, up 131.42% compared with the fourth quarter 2005. This result bears a significant importance for our company: this business unit was identified as truly strategic for the group, even if low in proportion to revenues, because of its low capital intensity and its synergies with leasing, and was set a target of 4% of revenues in the business plan. In the fourth quarter of 2006 this target has been surpassed as shown in the chart.

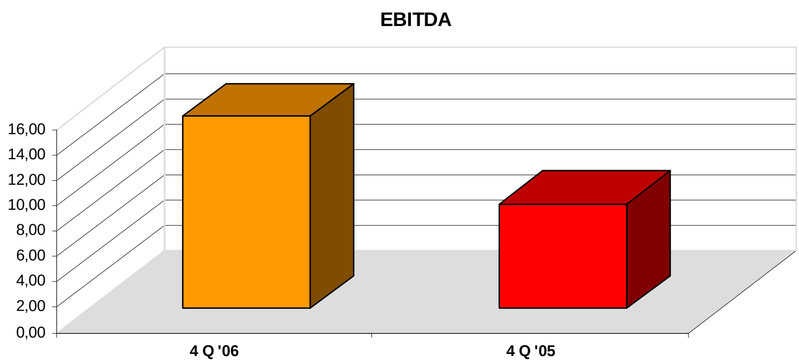


The increase of margin is due to the signing of new facility management mandates for the malls in the Tirreno Sea area (Casilino, Livorno, Afragola) and agency activity in the Minganti and Leonardo malls. The profitability margin of this unit in the fourth quarter of 2006 amounted to 65.68%.

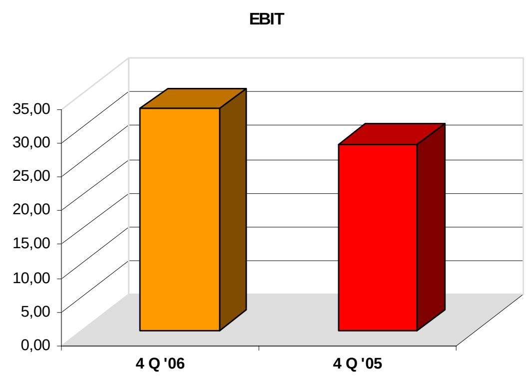
In the fourth quarter 2006, **EBITDA** totalled € 15.17 millions, vs. € 8.21 millions in 2005, an increase of 84.77%. In line with the size and margin growth of operations, **headquarter staff costs** have also increased from € 0.49 millions in the fourth quarter 2005, to € 0.72 millions, due to new hiring of staff during 2006. The IGD group employed 56 people including headquarter staff and personnel employed in the shopping centres. The cost of headquarter staff amounted to 3.21% of fourth quarter 2006 revenues, as compared to 3.52% of revenues in the fourth quarter 2005.



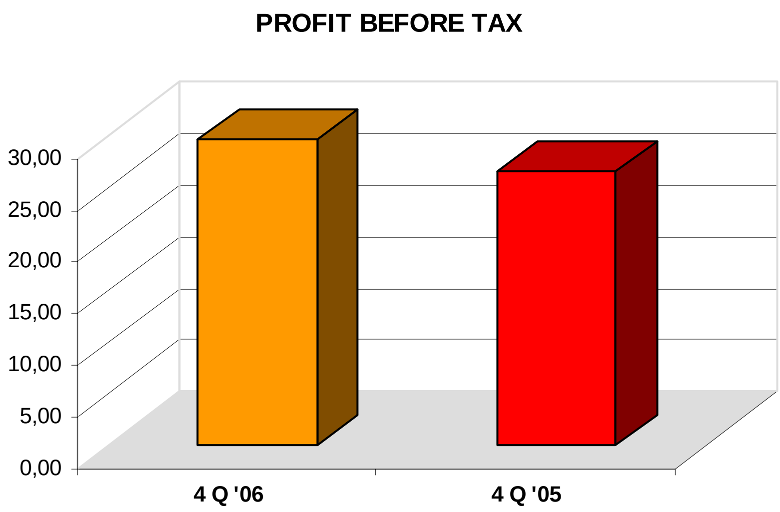
General Expense stood at € 0.96 millions, up 8.80%. But down from 6.33% of revenues in the fourth quarter 2005 to 4.29% in the fourth quarter 2006, below the industrial plan target of 5%. In the fourth quarter 2006 the **EBITDA Margin** climbed to 67.64%, against 58.54% in the fourth quarter 2005, a 9.10% improvement.



