igd SIIQ immobiliare grande distribuzione
società di investimento immobiliare quotata spa

Half-yearly report

at 30/06/2008

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Corporate Officers

Board of Directors:

1. Gilberto Coffari – Chairman
2. Filippo Maria Carbonari – Chief Executive Officer
3. Sergio Costalli – Vice Chairman
4. Mauro Bini - Director
5. Aristide Canosani - Director
6. Leonardo Caporioni - Director
7. Fernando Pellegrini - Director
8. Fabio Carpanelli - Director
9. Massimo Franzoni - Director
10. Roberto Zamboni - Director
11. Francesco Gentili - Director
12. Stefano Pozzoli - Director
13. Sergio Santi - Director
14. Claudio Albertini - Director
15. Riccardo Sabadini – Director

Board of Statutory Auditors

1. Romano Conti - Chairman
2. Roberto Chiusoli – Standing Auditor
3. Franco Gargani – Standing Auditor

Internal Control Committee:

1. Franzoni Massimo - Supervisor
2. Canosani Aristide
3. Caporioni Leonardo

Remuneration Committee

1. Sabatini Riccardo
2. Sergio Santi
3. Francesco Gentili

Supervisory Board:

1. Carpanelli Fabio – Chairman
2. Santi Sergio
3. Gentili Francesco

Independent Auditors: On 23 April 2007 the Shareholders' Meeting renewed the assignment for audit granted to the company Reconta Ernst &Young S.p.A. from 2007 through 2012.

IGD Group Half-yearly Report

Interim Directors' Report

The Group

The consolidated Half-yearly Report of the Immobiliare Grande Distribuzione Group at 30 June 2008 has been prepared pursuant to art. 154 ter of Leg. Dec. 58/1998 and in compliance with the valuation and measurement criteria established by the IFRS and adopted by the European Commission in accordance with the provisions set out in art. 6 of EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.
The Half-yearly Report, together with the notes, consolidates the accounting statements at 30 June 2008 of IGD Siiq S.p.a., Immobiliare Larice srl, Consorzio Forte di Brondolo, Consorzio Leonardo, Millennium Gallery srl, M.V. srl, Porta Medicea srl, established on 18 February 2008, and the companies WinMagazin SA and Winmarkt Management S.r.l. The accounting statements of the RGD Group, which is 50% owned, have been consolidated on a proportional basis.
The IGD Group mainly manages and leases properties and aims to create value from its real estate portfolio through the purchase, construction and leasing of retail properties (shopping centres, hypermarkets, supermarkets and malls) and by optimizing the yield on the properties it owns outright, including through the disposal of the malls. It also provides a broad range of agency and facility management services to its freehold properties and those belonging to third parties.

At 30 June 2008 the Group was made up as follows:

> Immobiliare Larice s.r.l. 100.00%
> Consorzio Forte di Brondolo 77.40%
> Consorzio proprietari Centro Leonardo 52.00%
> Rgd s.r.l. 50.00% ➢ RGD gestioni s.r.l. 100% ➢ New Mall s.r.l. 100%
> Millennium Gallery s.r.l. 100.00%
> MV s.r.l. 100.00%
> Portamedicea s.r.l. 80.00%
> WinMagazin S.A. 90%
> Winmarkt management s.r.l. 100%

The Real Estate Market

The first half of 2008 saw a marked fall in growth forecasts for the Italian economy. Italian GDP growth forecasts for 2008 are now at +0.3% (source: International Monetary Fund) compared to +1.9% in 2007 (source: Bank of Italy).

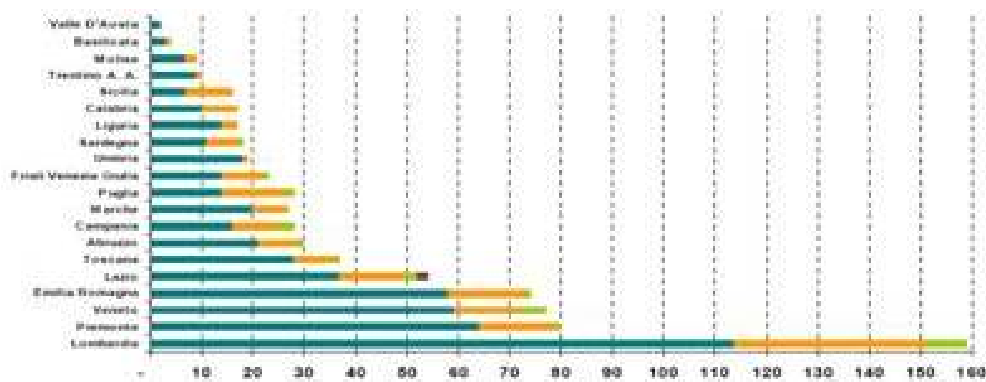
The American subprime crisis at the end of 2007, the increase in the price of energy and raw materials, and the difficulty of obtaining financing have contributed to the fall in Italian family spending.

The structure of family consumption in recent years has gradually moved towards an increasing reduction in spending on food (-15%) and clothing (-8%), as well as on furnishings and white goods, as consumers move towards low-cost rather than branded products.

Against this economic background, the Italian commercial real estate market, nonetheless, saw five new openings of shopping centres and two expansions for a total of over 160 thousand sq.m. GLA in the first quarter of 2008(source: JJLasalle).

In June 2008 the density of shopping centres in Italy was 202 square meters for every 1000 inhabitants, which places Italy in 14th place in the European table (source: CB Richard Ellis).

Distribution of shopping centres by region and size (729 shopping centres - June 2008)



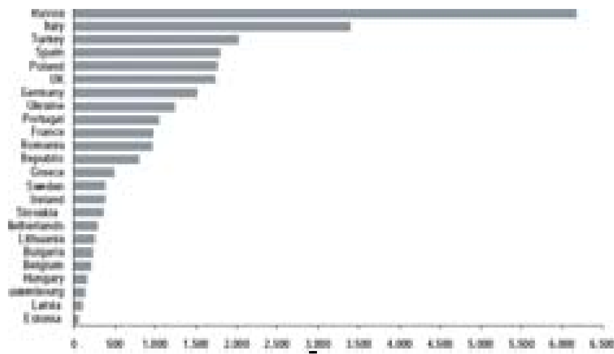
Local shopping centres   Medium-sized shopping centres   Large shopping centres   Very large shopping centres

The best development possibilities are in the regions of South Italy (above all Sicily), while in the North numerous possibilities to renew existing shopping centres have been identified since the real estate stock is dated on average pre-1997 and has not undergone any significant renovation.

Although 2007 saw continuing high demand for investments in retail property, the volume stood at € 2,000 million, down by 13% compared to the 2006 record level of €2,300 million (data source: J.L.Lasalle).

The project pipeline envisages the launch of not less than 5 million sq.m. of new GLA onto the Italian market in the period 2008-2010, which, if compared with other European countries, places Italy among the leaders both in terms of existing and planned GLA:

Shopping centres pipeline in Europe 2008-2009 (GLA)



Millions of sq. m.

Source: Jones Lang LaSalle

The Real Estate Portfolio

Assets

IGD's real estate assets mainly consist of retail properties and on 29 April 2008 expanded to include 15 shopping centres and an office building located in Romania.

At 30 June 2008 the total market value of the IGD Group's assets, as appraised by the independent expert CB Richard Ellis, was € 1,159.75 million (a value which rises to € 1,240.1 million if 50% of RGD is included at € 80.86 million).
To the above-mentioned value of the assets must be added the investment in P.ta Medicea of 18.4 million for the land which will be used for the future development of an important multifunctional project.

IGD's properties (excluding 50% of RGD and 100% of P.ta Medicea) are:

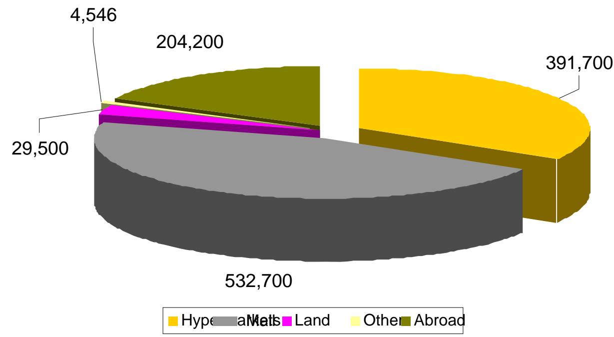
in Italy

- 10 malls
- 14 hypermarkets and supermarkets
- 3 plots of land
- other

in Romania

- 15 malls
- 1 office building

Portfolio breakdown 30/06/2008



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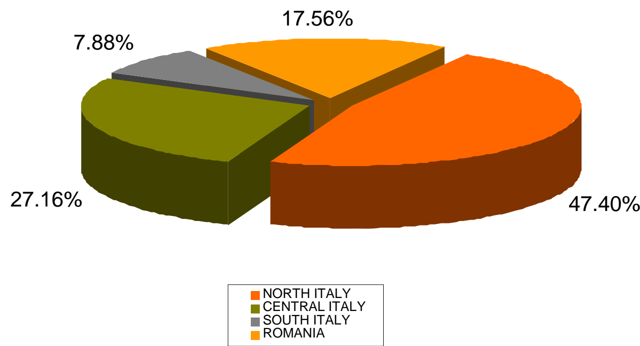
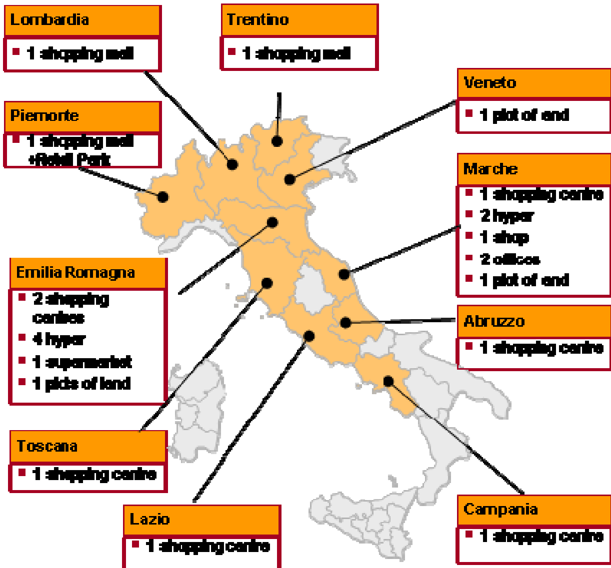
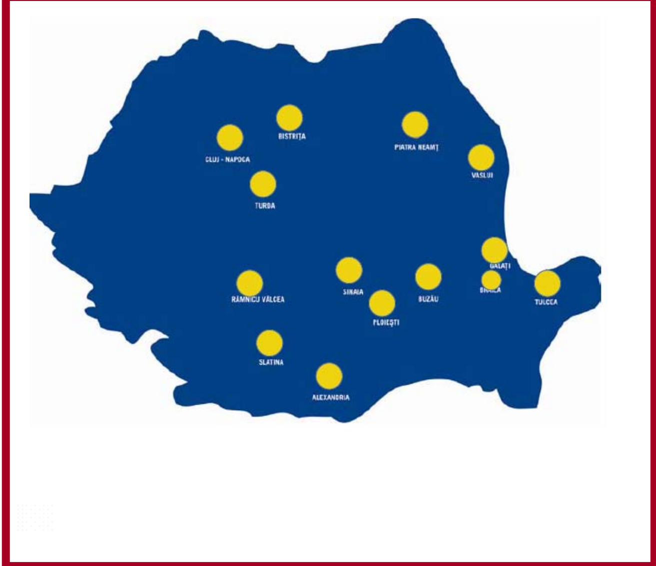


Freehold properties in Italy



Freehold properties in Romania



Hypermarkets and Supermarkets

Hypermarkets and supermarkets are the least dynamic part of the IGD Group's real estate assets and have a low risk profile in terms of profitability and cash flow generation and for this reason are more stable. They are leased to Coop Adriatica Scrl and Unicoop Tirreno Scrl under long-term contracts. The lease payments are 75% index-linked to the ISTAT index. In addition, the tenants are responsible for all the ordinary and extraordinary maintenance for systems and construction within the buildings. The occupancy rate is 100%. The average yield on a like-for-like basis at 30 June 2008 was 6.37% of the market value, up by 1.12% on 31.12.2007. The market value of this category of properties at 30 June 2008 was € 391.2 million, up by 1% compared to December 2007. This increase in value arose likewise from all the hypermarket and supermarket properties in the IGD Group's real estate portfolio.

Shopping Malls

Shopping malls are the most dynamic part of the IGD portfolio. At 30 June 2008 the occupancy rate was 97.14%. The current average yield was 5.96%, up by around 1% compared to 31 December 2007.
The market value of the shopping malls at 30 June 2008 was € 530.3 million, up by 0.84% compared to 31 December 2007.

Land

IGD is also the owner of 3 plots of land where it will build new shopping centres or expand existing ones. The market value of this land at 30.06.2008 was € 29.5 million, a decrease of 3% on a like-for-like basis compared to 31.12.2007, due to the impairment of the land in Chioggia. The Group also owns the land which will be used for the multifunctional centre in Livorno, part of which will be used for commercial purposes for € 18.4 million; this portion will continue to be held by IGD.

Other

This category includes the ownership of small properties (two shops and offices plus a wholesale area and a fitness area) which are connected to freehold shopping centres . The office building located near the "Porto Grande" shopping centre is leased to Coop Adriatica Scrl. The wholesale area and the fitness area are connected to the Malatesta centre in Rimini.
The market value of this category of properties was € 4.5 million at 30 June 2008, down by 1% compared to 31 December 2007, mainly due to the impairment of the office building at Porto d'Ascoli and the Aquileja shop in Ravenna.

Abroad

At the end of April 2008 the IGD Group portfolio was enhanced with 15 malls and an office building owned by the Group in Romania, which were the result of the purchase of the Romanian company Win Magazin from the

American fund NCH. At 30.06.2008 the market value of the portfolio was €204.2 million divided as follows: € 200.1 million for the 15 malls with a current average yield of 9.81% and € 4.1 million for the office building with a current yield of 9.13%. It should be noted that the purchase price took into account the increase in value of the real estate portfolio of € 184.8 million. The higher value attributed to the assets is perfectly in line with the country's growth trends and forecasts.

Rgd srl

The company owns 3 shopping centres: in Ferrara and Nerviano (MI), which are fully leased, and a significant part of the larger shopping centre called "Le Fornaci" in Beinasco (TO). The market value of the RGD properties is € 161.8 million.
Our share is € 80.9 million with an average yield of 6.10%.

NAV

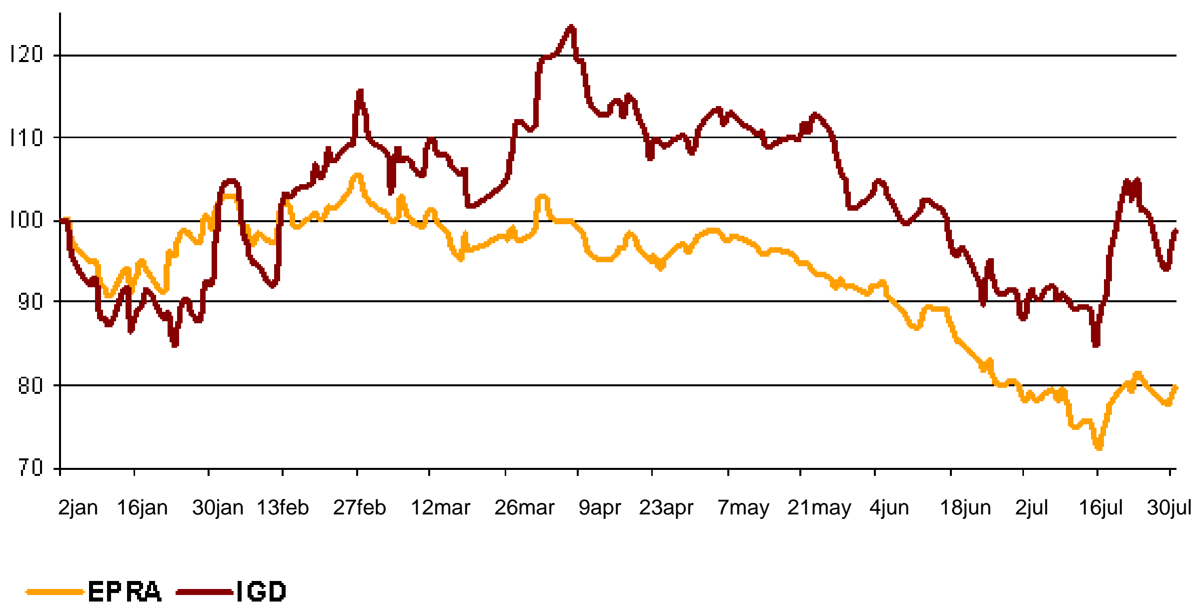
At 30 June 2008 the Group's real estate assets were valued by the independent expert CB Richard Ellis. The method *discounted cash flow* was used for all the properties based on the discounting of net rental income for the next 10 years. According to this method, at the end of the 10 years it is assumed that the property will be sold at a value obtained by capitalising the net rental income of the last year at a market rate for similar investments. Only properties in the "other"category, i.e. offices and shops were valued with the *comparative method* which compares the asset in question with other similar assets. For land, the income from future rents or possible sales, when construction works are completed, was discounted, excluding the land of Porta Medicea s.r.l. which was not assessed. The land is recognized in the balance sheet at the book value and in calculating the NAV consideration is made of the potential capital gain properties may generate.

		1H '08	FY '07
Market value of freehold properties		1,259.01	1,007.80
Investment properties and land		1,256.96	1,004.82
Potential capital gain		**2.05**	**2.98**
Shareholders' equity		746.69	741.17
Value of treasury shares (incl. commissions)		22.25	0.00
Adjusted shareholders' equity		**768.94**	**741.17**
Current price of IGD share	30-June-08	**1.88**	**0.00**
Potential capital gain/(loss) on treasury shares		**-1.51**	**0.00**
Total capital gain		**0.54**	**2.98**
NAV		**769.49**	**744.15**
Number of shares		309.25	309.25
NAV per share		**2.49**	**2.41**
Tax rate on capital gain on properties		0.0%	31.4%
Tax rate on capital gain on treasury shares		27.5%	27.5%
Total net capital gain		**0.96**	**2.04**
NNAV		**769.90**	**743.21**
NNAV per share		**2.49**	**2.40**

In calculating the NAV the potential capital gain refers to land, which is recognized in the balance sheet at book value, and to the Darsena City property, at which is included under fixed assets under construction and is recorded at book value. The NAV rose by 3.32% compared to December 2007, while the NNAV rose by 3.75%. NAV thus calculated is net of taxes and costs (triple net NAV), since, in the market value assessment, they are already deducted from the cash flows generated by the assets. It should also be noted that the NAV thus calculated is static and does not take into account the preliminary contracts signed so far, the down payments for which are recognized in the balance sheet as fixed assets under construction.

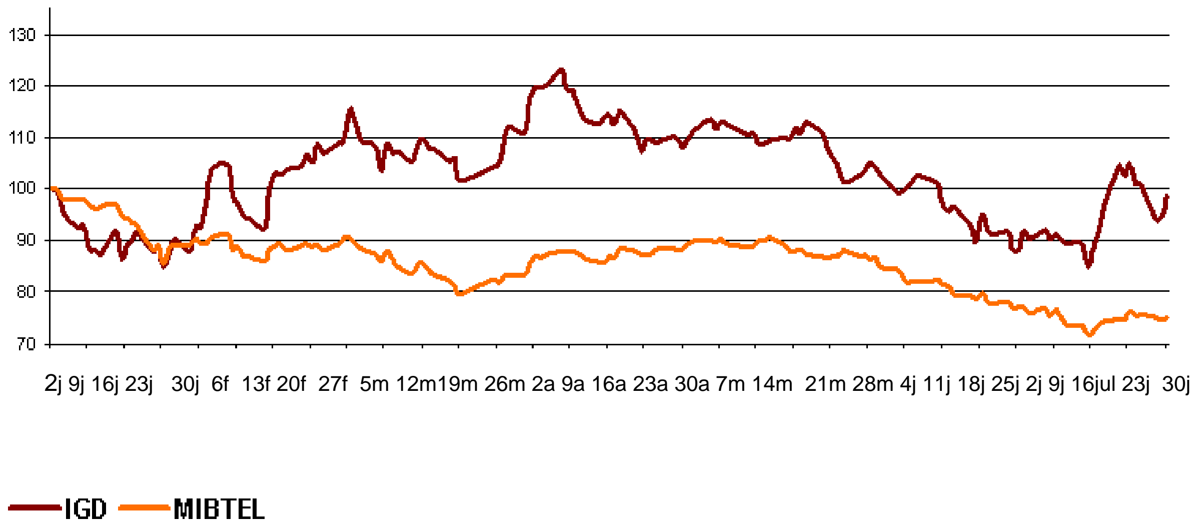
The Share

During the first half of 2008 the prices of real estate shares continued their negative trend which started in the second half of 2007, as witnessed by the trend in the EPRA/NAREIT EUROPE index which fell by 19.48% in the first 6 months of 2008.
In January most real estate companies recorded their lowest values on the back of the aforementioned subprime mortgage crisis and the consequent credit squeeze by banks, as well as the increase in interest rates and credit spreads applied to companies.
In the months following January there was a slight recovery, to then return to the minimum levels halfway through July when there was significant speculation on real estate shares with huge fluctuations in prices within each individual session.
IGD, as the following graphs show, has consistently outperformed the European real estate index (EPRA/NAREIT Europe) since 12 February onwards, recording a difference of 24.08% on 21 July.



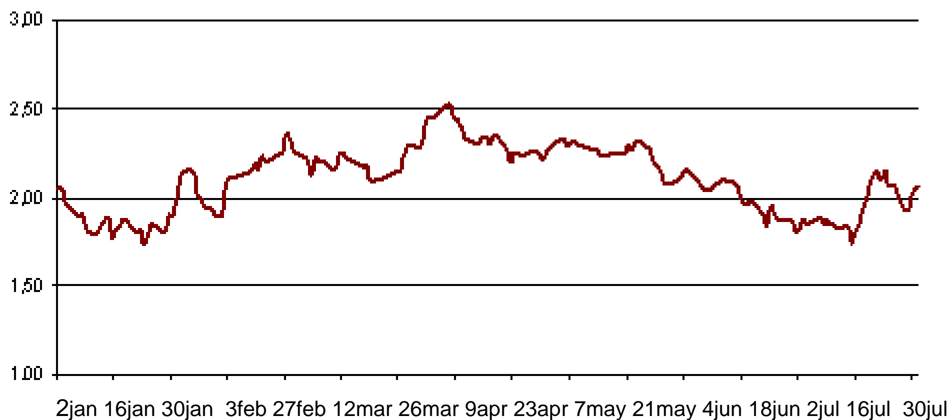
The following graph compares the performance of the IGD shares with that of the Italian share market index (MIBTEL), and shows that from 29 January to date, IGD has outperformed compared to the MIBTEL, recording a difference of 35.13% on 7 April.

IGD vsMIBTEL



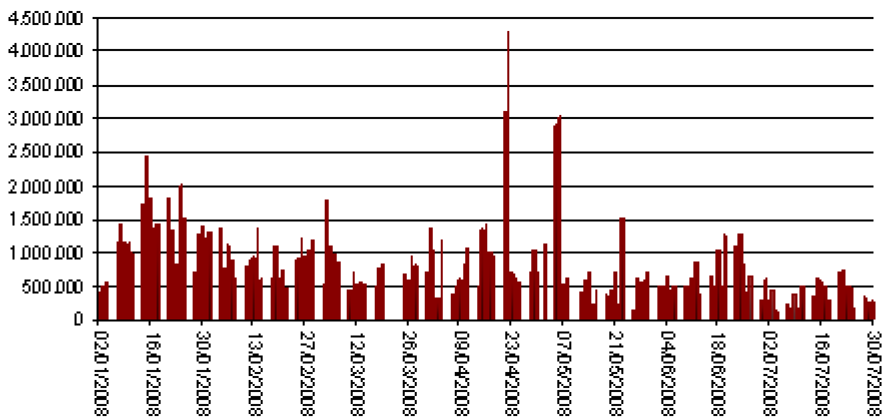
During the first half of 2008 the share fluctuated between a high of € 2.525 on 7 April and a low of € 1.738 on 23 January, with a fall of 8.29% over the 6 months, which was more than recovered at the end of July; in fact with the closing price of € 2.062 on 31 July, the performance recorded since the start of the year was a rise of 0.59%, the only company in the Italian real estate sector to achieve such a result. At 31 July the Italian real estate index saw a 6-month fall of 19.69%, while the IGD shares rose by 3.62%.

IGD PRICE



In the first half of 2008 share trading volumes were on average 942,933 shares per day compared to 785,000 shares in 2007 and 420,000 shares in 2006. Owing to this there was a marked improvement in liquidity. The peak in volumes was recorded on 22 April with 4,295,700 shares traded, following the issue of the press release in which the company exercised the option to adhere to the SIIQ regime.

During the first half coverage of the share increased and currently it is tracked by 12 analysts belonging to 5 Italian banks and 7 international banks.



The buyback programs which ended on 30 June allowed the company to purchase treasury shares amounting to 3.549% of the share capital at an average price of € 2.0172, net of commissions.

CORPORATE EVENTS

On 7 January 2008, the Shareholders' Meeting of IGD authorized the Board of Directors to purchase, including through the trading of options or financial instruments based on IGD shares, a maximum of 30,924,926 ordinary shares of par value € 1.00 each (i.e. up to the limit of 10% of the current share capital as provided for by law) in one or more tranches, for a period of 18 months from the date of the shareholders' resolution. The above amount is covered by the distributable reserves shown in the latest approved financial statements. The authorization to purchase and dispose of treasury shares was granted, in the interests of the company, for the aims provided for by law, such as carrying out trades, hedging and arbitrage transactions; investing liquidity; and using treasury shares in transactions pertaining to operating activities and business projects consistent with the company's strategic guidelines, in relation to which it is worthwhile to trade, swap, transfer, or otherwise dispose of the shares.

Further to the general meeting, the Board of Directors approved a Buyback Plan on the Regulated Market for a maximum of 20,101,200 ordinary shares, equal to 6.5% of the share capital, and in any case for a maximum amount of € 56 million for the purpose of investing liquidity on the following conditions:

"The buyback plan commenced on 8 January and will end when 6.5% of the share capital is acquired or the maximum of € 56 million is reached, and in any case no later than 30 June 2008 for a maximum of 112 Stock Exchange sessions.

The maximum buyback price is the lower of:

a) € 3.05, the average stock market price during the nine preceding months;
b) the stock market price during the trading session prior to each individual purchase, plus 20%.

The maximum number of ordinary IGD shares that can be purchased on any given day is 25% of total daily trades, and in any case 300,000 shares.

The shares purchased under the plan cannot be used for existing or future Stock Option Plans, and cannot be sold until approval of the interim financial statements for the half-year as at 30 June 2008".

At 30 June 2008 the company concluded the buyback plan with the purchase of a total of 10,976,592 ordinary shares or 3.549 % of the share capital for an overall amount of € 22,141,778**.**

On 16 April IGD S.p.A. elected to exercise the option to be treated as a SIIQ under the tax regime introduced and regulated by Law no. 296 of 27 December 2006 and notified the Tax Authorities pursuant to the Tax Authority's provisions effective as of 28 November 2007.
This election, effective as of 1 January 2008, will result in the exemption of income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax); the parent company's portion of earnings will be subject to direct taxation as allocated to shareholders at the time of distribution under the form of a withholding tax viewed as an advance for entrepreneurs and as a tax for other parties. Verification of the necessary requisites will be based on the financial statements (balance sheet and income statement) for the year ended on 31 December 2008.
Eligibility for this special regime is determined based on the normal value of the real estate assets and the property rights on the rental properties owned by IGD at the end of the last tax period; the related capital gains, net of any capital losses, are subject to IRES and IRAP at a tax rate of 20 percent, to be paid in a maximum of 5 yearly instalments.
The application charge for this special regime was € 30.8 million.
The decision to opt for the special regime rendered effective the resolution adopted by IGD's extraordinary Shareholders' Meeting on 21 December 2007 which included the change of the company's name to "IGD Immobiliare Grande distribuzione Società di investimento immobiliare quotata S.p.A".
On 23 April 2008 the Shareholders' Meeting of IGD Siiq spa met in ordinary session to approve the financial statements.
On 27 June 2008 the Board of Directors approved the project to merge the 100% owned subsidiary M.V. srl into IGD SIIQ spa. The merger is part of a broader reorganisation of the Group aimed at a more rational and cost-effective corporate structure in order to enable possession of the equity and income requisites at 31 December 2008 which are set out in the law establishing the SIIQs.

INVESTMENTS

During the first half of 2008 the IGD Group signed an important preliminary agreement for the purchase of 15 shopping centres and a property leased to a bank in Romania. This transaction was in line with the Group's international expansion strategy outlined in the business plan. The development activities in Italy continued with negotiations and important preliminary agreements for the purchase of shopping centres under construction.

On 18 February 2008 the company Porta Medicea Srl was set up, held 80% by Immobiliare Larice srl and 20% by Azimut-Benetti spa. Porta Medicea has taken over the commitments assumed by IGD, thus on 20 March 2008 it signed the definitive purchase agreement for the land and buildings.
On the same date, the parent company IGD Siiq spa and Porta Medicea signed a preliminary contract for the retail complex that will be built on the land owned by Porta Medicea. The multifunctional centre in Livorno will be built on a large area, resulting in 70,616 sq.m. GFA. The new real estate complex, zoned for shops, services, housing and accommodation, will be built over the next six years. Work should begin by the end of the year, with progressive delivery of five sub-projects. The overall development works for the new company are valued at € 200-230 million, and IGD Siiq spa will invest around € 80 million to acquire the stores.

In April RGD, the 50/50 joint venture of Beni Stabili and IGD signed a contract for the purchase also through corporate vehicles of the "Le Fornaci" shopping centre in Beinasco. The purchase value of the asset, including

accessory costs, was € 42.6 million and will be subject to price adjustment – scheduled for December 2009 – which will be determined on the basis of the trend in lease payments for the centre.
The purchase price for the investment and real estate portion, including accessory costs, was € 17.9 million in addition to the assumption of the residual leasing which at the purchase date was € 18.9 million. In addition, there are outstanding preliminary agreements for the purchase by September 2008 of further retail units which are currently being renovated. During the first half of the year RGD gestioni s.r.l. was also set up and it deals with the management of shopping centres.

On 29 April the IGD SIIQ Group, following the preliminary agreement signed at the end of March, bought 100% of the share capital of WinMagazin SA for a total amount, following the price adjustment, of € 191.78 million including accessory costs; the company is owner of a real estate portfolio in Romania, consisting of 15 Winmarkt brand shopping centres, for a total of 147,000 sq.m. , as well as a commercial property wholly leased to a bank. The sellers of the shares are Ivington Enterprises Ltd and Broadhurst Investment Ltd, companies in the NCH Capital Group, an American private equity company.
IGD also signed a preliminary agreement for the purchase of an additional shopping centre in Carpati Sinaia; this preliminary agreement will be formalized within 30 months, once the seller has completed renovation and re-commercialization. The purchase price has already been set at € 16.24 million subject to having reached rental targets of at least € 1.35 million.
The total annual rent for 2008 of the 16 properties at the time of purchase amounted to approximately € 19.138 million.

The commercial buildings in the portfolio being purchased have an average GLA (Gross Leasable Area) of 9,000 sq.m. and are in unique, irreplaceable locations: the majority are, in fact, on the most important squares in 14 different cities in Romania, with sizes of between 100,000 and 300,000 inhabitants (Plojesti, Buzau, Cluj, Bistrita, Galati, Braila, Alexandria, Piatraneamt, Ramnicu Valcea, Slatina, Tulcea, Turda, Vaslui). These are promising centres featuring significant urban and demographic development thanks to investments made over the past few years by large foreign companies.
IGD also purchased, for € 184,666, 100% of the shares in the company Winmarkt Management srl which, thanks to its specialized personnel, provides agency and facility management services. It is IGD's intention, therefore, to continue to work with the current management while integrating the existing organization with its own resources. Thanks to the new Romanian team local development opportunities may also be exploited.
In accordance with the 2008-2012 business plan guidelines, IGD took advantage of an interesting opportunity to expand its investment horizons in foreign markets. This step was taken in a country, Romania, which has one of the most compelling growth rates in the European Union of which it has been an integral part since 2007. This dynamic, which reflects the consolidated presence of important foreign investors, obviously has an impact on current and future trends in the real estate sector.
Through this acquisition the company took advantage of an opportunity to reach a critical mass, given the size of the portfolio, which will allow it to benefit from economies of scale and, at the same time, extract value from the investment through the contribution of IGD's management.
IGD will focus on the stabilization of current rents and subsequent growth through optimization of the commercial offer and enhancement of the real estate which will call for investments of approximately € 20-25 million over the next 5 years.
The real estate enhancement will also be achieved by exploiting the non-commercial potential of the properties, as well as the sale of assets which IGD considers non-core, which to date has an estimated value equal to between 5% and 10% of the portfolio.