EBIT increased of 19.01%, as a result of the positive effect on EBITDA, indeed even with a substantial positive change in the value of the real estate assets during the fourth quarter 2006, by € 17.52 millions, this was lower € 1.73 millions than in the fourth quarter 2005. The increase (net of expenditures and investments on existing assets) of the real estate value was due to the reduction of exit cap rates, which stabilised around an average of 6.2%.



The **PROFIT BEFORE TAX** result accounts for the net balance of financial operations which showed an increase of financial expense; this is due to the higher net financial position (NPF) which stood at € 337.71 millions, lower than at the end of September 2006, but higher that its value as at 31 December 2005.
The higher NFP was associated with a in increase in the level of interest rates, although this trend was contained by the hedging of all long term debt with interest rate swaps.
PBT stood at € 29.8 millions, as compared to € 26.45 millions in the fourth quarter of 2005, an 11.83% increase.



BALANCE SHEET AND FINANCIAL REVIEW

The balance sheet at 31 December 2006 is summarised below:

SOURCES - USES OF FUNDS

	set-06	dic-06	Δ	%
Fixed Assets	943,17	969,34	26,17	2,77%
Net Working Capital	37,19	13,59	-23,60	-63,46%
Other L/T Assets and Liabilities	-40,16	-28,06	12,10	-30,13%
TOTAL USES	**940,20**	**954,87**	**14,67**	**1,56%**
Net Equity*	586,41	617,16	30,75	5,24%
Net Financial Position	353,79	337,71	-16,08	-4,55%
TOTALE FONTI	**940,20**	**954,87**	**14,67**	**1,56%**

*Please note that the Net Equity at 31 December 2006 accounts for pre-tax income.

The main changes in the fourth quarter of 2006 are:

- ✓ **Fixed Assets** increased from € 943.17 millions to € 969.34 millions; the increase by € 26.17 millions is mainly due to the following:
  - o Real Estate Assets:
    - ▪ Increase of the net fair value of the real estate portfolio
    - ▪ Completion of works at the Esp underpass
  - o Work in Progress:
    - ▪ Increased by € 3.89 millions mainly for the continuation of the Esp works

- ✓ **NWC** the Net Working Capital during the fourth quarter 2006 decreased by € 23.60 millions:
  - o Assets**:** current assets decreased by € 25.38 millions mainly due to the combined effect of**:**
    - ▪ Inventory: completion of the worksite for the extension of the Centro Leonardo mall
    - ▪ Trade Receivables increased by € 2.13 millions
  - o Liabilities**:** liabilities increased by € 6.36 millions:

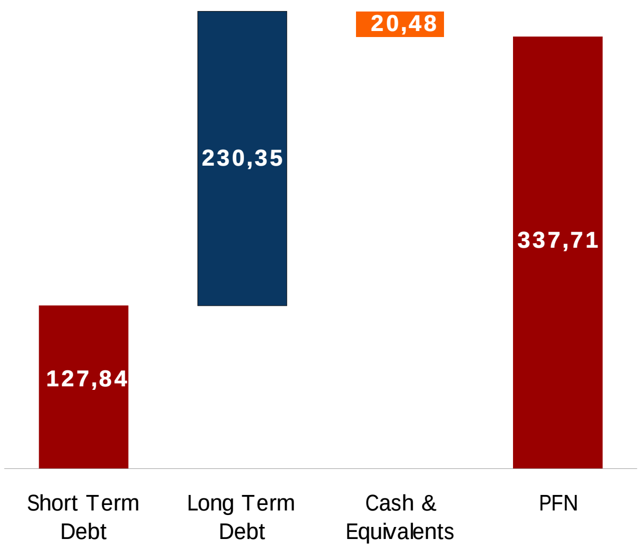
- Trade Payables: decreased by € 1.31 millions, related to the completion of the worksite at the Centro Leonardo mall in Imola.

✓ **Other long term assets and liabilities**: show a negative balance of € 12.10 millions:

- o Long term liabilities decrease due to restitution of advance confirmatory deposit made by Eurocommercial in January 2005 upon signature of the preliminary contract.
- o Other Non-current Assets:
  - Increase due to the advance confirmatory deposit made, related to the contract for the acquisition of a stake in the Millennium company.

✓ **Net Equity:** in the Fourth Quarter 2006 totalled € 617.16 millions, including pre-tax income.

✓ **Net financial position:** During the Fourth Quarter 2006 the net financial position stabilised at € 337.71 millions, with a net reduction of € 16.08 millions; in fact, beside the proceeds from the sale of the extension of the mall in Imola, the company has proceeded with its development plans, in line with the industrial plan presented to the financial community.