The investment was made in partnership with INPARTNER SpA, a company which specialises in major real estate development and asset management operations, and which has been sold a minority stake of 10% of Win Magazine S.A.

The project calls for an initial period of consolidation and optimisation, both at a commercial level and in terms of the real estate assets, during which IGD will exploit the initial profitability and cash generation in order to finance investments.

As part of the business plan objectives, at the end of May a preliminary agreement was signed to buy a shopping mall in Gorizia; the project calls for the construction of a shopping centre consisting of a hypermarket and a shopping mall of approximately 14,300 sq.m. GLA. IGD SIIQ spa's investment is limited to the shopping mall the cost for which is set at around € 49 million; the opening of the centre is planned in the first half of 2011.

SERVICES

In the first half of 2008 the development of shopping centre services continued positively.

The following management contracts were awarded:

- for the Millenium shopping centre in Rovereto
- for two shopping centres owned by the company GAM s.r.l: Heraclea and La Torre.

INCOME STATEMENT REVIEW

The first half of the year saw Group consolidated net income of € 34.22 million, up by 42.35% compared to € 24.06 million in the first half of 2007.

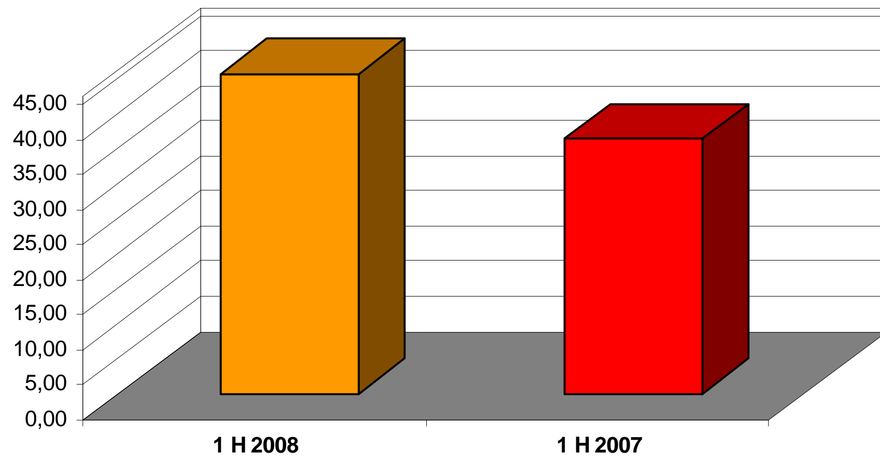
Below is a summary of the income statement:

CONSOLIDATED INCOME STATEMENT

	1 H 2008	1 H 2007	Δ	%
Revenues from freehold properties	34,47	26,36	8,11	30,76%
Revenues from leasehold properties	5,56	6,45	-0,89	-13,81%
Revenues from services	2,13	1,42	0,71	50,13%
Other revenues	3,38	2,00	1,38	69,28%
TOTAL REVENUES	**45,54**	**36,23**	**9,31**	**25,71%**
Material and service costs	12,81	9,83	2,98	30,27%
Staff costs	2,81	1,92	0,90	46,66%
Other operating costs	2,04	1,62	0,42	26,08%
Change in inventories	52,12	-0,08	52,20	
Construction costs	-52,12	0,00	-52,12	
EBITDA	**27,88**	**22,94**	**4,94**	**21,52%**
Depreciation and amortization	0,20	0,15	0,05	32,41%
Change in fair value	8,09	24,51	-16,41	-66,98%
EBIT	**35,77**	**47,30**	**-11,53**	**-24,37%**
FINANCIAL INCOME/(CHARGES)	-11,57	-6,83	**-4,74**	**69,33%**
Financial income	2,58	0,53	2,05	389,67%
Financial charges	14,15	7,36	6,79	92,24%
PRE TAX PROFIT	**24,20**	**40,46**	**-16,26**	**-40,19%**
Income tax for the period	-10,02	16,42	-26,44	-161,01%
NET PROFIT	**34,22**	**24,04**	**10,18**	**42,35%**

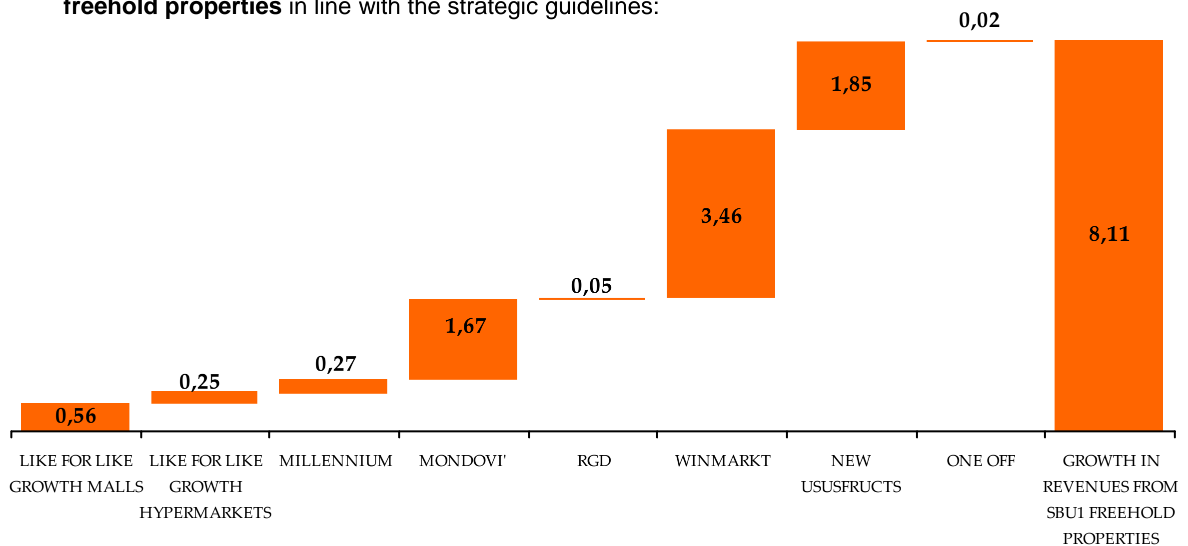
Revenues

In the first half of 2008 revenues stood at € 45.54 million, up by € 9.31 million, or 25.71%, compared to the same period of the previous year.



The following contributed to this positive result:

✓ The most significant growth was recorded in the core business area of the IGD Group, **revenues from freehold properties** in line with the strategic guidelines:



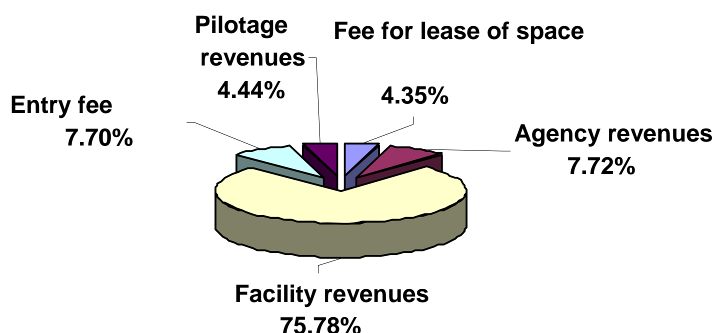
- It should be pointed out the significant growth in rents from the existing portfolio of malls which was 4.61%, around 2 percentage points above the average ISTAT adjustment (July 2007-June 2008) of 2.62%. This increase is due to the solid performance of space rental in some malls, the commercialization of the Casilino mall and the renegotiation of other contracts.
- Like-for-like growth in hypermarkets was 2.07%, in line with the type of contract (lease) which provides for 75% of the ISTAT adjustment.
- The purchase of the Mondovicino mall, which provided a contribution for the whole first half of 2008 having been bought in November 2007; that of the Millenium Gallery, which also contributed for the whole first half of 2008, while in 2007 it contributed for just four months.
- The greater increase in revenues from freehold properties (around 43%) is due to the purchase of the Romanian company Win Magazin which occurred at the end of April 2008. The company owns 15 shopping centres and an office building which in the first half of the year contributed approximately €3.46 million.

- In addition, note should be taken of the usufruct right on equal terms over the shopping centres of Città delle Stelle, Lungo Savio and S.Ruffillo. For this reason they have been reclassified under freehold properties..

✓ There was a fall in **revenues leasehold properties** in line with Group strategies. This fall was due to the purchase of the above usufruct rights.

✓ There was a significant improvement in **revenues from services** which rose from a ratio to total revenues of 3.92% in 2007 to 4.69% in June 2008. These revenues consist of recurring revenues (Facility Management and Fees for the lease of space) and a variable part linked to the acquisition of new mandates for agency activity and the related fees. Besides these, there were pilotage revenues which are offset in the related pilotage costs in operating terms. The contribution of each revenue source is shown below:

BREAKDOWN REVENUES FROM SERVICES



- Revenues from facility management services rose by 36.83% owing to the acquisition of new facility management contracts in the following centres: Darsena City, Sesto Fiorentino, Mondovicino, Quarto, Vibo Valentia and Mercato S.Severino, which began in 2007.
- Revenues from agency services arise from the marketing activity of the mall in Lodi and other minor contracts.

Margins

The margins of each strategic business area rose compared to the first half of 2007, except for margins from the leasing activity of leasehold properties, since the usufruct right for three malls owned by Coop Adriatica (Città delle Stelle, Lungo Savio and S.Ruffillo) was established as from 1 March 2008. These malls therefore fall within revenues from freehold properties as from the usufruct start date.

CONSOLIDATED INCOME STATEMENT

	1 H 2008	1 H 2007	Δ	%
Margin from freehold properties	30,90	24,58	6,32	25,69%
Margin from leasehold properties	0,38	0,56	-0,17	-31,08%
Margin from services	0,66	0,57	0,09	16,06%
DIVISIONAL GROSS MARGIN	**31,94**	**25,71**	**6,23**	**24,25%**
Headquarters staff costs	-1,89	-1,26	-0,64	50,62%
Overheads	-2,17	-1,51	-0,66	43,81%

EBITDA	**27,88**	**22,94**	**4,94**	**21,52%**
Depreciation and amortization	-0,20	-0,15	-0,05	32,41%
Change in fair value	8,09	24,51	-16,41	-66,98%
EBIT	**35,77**	**47,60**	**-11,83**	**-24,85%**
Financial income/(charges)	-11,57	-6,83	-4,74	69,33%
PRE TAX PROFIT	**24,20**	**40,77**	**-16,56**	**-40,63%**
Income taxes for the period	10,02	-16,42	26,44	-161,01%
NET PROFIT	**34,22**	**24,34**	**9,88**	**40,58%**

- ✓ **SBU 1 – Property leasing: margin on freehold assets:** in the 1st half of 2008 the margin was € 30.90 million compared to € 24.58 million in the prior-year period, an increase of 25.69%. This business has a very high margin of 89.55%.

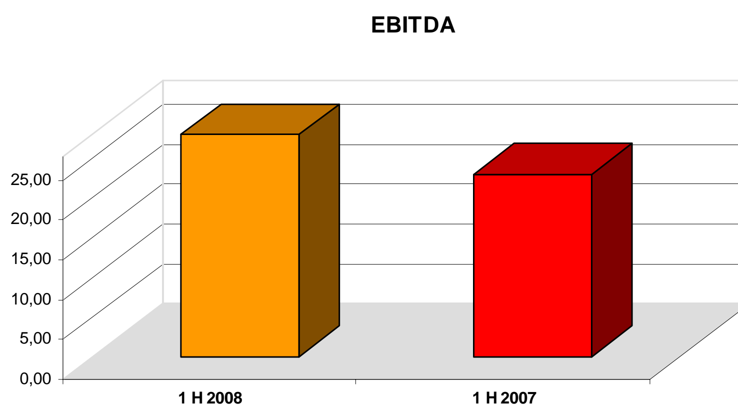
- ✓ **SBU 1 – Property leasing: margin on leasehold assets:** the margin fell by € 0.17 million due to the reasons given above. In percentage terms profitability was 6.91%.

- ✓ **SBU 2 – Services: margin from services.** The margin from services at June 2008 amounted to € 0.66 million, up by 16.06% compared to June 2007. This business does not absorb capital and generates a significant margin, which was 30.85% at June 2008. It is necessary to highlight that the main cost for this business is labour costs.

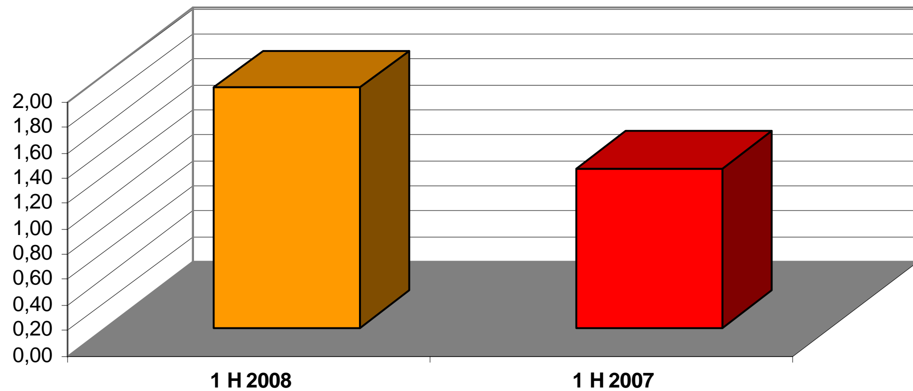
EBITDA

EBITDA stood at € 27.88 million, up by 21.52% compared to the same period of the previous year. The increase in revenues as set out above was accompanied by an increase in overheads and staff costs.

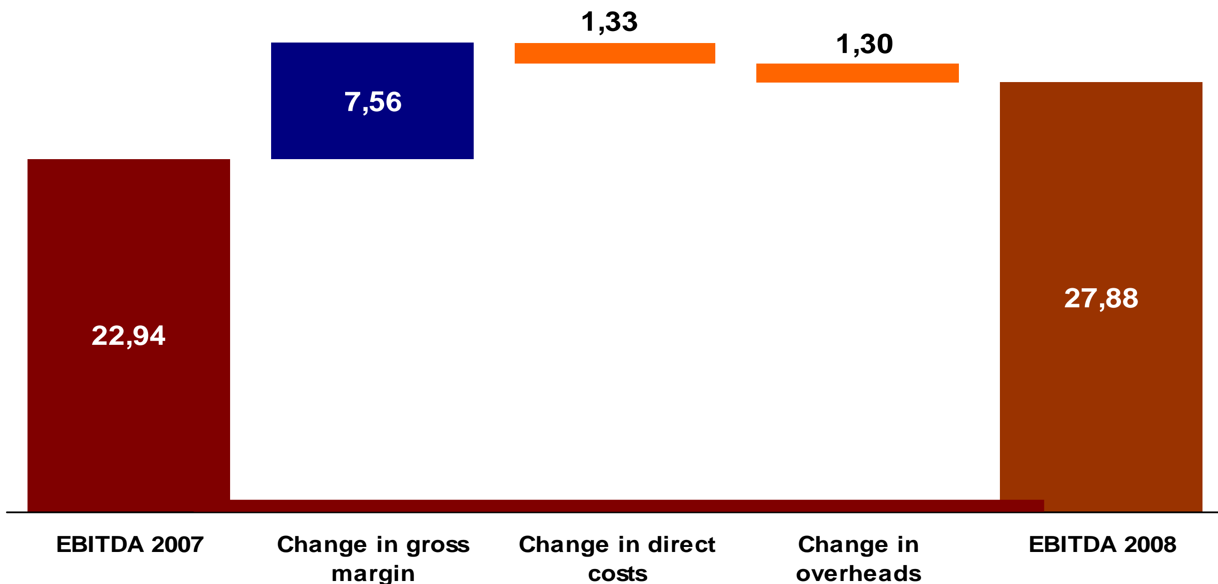
EBITDA



The biggest increase in costs came from headquarter staff costs due to an expanded organizational structure, since owing to the type of business the organizational structure's work begins 18-24 months before opening dates.



Overheads totalled € 4.06 million, in line with the budget.



EBIT

EBIT was € 35.77 million, the main cause of the difference between EBIT and EBITDA was the change in fair value which, on the basis of the independent assessment made by CBRE at 30/06/08, was € 8.09 million. This increase consolidates the results achieved from 2006 to the first half of 2007, where the whole real estate sector, in particular the retail segment, expanded sharply.

Financial Income and Charges

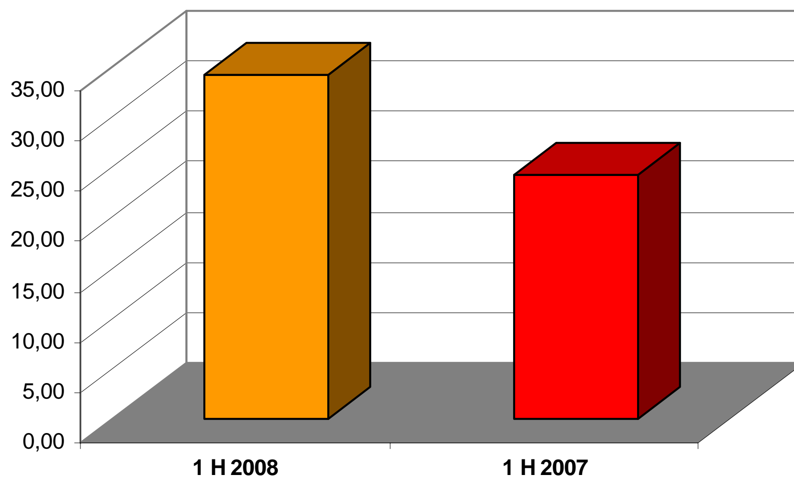
Financial income and charges: net financial charges rose by € 4.74 million; this increase was due to the subscription of a € 230 million convertible bond on 28 June 2007, the subscription of a € 100 million mortgage loan with Unipol Banca and Unipol Merchant on 10 April 2007, and the increase in short-term debt as set out in the notes. Net debt stood at € 604.99 million, thus increasing gearing to 0.81 from 0.46 at 31/12/2007. The

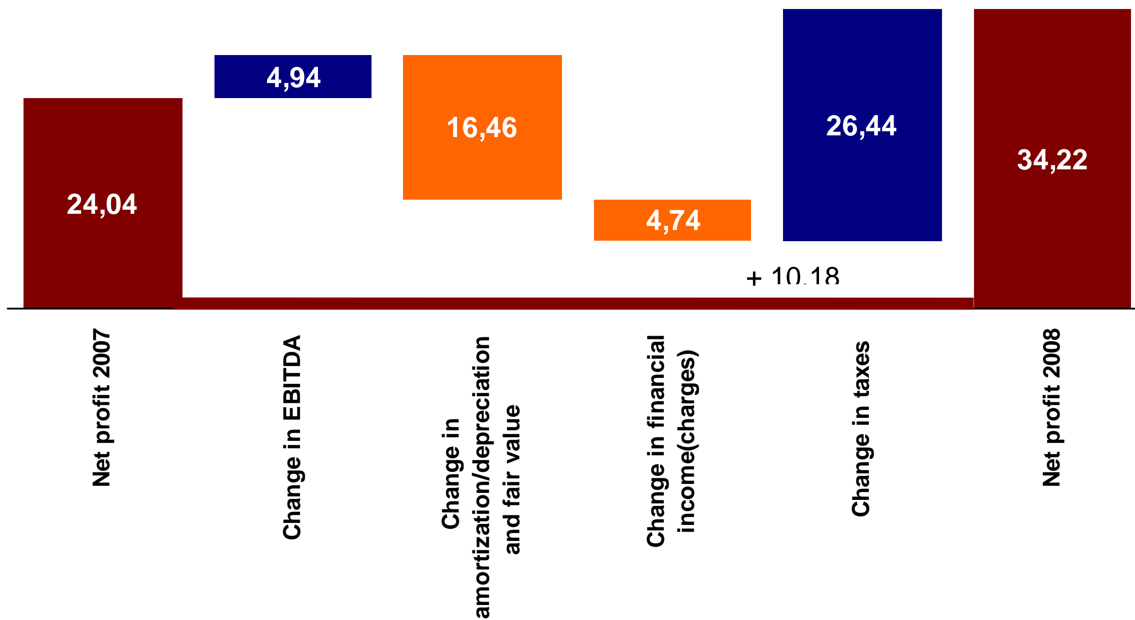
increase in net debt was accompanied by an increase in interest rates, the effect of which was partly mitigated by the fact that most of the long-term debt is covered by interest rate swaps.

Net Profit

NET PROFIT was € 34.22 million, up by 42.36% compared to the prior-year period. The profit was affected by the recovery of deferred taxes, net of substitute tax, charged to the income statement after the parent company joined the special SIIQ regime.

NET PROFIT AT JUNE 08





BALANCE SHEET AND FINANCIAL REVIEW

The IGD Group's balance sheet and financial situation at 30 June 2008 are summarized as follows:

SOURCE-USE OF FUNDS

	1H 2008	FY 2007	Δ	%
Fixed assets	1.432,00	1.164,43	267,57	22,98%
NWC	33,85	21,55	12,30	57,09%
Other LT liabilities	-114,17	-103,19	-10,98	10,64%
TOTAL USE OF FUNDS	**1.351,68**	**1.082,79**	**268,89**	**24,83%**
Shareholders' equity	746,69	741,17	5,52	0,75%
NFP	604,99	341,62	263,37	77,09%
TOTAL SOURCE OF FUNDS	**1.351,68**	**1.082,79**	**268,89**	**24,83%**

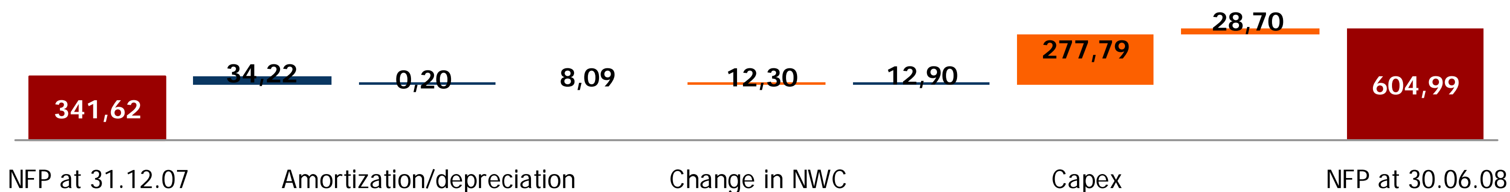
The main changes in the first half of the year were:

- ✓ **Fixed assets** rose from € 1,164.43 million at 31 December 2007 to € 1,432.00 million at 30 June 2008; the change of € 267.57 million is explained by the combined effect of increases and decreases in:

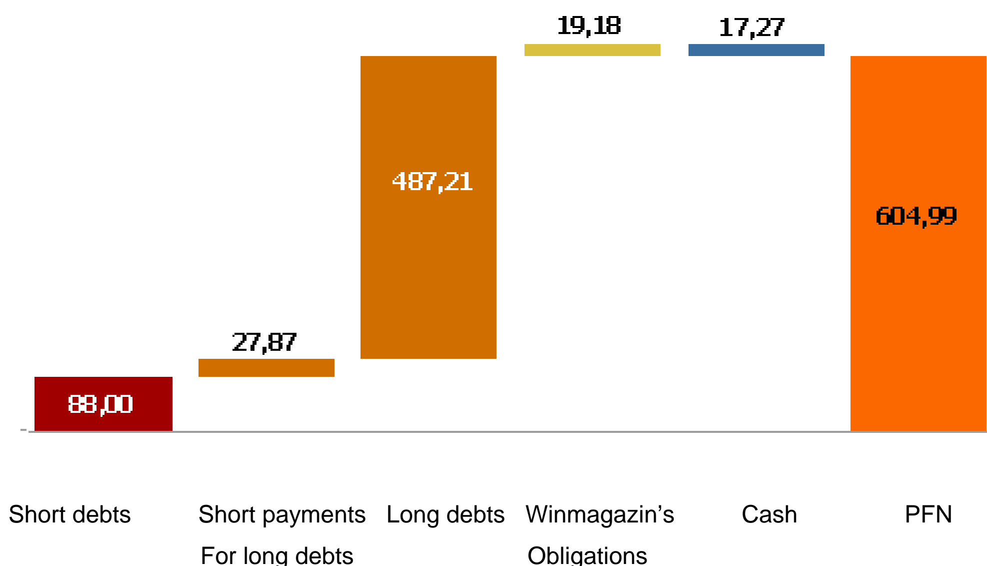
- ✓ **Assets under construction**: The change was mainly due to:
- ✓ down payments for the purchase of new shopping centres;
- ✓ the payment of further deposits for outstanding preliminary contracts;
- ✓ work to expand the "Centro ESP", "Centro Le Porte di Napoli", and "Centro Portogrande" shopping centre s and road works for the upcoming shopping centre at Chioggia;
- ✓ the fall was largely due to the return of down payments by Porta a mare S.p.A. and Euredes S.p.A. for investments which have been completed.
- ✓ **Plant, machinery, equipment and leasehold improvements:** the changes are mainly due to work done at the Nova commercial centre.
- ✓ **Real estate investments:** The increases are due to the purchase of the Romanian centres of Win Magazine, the purchase of the Beinasco shopping centre and the fair value adjustment at 30 June 2008.

- ✓ **Other long-term liabilities**: the increase of € 10.98 million is mainly due to the recording of the withholding tax amount for 2010-2012, contractual commitments and agreements for work to be carried out for the local authority of Livorno and for the company Porta a Mare and allocations of deferred tax liabilities for the first half of 2008 (see note 4 of the notes), offset by the liquidation of the parent company's deferred tax liabilities owing to the start of the SIIQ regime.

- ✓ **Shareholders' equity** at 30 June 2008 stood at € 746.69 million due to income in the period, the change relating to outstanding derivatives accounted for using the cash flow hedge method, the payment of dividends, and the purchase of treasury shares.
- ✓ **Net debt:** at 30/06/2008 net debt fell by € 263.37 million due to development activities in the half.



Net financial position *Amounts in millions of euro*	*30/06/2008*	*31/12/2007*
Cash and cash equivalents	(17.10)	(123.07)
Financial receivables and other current financial assets due from related parties	(0.16)	(0.06)
Financial receivables and other current financial assets	(0.01)	(40.45)
LIQUIDITY	**(17.27)**	**(163.59)**
Current financial liabilities	62.11	0.00
Current portion of non-current part	27.87	29.28
Current financial liabilities due to related parties	25.89	3.49
CURRENT DEBT	**115.87**	**32.77**
CURRENT NET DEBT	**98.60**	**(130.82)**
Non-current financial assets	(8.95)	(5.65)
Non-current financial liabilities	515.34	478.10
NON-CURRENT DEBT	**506.39**	**472.44**
NET DEBT	**604.99**	**341.62**



Net debt shown in the diagram highlights, under the Short-term portion of long-term debt, the amounts relating to the current portion of mortgages, loans due to leasing companies and the coupon due to bondholders.

SEGMENT INFORMATION

The balance sheet and income statement of each business unit are shown below.

BALANCE SHEET	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07
	RENTAL ACTIVITIES		SERVICES		UNDIVIDED		TOTAL	
REAL ESTATE PORTFOLIO	1.184,29	948,71	0,00	0,00	0,00	0,00	1.184,29	948,71
OTHER NON-CURRENT ASSETS	0,00	0,00	0,00	0,00	49,09	47,57	49,09	47,57
CURRENT INVESTMENTS	198,62	168,15	0,00	0,00			198,62	168,15
NWC	8,91	2,58	0,09	0,44	24,84	18,54	33,85	21,56
OTHER LONG-TERM LIABILITIES	-113,86	-102,88	-0,31	-0,31			-114,17	-103,19
TOTAL USE OF FUNDS	**1.277,96**	**1.016,56**	**-0,21**	**0,12**	**73,93**	**66,11**	**1.351,68**	**1.082,79**
NFP	535,00	279,09	-3,95	-3,58	73,93	66,11	604,99	341,62
EQUITY	742,96	737,46	3,73	3,71			746,69	741,17
TOTAL SOURCE OF FUNDS	**1.277,96**	**1.016,56**	**-0,21**	**0,12**	**73,93**	**66,11**	**1.351,68**	**1.082,79**

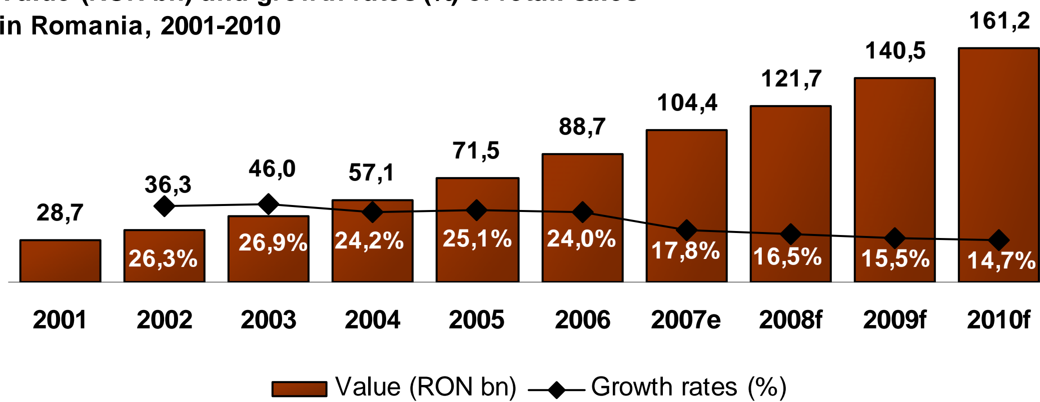
INCOME STATEMENT	30-June-08	30-June-07	30-June-08	30-June-07	30-June-08	30-June-07
	RENTAL ACTIVITIES		SERVICES		TOTAL	
REVENUES	**40,03**	**32,81**	**2,13**	**1,42**	**42,16**	**34,23**
DIRECT COSTS	8,74	7,67	1,48	0,85	10,22	8,52
DIVISIONAL GROSS MARGIN	**31,28**	**25,14**	**0,66**	**0,57**	**31,94**	**25,71**
UNDIVIDED REVENUES-COSTS					4,06	2,77
EBITDA	**31,28**	**25,14**	**0,66**	**0,57**	**27,88**	**22,94**
AMORT., DEPR. & WRITEDOWNS	7,89	24,35	0,00	0,00	7,89	24,35
EBIT	**39,17**	**49,49**	**0,66**	**0,57**	**35,77**	**47,30**
FINANCIAL INCOME					**- 11,57**	**- 6,83**
INCOME TAX					**10,02**	**- 16,42**
NET PROFIT					**34,22**	**24,04**

SUBSEQUENT EVENTS

No significant facts and events took place following 30 June 2008.

OUTLOOK AND MAIN UNCERTAINTIES FOR REMAINING MONTHS

The IGD SIIQ spa Group starts the second half of 2008 with a clear perception of the uncertainties and risks associated with the weakness of the financial markets, the fall in consumption and the increase in interest rates.
The positive results achieved in the first half, thanks to the solid performance of the existing real estate portfolio and to the new investments made, now provide a sound base to achieve the budget and business plan targets in the next half.
The consolidated results at 30 June 2008 and the forecasts for the next half are the result of the strategic choices made by the company in previous years.
In reference to real estate values, the IGD SIIQ Group has always applied prudent criteria. After the fall in the yields in the retail property sector and the consequent growth in real estate values which peaked from 2006 to the first half of 2007, during 2008 an upward correction to yield rates is occurring.
At the end of 2007 the fall in yields peaked, but a rise in rates is forecast for 2008 of 0.25-0.50% compared to 2007 (source J.J. Lasalle). However, thanks to the aforementioned strategy of prudence which IGD SIIQ has always adopted, no significant effect on the value of its real estate assets is expected over the next six months.
As for the particular situation with regard to consumption, it is necessary to take into account a general crisis which has occurred in Europe and, above all, in Italy. Major retailers are starting to see falls in turnover and to review their opening plans. However, a significant process of selection is already evident in this situation and it will lead to smaller and less efficient retailers leaving the market and provide new opportunities for the top brands which can adjust their offer to the changed needs in consumption.
It is forecast that the above situation may continue throughout 2008. Therefore, in the next six months it is expected that some operators currently present in IGD SIIQ's shopping centres may have problems in making regular payments of the rents.
However, a constant policy of sustainable lease payments as applied by IGD and the company's business model based on the day to day management of its shopping centres will limit the impact of this situation to normal and not excessive levels.
Finally, it should be noted that the recent investment in Romania will enable the further mitigation of the possible impact of the negative economic situation in Italy. Romania is in fact expanding rapidly and its retail consumption trends are in clear contrast to the situation in the rest of Europe. Retail sales growth is expected to be well above 10% per year also for coming years.



e - estimate
f - forecasts
Source: INS, PMR Publications, 2008

www.pmrpublications.com

A further risk for IGD SIIQ's business is linked to the availability of financial resources from the banking system and their cost. The international crisis which has hit the financial markets has created a marked lack of liquidity which, as from the end of 2007 and for the whole first half of 2008, saw a significant rise in the cost of money, but above all greater selectivity in providing new credit lines to companies. It is expected that this situation will continue for the next 6 months, although the current macroeconomic situation suggests there will be no further increases in the cost of money. Moreover, the IGD SIIQ Group will not suffer consequences from the above situation in the next half, thanks to the financial resources it already has available, the new loans obtained for the forthcoming investment at Guidonia (November 2008), and the refinancing of the shopping centre at Mondovì opened in November 2007. The impact of the higher cost of money will be significantly offset by the fact that most of the net debt at 30 June 2008 is at fixed rates and at very advantageous conditions (see the analysis set out in paragraph "Financial income and charges" on page 19)

In conclusion, it must be stressed that, despite the current difficult banking situation, IGD can take advantage of a very solid financial structure (LTV 48.05%; D/E 0.81) which will facilitate access to new credit lines in the near future.