Notably, it was signed the preliminary contract for the acquisition of the Millennium Center mall in Rovereto. The € 150 million financing from Interbanca, a 3-year revolving loan, was drawn € 85.5 millions at 31 December 2006 and was recognised as long term debt. The cost of long term debt is variable, but fully hedged with interest rate swaps contracts, with the exception of the revolving facility;

the total average cost of debt (including spreads on mortgages) amounts to 3.70%.

The company shows a gearing ratio of 0.55x, calculated over a net equity figure, which includes pre-tax income, and compares to an announced target at the end of the plan of 1.5x.

Please refer to the notes to the financial statements for further details.

To complete this review, we provide below the balance sheet statement, broken-down by strategic business unit:

BALANCE SHEET	31-Dec-2006	30-Dec-2006	31-Dec-2006	30-Dec-2006	31-Dec-2006	30-Dec-2006
	RENTALS		SERVICES		TOTAL	
REAL ESTATE PORTFOLIO	802.083.716	779.847.945	0	0	802.083.716	779.847.945
INVESTMENTS	145.600.776	141.710.306	0	0	145.600.776	141.710.306
NET WORKING CAPITAL	-5.787.758	19.637.489	326.554	206.759	-5.461.204	19.844.248
OTHER L/T LIABILITIES	-42.230.594	-47.806.849	-177.900	-163.674	-42.408.494	-47.970.523
OTHER ASSETS (UNDIVIDED)					55.054.786	46.768.770
TOTAL ASSETS	**899.666.140**	**893.388.891**	**148.654**	**43.085**	**954.869.580**	**940.200.746**
NET FINANCIAL POSITION	285.591.181	309.914.197	-2.937.150	-2.888.949	282.654.031	307.025.248
NET EQUITY	614.074.959	583.474.694	3.085.804	2.932.034	617.160.763	586.406.728
OTHER LIABILITIES (UNDIVIDED)					55.054.786	46.768.770
TOTAL LIABILITIES & EQUITY	**899.666.140**	**893.388.891**	**148.654**	**43.085**	**954.869.580**	**940.200.746**

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

In January 2007, the company has entered into a preliminary contract with Sviluppo Trapani, an unrelated party, for the acquisition of a shopping mall, which will be developed in Trapani.
The investment, for a total expenditure of € 54.670 millions, of which € 5.467 millions paid upon signature, is part of the industrial plan presented to the financial community in October 2005.
The start of the development works is planned in June 2008, while the opening of the centre is expected before the end of 2009.
The mall of the Shopping Centre will consist of 65 shops and 5 mid-size outlets for a total surface of approximately 14,409 sq.m. of GLA. In the Shopping Centre there will be also an hypermarket of Ipercoop Sicilia with a sale surface of 8,250 square meters. This investment is regarded as low risk, given the absence of competition and the particularly wide catchement area.

CONSOLIDATED FINANCIAL STATEMENTS IGD GROUP

GRUPPO IMMOBILIARE GRANDE DISTRIBUZIONE SpA - VIA AGRO PONTINO, 13 - 48100 RAVENNA CAPITALE SOCIALE EURO 282.249.261,00=i.v. - REA DI RAVENNA N. 88573 - REGISTRO IMPRESE DI RAVENNA, C.F. E P.I. 00397420399

CONSOLIDATED BALANCE SHEET (€ million)