IGD GROUP

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2008

Consolidated Balance Sheet

Consolidated balance sheet *Amounts in euro*	*Note*	*30/06/08* *(A)*	*31/12/07* *(B)*	*Change* *(A-B)*
NON-CURRENT ASSETS:				
Intangible assets				
- Intangible assets with a finite useful life		146,323	6,573	139,750
- Goodwill	1	29,974,392	26,670,142	3,304,250
		30,120,715	**26,676,715**	**3,444,000**
Tangible assets				
- Investment property	2	1,181,465,500	947,805,000	233,660,500
- Plants and machinery		427,925	327,977	99,948
- Equipment and other assets		666,578	457,426	209,152
- Leasehold improvements		1,730,518	123,236	1,607,282
- Assets under construction	3	198,620,166	168,146,519	30,473,647
		1,382,910,687	**1,116,860,158**	**266,050,529**
Other non-current assets				
- Prepaid tax assets	4	5,373,737	2,877,024	2,496,713
- Miscellaneous receivables and other non-current assets		13,598,281	18,017,502	(4,419,221)
- Non-current financial assets	5	8,953,452	5,653,815	3,299,637
		27,925,470	**26,548,341**	**1,377,129**
TOTAL NON-CURRENT ASSETS (A)		**1,440,956,872**	**1,170,085,214**	**270,871,658**
CURRENT ASSETS:				
Inventories for assets under construction		52,370,915	0	52,370,915
Inventories		9,674	0	9,674
Trade and other receivables		8,839,368	9,507,926	(668,558)
Trade and other receivables due from related parties		649,891	135,344	514,547
Other current assets		32,522,714	19,475,400	13,047,314
Financial receivables and other current financial assets due from related parties	6	163,537	61,850	101,687
Financial receivables and other current financial assets	6	11,071	40,452,059	(40,440,988)
Cash and cash equivalents	6	17,098,760	123,073,893	(105,975,133)
TOTAL CURRENT ASSETS (B)		**111,412,090**	**192,706,472**	**(81,040,542)**
TOTAL ASSETS (A + B)		**1,552,622,802**	**1,362,791,686**	**189,831,116**
SHAREHOLDERS' EQUITY:				
portion pertaining to the parent company	7	738,638,955	741,013,464	(2,374,509)
portion pertaining to minorities		8,053,347	156,738	7,896,609
TOTAL SHAREHOLDERS' EQUITY (C)		**746,692,302**	**741,170,202**	**5,522,100**
NON-CURRENT LIABILITIES:				
Non-current financial liabilities	8	515,344,790	478,095,641	37,249,149
Employee severance indemnity fund (TFR)		367,877	363,872	4,005
Deferred tax liabilities	4	75,726,638	90,450,358	(14,723,720)
Provisions for risks and future charges		573,186	642,753	(69,567)
Misc. payables and other non-current liabilities		25,914,315	196,549	25,717,766
Misc. payables and other non-current liabilities due to related parties		11,586,317	11,537,183	49,134
TOTAL NON-CURRENT LIABILITIES (D)		**629,513,123**	**581,286,356**	**48,226,767**
CURRENT LIABILITIES:				
Current financial liabilities	8	89,978,803	29,277,057	60,701,746
Current financial liabilities due to related parties	8	25,891,823	3,488,888	22,402,935
Trade and other payables		36,731,590	3,552,225	33,179,365
Trade and other payables due to related parties		1,291,480	920,295	371,185
Current tax liabilities		7,683,411	939,150	6,744,261
Other current liabilities		14,840,270	2,157,513	12,682,757
TOTAL CURRENT LIABILITIES (E)		**176,417,377**	**40,335,128**	**136,082,249**
TOTAL LIABILITIES (F=D + E)		**805,930,500**	**621,621,484**	**184,309,016**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES (C + F)		**1,552,622,802**	**1,362,791,686**	**189,831,116**

Consolidated Income Statement

Consolidated income statement *Amounts in euro*	*Note*	*30/06/08* *(A)*	*30/06/07* *(B)*	*Change* *(A-B)*
Revenues:		**39,477,488**	**32,861,299**	**6,616,189**
- revenues from third parties		24,793,439	18,446,914	6,346,525
- revenues from related parties		14,684,049	14,414,385	269,664
Other income:		**6,065,870**	**3,367,596**	**2,698,274**
- other income		5,460,956	3,340,900	2,120,056
- other income from related parties		604,914	26,696	578,218
Total revenues and operating income		**45,543,358**	**36,228,895**	**9,314,463**
Change in inventory of assets under construction		52,117,076	0	52,117,076
Construction costs		(52,117,076)	0	(52,117,076)
Net change in assets under construction		**0**	**0**	**0**
Material and service costs:		12,809,513	9,833,407	2,976,106
- material and service costs		11,226,004	8,243,971	2,982,033
- material and service costs due to related parties		1,583,509	1,589,436	(5,927)
Staff costs		2,814,069	1,918,836	895,233
Other operating costs		2,041,642	1,619,329	422,313
Change in inventories		0	(84,116)	84,116
Total operating costs		**17,665,224**	**13,287,456**	**4,377,768**
EBITDA		**27,878,134**	**22,941,439**	**4,936,695**
(Amortization and depreciation)		(200,449)	(151,384)	(49,065)
Change in fair value - increases / (decreases)		8,092,920	24,505,575	(16,412,655)
EBIT		**35,770,605**	**47,295,630**	**(11,525,025)**
Financial income		**2,577,129**	**526,303**	**2,050,826**
- from third parties		2,394,458	515,118	1,879,340
- from related parties		182,671	11,185	171,486
Financial charges		**14,146,695**	**7,358,982**	**6,787,713**
- third parties		13,706,178	7,062,457	6,643,721
- related parties		440,517	296,525	143,992
Net financial result	**10**	**(11,569,566)**	**(6,832,679)**	**(4,736,887)**
PROFIT BEFORE TAX		**24,201,039**	**40,462,951**	**(16,261,912)**
Income taxes for the period	11	(10,020,111)	16,423,628	(26,443,739)
NET PROFIT FOR THE PERIOD		**34,221,150**	**24,039,323**	**10,181,827**
Attributable to:				
* Parent company net profit for the period		34,228,541	24,039,323	10,189,218
* Minority interest net profit for the period		(7,391)		(7,391)
- basic earnings per share for the year	12	0114	0.083	
- diluted earnings per share for the year	12	0.111	0.083	

Statement of Changes in Consolidated Shareholders' Equity

Amounts in euro	*Share capital*	*Share premium reserve*	*Legal reserve*	*Other reserves Note 7*	*Retained profit (loss)*	*Profit for the period*	*Group shareholders' equity*	*Minority interests*	*Group total shareholders' equity*
Balance at 31 December 2006	**282,249,261**	**76,180,288**	**1,357,917**	**161,480,451**	**2,382,935**	**56,679,968**	**580,330,820**	**7,714**	**580,338,534**
change in fair value of derivatives in the period				2,804,390			**2,804,390**		**2,804,390**
increase in share capital	27,000,000	71,550,000		(2,056,764)			**96,493,236**		**96,493,236**
convertible bond issue				29,694,648			**29,694,648**		**29,694,648**
tax effect recognized directly in shareholders' equity				(967,609)			**(967,609)**		**(967,609)**
Allocation of net profit 2006									
- dividends paid						(9,878,725)	**(9,878,725)**		**(9,878,725)**
- undistributed earnings reserve				1,159,285		(1,159,285)	**0**		**0**
- legal reserve			2,776,035			(2,776,035)	**0**		**0**
- other reserves				35,808,091	7,057,832	(42,865,923)	**0**		**0**
Net profit for the period						**24,039,323**	**24,039,323**		**24,039,323**
Balance at 30 June 2007	**309,249,261**	**147,730,288**	**4,133,952**	**227,922,492**	**9,440,767**	**24,039,323**	**722,516,083**	**7,714**	**722,523,797**

Amounts in euro	*Share capital*	*Share premium reserve*	*Legal reserve*	*Other reserves Note 7*	*Retained profit (loss)*	*Profit for the period*	*Group shareholders' equity*	*Minority interests*	*Group Total shareholders' equity*
Balance at 31 December 2007	**309,249,261**	**147,730,288**	**4,133,952**	**218,869,536**	**8,715,480**	**52,314,947**	**741,013,464**	**156,738**	*741,170,202*
change in fair value of derivatives in the period				2,407,261			**2,407,261**		*2,407,261*
purchase of treasury shares and dividends received	(10,976,592)			(10,733,954)			**(21,710,546)**		*(21,710,546)*
conversion reserve				18,194			**18,194**		*18,194*
change in scope of consolidation							**0**	7,904,000	*7,904,000*
Allocation of net profit 2007									
- dividends paid						(17,317,959)	**(17,317,959)**		*(17,317,959)*
- undistributed earnings reserve				11,866,261		(11,866,261)	**0**		*0*
- legal reserve			2,022,435			(2,022,435)	**0**		*0*
- other reserves				18,239,169	2,869,123	(21,108,292)	**0**		*0*
Net profit for the period						34,228,541	34,228,541	**(7,391)**	*34,221,150*
Balance at 30 June 2008	**298,272,669**	**147,730,288**	**6,156,387**	**240,666,467**	**11,584,603**	34,228,541	738,638,955	**8,053,347**	*746,692,302*

Consolidated Cash Flow Statement

Cash flow statement *Amounts in euro*	*30/06/08*	*30/06/07*
CASH FLOW FROM OPERATIONS:		
Profit for the year	**34,221,150**	**24,039,323**
Reconciliation of the net profit for the period with the cash flow generated (used) by operations:		
Capital (gains) losses and other non-monetary items	30,908	(42,200)
Amortization and depreciation	200,449	151,384
Net change deferred (prepaid) tax liabilities (assets)	(43,266,537)	14,441,344
Change in fair value of investment properties	(8,092,920)	(24,505,575)
Change in inventories	(52,370,487)	0
Net change in current operating assets and liabilities	37,172,232	(1,203,022)
Net change in current operating assets and liabilities due to/from related parties	(442,719)	415,264
Net change in non-current operating assets and liabilities	30,072,847	6,418,179
Net change in non-current operating assets and liabilities due to/from related parties	49,134	35,806
CASH FLOW GENERATED BY OPERATIONS (a)	**(2,425,943)**	**19,750,504**
Investments in fixed assets	(33,844,088)	39,630,783
Equity investments in consolidated subsidiaries	(199,186,218)	(70,913,025)
CASH FLOW USED FOR INVESTMENT (b)	**(233,030,306)**	**(31,282,242)**
Change in financial receivables and other current financial assets	40,440,988	(40,277,787)
Change in financial receivables and other current financial assets due from related parties	197,670	(4,116)
Increase in share capital		96,493,236
Purchase of treasury shares net of dividends received on treasury shares	(21,710,546)	0
Change in conversion reserve	18,194	0
Convertible bond loan issue	0	29,694,648
Change in minority interests	7,904,000	0
Payment of dividends	(17,317,959)	(9,878,725)
Change in current debt	60,701,746	(102,486,557)
Change in current debt due to related parties	22,402,935	475,068
Change in non-current debt	27,881,118	281,351,026
CASH FLOW GENERATED FROM FINANCING (c)	**120,518,146**	**255,366,793**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(114,938,103)**	**243,835,055**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**123,073,894**	**20,492,172**
CASH AND CASH EQUIVALENTS ACQUIRED WITH THE PURCHASE OF CONSOLIDATED EQUITY INVESTMENTS	**8,962,969**	**586,430**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**17,098,760**	**264,913,656**

Notes to the Consolidated Financial Statements

Accounting Standards for the Condensed Half-year Consolidated Financial Statements

Introduction

The condensed half-year consolidated financial statements of the Immobiliare Grande Distribuzione Group at 30 June 2008 were approved and authorized for publication by the Board of Directors on 27 August 2008.
Immobiliare Grande Distribuzione SIIQ S.p.A. (IGD SIIQ S.p.A.) is a company set up and organized in accordance with Italian law. IGD SIIQ S.p.A. operates solely in Italy.
IGD manages and leases properties and aims to create value from its real estate portfolio, on the one hand, through the purchase, construction and leasing of retail properties (shopping centres, hypermarkets, supermarkets and malls), and, on the other, by optimizing the yield on the properties it owns outright or through the disposal of the malls. In addition, IGD provides a broad range of agency and facility management services to freehold-properties and those belonging to third parties.
IGD SIIQ S.p.A. is part of the Coop Adriatica Società Cooperativa a.r.l. Group.

Preparation criteria

The condensed half-year consolidated financial statements at 30 June 2008 have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting, in line with the regulations for interim reports prepared on a condensed basis, and in compliance with art. 154 ter of Leg. Dec. 58/1998.
The condensed half-year consolidated financial statements do not include all the additional information required in the annual report, and should be read together with the Group's annual report at 31 December 2007.

Accounting standards

The accounting standards used in preparing the condensed half-year consolidated financial statements are in line with those adopted to prepare the Group's annual report at 31 December 2007, except for the adoption of the following obligatory interpretation for annual periods beginning on or after 1 January 2008:

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

This interpretation requires that the agreements granting rights over the entity's equity instruments to employees be accounted for as equity settled share-based payment plans, even if the entity buys these instruments from a third party, or should the shareholders provide the necessary equity instruments. This interpretation has no impact on the Group's results or equity.

Currency conversion of the financial statements of the companies with functional currency different from the consolidated financial statements currency

The balance sheet and income statement balances of all the companies in the IGD SIIQ Group expressed in a functional currency different from that for the presentation of the condensed half-year consolidated financial statements are converted as follows:

- the assets and liabilities of each balance sheet are converted at the exchange rates in force on the accounting date;

- the income and expenses of each income statement are converted at the average rates for the period;
- all exchange differences are recorded in a specific shareholders' equity item (conversion reserve).

The exchange differences arising from the conversion of net investments in foreign companies and of loans and other monetary instruments aimed at covering such investments, are recognised directly under shareholders' equity in the condensed half-year consolidated financial statements. When the foreign investment is sold, the accumulated exchange differences are recognised in the income statement, as part of the profit or loss arising from the sale.

The European Union has still not approved the following standards (or their amendments) and interpretations issued by the International Accounting Standards Board or by the IFRIC:

IFRIC 12 - Service Concession Arrangement

In November 2006 IFRIC 12 was issued and it will be effective for annual periods beginning on or after 1 January 2008. This interpretation applies to operators who supply services under concession and establishes how to account for the obligations entered into and the rights received as part of a concession arrangement. The company does not operate in this sector and therefore this interpretation will have no impact on the financial statements.

IFRIC 13 - Customer Loyalty Programmes

In June 2007 IFRIC 13 was issued and it will become effective for annual periods beginning on or after 1 July 2008. This interpretation requires that loyalty award credits granted to customers be accounted for as a separate component of the sale transactions in which they were granted and that therefore part of the fair value of the amount received be allocated to the award credits and amortized over the period in which the credits/awards are redeemed. The company does not expect this interpretation to impact on the financial statements since currently there are no existing customer loyalty plans.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

In July 2007 IFRIC 14 was issued and it will be effective for annual periods beginning on or after 1 January 2008. The interpretation provides guidance on how to determine the limit on the amount of the surplus of a defined benefit plan which can be recognised as an asset in accordance with IAS 19 - Employee Benefits. The company expects that this interpretation will not impact on the Group's results or financial position.

IAS 1 (Revised) – Presentation of Financial Statements

The revised IAS 1 - Presentation of Financial Statements was approved in September 2007 and it will come into force in the first annual period following 1 January 2009. The standard separates changes in shareholders' equity between shareholders and transactions with non-shareholders. The table of changes in shareholders' equity will include only the breakdown of transactions with shareholders, while all the changes relating to transactions with non-shareholders will be set out in a single entry. In addition, the standard introduces the statement of "comprehensive income": this includes all the revenue and cost items relating to the period and recorded in the income statement and, in addition, every other revenue and cost item recognised. The "comprehensive income" statement can be presented in the form of a single statement or two related statements. The company is still assessing whether to present one or two statements.

IAS 23 – Borrowing Costs

In March 2007 a revised version of IAS 23 – Borrowing Costs was issued and will become effective for annual periods beginning on or after 1 January 2009. The standard now requires the capitalization of borrowing costs

that refer to a qualifying asset. A qualifying asset is an asset which takes a substantial period of time to get ready for use or sale.

IFRS 2 – Share-based Payments – Vesting Conditions and Cancellations

This amendment to IFRS 2 – Share-based Payments was published in January 2008 and will come into force in the first annual period following 1 January 2009. It restricts the definition of "vesting conditions" to conditions which include an explicit or implicit obligation to provide a service. Any other condition is a "non-vesting condition" and must be included in the fair value of the share-based payment. If the reward does not accrue due to failure to satisfy a "non-vesting condition" which is under the control of the entity or counterparty, this must be accounted for as a cancellation. The company has no share-based payment plans with "non-vesting" conditions and, consequently, it does not expect significant effects on the recording of option-based payments.

Amendments to IAS 32 and IAS 1 – "Puttable" Financial Instruments

The amendments to IAS 32 and IAS 1 were approved in February and will come into force in the first annual period following 1 January 2009. The amendment to IAS 32 requires some "puttable" financial instruments and obligations arising on liquidation be classified as equity instruments if certain conditions are met. Per the amendment to IAS 1, the notes must provide information on puttable options classified as equity. EEMS does not expect these amendments to affect the financial statements.

Use of estimates

In preparing the interim consolidated financial statements, the company management have made estimates and assumptions which affect the carrying values of revenues, costs, assets and liabilities, and the disclosures regarding potential assets and liabilities as of the interim financial statements date. It should be noted that since these are estimates they may diverge from the actual results achieved subsequently.
The estimates and assumptions are reviewed on a regular basis and any changes are reflected in the income statement.

The consolidated financial statements, tables and notes are expressed in euro, unless otherwise stated.

In compliance with CONSOB provisions, the income statement data is provided with regard to the half year and the period between the start of the year and the closure of the six-month period (progressive); these are compared with the data for the same periods of the previous year. The balance sheet data for the half of the year is compared to the data at the end of the previous year. Therefore, information on income statement items is made in comparison with the same prior-year period (30 June 2007), while balance sheet data is compared to the previous year (31 December 2007).

Scope of Consolidation

The consolidated financial statements have been prepared on the basis of the accounting situations at 30 June 2008 as provided by the companies included in the consolidation and adjusted, where necessary, to align them to accounting standards and Group classification criteria in compliance with the IFRS.

Compared to the situation at 31/12/2007 the scope of consolidation changed owing to:

- the incorporation of Porta Medicea srl, which is held 80% by Immobiliare Larice srl and 20% by Azimut-Benetti spa;
- the purchase of Win Magazin S.A.
- the purchase of WInmarkt Management s.r.l.
- the incorporation of RGD gestioni s.r.l. and the purchase of New Mall s.r.l. by RGD s.r.l.

For further details refer to the Investments section.

The table below shows the list of companies included in IGD Group's scope of consolidation at 30/06/2008.

Company name	*% equity investment*	*Control*	*Registered office*	*Share capital (In Euro)*	*Consolidation method*	*Business*
Immobiliare Larice s.r.l.	100%	IGD SIIQ S.p.A.	Ravenna via Villa Glori 4	74,500,000.00	Line-by-line	Shopping centre management
Consorzio Forte di Brondolo	77.4%	IGD SIIQ S.p.A.	Castenaso (Bologna) Via Villanova 29/7	63,033.35	Line-by-line	Urbanistic consortium
Millenium Gallery s.r.l	100%	IGD SIIQ S.p.A.	Ravenna via Villa Glori 4	100,000.00	Line-by-line	Shopping centre management
MV s.r.l.	100%	IGD SIIQ S.p.A.	Ravenna via Villa Glori 4	10,000.00	Line-by-line	Shopping centre management
RGD s.r.l	50%	IGD SIIQ S.p.A.	Milan via Dante 7	52,000.00	Proportional	Purchase / sale of properties
RGD Gestioni s.r.l.	50%	RGD s.r.l 100%	Milan via Dante 7	10,000.00	Proportional	Shopping centre management
New Mall s.r.l.	50%	RGD s.r.l 100%	Turin Via B. Buozzi 5	60,000.00	Proportional	Shopping centre management
Consorzio dei proprietari del Centro comm.le Leonardo	52%	IGD SIIQ S.p.A.	Imola (Bologna) Via G. Amendola 129	100,000.00	Line-by-line	Management consortium
Porta Medicea s.r.l.	80%	Immobiliare Larice s.r.l.	Livorno Via Gino Graziani 6	40,000,000.00	Line-by-line	CONSTRUCTION COMPANY
Win Magazin S.A.	90%*	Immobiliare Larice s.r.l. 100%	Bucharest Romania	31,128.00	Line-by-line	Shopping centre management
Winmarkt management s.r.l.	100%	Immobiliare Larice s.r.l. 90% IGD SIIQ S.p.A. 10%	Bucharest Romania	274,014.00	Line-by-line	Agency and facility service management

* The investment is 100% consolidated in light of the Put&Call option on the minority stake

Seasonality

The business of the company is not affected by trends deriving from seasonal or cyclical factors.

Segment Information

Here below are the balance sheet and income statement divided by individual business units.

INCOME STATEMENT	30-June-08	30-June-07	30-June-08	30-June-07	30-June-08	30-June-07
	RENTAL ACTIVITIES		SERVICES		TOTAL	
REVENUES	**40,03**	**32,81**	**2,13**	**1,42**	**42,16**	**34,23**
DIRECT COSTS	8,74	7,67	1,48	0,85	10,22	8,52
DIVISIONAL GROSS MARGIN	**31,28**	**25,14**	**0,66**	**0,57**	**31,94**	**25,71**
UNDIVIDED REVENUES-COSTS					4,06	2,77
EBITDA	**31,28**	**25,14**	**0,66**	**0,57**	**27,88**	**22,94**
AMORT., DEPR. & WRITEDOWNS	7,89	24,35	0,00	0,00	7,89	24,35
EBIT	**39,17**	**49,49**	**0,66**	**0,57**	**35,77**	**47,30**
FINANCIAL INCOME					**- 11,57**	**- 6,83**
INCOME TAX					**10,02**	**- 16,42**
NET PROFIT					**34,22**	**24,04**

BALANCE SHEET	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07	30-June-08	31-Dec.-07
	RENTAL ACTIVITIES		SERVICES		UNDIVIDED		TOTAL	
REAL ESTATE PORTFOLIO	1.184,29	948,71	0,00	0,00	0,00	0,00	1.184,29	948,71
OTHER NON-CURRENT ASSETS	0,00	0,00	0,00	0,00	49,09	47,57	49,09	47,57
CURRENT INVESTMENTS	198,62	168,15	0,00	0,00			198,62	168,15
NWC	8,91	2,58	0,09	0,44	24,84	18,54	33,85	21,56
OTHER LONG-TERM LIABILITIES	-113,86	-102,88	-0,31	-0,31			-114,17	-103,19
TOTAL USE OF FUNDS	**1.277,96**	**1.016,56**	**-0,21**	**0,12**	**73,93**	**66,11**	**1.351,68**	**1.082,79**
NFP	535,00	279,09	-3,95	-3,58	73,93	66,11	604,99	341,62
EQUITY	742,96	737,46	3,73	3,71			746,69	741,17
TOTAL SOURCE OF FUNDS	**1.277,96**	**1.016,56**	**-0,21**	**0,12**	**73,93**	**66,11**	**1.351,68**	**1.082,79**

Business Combinations

Acquisition of Win Magazin S.A.

On 29 April IGD SIIQ spa, following the preliminary agreement signed at the end of March, bought 100% of the share capital of Win Magazin S.A. through its subsidiary Immobiliare Larice s.r.l. for an overall amount (excluding adjustment) of € 191.78 million, including accessory costs. The investment was realized in partnership with INPARTNER SpA, which was sold a minority stake of 10% in Win Magazin S.A. Following the Put&Call contract signed between Inpartner and Immobiliare Larice, Win Magazin was 100% consolidated, while at the same time recording a financial liability representing the future payable for the purchase of the minority stake. Win Magazin S.A. has assets consisting of 15 shopping centres and a retail property located in Romania. The purchase of this equity investment was accounted for using the purchase method which requires the fair value recognition at the acquisition date of the identifiable assets (including intangible fixed assets previously not recognized) and the identifiable liabilities (including potential liabilities and excluding future restructuring) of the company purchased. The surplus of the purchase cost compared to the purchaser's share of the net fair value of identifiable assets, identifiable liabilities and potential liabilities of the companies bought was allocated to goodwill. The acquisition had an overall cost of € 191,776,479.00 (excluding adjustment) and it was funded using cash and credit lines for the purpose. In particular the fair value of the real estate investments refers to the fair value assessment at the acquisition date of the company properties. The comparison between the fair value and the book value (expressed in accordance with IAS/IFRS accounting standards) of the identifiable assets and liabilities of Win Magazin S.A. at the acquisition date is shown in the following table:

Win Magazin *Amounts in euro*	*BOOK VALUE*	*FAIR VALUE*
NON-CURRENT ASSETS		
Intangible assets	33	33
Tangible assets	205,099,448	205,099,448
Other non-current assets	10,246	10,246
TOTAL NON-CURRENT ASSETS	***205,109,727***	***205,109,727***
CURRENT ASSETS		
Inventories	10,102	10,102
Trade receivables	391,593	391,593
Other non-current assets	588,023	588,023
Cash and cash equivalents	8,407,397	8,407,397
TOTAL CURRENT ASSETS	***9,397,115***	***9,397,115***
TOTAL ASSETS	**214,506,842**	**214,506,842**
Non-current financial liabilities	0	0
Deferred tax liabilities	22,176,981	22,176,981
TOTAL NON-CURRENT LIABILITIES	***22,176,981***	***22,176,981***
CURRENT LIABILITIES		
Trade payables	639,694	639,694
Other current liabilities	3,217,305	3,217,305
TOTAL CURRENT LIABILITIES	***3,856,999***	***3,856,999***
TOTAL LIABILITIES	**26,033,980**	**26,033,980**
NET ASSETS	**188,472,862**	**188,472,862**
GOODWILL		**3,303,617**
ACQUISITION COST		**191,776,479**

It should be pointed out that the income statement of the subsidiary included in the Group's consolidated income statement as from the acquisition date shows a net profit of € 2,722,469. If the acquisition had occurred at the

start of 2008, the consolidated revenues would have been higher by about € 6,830,117 and the consolidated net profit for the period higher by around € 2,769,839.

Acquisition of Winmarkt Management s.r.l.

On 29 April the IGD SIIQ Group also bought for € 184,666 (excluding adjustment) 100% of Winmarkt Management srl, which provides agency and facility management services.
The acquisition of this equity investment was accounted for using the purchase method which requires the fair value recognition at the acquisition date of the identifiable assets (including intangible fixed assets previously not recognized) and the identifiable liabilities (including potential liabilities and excluding future restructuring) of the company purchased. The surplus of the purchase cost compared to the purchaser's share of the net fair value of identifiable assets, identifiable liabilities and potential liabilities of the companies bought was allocated to goodwill. The acquisition had an overall cost of € 184,666 (excluding adjustment) and it was funded using cash and credit lines for the purpose. The comparison between the fair value and the book value (expressed in accordance with IAS/IFRS accounting standards) of the identifiable assets and liabilities of Winmarkt management s.r.l. at the acquisition date is shown in the following table:

WInmarkt Management s.r.l. *Amounts in euro*	*BOOK VALUE*	*FAIR VALUE*
NON-CURRENT ASSETS		
Intangible assets	3,683	3,683
Plant, property and equipment	61,612	61,612
Other non-current assets	8	8
TOTAL NON-CURRENT ASSETS	***65,303***	***65,303***
CURRENT ASSETS		
Inventories	0	0
Trade receivables	0	0
Other non-current assets	5,555	5,555
Cash and cash equivalents	352,146	352,146
TOTAL CURRENT ASSETS	***357,701***	***357,701***
TOTAL ASSETS	**423,004**	**423,004**
NON-CURRENT LIABILITIES		
Non-current financial liabilities	9,843	9,843
Deferred tax liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	***9,843***	***9,843***
CURRENT LIABILITIES		
Current financial liabilities	0	0
Trade payables	25,238	25,238
Other current liabilities	203,890	203,890
TOTAL CURRENT LIABILITIES	***229,128***	***229,128***
TOTAL LIABILITIES	**238,971**	**238,971**
NET ASSETS	**184,033**	**184,033**
GOODWILL		**633**
ACQUISITION COST		**184,666**

It should be pointed out that the income statement of the subsidiary is included in the Group's consolidated income statement from the acquisition date and shows a loss of € 1,733. If the acquisition had taken place at the start of 2008, the consolidated net profit for the period would have been lower by around € 71,224.

Notes to the main balance sheet and income statement items

Note 1) Goodwill

Goodwill *Amounts in euro*	
Book value at 01/01/07	**21,636,613**
Increases for acquisitions	0
Increases for change in area	5,033,529
Decreases for disposals	0
Book value at 31/12/07	**26,670,142**
Increases for acquisitions	0
Increases for change in area	3,304,250
Decreases for disposals	0
Book value at 30/06/08	**29,974,392**

The increase in goodwill is due to the acquisitions in the period, of which the main ones were:

- Win Magazin € 3,303,617
- Winmarkt Management € 633

Goodwill was allocated to the individual cash generating units (CGUs). Hereafter is the breakdown of goodwill by CGU at 30 June 2008:

Goodwill *Amounts in euro*	
Immobiliare Larice (Centro Sarca)	19,092,429
MV	105,955
Millenium Gallery	3,952,023
RGD	975,551
Winmagazine	3,303,617
Winmarkt management	633
Centro Nova	545,625
Città delle Stelle	64,828
Lungo Savio	416,625
San Donà	448,444
San Ruffillo	62,636
Gescom Service	1,006,026
Total	29,974,392

The CGUs relating to: Immobiliare Larice (Centro Sarca), MV, Millennium Gallery, RGD and Win Magazin S.A. relate to investment property owned by the subsidiaries and joint ventures. The recoverability of the goodwill allocated to these CGUs has been analysed on the basis of the property appraisal by CBRE, in accordance with the criteria described above for the investment properties owned by the Group. The CGUs relating to: Centro Nova, Città delle Stelle, Lungo Savio, San Donà, San Ruffillo and Service involve the management of the Group's leasehold shopping malls, as well as services (facility management and marketing of store space) provided at freehold and leasehold shopping centres. The amount allocated to each CGU has been determined on the basis of its value in use. The recoverable amount was calculated by projecting cash flows from the three-year financial plan approved by top management.

Note 2) Investment property

As required by IAS 40, the following table reconciles the opening and closing value of investment property, with the additions, disposals and changes in fair value shown separately.

Investment property *Amounts in euro*	
Book value at 01/01/07	**801,357,000**
Increases for acquisitions	24,740,363
Increases for change in area	91,045,000
Change in fair value	30,662,637
Book value at 31/12/07	**947,805,000**
Increases for acquisitions	2,160,891
Increases for change in area	223,406,689
Change in fair value	8,092,920
Book value at 30/06/08	**1,181,465,500**

The additions for changes in the scope of consolidation refer to the acquisition of the Romanian shopping centres of Win Magazine and the acquisition of the Beinasco shopping centre.

The fair value adjustment refers to the value of investment properties at 30 June 2008.