	31 dec 06 (a)	30 sept 06 (b)	31 dec 05	Change (a-b)
FIXED ASSETS				
INTANGIBLE FIXED ASSETS				
- Intangible Fixed Assets	0,01	0,05	0,01	-0,04
- Goodwill	21,64	21,56	2,90	0,08
	21,65	21,61	2,91	0,04
TANGIBLE FIXED ASSETS				
- Investments	801,36	778,94	603,11	22,42
- Plant and Machinery	0,35	0,38	0,41	-0,03
- Industrial and Commercial Equipments	0,16	0,29	0,14	-0,13
- Improvements on Third Parties Assets	0,22	0,24	0,35	-0,02
- Assets under constructions and advances	145,60	141,71	57,46	3,89
	947,69	921,56	661,47	26,13
OTHER FIXED ASSETS				
- Advanced tax	3,76	3,79	3,76	-0,03
- Other account receivables	10,59	4,02	4,08	6,57
- Other non current assets	3,44	2,13	0,00	1,31
	17,79	9,94	7,84	6,54
TOTAL FIXED ASSETS (A)	**987,13**	**953,11**	**672,21**	**32,71**
CURRENT ASSETS:				
Inventories	0,00	29,49	14,02	-29,49
Trade receivables and Other assets	9,19	7,06	7,66	2,13
Other current assets	19,95	17,97	13,15	1,98
Financial receivables and other financial act.	0,00	22,97	35,61	-22,97
Cash&Cash Equivalents	20,48	6,39	25,43	14,09
TOTAL CURRENT ASSETS (B)	**49,62**	**83,88**	**95,87**	**-34,26**
TOTAL ASSETS (C=A + B)	**1.036,75**	**1036,99**	**768,08**	**-1,55**
NET EQUITY				
Group net Equity	617,15	586,40	527,23	30,75
Minorities	0,01	0,01	0,00	0,00
TOTAL NET EQUITY (D)	**617,16**	**586,41**	**527,23**	**30,75**
NON CURRENT LIABILITIES:				
Non current financial liabilities	214,38	217,61	123,05	-3,23
Employees leaving indemnity	0,30	0,27	0,21	0,03
Liabilities for deffered taxes	29,89	29,83	8,80	0,06
Provision for risks	0,41	0,36	0,43	0,05
Other non current liabilities	11,81	17,51	17,18	-5,70
TOTAL NON CURRENT LIABILITIES (E)	**256,79**	**265,58**	**149,67**	**-8,79**
CURRENT LIABILITIES:				
Current financial liabilities	147,25	167,67	54,63	-20,42
Trade payables and Other liabilities	13,31	14,62	9,96	-1,31
Liabilities for current taxes	0,90	0,63	21,64	0,27
Other current liabilities	1,34	2,08	4,95	-0,74
TOTAL CURRENT LIABILITIES (F)	**162,80**	**185,00**	**91,18**	**-22,20**
TOTAL LIABILITIES (G=E+F)	**419,59**	**450,58**	**240,85**	**-30,99**
TOTAL NET EQUITY AND LIABILITIES (H=D+G)	**1.036,75**	**1.036,99**	**768,08**	**-0,24**

CONSOLIDATED INCOME STATEMENT (€ million)

	31 dec 06 (a)	31 dec 05 (b)	Change (a-b)	4 Quarter 2006	2005	Change
Revenues from sales and services	57,90	51,24	6,66	16,27	13,06	3,21
Other revenues and income	48,10	1,92	46,18	45,72	0,96	44,76
Total revenues	**106,00**	**53,16**	**52,84**	**61,99**	**14,02**	**47,97**
Raw and ancillary materials and goods	42,75	25,15	17,60	15,35	9,24	6,11
Personnel costs	2,92	1,87	1,05	0,98	0,75	0,23
Other costs	3,03	2,41	0,62	0,99	0,94	0,05
Variation in inventories	13,96	-9,52	23,48	29,50	-5,12	34,62
EBITDA	**43,34**	**33,25**	**10,09**	**15,17**	**8,21**	**6,96**
Amortization / Depreciation	0,52	0,32	0,20	-0,06	-0,06	0,00
Change in Fair Value	57,12	33,43	23,69	17,52	19,25	-1,73
EBIT	**99,94**	**66,36**	**33,58**	**32,75**	**27,52**	**5,23**
Finacial income	5,19	5,26	-0,07	1,28	1,38	-0,10
Financial charges	13,16	9,15	4,01	4,45	2,45	2,00
EBT	**91,97**	**62,47**	**29,50**	**29,58**	**26,45**	**3,13**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PREPARATION CRITERIA AND AREA OF CONSOLIDATION

INTRODUCTION

The Quarterly Report and the consolidated accounting statements at 31 December 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 31 December 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 31 December 2006 was authorised by the competent Board of Directors with a resolution dated 14 February 2007

PREPARATION CRITERIA

The consolidated accounting statements have been prepared on the basis of the financial situation as of 31 December 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 note that the evaluation and measurements of the accounting items presented are based on the International Accounting Standards and the relevant interpretations currently in use.

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 (31 December 2005), while for the balance sheet items, reference is made to the previous quarter (30 September 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 neither current taxes, nor any deferred and/or prepaid taxes, have been accounted for.

CONSOLIDATION AREA

We outline that as of the Third Quarter, the company “Immobiliare Larice srl”, acquired on 25 September 2006, has entered into the consolidation area.

In the current situation, the investment in Immobiliare Larice srl, has been fully consolidated, both Income statement and Balance Sheet.

As of 1 October, it was completed the merger of controlled company Gescom Srl into IGD Spa, which fiscal and accounting effects have been recognised as of 1 January 2006.