Note 3) Assets under construction

Assets under construction *Amounts in euro*	
Book value at 01/01/07	**145,607,470**
Increases for acquisitions	53,707,340
Increases for change in area	1,174,682
Decreases	(28,166,884)
Decreases for reclassification investment properties	(4,176,090)
Book value at 31/12/07	**168,146,519**
Increases for acquisitions	40,605,692
Increases for change in area	733,851
Decreases	(10,838,758)
Decreases for reclassification to investment properties	(27,138)
Book value at 30/06/08	**198,620,166**

The increase in assets under construction is mainly due (see Note 19: Commitments and risks) to:

- down payments for the purchase of new shopping centres;
- further deposits for outstanding preliminary contracts;
- the expansion of the shopping centres “Centro ESP”, “Centro Le Porte di Napoli”, and “Centro Portogrande” and road works for the upcoming shopping centre at Chioggia;
- the investment in the commercial division at the multifunctional centre in Livorno.

The decrease was largely due to the return of down payments by Porta a mare S.p.A. and Euredes S.p.A. for investments which have been completed.

Increases for changes in area are due to expansion work at some Romanian shopping centres.

Note 4) Prepaid tax assets and deferred tax liabilities

Deferred tax assets and liabilities	*30/06/2008*	*31/12/2007*	*Change*
Deferred tax assets	5,373,737	2,877,024	2,496,713
Deferred tax liabilities	(75,726,638)	(90,450,358)	14,723,720

Details of the above items are shown below:

Deferred tax assets	*30/06/2008*	*31/12/2007*	*Change*
Effect on cancellation of intangible assets	185,301	151,376	33,925
Effect on share capital increase	727,941	831,932	(103,991)
Effect on IPO costs	715,081	953,442	(238,361)
Effect on tax amortization of goodwill	0	384,880	(384,880)
Taxed provisions	168,757	182,038	(13,281)
Effect on variable pay provision	69,612	98,133	(28,521)
Effect on higher statutory amortization and depreciation	119,927	119,296	631
Effect on leasing of New Mall properties	3,253,500	0	3,253,500
Other effects	133,618	155,928	(22,310)
TOTAL RECEIVABLES FOR DEFERRED TAX ASSETS	**5,373,737**	**2,877,024**	**2,496,713**

Receivables for deferred tax assets mainly consist of the tax effect of IAS entries and the effect of leasing on the properties of the Beinasco shopping centre.

Deferred tax liabilities	*30/06/2008*	*31/12/2007*	*Change*
Accelerated amortization and depreciation for tax purposes	0	2,836,199	(2,836,199)
Land depreciation for tax purposes	0	4,742,225	(4,742,225)
Amortization and depreciation for tax purposes	0	9,528,839	(9,528,839)
Capital gains in instalments	171,350	211,670	(40,320)
Tax effect on fair value of properties at 1/01/04	0	35,291,425	(35,291,425)
Tax effect on fair value of properties at 31/12/04	0	6,123,735	(6,123,735)
Tax effect on fair value of properties at 31/12/05	0	12,452,458	(12,452,458)
Tax effect on fair value of properties at 31/12/06	21,001,686	42,228,362	(21,226,676)
Tax effect of cancellation of depreciation of investment properties at 31/12/04	0	5,145,178	(5,145,178)
Tax effect of cancellation of depreciation of investment properties at 31/12/05	0	5,333,099	(5,333,099)
Effect on cancellation of amortization of intangible assets	0	127,956	(127,956)
Tax effect on statutory revaluation Law 266/2005	0	(63,668,556)	63,668,556
Amortization and depreciation for tax purposes 2007, net of tax rate adjustments	2,077,907	5,473,112	(3,395,205)
Tax effect on fair value of properties at 31/12/2007, net of tax rate adjustments	9,734,866	14,637,178	(4,902,312)
Tax effect on fair value of properties at 30/06/08	32,338,728	0	32,338,728
Tax effect on IRS transactions	2,410,430	1,497,330	913,100
Tax effect on TFR under IAS 19	24,738	10,576	14,163
Tax effect on convertible bond	6,670,019	7,422,834	(752,815)
Tax effect on Millenium leasing	1,296,914	1,056,739	240,175
TOTAL DEFERRED TAX LIABILITIES	**75,726,638**	**90,450,358**	**(14,723,721)**

Provisions for deferred tax liabilities changed considerably due to the liquidation of the deferred taxes set aside at 31 December 2007 by the parent company which, following the start of the SIIQ regime, paid substitute tax on the difference between the fair value of the investment properties and the related tax value. For further details see note 11.

The "tax effect on the fair value of properties" balance at 30 June 2008 of € 32.3 million was mainly due to the higher value at fair value of the Romanian investment properties compared to the value recognized in tax terms.

Note 5) Financial receivables and other current financial assets

	30/06/2008	*31/12/2007*	*Change*
Receivable due from UBS for Trend Accrual Bill	11,071	40,452,059	(40,440,988)
Total due from third parties	**11,071**	**40,452,059**	**(40,440,988)**
Due from related parties	163,537	61,850	101,687
Total due from related parties	**163,537**	**61,850**	**101,687**

The fall in financial receivables and other current financial assets relates to a Trend Accrual Bill which was treated as sold at 31.12.2007, but settlement of which took place only in the first few days of 2008.

Note 6) Cash and cash equivalents

	30/06/2008	*31/12/2007*	*Change*
Cash and cash equivalents with banks, financial institutions and post offices	16,862,897	123,005,719	(106,142,822)
Cash on hand	235,863	68,175	167,688
Total cash and cash equivalents	**17,098,760**	**123,073,893**	**(105,975,133)**

The balance at 30/06/2008 was down compared to at 31/12/2007 following the investments made by the Group during the first half of 2008.

Note 7) Shareholders' equity

As for the changes in shareholders' equity, see the specific statement of changes.

Share capital at 30 June 2008 changed compared to 31 December 2007 owing to the purchase of treasury shares recorded against shareholders' equity for a par value of € 10,976,592.

The other reserves mainly changed due to:

- the change relating to outstanding derivative contracts accounted for using the cash flow hedge method;
- the recognition in a specific reserve of the difference between the purchase value and the par value of the treasury shares bought for an amount of € 11,275,895. This amount includes accessory costs of € 110,709;
- the recognition in a specific reserve of the dividends on treasury shares for € 541,935;
- the distribution of 2007 net profit of € 17,317,959.

Following the establishment of Porta Medicea s.r.l., the share capital of which is 80% owned by the Group, note should be taken of the change in minorities' portion of shareholders' equity of € 8 million.

The breakdown of the item "Other reserves" at 30/06/2007 and at 30/06/2008 is shown below:

BREAKDOWN OTHER RESERVES *Amounts in euro*	*FTA reserve*	*Euro conversion reserve*	*Merger surplus reserve*	*Profit (loss) recognized directly in shareholders' equity*	*Reserve for bond loan issue*	*Fair value reserve*	*Undistributed earnings reserve*	*Total other reserves*
Balance at 31 December 2006	(1,191,950)	23,113	13,735,610	(2,577,198)	0	151,490,876	0	161,480,451
Allocation to reserve for undistributed earnings							(1,159,285)	(1,159,285)
Share capital increase expenses				(2,056,764)				(2,056,764)
Bond loan issue					29,694,648			29,694,648
Fair value assessment of investment properties						35,808,091		35,808,091
Unrealized profit (loss) from fair value adjustment to hedging derivatives				2,804,390				2,804,390
Income taxes				(967,609)				(967,609)
								0
Balance at 30 June 2007	(1,191,950)	23,113	13,735,610	(2,797,181)	29,694,648	187,298,967	(1,159,285)	227,922,492

BREAKDOWN OTHER RESERVES *Amounts in euro*	*FTA reserve*	*Euro conversion reserve*	*Merger surplus reserve*	*Profit (loss) recognized directly in shareholders' equity*	*Reserve for bond loan issue*	*Fair value reserve*	*Conversion reserve*	*Undistributed earnings reserve*	*Total other reserves*
Balance at 31 December 2007	(964,851)	23,113	13,735,610	(4,663,415)	21,379,981	187,575,370		1,783,727	218,869,536
Purchase of treasury shares and dividends received				(10,733,954)					(10,733,954)
Conversion of financial statements in foreign currency							18,194		18,194
Allocation to reserve for undistributed earnings								11,866,261	11,866,261
Fair value assessment of investment properties						18,239,169			18,239,169
Unrealized profit (loss) from fair value adjustment to hedging instruments				2,407,261					2,407,261
Balance at 30 June 2008	(964,851)	23,113	13,735,610	(12,990,108)	21,379,981	205,814,539	18,194	13,649,988	240,666,467

Note 8) Non-current and current financial liabilities

This item includes the non-current portion of floating rate loans with banks, the convertible bond loan and the leasing liability, as set out below:

Non-current financial liabilities	*Maturity*	*30/06/2008*	*31/12/2007*	*Change*
Payables due to banks for mortgage loans		***280,923,087***	***274,180,559***	***6,742,528***
Banca Pop.di Verona scarl	31/5/2001 - 31/5/2011	***5,921,253***	7,293,224	(1,371,971)
Intesa BCI spa	31/5/2001 - 31/5/2011	6,227,618	7,691,087	(1,463,469)
Unicredit Banca Impresa spa/Mediocredito	5/4/2001 - 5/4/2011	5,164,569	6,455,712	(1,291,143)
Banca Toscana spa Casilino	31/12/01 - 31/12/2015	19,648,679	20,914,788	(1,266,109)
Banca Toscana spa Casilino	31/12/01 - 31/12/2013	8,450,196	9,278,372	(828,176)
Banca Toscana spa Livorno	5/4/2001 - 5/4/2011	17,164,460	18,846,693	(1,682,233)
Banca Toscana spa Livorno	5/4/2001 - 5/4/2011	14,787,842	16,237,151	(1,449,309)
Bnl	6/9/2006 - 6/10/2016	23,317,033	24,236,037	(919,004)
Interbanca spa	25/9/2006 - 5/10/2021	58,312,649	48,248,550	10,064,099
Mutuo Antonveneta		14,189,000	5,746,463	8,442,537
EUROPEAN REGIONAL BANK	23/11/2006 - 10/01/2028	13,393,191	14,000,000	(606,809)
Unipol	10/04/2007 - 06/04/2027	93,739,788	95,232,482	(1,492,694)
Put&call on Win Magazin		**19,176,303**		**19,176,303**
Convertible Bond	**28/6/2007-28/12/2012**	**202,036,614**	**198,910,474**	**3,126,140**
New Mall Leasing		**9,252,500**		**9,252,500**
Hypo Tirol leasing spa	**01/04/2004 - 01/07/2012**	**4,563,095**	**5,004,609**	**(441,514)**
Total		**515,344,790**	**478,095,641**	**37,249,149**

The change in non-current financial liabilities relates mainly to the recognition, owing to the put&call contract, of the future payable due to Inpartner S.p.A. for the minority interest in Win Magazin S.A., the increase in the payable due to Interbanca, the leasing transaction for New Mall and the decrease in outstanding mortgage loans compared to 31/12/2007, due to the reclassification of the portion for the subsequent year to current financial liabilities.

Mortgage loans are secured by the properties.

As for the convertible bond loan it is stated that:

- On 28 June 2007 a convertible bond loan was issued for € 230,000,000 with coupons at a rate of 2.5%.
- In accordance with IAS 32, this has initially been recognized as a financial liability of € 200,305,352, corresponding to a similar liability without an equity component . The effective interest rate used is 5.53%.
- Under the amortized cost method, the accessory costs of the bond issue (€ 4,473,388.98) have been deducted from the amount payable in connection with the bond loan.
- The effect of this method is to increase financial charges, with an effective rate of 6.03% (see Note 10 bis); the higher charges compared to the nominal rate of 2.5% actually paid are accounted for as an increase in the payable for the bond loan. At 31/12/2007 they stood at € 3,078,511 and at 30/06/2008 totalled € 3,126,140.

Covenants

The covenants on loans outstanding at the period end date were as follows:

- Article 13 of the contract signed with Interbanca on 1/8/2006 states that the Bank may terminate the contract if, in the consolidated financial statements at 31/12/2006 and through financial year 2011, the debt-to-equity ratio exceeds 2.0". At 30/06/2008 the ratio was 0.81;
- Article 5 of the contract signed with BNL on 7/8/2006 states that the Bank may terminate the contract if, from 31/12/2006 and until maturity, debt-to-equity ratio exceeds 2.0. At 30/06/2008 the ratio was 0.47;
- Article 12 bis of the contract signed with Unipol Banca s.p.a. and Unipol Merchant Banca per le imprese s.p.a. on 26 March 2007 states that the Bank may terminate the contract (or increase the spread) if, from 31/12/2007 and until maturity, debt-to-equity ratio exceeds 2.3. At 30/06/2008 the ratio was 0.81.

Current financial liabilities	*30/06/2008*	*31/12/2007*	*Change*
Payables due to banks			
Banca Pop. Emilia Romagna - Hot Money	47	46	1
Banca Pop. Emilia Romagna – BO branch	12,613,596	0	12,613,596
Ubs	0	125	(125)
Bnl – Bologna Hot money	20,095,252	0	20,095,252
Banco di Sicilia	254	72	182
Cariparo Hot money	29,400,000	0	29,400,000
Banca popolare di Bergamo	238	0	238
Total payables due to banks	***62,109,387***	***243***	***62,109,144***
Payables due to banks for mortgage loans			
Banca Pop. di Verona scarl	2,862,026	2,828,217	33,809
Intesa BCI spa	2,930,483	2,867,709	62,774
Unicredit Banca Impresa/Mediocredito	2,677,667	2,680,465	(2,798)
Banca Toscana spa Casilino 1	2,501,336	2,440,328	61,008
Banca Toscana spa Casilino 2	1,636,153	1,596,246	39,907
Banca Toscana spa Livorno 1	3,323,435	3,242,375	81,060
Banca Toscana spa Livorno 2	2,863,267	2,793,431	69,836
BNL – Rimini mortgage	2,152,417	2,170,106	(17,689)
Interbanca loan	635,833	252,639	383,194
Antonveneta mortgage		2,544	(2,544)
EUROPEAN REGIONAL BANK	984,545	304,627	679,918
Unipol	4,324,540	4,236,898	87,642
Total payables due to banks for mortgage loans	***26,891,702***	***25,415,585***	***1,476,117***
Payable due to leasing companies and to bondholders			
Hypo Tirol leasing spa	926,580	939,098	(12,518)
Convertible Bond	51,134	2,922,131	(2,870,997)
Total payable due to leasing companies and to bondholders	***977,714***	***3,861,229***	***(2,883,515)***
TOTAL CURRENT FINANCIAL LIABILITIES due to third parties	**89,978,803**	**29,277,057**	**60,701,746**
Payables due to related parties			
TCA third-party c/a	635,075	3,488,888	(2,853,813)
Finad Larice loan	25,256,748	0	25,256,748
Total due to related parties	***25,891,823***	***3,488,888***	***22,402,935***

The item includes the balance on the third party current account with TCA S.r.l., the company which manages the treasury operations of the Coop Adriatica Group, the current portion of floating rate loans with banks including accrued earnings, and the liability accrued on the bond loan at 30/06/2008.

The increase in current financial liabilities was mainly due to the taking out of a loan with Fin.Ad Bologna Spa and hot money to finance the acquisition made in the first half of 2008.

Note 9) Net financial position

Net financial position *Amounts in euro*	*30/06/2008*	*31/12/2007*
Cash and cash equivalents	(17,098,760)	(123,073,893)
Financial receivables and other current financial assets due from related parties	(163,537)	(61,850)
Financial receivables and other current financial assets	(11,071)	(40,452,059)
LIQUIDITY	**(17,273,368)**	**(163,587,802)**
Current financial liabilities	62,109,387	243
Current portion of non-current part	27,869,416	29,276,814
Current financial liabilities due to related parties	25,891,823	3,488,888
CURRENT DEBT	**115,870,626**	**32,765,945**
CURRENT NET DEBT	**98,597,258**	**(130,821,857)**
Non-current financial assets	(8,953,452)	(5,653,815)
Convertible bond loan	202,036,614	198,910,474
Non-current financial liabilities	313,308,176	279,185,167
NON-CURRENT DEBT	**506,391,338**	**472,441,826**
NET DEBT	**604,988,596**	**341,619,969**

Note 10) Financial income and charges (reclassification of IRS component)

Net spreads on hedging derivatives have been reclassified compared to the same period of the previous year under financial charges, in order to reflect the substance of the hedging transaction undertaken which was to turn the financial charge into a fixed rate. Therefore, € 2.9 million has been reclassified from financial income to charges as follows:

Financial income and charges *Amounts in euro*	*New* *30/06/2007*	*Old* *30/06/2007*	*Reclassification*
Financial income	526,303	3,395,146	2,868,843
Financial charges	7,358,982	10,227,825	2,868,843
Net financial result	**(6,832,679)**	**(6,832,679)**	0

Note 10 bis) Financial income and charges

There was a financial charge of € 11.57 million, up on the prior-year period by € 4.7 million, due to charges for the higher debt owing to the subscription of a € 230 million convertible bond, the subscription of a € 100 million mortgage loan, and the increase in short-term financial liabilities and the rise in rates for loans not hedged by IRS.