Finally, we outline that the consolidated financial data at 31/12/2006 include the financial statements of the parent company Immobiliare Grande Distribuzione

S.p.A., the financial statements of Gescom s.r.l., 100% owned, the financial statements of Immobiliare Larice srl, 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 31 DECEMBER 2006

NON CURRENT ASSETS

The change in Non Current Assets between 30 September 2006 and 31 December 2006 was primarily due to:

- ✓ an increase of the item “Real Estate Assets” due to: – completion of the works for the underpass at the Esp Shopping Centre in Ravenna – completion of the multi-storey parking lot by the Leonardo Shopping Centre for the portion of pertinence to the hypermarket – completion of the road-works at Porto Grande Shopping Centre in San Benedetto – and to the change in Fair Value due to the evaluation of the assets made by Richard Ellis at 31 December 2006;
- ✓ an increase of the item “Work in Progress” due to the purchase of land in Ravenna, next to the Esp Shopping Centre; the start of infrastructure works in the area where the Chioggia Shopping Centre will be developed, in addition to the increase of minor work in progress, while the decrease is due to the recognition of work in progress as real estate assets, previously discussed.
- ✓ Small changes in the items “Plants and Machinery”, “Equipment” and “Leasehold Improvements refer to the standard depreciation rate for the period
- ✓ The increase of the item “Other Non Current Assets and Receivables” refers to the confirmatory deposit paid on the preliminary contract for the acquisition of the company that owns the Millennium shopping mall
- ✓ The increase in the item “Non Current Financial Assets” 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 September 2006 is due exclusively to the completion of works at the Leonardo Shopping Centre and to the subsequent disposal of the shopping mall that took place last 13 November.

The increase in “Trade Receivables” is mainly due to the new consolidation of Immobiliare Larice and to the normal operating activity.
The overall change in “Other Current Assets” is caused by a reduction of VAT Receivables as an effect of the sale of the Leonardo Shopping Centre and by increases arisen from the Ires advance tax and the Trapani confirmatory deposit payment, previously discussed.
We also note the elimination of the item “Financial Receivables” due to the termination of the Asset Management operations, while the increase of “Cash and Other Liquid Assets” is explained by the liquidation of the Asset Management investments at the end of the quarter.

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.

NON CURRENT LIABILITIES

The net change in “Non Current Financial Liabilities” is mainly due to the recognition as current liabilities of mortgage payments scheduled in the forthcoming financial year.
There are no significant changes in the item “Deferred Tax Liabilities” which recognises also the matching entry to the goodwill recorded with the netting out of the investment in Immobiliare Larice srl.
The change of the item “Other Non Current Debts and Liabilities” is mainly explained with the repayment of the deposit received on the sale of the Leonardo Shopping Centre mall.

CURRENT LIABILITIES

The most relevant changes in Current Liabilities are due to a decrease of “Current Financial Liabilities” due to a reduction of Hot Money financing contracts and of the bank financings, following the use of the liquidity generated with the sale of the Leonardo Shopping Centre mall.
The decrease in “Trade Payables” was generated by the reduction of payables due to suppliers, following the completion of the Imola worksite.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2006

REVENUES AND OTHER INCOME

Consolidated revenues in the fourth quarter 2006 totalled € 16.27 millions, showing a € 3.21 million increase over the previous 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 and the new consolidation of the company Immobiliare Larice owning Centro Sarca Shopping Mall in Milan
- ✓ 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 initially to the partial closure for restructuring and then for the termination of the lease contracts

"Other Income" in the fourth quarter amounted to € 45.72 millions and displayed an increase of € 44.76 millions over the same period of the previous year due to:

- ✓ the sale of the new mall of the Leonardo Shopping Centre and the refurbishment of the old one, following completion of the works in October, for a total consideration of € 41.87 millions
- ✓ the sale of the business activity of the old mall for € 1.16 millions
- ✓ the marketing of the Leonardo Shopping Centre mall
- ✓ new management of the Malls in Fonti del Corallo, Afragola, Minganti, Arca, Colleferro, Rimini and, since October, Casilino.

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, which was then sold last November.

The increase, compared to 31 December 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

The increase is related both to the growth of revenues and the change of the consolidation area.

CHANGE IN FAIR VALUE

The Fair Value at 31 December amounted to € 57.12 millions and showed a positive balance of € 23.69 millions over the previous year.

FINANCIAL INCOME AND CHARGES

The result of financial operations showed a negative balance of approximately € 3.17 millions, showing an increase over the same period of 2005, due to higher indebtedness and an increase in short term interest rates.