Interest expense on the convertible bond included under financial charges was € 6 million and corresponds to an interest rate of 6.03%. This rate results from the amortized cost method and the effective interest rate method.

This accounting method leads to higher financial charges as detailed hereafter:

- Interest due to bondholders at a rate of 2.5%, for € 2.9 million
- Higher financial charges owing to the effective interest rate going from 2.5% to 5.53%, or € 2.7 million
- Higher financial charges owing to the amortized cost method of € 0.4 million (0.5% increase in rate)

Note 11) Income taxes

Current taxes for the period totalled € 2.2 million.

On 16 April IGD S.p.A. elected to exercise the option to be treated as a SIIQ under the tax regime introduced and regulated by Law no. 296 of 27 December 2006 and notified the Tax Authorities pursuant to the Tax Authority's provisions effective as of 28 November 2007.
This election, effective as of 1 January 2008, will result in the exemption of income from rental activities for the purposes of IRES (corporate income tax) and IRAP (regional business tax); the parent company's portion of earnings will be subject to direct taxation as allocated to shareholders at the time of distribution under the form of a withholding tax viewed as an advance for entrepreneurs and as a tax for other parties. Verification of the necessary requisites will be based on the financial statements (balance sheet and income statement) for the year ended on 31 December 2008.
Eligibility for this special regime is determined based on the normal value of the real estate assets and the property rights on the rental properties owned by IGD at the end of the last tax period; the related capital gains, net of any capital losses, are subject to a substitute tax of IRES and IRAP at a tax rate of 20 percent, to be paid in a maximum of 5 yearly instalments.
The application charge for this special regime was € 30.8 million.

The substitute tax, following the parent company joining the SIIQ special regime, is accounted for the whole amount at 20% of the difference at 31/12/2007 between the fair value of investment properties and their related tax value. The parent company has opted to make the substitute tax payment in 5 instalments.
Deferred tax assets and liabilities had a positive balance of € 43.04 million. The change was largely caused by the recording of the deferred tax liabilities allocated to the higher value of the properties up to 31/12/2007.

	30/06/2008	*30/06/2007*	*Change*
Current taxes	2,225,342	1,080,710	1,144,632
Substitute tax	30,797,217		30,797,217
Deferred/prepaid taxes	(43,042,670)	15,342,918	(58,385,588)
TOTAL	**(10,020,111)**	**16,423,628**	**(26,443,739)**

Note 12) Earnings per share

As required by IAS 33 information is provided on the data used to calculate the basic earnings and diluted earnings per share.
For the purposes of calculating the *basic earnings per share,* the numerator is the net profit for the period less minority interests. In addition, there are no preference dividends, conversion of preference shares and other similar effects, that would make it necessary to adjust the net profit attributable to holders of ordinary equity instruments. The denominator is the weighted average number of outstanding ordinary shares, taking into account the purchases of treasury shares in the first half of 2008.
For the calculation of *diluted earnings* per share, the net profit attributable to the parent company shareholders was adjusted to reflect interest on the bond loan, net of the related tax effect.
The denominator is the weighted average number of outstanding ordinary shares and the potential shares to be converted.

	30/06/2008	30/06/2007
Net profit attributable to parent company shareholders	34,228,541	24,039,323
Net diluted profit attributable to parent company shareholders	38,582,268	
Weighted average number of ordinary shares for purposes of basic earnings per share	301,530,557	290,349,261
Weighted average number of ordinary shares for purposes of diluted earnings per share	348,183,701	
Basic earnings per share	0.114	0.083
Diluted earnings per share	0.111	0.083

Note 13) Dividends

During the year the parent company, following the approval of the shareholders' meeting of 23 April 2008 for the financial statements at 31 December 2007, paid a dividend of € 0.056 for each of the 309,249,261 outstanding shares, for a total value of € 17,317,959

	30/06/2008	31/12/2007
Declared and paid in the six-month period		
Dividends on ordinary shares relating to dividend for 2007 (€ 0.056 per share)	17,317,959	9,878,725

Note 14) Information on related parties

	RECEIVABLES AND OTHER CURRENT ASSETS	PAYABLES AND OTHER LIABILITIES	REVENUES - OTHER INCOME - FINANCIAL INCOME	FINANCIAL COSTS AND CHARGES	FIXED ASSETS
Coop Adriatica Soc. Coop	360,644	9,464,339	11,677,606	1,675,788	103,640
Fin.Ad Bologna Spa	7,726	25,256,747	7,726	256,747	
R.g.d. srl	186,798		184,668		
Robintur Spa	253	7,271	87,853	4	
Tca Srl	163,537	640,074	208,344	24,194	
Librerie.Coop Spa	1,729				
Unicoop Tirreno Scarl	39,312	31,241	2,059,046	31,241	
Vignale Immobiliare Spa	17,356	140,870	38,264		
Vignale Comunicazione Srl			210,000		
Ipercoop Tirreno Spa	36,073	3,229,076	998,128	49,134	
TOTAL	813,428	38,769,618	15,471,635	2,037,108	103,640
FINANCIAL STATEMENTS TOTAL	111,665,929	805,930,500	48,120,487	31,811,919	1,440,956,873
% RATIO	0.73%	4.81%	32.15%	6.40%	0.01%

The Group has financial and economic relations with the parent company Coop Adriatica, with other companies in the Coop Adriatica Group (Fin.Ad. Bologna S.p.A., Robintur S.p.A., Librerie Coop spa and TCA S.r.l.) and with some companies in the Unicoop Tirreno Group (Vignale Immobiliare, Vignale Comunicazioni, Unicoop Tirreno and Ipercoop Tirreno). The transactions with related parties are undertaken at normal market conditions and are valued at par value.

Transactions with the parent company Coop Adriatica relate to:

- financial and economic dealings regarding the leasing (as lessor) of properties to be used as hypermarkets and payables for security deposits on lease contracts;
- financial and economic dealings regarding the leasing (as lessee) of properties to be used as malls and invoiced by the parent company;
- financial and economic dealings regarding services supplied by the parent company in the following areas: Equity, payroll, EDP.
- capitalized costs relating to the allocation of services for the realization of a series of real estate initiatives.

The transactions with TCA s.r.l. solely regard financial collection and payment transactions. TCA s.r.l. acts as treasurer for the Coop Adriatica Group.

The transactions undertaken with Fin.Ad Bologna Spa refer to a loan contract entered into with Immobiliare Larice at normal market conditions.

The transactions with Robintur S.p.A. relate to the lease of properties at shopping centres and the Robintur's supply of services.

The transactions with Vignale Immobiliare refer to payables for security deposits on lease contracts;

The transactions with Ipercoop Tirreno refer to:

- payables for security deposits on lease contracts;
- financial and economic dealings relating to the leasing (as lessor) of properties to be used as hypermarkets.

The transactions with Librerie Coop S.p.A. relate to financial and economic dealings on the leasing (as lessor) of properties at shopping centres.

Note 15) Management of financial risk

The Group's non-derivative financial instruments include bank loans, on-demand and short-term bank deposits. Such instruments are used to finance the Group's operations. The Group has various other financial instruments, such as trade payables and receivables, arising from its operations. The Group has also used interest rate derivatives. The aim is to manage the interest rate risk generated by the Group's transactions and by its sources of financing. The main risks generated by the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees on the policies to manage these risks, as summarized below. The Group also controls the market price risk generated by financial instruments. The Group's accounting standards in relation to the hedging derivatives are set out in the following note.

Interest rate risk

The Group's exposure to market risk owing to changes in interest rates concerns long-term loans with banks, the terms and duration of which are set out in Note 15. To manage this risk efficiently, the Group purchases interest rate swaps with which it agrees to exchange, at specific intervals, the difference between the fixed rate interest and floating rate interest calculated in reference to a predefined notional capital amount. The swaps are designed to hedge the underlying obligations.

Exchange rate risks

The Group uses the euro as the currency for all its purchase and sale activities.

Price risk

The Group's exposure to price risk is minimal, as revenues and costs are defined in long-term contracts.

Credit risk

The Group only deals with well-known and reliable customers and around 37% of its revenues come from related parties.

Note 16) Capital management

The primary goal of the Group's capital management is to ensure that a solid credit rating is maintained as well as adequate levels for its capital indicators in order to support the business and maximize value for shareholders.

The Group manages the capital structure and adapts it to changes in economic conditions. To maintain or adapt the capital structure, the Group can adjust dividends paid to shareholders, repay capital or issue new shares.

No change was made to the objectives, policies or procedures during 2007 and 2008.

The Group controls its capital through a debt-to-equity ratio, i.e. by comparing net debt to total equity plus net debt. The Group includes in net debt interest-bearing loans, trade and other payables, net of cash and cash equivalents. Capital includes capital attributable to parent company shareholders, net of retained earnings.

	30/06/2008	31/12/2007
Interest-bearing loans	631,215,416	510,861,586
Trade and other payables	52,863,340	6,630,033
Cash and cash equivalents	(17,273,368)	(163,587,802)
Net debt	666,805,388	353,903,817
Shareholders' equity	738,638,955	741,013,464
Undistributed net profit	0	-17,317,959
Total capital	738,638,955	723,695,505
Capital and net debt	**1,405,444,343**	**1,077,599,322**
Debt/equity ratio	47.44%	32.84%

Note 17) Derivative instruments

The Group has signed derivative contracts for the use of structured products called interest rate swaps. These contracts fall under the company's interest rate risk management and are signed with the aim of reducing existing interest rate risks on outstanding loans. Under these contracts the contracting parties agree to pay or collect certain amounts on given dates on the basis of the spread between different interest rates.

Note 18) Post balance sheet events

No post-balance sheet events occurred such as to require the company to rectify the amounts included in the financial statements or to record items which had not been recorded previously.

Note 19) Commitments and risks

At 30 June 2008 the Group had the following purchase and sale commitments:

- preliminary agreement for the purchase, from an unrelated party, of a shopping centre located in Guidonia of around 53,000 sq.m. GLA. The overall investment will be around € 112.0 million;
- preliminary contract with Sviluppo Trapani, an unrelated party, for the purchase of a shopping mall in Trapani. The investment, for an overall amount of € 54,67 million is part of the business plan presented to the financial community in October 2005;
- preliminary agreement for the purchase, from an unrelated party, of a shopping mall of approximately 14,919 sq.m. GLA located in Catania (Gravina) for an amount of around € 53 million;
- preliminary agreement for the purchase from an unrelated party of an area of 82,000 sq.m. in Conegliano (Treviso) for the construction of a shopping centre, for € 43 million;
- preliminary agreement for the purchase from an unrelated party of a shopping mall of around 14,000 sq.m. GLA in Palermo for around € 46.9 million;
- preliminary agreement for the purchase, from an unrelated party, of an area of 15,000 sq.m. in Conegliano Veneto (Treviso) for an investment of around € 6.437 million. The land in question is next to the area which was included in a preliminary contract in October 2005, for the development of a shopping centre and midsize stores;
- the real estate transaction "Darsena City" in Ferrara, which pursues a single goal but will take place in

two separate phases involving a number of several contracts including:

a. purchase of a shopping centre with around 16,368 sq.m. GLA besides the shopping mall and parking lot, for an amount of € 56 million subject to adjustment, and subject to a 6-year lease contract and future expansion;
b. preliminary contract for the purchase of a building under construction and next to that above, for around 10,500 sq.m., for a further 3,960 sq.m. GLA and for a sum of around € 19.9 million subject to adjustment;
c. preliminary contract for a company acquisition for the entire complex to be created along with the property under construction for a provisional price of € 1 million, subject to a change in price depending on the revenues that the company is earning at the time of the definitive transfer of ownership;
d. a statement defining the links between the various contracts and including the criteria for the final price-setting for the disposal of the company and the property under construction and any adjustment to the price of the property bought. The seller will have the right to withdraw from the preliminary agreements should the overall amount for the transaction be below around € 70.7 million, provided the seller repurchases the property indicated in letter a);

- preliminary contract for the purchase of a retail park at Spilamberto (Modena) with Le Alte srl. The overall amount of the investment will be around € 59.5 million, of which 2.9 million will be paid by way of down payment with a guarantee. The town planning process has still not been completed, so consultations are underway between the parties to terminate the preliminary contract at no charge to IGD;
- preliminary agreement for the purchase of a shopping mall in Peschiera Borromeo (Milan). The total investment will be around € 80 million. The shopping centre will be built by a company whose share capital (15%) will be held after the launch stage by IGD in order to participate in and coordinate the development stage. € 1.5 million was made as a down payment on signing the contractual agreement;
- preliminary agreements for the purchase of a shopping mall at Vigevano. The provisional price is around € 43.7 million, of which 15 million is by way of down payment;
- preliminary contract with an unrelated party for the purchase of a Newco which will build a shopping mall at Isola d'Asti. The total investment is around € 42 million, of which € 8 million was paid by way of down payment on signing the preliminary agreement;
- agreement for a joint venture with Gam, a company in the Despar Italia Group, an unrelated party specialising in the development and management of shopping centres in South Italy. The new company will own a shopping centre at Vibo Valentia consisting of a hypermarket of around 6,000 sq.m. and a mall of around 12,632 sq.m. GLA. The agreement gives IGD the option, once the start-up is over and by the end of 2009, to acquire a 50% interest in the company which owns the shopping centre at Vibo, whose value is estimated at around € 70 million. This can take place through the subscription of a share capital increase reserved for IGD of up to € 70 million, should new development opportunities arise in the area or thorough the purchase of a stake;
- preliminary purchase agreement for a further shopping centre at Carpati Sinaia; the completion of this preliminary agreement will occur within 30 months, after the seller has completed the restructuring and remarketing. The purchase price has already been established at € 16.24 million, provided that a rent target of around € 1.35 million is achieved;
- at the end of May a preliminary agreement was signed for the purchase of a shopping mall in Gorizia and € 7.35 million was paid by way of down payment; the project calls for the realization of a shopping centre consisting of a hypermarket and a shopping centre of around 14,300 sq.m. GLA. IGD SIIQ spa's

investment is limited to the shopping mall, the amount for which is set at around € 49 million; the opening of the centre is scheduled for the first half of 2011.

Certification of condensed half-year financial statements pursuant to art. 154 bis of Leg. Dec. 58/98

Statement of condensed half-year financial statements pursuant to art. 154 bis of Leg. Dec. 58/98

1. The undersigned Filippo-Maria Carbonari, as Chief Executive Officer, and Grazia Margherita Piolanti, as manager in charge of preparing the financial reports of IGD SIIQ S.p.A., state, after taking into account the provisions of art. 154 bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

    - the adequacy with regard to the characteristics of the company and
    - the effective application of the administrative and accounting procedures for the preparation of the condensed half-year financial statements, during the first half of 2008.

2. They also state that:

2.1 the condensed half-year financial statements:

a) are prepared in compliance with the applicable international accounting standards as recognized in the European Union pursuant to EC regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting;
b) correspond to the figures of the accounting books and entries;
c) are suitable to provide a true and fair representation of the equity, income and financial situation of the issuer and of the group of companies included in the consolidation;

2.2 the interim directors' report contains references to the significant events which occurred in the first six months of the year and their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year as well as information on significant transactions with related parties.

27 August 2008

Chief Executive Officer

Filippo-Maria Carbonari

(signed)

Manager in charge of preparing the financial reports

Grazia Margherita Piolanti

(signed)

Independent Auditors' Report on the Limited Audit of the Condensed Half-year Consolidated Financial Statements

Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Immobiliare Grande Distribuzione S.p.A.

1. We have reviewed the interim condensed consolidated financial statements of Immobiliare Grande Distribuzione S.p.A. (and its subsidiaries) (the "Immobiliare Grande Distribuzione Group") as of June 30, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. Management of Immobiliare Grande Distribuzione S.p.A. is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review consists primarily of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management and by applying analytical and other review procedures. A review does not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we express on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on April 4, 2008 and on September 14, 2008, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of

Immobiliare Grande Distribuzione S.p.A. as of June 30, 2008 are not prepared, in all material respects, in conformity with IAS 34.

Bologna, Italy

August 28, 2008

Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, partner

This report has been translated into the English language solely for the convenience of international readers